RENEWAL

ReWa®
renewable water resources

GREENVILLE, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012

PREPARED BY:

Patricia R. Dennis

CONTROLLER

ReWa®

renewable water resources

GREENVILLE, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2012

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)

This page was left blank intentionally

Methane Gas:

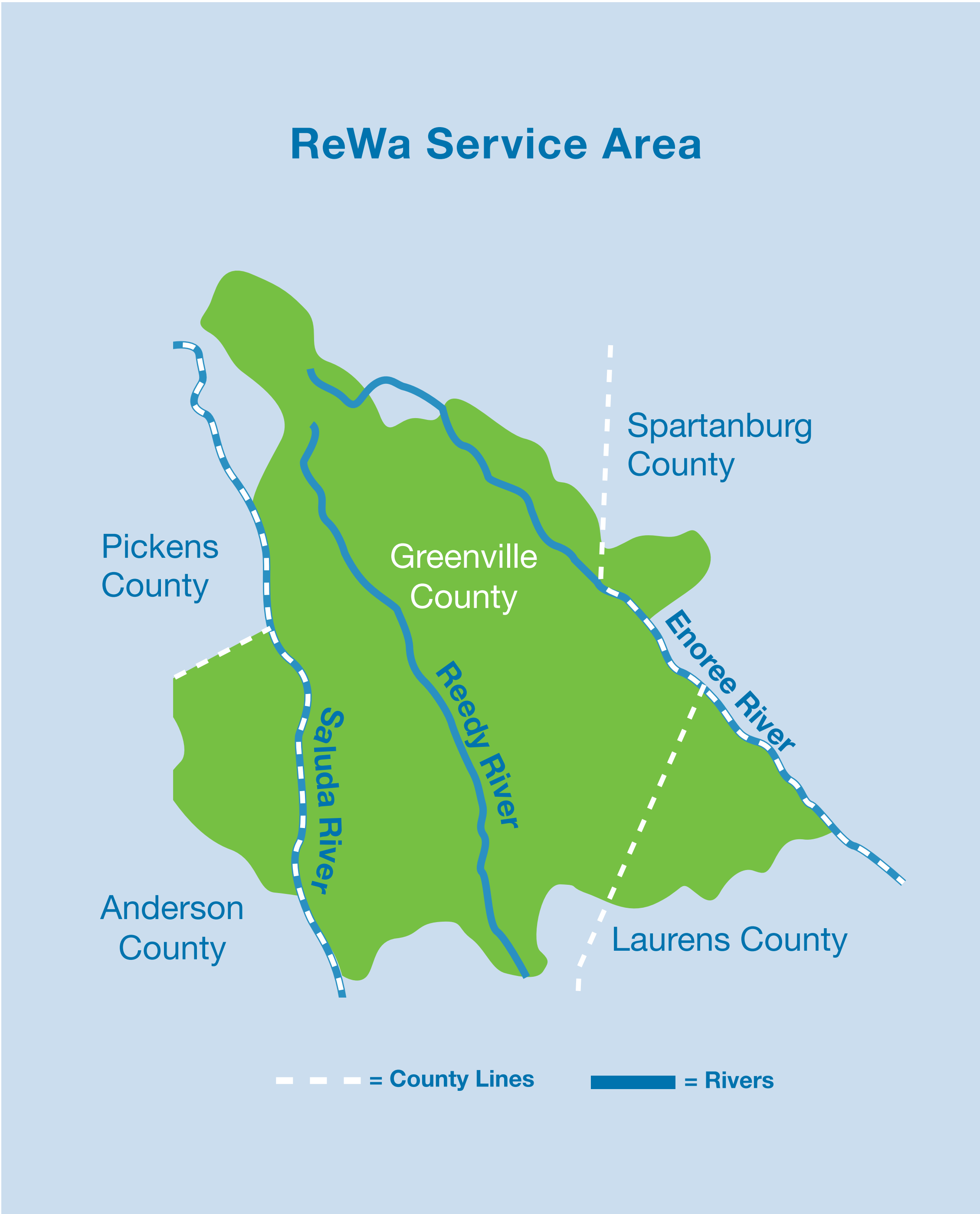
The newest by-product to be transformed into a renewable product at ReWa's facilities is methane gas. The conversion process not only generates electricity but also recovers heat which aides in the methane generation process.

introduction

Methane Gas:

Front Image – The Combined Heating and Power ("CHP") system at the Mauldin Road facility uses methane gas produced by the treatment of wastewater to generate renewable energy. ReWa's CHP system will generate enough energy to power approximately 480 homes; greatly reducing ReWa's energy costs.

Back Image – The CHP system treats the methane gas for use as a fuel in this engine generator.



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

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, 2011

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 30, 2012

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, 2012.

The CAFR consists of management's representations concerning the finances of the Agency for the fiscal year ended June 30, 2012. 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, 2012.

The independent audit of the financial statements includes 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 single 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 Enoree River basins are the three drainage basins in the Agency's service area. Wastewater within the region is collected from 16 public partners that construct and maintain approximately 2,050 miles of sewer collection lines. These collection lines connect into the Agency's 344 mile interceptor system. The Agency owns and operates nine wastewater treatment plants ("WWTP") which treat an average flow of 34.1 million gallons per day.

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

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

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.

For many years now, Greenville has generated national recognition and accumulated accolades. The attention ranges from our progressive government and favorable business climate to our quality of life with our pedestrian friendly, restaurant abundant downtown and relatively low cost of living. In fact, Greenville is frequently visited by community leaders from across the United States in search of best practices. Just a few of the media mentions received over the past fiscal year are listed below:

- *Where to Retire* selected Greenville as a top retirement location in its May/June 2012 edition.
- *Travel and Leisure* cited Greenville as having one of “America’s Greatest Main Streets” in May 2012.
- *Bicycle Magazine* named Greenville one of the “Best Small Cities for Cycling” in June 2012.

Further, the May 2012 edition of *Fast Company* focused on Greenville's innovation and ability to turn new ideas into viable businesses through collaboration and funding opportunities. Organizations such as the Upstate Carolina Angel Network ("UCAN") and SC Launch fill the critical funding role required to start a business. UCAN is a group of investors who invest in and support start-up business in the Southeastern United States. SC Launch is a not-for-profit organization which has provided more than 250 innovative companies with early stage funding and support.

As of August 2012, Greenville County's unemployment rate, not seasonally adjusted, was 7.6%. The unemployment rate was down from 9.0% for the same period in 2011. This is an indicator that Greenville's economy continues to improve. Greenville's unemployment rate remains significantly lower than the overall South Carolina rate of 9.4%, 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, Michelin and Stevens Aviation. CU-ICAR and SCTAC partnered to develop next-generation (i.e. electric or biofuel powered) transportation systems.

Greenville County is home to 98 Fortune 500 companies and has more foreign investment per capita than any other region in the United States. During fiscal year 2012, the Greenville Area Development Corporation announced 17 expansions and/or relocations representing an estimated investment greater than $252.7 million and creating nearly 2,270 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 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 2012.

Ten Largest Industrial Accounts in 2012

Industry	Revenue	Percentage of total operating revenues
Columbia Farms - Mauldin & Pelham *Poultry processing*	1,234,655	1.66%
Furman University *Higher education*	307,924	0.41%
Cliffstar LLC *Non-alcoholic beverage manufacturer*	294,146	0.40%
Cytec Carbon Fibers LLC *Carbon fiber and graphite manufacturer*	279,083	0.38%
KM Fabrics *Pile fabric manufacturer*	271,442	0.36%

Ten Largest Industrial Accounts in 2012, continued

Industry	Revenue	Percentage of total operating revenues
Cryovac Sealed Air Corporation *Food packaging services*	260,838	0.35%
Michelin North America *Tire manufacturer*	258,515	0.35%
BASF Corporation *Specialty chemical and nutritional supplier*	231,950	0.30%
Aurora Textile Finishing *Fabric manufacturer*	220,585	0.30%
3M Company *Film and tape manufacturer*	218,678	0.29%

Long-Term Financial Planning

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

Accountability and Transparency

Our website, www.rewaonline.org, is utilized to publish both financial and non-financial information to our rate payers and other interested parties to enhance the public's understanding and promote interest. The site enables us to disseminate information in a timely and effective manner and includes a description of the wastewater treatment process, approved rates, procurement and employment opportunities, new customer information 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 2012, the Agency was able to obtain the lowest cost of funding, another recommendation identified in the Upstate Roundtable Plan, by refunding $79.8 million of the Series 2005 Revenue Bonds, as well as reducing interest rates on eligible State Revolving Loans. Additionally, the Agency received two grants during fiscal year 2012. More detailed information on the refunding and interest rate reductions 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

For several years, the Agency has utilized the strategies and reporting tools set forth in the Effective Utility Management Primer (The "Primer") and the Balanced Scorecard. The Primer identifies ten attributes of effectively managed utilities and five keys to management success. Last year we shared an example of each of the ten attributes and this year we are highlighting our progress on the attribute of Product Quality. The

Agency's wastewater treatment process yields high quality clean water which can be reused for irrigation. The Agency has tertiary treatment at its five largest plants. Further, the new Piedmont Regional WWTP, will combine four aging facilities (the existing Piedmont, Grove Creek and the municipal plants of Pelzer and West Pelzer) and will employ membrane filtration which will generate an even higher quality effluent. Additionally, as mentioned above, the Agency is not only focused on renewing water but wants to enhance its sustainability initiatives in all capacities including air quality, biosolids and methane gas. The National Biosolids Partnership ("NBP") recently recognized the Agency as the 33rd organization in the United States and the first in South Carolina to be certified and admitted to the Environmental Management System for its Biosolids Program. Finally, during fiscal year 2012, the Agency, with the assistance of a $500,000 grant from the US Department of Energy, constructed a Combined Heat & Power ("CHP") generator at the Mauldin Road facility. The CHP system will utilize methane, a by-product of the treatment process, to fuel an engine generator. This sustainable energy source represents a great leap forward in environmental stewardship.

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.

As mentioned above, the Agency received certification and induction into the NBP Environmental Management System Program.

The Agency received the Achievement of Excellence in Procurement Award from the National Purchasing Institute.

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

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

All of the Agency's 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

Charles Vasulka, Engineering Supervisor, received the 2011 Engineer of the Year award from the Water Environment Association of South Carolina.

Ted Kelly, Electrical Technician, received the 2011 Maintenance Person of the Year Award from the Water Environment Association of South Carolina.

Dr. Stephen Graef, Environmental Consultant and former Technical Services Director, received the prestigious Order of the Silver Crescent award from Governor Nikki Haley. Dr. Graef was also recognized with the 2012 National Environmental Achievement Award from NACWA.

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, 2011. This was the 19th consecutive year that the Agency has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily-readable and efficiently-organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Receipt of this award represents the highest form of recognition in the area of governmental accounting and financial reporting.

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

The Agency was also awarded the GFOA's prestigious Award for Outstanding Achievement in Popular Annual Financial Reporting for the 14th 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.

Ray T. Orvin Jr., DBA
Executive Director

Cathy D. Caldwell

Cathy D. Caldwell, CPA
Administrative Finance Director

Patricia R Dennis

Patricia R. Dennis, CPA
Controller

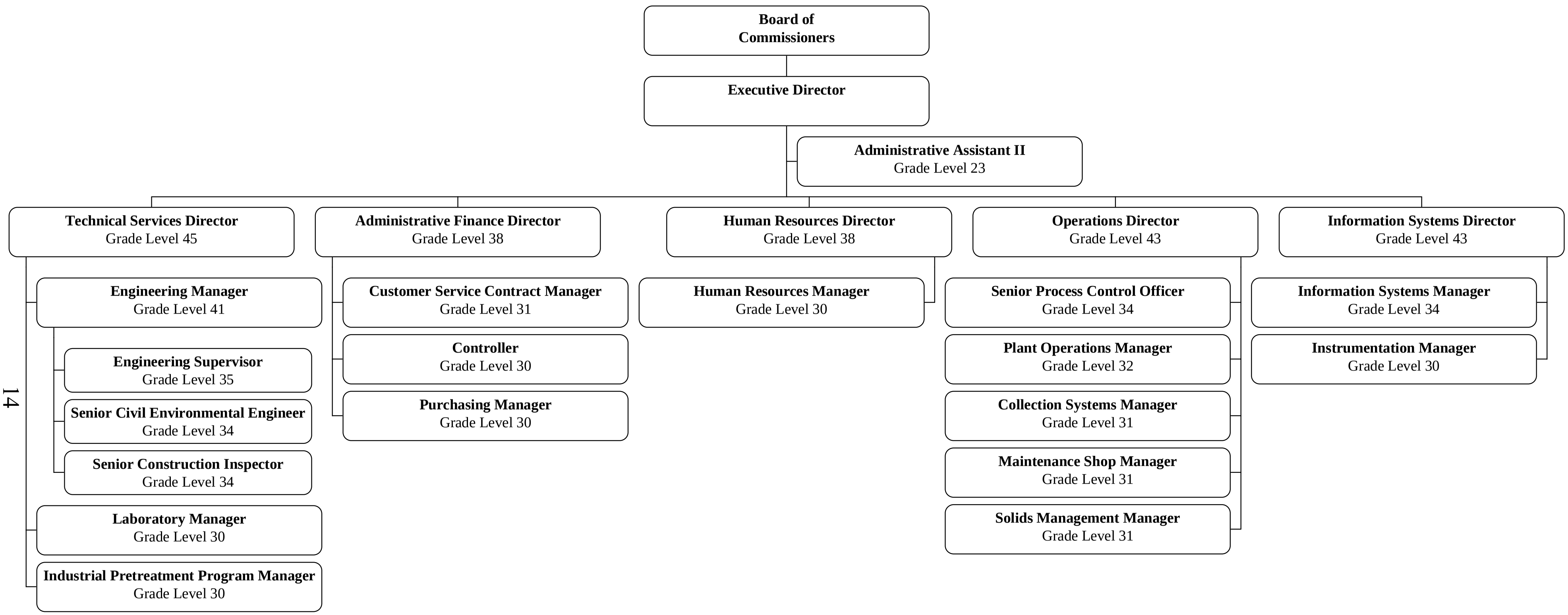
RENEWABLE WATER RESOURCES
2012
Board of Commissioners

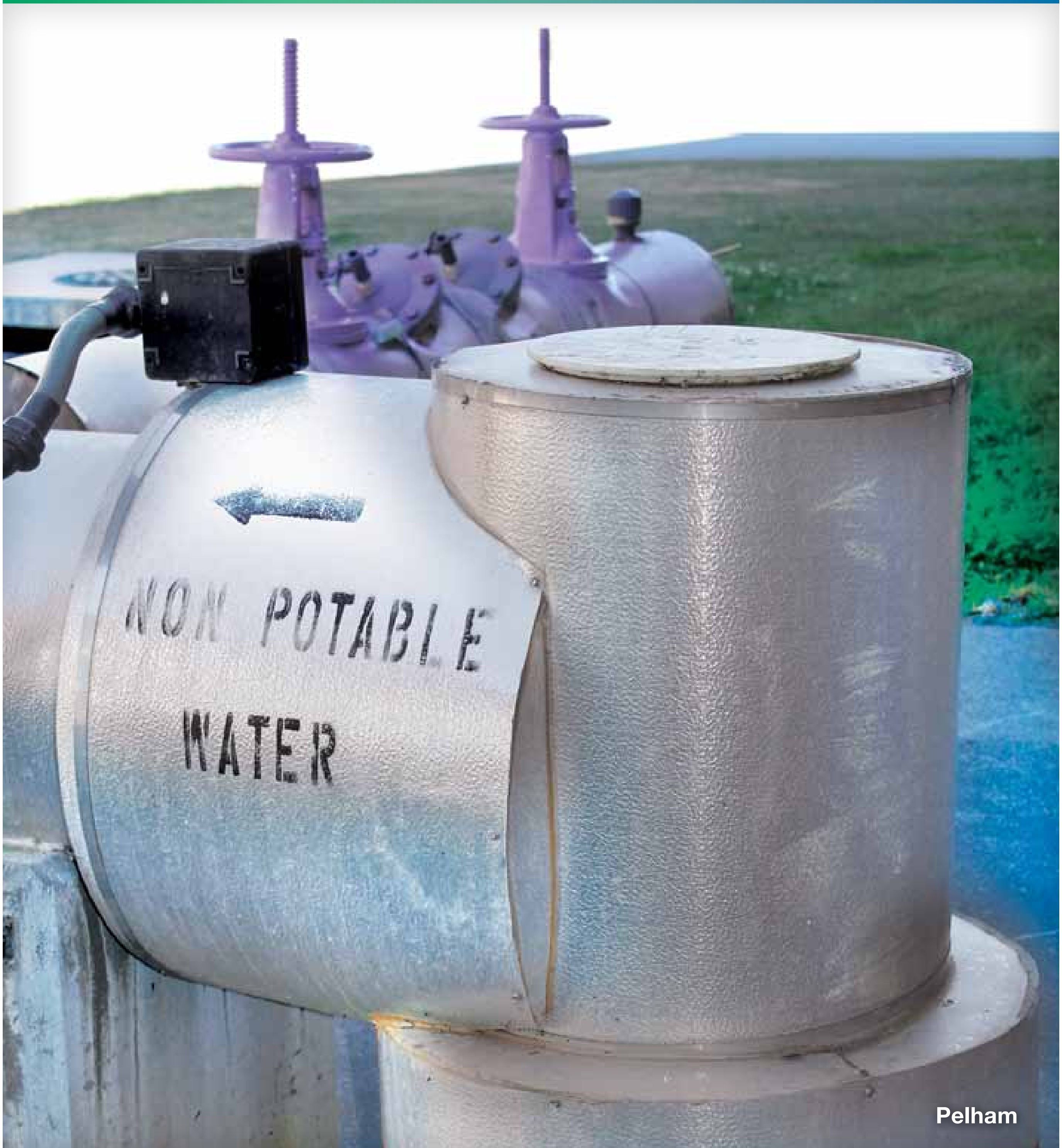
Name	Date of Original Appointment	Current Term Expires	Principal Occupation
George W. Fletcher Chairman	01/31/01	12/31/12	Businessman
John V. Boyette, Jr. Vice Chairman	02/26/04	12/31/15	Businessman
Michael B. Bishop Secretary/Treasurer	02/24/06	12/31/13	Businessman
L. Gary Gilliam	12/30/06	12/30/14	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
Ray C. Overstreet	12/31/10	12/31/14	Businessman

Renewable Water Resources 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





Clean Water:

The beneficial reuse of wastewater effluent for non-potable uses has long been a solution in other parts of the county where water resources are not as readily available. In an effort to bring this environmentally sound practice to the Upstate, ReWa is in the process of developing a reclaimed water master plan.

Clean Water:

Front Image – ReWa's facilities reuse their effluent water for a variety of non-drinking purposes thus reducing operating costs.

Back Image – The national standard for reuse infrastructure is purple pipe as featured above at our Pelham facility.

Renewable Water Resources
Financial Statements
and Supplemental Information

Years Ended June 30, 2012 and 2011

CHERRY BEKAERT & HOLLAND
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditors' Report

To the Board of Commissioners
Greenville, South Carolina

We have audited the accompanying balance sheet of Renewable Water Resources (the "Agency") as of and for the years ended June 30, 2012 and 2011, and the related statement of revenues, expenses and changes in net assets and cash flows for the years then ended, which collectively comprise the Agency's basic financial statements as listed in the table of contents. 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the years 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 4, 2012, 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 audits.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's financial statements as a whole. The introductory section and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. 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 also 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. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

Greenville, South Carolina
September 4, 2012

Management’s Discussion and Analysis

Renewable Water Resources
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, 2012. Please consider this information in conjunction with the financial statements and related notes, which follow this section.

Financial Highlights

- Financial position continues to be strong as net assets increased by $12.6 million, or 4.7%, to $280.1 million as a result of current year operations, as compared to an increase of 2.9% from 2010 to 2011.

- In fiscal year 2012, total revenues increased by $4.8 million, or 6.8%, to $75.0 million primarily due to scheduled rate increases and modest customer growth, as well as a substantial increase in new account fees. 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 October 2011, the South Carolina Water Quality Revolving Fund Authority announced significant retroactive revisions to its loan policies: a one-time opportunity to reduce interest rates on existing loans to 2.25% where the original rate is higher and a conditional elimination or reduction of the debt service reserve fund on existing loans. The Agency reduced its interest rate on the Lower Reedy Wastewater Treatment Plant ("WWTP") Phase II and Durbin Creek loans resulting in a cumulative savings of $4.3 million over the life of the loans. Additionally, the Agency was able to eliminate its debt service reserve fund requirement on all state revolving loans resulting in the recapture of $3.6 million.

- In March 2012, the Agency issued Sewer System Refunding Revenue Bonds, Series 2012, in the amount of $71.4 million. The bonds were issued to refund $79.8 million of the outstanding principal on the Series 2005 Bonds for a net present value savings of $6.5 million, as well as to recapture $8.6 million from the debt service reserve fund.

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 2012 as net assets grew 4.7%. Net assets in fiscal years 2012, 2011 and 2010 totaled $280.1 million, $267.5 million and $259.9 million, an increase of $12.6 million, $7.6 million and $2.9 million, respectively. Approximately 65.7% 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 $12.6 million or 31.7% in fiscal year 2012. In fiscal year 2011, restricted net assets decreased $8.4 million or 17.4%. Approximately $12.2 million of the decrease in fiscal year 2012 is due to recapture of the debt service reserve fund: $8.6 million from advance refunding the Series 2005 bonds and $3.6 million from retroactive loan policy changes by the South Carolina Water Quality Revolving Fund Authority. 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.

(Continued)

Net Assets, continued

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 2012, unrestricted net assets increased $11.2 million.

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

Table A-1
Condensed Balance Sheets
(in millions)

	FY 2012	FY 2011	FY 2010
Current and non-current assets	$ 77.2	$ 65.8	$ 56.9
Restricted assets	34.2	64.8	50.8
Capital assets	484.8	465.9	480.2
Total assets	596.2	596.5	587.9
Current liabilities	37.7	24.7	32.4
Non-current liabilities	278.4	304.3	295.6
Total liabilities	316.1	329.0	328.0
Total net assets	$ 280.1	$ 267.5	$ 259.9
Invested in capital assets, net of related debt	$ 183.9	$ 169.9	$ 161.3
Restricted	27.2	39.8	48.2
Unrestricted (current & other assets)	69.0	57.8	50.4
Total net assets	$ 280.1	$ 267.5	$ 259.9

Revenues

Table A-2 reveals that the Agency's total revenues increased by $4.8 million in fiscal year 2012 to $75.0 million from $70.2 million in fiscal year 2011. Additionally, the Agency's total revenues increased $4.8 million in fiscal year 2011 to $70.2 million from $65.4 million in fiscal year 2010. The Agency's regulations provide for a sewer use charge that funds the operation of the system, provides a source of funds to repay liabilities and provides for future maintenance of the Agency's facilities. The current user fee regulation in effect for fiscal year 2012 was adopted December 6, 2010, and became effective March 1, 2012, with subsequent increases in quarterly base fees and volume charges effective on March 1, 2013, 2014 and 2015.

Domestic and commercial customer revenues increased 4.5% and 7.2% in fiscal years 2012 and 2011, respectively. The increases in fiscal years 2012 and 2011 are attributable to scheduled rate increases and customer growth.

(Continued)

Revenues, continued

In fiscal year 2012, industrial revenues remained flat at $6.8 million. Industrial revenues increased $0.5 million, or 7.9%, in fiscal year 2011 and $0.1 million, or 1.6%, in fiscal year 2010.

New account fees, based on water meter size, increased 74.1% and 12.5% in fiscal year 2012 and 2011, respectively.

Interest and other non-operating revenues remained flat at $0.5 million in fiscal years 2012, 2011 and 2010 due to depressed market conditions.

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

	FY 2012	FY 2011	FY 2010
Operating revenues			
Domestic and commercial customers	$ 62.5	$ 59.8	$ 55.8
Industrial customers	6.8	6.8	6.3
New account fee	4.7	2.7	2.4
Septic haulers and other	0.5	0.4	0.4
Interest and other non-operating revenues	0.5	0.5	0.5
Total revenues	75.0	70.2	65.4
Operating expenses			
Operations	12.8	12.0	12.0
Technical services	2.9	2.9	2.8
Collection system	2.7	2.6	2.6
IS and instrumentation	1.5	1.4	1.3
Human resources	2.0	1.8	1.7
Administration finance	5.4	5.0	4.8
Total operating expenses before depreciation	27.3	25.7	25.2
Depreciation expense	24.1	24.0	24.1
Interest, amortization & other non-operating expenses	11.6	12.9	13.2
Total expenses	63.0	62.6	62.5
Capital project cost reimbursements	0.6	-	-
Increase in net assets	12.6	7.6	2.9
Total net assets, beginning of year	267.5	259.9	257.0
Total net assets, end of year	$ 280.1	$ 267.5	$ 259.9

Capital Contributions

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

Project reimbursement occurs when the Agency enters into a contract with one or more entities to construct facilities and/or sewer conveyance systems that will be mutually beneficial. There were no participating entities in fiscal years 2011 and 2010.

Expenses

Total expenses in fiscal years 2012, 2011 and 2010 totaled $63.0 million, $62.6 million and $62.5 million, respectively. Total expenses increased by $0.4 million or 0.6% in fiscal year 2012. In fiscal year 2011, total expenses increased by $0.1 million, an increase of 0.2% over fiscal year 2010. In fiscal year 2012, the increase is the net effect of a $1.7 million increase in total operating expense due to increases in billing expense, electricity, salaries and fringes, as well as depreciation. These increases were offset by a $1.3 million decrease in non-operating expenses, which is primarily attributable to decreases in interest expense. 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. Operating expenses before depreciation increased by 6.2% and 2.0% in fiscal years 2012 and 2011, respectively. Depreciation expense increased $0.1 million or 0.4% in fiscal year 2012. Depreciation expense decreased 0.4% and increased 0.4% for fiscal years 2011 and 2012, 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

Net capital assets being depreciated increased by a modest $2.9 million, as $41.0 million remains as construction in progress of which approximately $32.4 million relates to the construction of the Piedmont Regional WWTP. Additions to total capital assets being depreciated were less than depreciation on existing assets, resulting in $18.0 million and $18.7 million decrease to total capital assets being depreciated net of depreciation in fiscal years 2012 and 2011, respectively. At the end of fiscal year 2012, the Agency had invested $484.8 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.

(Continued)

Capital Assets, continued

Table A-3
Capital Assets
(in millions)

	FY 2012	FY 2011	FY 2010
Capital assets not being depreciated:			
Land	$ 3.5	$ 3.5	$ 3.2
Construction in progress	41.0	4.1	-
Total capital assets not being depreciated	44.5	7.6	3.2
Capital assets being depreciated:			
Buildings	318.0	317.1	318.7
Trunk lines	305.2	303.4	304.0
Wastewater treatment plant equipment	82.9	83.0	83.9
Operational equipment	1.3	1.1	1.0
Office furniture	0.5	0.5	0.5
Vehicles	0.7	0.6	0.7
Total capital assets being depreciated	708.6	705.7	708.8
Less: accumulated depreciation	268.3	247.4	231.8
Total capital assets being depreciated, net	440.3	458.3	477.0
Net capital assets	$ 484.8	$ 465.9	$ 480.2

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 $53.8 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").

(Continued)

Capital Assets, continued

Capital improvement program, continued

The Agency maintains a fluid five year CIP that merges the Agency's strategic plan with the ongoing objective of maintaining compliance with South Carolina Department of Health & Environmental Control regulations and National Pollutant Discharge Elimination System permit limitations. The CIP calls for upgrades to three of the Agency's 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 the Piedmont Regional WWTP project, major capital expenditures in fiscal year 2012 focused on green energy initiatives and 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 2012 include the following:

- **Piedmont Regional WWTP –** Investment of $30.6 million for the engineering design and construction of the 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). Completion is expected in fiscal year 2013.

- **Brushy Creek Rehabilitation, Phase I –** Investment of $3.5 million for the rehabilitation efforts within the Mauldin Road Brushy Creek WWTP basin. This project was part of a long-range rehabilitation plan. The purpose of this project was to repair sections of gravity sewer which have been identified to contain structural defects and/or infiltration sources. The total installation consisted of approximately 49,000 linear feet of cured in place pipe within the Mauldin Road Brushy Creek WWTP basin.

- **Green Energy Combined Heat and Power ("CHP") –** Expenditure of $3.5 million to construct and install a "green power" facility which uses methane gas produced by the treatment of wastewater to generate renewable energy. This project was funded in part by a $0.5 million grant from the US Department of Energy, administered by the State of South Carolina.

Table A-4 illustrates the Agency's 2013 Capital Expenditures Budget of $56.1 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 reserves.

(Continued)

Capital Assets, continued

Table A-4
Fiscal Year 2013 Capital Expenditures Budget
(in millions)

FUNDING SOURCES		
Reserves	$	56.1
Total funding sources	$	56.1
EXPENDITURES		
Wastewater treatment plants	$	16.3
Collection system		19.6
Sustainability and reuse		7.5
Other projects		12.7
Total expenditures	$	56.1

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, 2012, revenue bond debt of the Agency totaled $249.4 million and consisted of six series of revenue and refunding revenue bonds: Series 2005, Series 2005B, Series 2009, Series 2010A, Series 2010B and Series 2012. Revenue bond debt totaled $273.4 million at the end of fiscal year 2011. In fiscal year 2012, the Agency issued $71.4 million to advance refund $79.8 million of the Series 2005 bonds. In fiscal year 2011, the Agency issued $90.4 million in bonds consisting of both revenue and refunding revenue bonds the 2010A Series refunding revenue bonds of $63.6 million and the 2010B Series Taxable Revenue Bonds (Recovery Zone Economic Development Bonds) of $26.8 million. This increase of $90.4 million 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, $6.1 million and $11.4 million on the Series 2005, 2005B, 2010A and 2012 revenue bonds, respectively. The bond premiums and related bond issuance costs, consisting of insurance costs and underwriting fees, are amortized over the life of the bonds. The Series 2005, Series 2005B, Series 2009 are payable from gross revenues and are on parity with all of the Agency's state revolving loans. These obligations are collectively referred to as the Senior Lien Debt. The Series 2010A, Series 2010B and Series 2012 were issued under the 2010 Bond Resolution and are subordinate in all aspects to the Senior Lien Debt.

(Continued)

Long-Term Debt, continued

Revenue bonds, continued

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

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

State revolving loans

Since December 1989, the Agency has entered into numerous loan agreements with the South Carolina Water Quality Revolving Fund Authority for new construction and/or upgrades of the system. Interest rates on these loans range from 1.8 to 2.25 percent. State revolving loans outstanding as of June 30, 2012 totaled $45.1 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

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

Total outstanding long-term debt

At June 30, 2012, the Agency owed $285.6 million (excluding premiums) in total long-term debt, a decrease of $23.6 million or 7.6% from $309.2 million at the end of fiscal year 2011. In fiscal year 2012, the Agency issued $71.4 million in revenue bond debt and $0.9 million in state revolving loans. The Agency advance refunded $79.8 million of the Series 2005 bonds and made a total of $16.1 million in payments on both outstanding revenue bonds and state revolving loans. In fiscal year 2011, the Agency incurred $90.4 million in revenue bond debt and $2.3 million in state revolving loans. The Agency refunded $77.2 million in state revolving loans and made $16.6 million in aggregate payments on both outstanding revenue bonds and state revolving loans. The total obligation for compensated absences at June 30, 2012 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.

(Continued)

Long-Term Debt, continued

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

Table A-5
Debt Coverage
(in millions)

	FY 2012	FY 2011	FY 2010
Operating revenue	$ 74.4	$ 69.7	$ 64.9
Investment income, unrestricted	0.4	0.4	0.4
Gross revenues	74.8	70.1	65.3
Less: operating expenses before depreciation	27.3	25.7	25.2
Net revenues available for debt service	$ 47.5	$ 44.4	$ 40.1
Debt service on bonds	$ 29.2	$ 28.9	$ 24.9
Debt coverage	163%	154%	161%

Fiscal year 2012 debt service payments increased $0.3 million or 1.0% to $29.2 million. Fiscal year 2011 debt service payments increased $4.0 million or 16.1% to $28.9 million. Debt structure on revenue bonds varies year to year causing principal payments to increase and decrease over the life of the bonds.

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

Table A-6
Average Coupon/Interest Rate

	Balance (without premiums) (in millions)	Average coupon / rate
Series 2005 revenue bonds	$ 1.5	4.3%
Series 2005B refunding revenue bonds	64.5	4.0
Series 2009 revenue bonds	23.5	3.8
Series 2010A refunding revenue bonds	55.6	3.4
Series 2010B revenue bonds	24.0	2.7
Series 2012 refunding revenue bonds	71.4	2.9
State revolving loans	45.1	2.1

(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, 2012, the Agency's assessed value was approximately $1.6 billion. The Agency had no general obligation debt outstanding as of June 30, 2012.

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 a significant increase in new account fees; hopefully an indication that the economy is recovering. The new account fee revenue is designated exclusively for increasing system capacity.

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

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

Contacting the Agency's Financial Department

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

Basic Financial Statements

Renewable Water Resources
Balance Sheets
June 30, 2012 and 2011

	2012	2011
Current assets		
Cash and cash equivalents	$ 52,251,506	$ 36,274,132
Restricted cash and cash equivalents	26,490,104	44,735,311
Receivables, net	9,626,231	14,234,711
Investments	757,107	-
Restricted investments	7,727,459	20,099,566
Total current assets	96,852,407	115,343,720
Non-current assets		
Receivables, net	3,250,233	3,470,848
Investments	5,323,164	5,061,358
Capital assets, net	484,843,069	465,914,410
Deferred charges, net	5,901,574	6,675,538
Total non-current assets	499,318,040	481,122,154
Total assets	$ 596,170,447	$ 596,465,874
Current liabilities		
Revenue bonds payable	$ 15,692,944	$ 15,329,390
State revolving loans payable	2,350,601	2,116,466
Accounts payable - operations	749,445	567,274
Accounts payable - construction projects	13,534,862	1,184,956
Accrued interest payable	3,969,745	4,676,784
Accrued expenses and other liabilities	699,179	632,061
Compensated absences	673,000	125,000
Total current liabilities	37,669,776	24,631,931
Long-term liabilities		
Revenue bonds payable	233,715,954	258,035,646
State revolving loans payable	42,756,362	44,355,907
Compensated absences	21,250	573,753
Other postemployment benefits	1,953,924	1,359,604
Total long-term liabilities	278,447,490	304,324,910
Total liabilities	316,117,266	328,956,841
Net assets		
Invested in capital assets, net of related debt	183,853,336	169,934,492
Restricted		
Debt service	18,744,295	31,669,416
Depreciation	4,848,431	4,659,144
Other	3,563,847	3,463,870
Unrestricted	69,043,272	57,782,111
Total net assets	280,053,181	267,509,033
Total liabilities and net assets	$ 596,170,447	$ 596,465,874

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, 2012 and 2011

	2012	2011
Operating revenues		
Domestic and commercial customers	$ 62,503,653	$ 59,872,550
Industrial customers	6,771,088	6,771,019
New account fees	4,684,500	2,712,528
Septic haulers and other	454,470	410,743
Total operating revenues	74,413,711	69,766,840
Operating expenses		
Operations	12,772,433	12,039,274
Technical services	2,922,505	2,944,467
Collection system	2,643,092	2,566,448
IS and instrumentation	1,530,452	1,366,658
Human resources	2,000,955	1,786,029
Administration finance	5,408,849	4,957,039
Total operating expenses before depreciation	27,278,286	25,659,915
Depreciation	24,134,563	24,055,324
Total operating expenses	51,412,849	49,715,239
Net operating income	23,000,862	20,051,601
Non-operating revenues (expenses)		
Investment income	453,338	425,659
Interest expense	(10,723,179)	(12,093,716)
Amortization	(509,502)	(557,839)
Non-project expenses	(375,100)	(240,995)
Other income	87,436	43,134
Net non-operating expenses	(11,067,007)	(12,423,757)
Capital project cost reimbursements	610,293	-
Increase in net assets	12,544,148	7,627,844
Total net assets, beginning of year	267,509,033	259,881,189
Total net assets, end of year	$ 280,053,181	$ 267,509,033

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

Renewable Water Resources
Statements of Cash Flows
For the Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Received from customers	$ 79,031,850	$ 67,413,612
Paid to suppliers for goods and services	(3,451,264)	(14,839,808)
Paid to employees for services	(10,638,010)	(10,711,419)
Net cash provided by operating activities	64,942,576	41,862,385
Cash flows from capital and related financing activities		
Cash received for capital project cost reimbursement	610,293	-
Cash received on notes receivable for capital	212,169	204,047
Acquisition of capital assets and project expenses	(42,988,501)	(9,975,457)
Proceeds from issuance of long-term debt	83,652,700	98,790,933
Principal payments on debt	(106,847,412)	(93,822,360)
Bond issuance costs	(602,960)	(890,252)
Interest payments on debt	(13,139,453)	(12,584,744)
Proceeds from non-operating income	87,436	43,134
Net cash used for capital and related financing activities	(79,015,728)	(18,234,699)
Cash flows from investing activities		
Interest received on investments	452,125	439,371
Proceeds from sales of investment securities	40,821,974	70,558,935
Purchases of investment securities	(29,468,780)	(65,052,239)
Net cash provided by investing activities	11,805,319	5,946,067
Net increase (decrease) in cash and cash equivalents	(2,267,833)	29,573,753
Cash and cash equivalents, beginning of year	81,009,443	51,435,690
Cash and cash equivalents, end of year	$ 78,741,610	$ 81,009,443

(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, 2012 and 2011

	2012	2011
Reconciliation of net operating income to net cash flows from operating activities		
Net operating income	$ 23,000,862	$ 20,051,601
Adjustments to reconcile net operating income to net cash provided by operating activities		
Depreciation	24,134,563	24,055,324
Changes in deferred and accrued amounts		
Receivables	4,618,139	(2,353,228)
Accounts payable - operations	182,171	(90,141)
Accounts payable - construction projects	12,349,906	(354,877)
Accrued expenses and other liabilities	67,118	64,748
Compensated absences	(4,503)	19,299
Other postemployment benefits	594,320	469,659
Net cash provided by operating activities	$ 64,942,576	$ 41,862,385
Reconciliation of cash and cash equivalents to balance sheets		
Cash and cash equivalents	$ 52,251,506	$ 36,274,132
Restricted cash and cash equivalents	26,490,104	44,735,311
Total cash and cash equivalents	$ 78,741,610	$ 81,009,443
Supplemental disclosures		
Capitalized interest costs	$ 449,821	$ 29,328
Non-cash investing activities		
Decrease in fair value of investments	$ (15,928)	$ (14,171)

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

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies and Activities

Description of entity

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

Reporting entity

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

Fund accounting

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

Basis of accounting

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

The Agency's policy is to apply all Financial Accounting Standards Board ("FASB") 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 Balance Sheets. 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, 2011 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.

New pronouncements

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

(Continued)

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

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

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for periods beginning after December 15, 2011, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources requiring segregation of deferred outflows and inflows from assets and liabilities for both governmental financial statements and accrual basis financial statements. The standard amends the net asset reporting requirements in GASB 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012, identifies deferred outflows and inflows that are to be separated from assets and liabilities under GASB Statement No. 63 and provides for immediate recognition of certain costs and fees. This standard also provides financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

GASB Statement No. 67, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25*, effective for periods beginning after June 15, 2013, replaces the requirements of Statement No. 25 and 50, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The standard provides for financial statements to be presented in accordance with Statement No. 63, which separates the deferred inflows and outflows and arrives at a net position, and requires disclosure of the pension plan's fiduciary net position, net pension liability, the pension plan's fiduciary net position as a percentage of total pension liability, and related assumptions used to calculate the pension liability. The standard also provides for presentation of required supplementary information for each of the 10 most recent fiscal years, including the sources of changes in the net pension liability and information about the components of the liability and related ratios.

(Continued)

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

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

Note 2 – Cash and Cash Equivalents and Investments

As of June 30, 2012 and 2011, the Agency had the following cash and cash equivalents and investments:

	Fair Value June 30,	
Description	**2012**	**2011**
Cash and cash equivalents		
Checking and other cash	$ 67,724,774	$ 69,439,593
Money markets – government obligations	11,016,836	11,569,850
Total cash and cash equivalents	$ 78,741,610	$ 81,009,443
Investments		
Government sponsored enterprises	$ 6,080,271	$ 5,061,358
United States Treasury Bills	7,727,459	20,099,566
Total investments	$ 13,807,730	$ 25,160,924

(Continued)

Note 2 – Cash and Cash Equivalents and Investments, continued

Investment maturities are as follows as of June 30, 2012:

Investment Type	Fair Value	Investment maturities (in years) Less than 1 year	1 – 5 years
US Treasury Bills	$ 7,727,459	$ 7,727,459	$ -
US Agencies notes and bonds			
Federal Farm Credit Bank bonds	2,087,061	-	2,087,061
Federal Home Loan Mortgage notes	1,661,572	-	1,661,572
Federal Home Loan Bank bonds	757,107	757,107	-
Federal National Mortgage Association notes	1,574,531	-	1,574,531
Total	$ 13,807,730	$ 8,484,566	$ 5,323,164

Interest rate risk

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

Credit risk

State law limits investments to obligations of the United States and agencies thereof, general obligations of the State of South Carolina or any of its political units, financial institutions to the extent that the same are secured by Federal Deposit Insurance, and certificates of deposits where the certificates are collaterally secured by securities of the type described above are held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest. The Agency has an investment policy that would further limit its investment choices. The Agency's investments at June 30, 2012 and 2011 consist of US Treasury Bills and US Agencies notes and bonds. The bills and US Agencies notes and bonds were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

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 56 percent of the Agency's total investments at June 30, 2012.

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, 2012 and 2011 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, 2012	June 30, 2011
Fees and services		
Domestic and commercial customers	$ 8,800,833	$ 13,485,855
Industrial customers	1,227,698	1,223,988
Total receivables from fees	10,028,531	14,709,843
Less: allowance for uncollectible accounts	725,000	725,000
Net receivables from fees	9,303,531	13,984,843
Accrued interest on cash equivalents & other receivables	77,085	37,699
Reimbursements due from other governmental units	3,495,848	3,683,017
Total receivables	12,876,464	17,705,559
Less: current receivables, net	9,626,231	14,234,711
Non-current receivables, net	$ 3,250,233	$ 3,470,848

Note 4 – Restricted Cash and Cash Equivalents and Investments

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

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

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

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

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

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

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

(Continued)

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

Restricted cash and cash equivalents and investments at June 30, 2012 and 2011 are restricted for the following uses:

	2012	2011
Capital projects	$ 7,060,990	$ 25,042,447
Current principal and interest payments	10,471,104	11,153,359
Debt service reserves	8,273,191	20,516,057
Operations and maintenance	2,563,847	2,463,870
Depreciation	4,848,431	4,659,144
Contingencies	1,000,000	1,000,000
Total restricted assets	$ 34,217,563	$ 64,834,877

Restricted assets consisted of the following at June 30:

	2012	2011
Cash	$ 26,490,104	$ 44,735,311
Investments	7,727,459	20,099,566
Total restricted assets	$ 34,217,563	$ 64,834,877

Note 5 – Capital Assets

A summary of changes in capital assets follows below.

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

(Continued)

Note 5 – Capital Assets, continued

	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
Trunk 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
Trunk lines	88,438,090	7,584,703	2,667,865	93,354,928
Wastewater treatment plant equipment	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

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

Interest expense capitalized during 2012 and 2011 totaled $449,821 and $29,328, respectively.

Note 6 – Deferred Charges

At June 30, 2012 and 2011, the Agency's deferred charges were as follows:

	June 30, 2012	2011
Bond issuance costs	$ 9,025,381	$ 9,691,820
Less: accumulated amortization	3,123,807	3,016,282
Deferred charges, net	$ 5,901,574	$ 6,675,538

Amortization of bond issuance costs for the year ended June 30, 2012 and 2011 totaled $509,502 and $557,839, 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
2013	$ 557,739
2014	557,739
2015	557,739
2016	553,049
2017	553,049
Thereafter	3,122,259
	$ 5,901,574

Note 7 – Revenue Bonds Payable

At June 30, 2012 and 2011, 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, 2012 and 2011 are as follows:

	2012	2011
$86,560,000 Series 2005 revenue bonds dated January 11, 2005 with annual principal payments ranging from $65,000 to $2,250,000 plus interest at 2.40 to 4.88 percent payable semi-annually through March 2015.	$ 1,510,000	$ 81,495,000
$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.	64,515,000	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.	23,480,000	25,000,000
$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 semi-annual payments of interest at 3.00 to 5.00 percent are payable through January 2025.	55,585,000	59,720,000
$26,800,000 Series 2010B revenue bonds dated December 7, 2010 with interest at 1.99 to 5.81 percent payable semi-annually beginning July 1, 2011. Beginning January 1, 2012, annual principal payments ranging from $225,000 to $3,080,000 plus semi-annual payments of interest at 1.99 to 5.81 percent are payable through January 2025.	24,000,000	26,800,000

(Continued)

Note 7 – Revenue Bonds Payable, continued

	2012	2011
$71,395,000 Series 2012 refunding revenue bonds dated March 20, 2012 with interest at 2.00 to 5.00 percent payable semi-annually beginning July 1, 2012. Beginning January 1, 2014, annual principal payments ranging from $270,000 to $17,325,000 plus semi-annual payments of interest at 2.00 to 5.00 percent are payable through January 2025.	71,395,000	-
	240,485,000	262,710,000
Premium on Series 2005 revenue bonds	51,101	3,218,965
Premium on Series 2005B refunding bonds	4,090,353	4,562,317
Premium on Series 2010A refunding bonds	4,552,381	5,557,291
Premium on Series 2012 refunding bonds	11,376,688	-
Deferred loss on refunding	(11,146,625)	(2,683,537)
Less: current maturities	15,692,944	15,329,390
Long-term portion	$ 233,715,954	$ 258,035,646

Amortization of bond premiums totaled approximately $1,493,908 and $2,472,274 for the years ended June 30, 2012 and 2011, respectively. Amortization of the deferred loss on refunding was $234,463 for the years ended June 30, 2012 and 2011.

Future amounts required to pay principal and interest on revenue bonds outstanding at June 30, 2012 are as follows:

June 30,	Principal	Interest	Total
2013	$ 14,540,000	$ 9,930,354	$ 24,470,354
2014	15,375,000	10,058,031	25,433,031
2015	16,015,000	9,417,219	25,432,219
2016	16,560,000	8,788,824	25,348,824
2017	17,290,000	8,070,271	25,360,271
2018 - 2022	96,185,000	28,071,430	124,256,430
2023 - 2025	64,520,000	6,215,300	70,735,300
	$ 240,485,000	$ 80,551,429	$ 321,036,429

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, 2012 and 2011.

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

(Continued)

Note 7 – Revenue Bonds Payable, continued

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

Interest expense on the revenue bonds totaled $10,890,645 and $11,963,028 for the years ended June 30, 2012 and 2011, respectively.

On March 20, 2012, the Agency issued $71,395,000 refunding revenue bonds to advance refund $79,770,000 of the Series 2005 bonds. Through the refunding, the Agency was able to recapture $8,589,107 of the debt service reserve fund associated with the refunded bonds. The refunding resulted in a cash flow savings of $7,732,892 and a net present value economic gain of $6,513,031. This transaction also resulted in a deferred loss on refunding in the amount of $8,697,552, which will be amortized over the life of the original debt, which is equal to the life of the new debt.

Note 8 – State Revolving Loans Payable

At June 30, 2012 and 2011, the Agency was obligated on various state revolving loans issued for purposes of constructing capital assets. State revolving loan amounts outstanding at June 30, 2012 and 2011 are as follows:

	2012	2011
$19,571,443 Lower Reedy wastewater treatment plant expansion phase II loan dated June 10, 2005. Payable in quarterly installments of $312,731, including interest at 2.25 percent, through March 2027.	$ 15,664,634	$ 16,533,197
$27,800,000 Durbin Creek wastewater treatment plant upgrade and expansion loan dated November 14, 2006. Payable in quarterly installments of $438,048, including interest at 2.25 percent, through March 2029.	24,396,215	25,549,712
$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.	2,665,648	2,789,326
$2,509,938 Gravity sewer and manhole rehabilitation phase II loan dated December 9, 2009. Payable in quarterly installments of $38,755 including interest at 2.17 percent, through January 2031.	2,380,466	1,600,138
	45,106,963	46,472,373
Less: current maturities	2,350,601	2,116,466
Long-term portion	$ 42,756,362	$ 44,355,907

(Continued)

Note 8 – State Revolving Loans Payable, continued

Interest expense on the state revolving loans totaled $1,091,949 and $1,568,812 for the years ended June 30, 2012 and 2011, respectively.

Future amounts required to pay outstanding principal and interest on state revolving loans outstanding at June 30, 2012 are as follows:

June 30,	Principal	Interest	Total
2013	$ 2,350,601	$ 976,281	$ 3,326,882
2014	2,402,392	924,490	3,326,882
2015	2,455,405	871,476	3,326,881
2016	2,509,670	817,211	3,326,881
2017	2,565,217	761,664	3,326,881
2018 - 2022	13,706,363	2,928,043	16,634,406
2023 - 2027	14,993,287	1,328,387	16,321,674
2028 - 2031	4,124,028	114,246	4,238,274
	$ 45,106,963	$ 8,721,798	$ 53,828,761

Provisions of the state revolving loan agreements require the Agency to use loan proceeds solely for the purpose of paying eligible project costs, submit the annual audit of its financial statements by December 31st, maintain user rates sufficient to make timely payment of principal and interest on all outstanding debt, maintain required funds for current principal and interest payments, operations and maintenance expenses, depreciation and contingencies, review the adequacy of its user rates at least annually, and meet various other general requirements specified in the loan agreements. Management believes that the Agency was in compliance with these covenants at June 30, 2012 and 2011.

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

Note 9 – Changes in Long-Term Liabilities

Changes in long-term debt, compensated absences and other postemployment benefits ("OPEB") for the years ended June 30, 2012 and 2011 are as follows:

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

	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

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

Note 10 – Construction Contracts in Progress

At June 30, 2012 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.

(Continued)

Note 10 – Construction Contracts in Progress, continued

The following summarizes construction contracts in progress at June 30, 2012 on which significant additional work is to be performed:

	Contract amount	Total contract incurred through June 30, 2012	Balance to be performed
Hejaz shrine club pipe evaluation	$ 193,807	$ 54,300	$ 139,507
Asset management consulting	255,576	80,571	175,005
Brushy creek rehabilitation, phase I	3,732,965	3,397,361	335,604
Green energy CHP	4,074,491	3,755,253	319,238
Piedmont regional WWTP	49,856,264	32,957,184	16,899,080
	$ 58,113,103	$ 40,244,669	$ 17,868,434

Note 11 – Compensated Absences

Full-time employees of the Agency accumulate vacation benefits at 1 to 2 days per month, based on length of service, up to 24 days per year. Annual leave in excess of 24 days at December 31st of each year is forfeited. Annual leave earned up to 24 days is paid to employees upon separation from employment. Accrued vacation benefits totaled $694,250 and $698,753 at June 30, 2012 and 2011, respectively.

Note 12 – Employee Benefits

Pension plan

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

Plan members are required to contribute 6.5 percent of their annual covered salary for the years ended June 30, 2012 and 2011, and the Agency is required to contribute at an actuarially determined rate. The Agency's rate is 9.385 and 9.24 percent of annual covered payroll for the years ended June 30, 2012 and 2011, respectively, and an additional 0.15 percent of payroll is contributed to a group life insurance benefit for the participants for each of the years ended June 30, 2012 and 2011.

(Continued)

Note 12 – Employee Benefits, continued

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

	Employer SCRS	Employee SCRS
June 30, 2012	$ 972,459	$ 662,924
June 30, 2011	949,406	657,078
June 30, 2010	915,126	626,608

Deferred compensation plan

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

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

Note 13 – Postemployment Healthcare Plan

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

(Continued)

Note 13 – Postemployment Healthcare Plan, continued

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

	July 2011 to December 2011	January 2012 to June 2012
Retiree only	$ 279	$ 292
Retiree/spouse	539	578
Retiree/child(ren)	443	448
Family	695	724

For the year ended June 30, 2012, Plan members receiving benefits paid $118,326 which was used to offset the Agency's cash outlays to insurance carriers equaling $358,970 for the current year premiums due. The net outlay from the Agency, which totaled $240,644, represents the Agency's net cost paid for current year premiums due. The Plan is financed on a pay-as-you-go basis.

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

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

Annual required contribution	$ 839,510
Interest on net OPEB obligation	61,182
Adjustment to annual required contribution	(56,685)
Annual OPEB cost (expense)	844,007
Contributions made	(249,687) *
Increase in net OPEB obligation	594,320
Net OPEB obligation, beginning of year	1,359,604
Net OPEB obligation, end of year	$ 1,953,924

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending June 30, 2012 and the preceding two fiscal years were as follows:

Fiscal year ended	Annual required contribution	Annual OPEB cost	Employer amount contributed	Percentage contributed	Net OPEB obligation
June 30, 2012	$ 839,510	$ 844,007	$ 249,687 *	29.6%	$ 1,953,924
June 30, 2011	733,507	736,451	266,792 *	36.2%	1,359,604
June 30, 2010	712,143	713,503	234,782 *	32.9%	889,945

*includes adjustment for implicit rate subsidy.

(Continued)

Note 13 – Postemployment Healthcare Plan, continued

As of June 30, 2010, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was $8,780,194 resulting in an unfunded actuarial accrued liability ("UAAL") of $8,780,194. The covered payroll (annual payroll of active employees covered by the plan) was $10,198,831, and the ratio of the UAAL to the covered payroll was 86.1 percent.

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

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

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

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

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

Note 14 – Commitments

The Agency has contracted with the Commissioners of the Public Works of the City of Greenville, South Carolina to provide for collection of sewer service charges. The rate charged is subject to adjustment annually based upon experience. The cost to the Agency for the year ending June 30, 2012 was $1,849,510, 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, 2013, billing charges to the Agency are estimated to cost approximately $1.7 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, 2012 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, 2012 and 2011. The Agency believes that the amount of actual or potential claims as of June 30, 2012 will not materially affect the financial condition of the Agency.

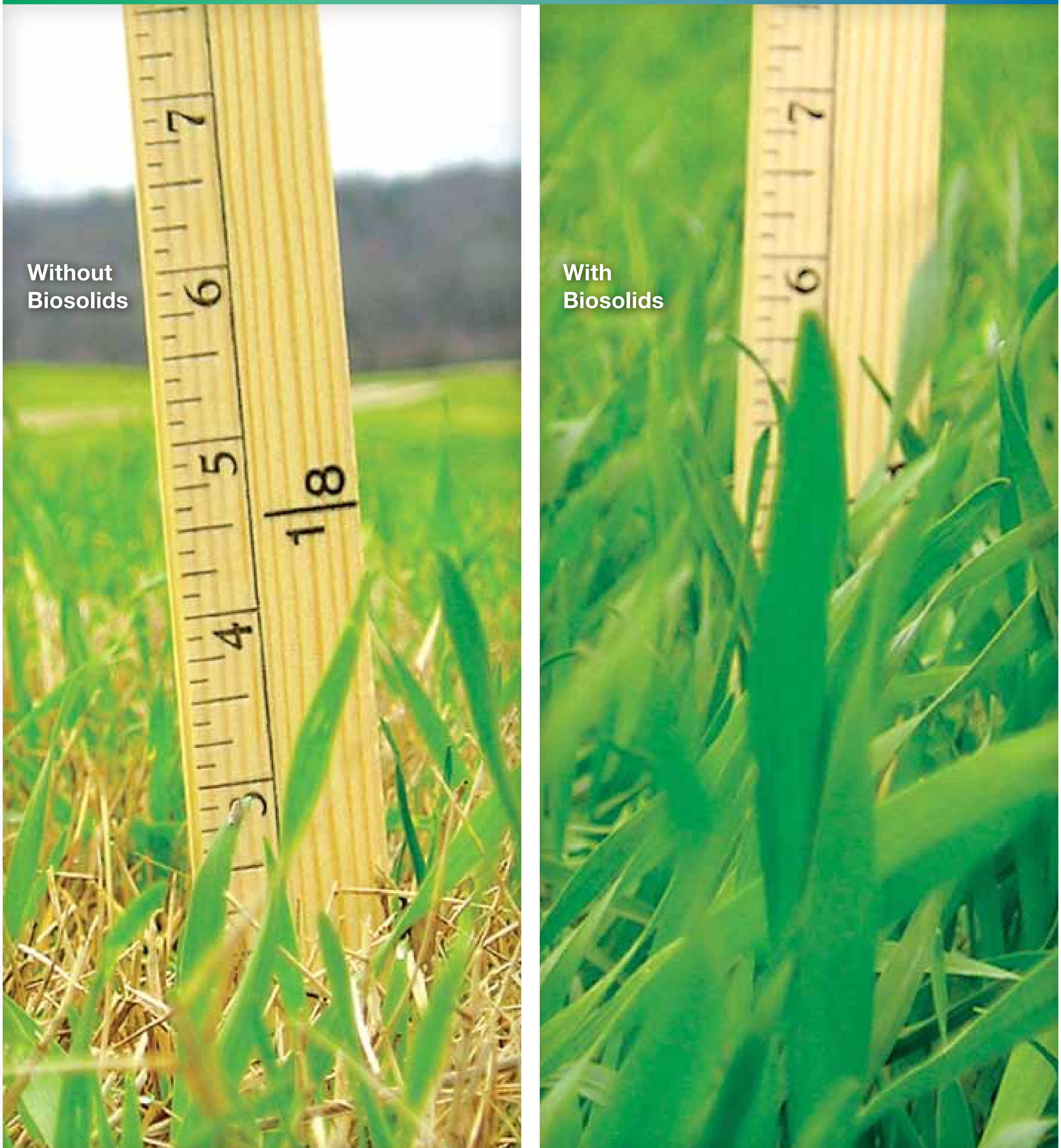
Note 17 – Subsequent Events

The Agency executed four contracts in August 2012 totaling approximately $9.5 million for additional construction services.

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

Fiscal Year	Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) - entry age b	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
2010	June 30, 2008	$ -	$ 8,417,369	$ 8,417,369	0.00%	$ 9,518,573	88.4%
2011	June 30, 2008	-	8,417,369	8,417,369	0.00%	10,318,963	81.6%
2012	June 30, 2010	-	8,780,194	8,780,194	0.00%	10,198,831	86.1%

This page was left blank intentionally



Biosolids Fertilizer:

With state of the art equipment, ReWa treatment facilities salvage safe organic material from the millions of gallons of wastewater treated each day. These nutrient-rich organics, called biosolids, are beneficially reused as a natural and environmentally friendly fertilizer.

statistical

Biosolids Fertilizer:

Front Image – The two photos show a side by side comparison demonstrating the positive impact biosolids fertilizer has on growth in Greenville County fields.

Back Image – This is a photo of ReWa's biosolids being land applied to a field in Greenville County.

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,

	2012	2011	2010	2009	2008 (2)	2007 (2)	2006 (2)	2005 (1),(2)	2004 (1),(2)	2003 (1),(2)
Invested in capital assets, net of related debt	$ 183,853,336	$ 169,934,492	$ 161,289,271	$ 170,727,631	$ 180,458,085	$ 139,622,665	$ 143,955,865	$ 137,838,215	$ 103,152,950	$ 71,052,604
Restricted										
Debt service	18,744,295	31,669,416	40,108,418	39,528,346	6,049,781	6,202,937	19,477,820	n/a	n/a	n/a
Depreciation	4,848,431	4,659,144	4,802,059	4,955,508	4,892,868	4,450,494	3,822,587	n/a	n/a	n/a
Other	3,563,847	3,463,870	3,286,842	3,173,574	3,132,177	4,297,592	4,642,670	n/a	n/a	n/a
Total restricted	27,156,573	39,792,430	48,197,319	47,657,428	14,074,826	14,951,023	27,943,077	26,546,992	41,145,932	82,964,739
Unrestricted	69,043,272	57,782,111	50,394,599	38,614,745	58,636,940	91,110,877	60,277,431	50,225,291	51,621,512	27,613,020
Total net assets	$ 280,053,181	$ 267,509,033	$ 259,881,189	$ 256,999,804	$ 253,169,851	$ 245,684,565	$ 232,176,373	$ 214,610,498	$ 195,920,394	$ 181,630,363

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.

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

	2012	2011	2010	2009	2008 (1)	2007 (1)	2006 (1)	2005 (1)	2004 (1)	2003 (1)
OPERATING REVENUES										
Domestic and commercial customers	$ 62,503,653	$ 59,872,550	$ 55,789,993	$ 55,522,398	$ 52,601,443	$ 49,602,282	$ 48,265,538	$ 44,777,872	$ 42,240,262	$ 39,019,072
Industrial customers	6,771,088	6,771,019	6,352,280	6,209,957	6,248,026	6,101,595	5,849,490	5,825,086	5,921,739	6,400,996
New account fees	4,684,500	2,712,528	2,375,000	2,914,250	6,761,750	8,432,625	9,494,000	7,630,470	6,708,750	4,366,122
Septic haulers and other	454,470	410,743	389,836	368,854	562,351	311,718	290,257	289,578	227,510	218,599
Total operating revenues	74,413,711	69,766,840	64,907,109	65,015,459	66,173,570	64,448,220	63,899,285	58,523,006	55,098,261	50,004,789
OPERATING EXPENSES										
Operations	12,772,433	12,039,274	12,011,643	13,003,922	12,860,996	12,584,312	12,445,489	12,028,264	11,489,585	10,541,556
Technical Services	2,922,505	2,944,467	2,798,800	2,582,927	2,663,298	2,460,605	2,230,179	1,973,541	1,927,538	1,841,148
Collection System	2,643,092	2,566,448	2,580,034	2,620,849	2,708,288	2,526,372	2,625,325	2,554,998	2,422,992	2,407,945
Information and Instrumentation	1,530,452	1,366,658	1,308,401	1,073,100	394,302	365,384	350,906	317,738	278,152	237,142
Human Resources	2,000,955	1,786,029	1,683,357	1,570,773	922,355	793,321	751,382	699,831	531,189	495,107
Administration	5,408,849	4,957,039	4,824,588	5,231,330	6,036,883	4,711,871	4,792,357	4,199,521	3,882,056	3,637,053
Total operating expenses before depreciation	27,278,286	25,659,915	25,206,823	26,082,901	25,586,122	23,441,865	23,195,638	21,773,893	20,531,512	19,159,951
Depreciation	24,134,563	24,055,324	24,137,438	24,073,372	23,198,109	21,024,952	18,284,379	16,543,392	14,640,227	12,682,226
Total operating expenses	51,412,849	49,715,239	49,344,261	50,156,273	48,784,231	44,466,817	41,480,017	38,317,285	35,171,739	31,842,177
Net operating income	23,000,862	20,051,601	15,562,848	14,859,186	17,389,339	19,981,403	22,419,268	20,205,721	19,926,522	18,162,612
NON-OPERATING REVENUES (EXPENSES)										
Investment income	453,338	425,659	439,915	1,035,059	2,923,494	5,475,237	5,651,443	2,244,095	769,779	1,313,986
Other income	87,436	43,134	91,628	57,637	48,525	129,821	246,454	6,340	30,880	12,263
Amortization	(509,502)	(557,839)	(866,645)	(915,208)	(888,104)	(898,034)	(876,834)	(598,155)	(371,239)	(266,092)
Interest expense	(10,723,179)	(12,093,716)	(12,259,120)	(11,129,245)	(11,725,769)	(11,199,451)	(12,093,195)	(9,431,185)	(7,327,769)	(7,386,239)
Non-project expenses	(375,100)	(240,995)	(87,241)	(77,476)	(262,199)	(475,957)	(305)	-	(1,789)	(958)
Other expenses	-	-	-	-	-	-	-	-	(145)	(597)
Net non-operating expenses	(11,067,007)	(12,423,757)	(12,681,463)	(11,029,233)	(9,904,053)	(6,968,384)	(7,072,437)	(7,778,905)	(6,900,283)	(6,327,637)
Capital project cost reimbursement	610,293	-	-	-	-	495,173	2,219,044	6,263,288	1,263,792	684,397
Increase in net assets	12,544,148	7,627,844	2,881,385	3,829,953	7,485,286	13,508,192	17,565,875	18,690,104	14,290,031	12,519,372
Total net assets, beginning 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
Total net assets, end of year	$ 280,053,181	$ 267,509,033	$ 259,881,189	$ 256,999,804	$ 253,169,851	$ 245,684,565	$ 232,176,373	$ 214,610,498	$ 195,920,394	$ 181,630,363

(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,

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Salaries	$ 10,000,763	$ 9,697,910	$ 9,412,737	$ 9,563,556	$ 8,885,770	$ 8,446,661	$ 8,731,260	$ 8,096,008	$ 7,650,640	$ 7,275,361
Fringe benefits	3,802,595	3,436,708	3,315,822	3,312,199	2,668,145	2,463,339	2,389,311	2,152,354	1,981,923	1,952,749
Electricity	3,283,843	2,867,974	3,203,095	3,264,567	2,799,673	2,778,711	2,740,943	2,521,771	2,231,822	2,323,821
Collection fees	2,161,131	1,603,208	1,600,662	1,483,506	1,856,243	1,748,839	1,431,752	967,791	916,442	888,876
Repairs and maintenance	1,624,738	1,454,772	1,348,942	1,214,581	1,234,600	1,168,419	1,509,707	1,712,179	1,684,176	1,396,097
Outside technical services	1,212,548	1,235,401	1,319,038	1,491,827	1,399,756	1,171,351	423,102	405,066	464,368	408,819
Solids management	1,129,904	1,149,986	1,156,579	1,575,855	1,867,073	1,966,735	1,859,808	2,227,367	2,589,053	2,125,692
Chemicals - other	1,156,138	1,144,663	1,054,410	1,218,621	1,170,024	1,119,876	1,062,535	795,450	549,731	491,758
Other	381,194	311,407	311,717	290,104	1,137,029	371,334	417,224	362,722	333,532	389,578
General insurance	336,563	338,888	290,520	279,026	240,533	295,340	279,296	250,594	246,759	186,771
Legal	175,240	295,555	288,293	373,979	193,103	91,785	119,079	112,999	77,176	126,035
Employee/public relations	339,240	420,822	274,214	223,847	169,951	330,105	129,105	103,572	106,964	84,092
Gasoline	335,992	340,402	245,277	223,958	317,902	226,642	235,939	174,582	130,606	120,499
Worker's compensation	184,616	220,168	226,207	195,584	248,935	166,156	212,917	139,380	133,997	83,429
Telephone	180,807	173,689	174,560	180,803	191,260	151,460	176,749	173,881	139,612	137,461
Travel	104,231	91,819	90,281	82,713	81,505	84,776	87,265	80,589	71,527	69,643
Water	61,011	42,356	56,501	114,858	65,014	79,647	68,316	62,370	63,723	67,329
Office supplies	55,814	52,567	53,818	57,860	60,424	58,525	63,112	64,203	51,505	57,287
Auto parts	42,537	45,122	32,058	44,380	52,921	45,203	48,214	40,918	44,697	43,891
Tires and tubes	44,335	42,779	31,759	47,568	40,909	45,788	43,386	42,262	29,959	29,683
Chemicals - chlorine and sulfur dioxide	29,037	31,047	29,614	50,257	164,693	210,299	317,402	291,914	229,930	250,567
Commissioners	23,412	13,280	21,985	20,434	20,132	18,937	20,702	16,261	18,688	29,084
Postage	10,988	16,090	7,043	19,914	20,546	26,153	27,476	22,646	20,911	23,731
Paint	8,047	8,492	2,184	5,457	6,150	18,310	25,064	18,945	28,306	30,205
Contingency	-	-	-	-	-	-	-	-	-	9,391
Total, excluding allowance for uncollectible accounts	26,684,724	25,035,105	24,547,316	25,335,454	24,892,291	23,084,391	22,419,664	20,835,824	19,796,047	18,601,849
Percentage increase (decrease) over prior year	6.6%	2.0%	(3.1)%	1.8%	7.8%	3.0%	7.6%	5.3%	6.4%	2.6%
Allowance for uncollectible accounts	593,562	624,810	659,507	747,447	693,831	357,474	775,974	938,069	735,465	558,102
Total, including allowance for uncollectible accounts	$ 27,278,286	$ 25,659,915	$ 25,206,823	$ 26,082,901	$ 25,586,122	$ 23,441,865	$ 23,195,638	$ 21,773,893	$ 20,531,512	$ 19,159,951

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
DOMESTIC AND COMMERCIAL CUSTOMER REVENUE										
Greenville	$ 59,233,997	$ 56,785,235	$ 52,922,310	$ 52,705,367	$ 49,803,407	$ 47,044,899	$ 45,781,937	$ 42,528,444	$ 40,317,749	$ 37,292,132
Greer/Taylors	2,474,381	2,309,191	2,149,999	2,007,268	1,989,232	1,748,499	1,617,121	1,394,840	1,170,406	1,016,527
Powdersville	349,261	336,455	296,425	317,808	286,316	256,942	237,607	194,228	170,440	146,216
Marietta	186,887	184,511	183,616	180,017	177,275	165,609	166,455	159,896	149,483	146,369
Laurens	127,749	108,787	98,290	77,723	74,077	62,885	52,937	42,669	36,300	27,277
Well water/commercial	77,899	80,771	81,985	196,468	271,136	301,677	383,676	429,967	369,408	362,715
Slater	28,156	45,660	43,934	37,747	-	21,771	25,805	27,828	26,476	27,836
Blue Ridge	25,323	21,940	13,434	-	-	-	-	-	-	-
Total domestic and commercial customers	$ 62,503,653	$ 59,872,550	$ 55,789,993	$ 55,522,398	$ 52,601,443	$ 49,602,282	$ 48,265,538	$ 44,777,872	$ 42,240,262	$ 39,019,072
NUMBER OF CUSTOMERS										
Customer accounts	122,826	121,374	120,558	119,184	116,986	115,942	111,123	108,158	105,612	103,273
Percentage increase	1.2%	0.7%	1.2%	1.9%	0.9%	4.3%	2.7%	2.4%	2.3%	1.6%
DOMESTIC REVENUE RATES										
User volume charge per 1000 gallons	$ 4.96	$ 4.79	$ 4.61	$ 4.45	$ 4.30	$ 4.15	$ 4.01	$ 4.01	$ 3.75	$ 3.51
Base charge per month	9.80	9.40	9.00	8.50	8.00	7.50	7.00	7.00	6.50	6.00
Total monthly charge [1]	$ 47.00	$ 45.33	$ 43.58	$ 41.88	$ 40.25	$ 38.63	$ 37.08	$ 37.08	$ 34.63	$ 32.33
Monthly charge percent increase	3.7%	4.0%	4.1%	4.0%	4.2%	4.2%	0.0%	7.1%	7.1%	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,

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
REVENUE BONDS										
1992 Refunding	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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
2002 Refunding	-	-	-	-	2,000,000	2,135,000	4,240,000	6,320,000	8,360,000	10,370,000
2005 Series	1,510,000	81,495,000	81,585,000	81,650,000	81,780,000	82,675,000	84,310,100	86,560,000	-	-
2005B Refunding	64,515,000	69,695,000	69,695,000	69,695,000	69,695,000	69,695,000	69,695,000	69,695,000	-	-
2009 Series	23,480,000	25,000,000	30,000,000	30,000,000	-	-	-	-	-	-
2010A Refunding	55,585,000	59,720,000	-	-	-	-	-	-	-	-
2010B Series	24,000,000	26,800,000	-	-	-	-	-	-	-	-
2012 Series	71,395,000	-	-	-	-	-	-	-	-	-
Total revenue bonds payable	240,485,000	262,710,000	186,200,000	190,880,000	165,390,000	168,785,000	174,370,100	180,155,000	98,945,000	104,780,000
STATE REVOLVING LOANS ("SRL")										
Regional Sludge	-	-	21,159	103,340	181,730	256,505	310,313	379,158	444,826	507,466
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
Maple Creek	-	-	75,378	147,457	216,382	282,291	345,316	405,581	463,211	518,318
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
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
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
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	15,664,634	16,533,197	17,327,143	18,097,710	18,845,587	18,510,512	8,118,404	-	-	-
Durbin Creek Upgrade	24,396,215	25,549,712	26,571,651	24,487,526	18,308,917	1,431,894	-	-	-	-
Gravity Sewer and Manhole Rehabilitation Phase I	2,665,648	2,789,326	1,496,822	-	-	-	-	-	-	-
Gravity Sewer and Manhole Rehabilitation Phase II	2,380,466	1,600,138	698,068	-	-	-	-	-	-	-
Total SRL	45,106,963	46,472,373	124,090,147	125,432,532	124,666,896	111,941,282	103,318,381	97,572,796	85,431,155	56,461,513
Total long-term debt payable	285,591,963	309,182,373	310,290,147	316,312,532	290,056,896	280,726,282	277,688,481	277,727,796	184,376,155	161,241,513
Less: Deferred loss on refunding	11,146,625	2,683,537	-	-	-	-	-	-	-	-
Premiums on bond issuance	20,070,523	13,338,573	9,734,500	10,991,600	11,756,505	12,521,411	13,286,317	14,051,223	2,135,176	2,285,533
Total long-term debt, including premiums	$ 294,515,861	$ 319,837,409	$ 320,024,647	$ 327,304,132	$ 301,813,401	$ 293,247,693	$ 290,974,798	$ 291,779,019	$ 186,511,331	$ 163,527,046
Customer accounts	122,826	121,374	120,558	119,184	116,986	115,942	111,123	108,158	105,612	103,273
Long-term liabilities per customer account	$ 2,398	$ 2,635	$ 2,655	$ 2,746	$ 2,580	$ 2,529	$ 2,618	$ 2,698	$ 1,766	$ 1,583

RENEWABLE WATER RESOURCES
LONG-TERM DEBT OBLIGATION (EXCLUDING PREMIUMS)
FISCAL YEARS 2013 TO 2031

Year	Revenue Bond Principal	Revenue Bond Interest	SRL Principal	SRL Interest	Total Principal	Total Interest	Grand Total
2013	$ 14,540,000	$ 9,930,354	$ 2,350,601	$ 976,281	$ 16,890,601	$ 10,906,635	$ 27,797,236
2014	15,375,000	10,058,031	2,402,392	924,490	17,777,392	10,982,521	28,759,913
2015	16,015,000	9,417,219	2,455,405	871,476	18,470,405	10,288,695	28,759,100
2016	16,560,000	8,788,824	2,509,670	817,211	19,069,670	9,606,035	28,675,705
2017	17,290,000	8,070,271	2,565,217	761,664	19,855,217	8,831,935	28,687,152
2018	18,080,000	7,351,450	2,622,077	704,804	20,702,077	8,056,254	28,758,331
2019	18,815,000	6,534,728	2,680,281	646,600	21,495,281	7,181,328	28,676,609
2020	19,440,000	5,669,433	2,739,862	587,019	22,179,862	6,256,452	28,436,314
2021	20,235,000	4,738,912	2,800,854	526,027	23,035,854	5,264,939	28,300,793
2022	19,615,000	3,776,907	2,863,289	463,592	22,478,289	4,240,499	26,718,788
2023	20,765,000	3,097,238	2,927,204	399,677	23,692,204	3,496,915	27,189,119
2024	21,685,000	2,086,757	2,992,633	334,248	24,677,633	2,421,005	27,098,638
2025	22,070,000	1,031,305	3,059,614	267,267	25,129,614	1,298,572	26,428,186
2026	-	-	3,128,185	198,697	3,128,185	198,697	3,326,882
2027	-	-	2,885,651	128,499	2,885,651	128,499	3,014,150
2028	-	-	2,001,634	74,324	2,001,634	74,324	2,075,958
2029	-	-	1,608,373	29,537	1,608,373	29,537	1,637,910
2030	-	-	315,334	8,434	315,334	8,434	323,768
2031	-	-	198,687	1,951	198,687	1,951	200,638
	$ 240,485,000	$ 80,551,429	$ 45,106,963	$ 8,721,798	$ 285,591,963	$ 89,273,227	$ 374,865,190

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating revenue	$ 74,413,711	$ 69,766,840	$ 64,907,109	$ 65,015,459	$ 66,173,570	$ 64,448,220	$ 63,899,285	$ 58,523,006	$ 55,098,261	$ 50,004,789
Investment income, unrestricted	382,179	364,936	405,982	1,023,713	2,570,452	3,451,183	1,200,000	1,176,003	769,779	1,313,986
Other income	87,436	43,134	91,628	57,637	48,525	129,822	246,454	6,340	30,880	12,263
Gross revenue	74,883,326	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
Less: operating expense before depreciation	27,278,286	25,659,915	25,206,823	26,082,901	25,586,122	23,441,865	23,195,638	21,773,893	20,531,512	19,159,951
Net revenues available for debt service	$ 47,605,040	$ 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
Debt service on senior lien bonds indebtedness	$ 18,825,634	$ 23,593,930	$ 24,949,616	$ 22,564,302	$ 22,863,522	$ 21,359,711	$ 24,207,487	$ 15,971,002	$ 17,317,957	$ 18,128,549
Senior lien debt coverage[(1)]	2.5	1.9	1.6	1.8	1.9	2.1	1.7	2.4	2.0	1.8
Debt service on all bonds	$ 29,219,832	$ 28,918,439	$ 24,949,616	$ 22,564,302	$ 22,863,522	$ 21,359,711	$ 24,207,487	$ 15,971,002	$ 17,317,957	$ 18,170,324
Total debt coverage	1.6	1.5	1.6	1.8	1.9	2.1	1.7	2.4	2.0	1.8

[(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

Exhibit 8

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
OPERATING EXPENSE										
Operating expense before depreciation	$ 27,278,286	$ 25,659,915	$ 25,206,823	$ 26,082,901	$ 25,586,122	$ 23,441,865	$ 23,195,638	$ 21,773,893	$ 20,531,512	$ 19,159,951
Depreciation	24,134,563	24,055,324	24,137,438	24,073,372	23,198,109	21,024,952	18,284,379	16,543,392	14,640,227	12,682,226
Total operating expense	51,412,849	49,715,239	49,344,261	50,156,273	48,784,231	44,466,817	41,480,017	38,317,285	35,171,739	31,842,177
NON-OPERATING EXPENSE										
Amortization of bond issuance cost	509,502	557,839	866,645	915,208	888,104	898,034	876,834	598,155	371,239	266,092
Non-project expense	375,100	240,995	87,241	77,476	262,199	475,957	305	-	1,789	958
Other expense	-	-	-	-	-	-	-	-	145	597
Total non-operating expense	884,602	798,834	953,886	992,684	1,150,303	1,373,991	877,139	598,155	373,173	267,647
Total expense	52,297,451	50,514,073	50,298,147	51,148,957	49,934,534	45,840,808	42,357,156	38,915,440	35,544,912	32,109,824
DEBT SERVICE										
Interest payments	13,123,410	12,317,958	13,661,275	12,399,921	12,561,183	11,964,357	12,901,635	8,267,425	7,677,953	7,655,384
Principal payments	16,096,422	16,600,480	11,288,341	10,164,381	10,302,339	9,395,354	11,305,852	7,703,577	9,640,004	10,514,940
Total debt service	$ 29,219,832	$ 28,918,438	$ 24,949,616	$ 22,564,302	$ 22,863,522	$ 21,359,711	$ 24,207,487	$ 15,971,002	$ 17,317,957	$ 18,170,324
Total expense to debt ratio	1.8	1.7	2.0	2.3	2.2	2.1	1.7	2.4	2.1	1.8

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

	2012[4]	2011[3]	2010 [2]	2009[2]	2008[2]	2007[2]	2006[2]	2005[2]	2004[2]	2003[2]
Assessed value [1]	$ 1,600,768,508	$ 1,597,142,350	$ 1,540,375,699	$ 1,508,622,437	$ 1,833,262,263	$ 1,312,110,475	$ 1,629,775,545	$ 1,552,755,137	$ 1,519,843,124	$ 1,443,715,170
General obligation debt balance	-	-	-	-	-	-	-	-	-	-
Population	459,324	457,575	453,966	438,119	428,243	417,166	407,000	401,000	393,000	391,000
Assessed value per capita	$ 3,485	$ 3,490	$ 3,393	$ 3,443	$ 4,281	$ 3,145	$ 4,004	$ 3,872	$ 3,867	$ 3,692

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

Exhibit 10

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Berea Public Service District [1]	$ 2,730,000	$ 2,970,000	$ 1,690,000	$ 1,830,000	$ 2,000,000	$ 2,180,000	$ 2,352,000	$ 2,525,000	$ 700,000	$ 830,000
Boiling Springs Fire District [1]	297,092	329,392	359,819	388,486	273,670	440,957	480,406	201,657	552,121	584,660
City of Fountain Inn	700,000	3,895,000	3,935,000	1,080,000	1,795,000	230,000	2,375,000	275,000	-	-
City of Greenville	10,208,000	11,222,000	12,040,780	13,005,000	14,300,000	15,550,000	70,926,407	11,825,000	12,950,000	8,660,000
City of Greer	3,180,000	3,693,500	4,136,500	4,576,500	5,133,500	5,311,500	4,116,500	3,040,000	3,435,000	3,810,000
City of Mauldin	3,885,000	4,250,000	4,535,000	4,855,000	2,275,000	2,485,000	6,196,987	2,875,000	3,940,295	4,573,617
City of Simpsonville	2,050,000	2,585,000	3,105,000	3,605,000	3,000,000	2,450,000	11,095,000	2,515,000	2,595,000	2,345,000
City of Travelers Rest	845,000	875,000	683,310	721,447	840,529	142,293	-	-	-	-
Clear Springs Fire District [1]	1,117,000	880,000	935,000	990,000	1,045,000	1,100,000	1,150,000	1,200,000	1,250,000	-
Donaldson Center Fire Service District [1]	565,000	-	-	-	-	-	-	-	-	-
Fountain Inn Fire Service Area [1]	2,100,000	880,000	1,670,000	1,735,000	-	-	-	-	-	-
Gantt Fire, Sewer & Police District [1]	1,428,180	1,444,710	1,580,453	1,640,447	1,739,727	1,838,327	1,926,279	2,013,615	2,090,362	2,241,550
Glassy Mountain Fire District [1]	2,140,000	2,325,000	2,505,000	1,690,000	1,805,000	1,915,000	2,020,000	15,000	30,000	45,000
Greenville Arena District [1]	22,065,000	36,848,647	24,275,000	8,125,000	8,650,000	9,150,000	9,620,000	10,080,000	10,500,000	10,900,000
Greenville County [1]	65,900,000	64,440,000	68,040,000	62,510,000	66,115,000	65,435,000	58,385,000	55,855,000	46,560,000	47,410,000
Greenville County School District [1]	66,449,000	47,785,000	38,230,000	15,795,000	-	-	-	-	-	-
Mauldin Fire Service Area [1]	2,005,000	2,135,000	2,265,000	2,390,000	-	-	55,000	110,000	160,000	210,000
North Greenville Fire District [1]	1,750,000	-	-	-	-	-	-	-	-	-
Pelham Batesville Fire District [1]	-	-	-	-	-	529,525	621,550	709,428	793,344	873,478
Recreation District [1]	1,201,391	1,377,193	1,544,817	1,704,315	1,855,736	2,000,128	2,137,535	1,607,000	1,712,000	245,000
Simpsonsville Fire Service Area [1]	210,000	415,000	615,000	805,000	-	-	-	-	-	-
South Greenville Fire & Sewer District [1]	975,000	1,095,000	1,209,000	1,318,000	1,422,000	1,522,000	1,760,000	310,000	455,000	590,000
Taylors Fire & Sewer District [1]	229,535	372,680	509,899	641,438	767,532	888,407	1,004,278	1,112,208	1,221,829	1,323,989
Tigerville Fire District [1]	485,000	550,000	158,935	180,069	199,983	218,748	236,430	253,092	268,792	283,586
Upper Paris Mountain District [1]	-	-	-	-	-	-	10,000	30,000	30,000	40,000
Wade Hampton Water & Sewer District [1]	-	-	-	-	-	-	-	-	-	124,799
Total	$ 192,515,198	$ 190,368,122	$ 174,023,513	$ 129,585,702	$ 113,217,677	$ 113,386,885	$ 176,468,372	$ 96,552,000	$ 89,243,743	$ 85,090,679

Greenville County Treasurer [1]

RENEWABLE WATER RESOURCES
TEN LARGEST EMPLOYERS IN 2012

Company Name	City	Product / Service	Employment		Date
			Jobs	% of Total	Established
School District of Greenville County	Greenville	Public education	10,850	2.4%	1951
Greenville Hospital System	Greenville	Health services	10,350	2.3%	1930
Bon Secours St. Francis Health System	Greenville	Health services	4,500	1.0%	1932
Michelin North America, Inc.	Greenville	Headquarters, R&D and manufacturing	4,000	0.9%	1975
GE Energy	Greenville	Engineering (turbines & jet engine parts)	3,200	0.7%	1967
SC State Government	Greenville	State government	3,036	0.7%	1905
Fluor Corporation	Greenville	Engineering and construction services	2,500	0.5%	1960
Bi-Lo Supermarkets	Greenville	Headquarters, distribution and retail	2,419	0.5%	1961
Greenville County Government	Greenville	Government	1,944	0.4%	1786
US Government	Greenville	Federal government	1,835	0.4%	1776

Source: GADC and SCACOG; June 2012
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]	Personal Income [2]	Median Age [3]	School Enrollment [4]	Percent Unemployment [5]
2012	459,324	0.4%	36,426	16,510,427	37	69,649	8.2%
2011	457,575	0.8%	35,963	n/a	37	69,141	8.9%
2010	453,966	3.6%	36,905	n/a	37	69,006	9.5%
2009	438,119	2.3%	35,076	n/a	37	70,051	10.8%
2008	428,243	2.7%	30,814	n/a	37	69,227	5.2%
2007	417,166	2.5%	30,037	n/a	36	68,382	4.8%
2006	407,000	1.5%	n/a	n/a	n/a	65,287	5.5%
2005	401,000	2.0%	n/a	n/a	n/a	63,694	5.5%
2004	393,000	0.5%	n/a	n/a	n/a	62,918	6.3%
2003	391,000	0.3%	n/a	n/a	n/a	61,887	6.1%

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

Exhibit 13

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

	2012		2011		2010		2009		2008		2007		2006		2005		2004		2003	
EMPLOYEES BY DEPARTMENT	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Laboratory	18	9%	17	9%	16	8%	17	9%	17	9%	16	9%	17	9%	18	9%	19	9%	19	10%
Operations, see below	56	29%	55	28%	58	30%	58	30%	60	32%	61	34%	61	32%	62	31%	63	31%	59	31%
Maintenance/Collections	62	32%	64	33%	64	33%	59	31%	61	33%	58	32%	63	33%	65	33%	66	33%	62	32%
Administration	33	17%	31	16%	31	16%	33	17%	26	14%	21	12%	24	13%	25	13%	24	12%	24	12%
Pretreatment	7	4%	8	4%	8	4%	8	4%	8	4%	6	3%	7	3%	7	4%	7	4%	7	4%
Engineering	14	7%	15	8%	14	7%	13	7%	15	8%	11	6%	15	8%	15	8%	18	9%	17	9%
Solids management	5	3%	5	2%	5	2%	4	2%	-	0%	7	4%	5	2%	5	2%	5	2%	5	2%
Total	195	100%	195	100%	196	100%	192	100%	187	100%	180	100%	192	100%	197	100%	202	100%	193	100%

OPERATIONS EMPLOYEES BY PLANT

	2012 No.	2012 %	2011 No.	2011 %	2010 No.	2010 %	2009 No.	2009 %	2008 No.	2008 %	2007 No.	2007 %	2006 No.	2006 %	2005 No.	2005 %	2004 No.	2004 %	2003 No.	2003 %
East Operations																				
Durbin Creek	2	4%	3	5%	4	7%	3	5%	3	5%	4	7%	4	7%	4	6%	4	6%	4	7%
Gilder Creek	7	13%	6	11%	6	10%	6	10%	6	10%	6	10%	5	8%	3	5%	3	5%	2	3%
Pelham	8	14%	7	13%	8	13%	8	14%	7	12%	8	13%	6	10%	6	10%	6	10%	7	12%
Taylors	-	0%	-	0%	-	0%	3	5%	4	7%	5	8%	5	8%	5	8%	6	10%	4	7%
West Operations																				
Georges Creek	5	9%	5	9%	5	9%	5	9%	5	8%	5	8%	6	10%	7	11%	9	14%	-	0%
Grove Creek	4	7%	5	9%	5	9%	4	7%	4	7%	3	5%	5	8%	7	11%	6	10%	7	12%
Lakeside	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	8	14%
Lower Reedy	7	13%	7	13%	7	12%	7	12%	7	12%	7	11%	7	11%	7	11%	7	11%	9	15%
Mauldin Road	23	41%	22	40%	23	40%	21	36%	23	38%	22	36%	23	38%	23	38%	22	34%	18	30%
Piedmont	-	0%	-	0%	-	0%	1	2%	1	1%	1	2%	-	0%	-	0%	-	0%	-	0%
Total	56	100%	55	100%	58	100%	58	100%	60	100%	61	100%	61	100%	62	100%	63	100%	59	100%

Exhibit 14

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
TREATMENT PLANT										
Mauldin Road	397,285	400,352	397,109	388,847	389,273	398,565	398,565	398,950	393,740	393,740
Pelham	341,019	347,054	339,132	345,862	242,194	216,760	216,760	216,683	216,802	216,802
Lower Reedy	282,495	282,528	285,209	279,622	279,823	279,823	279,823	274,237	274,260	274,260
Gilder Creek	161,999	162,000	162,000	162,000	162,000	160,358	146,112	139,559	139,524	139,524
Durbin Creek	135,548	135,548	135,556	135,312	135,552	135,552	135,552	135,552	135,054	135,054
Georges Creek	107,006	94,674	94,674	94,674	117,892	117,892	117,892	117,840	68,355	-
Grove Creek	94,570	94,570	94,570	94,570	94,570	94,570	94,570	94,570	94,431	94,431
Marietta	24,877	24,877	24,877	24,877	24,877	24,877	24,877	24,877	25,172	25,172
Piedmont	10,417	10,417	10,417	10,437	10,437	10,437	10,437	10,437	10,437	10,437
Lakeside	-	-	-	-	-	-	-	-	-	36,802
Taylors	-	-	-	-	110,199	110,199	110,199	110,186	110,113	110,113
Saluda	-	-	-	-	-	-	-	-	35,593	35,593
Parker	-	-	-	-	-	-	-	-	-	23,488
Totals	1,555,216	1,552,020	1,543,544	1,536,201	1,566,817	1,549,033	1,534,787	1,522,891	1,503,481	1,495,416

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Permitted flow	85	85	85	92	89	85	85	66	67	64
Average flow	34	35	40	36	35	39	38	44	41	46
Average peak flow	39	44	51	47	40	49	47	55	48	57

FISCAL YEAR 2012 FLOWS BY PLANT AND BASIN [1]

	Permitted	Average	Peak
Reedy River Basin			
Mauldin Road [2]	29.0	12.9	14.9
Lower Reedy	11.5	5.1	5.5
Basin Total	40.5	18.0	20.4
Saluda River Basin			
Marietta	0.7	0.3	0.4
Georges Creek	3.0	1.0	1.2
Grove Creek	2.0	0.8	1.0
Piedmont	1.2	0.1	0.2
Basin Total	6.9	2.2	2.8
Enoree River Basin			
Pelham	22.5	8.6	9.7
Gilder Creek	11.3	3.8	4.4
Durbin Creek	3.3	1.5	1.8
Basin Total	37.1	13.9	15.9
Total all basins	84.5	34.1	39.1

[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.

Exhibit 16

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
EAST OPERATIONS POWER USAGE										
Electric power	$ 1,179,919	$ 1,038,043	$ 1,139,057	$ 1,231,168	$ 1,127,835	$ 1,061,279	$ 1,164,450	$ 886,122	$ 994,531	$ 1,062,238
WEST OPERATIONS POWER USAGE										
Electric power	$ 1,724,628	$ 1,432,934	$ 1,616,801	$ 1,599,550	$ 1,404,115	$ 1,410,938	$ 1,280,498	$ 1,306,662	$ 883,778	$ 975,267
EAST OPERATIONS CHEMICAL USAGE (in tons)										
Chlorine	30	28	27	33	36	40	109	143	174	192
Polymer	40	38	34	64	50	49	43	33	41	68
Lime	1,123	663	677	622	671	698	848	765	1,321	933
Sulfur dioxide	-	-	-	9	13	18	40	63	159	218
WEST OPERATIONS CHEMICAL USAGE (in tons)										
Chlorine	210	131	108	56	90	113	745	339	133	163
Polymer	53	50	62	43	58	68	54	72	35	55
Kiln dust	-	-	-	-	-	-	-	-	-	-
Lime slurry	250	158	226	498	4,732	4,520	4,466	2,792	620	173
Lime	1,871	1,513	388	429	605	598	556	499	35	52
Sulfur dioxide	96	28	46	53	14	33	246	148	83	64

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
NUMBER OF PUMP STATIONS BY PLANT										
Durbin Creek	6	6	6	6	6	6	6	6	6	6
Georges Creek	13	13	13	13	14	14	15	14	7	-
Gilder Creek	3	3	3	3	3	3	3	3	3	3
Grove Creek	2	2	2	2	2	1	1	1	1	1
Lakeside	-	-	-	-	-	-	-	-	-	3
Lower Reedy	5	5	5	5	6	5	6	5	5	5
Marietta	3	3	3	3	3	4	3	3	3	3
Mauldin Road	8	8	8	8	9	8	8	8	8	8
Parker	-	-	-	-	-	-	-	-	-	1
Pelham	16	16	16	17	7	8	8	8	8	8
Piedmont	3	3	3	3	3	3	4	3	3	3
Saluda	-	-	-	-	-	-	-	-	7	7
Taylors	-	-	-	-	8	10	10	10	10	10
Totals	59	59	59	60	61	62	64	61	61	58
NUMBER OF INDUSTRIAL CUSTOMERS BY PLANT										
Durbin Creek	14	14	14	14	14	14	13	12	13	14
Georges Creek	1	1	1	1	1	2	2	2	2	-
Gilder Creek	7	8	9	9	7	8	8	8	7	10
Grove Creek	8	8	7	10	11	15	11	12	12	12
Lakeside	-	-	-	-	-	-	-	-	-	1
Lower Reedy	30	30	30	30	30	26	28	30	29	29
Marietta	1	1	1	1	1	1	1	1	1	1
Mauldin Road	25	26	28	28	28	27	28	29	32	32
Parker	-	-	-	-	-	-	-	-	-	2
Pelham	17	17	17	17	10	10	7	7	7	8
Piedmont	2	2	2	1	1	-	-	-	1	1
Saluda	-	-	-	-	-	-	-	-	-	-
Taylors	-	-	-	-	8	7	9	11	11	12
Totals	105	107	109	111	111	110	107	112	115	122

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	Totals
FUNDING SOURCES FOR CAPITAL PROJECTS											
Bond proceeds	$ 24,966,337	$ 3,679,145	$ 3,139,084	$ 22,264,062	$ -	$ 59,917,562	$ 36,379,771	$ 13,094,710	$ 34,273,243	$ 11,134,541	$ 208,848,455
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	121,237,370
Contributed capital	-	-	-	-	-	495,172	2,219,044	6,168,268	408,612	684,397	9,975,493
Federal payments	610,293	-	-	-	-	-	-	95,020	855,180	-	1,560,493
Internal reserves	16,527,079	2,556,656	1,195,542	542,036	49,195,900	11,037,376	4,826,614	26,709,772	1,789	995	112,593,759
Total capital project expense	$ 42,103,709	$ 9,401,399	$ 7,975,475	$ 29,226,115	$ 67,133,853	$ 83,788,365	$ 53,626,866	$ 60,992,987	$ 66,808,470	$ 33,158,331	$ 454,215,570

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
SOLIDS GENERATED BY PLANT										
Durbin Creek	258	200	239	127	170	314	283	282	165	177
Georges Creek	166	159	161	264	299	266	295	303	55	-
Gilder Creek	523	500	682	655	709	568	706	919	1,027	1,268
Grove Creek	143	109	147	117	229	214	233	192	197	168
Lakeside	-	-	-	-	-	-	-	-	-	145
Lower Reedy	869	1,066	764	1,240	1,266	1,458	1,442	1,255	1,258	1,226
Marietta	75	102	74	92	146	103	73	140	92	68
Mauldin Road	2,869	2,933	2,791	3,215	3,607	3,811	3,550	4,129	5,001	2,694
Parker	-	-	-	-	-	-	-	-	-	26
Pelham	1,284	1,468	1,166	1,999	1,247	1,061	969	1,338	1,201	1,058
Piedmont	52	52	71	39	30	29	23	52	70	40
Saluda	-	-	-	-	-	-	-	-	41	50
Taylors	-	-	-	423	433	922	589	917	907	965
Totals	6,239	6,589	6,095	8,171	8,136	8,746	8,163	9,527	10,014	7,885
DISPOSAL METHODS										
Landfill disposal	158	365	382	498	714	1,482	1,526	5,576	3,677	3,652
Land application/recycled	6,081	6,224	5,713	7,673	7,422	7,264	6,637	3,951	6,337	4,233
Totals	6,239	6,589	6,095	8,171	8,136	8,746	8,163	9,527	10,014	7,885

Air Quality:

Because air quality and air emissions are a priority, ReWa goes above and beyond State and Federal regulations, as well as the Department of Health and Environmental Control permit standards. ReWa actively looks to monitor and reduce potential air pollutants and their sources.

Air Quality:

Front Image – ReWa's standard operating procedures ensure that no particle pollution is emitted into the environment when lime silos are being filled.

Back Image – The methane storage tank above contains methane gas and helps in preventing air pollution.

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, 2012 and have issued our report thereon dated September 4, 2012. 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 opinions 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 entity'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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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, the Board of Commissioners 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 4, 2012

CHERRY BEKAERT & HOLLAND

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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 Renewable Water Resources' (the "Agency") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal program for the year ended June 30, 2012. The Agency's major federal program is identified in the summary of auditors' 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 compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

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 to determine the 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 Commissioners, 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 4, 2012

Renewable Water Resources
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

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
81.041	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? __x__ yes ____ no

(Continued)

Renewable Water Resources
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

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, 2012

Section IV. Resolution of Prior Year Findings

Resolution: There were no Prior Year audit findings.

Renewable Water Resources
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2012

		Federal CFDA number	Pass-through grantor's number		Federal disbursements/ expenditures		Total
Department of Energy: Passed through South Carolina Energy Office							
ARRA - Grant for the State Energy Program	*	81.041	DE-EE0000158	$	500,000	$	500,000
ARRA - Grant for the Water and Sewer Energy Efficiency Grants Program	*	81.041	DE-EE0000158		110,293		110,293
				$	610,293	$	610,293

* Major Program

Renewable Water Resources
Note to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

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.

This page was left blank intentionally