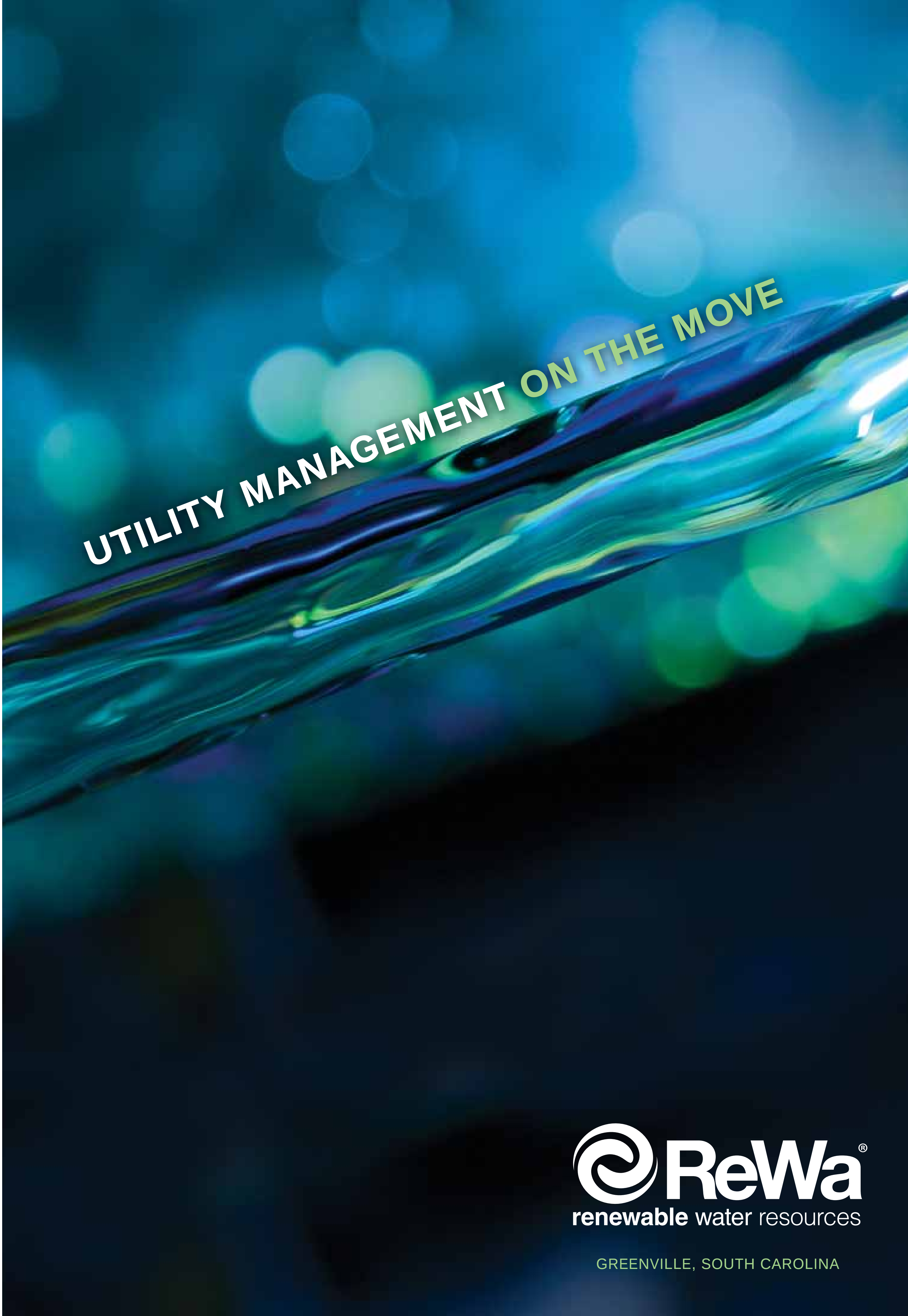
COMPREHENSIVE ANNUAL FINANCIAL REPORT | FOR THE YEAR ENDED JUNE 30, 2011



UTILITY MANAGEMENT ON THE MOVE

ReWa®
renewable water resources

GREENVILLE, SOUTH CAROLINA

PREPARED BY:
Patricia R. Dennis
CONTROLLER

COMPREHENSIVE ANNUAL FINANCIAL REPORT | FOR THE YEAR ENDED JUNE 30, 2011

ReWa®
renewable water resources

GREENVILLE, SOUTH CAROLINA

RENEWABLE WATER RESOURCES
GREENVILLE, SOUTH CAROLINA
TABLE OF CONTENTS

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

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

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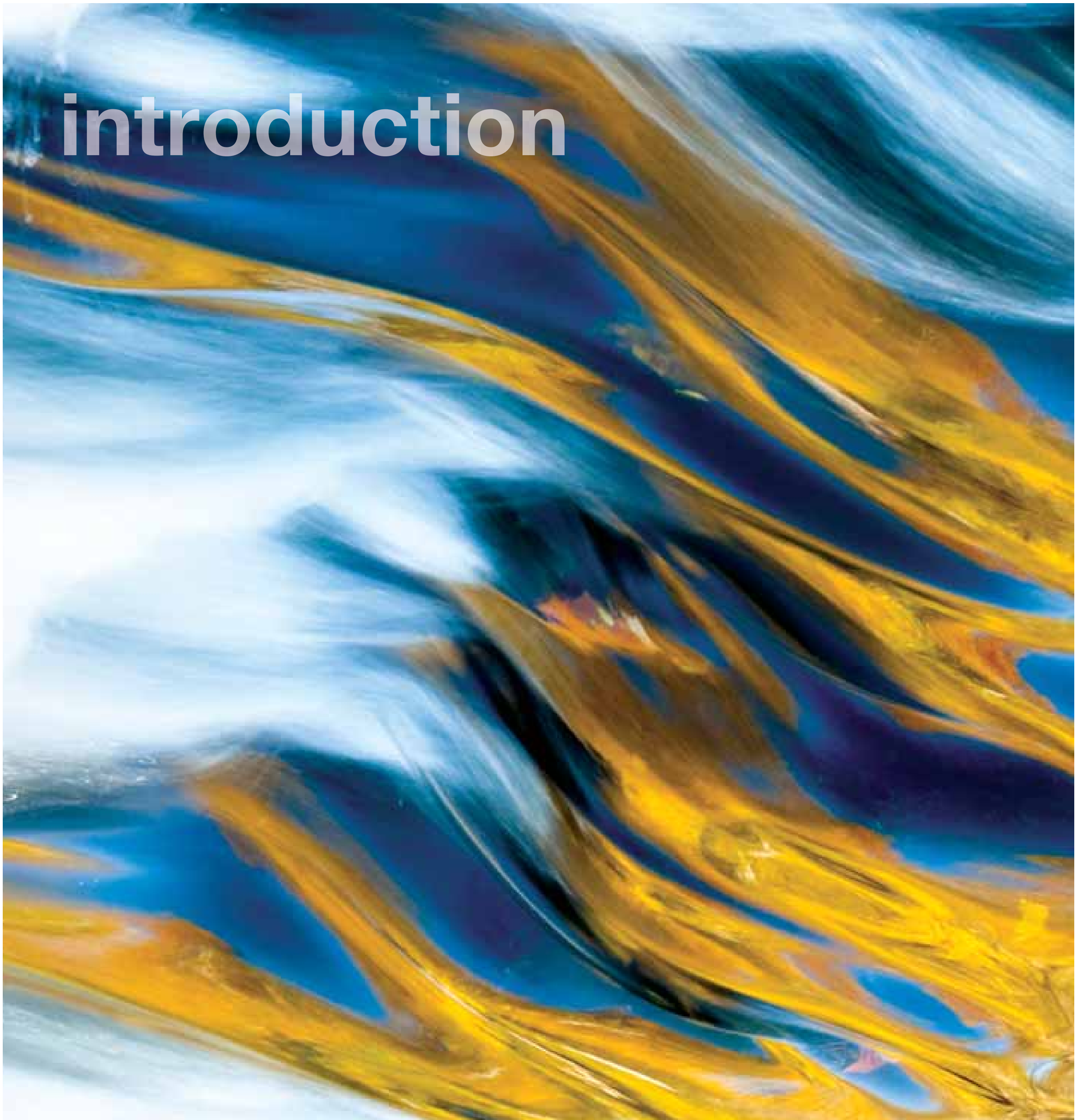
introduction



PRODUCT QUALITY

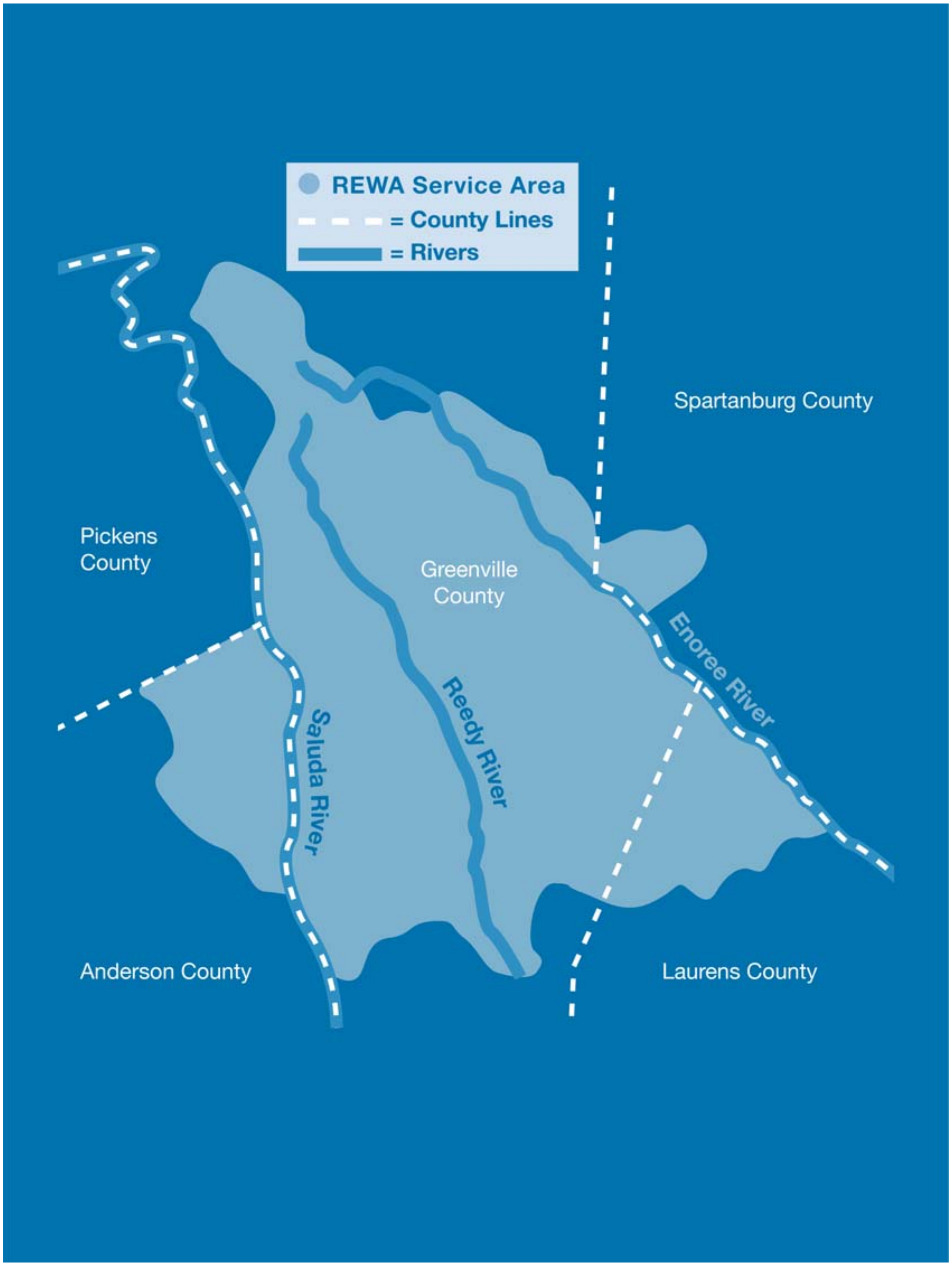
ReWa continues its long-term goal of reaching zero non-compliance instances, having only one occurance this past year. All of ReWa's plants won Peak Performance awards from the National Association of Clean Water Agencies, recognizing their compliance excellence with permitting standards.

CUSTOMER SATISFACTION

In response to a demonstrated customer need, ReWa added a full-time position in the Customer Service Department to serve as a direct liaison for developers, one of ReWa's top customer groups.

WATER RESOURCE ADEQUACY

ReWa is developing a reclaimed water master plan. The first phase is to evaluate the demand for irrigation, industrial, and agricultural uses of the highly-treated effluent thereby preserving the drinking water resources. This is particularly important to sustain growth and mitigate the impacts of potential drought in the region.



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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Renewable Water Resources
South Carolina

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

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

October 28, 2011

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

The management and staff of Renewable Water Resources ("the Agency") are pleased to present the Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2011.

The CAFR consists of management's representations concerning the finances of the Agency for the fiscal year ended June 30, 2011. Accordingly, management assumes full responsibility for the accuracy and completeness of the information provided in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the Agency's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the Agency's financial statements in conformity with Generally Accepted Accounting Principles ("GAAP"). Since the cost of internal controls should not outweigh the benefits, the Agency's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert to the best of our knowledge and belief that this financial report is complete and reliable in all material respects.

The Agency's Board of Commissioners (the "Commission") requires an annual audit by an independent firm of certified public accountants. Cherry, Bekaert & Holland, L.L.P. performed this function and conducted the engagement in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Cherry, Bekaert & Holland, L.L.P. concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on the Agency's financial statements for the fiscal year ended June 30, 2011.

The independent audit of the financial statement included federally-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.

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

PROFILE OF THE AGENCY

The Agency is a special purpose district originally created 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. 393 of 1974, and changed to Renewable Water Resources by Act No. 102 of 2009. In 2010, by Act No. 311, the Agency's authority was expanded to use, market, and set rates related to the generation of goods and energy derived from by-products of our treatment process and alternate sources. The Agency's activities are accounted for as an enterprise fund and costs are recovered through user fees.

The Agency is the largest wastewater treatment provider in the region, serving much of Greenville County and portions of Anderson, Laurens, Pickens and Spartanburg Counties, which are commonly referred to as the Upstate. The Saluda River, Reedy River and the Enoree River basins are the three major drainage basins in the Agency's service area. Wastewater within the region is collected from 17 public partners that construct and maintain approximately 1,955 miles of sewer collection lines. These collection lines connect into the Agency's 360-mile interceptor system. The Agency owns and operates nine wastewater treatment plants ("WWTP") which treat an average flow of 34.9 million gallons per day.

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

The Agency is dedicated to enhancing the quality of life in its service area by providing high quality wastewater treatment services. The mission of the organization is to protect the public health and water quality of the Upstate waterways while providing the necessary infrastructure to support the regional economy.

FACTORS AFFECTING FINANCIAL CONDITION

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

Regional Economy

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

As of August 2011, Greenville County's unemployment rate, not seasonally adjusted, was 9.0% down from 9.5% for the same period in 2010, an indicator that Greenville's economy continues to improve. Greenville continues to receive national recognition and accumulate accolades. *fDi Magazine* again named Greenville the number one American Micro-City of the Future 2011/2012**;** based on the following criteria: economic potential, cost effectiveness, human resources, quality of life, infrastructure and *fDi* promotion strategy. Additionally, Greenville ranked number five in *Business Week's* "America's Most Fun, Affordable Cities", one of "In Pictures: The 15 Best Cities for Young Adults" by *Forbes* and one of eighteen "Best Places to Live 2011 - Think Small Live Big" by *Men's Journal*. Furthermore, Greenville was named one of the "Top 10 Places to Live for 2011" by *Relocate America* which ranked cities on factors such as: real estate and housing, economic health, recreation and safety. Greenville's unemployment rate continues to be significantly lower than the overall South Carolina rate of 10.9%, which can be attributed to Greenville's economic development strategy.

Greenville is committed to strategic planning and development and is regarded as an innovative and entrepreneurial leader in South Carolina. Companies continue to be attracted to Greenville's pro-business attitude, location and workforce quality. In fact, Greenville has earned the reputation as one of the top metropolitan areas in the world for engineering talent per capita. Greenville is known to have a progressive local government which has formed partnerships with companies and universities to promote economic development. One of the most prominent partnerships is Clemson University's International Center of Automotive Research ("CU-ICAR"), the result of a joint effort between BMW, Michelin North America, the City of Greenville, the State of South Carolina and others. The 250-acre advanced-technology campus, located within the city limits of Greenville, was designed to bridge the gaps between research, technology and commercial application. CU-ICAR is composed of five technology neighborhoods, each designed uniquely for optimizing an innovative and collaborative environment. Additionally, the South Carolina Technology and Aviation Center ("SCTAC"), which is jointly owned by the City of Greenville and Greenville County, boasts tenants such as 3M, Lockheed Martin Aeronautics, IBM and Michelin. CU-ICAR and SCTAC recently partnered to develop next-generation (i.e. electric or biofuel powered) transportation systems.

Greenville is home to more than 120 Fortune 500 companies and has more foreign investment per capita than any other region in the United States. During fiscal year 2011, the Greenville Area Development Corporation announced 12 expansions and/or relocations representing an estimated investment greater than $85.6 million and creating nearly 1,600 jobs.

Industry

The Agency has slightly more than 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 U.S. Environmental Protection Agency ("EPA") to have a reasonable potential for adversely affecting, either singly or in combination with other discharges, the wastewater disposal system, the quality of sludge, the system's effluent quality, the receiving stream, or air emissions generated by the system

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

Listed below are the Agency's largest industrial customers by revenue generation in fiscal year 2011.

Ten Largest Industrial Accounts in 2011

Industry	Revenue	Percentage of total operating revenues
Columbia Farms - Mauldin & Pelham *Poultry processing*	1,491,430	2.14%
Furman University *Higher education*	282,602	0.41%
Cytec Carbon Fibers LLC *Carbon fiber and graphite manufacturer*	281,188	0.40%
Cryovac Sealed Air Corporation *Food packaging services*	270,065	0.39%
Cliffstar LLC *Non-alcoholic beverage manufacturer*	253,347	0.36%
Michelin North America *Tire manufacturer*	248,151	0.36%
Aurora Textile Finishing *Fabric manufacturer*	230,028	0.33%
Cognis Corporation *Specialty chemical and nutritional supplier*	229,534	0.33%
3M Company *Film and tape manufacturer*	208,860	0.30%
Safety Components Fabric Technologies *Technical fabric manufacturer*	188,230	0.27%

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 Agency performs long-range planning, such as the 20-year strategic plan (the

"Upstate Roundtable Plan") adopted in 2009. The goal of the Upstate Roundtable Plan was to align regional wastewater infrastructure with the Upstate's projected growth, while promoting environmental sustainability. In fiscal year 2010, the Agency was able to accomplish the first step towards these goals by expanding legislation to use, market and set rates related to the generation of goods and energy derived from by-products of our treatment process and alternate sources. This legislation lays the groundwork towards implementing numerous objectives identified in the Upstate Roundtable Plan. This plan identifies more than $800 million in capital improvement needs and more than 70 recommendations as a guide for growth and development through the year 2030. Additional information on the Upstate Roundtable Plan, as well as the final report, can be accessed at www.upstateroundtable.org. In fiscal year 2011, the Commission adopted the first five years of the 20-year Wastewater Capital Planning & Rate Study which identified the appropriate sources to fund these capital improvement needs. Since the Agency's revenues are solely derived from user fees, it is critical that the rates remain sufficient to meet operational expenses, as well as the above five- and 20-year plans.

Accountability and Transparency

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

Debt Management Policy

In fiscal year 2011, the Agency was able to obtain the lowest cost of funding, another recommendation identified in the Upstate Roundtable Plan, by taking advantage of depressed market conditions, as well as financing options created under the American Recovery and Reinvestment Act. Additional information on the 2011 bond issuances and the revised bond resolution can be found in the Financial Highlights section of MD&A located within the financial section of this report. For additional information on the Agency's overall debt structure, please refer to the Long-Term Debt section of MD&A, as well as footnotes 7, 8 and 9.

Budget

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

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

Major Initiatives

The Agency continues to utilize the strategies set forth in the Effective Utility Management Primer (The "Primer"). The Primer is the product of a partnership between the EPA and six major water and wastewater associations to collaboratively develop strategies for excellence in utility management. The Primer is designed to aid water and wastewater utility managers as they face many similar challenges including rising costs, aging infrastructure and increasingly stringent regulations. Effective Utility Management can help utilities enhance the stewardship of their infrastructure, improve performance in many critical areas and respond to current and future challenges. The Primer identifies ten attributes of effectively managed utilities and five keys to management success. An example of each of the attributes in action is included on the section dividers within this report. When used together, these attributes can guide a utility to success for the benefit of the environment and its community.

ACCOMPLISHMENTS

Organizational Awards

The Agency was one of only five agencies in the nation selected to receive the Excellence in Management Recognition award from the National Association of Clean Water Agencies ("NACWA"). The Excellence in Management Recognition Program recognizes public clean water utilities that implement progressive management initiatives and thereby advance the goals of the Clean Water Act.

The Agency received the 2010 Corporate Humanitarian Award from the National Recreation & Parks Association for its ongoing partnership with the Greenville County Recreation District in creating seven recreational facilities.

The Agency received the Biosolids & Residuals Management Award from the Water Environment Association of South Carolina.

Eight of the Agency's treatment plants: Durbin Creek, Georges Creek, Gilder Creek, Grove Creek, Lower Reedy, Marietta, Pelham and Piedmont, as well as four departments: Pretreatment, Instrumentation, Laboratory and Solids, won the South Carolina Chamber of Commerce Safety Awards.

Eight of the Agency's treatment plants: Durbin Creek, Georges Creek, Gilder Creek, Grove Creek, Lower Reedy, Marietta, Mauldin Road and Pelham won the South Carolina Department of Health & Environmental Control's Outstanding Facility Award.

All of the Agency's treatment plants received Peak Performance Awards from NACWA. NACWA recognizes member agencies for excellence in wastewater treatment as measured by their compliance with their National Pollutant Discharge Elimination System ("NPDES") permit. Awards are made in three categories: Silver Awards for member facilities with five or fewer NPDES permit violations in a calendar year; Gold Awards for member facilities that meet all NPDES permit limits during a calendar year; and Platinum Awards for facilities that have sustained 100 percent compliance for five consecutive years or more. Georges Creek, Gilder Creek, Marietta and Mauldin Road plants received Platinum level awards; Durbin Creek, Grove Creek, Lower Reedy and Piedmont received Gold level awards; and the Pelham plant received a Silver level award.

Individual Awards

Adger Turner, West Division Operations Manager, received the William D. Hatfield Award from the Water Environment Federation.

Hagan "Festus" Stroud, Line Maintenance Supervisor, received the Collection System Operator of the Year Award from the Blue Ridge Foothills District of the Water Environment Association of South Carolina.

Doug Allen, Mauldin Road Plant Operator II, received the Wastewater Operator of the Year Award from the Blue Ridge Foothills District of the Water Environment Association of South Carolina.

Financial Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Agency for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the 18th consecutive year that the

Agency has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily-readable and efficiently-organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Receipt of this award represents the highest form of recognition in the area of governmental accounting and financial reporting.

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

The Agency was also awarded the GFOA's prestigious Award for Outstanding Achievement in Popular Annual Financial Reporting for the 13th consecutive year. We believe that our current Annual Report to the Community continues to meet the award requirements and we are submitting it to the GFOA for evaluation.

ACKNOWLEDGEMENTS

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

Ray T. Orvin Jr., DBA
Executive Director

Cathy D. Caldwell, CPA
Administrative Finance Director

Patricia R. Dennis, CPA
Controller

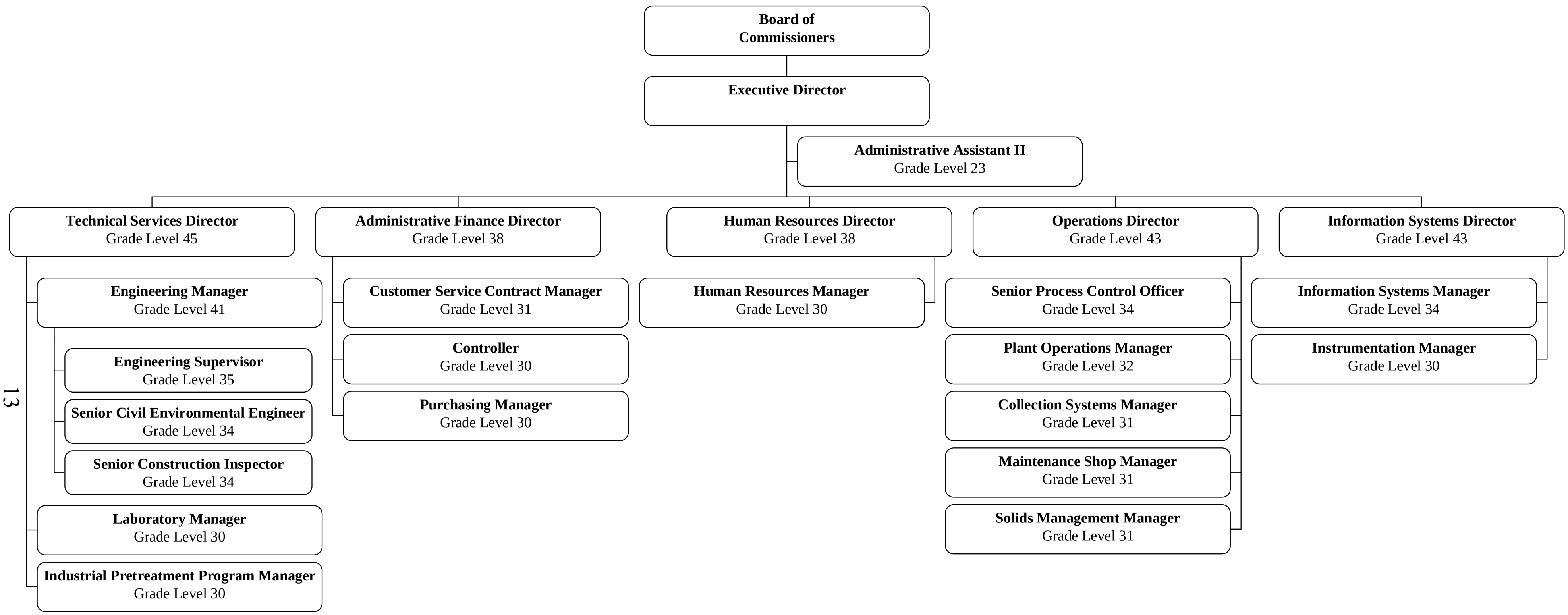
RENEWABLE WATER RESOURCES
2011
Board of Commissioners

Name	Date of Original Appointment	Current Term Expires	Principal Occupation
George W. Fletcher Chairman	01/31/01	12/31/12	Businessman
John V. Boyette, Jr. Vice Chairman	02/26/04	12/31/11	Businessman
L. Gary Gilliam Secretary/Treasurer	12/30/06	12/30/14	Businessman
J. D. Martin	12/31/01	12/31/13	Businessman
Billy D. Merritt, Jr.	06/06/84	12/31/13	Enrollment Counselor
Willie J. Whittaker, Jr.	01/14/85	12/31/12	Retired Science Consultant
Ralph S. Hendricks	12/18/91	12/31/12	Businessman
Michael B. Bishop	02/24/06	12/31/13	Businessman
Ray C. Overstreet	12/31/10	12/31/14	Businessman

Directors

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

RENEWABLE WATER RESOURCES
Organizational Chart



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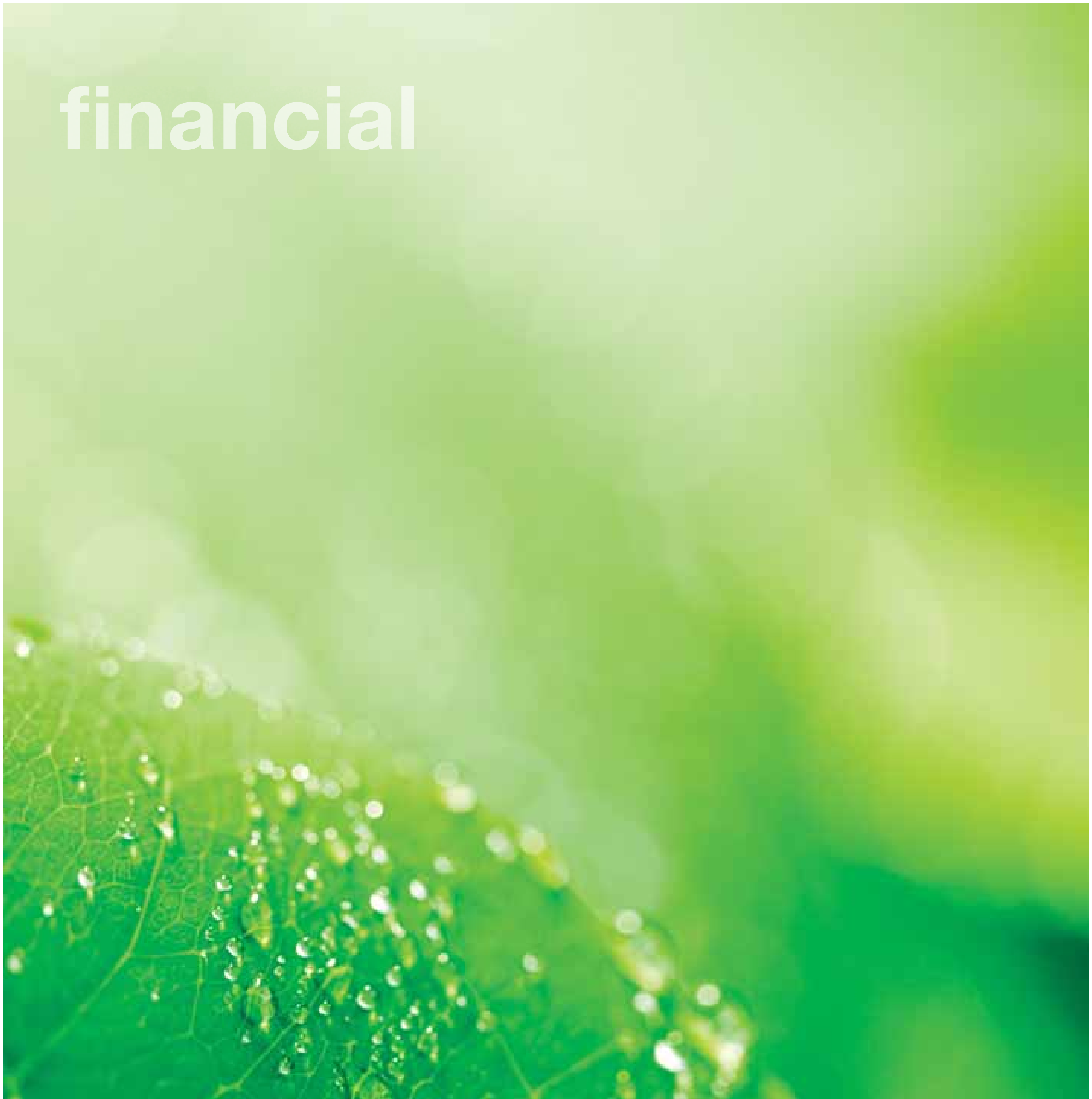
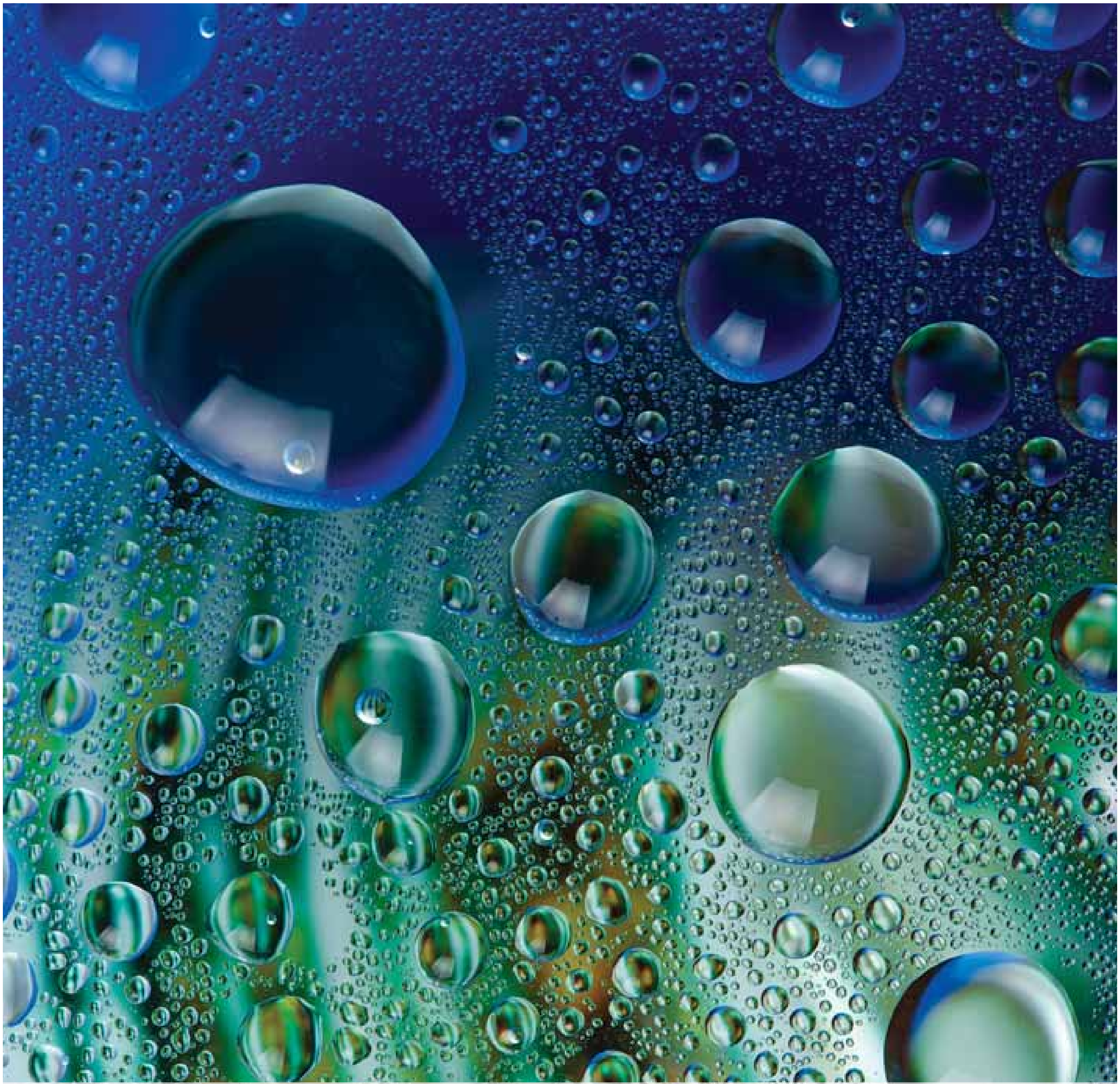
financial



FINANCIAL VIABILITY

A component of financial viability is monitoring market conditions and seeking the lowest cost of funding. ReWa issued two series of bonds in fiscal year 2011. The first, Series 2010A, refunded seven state revolving loans for a net present value savings of $2.5 million, as well as to recapture $7.8 million from the debt service reserve fund, resulting in a cash flow savings of $12.8 million over the life of the loan. The second, Series 2010B, was designated as a Recovery Zone Economic Development Bond under the American Recovery and Reinvestment Act of 2009 entitling ReWa to a 45% interest subsidy from the US Treasury, effectively reducing the borrowing rate to 2.7%.



COMMUNITY SUSTAINABILITY

ReWa continues to be very active in the development of watershed management approaches which ensure adequacy and quality of the three river basins within its community. In the Reedy River basin, ReWa is a major participant in a workable implementation strategy to ensure that the water quality of the Reedy River will be protected and preserved for local and downstream users.

INFRASTRUCTURE STABILITY

ReWa has been evaluating approaches for a formal asset management program and has recently contracted with a national firm to develop and implement a program to formalize and enhance current asset management processes and activities.

RENEWABLE WATER RESOURCES

REPORT ON FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Independent Auditors' Report

To the Board of Commissioners
Greenville, South Carolina

We have audited the accompanying balance sheet of the Renewable Water Resources (the "Agency") as of and for the year ended June 30, 2011, and the related statement of revenues, expenses and changes in net assets and cash flows for the year then ended, which collectively comprise the Agency's basic financial statements as listed in the table of contents. The financial statements as of and for the year ended June 30, 2010 were audited by other auditors. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated September 20, 2011, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 17 through 27 and the Schedule of Funding Progress – Other Postemployment Benefits on page 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming our opinion on the financial statements as a whole. 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 financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Cherry, Bekaert + Holland, L.L.P.

Greenville, South Carolina
September 20, 2011

Management’s Discussion and Analysis

As management of Renewable Water Resources ("the Agency"), we present this narrative overview and analysis of financial performance for the fiscal year ended June 30, 2011. Please consider this information in conjunction with the financial statements and related notes, which follow this section.

Financial Highlights

- Net assets increased by $7.6 million, or 2.9%, to $267.5 million as a result of current year operations, as compared to an increase of 1.1% from 2009 to 2010.

- In fiscal year 2011, total revenues increased by $4.8 million, or 7.3%, to $70.2 million primarily due to scheduled rate increases, modest customer growth and a slight increase in new account fees. In fiscal year 2010, total revenues decreased by $0.6 million, or 0.9%, to $65.4 million primarily due to reductions in interest and other non-operating revenues, as well as new account fees.

- In July 2010, the Agency adopted a revised bond resolution (the "2010 Bond Resolution") creating an additional lien on net revenues, subordinate to the existing Senior Lien Debt issued under the 1990 Senior Bond Resolution. Under the 2010 Bond Resolution, the Agency pledges not to issue any system revenue bonds on parity with or senior to the Senior Lien Debt, thereby closing the senior lien. The 2010 Bond Resolution remedies certain idiosyncrasies within the additional bonds test, as well as modernizing covenants to reflect current market practices. These revisions were necessary as demonstrated in 2009 when the Agency was required to transfer $33.1 million to the debt service reserve fund in order to restore compliance with the 1990 Senior Bond Resolution.

- In July 2010, the Agency issued Sewer System Refunding Revenue Bonds, Series 2010A, in the amount of $63.6 million. The Series 2010A were the first series issued under the 2010 Bond Resolution. The bonds were issued to refund the Agency's outstanding principal balances on seven state revolving loans for a net present value savings of $2.5 million, as well as to recapture $7.8 million from the debt service reserve fund, resulting in a cash flow savings of $12.8 million over the life of the loan.

- In December 2010, the Agency issued Taxable Sewer System Revenue Bonds, Series 2010B Recovery Zone Economic Development Bonds ("RZEDB") in the amount of $26.8 million to partially fund the construction of the Piedmont Regional Wastewater Treatment Plant ("WWTP"). As part of the American Recovery and Reinvestment Act of 2009, the RZEDB designation, entitles the Agency to a 45% interest subsidy from the US Treasury, effectively reducing the borrowing rate to 2.7%.

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 found in the private sector.

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 years' results of operations and can be used to determine whether the Agency is recovering costs through user fees and charges.

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

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

The Agency's overall financial position improved during fiscal year 2011 as net assets grew 2.9%. Net assets in fiscal years 2011, 2010 and 2009 totaled $267.5 million, $259.9 million, and $257.0 million, an increase of $7.6 million, $2.9 million and $3.8 million, respectively. Approximately 63.5% 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 ratepayers. Although the Agency's investment in capital assets is reported net of debt, the resources needed to repay this debt must be provided from other sources, as these capital assets cannot be liquidated to pay these liabilities. Restricted net assets (restrictions established by debt covenants, enabling legislation, or other legal requirements) decreased $8.4 million or 17.4% in fiscal year 2011 compared to an increase of $0.5 million in fiscal year 2010. The decrease in fiscal year 2011 is largely attributable to the refunding of seven state revolving loans resulting in the recapture of $7.8 million from the debt service reserve fund, as well as the release of $5.2 million upon maturity of the 2001 Series. These decreases were offset by accumulation within the debt service fund of $4.6 million in preparation of July 2011 payments on the newly issued debt. Unrestricted net assets are typically used for funding day to day operations or capital projects. In fiscal year 2011, unrestricted net assets increased $7.4 million.

(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 2011	FY 2010	FY 2009
Current and non-current assets	$ 65.8	$ 56.9	$ 46.0
Restricted assets	64.8	50.8	55.4
Capital assets	465.9	480.2	495.6
Total assets	596.5	587.9	597.0
Current liabilities	24.7	32.4	23.7
Non-current liabilities	304.3	295.6	316.3
Total liabilities	329.0	328.0	340.0
Total net assets	$ 267.5	$ 259.9	$ 257.0
Invested in capital assets, net of related debt	$ 169.9	$ 161.3	$ 170.7
Restricted	39.8	48.2	47.7
Unrestricted (current & other assets)	57.8	50.4	38.6
Total net assets	$ 267.5	$ 259.9	$ 257.0

Revenues

Table A-2 reveals that the Agency's total revenues increased by $4.8 million in fiscal year 2011 to $70.2 million from $65.4 million. Comparatively, total revenues decreased by $0.6 million in fiscal year 2010 from $66.0 million. The Agency's regulations provide for a sewer use charge that funds the operation of the system, provide a source of funds to repay liabilities, and provide for future spending to maintain the Agency's facilities. The current user fee regulation in effect for fiscal year 2011 was adopted December 6, 2010, and became effective March 1, 2011, with subsequent increases in quarterly base fees and volume charges effective on March 1, 2012, 2013, 2014 and 2015.

Domestic and commercial customer revenues increased 7.2%, 0.5% and 5.5% in fiscal years 2011, 2010 and 2009, respectively. The increase in fiscal year 2011 was attributable to scheduled rate increases and customer growth.

Likewise, industrial revenues increased $0.5 million, or 7.9%, in fiscal year 2011 and $0.1 million, or 1.6%, in fiscal year 2010. 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.

New account fees, based on water meter size, increased 12.5% in fiscal year 2011 and decreased 17.2% and 57.4% in fiscal years 2010 and 2009. This is the first increase in new account fees since fiscal year 2006.

(Continued)

Revenues, continued

Interest and other non-operating revenues remained flat at $0.5 million in fiscal years 2011 and 2010 due to depressed market conditions; an erosion from the $1.1 million reported in fiscal year 2009.

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

	FY 2011	FY 2010	FY 2009
Operating revenues			
Domestic and commercial customers	$ 59.8	$ 55.8	$ 55.5
Industrial customers	6.8	6.3	6.2
New account fee	2.7	2.4	2.9
Septic haulers and other	0.4	0.4	0.3
Interest and other non-operating revenues	0.5	0.5	1.1
Total revenues	70.2	65.4	66.0
Operating expenses			
Solids management	1.6	1.5	2.0
Facilities operations	8.7	8.8	9.3
Laboratory	1.9	1.8	1.8
Operations and maintenance shop	1.8	1.7	1.7
Collection system	2.6	2.6	2.6
Administration and accounting	6.9	6.7	6.9
Customer service	2.2	2.1	1.8
Total operating expenses before depreciation	25.7	25.2	26.1
Depreciation expense	24.0	24.1	24.0
Interest, amortization & other non-operating expenses	12.9	13.2	12.1
Total expenses	62.6	62.5	62.2
Increase in net assets	7.6	2.9	3.8
Total net assets, beginning of year	259.9	257.0	253.2
Total net assets, end of year	$ 267.5	$ 259.9	$ 257.0

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 2011, 2010 and 2009.

Expenses

Total expenses in fiscal years 2011, 2010 and 2009 totaled $62.6 million, $62.5 million and $62.2 million, respectively. Total expenses increased by $0.1 million or 0.2% in fiscal year 2011. In fiscal year 2010, total expenses increased by $0.3 million, an increase of 0.5% over fiscal year 2009. In fiscal year 2011, the increase is the net result of $0.5 million increase in operating expenses predominately attributable to normal salary increase, as well as multiple public awareness and education initiatives which were offset by decreases in depreciation and non-operating expenses. In fiscal year 2010, the increase is substantially due to interest expense on planned debt service and was offset by decreases in solids disposal, chemicals, and professional expenses. Operating expenses before depreciation increased by 2.0% in fiscal year 2011 and decreased by 3.4% in fiscal year 2010. Depreciation expense decreased $0.1 million or 0.4% in fiscal year 2011. Depreciation expense increased 0.4% and 3.4% for fiscal years 2010 and 2009, 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

As a result of the economic downturn, plant expansions have not been required, thus reducing the level of investment required. Additions were less than depreciation on existing assets, resulting in a $14.3 million and $15.4 million decrease in fiscal years 2011 and 2010, respectively. Investment in capital assets grew in fiscal year 2009 by $6.3 million. At the end of fiscal year 2011, the Agency had invested $465.9 million in infrastructure, which includes land, rights of ways, 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 2011	FY 2010	FY 2009
Capital assets not being depreciated:			
Land	$ 3.5	$ 3.2	$ 3.1
Construction in progress	4.1	-	-
Total capital assets not being depreciated	7.6	3.2	3.1
Capital assets being depreciated:			
Buildings	317.1	318.7	317.2
Sewer lines	303.4	304.0	300.9
Wastewater treatment plant equipment	83.0	83.9	85.3
Operational equipment	1.1	1.0	0.7
Office furniture	0.5	0.5	0.4
Vehicles	0.6	0.7	0.6
Total capital assets being depreciated	705.7	708.8	705.1
Less: accumulated depreciation	247.4	231.8	212.6
Total capital assets being depreciated, net	458.3	477.0	492.5
Net capital assets	$ 465.9	$ 480.2	$ 495.6

(Continued)

Capital Assets, continued

Capital improvement program

The Commission assembled a community-wide volunteer collaboration to develop an environmentally sound long-term strategy for the Agency. The collaboration was named the Upstate Roundtable and was tasked with aligning the regional wastewater system capacity and infrastructure with projected growth, while promoting environmental sustainability. Initially convened in 1994 and reconvened in 2008, this strategic planning group brought together over 60 community, governmental and industry leaders to develop a 20-year plan to guide the Agency. The 1994 Upstate Roundtable Plan identified needs of approximately $326.5 million for growth in the Reedy, Saluda, and Enoree basins. In fiscal year 2009, all projects that were identified in this plan were completed, with the exception of the Piedmont Regional WWTP. The Piedmont Regional WWTP is projected to cost $42.0 million with completion scheduled for fiscal year 2013. The 2008 Upstate Roundtable Plan identified $809.7 million of projects which have been incorporated into the Agency's capital improvements program ("CIP").

The Agency maintains a fluid five year CIP that merges the Agency's strategic plan with the ongoing objective of maintaining compliance with South Carolina Department of Health & Environmental Control regulations and National Pollutant Discharge Elimination System permit limitations. The CIP calls for upgrades to three of the Agency's wastewater treatment facilities, completion of a new regional wastewater treatment facility, numerous line projects, as well as various green energy and reuse projects that support the recently adopted Upstate Roundtable Plan. In addition to infrastructure planning and design, major capital expenditures in fiscal year 2011 focused on significant line rehabilitation projects demonstrating the Agency's continued commitment to reduce inflow and infiltration.

Capital improvement expenditures

Significant capital improvement expenditures for fiscal year 2011 include the following:

- **Gilder Creek, Phase III** - The $1.4 million expenditure for engineering design to increase treatment levels, increase treatment capacity, replace aging infrastructure, and improve energy efficiency.

- **Gravity Sewer Rehabilitation and Manhole Rehabilitation Phases I and II –** Outlay of $2.2 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.

- **Piedmont Regional WWTP –** Investment of $1.8 million for the engineering design of Piedmont Regional WWTP. This plant will combine four aging facilities on the Saluda River (the existing Piedmont, Grove Creek and the municipal plants of Pelzer and West Pelzer). Site preparation began in fiscal year 2011 and construction is underway in fiscal year 2012.

(Continued)

Capital Assets, continued

Table A-4 illustrates the Agency's 2012 Capital Expenditures Budget of $51.0 million for planned spending on projects that primarily consists of construction of a new regional wastewater treatment plant, improvements to wastewater treatment plants and the collection system, as well as various reuse projects. The Agency believes that the budget requirement for the upcoming fiscal year can be funded with a combination of the 2010B Series bond proceeds and reserves.

Table A-4
Fiscal Year 2012 Capital Expenditures Budget
(in millions)

FUNDING SOURCES		
2010B Series bond proceeds	$	25.0
Reserves		26.0
Total funding sources	$	51.0
EXPENDITURES		
Wastewater treatment plants	$	30.7
Conveyance/collection systems		11.1
Administration/other projects		9.2
Total expenditures	$	51.0

Long-Term Debt

Revenue bonds

Long-term debt for the Agency consists of outstanding balances on revenue bonds and state revolving loans with the South Carolina Water Quality Revolving Fund Authority. As of June 30, 2011, revenue bond debt of the Agency totaled $273.4 million and consisted of five series of revenue and refunding revenue bonds: the 2005 Series, 2005B Series, 2009 Series, 2010A Series and 2010B Series. Revenue bond debt totaled $195.9 million at the end of fiscal year 2010. In fiscal year 2011, the Agency issued $90.4 million in bonds consisting of both revenue and refunding revenue bonds; the 2010A Series refunding revenue bonds of $63.6 million and the 2010B Series Taxable Revenue Bonds (RZEDB) of $26.8 million. This increase was partially offset through planned debt service and premium amortization, resulting in a net increase of $77.5 million.

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

(Continued)

Long-Term Debt, continued

The 2005 Series and 2005B Series revenue bonds carry 'Aa2' and 'AA+' rating from Moody's Investors Service and Standard & Poor's, respectively. Both the 2005 Series and 2005B Series ratings were enhanced through the purchase of a surety agreement at issuance and carry the rating of the surety provider or the underlying rating of the Agency, whichever is higher. In fiscal year 2009, Moody's Investor Service downgraded the Agency's surety provider, triggering the funding of the Agency's debt service reserve requirement. In fiscal year 2011, Standard & Poor's also downgraded the Agency's surety provider. The 2009 Series revenue bond was issued based on the Agency's underlying rating. In fiscal year 2011, Standard & Poor's affirmed its 'AA' rating on the Agency's Senior Lien Debt and assigned its 'AA' rating to both the 2010A Series and 2010B Series. Also in fiscal year 2011, Moody's Investors Service affirmed its 'Aa2' rating on the Agency's Senior Lien Debt and assigned its 'Aa3' rating to both the 2010A Series and 2010B Series.

State revolving loans

Since December 1989, the Agency has entered into numerous loan agreements with the South Carolina Water Quality Revolving Fund Authority for new construction and/or upgrades of the system. Interest rates on these loans range from 1.8 to 3.5 percent. Total state revolving loans outstanding as of June 30, 2011 were $46.5 million.

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

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

As of June 30, 2011, the remaining amount available for draw against the Gravity Sewer and Manhole Rehabilitation Phase II state revolving loan was $1.2 million. Construction has been completed and all funds received for the other projects listed above.

Total outstanding long-term debt

At June 30, 2011, the Agency owed $309.2 million (excluding premiums) in total long-term debt, a decrease of $1.1 million or 0.4% from $310.3 million at the end of fiscal year 2010. In fiscal year 2011, the Agency incurred $90.4 million in revenue bond debt and $2.3 million in state revolving loans. The Agency refunded $77.2 million in state revolving loans and made $16.6 million in aggregate payments on both outstanding revenue bonds and state revolving loans. The total obligation for compensated absences at June 30, 2011 was $0.7 million. More detailed information about the Agency's long-term liabilities is presented in Notes 7, 8 and 9 of the accompanying notes to the financial statements.

The Agency's bond covenants require net earnings (as defined in respective loan agreements) to be at least 110 percent of the combined annual principal and interest requirement (as defined in the respective loan agreements) in the fiscal year. The Agency has not defaulted in the payment of principal or interest or in any other material way with respect to any of its securities at any

(Continued)

Long-Term Debt, continued

time, nor has the Agency used the proceeds of any bonds for current operating expenses at any time, nor does the Agency intend to use the proceeds of any bonds for any such purposes. Based on the Agency's accompanying financial statements, the debt coverage ratio is calculated in Table A-5.

Table A-5
Debt Coverage
(in millions)

	FY 2011	FY 2010	FY 2009
Operating revenue	$ 69.7	$ 64.9	$ 65.0
Investment income, unrestricted	0.4	0.4	1.0
Gross revenues	70.1	65.3	66.0
Less: operating expenses before depreciation	25.7	25.2	26.1
Net revenues available for debt service	$ 44.4	$ 40.1	$ 39.9
Debt service on bonds	$ 28.9	$ 24.9	$ 22.5
Debt coverage	154%	161%	177%

Fiscal year 2011 debt service payments increased $4.0 million or 16.1% to $28.9 million. Debt service payments increased $2.4 million or 10.7% to $24.9 million in fiscal year 2010 and decreased $0.3 million or 1.3% to $22.5 million in fiscal year 2009. The Agency structured the 2009 Series debt service to include a $5.0 million principal payment coinciding with the release of the $5.2 million from the 2001 Series debt service reserve fund upon maturity. Offsetting these increases, the refunding of seven state revolving loans generated a $1.4 million reduction in 2011 debt service.

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

Table A-6
Average Coupon/Interest Rate

	Balance (without premiums) (in millions)	Average coupon / rate
Series 2005 revenue bonds	$81.5	4.3%
Series 2005B refunding revenue bonds	69.7	4.0
Series 2009 revenue bonds	25.0	3.8
Series 2010A refunding revenue bonds	59.7	3.4
Series 2010B revenue bonds	26.8	2.7
State revolving loans	46.5	2.7

(Continued)

Long-Term Debt, continued

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, 2011, the Agency's assessed value was approximately $1.6 billion. The Agency had no general obligation debt outstanding as of June 30, 2011.

Economic Factors

The Agency is moderately impacted by economic trends. The Agency's operating revenues are derived solely from user fees. The Agency does not receive any tax appropriation. The Agency experienced growth in Domestic and Commercial, as well as Industrial revenues; hopefully an indication that the economy is recovering.

Further, the Agency recognized a modest uptick in new account fees in fiscal year 2011. A new account fee rate study has been commissioned and is expected to be completed in fiscal year 2012. This revenue is designated exclusively for increasing system capacity.

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

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

Contacting the Agency's Financial Department

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

Basic Financial Statements

Renewable Water Resources
Balance Sheets
June 30, 2011 and 2010

	2011	2010
Current assets		
Cash and cash equivalents	$ 36,274,132	$ 26,250,801
Restricted cash and cash equivalents	44,735,311	25,184,889
Receivables, net	14,234,711	11,887,074
Restricted investments	20,099,566	25,660,236
Total current assets	115,343,720	88,983,000
Non-current assets		
Receivables, net	3,470,848	3,683,017
Investments	5,061,358	5,007,383
Capital assets, net	465,914,410	480,205,945
Deferred charges, net	6,675,538	10,060,812
Total non-current assets	481,122,154	498,957,157
Total assets	$ 596,465,874	$ 587,940,157
Current liabilities		
Revenue bonds payable	$ 15,329,390	$ 10,835,594
State revolving loans payable	2,116,466	14,950,321
Accounts payable - operations	567,274	657,415
Accounts payable - construction projects	1,184,956	1,539,833
Accrued interest payable	4,676,784	3,700,359
Accrued expenses and other liabilities	632,061	567,315
Compensated absences	125,000	125,000
Total current liabilities	24,631,931	32,375,837
Long-term liabilities		
Revenue bonds payable	258,035,646	185,098,906
State revolving loans payable	44,355,907	109,139,826
Compensated absences	573,753	554,454
Other postemployment benefits	1,359,604	889,945
Total long-term liabilities	304,324,910	295,683,131
Total liabilities	328,956,841	328,058,968
Net assets		
Invested in capital assets, net of related debt	169,934,492	161,289,271
Restricted		
Debt service	31,669,416	40,108,418
Depreciation	4,659,144	4,802,059
Other	3,463,870	3,286,842
Unrestricted	57,782,111	50,394,599
Total net assets	267,509,033	259,881,189
Total liabilities and net assets	$ 596,465,874	$ 587,940,157

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, 2011 and 2010

	2011	2010
Operating revenues		
Domestic and commercial customers	$ 59,872,550	$ 55,789,993
Industrial customers	6,771,019	6,352,280
New account fees	2,712,528	2,375,000
Septic haulers and other	410,743	389,836
Total operating revenues	69,766,840	64,907,109
Operating expenses		
Solids management	1,567,642	1,533,612
Facilities operations	8,720,534	8,802,553
Laboratory and pretreatment	1,895,267	1,853,155
Operations and maintenance shop	1,751,098	1,675,485
Collection system	2,566,448	2,580,030
Administration and accounting	6,923,834	6,701,932
Customer service	2,235,092	2,060,056
Total operating expenses before depreciation	25,659,915	25,206,823
Depreciation	24,055,324	24,137,438
Total operating expenses	49,715,239	49,344,261
Net operating income	20,051,601	15,562,848
Non-operating revenues (expenses)		
Investment income	425,659	439,915
Interest expense	(12,093,716)	(12,259,120)
Amortization	(557,839)	(866,645)
Non-project expenses	(240,995)	(87,241)
Other income	43,134	91,628
Net non-operating expenses	(12,423,757)	(12,681,463)
Increase in net assets	7,627,844	2,881,385
Total net assets, beginning of year	259,881,189	256,999,804
Total net assets, end of year	$ 267,509,033	$ 259,881,189

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

Renewable Water Resources
Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Received from customers	$ 67,413,612	$ 64,965,101
Paid to suppliers for goods and services	(14,839,808)	(20,456,275)
Paid to employees for services	(10,711,419)	(9,412,737)
Net cash provided by operating activities	41,862,385	35,096,089
Cash flows from capital and related financing activities		
Cash received on notes receivable for capital	204,047	196,237
Acquisition of capital assets and project expenses	(9,975,457)	(8,727,901)
Proceeds from issuance of long-term debt	98,790,933	5,265,956
Principal payments on debt	(93,822,360)	(11,288,341)
Bond issuance costs	(890,252)	(66,339)
Interest payments on debt	(12,584,744)	(13,685,678)
Proceeds from non-operating income	43,134	-
Net cash used for capital and related financing activities	(18,234,699)	(28,306,066)
Cash flows from investing activities		
Interest received on investments	439,371	412,320
Proceeds from sales of investment securities	70,558,935	96,638,560
Purchases of investment securities	(65,052,239)	(94,200,252)
Net cash provided by investing activities	5,946,067	2,850,628
Net increase in cash and cash equivalents	29,573,753	9,640,651
Cash and cash equivalents, beginning of year	51,435,690	41,795,039
Cash and cash equivalents, end of year	$ 81,009,443	$ 51,435,690

(Continued)

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

(Continued)

Renewable Water Resources

Statements of Cash Flows

For the Years Ended June 30, 2011 and 2010

	2011	2010
Reconciliation of net operating income to net cash flows from operating activities		
Net operating income	$ 20,051,601	$ 15,562,848
Adjustments to reconcile net operating income to net cash provided by operating activities		
Depreciation	24,055,324	24,137,438
Changes in deferred and accrued amounts		
Receivables	(2,353,228)	57,992
Accounts payable - operations	(90,141)	(1,087,042)
Accounts payable - construction projects	(354,877)	(3,715,104)
Accrued expenses and other liabilities	64,748	(300,950)
Compensated absences	19,299	34,614
Other postemployment benefits	469,659	406,293
Net cash provided by operation activities	$ 41,862,385	$ 35,096,089
Reconciliation of cash and cash equivalents to balance sheets		
Cash and cash equivalents	$ 36,274,132	$ 26,250,801
Restricted cash and cash equivalents	44,735,311	25,184,889
Total cash and cash equivalents	$ 81,009,443	$ 51,435,690
Supplemental disclosures		
Capitalized interest costs	$ 29,328	$ 64,720
Non-cash investing activities		
Decrease in fair value of investments	$ (14,171)	$ (4,572)

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

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies and Activities

Description of entity

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

Reporting entity

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

Fund accounting

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

Basis of accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting as recommended by the Governmental Accounting Standards Board ("GASB") and the American Institute of Certified Public Accountants. 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.

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.

(Continued)

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

Budgetary practices

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

Cash and cash equivalents

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

Investments

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

Restricted assets

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

Capital assets

Capital assets are stated at historical cost. The Agency capitalizes purchases of assets greater than $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

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

(Continued)

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

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

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

- **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."

Long-term obligations

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

(Continued)

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

Compensated absences

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

Revenues and receivables

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

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

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

Operating revenues and expenses

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

Estimates

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

Reclassifications

Certain amounts in the June 30, 2010 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.

Subsequent events

Management has evaluated subsequent events through September 20, 2011, which is the date that these financial statements were available to be issued.

(Continued)

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

Implementation of Governmental Accounting Standards Board Pronouncements

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, 2011 and 2010, the Agency had the following cash and cash equivalents and investments:

Description	Fair Value June 30, 2011	Fair Value June 30, 2010
Cash and cash equivalents		
Checking and other cash	$ 69,439,593	$ 36,987,508
Money markets – government obligations	11,569,850	14,448,182
Total cash and cash equivalents	$ 81,009,443	$ 51,435,690
Investments		
Government sponsored enterprises	$ 5,061,358	$ 5,007,383
United States Treasury Bills	20,099,566	25,660,236
Total investments	$ 25,160,924	$ 30,667,619

Investment maturities are as follows as of June 30, 2011:

Investment Type	Fair Value	Investment maturities (in years) Less than 1 year	1 – 5 years
US Treasury Bills	$ 20,099,566	$ 20,099,566	$ -
US Agencies notes and bonds			
Federal Farm Credit Bank bonds	1,368,718	-	1,368,718
Federal Home Loan Mortgage notes	762,595	-	762,595
Federal Home Loan Bank bonds	1,535,245	-	1,535,245
Federal National Mortgage Association notes	1,394,800	-	1,394,800
Total	$ 25,160,924	$ 20,099,566	$ 5,061,358

Interest rate risk

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

(Continued)

Note 2 – Cash and Cash Equivalents and Investments, continued

Credit risk

State law limits investments to obligations of the United States and agencies thereof, general obligations of the State of South Carolina or any of its political units, financial institutions to the extent that the same are secured by Federal Deposit Insurance, and certificates of deposits where the certificates are collaterally secured by securities of the type described above are held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest. The Agency has an investment policy that would further limit its investment choices. The Agency's investments at June 30, 2011 consist of US Treasury Bills and US Agencies bonds and notes. The bills and US Agencies notes and bonds were rated AAA by Standard & Poor's and AAA by Moody's Investors Service.

Concentration of credit risk

The Agency has an investment policy that limits the types of investments the Agency may invest in any one issuer. More than 5 percent of the Agency's investments are in US Treasury Bills. These investments are approximately 84 percent of the Agency's total investments at June 30, 2011.

Custodial credit risk deposits

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency has a policy for custodial credit risk. As of June 30, 2011 and 2010, 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, 2011	June 30, 2010
Fees and services		
Domestic and commercial customers	$ 13,504,947	$ 11,139,557
Industrial customers	1,223,988	1,249,803
Total receivables from fee and securities	14,728,935	12,389,360
Less: allowance for uncollectible accounts	725,000	738,653
Net receivables from fees and securities	14,003,935	11,650,707
Accrued interest on cash equivalents	18,607	32,320
Reimbursements due from other governmental units	3,683,017	3,887,064
Total receivables	17,705,559	15,570,091
Less: current receivables, net	14,234,711	11,887,074
Non-current receivables, net	$ 3,470,848	$ 3,683,017

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, 2011 and 2010 are restricted for the following uses:

	2011	2010
Capital projects	$ 25,042,447	$ 2,647,806
Current principal and interest payments	11,153,359	6,598,535
Debt service reserves	20,516,057	33,509,883
Operations and maintenance	2,463,870	2,286,842
Depreciation	4,659,144	4,802,059
Contingencies	1,000,000	1,000,000
Total restricted assets	$ 64,834,877	$ 50,845,125

Restricted assets consisted of the following at June 30:

	2011	2010
Cash	$ 44,735,311	$ 25,184,889
Investments	20,099,566	25,660,236
Total restricted assets	$ 64,834,877	$ 50,845,125

Note 5 – Capital Assets

	Balance June 30, 2010	Additions	Disposals	Balance June 30, 2011
Capital assets not being depreciated				
Construction in progress	$ -	$ 4,108,739	$ -	$ 4,108,739
Land	3,233,600	268,852	-	3,502,452
Rights-of-way	749	10,420	-	11,169
Total capital assets not being depreciated	3,234,349	4,388,011	-	7,622,360
Capital assets being depreciated				
Buildings	318,720,607	2,269,222	3,919,747	317,070,082
Sewer lines	304,038,882	2,017,086	2,667,865	303,388,103
Wastewater treatment plant equipment	83,878,120	756,407	1,630,187	83,004,340
Operational equipment	1,038,577	177,629	25,144	1,191,062
Office furniture	463,001	38,935	43,049	458,887
Vehicles	666,434	117,027	153,804	629,657
Total capital assets being depreciated	708,805,621	5,376,306	8,439,796	705,742,131
Less: accumulated depreciation				
Buildings	105,216,287	10,569,004	3,919,747	111,865,544
Wastewater treatment plant equipment	88,438,090	7,584,703	2,667,865	93,354,928
Sewer lines	37,234,626	5,533,623	1,630,187	41,138,062
Operational equipment	353,187	118,483	25,144	446,526
Office furniture	209,812	81,298	43,049	248,061
Vehicles	382,023	168,213	153,276	396,960
Total accumulated depreciation	231,834,025	24,055,324	8,439,268	247,450,081
Total capital assets being depreciated, net	476,971,596	(18,679,018)	528	458,292,050
Capital assets, net	$ 480,205,945	$ (14,291,007)	$ 528	$ 465,914,410

(Continued)

Note 5 – Capital Assets, continued

	Balance June 30, 2009	Additions	Disposals	Balance June 30, 2010
Capital assets not being depreciated				
Land	$ 3,127,797	$ 105,803	$ -	$ 3,233,600
Rights-of-way	-	749	-	749
Total capital assets not being depreciated	3,127,797	106,552	-	3,234,349
Capital assets being depreciated				
Buildings	317,198,561	3,570,140	2,048,094	318,720,607
Sewer lines	300,869,425	3,173,457	4,000	304,038,882
Wastewater treatment plant equipment	85,319,925	1,190,045	2,631,850	83,878,120
Operational equipment	685,633	439,232	86,288	1,038,577
Office furniture	439,931	140,663	117,593	463,001
Vehicles	594,523	172,532	100,621	666,434
Total capital assets being depreciated	705,107,998	8,686,069	4,988,446	708,805,621
Less: accumulated depreciation				
Buildings	96,640,365	10,624,017	2,048,095	105,216,287
Sewer lines	80,841,118	7,600,972	4,000	88,438,090
Wastewater treatment plant equipment	34,274,599	5,591,875	2,631,848	37,234,626
Operational equipment	349,191	90,284	86,288	353,187
Office furniture	260,621	66,784	117,593	209,812
Vehicles	319,139	163,506	100,622	382,023
Total accumulated depreciation	212,685,033	24,137,438	4,988,446	231,834,025
Total capital assets being depreciated, net	492,422,965	(15,451,369)	-	476,971,596
Capital assets, net	$ 495,550,762	$ (15,344,817)	$ -	$ 480,205,945

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

Interest expense capitalized during 2011 and 2010 totaled $29,328 and $64,720, respectively.

Note 6 – Deferred Charges

At June 30, 2011 and 2010, the Agency's deferred charges were as follows:

	June 30, 2011	June 30, 2010
Bond issuance costs	$ 9,691,820	$ 16,224,280
Less: accumulated amortization	3,016,282	6,163,468
Deferred charges, net	$ 6,675,538	$ 10,060,812

Amortization of bond issuance costs for the year ended June 30, 2011 and 2010 totaled $557,839 and $866,635, respectively.

(Continued)

Note 6 – Deferred Charges, continued

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

Year ending June 30,	Amortization expense
2012	$ 569,655
2013	569,655
2014	569,655
2015	569,655
2016	569,655
Thereafter	3,827,263
	$ 6,675,538

Note 7 – Revenue Bonds Payable

At June 30, 2011 and 2010, 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, 2011 and 2010 are as follows:

	2011	2010
$102,085,000 Series 2001 refunding bonds dated March 1, 2001 with annual principal payments ranging from $1,300,000 to $5,525,000 plus interest at 3.40 to 5.375 percent payable semi-annually through March 2011.	$ -	$ 4,920,000
$86,560,000 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.	81,495,000	81,585,000
$69,695,000 Series 2005B refunding revenue bonds dated March 15, 2005 with interest at 2.55 to 5.07 percent payable semi-annually beginning September 1, 2005. Beginning March 1, 2012, annual principal payments ranging from $5,180,000 to $9,400,000 plus semi-annual payments of interest at 2.55 to 5.07 percent are payable through March 2021.	69,695,000	69,695,000
$30,000,000 Series 2009 revenue bonds dated April 29, 2009 with annual principal payments ranging from $1,520,000 to $5,000,000 plus interest at 3.79 percent payable semi-annually through March 2024.	25,000,000	30,000,000
$63,630,000 Series 2010A refunding revenue bonds dated July 9, 2010 with interest at 3.00 to 5.00 percent payable semi-annually beginning January 1, 2011. Beginning January 1, 2011, annual principal payments ranging from $1,665,000 to $5,585,000 plus interest at 3.00 to 5.00 percent payable semi-annually through January 2025.	59,720,000	-

(Continued)

Note 7 – Revenue Bonds Payable, continued

	2011	2010
$26,800,000 Series 2010B revenue bonds dated December 7, 2010 with interest at 1.99 to 5.81 percent payable semi-annually beginning July 1, 2011. Beginning January 1, 2012, annual principal payments ranging from $225,000 to $3,080,000 plus interest at 1.99 to 5.81 percent payable semi-annually through January 2025.	26,800,000	-
	262,710,000	186,200,000
Premium on Series 2001 refunding bonds	-	1,244,276
Premium on Series 2005 revenue bonds	3,218,965	3,455,944
Premium on Series 2005B refunding bonds	4,562,317	5,034,280
Premium on Series 2010A refunding bonds	5,557,291	-
Deferred loss on refunding	(2,683,537)	-
Less: current maturities	15,329,390	10,835,594
Long-term portion	$ 258,035,646	$ 185,098,906

Amortization of bond premiums totaled approximately $2,472,274 and $1,257,000 for the years ended June 30, 2011 and 2010, respectively. Amortization of the deferred loss on refunding was $234,463 for the year ended June 30, 2011.

Future amounts required to pay principal and interest on revenue bonds outstanding at June 30, 2011 are as follows:

June 30,	Principal	Interest	Total
2012	$ 13,850,000	$ 11,989,121	$ 25,839,121
2013	14,540,000	11,431,016	25,971,016
2014	15,105,000	10,865,161	25,970,161
2015	15,740,000	10,229,749	25,969,749
2016	16,365,000	9,606,854	25,971,854
2017 - 2021	93,440,000	36,412,723	129,852,723
2022 - 2025	93,670,000	11,527,308	105,197,308
	$ 262,710,000	$ 102,061,932	$ 364,771,932

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, 2011 and 2010.

The Series 2001, 2005 and 2005B bonds are payable solely from and secured by a pledge of the gross revenues of the Agency.

(Continued)

Note 7 – Revenue Bonds Payable, continued

The Series 2010A and 2010B bonds are secured by a pledge of the Gross Revenues, net of Operations and Maintenance Expenses (as defined), that is subordinate to the aforementioned Series 2001, 2005 and 2005B pledge.

Interest expense on the revenue bonds totaled $11,963,028 and $8,968,510 for the years ended June 30, 2011 and 2010, respectively.

On July 9, 2010, the Commission issued $63,630,000 refunding revenue bonds to refund seven state revolving loans with a par value of $77,221,880. Through the refunding, the Agency was able to recapture $7,833,774 of the debt service reserve fund associated with the aforementioned state revolving loans. The refunding resulted in a cash flow savings of $12,848,197 over the life of the loan and a net present value economic gain of $2,521,488. This transaction also resulted in a deferred loss on refunding in the amount of $2,918,000, which will be amortized over the life of the original debt, which is equal to the life of the new debt issue.

Note 8 – State Revolving Loans Payable

At June 30, 2011 and 2010, the Agency was obligated on various state revolving loans issued for purposes of constructing capital assets. State revolving loan amounts outstanding at June 30, 2011 and 2010 are as follows:

	2011	2010
$1,896,394 Mauldin Road facility loan dated December 15, 1989. Payable in quarterly installments of $21,410, including interest at 4.75 percent, through July 2010.	$ -	$ 21,159
$4,353,682 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 2016.	-	1,685,006
$1,018,188 Maple Creek loan dated August 9, 1990. Payable in quarterly installments of $19,377, including interest at 4.50 percent, through May 2011.	-	75,378
$31,450,705 Lower Reedy wastewater treatment plant loan dated September 24, 1998. Payable in quarterly installments of $572,996, including interest at 4.00 percent, through November 2020.	-	19,572,448
$8,064,641 Gilder Creek wastewater treatment plant upgrade phase I loan dated June 22, 2001. Payable in quarterly installments of $146,928, including interest at 4.00 percent, through February 2022.	-	5,488,322

(Continued)

Note 8 – State Revolving Loans Payable, continued

	2011	2010
$19,571,443 Lower Reedy wastewater treatment plant expansion phase II loan dated June 10, 2005. Payable in quarterly installments of $326,221, including interest at 3.00 percent, through March 2027.	16,533,197	17,327,143
$17,983,236 Georges Creek wastewater treatment plant loan dated November 29, 2001. Payable in quarterly installments of $327,634, including interest at 4.00 percent, through October 2023.	-	13,619,303
$35,000,000 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 2025.	-	28,528,215
$6,350,621 Georges Creek conveyance system phase I loan dated June 10, 2003. Payable in quarterly installments of $113,193, including interest at 3.75 percent, through January 2024.	-	4,846,898
$5,304,041 Georges Creek conveyance system phase II loan dated February 20, 2004. Payable in quarterly installments of $94,539, including interest at 3.75 percent, through September 2024.	-	4,159,734
$27,800,000 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 March 2029.	25,549,712	26,571,651
$2,850,550 Gravity sewer and manhole rehabilitation phase I loan dated December 9, 2009. Payable in quarterly installments of $42,187 including interest at 1.84 percent, through November 2030.	2,789,326	1,496,822
$2,869,576 Gravity sewer and manhole rehabilitation phase II loan dated December 9, 2009. Payable in quarterly installments of $45,025 including interest at 2.34 percent, through January 2031.	1,600,138	698,068
	46,472,373	124,090,147
Less: current maturities	2,116,466	14,950,321
Long-term portion	$ 44,355,907	$ 109,139,826

Interest expense on the state revolving loans totaled $1,568,812 and $4,588,035 for the years ended June 30, 2011 and 2010, respectively.

(Continued)

Note 8 – State Revolving Loans Payable, continued

Future amounts required to pay outstanding principal and interest on state revolving loans outstanding at June 30, 2011 are as follows:

June 30,	Principal	Interest	Total
2012	$ 2,116,466	$ 1,475,896	$ 3,592,362
2013	2,182,833	1,409,529	3,592,362
2014	2,251,426	1,340,936	3,592,362
2015	2,322,321	1,270,041	3,592,362
2016	2,395,595	1,196,767	3,592,362
2017 - 2021	13,166,130	4,795,680	17,961,810
2022 - 2026	15,404,363	2,557,447	17,961,810
2027 - 2031	7,873,889	374,635	8,248,524
	47,713,023	14,420,931	62,133,954
Less: undrawn proceeds	1,240,650	-	1,240,650
	$ 46,472,373	$ 14,420,931	$ 60,893,304

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, 2011 and 2010.

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.

In addition to the above loans, the Agency has an offsetting $881,012 receivable and payable for construction cost and the related reimbursement. The receivable and payable are from the same State of South Carolina agency and, accordingly, are offset and net to zero.

Note 9 – Changes in Long-Term Liabilities

Changes in long-term debt, compensated absences and other postemployment benefits ("OPEB") for the years ended June 30, 2011 and 2010 are as follows:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due within one year
Revenue bonds	$ 186,200,000	$ 90,430,000	$ 13,920,000	$ 262,710,000	$ 13,850,000
State revolving loans	124,090,147	2,284,586	79,902,360	46,472,373	2,116,466
Compensated absences	679,454	663,093	643,794	698,753	125,000
OPEB	889,945	736,451	266,792	1,359,604	300,000
	311,859,546	94,114,130	94,732,946	311,240,730	16,391,466
Less: Deferred loss on refunding	-	2,918,000	234,463	2,683,537	234,463
Premiums on bond issuance	9,734,500	6,076,347	2,472,274	13,338,573	1,713,853
	$ 321,594,046	$ 97,272,477	$ 96,970,757	$ 321,895,766	$ 17,870,856

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due within one year
Revenue bonds	$ 190,880,000	$ -	$ 4,680,000	$ 186,200,000	$ 10,010,000
State revolving loans	125,432,532	5,265,956	6,608,341	124,090,147	14,950,321
Compensated absences	644,840	643,794	609,180	679,454	125,000
OPEB	483,652	641,075	234,782	889,945	270,000
	317,441,024	6,550,825	12,132,303	311,859,546	25,355,321
Premiums on bond issuance	10,991,600	-	1,257,100	9,734,500	825,594
	$ 328,432,624	$ 6,550,825	$ 13,389,403	$ 321,594,046	$ 26,180,915

Note 10 – Construction Contracts in Progress

At June 30, 2011 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, 2011 on which significant additional work is to be performed:

	Contract amount	Total contract incurred through June 30, 2011	Balance to be performed
Green energy CHP	$ 1,606,158	$ 397,379	$ 1,208,779
Piedmont regional WWTP	2,999,143	2,519,643	479,500
Reclaimed water master plan	196,330	44,846	151,484
	$ 4,801,631	$ 2,961,868	$ 1,839,763

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 $698,753 and $679,454 at June 30, 2011 and 2010, 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 6.5 percent of their annual covered salary for the years ended June 30, 2011 and 2010, and the Agency is required to contribute at an actuarially determined rate. The Agency's rate is 9.24 percent of annual covered payroll for the years ended June 30, 2011 and 2010, and an additional 0.15 percent of payroll is contributed to a group life insurance benefit for the participants for each of the years ended June 30, 2011 and 2010. Required contributions were made at 100 percent and are summarized as follows:

	Employer SCRS	Employee SCRS
June 30, 2011	$ 949,406	$ 657,078
June 30, 2010	915,126	626,608
June 30, 2009	925,730	613,801

Deferred compensation plan

The Agency offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, which is administered and controlled by the state of South Carolina. The plan, available to all the Agency employees, permits employees to defer a portion of their salary until future years. Participation in the plan is optional. Certain employees of the Agency have elected to participate. Compensation deferred under the Section 457 plan is placed in trust for the contributing employee. The deferred compensation is not available to employees until termination, retirement,

(Continued)

Note 12 – Employee Benefits, continued

death or unforeseeable emergency. Participants' rights under the plan are equal to those of general creditors of the Agency in an amount equal to the fair market value of the deferred account for each participant. Great-West Retirement Services (under state contract) is the program administrator of the Section 457 Plan.

Note 13 – Postemployment Healthcare Plan

The Agency maintains a single-employer defined benefit plan (the "Plan") to provide certain postretirement healthcare benefits to all former regular full time employees. Healthcare coverage levels for retirees are the same as coverage provided to regular active full time employees in accordance with the terms and conditions of the SC State Health Plan. The Agency contributes up to 62 percent of the monthly premium for retirees and covered dependents based on the selected healthcare plan. The amount contributed by the Agency is determined by the State of SC Employee Insurance Program. This amount is based on the level of coverage selected by the retiree not the plan selected. The Agency is under no statutory or contractual obligation to provide these postretirement healthcare benefits. Because the Plan consists solely of the Agency's commitment to provide other postemployment benefits ("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:

	July 2010 to December 2010	January 2011 to June 2011
Retiree only	$ 261	$ 279
Retiree/spouse	515	539
Retiree/child(ren)	369	443
Family	603	695

For the year ended June 30, 2011, Plan members receiving benefits paid $93,489 which was used to offset the Agency's cash outlays to insurance carriers equaling $263,730 for the current year premiums due. The net outlay from the Agency, which totaled $170,241, 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.

(Continued)

Note 13 – Postemployment Healthcare Plan, continued

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	$ 733,507
Interest on net OPEB obligation	40,048
Adjustment to annual required contribution	(37,104)
Annual OPEB cost (expense)	736,451
Contributions made	(266,792) *
Increase in net OPEB obligation	469,659
Net OPEB obligation, beginning of year	889,945
Net OPEB obligation, end of year	$ 1,359,604

*includes adjustment for implicit rate subsidy.

As of June 30, 2008, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was $8,417,369 resulting in an unfunded actuarial accrued liability ("UAAL") of $8,417,369. The covered payroll (annual payroll of active employees covered by the plan) was $10,318,963, and the ratio of the UAAL to the covered payroll was 81.6 percent.

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.

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.

(Continued)

Note 13 – Postemployment Healthcare Plan, continued

In the June 30, 2008 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. Using the plan benefits, the present health premiums, and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The 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. 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. Projections of health benefits are based on the plan as understood by the Agency and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Agency and its employees to that point. Actuarial assumptions include 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 10 years. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Investment rate of return	4.5%, net of expenses
Actuarial cost method	Projected Unit Cost Method
Amortization method	Level as a percentage of salary
Salary growth	3.0% per annum

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, 2011 was $1,350,216, which is included in customer service expenses on the accompanying statements of revenues, expenses and changes in net assets. For the year ended June 30, 2012, billing charges to the Agency is estimated to cost approximately $2.0 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, 2011 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, 2011 and 2010. The Agency believes that the amount of actual or potential claims as of June 30, 2011 will not materially affect the financial condition of the Agency.

Note 17 – Subsequent Events

The Agency executed in August 2011 a $33.7 million contract for additional construction services.

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

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	$ -	$ 4,172,234	$ 4,172,234	0.00%	$ 9,431,889	59.83%
6/30/2008	-	8,417,369	8,417,369	0.00%	9,518,573	88.42%
6/30/2008	-	8,417,369	8,417,369	0.00%	10,318,963	81.60%

Fiscal year 2009 was the year of implementation of GASB Statement No. 45 and the Agency has elected to implement prospectively.

Schedule of Employer Contributions

Year ended	Annual required contribution	Actual contributions		Percentage contributed	Net OPEB obligation
6/30/2009	$ 483,652	$ -		0.00%	$ 483,652
6/30/2010	712,143	234,782	*	32.97%	889,945
6/30/2011	733,507	266,792	*	36.37%	1,359,604

*includes adjustment for implicit rate subsidy.

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statistical

EMPLOYEE & LEADERSHIP DEVELOPMENT

ReWa continues to support the professional enhancement of its employees, which is often recognized in the form of industry awards. For example, the Water Environment Federation awarded ReWa's West Division Operations Manager Adger Turner the prestigious Hatfield Award, in recognition of outstanding performance and professionalism.

OPERATIONAL RESILIENCY

ReWa continues to be proactive in anticipating the future water quality requirements, shown by the construction of a state-of-the-art facility in Anderson County that will replace four antiquated secondary treatment facilities, and will employ membrane technology to produce the cleanest effluent of any of ReWa's facilities. ReWa is also constructing its first green energy addition at a facility, a combined heat and power project that will utilize the methane gas produced from the digestion of the biosolids to generate 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,

	2011	2010	2009	2008[2]	2007[2]	2006[2]	2005 [1],[2]	2004 [1],[2]	2003 [1],[2]	2002 [1],[2]
Invested in capital assets, net of related debt	$ 169,934,492	$ 161,289,271	$ 170,727,631	$ 180,458,085	$ 139,622,665	$ 143,955,865	$ 137,838,215	$ 103,152,950	$ 71,052,604	$ 57,035,152
Restricted										
Debt service	31,669,416	40,108,418	39,528,346	6,049,781	6,202,937	19,477,820	n/a	n/a	n/a	n/a
Depreciation	4,659,144	4,802,059	4,955,508	4,892,868	4,450,494	3,822,587	n/a	n/a	n/a	n/a
Other	3,463,870	3,286,842	3,173,574	3,132,177	4,297,592	4,642,670	n/a	n/a	n/a	n/a
Total restricted	39,792,430	48,197,319	47,657,428	14,074,826	14,951,023	27,943,077	26,546,992	41,145,932	82,964,739	85,651,748
Unrestricted	57,782,111	50,394,599	38,614,745	58,636,940	91,110,877	60,277,431	50,225,291	51,621,512	27,613,020	26,424,091
Total net assets	$ 267,509,033	$ 259,881,189	$ 256,999,804	$ 253,169,851	$ 245,684,565	$ 232,176,373	$ 214,610,498	$ 195,920,394	$ 181,630,363	$ 169,110,991

n/a - not avaialable

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

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

Exhibit 2

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

	2011	2010	2009	2008 [1]	2007 [1]	2006 [1]	2005 [1]	2004 [1]	2003 [1]	2002 [1]
OPERATING REVENUES										
Domestic and commercial customers	$ 59,872,550	$ 55,789,993	$ 55,522,398	$ 52,601,443	$ 49,602,282	$ 48,265,538	$ 44,777,872	$ 42,240,262	$ 39,019,072	$ 36,716,143
Industrial customers	6,771,019	6,352,280	6,209,957	6,248,026	6,101,595	5,849,490	5,825,086	5,921,739	6,400,996	6,317,521
New account fees	2,712,528	2,375,000	2,914,250	6,761,750	8,432,625	9,494,000	7,630,470	6,708,750	4,366,122	2,911,479
Septic haulers and other	410,743	389,836	368,854	562,351	311,718	290,257	289,578	227,510	218,599	195,345
Total operating revenues	69,766,840	64,907,109	65,015,459	66,173,570	64,448,220	63,899,285	58,523,006	55,098,261	50,004,789	46,140,488
OPERATING EXPENSES										
Solids management	1,567,642	1,533,612	2,000,907	2,237,404	2,388,563	2,268,770	2,571,457	2,889,613	2,476,392	2,372,537
Facilities operations	8,720,534	8,802,553	9,266,236	8,569,776	8,317,346	8,299,744	7,756,033	6,969,274	6,591,423	6,549,042
Laboratory	1,895,267	1,853,155	1,811,014	1,778,301	1,626,016	1,700,991	1,547,330	1,509,165	1,413,945	1,446,846
Operations and maintenance shop	1,751,098	1,675,485	1,736,783	2,055,031	1,878,403	1,876,975	1,700,774	1,630,698	1,473,741	1,469,008
Collection system	2,566,448	2,580,030	2,620,849	2,708,446	2,526,372	2,625,325	2,554,998	2,422,992	2,407,946	2,340,598
Administration and accounting	6,923,834	6,701,932	6,906,265	5,417,180	4,767,187	4,797,503	4,506,383	4,015,158	3,681,391	3,533,731
Customer service	2,235,092	2,060,056	1,740,847	2,819,984	1,937,978	1,626,330	1,136,918	1,094,612	1,115,113	1,025,601
Total operating expenses before depreciation	25,659,915	25,206,823	26,082,901	25,586,122	23,441,865	23,195,638	21,773,893	20,531,512	19,159,951	18,737,363
Depreciation	24,055,324	24,137,438	24,073,372	23,198,109	21,024,952	18,284,379	16,543,392	14,640,227	12,682,226	11,804,578
Total operating expenses	49,715,239	49,344,261	50,156,273	48,784,231	44,466,817	41,480,017	38,317,285	35,171,739	31,842,177	30,541,941
Net operating income	20,051,601	15,562,848	14,859,186	17,389,339	19,981,403	22,419,268	20,205,721	19,926,522	18,162,612	15,598,547
NON-OPERATING REVENUES (EXPENSES)										
Investment income	425,659	439,915	1,035,059	2,923,494	5,475,237	5,651,443	2,244,095	769,779	1,313,986	2,318,423
Other income	43,134	91,628	57,637	48,525	129,821	246,454	6,340	30,880	12,263	111,546
Amortization	(557,839)	(866,645)	(915,208)	(888,104)	(898,034)	(876,834)	(598,155)	(371,239)	(266,092)	(293,306)
Interest expense	(12,093,716)	(12,259,120)	(11,129,245)	(11,725,769)	(11,199,451)	(12,093,195)	(9,431,185)	(7,327,769)	(7,386,239)	(7,721,608)
Non-project expenses	(240,995)	(87,241)	(77,476)	(262,199)	(475,957)	(305)	-	(1,789)	(958)	(12,632)
Other expenses	-	-	-	-	-	-	-	(145)	(597)	(4,982)
Net non-operating expenses	(12,423,757)	(12,681,463)	(11,029,233)	(9,904,053)	(6,968,384)	(7,072,437)	(7,778,905)	(6,900,283)	(6,327,637)	(5,602,559)
Capital project cost reimbursement	-	-	-	-	495,173	2,219,044	6,263,288	1,263,792	684,397	2,333,617
Increase in net assets	7,627,844	2,881,385	3,829,953	7,485,286	13,508,192	17,565,875	18,690,104	14,290,031	12,519,372	12,329,605
Total net assets, beginning of year	259,881,189	256,999,804	253,169,851	245,684,565	232,176,373	214,610,498	195,920,394	181,630,363	169,110,991	156,781,386
Total net assets, end of year	$ 267,509,033	$ 259,881,189	$ 256,999,804	$ 253,169,851	$ 245,684,565	$ 232,176,373	$ 214,610,498	$ 195,920,394	$ 181,630,363	$ 169,110,991

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

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Salaries	$ 9,697,910	$ 9,412,737	$ 9,563,556	$ 8,885,770	$ 8,446,661	$ 8,731,260	$ 8,096,008	$ 7,650,640	$ 7,275,361	$ 7,060,652
Fringe benefits	3,436,708	3,315,822	3,312,199	2,668,145	2,463,339	2,389,311	2,152,354	1,981,923	1,952,749	2,460,146
Electricity	2,867,974	3,203,095	3,264,567	2,799,673	2,778,711	2,740,943	2,521,771	2,231,822	2,323,821	2,085,955
Collection fees	1,603,208	1,600,662	1,483,506	1,856,243	1,748,839	1,431,752	967,791	916,442	888,876	870,885
Repairs and maintenance	1,454,772	1,348,942	1,214,581	1,234,600	1,168,419	1,509,707	1,712,179	1,684,176	1,396,097	1,307,667
Outside technical services	1,235,401	1,319,038	1,491,827	1,399,756	1,171,351	423,102	405,066	464,368	408,819	346,325
Solids management	1,149,986	1,156,579	1,575,855	1,867,073	1,966,735	1,859,808	2,227,367	2,589,053	2,125,692	2,040,497
Chemicals - other	1,144,663	1,054,410	1,218,621	1,170,024	1,119,876	1,062,535	795,450	549,731	491,758	448,431
Other	311,407	311,717	290,104	1,137,029	371,334	417,224	362,722	333,532	389,578	307,037
General insurance	338,888	290,520	279,026	240,533	295,340	279,296	250,594	246,759	186,771	179,816
Legal	295,555	288,293	373,979	193,103	91,785	119,079	112,999	77,176	126,035	56,211
Employee/public relations	420,822	274,214	223,847	169,951	330,105	129,105	103,572	106,964	84,092	102,939
Gasoline	340,402	245,277	223,958	317,902	226,642	235,939	174,582	130,606	120,499	99,820
Worker's compensation	220,168	226,207	195,584	248,935	166,156	212,917	139,380	133,997	83,429	95,642
Telephone	173,689	174,560	180,803	191,260	151,460	176,749	173,881	139,612	137,461	101,321
Travel	91,819	90,281	82,713	81,505	84,776	87,265	80,589	71,527	69,643	49,988
Water	42,356	56,501	114,858	65,014	79,647	68,316	62,370	63,723	67,329	64,668
Office supplies	52,567	53,818	57,860	60,424	58,525	63,112	64,203	51,505	57,287	55,336
Auto parts	45,122	32,058	44,380	52,921	45,203	48,214	40,918	44,697	43,891	54,964
Tires and tubes	42,779	31,759	47,568	40,909	45,788	43,386	42,262	29,959	29,683	29,641
Chemicals - chlorine and sulfur dioxide	31,047	29,614	50,257	164,693	210,299	317,402	291,914	229,930	250,567	236,446
Commissioners	13,280	21,985	20,434	20,132	18,937	20,702	16,261	18,688	29,084	26,555
Postage	16,090	7,043	19,914	20,546	26,153	27,476	22,646	20,911	23,731	20,746
Paint	8,492	2,184	5,457	6,150	18,310	25,064	18,945	28,306	30,205	20,389
Contingency	-	-	-	-	-	-	-	-	9,391	12,251
Total, excluding allowance for uncollectible accounts	25,035,105	24,547,316	25,335,454	24,892,291	23,084,391	22,419,664	20,835,824	19,796,047	18,601,849	18,134,328
Percentage increase (decrease) over prior year	2.0%	(3.1)%	1.8%	7.8%	3.0%	7.6%	5.3%	6.4%	2.6%	(1.1)%
Allowance for uncollectible accounts	624,810	659,507	747,447	693,831	357,474	775,974	938,069	735,465	558,102	603,035
Total, including allowance for uncollectible accounts	$ 25,659,915	$ 25,206,823	$ 26,082,901	$ 25,586,122	$ 23,441,865	$ 23,195,638	$ 21,773,893	$ 20,531,512	$ 19,159,951	$ 18,737,363

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
DOMESTIC AND COMMERCIAL CUSTOMER REVENUE										
Greenville	$ 56,785,235	$ 52,922,310	$ 52,705,367	$ 49,803,407	$ 47,044,899	$ 45,781,937	$ 42,528,444	$ 40,317,749	$ 37,292,132	$ 35,237,365
Greer/Taylors	2,309,191	2,149,999	2,007,268	1,989,232	1,748,499	1,617,121	1,394,840	1,170,406	1,016,527	875,538
Powdersville	336,455	296,425	317,808	286,316	256,942	237,607	194,228	170,440	146,216	97,470
Well water/commercial	80,771	81,985	196,468	271,136	301,677	383,676	429,967	369,408	362,715	351,995
Marietta	184,511	183,616	180,017	177,275	165,609	166,455	159,896	149,483	146,369	127,776
Blue Ridge	21,940	13,434								
Slater/Laurens	154,447	142,224	115,470	74,077	84,656	78,742	70,497	62,776	55,113	25,999
Total domestic and commercial customers	$ 59,872,550	$ 55,789,993	$ 55,522,398	$ 52,601,443	$ 49,602,282	$ 48,265,538	$ 44,777,872	$ 42,240,262	$ 39,019,072	$ 36,716,143
NUMBER OF CUSTOMERS										
Customer accounts	121,374	120,558	119,184	116,986	115,942	111,123	108,158	105,612	103,273	101,643
Percentage increase	0.7%	1.2%	1.9%	0.9%	4.3%	2.7%	2.4%	2.3%	1.6%	2.4%
DOMESTIC REVENUE RATES										
User volume charge per 1000 gallons	$ 4.79	$ 4.61	$ 4.45	$ 4.30	$ 4.15	$ 4.01	$ 4.01	$ 3.75	$ 3.51	$ 3.28
Base charge per month	9.40	9.00	8.50	8.00	7.50	7.00	7.00	6.50	6.00	5.50
Total monthly charge [1]	$ 45.33	$ 43.58	$ 41.88	$ 40.25	$ 38.63	$ 37.08	$ 37.08	$ 34.63	$ 32.33	$ 30.10
Monthly charge percent increase	4.0%	4.1%	4.0%	4.2%	4.2%	0.0%	7.1%	7.1%	7.4%	7.4%

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

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
REVENUE BONDS										
1992 Refunding	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1993 Refunding	-	-	-	-	-	-	-	-	-	11,905,000
1995 Refunding	-	-	-	-	1,695,000	1,790,000	2,855,000	4,435,000	5,940,000	7,385,000
2001 Refunding	-	4,920,000	9,535,000	11,915,000	14,280,000	16,125,000	17,580,000	90,585,000	94,410,000	99,935,000
2002 Refunding	-	-	-	2,000,000	2,135,000	4,240,000	6,320,000	8,360,000	10,370,000	-
2005 Series	81,495,000	81,585,000	81,650,000	81,780,000	82,675,000	84,310,100	86,560,000	-	-	-
2005B Refunding	69,695,000	69,695,000	69,695,000	69,695,000	69,695,000	69,695,000	69,695,000	-	-	-
2009 Series	25,000,000	30,000,000	30,000,000	-	-	-	-	-	-	-
2010A Refunding	59,720,000	-	-	-	-	-	-	-	-	-
2010B Series	26,800,000	-	-	-	-	-	-	-	-	-
Total revenue bonds payable	262,710,000	186,200,000	190,880,000	165,390,000	170,480,000	176,160,100	183,010,000	103,380,000	110,720,000	119,225,000
STATE REVOLVING LOANS ("SRL")										
Regional Sludge	-	21,159	103,340	181,730	256,505	310,313	379,158	444,826	507,466	567,217
Brushy Creek/Reedy River	-	1,685,006	1,928,758	2,162,999	2,388,100	2,551,142	2,761,098	2,962,861	3,156,752	3,343,077
Maple Creek	-	75,378	147,457	216,382	282,291	345,316	405,581	463,211	518,318	571,013
Lower Reedy River	-	19,572,448	21,044,548	22,459,206	23,818,665	25,125,079	26,380,516	27,586,966	28,746,342	29,645,925
Gilder Creek Phase 1	-	5,488,322	5,847,480	6,192,623	6,524,299	6,843,033	7,149,330	7,443,676	7,651,538	7,580,582
Georges Creek	-	13,619,303	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	-	28,528,215	29,920,953	31,262,666	32,555,221	32,979,213	32,583,718	21,565,759	-	-
Georges Creek Conveyance Phase 1	-	4,846,898	5,111,675	5,366,751	5,612,483	5,790,854	6,021,048	5,876,295	-	-
Georges Creek Conveyance Phase 2	-	4,159,734	4,376,787	4,585,889	4,787,328	4,981,387	4,975,282	1,640,933	-	-
Lower Reedy River Phase 2	16,533,197	17,327,143	18,097,710	18,845,587	18,510,512	8,118,404	-	-	-	-
Durbin Creek Upgrade	25,549,712	26,571,651	24,487,526	18,308,917	1,431,894	-	-	-	-	-
Gravity Sewer and Manhole Rehabilitation Phase I	2,789,326	1,496,822	-	-	-	-	-	-	-	-
Gravity Sewer and Manhole Rehabilitation Phase II	1,600,138	698,068	-	-	-	-	-	-	-	-
Total SRL	46,472,373	124,090,147	125,432,532	124,666,896	111,941,282	103,318,381	97,572,796	85,431,155	56,461,513	46,889,670
Total long-term debt payable	309,182,373	310,290,147	316,312,532	290,056,896	282,421,282	279,478,481	280,582,796	188,811,155	167,181,513	166,114,670
Less: Deferred loss on refunding	2,683,537	-	-	-	-	-	-	-	-	-
Premiums on bond issuance	13,338,573	9,734,500	10,991,600	11,756,505	12,521,411	13,286,317	14,051,223	2,135,176	2,285,533	2,177,482
Total long-term debt, including premiums	$ 319,837,409	$ 320,024,647	$ 327,304,132	$ 301,813,401	$ 294,942,693	$ 292,764,798	$ 294,634,019	$ 190,946,331	$ 169,467,046	$ 168,292,152
Customer accounts	121,374	120,558	119,184	116,986	115,942	111,123	108,158	105,612	103,273	101,643
Long-term liabilities per customer account	$ 2,635	$ 2,655	$ 2,746	$ 2,580	$ 2,544	$ 2,635	$ 2,724	$ 1,808	$ 1,641	$ 1,656

Exhibit 6

RENEWABLE WATER RESOURCES
LONG-TERM DEBT OBLIGATION (EXCLUDING PREMIUMS)
FISCAL YEARS 2012 TO 2031

Year	Revenue Bond Principal	Revenue Bond Interest	SRL Principal[1]	SRL Interest[1]	Total Principal	Total Interest	Grand Total
2012	$ 13,850,000	$ 11,989,121	$ 2,116,466	$ 1,475,896	$ 15,966,466	$ 13,465,017	$ 29,431,483
2013	14,540,000	11,431,016	2,182,833	1,409,529	16,722,833	12,840,545	29,563,378
2014	15,105,000	10,865,161	2,251,426	1,340,936	17,356,426	12,206,097	29,562,523
2015	15,740,000	10,229,749	2,322,321	1,270,041	18,062,321	11,499,790	29,562,111
2016	16,365,000	9,606,854	2,395,595	1,196,767	18,760,595	10,803,621	29,564,216
2017	17,090,000	8,881,351	2,471,329	1,121,033	19,561,329	10,002,384	29,563,713
2018	17,805,000	8,163,849	2,549,604	1,042,757	20,354,604	9,206,606	29,561,210
2019	18,620,000	7,352,028	2,630,508	961,854	21,250,508	8,313,882	29,564,390
2020	19,485,000	6,486,183	2,714,129	878,233	22,199,129	7,364,416	29,563,545
2021	20,440,000	5,529,312	2,800,560	791,803	23,240,560	6,321,115	29,561,675
2022	21,445,000	4,523,758	2,889,892	702,470	24,334,892	5,226,228	29,561,120
2023	23,140,000	3,482,488	2,982,227	610,135	26,122,227	4,092,623	30,214,850
2024	24,285,000	2,353,257	3,077,664	514,698	27,362,664	2,867,955	30,230,619
2025	24,800,000	1,167,805	3,176,309	416,053	27,976,309	1,583,858	29,560,167
2026	-	-	3,278,271	314,091	3,278,271	314,091	3,592,362
2027	-	-	3,383,660	206,273	3,383,660	206,273	3,589,933
2028	-	-	2,172,957	114,521	2,172,957	114,521	2,287,478
2029	-	-	1,760,860	41,960	1,760,860	41,960	1,802,820
2030	-	-	339,241	9,606	339,241	9,606	348,847
2031	-	-	217,171	2,275	217,171	2,275	219,446
	$ 262,710,000	$ 102,061,932	$ 47,713,023	$ 14,420,931	$ 310,423,023	$ 116,482,863	$ 426,905,886

[1] Assumes full funding of all amounts available to be advanced with respect to the 2009B SRF loan ($1,240,650 remaining to be advanced as of June 30, 2011).

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating revenue	$ 69,766,840	$ 64,907,109	$ 65,015,459	$ 66,173,570	$ 64,448,220	$ 63,899,285	$ 58,523,006	$ 55,098,261	$ 50,004,789	$ 46,140,488
Investment income, unrestricted	364,936	405,982	1,023,713	2,570,452	3,451,183	1,200,000	1,176,003	769,779	1,313,986	2,318,423
Other income	43,134	91,628	57,637	48,525	129,822	246,454	6,340	30,880	12,263	111,546
Gross revenue	70,174,910	65,404,719	66,096,809	68,792,547	68,029,225	65,345,739	59,705,349	55,898,920	51,331,038	48,570,457
Less: operating expense before depreciation	25,659,915	25,206,823	26,082,901	25,586,122	23,441,865	23,195,638	21,773,893	20,531,512	19,159,951	18,737,363
Net revenues available for debt service	$ 44,514,995	$ 40,197,896	$ 40,013,908	$ 43,206,425	$ 44,587,360	$ 42,150,101	$ 37,931,456	$ 35,367,408	$ 32,171,087	$ 29,833,094
Debt service on senior lien bonds indebtedness	$ 23,593,930	$ 24,949,616	$ 22,564,302	$ 22,863,522	$ 21,359,711	$ 24,207,487	$ 15,971,002	$ 17,317,957	$ 18,128,549	$ 17,553,807
Senior lien debt coverage[1]	1.9	1.6	1.8	1.9	2.1	1.7	2.4	2.0	1.8	1.7
Debt service on all bonds	$ 28,918,439	$ 24,949,616	$ 22,564,302	$ 22,863,522	$ 21,359,711	$ 24,207,487	$ 15,971,002	$ 17,317,957	$ 18,170,324	$ 17,475,540
Total debt coverage	1.5	1.6	1.8	1.9	2.1	1.7	2.4	2.0	1.8	1.7

[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,

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
OPERATING EXPENSE										
Operating expense before depreciation	$ 25,659,915	$ 25,206,823	$ 26,082,901	$ 25,586,122	$ 23,441,865	$ 23,195,638	$ 21,773,893	$ 20,531,512	$ 19,159,951	$ 18,737,363
Depreciation	24,055,324	24,137,438	24,073,372	23,198,109	21,024,952	18,284,379	16,543,392	14,640,227	12,682,226	11,804,578
Total operating expense	49,715,239	49,344,261	50,156,273	48,784,231	44,466,817	41,480,017	38,317,285	35,171,739	31,842,177	30,541,941
NON-OPERATING EXPENSE										
Amortization of bond issuance cost	557,839	866,645	915,208	888,104	898,034	876,834	598,155	371,239	266,092	293,306
Non-project expense	240,995	87,241	77,476	262,199	475,957	305	-	1,789	958	12,632
Other expense	-	-	-	-	-	-	-	145	597	4,982
Total non-operating expense	798,834	953,886	992,684	1,150,303	1,373,991	877,139	598,155	373,173	267,647	310,920
Total expense	50,514,073	50,298,147	51,148,957	49,934,534	45,840,808	42,357,156	38,915,440	35,544,912	32,109,824	30,852,861
DEBT SERVICE										
Interest payments	12,317,958	13,661,275	12,399,921	12,561,183	11,964,357	12,901,635	8,267,425	7,677,953	7,655,384	7,838,259
Principal payments	16,600,480	11,288,341	10,164,381	10,302,339	9,395,354	11,305,852	7,703,577	9,640,004	10,514,940	9,637,281
Total debt service	$ 28,918,438	$ 24,949,616	$ 22,564,302	$ 22,863,522	$ 21,359,711	$ 24,207,487	$ 15,971,002	$ 17,317,957	$ 18,170,324	$ 17,475,540
Total expense to debt ratio	1.7	2.0	2.3	2.2	2.1	1.7	2.4	2.1	1.8	1.8

Exhibit 9

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

	2011[3]	2010 [2]	2009[2]	2008[2]	2007[2]	2006[2]	2005[2]	2004[2]	2003[2]	2002[2]
Assessed value [1]	$ 1,597,142,350	$ 1,540,375,699	$ 1,508,622,437	$ 1,833,262,263	$ 1,312,110,475	$ 1,629,775,545	$ 1,552,755,137	$ 1,519,843,124	$ 1,443,715,170	$ 1,444,591,498
General obligation debt balance	-	-	-	-	-	-	-	-	-	-
Population	457,575	453,966	438,119	428,243	417,166	407,000	401,000	393,000	391,000	390,000
Assessed value per capita	$ 3,490	$ 3,393	$ 3,443	$ 4,281	$ 3,145	$ 4,004	$ 3,872	$ 3,867	$ 3,692	$ 3,704

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

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Berea Public Service District [1]	$ 2,970,000	$ 1,690,000	$ 1,830,000	$ 2,000,000	$ 2,180,000	$ 2,352,000	$ 2,525,000	$ 700,000	$ 830,000	$ 955,000
Boiling Springs Fire District [1]	329,392	359,819	388,486	273,670	440,957	480,406	201,657	552,121	584,660	615,174
City of Fountain Inn	3,895,000	3,935,000	1,080,000	1,795,000	230,000	2,375,000	275,000	-	-	-
City of Greenville	11,222,000	12,040,780	13,005,000	14,300,000	15,550,000	70,926,407	11,825,000	12,950,000	8,660,000	9,465,000
City of Greer	3,693,500	4,136,500	4,576,500	5,133,500	5,311,500	4,116,500	3,040,000	3,435,000	3,810,000	4,160,000
City of Mauldin	4,250,000	4,535,000	4,855,000	2,275,000	2,485,000	6,196,987	2,875,000	3,940,295	4,573,617	4,631,000
City of Simpsonville	2,585,000	3,105,000	3,605,000	3,000,000	2,450,000	11,095,000	2,515,000	2,595,000	2,345,000	2,635,000
City of Travelers Rest	875,000	683,310	721,447	840,529	142,293	-	-	-	-	-
Clear Springs Fire District [1]	880,000	935,000	990,000	1,045,000	1,100,000	1,150,000	1,200,000	1,250,000	-	-
Donaldson Center Fire Service District [1]	-	-	-	-	-	-	-	-	-	-
Fountain Inn Fire Service Area [1]	880,000	1,670,000	1,735,000	-	-	-	-	-	-	-
Gantt Fire, Sewer & Police District [1]	1,444,710	1,580,453	1,640,447	1,739,727	1,838,327	1,926,279	2,013,615	2,090,362	2,241,550	2,392,206
Glassy Mountain Fire District [1]	2,325,000	2,505,000	1,690,000	1,805,000	1,915,000	2,020,000	15,000	30,000	45,000	60,000
Greenville Arena District [1]	36,848,647	24,275,000	8,125,000	8,650,000	9,150,000	9,620,000	10,080,000	10,500,000	10,900,000	11,280,000
Greenville County [1]	64,440,000	68,040,000	62,510,000	66,115,000	65,435,000	58,385,000	55,855,000	46,560,000	47,410,000	43,555,000
Greenville County of School District [1]	47,785,000	38,230,000	15,795,000	-	-	-	-	-	-	44,800,000
Mauldin Fire Service Area [1]	2,135,000	2,265,000	2,390,000	-	-	55,000	110,000	160,000	210,000	255,000
Parker Fire & Sewer Sub-District [1]	-	-	-	-	-	-	-	-	-	-
Pelham Batesville Fire District [1]	-	-	-	-	529,525	621,550	709,428	793,344	873,478	950,000
Piedmont Sewer & Light District [1]	-	-	-	-	-	-	-	-	-	-
Recreation District [1]	1,377,193	1,544,817	1,704,315	1,855,736	2,000,128	2,137,535	1,607,000	1,712,000	245,000	47,500
Simpsonsville Fire Service Area [1]	415,000	615,000	805,000	-	-	-	-	-	-	-
South Greenville Fire & Sewer District [1]	1,095,000	1,209,000	1,318,000	1,422,000	1,522,000	1,760,000	310,000	455,000	590,000	715,000
Taylors Fire & Sewer District [1]	372,680	509,899	641,438	767,532	888,407	1,004,278	1,112,208	1,221,829	1,323,989	1,421,742
Tigerville Fire District [1]	550,000	158,935	180,069	199,983	218,748	236,430	253,092	268,792	283,586	297,526
Upper Paris Mountain District [1]	-	-	-	-	-	10,000	30,000	30,000	40,000	50,000
Wade Hampton Water & Sewer District [1]	-	-	-	-	-	-	-	-	124,799	243,782
Total	$ 190,368,122	$ 174,023,513	$ 129,585,702	$ 113,217,677	$ 113,386,885	$ 176,468,372	$ 96,552,000	$ 89,243,743	$ 85,090,679	$ 128,528,930

[1] Greenville County Treasurer

RENEWABLE WATER RESOURCES
TEN LARGEST EMPLOYERS IN 2010

Company Name	City	Product / Service	Employment Jobs	Employment % of Total	Date Established
Greenville Hospital System	Greenville	Health services	9,778	2.1%	1930
School District of Greenville County	Greenville	Public education	8,700	1.9%	1951
Michelin North America, Inc.	Greenville	Headquarters/R&D/Mfg (radial tires)	4,000	0.9%	1975
Bon Secours St. Francis Health System	Greenville	Health services	3,500	0.8%	1932
SC State Government	Greenville	State government	3,238	0.7%	1905
General Electric Co.	Greenville	Engineering/Turbines & Jet engine parts	3,200	0.7%	1967
Fluor Corporation	Greenville	Engineering/Construction services	2,100	0.5%	1960
US Government	Greenville	Federal government	1,857	0.4%	1776
Greenville County Government	Greenville	Government	1,672	0.4%	1786
Bob Jones University	Greenville	Higher education	1,650	0.4%	1927

Source: GADC and SCACOG; MAY 2011

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 [3]	School Enrollment [4]	Percent Unemployment [5]
2011	457,575	0.8%	35,963	37	69,141	10.5%
2010	453,966	3.6%	36,905	37	69,006	9.6%
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%

n/a - not available

[1] Greenville County Planning Department, US Census Bureau

[2] US Dept of Commerce, Bureau of Economic Analysis (http://www.bea.gov/regional/reis/)

[3] US Census Bureau, American Community Survey (http://www.factfinder.census.gov)

[4] Greenville County Schools (http://www.greenville.k12.sc.us/gcsd/depts/admin/stats/)

[5] SC Dept of Employment and Workforce (http://dew.sc.gov/default.asp)

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

	2011		2010		2009		2008		2007		2006		2005		2004		2003		2002	
EMPLOYEES BY DEPARTMENT	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Laboratory	17	9%	16	8%	17	9%	17	9%	16	9%	17	9%	18	9%	19	9%	19	10%	18	10%
Operations, see below	55	28%	58	30%	58	30%	60	32%	61	34%	61	32%	62	31%	63	31%	59	31%	54	29%
Maintenance/Collections	64	33%	64	33%	59	31%	61	33%	58	32%	63	33%	65	33%	66	33%	62	32%	64	34%
Administration	31	16%	31	16%	33	17%	26	14%	21	12%	24	13%	25	13%	24	12%	24	12%	23	12%
Pretreatment	8	4%	8	4%	8	4%	8	4%	6	3%	7	3%	7	4%	7	4%	7	4%	7	4%
Engineering	15	8%	14	7%	13	7%	15	8%	11	6%	15	8%	15	8%	18	9%	17	9%	15	8%
Solids management	5	2%	5	2%	4	2%	-	0%	7	4%	5	2%	5	2%	5	2%	5	2%	5	3%
Total	195	100%	196	100%	192	100%	187	100%	180	100%	192	100%	197	100%	202	100%	193	100%	186	100%

OPERATIONS EMPLOYEES BY PLANT

	2011		2010		2009		2008		2007		2006		2005		2004		2003		2002	
East Operations																				
Durbin Creek	3	5%	4	7%	3	5%	3	5%	4	7%	4	7%	4	6%	4	6%	4	7%	4	7%
Gilder Creek	6	11%	6	10%	6	10%	6	10%	6	10%	5	8%	3	5%	3	5%	2	3%	3	6%
Pelham	7	13%	8	13%	8	14%	7	12%	8	13%	6	10%	6	10%	6	10%	7	12%	5	9%
Taylors	-	0%	-	0%	3	5%	4	7%	5	8%	5	8%	5	8%	6	10%	4	7%	5	9%
West Operations																				
Georges Creek	5	9%	5	9%	5	9%	5	8%	5	8%	6	10%	7	11%	9	14%	-	0%	-	0%
Grove Creek	5	9%	5	9%	4	7%	4	7%	3	5%	5	8%	7	11%	6	10%	7	12%	7	13%
Lakeside	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	8	14%	7	13%
Lower Reedy	7	13%	7	12%	7	12%	7	12%	7	11%	7	11%	7	11%	7	11%	9	15%	8	15%
Mauldin Road	22	40%	23	40%	21	36%	23	38%	22	36%	23	38%	23	38%	22	34%	18	30%	15	28%
Piedmont	-	0%	-	0%	1	2%	1	1%	1	2%	-	0%	-	0%	-	0%	-	0%	-	0%
Total	55	100%	58	100%	58	100%	60	100%	61	100%	61	100%	62	100%	63	100%	59	100%	54	100%

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

TREATMENT PLANT	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Mauldin Road	400,352	397,109	388,847	389,273	398,565	398,565	398,950	393,740	393,740	393,740
Pelham	347,054	339,132	345,862	242,194	216,760	216,760	216,683	216,802	216,802	216,802
Lower Reedy	282,528	285,209	279,622	279,823	279,823	279,823	274,237	274,260	274,260	274,260
Gilder Creek	162,000	162,000	162,000	162,000	160,358	146,112	139,559	139,524	139,524	139,524
Durbin Creek	135,548	135,556	135,312	135,552	135,552	135,552	135,552	135,054	135,054	135,054
Georges Creek	94,674	94,674	94,674	117,892	117,892	117,892	117,840	68,355	-	-
Grove Creek	94,570	94,570	94,570	94,570	94,570	94,570	94,570	94,431	94,431	94,431
Marietta	24,877	24,877	24,877	24,877	24,877	24,877	24,877	25,172	25,172	25,172
Piedmont	10,417	10,417	10,437	10,437	10,437	10,437	10,437	10,437	10,437	10,437
Lakeside	-	-	-	-	-	-	-	-	36,802	36,802
Taylors	-	-	-	110,199	110,199	110,199	110,186	110,113	110,113	110,113
Saluda	-	-	-	-	-	-	-	35,593	35,593	35,593
Parker	-	-	-	-	-	-	-	-	23,488	23,488
Totals	1,552,020	1,543,544	1,536,201	1,566,817	1,549,033	1,534,787	1,522,891	1,503,481	1,495,416	1,495,416

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Permitted flow	85	85	92	89	85	85	66	67	64	65
Average flow	35	40	36	35	39	38	44	41	46	38
Average peak flow	44	51	47	40	49	47	55	48	57	44

FISCAL YEAR 2011 FLOWS BY PLANT AND BASIN [1]

	Permitted	Average	Peak
Reedy River Basin			
Mauldin Road [2]	29.0	13.4	17.4
Lower Reedy	11.5	5.2	5.9
Basin Total	40.5	18.6	23.3
Saluda River Basin			
Marietta	0.7	0.3	0.5
Georges Creek	3.0	1.1	1.5
Grove Creek	2.0	0.7	1.0
Piedmont	1.2	0.2	0.2
Basin Total	6.9	2.3	3.2
Enoree River Basin			
Pelham	22.5	8.7	10.6
Gilder Creek	11.3	3.8	4.5
Durbin Creek	3.3	1.5	1.9
Basin Total	37.1	14.0	17.0
Total all basins	84.5	34.9	43.5

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

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

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
EAST OPERATIONS POWER USAGE										
Electric power	$ 1,038,043	$ 1,139,057	$ 1,231,168	$ 1,127,835	$ 1,061,279	$ 1,164,450	$ 886,122	$ 994,531	$ 1,062,238	$ 955,504
WEST OPERATIONS POWER USAGE										
Electric power	$ 1,432,934	$ 1,616,801	$ 1,599,550	$ 1,404,115	$ 1,410,938	$ 1,280,498	$ 1,306,662	$ 883,778	$ 975,267	$ 842,934
EAST OPERATIONS CHEMICAL USAGE (in tons)										
Chlorine	28	27	33	36	40	109	143	174	192	218
Polymer	38	34	64	50	49	43	33	41	68	33
Lime	663	677	622	671	698	848	765	1,321	933	866
Sulfur dioxide	-	-	9	13	18	40	63	159	218	251
WEST OPERATIONS CHEMICAL USAGE (in tons)										
Chlorine	131	108	56	90	113	745	339	133	163	150
Polymer	50	62	43	58	68	54	72	35	55	39
Kiln dust	-	-	-	-	-	-	-	-	-	1,699
Lime slurry	158	226	498	4,732	4,520	4,466	2,792	620	173	-
Lime	1,513	388	429	605	598	556	499	35	52	217
Sulfur dioxide	28	46	53	14	33	246	148	83	64	56

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
NUMBER OF PUMP STATIONS BY PLANT										
Durbin Creek	6	6	6	6	6	6	6	6	6	6
Georges Creek	13	13	13	14	14	15	14	7	-	-
Gilder Creek	3	3	3	3	3	3	3	3	3	3
Grove Creek	2	2	2	2	1	1	1	1	1	1
Lakeside	-	-	-	-	-	-	-	-	3	3
Lower Reedy	5	5	5	6	5	6	5	5	5	6
Marietta	3	3	3	3	4	3	3	3	3	3
Mauldin Road	8	8	8	9	8	8	8	8	8	8
Parker	-	-	-	-	-	-	-	-	1	1
Pelham	16	16	17	7	8	8	8	8	8	8
Piedmont	3	3	3	3	3	4	3	3	3	3
Saluda	-	-	-	-	-	-	-	7	7	7
Taylors	-	-	-	8	10	10	10	10	10	9
Totals	59	59	60	61	62	64	61	61	58	58

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
NUMBER OF INDUSTRIAL CUSTOMERS BY PLANT										
Durbin Creek	14	14	14	14	14	13	12	13	14	15
Georges Creek	1	1	1	1	2	2	2	2	-	-
Gilder Creek	8	9	9	7	8	8	8	7	10	10
Grove Creek	8	7	10	11	15	11	12	12	12	11
Lakeside	-	-	-	-	-	-	-	-	1	1
Lower Reedy	30	30	30	30	26	28	30	29	29	29
Marietta	1	1	1	1	1	1	1	1	1	1
Mauldin Road	26	28	28	28	27	28	29	32	32	34
Parker	-	-	-	-	-	-	-	-	2	2
Pelham	17	17	17	10	10	7	7	7	8	8
Piedmont	2	2	1	1	-	-	-	1	1	1
Saluda	-	-	-	-	-	-	-	-	-	-
Taylors	-	-	-	8	7	9	11	11	12	13
Totals	107	109	111	111	110	107	112	115	122	125

Exhibit 18

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	Totals
FUNDING SOURCES FOR CAPITAL PROJECTS											
Bond proceeds	$ 3,679,145	$ 3,139,084	$ 22,264,062	$ -	$ 59,917,562	$ 36,379,771	$ 13,094,710	$ 34,273,243	$ 11,134,541	$ 11,864,926	$ 195,747,044
State revolving loan proceeds	3,165,598	3,640,849	6,420,017	17,937,953	12,338,255	10,201,437	14,925,217	31,269,646	21,338,398	13,132,656	134,370,026
Contributed capital	-	-	-	-	495,172	2,219,044	6,168,268	408,612	684,397	2,333,618	12,309,111
Federal payments	-	-	-	-	-	-	95,020	855,180	-	-	950,200
Internal reserves	2,556,656	1,195,542	542,036	49,195,900	11,037,376	4,826,614	26,709,772	1,789	995	12,632	96,079,312
Total capital project expense	$ 9,401,399	$ 7,975,475	$ 29,226,115	$ 67,133,853	$ 83,788,365	$ 53,626,866	$ 60,992,987	$ 66,808,470	$ 33,158,331	$ 27,343,832	$ 439,455,693

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
SOLIDS GENERATED BY PLANT										
Durbin Creek	200	239	127	170	314	283	282	165	177	385
Georges Creek	159	161	264	299	266	295	303	55	-	-
Gilder Creek	500	682	655	709	568	706	919	1,027	1,268	1,221
Grove Creek	109	147	117	229	214	233	192	197	168	186
Lakeside	-	-	-	-	-	-	-	-	145	103
Lower Reedy	1,066	764	1,240	1,266	1,458	1,442	1,255	1,258	1,226	1,291
Marietta	102	74	92	146	103	73	140	92	68	151
Mauldin Road	2,933	2,791	3,215	3,607	3,811	3,550	4,129	5,001	2,694	7,931
Parker	-	-	-	-	-	-	-	-	26	39
Pelham	1,468	1,166	1,999	1,247	1,061	969	1,338	1,201	1,058	1,121
Piedmont	52	71	39	30	29	23	52	70	40	45
Saluda	-	-	-	-	-	-	-	41	50	56
Taylors	-	-	423	433	922	589	917	907	965	911
Totals	6,589	6,095	8,171	8,136	8,746	8,163	9,527	10,014	7,885	13,440
DISPOSAL METHODS										
Landfill disposal	365	382	498	714	1,482	1,526	5,576	3,677	3,652	6,843
Land application/recycled	6,224	5,713	7,673	7,422	7,264	6,637	3,951	6,337	4,233	6,597
Totals	6,589	6,095	8,171	8,136	8,746	8,163	9,527	10,014	7,885	13,440

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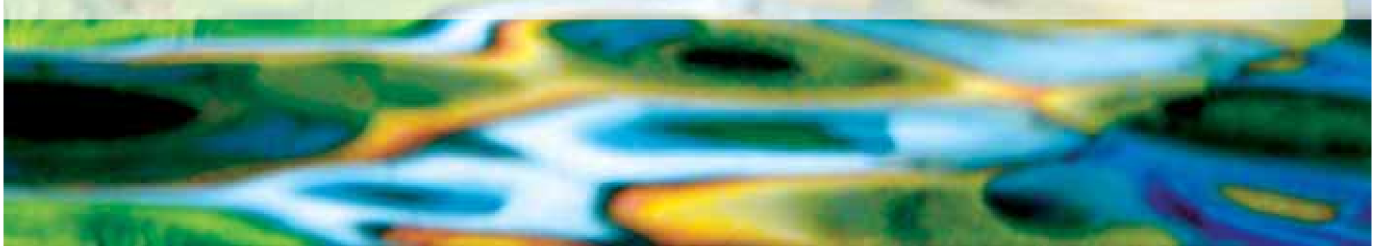
audit

OPERATIONAL OPTIMIZATION

ReWa has received grant funding from the Water and Sewer Energy Efficiency Grants Program (WSEE) through the South Carolina Budget and Control Board. The Program is a competitive grant program for publicly-owned water and wastewater systems for the replacement of energy-intensive equipment with new high-efficiency pumps, motors, and other equipment that will reduce energy demands and costs. The primary criterion for successful selection was energy savings realized by the project.

STAKEHOLDER UNDERSTANDING & SUPPORT

ReWa continues to produce this annual report to the community, to provide an opportunity to share organizational progress, to educate the public on pertinent issues, and to provide contact information for feedback.



CHERRY
BEKAERT&
HOLLAND
CERTIFIED PUBLIC
ACCOUNTANTS &
CONSULTANTS

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

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

We have audited the financial statements of Renewable Water Resources (the "Agency") as of and for the year ended June 30, 2011, and have issued our report thereon dated September 20, 2011. 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

Management of the Agency is responsible for establishing and maintaining effective 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis.

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.

Compliance and Other Matters

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 management, the audit committee, others within the Agency, 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.

Cherry, Bekaert + Holland, L.L.P.

Greenville, South Carolina
September 20, 2011

Report on Compliance with Requirements
that Could Have a Direct and Material Effect on Each Major
Program and on Internal Control Over Compliance
in Accordance with OMB Circular A-133

To the Board of Commissioners of
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, 2011. 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, the Agency 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, 2011.

Internal Control Over Compliance

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 the 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 management, the audit committee, others within the Agency, the Board of Trustees, 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.

Cherry, Bekaert + Holland, L.L.P.

Greenville, South Carolina
September 20, 2011

Renewable Water Resources
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified		
Internal control over financial reporting:			
• Material weakness identified?	____ yes	x no	
• Significant deficiencies identified that are not considered to be a material weaknesses	____ yes	x no	
Noncompliance material to financial statements noted	____ yes	x no	

Federal Awards

Internal control over major federal programs:		
• Material weakness identified?	____ yes	x no
• Significant deficiencies identified that are not considered to be material weaknesses	____ yes	x no
Noncompliance material to federal awards	____ yes	x no

Type of auditors' report issued on compliance for major federal 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 federal programs:

CFDA#	Program Name
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Programs	$ 300,000	
Auditee qualified as low-risk auditee?	____ yes	x no

Renewable Water Resources
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section II. Financial Statement Findings

Finding: There were no audit findings.

Section III. Federal Award Questioned Costs & Findings

Finding: There were no audit findings.

Renewable Water Resources
Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2011

Section IV. Resolution of Prior Year Findings

Program	Findings	Status
Financial Statements – Revenue Recognition	The Agency has historically recorded revenues when services are billed, rather than when services are provided, reporting the same number of billing cycles in each year.	The Agency has revised its revenue recognition procedures effective July 1, 2009 to comply with GAAP and reflect revenue recognition as services are provided.

Renewable Water Resources
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2011

		Federal CFDA number	Pass-throuh 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-370-50	$ -	$ 1,328,576	$ 1,328,576
ARRA - Capitalization Grant for State Revolving Funds	*	66.458	SRF-370-50	25,152	-	25,152
Capitalization Grant for State Revolving Funds	*	66.458	SRF-370-52	881,012	281,902	1,162,914
ARRA - Capitalization Grant for State Revolving Funds	*	66.458	SRF-370-52	648,956	-	648,956
				$ 1,555,120	$ 1,610,478	$ 3,165,598

* Major Program

Renewable Water Resources
Note to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Renewable Water Resources and is presented on the accrual basis of accounting. The 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, the financial statements.

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