

# *A Look Back: Cultivating Sustainability since 1925*



*Mauldin Road Facility Then And Now*

 **ReWa**<sup>®</sup>  
renewable water resources

GREENVILLE, SOUTH CAROLINA



*Prepared By:*

*Patricia R. Dennis*  
*Controller*



*Mauldin Road Facility Then And Now*

 **ReWa**<sup>®</sup>  
renewable water resources

GREENVILLE, SOUTH CAROLINA





**RENEWABLE WATER RESOURCES  
GREENVILLE, SOUTH CAROLINA  
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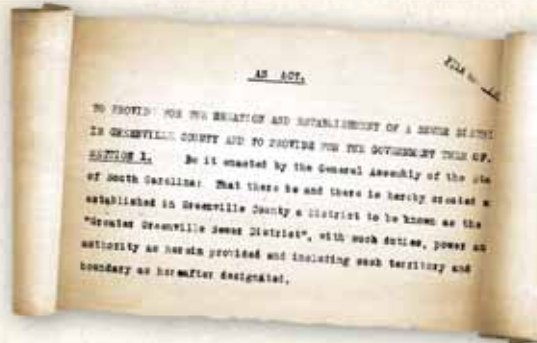


# Introduction

## Historical Highlights Organizational & Operational

## Introduction

**1925:** South Carolina ACT ("ACT") 362 created the Greater Greenville Sewer District to improve sanitary conditions and established a governing Commission of five members, all residents of Greenville County.



**1945:** Methane gas, a renewable byproduct of the treatment process, was utilized to partially power the anaerobic digestion (biological) process.



**1928:**  
The Mauldin Road Facility, designed by J.E. Sirrine, was constructed and remains in operation today.

**1929:** ACT 443 provided for the creation of subdistricts, many of which are still current partners. See back cover for a current list of subdistrict partners.



**1948:**  
The Federal Water Pollution Control Act was the first major law to address water pollution and conservation by creating water quality programs.

1920

1940



# Introduction

Historical Highlights  
Organizational & Operational

1960

1970

**1967:**

ACT 745 broadened the Agency's service area and functions to operate and maintain subdistrict treatment facilities.



**1968:** ACT 1541 renamed the Agency to Greenville County Sewer Authority.



Piedmont Facility

**1972:**

The Federal Water Pollution Control Act Amendments, commonly known as the Clean Water Act, was passed into law and was enacted to restore and maintain the integrity of the nation's waters under the supervision of the EPA.

**1969:**

ACT 688 established the Agency as the primary wastewater treatment provider in the growing Greenville area by transferring ownership of the subdistrict trunk lines and treatment facilities from the subdistricts to the Agency. The Commission was increased to seven members to include representation from Anderson and Laurens Counties.



**1974:**

ACT 1415 renamed the Agency to Western Carolina Regional Sewer Authority.

**1979:** ACT 277 increased the Commission to nine members.

## REWA SERVICE AREA

- - - = County Lines       = ReWa Service Area       = Rivers







Government Finance Officers Association

**Certificate of  
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Presented to

**Renewable Water Resources  
South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

A handwritten signature in black ink, reading "Jeffrey R. Emswiler". The signature is written in a cursive, flowing style.

Executive Director/CEO



October 10, 2014

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, 2014.

The CAFR consists of management’s representations concerning the finances of the Agency for the fiscal year ended June 30, 2014. Accordingly, management assumes full responsibility for the accuracy and completeness of the information provided in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the Agency’s assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the Agency’s financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Since the cost of internal controls should not outweigh the benefits, the Agency’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert to the best of our knowledge and belief that this financial report is complete and reliable in all material respects.

The Agency’s Board of Commissioners (the “Commission”) requires an annual audit by an independent firm of certified public accountants. Cherry Bekaert LLP performed this function and conducted the engagement in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Cherry Bekaert LLP concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on the Agency’s financial statements for the fiscal year ended June 30, 2014.



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 in 1925 under the name of the "Greater Greenville Sewer District" by Act No. 362 of the Acts of the General Assembly of the State of South Carolina. As originally constituted, Act No. 362 provided for the Greater Greenville Sewer District to be governed by a commission known as the "Greater Greenville Sewer District Commission." In 1926, by Act No. 784, the Commission of the Greater Greenville Sewer District was empowered "to establish, extend, enlarge, maintain, conduct and operate sewer systems, sewer lines and sewer mains; to make any and all regulations which they consider necessary to effectuate this Act; and generally to do all things necessary to create and maintain a sewerage system in the District." The name, Greater Greenville Sewer District was changed to Western Carolina Regional Sewer Authority by Act No. 393 of 1974, and changed to Renewable Water Resources by Act No. 102 of 2009. In 2010, by Act No. 311, the Agency's authority was expanded to use, market and set rates related to the generation of goods and energy derived from by-products of the treatment process and alternate sources. 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 18 public partners that construct and maintain approximately 2,010 miles of sewer collection lines. These collection lines connect into the Agency's 343 mile interceptor system. The Agency owns and operates eight water resource recovery facilities ("WRRF") which treat an average flow of 42 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, respectively.

The Agency is dedicated to enhancing the quality of life and economic growth 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: the largest county in the state. Additionally, Greenville is in the center of the largest metropolitan statistical area in South Carolina.

As of June 2014, Greenville County's unemployment rate, not seasonally adjusted, was 4.8%. The unemployment rate was down from 6.8% for the same period in 2013. This is an indicator that Greenville's economy continues to improve. Greenville's unemployment rate remains lower than the overall South Carolina rate of 5.1%, which can be attributed to Greenville's economic development strategy. *fDi Intelligence* again ranked Greenville as the overall Micro American City of the Future in their **American Cities of the Future 2013/14 Winners**; the rankings are based on the following criteria: Economic Potential, Human Resources, Cost Effectiveness, Infrastructure, Business Friendliness and FDI Strategy.

Greenville is frequently visited by other cities looking to replicate the destination appeal of Greenville's walkable and vibrant downtown; hoping to discover how Greenville was able to attract the variety of restaurants, local and national retail stores, hotels and theaters, as well as a baseball stadium, all within 1.3 miles. Further, Greenville is continually sited as one of the most affordable places to live and retire.

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. In fact, Mayor Knox White and Greenville were used as an illustration of successful city-government in “The Case for Strong Mayors” (The Atlantic, April 2014). Nancy Whitworth, Greenville’s director of economic development, is quoted saying, “This has always been a business-first town.” The article goes on to state, “It was public-private partnerships that brought the big manufacturers to South Carolina, that made downtown come alive, that are now supporting high-tech incubators in the city and science and engineering programs in the public schools.”

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 has 97 Fortune 500 companies and more foreign investment per capita than any other region in the United States. During fiscal year 2014, the Greenville Area Development Corporation announced 16 expansions and/or relocations representing an estimated investment of \$635.4 million and creating more than 1,100 jobs.

## **Industry**

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

- is subject to National Categorical Treatment Standards
- discharges a minimum average of 25,000 gallons per day of process wastewater to the Public Owned Treatment Works (“POTW”)
- discharges five percent or more of any design or treatment capacity of the POTW

- is found by the Agency, the South Carolina Department of Health & Environmental Control, or the U.S. Environmental Protection Agency to have a reasonable potential for adversely affecting, either singly or in combination with other discharges, the wastewater disposal system, the quality of sludge, the system's effluent quality, the receiving stream, or air emissions generated by the system.

Currently, the Agency has 72 industries classified as significant industrial users. All significant industrial users must obtain a permit to discharge to the POTW. Significant industrial users pay fixed-base fees, volume charges, and surcharges for industrial biological oxygen demand and total suspended solid discharges. Conversely, a low-volume discharger is a regulated industry that does not meet any of the above criteria.

Listed below are the Agency's largest industrial customers by revenue generation in fiscal year 2014.

#### **Ten Largest Industrial Accounts in 2014**

<b><u>Industry</u></b>	<b><u>Revenue</u></b>	<b><u>Percentage of total operating revenues</u></b>
Columbia Farms - Mauldin & Pelham <i>Poultry processing</i>	1,405,878	1.81%
Cytec Carbon Fibers LLC <i>Carbon fiber and graphite manufacturer</i>	325,471	0.42%
Furman University <i>Higher education</i>	296,599	0.38%
Cryovac Sealed Air Corporation <i>Food packaging services</i>	286,556	0.37%
Michelin North America <i>Tire manufacturer</i>	281,748	0.36%
Safety Components Fabric Technology <i>Technical fabric manufacturer</i>	240,688	0.31%
Roy Metal & Finishing Company <i>Electroplating</i>	227,189	0.29%
Kemet Simpsonville <i>Electronic capacitor manufacturing</i>	224,756	0.29%
BASF Corporation <i>Chemical manufacturer</i>	209,824	0.27%
3M Company <i>Film and tape manufacturer</i>	201,222	0.26%

#### **Long-Term Financial Planning**

The Agency performs long-range planning, such as the 20-year strategic plan (the "Upstate Roundtable Plan"). The current plan was adopted in 2009 and was built upon the original 1994 plan. The goal of the

Upstate Roundtable Plan was to align regional wastewater infrastructure with the Upstate's projected growth, while promoting environmental sustainability. The completion of the Piedmont Regional WRRF in fiscal year 2013 signifies the attainment of all capital planning needs identified in the 1994 plan. The current plan from 2009 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](http://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 derived solely 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**

The Agency's website, [www.rewaonline.org](http://www.rewaonline.org), is utilized to publish both financial and non-financial information to rate payers and other interested parties to enhance the public's understanding and promote interest. The site serves 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, Annual Reports, Sewer Use Regulation and upcoming events. The website also includes links to the Upstate Roundtable Plan and the Agency's community outreach initiatives such as Project Rx: A River Remedy and Be Freshwater Friendly. 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.

### **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 (“Primer”) and the Balanced Scorecard. The Primer identifies ten attributes of effectively managed utilities and five keys to management success. Embodying these attributes and keys allowed us to react swiftly and effectively to the challenges presented in fiscal year 2014 as three of the Agency’s facilities were contaminated with polychlorinated biphenyls (“PCB’s”). The Agency developed a PCB remediation plan to tackle the contamination in a two-pronged approach; first, remove PCB’s from the impacted facilities to secure that high quality treatment continues to be provided, and second, implement programs to safeguard the system and local waterways against future contamination. At the end of fiscal year 2014, clean-up is complete at one of the contaminated facilities and underway at the remaining two. Fortunately, the Agency’s sound financial practices enabled it to face these challenges without sacrificing its Capital Improvement Program or operational compliance. For more on the financial impacts of the PCB remediation, please refer to the MD&A, which can be found in the financial section of this report.

## **ACCOMPLISHMENTS**

### **Organizational Awards**

All of the Agency’s departments won the South Carolina Chamber of Commerce Safety Awards. The Safety awards are presented annually based upon companies achieving a commendable lost workday case rate.

All eight of the Agency’s facilities won the South Carolina Department of Health & Environmental Control’s Facility Excellence Award.

All of the Agency’s facilities received Peak Performance Awards from the National Association of Clean Water Agencies (“NACWA”). NACWA recognizes member agencies for excellence in wastewater treatment as measured by their compliance with their National Pollutant Discharge Elimination System (“NPDES”) permit. 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, Lower Reedy, Marietta and Mauldin Road facilities received Platinum level awards; Durbin Creek, Gilder Creek, Pelham and Piedmont received Gold level awards.

The Agency won the Excellence in Collection System Operations Award from the Water Environment Association of South Carolina (WEASC).

The Agency was awarded NACWA's Excellence in Management Award. The award is given to member agencies that have implemented and sustained, for a continuous three-year period, successful programs which address the current challenges faced by public clean water utilities.

### **Individual Awards**

Dana Green, Plant Operator, received the WEASC Wastewater Treatment Plant Operator of the Year Award.

Joshua Webb, Electrical Technician, received the WEASC Maintenance Person of the Year Award.

### **Financial Awards**

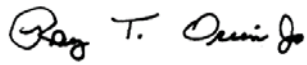
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Agency for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the 21st consecutive year that the Agency has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily-readable and efficiently-organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements. Receipt of this award represents the highest form of recognition in the area of governmental accounting and financial reporting.

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

The Agency was also awarded the GFOA's prestigious Award for Outstanding Achievement in Popular Annual Financial Reporting for the 16th consecutive year. We believe that our current Annual Report to the Community continues to meet the award requirements and we are submitting it to the GFOA for evaluation.

## ACKNOWLEDGEMENTS

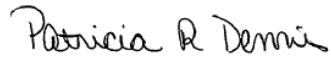
This report could not have been prepared without the dedicated and professional effort of the Agency's Accounting Department along with the cooperation of staff from the Agency's other departments.



Ray T. Orvin Jr., DBA  
Executive Director



Cathy D. Caldwell, CPA  
Administrative Finance Director



Patricia R. Dennis, CPA  
Controller



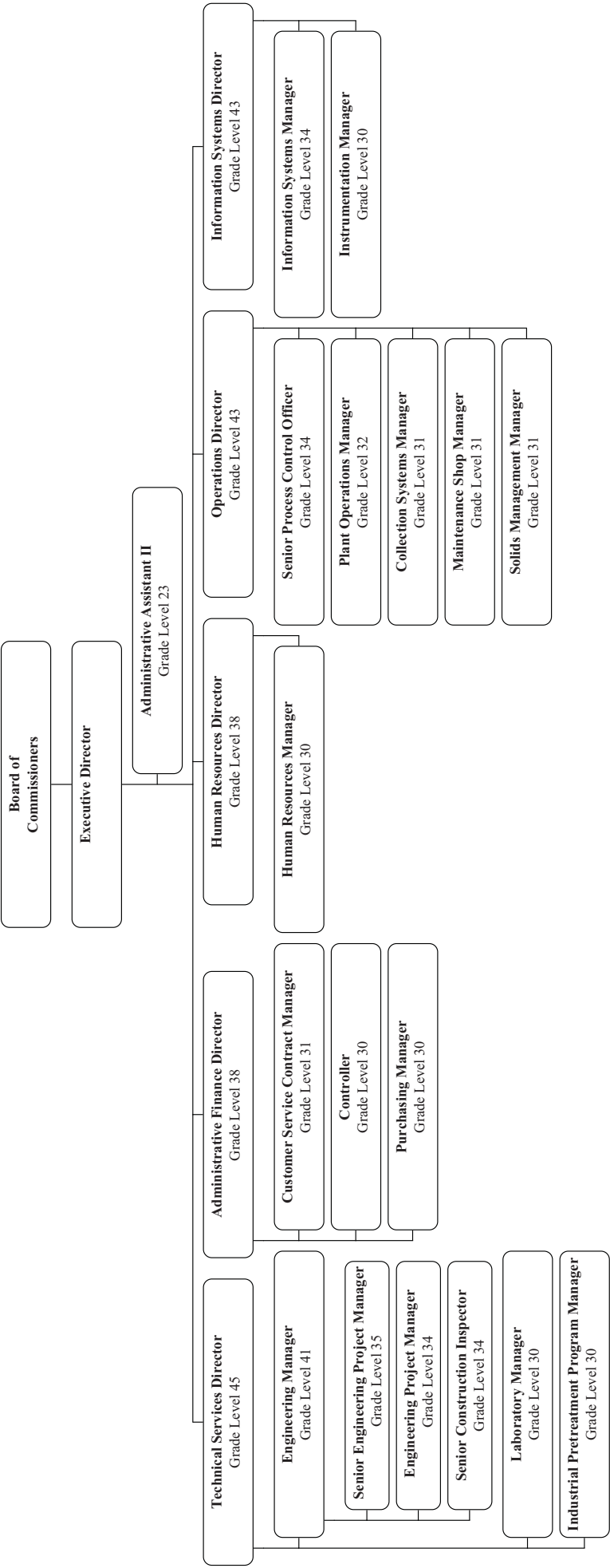
**Renewable Water Resources  
2014  
Board of Commissioners**

<u>Name</u>	<u>Original Appointment</u>	<u>Current Term Expires</u>	<u>Principal Occupation</u>
J. D. Martin Chairman	12/31/01	12/31/17	Businessman
L. Gary Gilliam Vice Chairman	12/30/06	12/30/14	Businessman
Ray C. Overstreet Secretary/Treasurer	12/31/10	12/31/14	Businessman
Michael B. Bishop	02/24/06	12/31/17	Businessman
John V. Boyette, Jr.	02/26/04	12/31/15	Businessman
George W. Fletcher	01/31/01	12/31/16	Businessman
Daniel K. Holliday	01/01/13	01/01/17	Businessman
Billy D. Merritt, Jr.	06/06/84	12/31/17	Enrollment Counselor
Willie J. Whittaker, Jr.	01/14/85	12/31/16	Retired Science Consultant

**Directors**

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

**RENEWABLE WATER RESOURCES**  
Organizational Chart



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1980

1990

2000

**1984:**

De-chlorination was introduced into the Agency's treatment process.

**1989:**

The Agency launched its **Biosolids Program** with a demonstration project of recycling biosolids at the Durbin Creek Facility hay fields.



**1994:** A water reuse demonstration project was initiated at the Durbin Creek Facility.

**2004:** The Agency enhanced effluent quality by introducing ultraviolet disinfection and installing deep bed sand filters.



### UpstateRoundtable

**1994:** The Upstate Roundtable, a volunteer community collaboration, developed a 20-year strategic plan to align regional wastewater infrastructure with projected growth, while promoting environmental sustainability.

**2008:**

The Upstate Roundtable reconvened to update the 20-year strategic plan, guiding the Agency through 2030.



**2008:** Construction was completed on the Agency's Silver LEED certified administration building.

**1996:** The Biosolids

Land Application Program was introduced, providing the local farming community with environmentally-friendly fertilizer.

**1998:** Advanced phosphorus removal was introduced into the Agency's treatment process.

**2009:** ACT 102

renamed the Agency to **Renewable Water Resources** reflecting the promise to renew the valuable resources of our community.





### 2010:

The Agency adopted the National Association of Clean Water Agencies' (NACWA) **Effective Utility Management Primer**, which includes the ten attributes of effectively managed water sector utilities.



**2012:** The National Biosolids Partnership recognized the Agency as the 33rd organization in the United States to be certified and accepted into the Environmental Management System for the Biosolids Program.

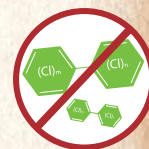


**2010:** ACT 311 expanded the Agency's authority to use, market and set rates related to the generation of goods and energy derived from byproducts of the treatment process, such as methane gas.

**2013:** Partnered with the City and County of Greenville under the EPA's 5R approach, which is a collaborative effort that provides flexibility on how organizations apply their resources to achieve water quality standards.

### 2013 & 2014:

The Agency demonstrated operational resiliency in response to the illegal dumping of Polychlorinated Biphenyls (PCBs).



**2011:** Methane gas was utilized to power generators.



**2012:** The Piedmont Regional Facility was constructed, signifying the attainment of all needs identified in the 1994 Upstate Roundtable plan. This facility provides a higher level of treatment via the addition of membrane bioreactor technology.

**2014:** Invested \$13.9 million in capital improvement projects which included plant control system implementations, sewer line rehabilitations and pump station upgrades.

### 2014:

In the year ending June 30, 2014, the Agency treated an average of **42 million gallons** of wastewater per day and served over **127,000 customers**.

2010

2014

**Renewable Water Resources  
Financial Statements  
and Supplemental Information**

**Years Ended June 30, 2014 and 2013**



## **Independent Auditor's Report**

To the Board of Commissioners  
Greenville, South Carolina

### **Report on the Financial Statements**

We have audited the accompanying statements of net position of Renewable Water Resources (the "Agency") as of June 30, 2014 and 2013, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## 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, 2014 and 2013, and the results of its operations and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the Agency implemented the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the year ended June 30, 2014. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 18 through 30 and the Schedule of Funding Progress – Other Postemployment Benefits on page 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's financial statement. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2014 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* in considering the Agency's internal control over financial reporting and compliance.



Greenville, South Carolina  
September 8, 2014

## **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 years ended June 30, 2014 and 2013. Please consider this information in conjunction with the financial statements and related notes, which follow this section.

### **Financial Highlights**

- The Agency was one of several utilities in North and South Carolina that was adversely impacted by an illegal dumping of polychlorinated biphenyls ("PCB's"). While there is an ongoing criminal investigation being conducted by the Environmental Protection Agency to identify the source of contamination, the Agency believes the PCB's entered the system through multiple intentional discharges into grease interceptors at food service establishments, which either overflowed to the Agency's trunk lines or were pumped by unknowing Septic haulers and transported to the Agency's facilities. Throughout fiscal year 2014, the Agency expended nearly \$5.0 million in operating expenses and fixed assets to remediate the contamination and has implemented several programs to minimize the potential of future contamination.
- The Agency's financial position continues to be strong, despite the additional expenditures related to the PCB contamination, as net position increased \$6.7 million or 2.4% to \$290.6 million as a result of current year operations, as compared to an increase of 3.5% in fiscal year 2013.
- Total revenues increased \$3.4 million or 4.5% to \$78.3 million due to increases in domestic and commercial revenue, as well as industrial revenue which is primarily attributable to an approximate 4.0% rate increase and modest customer growth. Septic haulers and other revenue increased \$0.1 million or 20.0% due to a new rate structure adopted to mitigate the costs associated with the hauled waste sampling and analysis program which was implemented after the PCB contamination.
- Total expenses increased \$6.2 million or 9.5% to \$71.6 million largely due to PCB remediation. During fiscal year 2014, the Agency has worked diligently to remove PCB's from the Agency's contaminated water resource recovery facilities ("WRRF") and reduce the likelihood of future contamination. PCB remediation expenses totaled \$4.6 million in fiscal year 2014 and are expected to approximate \$7.0 million when complete.
- Total outstanding debt, excluding premiums, decreased \$17.8 million or 6.6% to \$250.9 million due to planned debt service.

### **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 Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows; with the related notes to provide additional details. These basic financial statements provide information about the

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## **Overview of the Financial Statements, continued**

activities and performance of the Agency using accounting methods similar to those found in the private sector. The Statements of Net Position present information on the Agency's assets, plus deferred outflows of resources, less liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Agency's financial position is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position 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 Position**

The Agency's overall financial position improved during fiscal year 2014 as net position grew 2.4%. Net position in fiscal years 2014, 2013 and 2012 totaled \$290.6 million, \$283.9 million and \$274.4 million, respectively. The largest portion of the Agency's net position, approximately 74.7%, reflects the Agency's investment in capital assets (e.g., land, buildings, trunk lines, equipment and vehicles) less any related outstanding debt used to acquire those assets. The Agency uses these capital assets to provide services to ratepayers. Although the Agency's investment in capital assets is reported net of debt, the resources needed to repay this debt must be provided from other sources, as these capital assets cannot be liquidated to pay these liabilities.

An additional \$28.1 million or 9.7% of the Agency's net position is restricted (restrictions established by debt covenants, enabling legislation, or other legal requirements). In fiscal year 2014, restricted net position increased \$0.1 million or 0.4% primarily due to an increase in resources restricted for operations and maintenance which was offset by decreases in resources restricted for current debt service and depreciation. In fiscal year 2013, restricted net position increased \$0.8 million predominantly due to an increase in amounts restricted for debt service.

The third and final component of net position is unrestricted, which may be used to fund day to day operations or capital projects. In fiscal year 2014, the Agency's unrestricted net position totaled \$45.4 million, a decrease of 3.1 million or 6.4%. The decrease in unrestricted net position is principally a result of the increase in net investment in capital assets. In fiscal year 2013, the Agency's unrestricted net position totaled \$48.5 million.

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## Net Position, continued

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

**Table A-1**  
**Condensed Statements of Net Position (in millions)**  
**For the Years Ended June 30,**

	<u>2014</u>	<u>Restated 2013</u>	<u>Restated 2012</u>
Current and non-current assets	\$ 55.6	\$ 58.1	\$ 71.5
Restricted assets	28.1	28.0	34.2
Capital assets	<u>476.0</u>	<u>487.5</u>	<u>484.8</u>
Total assets	559.7	573.6	590.5
Defeasance loss	<u>9.2</u>	<u>10.2</u>	<u>11.1</u>
Total deferred outflows of resources	9.2	10.2	11.1
Current liabilities	28.6	30.5	38.6
Non-current liabilities	<u>249.7</u>	<u>269.4</u>	<u>288.6</u>
Total liabilities	278.3	299.9	327.2
Net investment in capital assets	217.1	207.4	183.9
Restricted	28.1	28.0	27.2
Unrestricted	<u>45.4</u>	<u>48.5</u>	<u>63.3</u>
Total net position	<u>\$ 290.6</u>	<u>\$ 283.9</u>	<u>\$ 274.4</u>

## Revenues

Table A-2 reveals that the Agency's total revenues increased by \$3.4 million or 4.5% in fiscal year 2014 to \$78.3 million. In fiscal year 2013, the Agency's total revenue decreased \$0.1 million to \$74.9 million. 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 2014 was adopted December 6, 2010, and became effective March 1, 2014, with a subsequent increase in monthly base fees and volume charges effective on March 1, 2015.

In fiscal year 2014, domestic and commercial revenue increased \$2.8 million or 4.5%. The increase is largely attributable to an approximate 4.0% rate increase and modest customer growth of 1.0%. These increases were offset by continued decline in consumption. Domestic and commercial customer revenues decreased 1.0% to \$61.9 million in fiscal year 2013. The decrease was a result of reduced consumption despite an approximate 4.0% rate increase and customer growth of 2.6%.

In fiscal year 2014, industrial revenues increased \$0.2 million or 3.0% to \$6.9 million. The increase in fiscal year 2014 is primarily attributable to an approximate 4.0% rate increase. In fiscal year 2013, industrial revenues decreased slightly to \$6.7 million from \$6.8 million in fiscal year 2012.

New account fees, based on water meter size, totaled \$5.5 million in fiscal years 2014 and 2013. New account fees have steadily improved after a historic low in fiscal year 2010.

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## Revenues, continued

Interest and other non-operating revenues increased to \$0.6 million in fiscal year 2014 as the Agency increased investment holdings. In fiscal year 2013, interest and other non-operating revenues declined to \$0.3 million from \$0.5 million in fiscal year 2012.

**Table A-2**  
**Condensed Statements of Revenues, Expenses and Changes in Net Position (in millions)**  
**For the Years Ended June 30,**

	<u>2014</u>	<u>Restated 2013</u>	<u>Restated 2012</u>
Operating revenues			
Domestic and commercial customers	\$ 64.7	\$ 61.9	\$ 62.5
Industrial customers	6.9	6.7	6.8
New account fee	5.5	5.5	4.7
Septic haulers and other	0.6	0.5	0.5
Interest and other non-operating revenues	<u>0.6</u>	<u>0.3</u>	<u>0.5</u>
Total revenues	78.3	74.9	75.0
Operating expenses			
Operations	18.8	13.9	12.9
Technical services	3.0	2.8	2.8
Collection system	3.5	2.9	2.7
IS and instrumentation	1.8	1.6	1.5
Human resources	2.4	2.1	2.0
Administration finance	<u>5.7</u>	<u>5.7</u>	<u>5.4</u>
Total operating expenses before depreciation	35.2	29.0	27.3
Depreciation	<u>26.6</u>	<u>26.1</u>	<u>24.1</u>
Total operating expenses	61.8	55.1	51.4
Interest, amortization & other non-operating expenses	<u>9.8</u>	<u>10.3</u>	<u>11.7</u>
Total expenses	<u>71.6</u>	<u>65.4</u>	<u>63.1</u>
Capital project cost reimbursements	-	-	0.6
Increase in net position	6.7	9.5	12.5
Total net position, beginning of year	283.9	274.4	267.5
Change in accounting principle	<u>-</u>	<u>-</u>	<u>(5.6)</u>
Total net position, beginning of year, restated	<u>283.9</u>	<u>274.4</u>	<u>261.9</u>
Total net position, end of year	<u>\$ 290.6</u>	<u>\$ 283.9</u>	<u>\$ 274.4</u>

## **Capital Contributions**

Project reimbursement occurs when the Agency enters into a contract with one or more entities to construct facilities and/or sewer conveyance systems that will be mutually beneficial. There were no participating entities in fiscal years 2014 and 2013.

## **Expenses**

Total expenses in fiscal years 2014, 2013 and 2012 totaled \$71.6 million, \$65.4 million and \$63.1 million, respectively. Total expenses in fiscal year 2014 increased \$6.2 million. Operating expenses before depreciation increased \$6.2 million or 21.4% and \$1.7 million or 6.2% in fiscal years 2014 and 2013, respectively. In fiscal year 2014, approximately 15.9% of the 21.4% increase is related to PCB remediation. In fiscal year 2014, the Agency incurred \$4.6 million as a result of the PCB contamination. The remainder of the increase in fiscal year 2014 was primarily comprised of increases in electricity, billing expense and other postemployment benefits obligation. Depreciation increased \$0.5 million and was offset by a net decrease of \$0.5 million in interest, amortization and other non-operating expenses.

In fiscal year 2013, total expenses increased \$2.3 million or 3.6%. In fiscal year 2013, \$1.7 million of the increase is primarily attributable to increases in chemicals, repairs and maintenance, employee related expenses, as well as carbon media replacement. An increase of \$2.0 million in depreciation also contributed to the overall increase in fiscal year 2013. These increases were offset by a decrease of \$1.4 million in interest, amortization and other non-operating expenses.

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

## **Capital Assets**

In fiscal year 2014, capital assets being depreciated increased \$12.3 million or 1.6% to \$776.7 million, which was attributable to various line rehabilitations, pump station improvements and facility enhancements. In fiscal year 2013, capital assets being depreciated increased by \$55.8 million or 7.9% to \$764.4 million. Approximately \$46.5 million of the increase in fiscal year 2013 pertains to the capitalization of the Agency's newest facility, Piedmont Regional WRRF. At the end of fiscal year 2014, the Agency had invested \$476.0 million in infrastructure, which includes land, rights-of-way, trunk lines, buildings, operating equipment, WRRF equipment and vehicles as shown in Table A-3 and in Note 5 of the accompanying notes to the financial statements.

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## Capital Assets, continued

**Table A-3**  
**Capital Assets (in millions)**  
**For the Years Ended June 30,**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Capital assets not being depreciated:			
Construction in progress	\$ 4.2	\$ 10.1	\$ 41.0
Land	3.6	3.6	3.5
Rights-of-way	0.1	-	-
	<u>7.9</u>	<u>13.7</u>	<u>44.5</u>
Total capital assets not being depreciated	\$ 7.9	\$ 13.7	\$ 44.5
Capital assets being depreciated:			
Buildings	\$ 348.1	\$ 341.2	\$ 318.0
Trunk lines	331.9	326.3	305.2
Water resource recovery facility equipment	89.0	90.0	82.9
Operational equipment	6.5	5.7	1.3
Office furniture	0.4	0.4	0.5
Vehicles	0.8	0.8	0.7
	<u>776.7</u>	<u>764.4</u>	<u>708.6</u>
Total capital assets being depreciated	776.7	764.4	708.6
Less: accumulated depreciation	<u>308.6</u>	<u>290.6</u>	<u>268.3</u>
Total capital assets being depreciated, net	<u>468.1</u>	<u>473.8</u>	<u>440.3</u>
Net capital assets	<u>\$ 476.0</u>	<u>\$ 487.5</u>	<u>\$ 484.8</u>

### 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 2013, all projects that were identified in this plan were completed. The 2008 Upstate Roundtable Plan identified \$809.7 million of projects which have been incorporated into the Agency's capital improvements program ("CIP").

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## **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 WRRF, numerous line and conveyance system projects, as well as various green energy and reuse projects that support the 2008 Upstate Roundtable Plan.

Major capital expenditures in fiscal year 2014 focused on various line and conveyance rehabilitation and facility improvement projects.

### **Capital improvement expenditures**

Significant capital improvement expenditures for fiscal year 2014 include the following:

- **Grove Creek and Piedmont Pump Station Modifications** – Total investment of \$6.8 million for the construction of a new 2.75 MGD pump station for conveyance of raw sewage to the new Piedmont Regional WRRF, as well as conversion of the Grove Creek WRRF effluent pump station to an influent pump station capable of providing influent flow to the Piedmont Regional WRRF. Modifications include a new influent screenings facility, Parshall flume and manhole, mag meter vault, lagoon pump suction intake, flow diversion structure, associated manholes, miscellaneous piping and all associated electrical and instrumentation.
- **Gravity Sewer Rehabilitation** – Total investment of \$3.5 million within multiple basins to rehabilitate the Agency's aging infrastructure and reduce the effects of inflow and infiltration into the collection system.
- **Gilder Creek PCS Upgrade** – Expenditure of \$1.1 million to replace the existing facility control system with new hardware and software used to control and monitor existing process equipment.

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## Capital Assets, continued

### Capital improvement expenditures, continued

Table A-4 illustrates the Agency's 2015 Capital Expenditures Budget of \$57.5 million for potential spending on facility enhancements, design of a new laboratory building and collection system improvements. The Agency believes that the budget requirement for the upcoming fiscal year will be funded through a combination of reserves, bonds and South Carolina revolving loan funds.

**Table A-4**  
**Fiscal Year 2015 Capital Expenditures Budget (in millions)**

<i><b>FUNDING SOURCES</b></i>	
South Carolina revolving loan fund	\$ 16.6
Reserves and bonds	40.9
	<hr/>
Total funding sources	<u>\$ 57.5</u>
 <i><b>EXPENDITURES</b></i>	
Water resource recovery facilities	\$ 20.4
Collection system	20.7
Sustainability and reuse	3.2
Other projects	13.2
	<hr/>
Total expenditures	<u>\$ 57.5</u>

### Long-Term Liabilities

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.

At June 30, 2014, the total liability for compensated absences was \$0.7 million.

The total obligation for other postemployment benefits increased \$0.8 million to \$3.3 million during fiscal year 2014.

### Revenue bonds

As of June 30, 2014, revenue bond debt, including premiums, totaled \$226.4 million; the long-term portion of which was \$208.3 million. At the end of fiscal year 2014, the Agency's revenue bond debt 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 \$243.9 million at the end of fiscal year 2013.

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## **Long-Term Liabilities, continued**

### **Revenue bonds, continued**

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 are amortized over the life of the bonds. The Series 2005, Series 2005B and 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.

The Series 2005 and Series 2005B revenue bonds carry 'Aa2' and 'AA' ratings 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 Investors 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 1.84 to 2.25 percent. State revolving loans outstanding as of June 30, 2014 totaled \$40.4 million.

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

- |                 |   |
|-----------------|---|
| • June 2005     | Lower Reedy WRRF expansion Phase II               |
| • November 2006 | Durbin Creek WRRF 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.

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## Long-Term Liabilities, continued

### Total outstanding long-term debt

At June 30, 2014, the Agency owed \$250.9 million (excluding premiums) in total long-term debt, a decrease of \$17.8 million or 6.6% from \$268.7 million at the end of fiscal year 2013. In fiscal years 2014 and 2013 the decrease is due to planned debt service.

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)**  
**For the Years Ended June 30,**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenue	\$ 77.8	\$ 74.6	\$ 74.4
Investment revenue, unrestricted	<u>0.5</u>	<u>0.2</u>	<u>0.4</u>
Gross revenues	78.3	74.8	74.8
Less: operating expenses before depreciation	<u>35.2</u>	<u>29.1</u>	<u>27.3</u>
Net revenues available for debt service	<u>\$ 43.1</u>	<u>\$ 45.7</u>	<u>\$ 47.5</u>
Debt service on bonds	\$ 28.8	\$ 27.8	\$ 29.2
Debt coverage	150%	164%	163%

Fiscal year 2014 debt service payments increased \$1.0 million or 3.6% to \$28.8 million. Debt service payments decreased \$1.4 million or 4.8% in fiscal year 2013. Debt structure on revenue bonds varies year to year causing principal payments to increase and decrease over the life of the bonds.

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## Long-Term Liabilities, continued

### Total outstanding long-term debt, continued

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

**Table A-6**  
**Average Coupon/Interest Rate**

	<b>Balance (without premiums) <u>(in millions)</u></b>	<b><u>Average coupon / rate</u></b>
Series 2005 revenue bonds	\$ 0.5	4.3%
Series 2005B refunding revenue bonds	53.4	4.0
Series 2009 revenue bonds	20.2	3.8
Series 2010A refunding revenue bonds	46.8	3.4
Series 2010B revenue bonds	18.5	2.7
Series 2012 refunding revenue bonds	71.1	2.9
State revolving loans	40.4	2.1

### 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 8.0% of the assessed value of all taxable property therein. As of June 30, 2014, the Agency's assessed value was approximately \$1.7 billion. The Agency had no general obligation debt outstanding as of June 30, 2014.

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.

### Change in Accounting Principle

During fiscal year 2014, the Agency adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The implementation of this statement required retroactive write-off of debt issue cost that had previously been capitalized; therefore, beginning net position has been restated to show the cumulative impact in the earliest period presented. The application of this statement also resulted in reclassification of the Agency's deferred loss on refunding from revenue bonds payable to deferred outflows of resources. For additional information, please refer to Notes 1 and 6 of the accompanying notes to the financial statements.

## **Economic Factors**

The Agency is moderately impacted by economic trends. The Agency's operating revenues are derived solely from user fees as the Agency does not receive any tax appropriation. The Agency experienced domestic and commercial customer growth, while new account fees remained consistent; hopefully an indication that the economy is continuing to recover. 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 Patricia Dennis, Controller, Renewable Water Resources at 561 Mauldin Road, Greenville, South Carolina 29607, 864-299-4000, or [patriciad@re-wa.org](mailto:patriciad@re-wa.org).

## **Basic Financial Statements**



**Renewable Water Resources**  
**Statements of Net Position**  
**June 30,**

	<b>2014</b>	<b>Restated 2013</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 20,470,672	\$ 29,925,252
Restricted cash and cash equivalents	20,336,219	19,728,940
Receivables, net	10,398,377	9,949,800
Restricted investments	7,723,768	8,268,669
Total current assets	58,929,036	67,872,661
<b>Non-current assets</b>		
Receivables, net	2,782,303	3,020,834
Investments	21,619,730	15,033,007
Capital assets, net	476,028,619	487,489,863
Prepaid insurance, net	353,946	231,443
Total non-current assets	500,784,598	505,775,147
Total assets	<u>\$ 559,713,634</u>	<u>\$ 573,647,808</u>
<b>Deferred outflows of resources</b>		
Defeasance loss, net	\$ 9,286,090	\$ 10,216,358
Total deferred outflows of resources	<u>\$ 9,286,090</u>	<u>\$ 10,216,358</u>
<b>Current liabilities</b>		
Revenue bonds payable	\$ 18,071,602	\$ 17,537,476
State revolving loans payable	2,455,405	2,402,392
Accounts payable - operations	1,290,236	776,125
Accounts payable - construction projects	1,469,300	3,648,566
Accrued interest payable	4,177,545	4,443,962
Accrued expenses and other liabilities	635,236	1,075,713
Compensated absences	517,837	625,550
Total current liabilities	28,617,161	30,509,784
<b>Long-term liabilities</b>		
Revenue bonds payable	208,323,234	226,394,836
State revolving loans payable	37,898,566	40,353,970
Compensated absences	219,500	126,055
Other postemployment benefits	3,293,091	2,532,266
Total long-term liabilities	249,734,391	269,407,127
Total liabilities	<u>\$ 278,351,552</u>	<u>\$ 299,916,911</u>
<b>Net position</b>		
Net investment in capital assets	\$ 217,096,602	\$ 207,368,981
Net position - restricted		
Debt service	19,357,293	19,560,054
Depreciation	4,760,286	4,874,899
Other	3,942,408	3,562,656
Net position - unrestricted	45,491,583	48,580,665
Total net position	<u>\$ 290,648,172</u>	<u>\$ 283,947,255</u>

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

**Renewable Water Resources**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30,**

	<b>2014</b>	<b>Restated 2013</b>
<b>Operating revenues</b>		
Domestic and commercial customers	\$ 64,718,545	\$ 61,858,932
Industrial customers	6,987,451	6,734,685
New account fees	5,477,500	5,492,500
Septic haulers and other	589,610	546,015
Total operating revenues	<u>77,773,106</u>	<u>74,632,132</u>
<b>Operating expenses</b>		
Operations	18,824,484	13,862,048
Technical services	2,986,682	2,830,767
Collection system	3,489,312	2,938,441
IS and instrumentation	1,788,463	1,597,780
Human resources	2,424,403	2,144,962
Administrative finance	5,731,767	5,711,236
Total operating expenses before depreciation	35,245,111	29,085,234
Depreciation	26,579,447	26,061,618
Total operating expenses	<u>61,824,558</u>	<u>55,146,852</u>
Net operating revenue	<u>15,948,548</u>	<u>19,485,280</u>
<b>Non-operating revenues (expenses)</b>		
Investment revenue	457,974	218,939
Interest expense	(9,435,113)	(10,094,401)
Amortization	(29,005)	(29,005)
Non-project expenses	(373,610)	(154,442)
Other revenue	132,123	108,829
Net non-operating expenses	<u>(9,247,631)</u>	<u>(9,950,080)</u>
Increase in net position	6,700,917	9,535,200
Total net position, beginning of year	283,947,255	280,053,181
Change in accounting principle	<u>-</u>	<u>(5,641,126)</u>
Total net position, beginning of year, restated	<u>283,947,255</u>	<u>274,412,055</u>
Total net position, end of year	<u><u>\$ 290,648,172</u></u>	<u><u>\$ 283,947,255</u></u>

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

**Renewable Water Resources**  
**Statements of Cash Flows**  
**For the Years Ended June 30,**

	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities</b>		
Received from customers	\$ 77,392,294	\$ 74,309,111
Paid to suppliers for goods and services	(24,664,230)	(26,898,624)
Paid to employees for services	(12,091,463)	(11,033,995)
Net cash provided by operating activities	<u>40,636,601</u>	<u>36,376,492</u>
<b>Cash flows from capital and related financing activities</b>		
Cash received on notes receivable for capital	229,398	220,616
Acquisition of capital assets and project expenses	(15,389,559)	(28,710,805)
Principal payments on debt	(17,777,391)	(16,890,601)
Interest payments on debt	(11,035,991)	(10,925,177)
Proceeds from non-operating revenue	132,123	108,829
Net cash used for capital and related financing activities	<u>(43,841,420)</u>	<u>(56,197,138)</u>
<b>Cash flows from investing activities</b>		
Interest received on investments	399,342	227,174
Proceeds from sales of investment securities	12,234,325	21,590,256
Purchases of investment securities	(18,276,149)	(31,084,202)
Net cash used for investing activities	<u>(5,642,482)</u>	<u>(9,266,772)</u>
Net decrease in cash and cash equivalents	(8,847,301)	(29,087,418)
<b>Cash and cash equivalents, beginning of year</b>	<u>49,654,192</u>	<u>78,741,610</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 40,806,891</u></u>	<u><u>\$ 49,654,192</u></u>

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

**Renewable Water Resources**  
**Statements of Cash Flows**  
**For the Years Ended June 30,**

	<u>2014</u>	<u>2013</u>
<b>Reconciliation of net operating revenue to net cash flows from operating activities</b>		
Net operating revenue	\$ 15,948,548	\$ 19,485,280
Adjustments to reconcile net operating revenue to net cash provided by operating activities		
Depreciation	26,579,447	26,061,618
Changes in asset and liability amounts		
Receivables	(380,812)	(323,021)
Prepaid expenses	(151,507)	-
Accounts payable - operations	514,111	26,680
Accounts payable - construction projects	(2,179,266)	(9,886,296)
Accrued expenses and other liabilities	(440,477)	376,534
Compensated absences	(14,268)	57,355
Other postemployment benefits	760,825	578,342
	<u>\$ 40,636,601</u>	<u>\$ 36,376,492</u>
<b>Non-cash activities</b>		
Decrease in fair value of investments	<u>\$ (45,406)</u>	<u>\$ (48,512)</u>
Amortization of prepaid bond insurance	<u>\$ 29,005</u>	<u>\$ 29,005</u>
Capitalized interest costs	<u>\$ 102,254</u>	<u>\$ 152,049</u>
<b>Reconciliation of cash and cash equivalents to statement of net position</b>		
Cash and cash equivalents	\$ 20,470,672	\$ 29,925,252
Restricted cash and cash equivalents	<u>20,336,219</u>	<u>19,728,940</u>
	<u>\$ 40,806,891</u>	<u>\$ 49,654,192</u>

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



## **Notes to Financial Statements**

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**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 provides wastewater treatment services for residents and industries covering substantially all of Greenville County and portions of Anderson, Laurens, Pickens and Spartanburg Counties. In fulfilling its functions, the Agency receives wastewater from the area's collection systems and owns and operates water resource recovery facilities (“WRRF”), pump stations and trunk lines; which are collectively referred to as the “System”. It is the Agency's policy to maintain customer user rates sufficient to meet operational and maintenance expenses, as well as to pay debt service on bonds and notes issued to finance upgrading and maintaining the System.

**Reporting entity**

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

**Fund accounting**

The Agency maintains a single enterprise 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.

**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.

(Continued)

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

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

**Cash and cash equivalents**

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

**Investments**

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 \$5,000. 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:

Buildings, trunk lines, and WRRF equipment	15 – 40 years
Office furniture and operational equipment	5 – 8 years
Vehicles	3 years

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

(Continued)

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**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 continue in service.

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

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

**Net position**

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

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on an assets' use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** - This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

**Long-term obligations**

Long-term debt and other obligations financed by the Agency are reported as liabilities on the Statements of Net Position. Bond premiums and discounts are amortized over the life of the bonds using methods which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred.

(Continued)



**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**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 ("GAAP") requires management to make estimates and assumptions that affect the Agency's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

**Change in Accounting Principle**

During fiscal year 2014, the Agency adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The implementation of this statement required retroactive write-off of debt issue cost that had previously been capitalized; therefore, fiscal year 2013 beginning net position has been restated to show the cumulative impact. The application of this statement also resulted in reclassification of the Agency's deferred loss on refunding from revenue bonds payable to deferred outflows of resources. As of and for the year ended June 30, 2013, the net position and increase in net position have been adjusted accordingly:

(Continued)

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

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

	Increase in net position, year ended June 30, 2013	Beginning net position, year ended June 30, 2013
As previously reported	\$ 9,006,469	\$ 280,053,181
Change in accounting principle	528,731	(5,641,126)
As restated	<u>\$ 9,535,200</u>	<u>\$ 274,412,055</u>

**New pronouncements**

The Agency has implemented the following GASB pronouncements:

**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 statement 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. Implementation of this statement resulted in reclassifications of the Agency's deferred loss on refunding from revenue bonds payable to deferred outflows of resources and elimination of the Agency's bond issuance cost assets. Where practical this statement requires retroactive application. As a result, fiscal year 2013 beginning net position has been restated to show the cumulative impact.

The GASB has issued several statements which are applicable to future reporting periods. The only statement which is expected to have a future impact on the Agency is described below:

**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 GASB Statements 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 statement 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 statement 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.

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**Note 2 – Cash and Cash Equivalents and Investments**

As of June 30, 2014 and 2013, the Agency had the following cash and cash equivalents and investments:

<b>Description</b>	<b>Fair Value</b>	
	<b>2014</b>	<b>2013</b>
Cash and cash equivalents		
Checking and other cash	\$ 29,158,600	\$ 38,358,560
Money markets – government obligations	11,107,307	11,295,632
United States Treasury Bills	540,984	-
Total cash and cash equivalents	<u>\$ 40,806,891</u>	<u>\$ 49,654,192</u>
Investments		
Government sponsored enterprises	\$ 12,509,930	\$ 6,033,007
Certificates of deposit	9,109,800	9,000,000
United States Treasury Bills	7,723,768	8,268,669
Total investments	<u>\$ 29,343,498</u>	<u>\$ 23,301,676</u>

Investment maturities are as follows as of June 30, 2014:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment maturities (in years)</b>		
		<b>Less than 1 year</b>	<b>1 – 5 years</b>	<b>More than 5 years</b>
Certificates of Deposit	\$ 9,109,800	\$ -	\$ 9,109,800	\$ -
US Treasury Bills	7,723,768	7,723,768	-	-
US Agencies notes and bonds				
Federal Home Loan Mortgage notes	3,993,127	-	3,993,127	-
Federal National Mortgage Association notes	3,958,195	-	3,958,195	-
Federal Farm Credit Bank bonds	2,426,253	-	1,574,580	851,673
Federal Home Loan Bank bonds	1,225,320	-	833,892	391,428
United States Treasury notes	907,035	-	506,283	400,752
Total	<u>\$ 29,343,498</u>	<u>\$ 7,723,768</u>	<u>\$ 19,975,877</u>	<u>\$ 1,643,853</u>

(Continued)

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**Note 2 – Cash and Cash Equivalents and Investments, continued**

Investment maturities are as follows as of June 30, 2013:

Investment Type	Fair Value	Investment maturities (in years)	
		Less than 1 year	1 – 5 years
Certificates of Deposit	\$ 9,000,000	\$ -	\$ 9,000,000
US Treasury Bills	8,268,669	8,268,669	-
US Agencies notes and bonds			
Federal Farm Credit Bank bonds	3,912,425	-	3,912,425
Federal Home Loan Bank bonds	878,621	-	878,621
Federal National Mortgage Association notes	1,241,961	-	1,241,961
Total	<u>\$ 23,301,676</u>	<u>\$ 8,268,669</u>	<u>\$ 15,033,007</u>

**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's investment policy follows state law and requires at the time of investment the obligor has an unsecured credit rating in one of the top two categories. The Agency's investments at June 30, 2014 and 2013 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 as of June 30, 2014.

**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 26 percent and 35 percent of the Agency's total investments at June 30, 2014 and 2013, respectively.

**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, 2014 and 2013 all of the Agency's deposits were insured or collateralized with securities held by the Agency's agents in the Agency's name.



**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**Note 3 – Receivables**

Customer and other accounts receivables as of June 30, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Fees and services		
Domestic and commercial customers	\$ 9,595,472	\$ 9,162,313
Industrial customers	1,243,670	1,246,274
Total receivables from fees	10,839,142	10,408,587
Less: allowance for uncollectible accounts	725,000	725,000
Net receivables from fees	10,114,142	9,683,587
Accrued interest on cash equivalents & other receivables	45,704	36,815
Reimbursements due from other governmental units	3,020,834	3,250,232
Total receivables	13,180,680	12,970,634
Less: current receivables, net	10,398,377	9,949,800
Non-current receivables, net	<u>\$ 2,782,303</u>	<u>\$ 3,020,834</u>

**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)

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

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

Restricted cash and cash equivalents and investments at June 30, 2014 and 2013 are restricted for the following uses:

	<u>2014</u>	<u>2013</u>
Current principal and interest payments	\$ 11,087,293	\$ 11,283,895
Debt service reserves	8,270,000	8,276,159
Operations and maintenance	2,942,408	2,562,656
Depreciation	4,760,286	4,874,899
Contingencies	1,000,000	1,000,000
Total restricted assets	<u>\$ 28,059,987</u>	<u>\$ 27,997,609</u>

Restricted assets consisted of the following at June 30:

	<u>2014</u>	<u>2013</u>
Cash	\$ 20,336,219	\$ 19,728,940
Investments	7,723,768	8,268,669
Total restricted assets	<u>\$ 28,059,987</u>	<u>\$ 27,997,609</u>

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**Note 5 – Capital Assets**

A summary of changes in capital assets from June 30, 2013 to June 30, 2014 follows below:

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2013</b>	<b>Additions</b>	<b>Disposals</b>	<b>June 30, 2014</b>
Capital assets not being depreciated				
Construction in progress	\$ 10,113,874	\$ 3,040,855	\$ 8,966,808	\$ 4,187,921
Land	3,550,494	-	-	3,550,494
Rights-of-way	60,267	84,370	-	144,637
Total capital assets not being depreciated	13,724,635	3,125,225	8,966,808	7,883,052
Capital assets being depreciated				
Buildings	341,219,516	8,939,784	2,062,107	348,097,193
Trunk lines	326,285,227	7,946,473	2,319,104	331,912,596
Water resource recovery facilities equipment	90,017,306	2,979,928	3,979,683	89,017,551
Operational equipment	5,731,735	849,561	82,558	6,498,738
Office furniture	386,758	75,466	69,801	392,423
Vehicles	779,788	168,574	172,531	775,831
Total capital assets being depreciated	764,420,330	20,959,786	8,685,784	776,694,332
Less: accumulated depreciation				
Buildings	130,797,713	11,603,240	2,062,107	140,338,846
Trunk lines	107,869,227	8,297,815	2,319,104	113,847,938
Water resource recovery facilities equipment	50,611,910	5,934,504	3,979,683	52,566,731
Operational equipment	693,343	468,600	82,558	1,079,385
Office furniture	252,581	65,022	69,801	247,802
Vehicles	430,328	210,266	172,531	468,063
Total accumulated depreciation	290,655,102	26,579,447	8,685,784	308,548,765
Total capital assets being depreciated, net	473,765,228	(5,619,661)	-	468,145,567
Capital assets, net	\$ 487,489,863	\$ (2,494,436)	\$ 8,966,808	\$ 476,028,619

(Continued)

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**Note 5 – Capital Assets, continued**

A summary of changes in capital assets from June 30, 2012 to June 30, 2013 follows below:

	Balance June 30, 2012	Additions	Disposals	Balance June 30, 2013
Capital assets not being depreciated				
Construction in progress	\$ 40,981,998	\$ 8,991,619	\$ 39,859,743	\$ 10,113,874
Land	3,544,803	5,691	-	3,550,494
Rights-of-way	41,417	18,850	-	60,267
Total capital assets not being depreciated	44,568,218	9,016,160	39,859,743	13,724,635
Capital assets being depreciated				
Buildings	318,005,443	24,667,983	1,453,910	341,219,516
Trunk lines	305,208,393	21,927,096	850,262	326,285,227
Water resource recovery facilities equipment	82,853,162	8,222,661	1,058,517	90,017,306
Operational equipment	1,266,849	4,537,033	72,147	5,731,735
Office furniture	482,394	-	95,636	386,758
Vehicles	751,511	197,504	169,227	779,788
Total capital assets being depreciated	708,567,752	59,552,277	3,699,699	764,420,330
Less: accumulated depreciation				
Buildings	120,877,639	11,373,984	1,453,910	130,797,713
Trunk lines	100,562,358	8,157,131	850,262	107,869,227
Water resource recovery facilities equipment	45,669,273	6,001,154	1,058,517	50,611,910
Operational equipment	504,662	260,828	72,147	693,343
Office furniture	275,708	72,227	95,354	252,581
Vehicles	403,261	196,294	169,227	430,328
Total accumulated depreciation	268,292,901	26,061,618	3,699,417	290,655,102
Total capital assets being depreciated, net	440,274,851	33,490,659	282	473,765,228
Capital assets, net	\$ 484,843,069	\$ 42,506,819	\$ 39,860,025	\$ 487,489,863

Interest cost in 2014 and 2013 totaled \$10,749,170 and 11,380,851, respectively, of which \$102,254 and \$152,049 was capitalized.

**Note 6 – Deferred Outflows of Resources**

As a result of the implementation of GASB Statement No. 65, the Agency's deferred loss on refunding, which is the difference between the reacquisition price and the net carrying amount of the old debt, was reclassified from a contra liability, which offset revenue bonds payable, to defeasance loss, which is classified as deferred outflows of resources. This amount is amortized as a component of interest expense over the remaining life of the old debt or the new debt, whichever is shorter. As of June 30, 2014 and 2013, the Agency's defeasance losses, net were as follows:

	2014	2013
Defeasance loss, net	\$ 9,286,090	\$ 10,216,358

(Continued)

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**Note 6 – Deferred Outflows of Resources, continued**

Amortization of the defeasance loss for the years ended June 30, 2014 and 2013 totaled \$930,268.

Estimated future amortization expense is as follows:

Year ending June 30,	Amortization expense
2015	\$ 930,268
2016	930,454
2017	929,820
2018	929,820
2019	929,820
Thereafter	4,635,908
Total	<u>\$ 9,286,090</u>

**Note 7 – Revenue Bonds Payable**

At June 30, 2014 and 2013, the Agency was obligated on various series of revenue bonds issued for purposes of constructing WRRF and trunk lines. Revenue bonds outstanding at June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>Restated 2013</u>
\$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.	\$ 520,000	\$ 1,025,000
\$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.	53,395,000	59,070,000
\$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.	20,260,000	21,900,000
\$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.	46,770,000	51,285,000
\$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.	18,500,000	21,270,000

(Continued)



**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**Note 7 – Revenue Bonds Payable, continued**

	<u>2014</u>	<u>Restated 2013</u>
\$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.		
	71,125,000	71,395,000
Total revenue bonds payable	210,570,000	225,945,000
Premium on Series 2005 revenue bonds	17,034	34,068
Premium on Series 2005B refunding bonds	3,146,425	3,618,389
Premium on Series 2010A refunding bonds	2,890,548	3,652,905
Premium on Series 2012 refunding bonds	9,770,829	10,681,950
Less: current maturities	18,071,602	17,537,476
Long-term portion	<u>\$ 208,323,234</u>	<u>\$ 226,394,836</u>

Amortization of bond premiums totaled approximately \$2,162,476 and \$2,083,212 for the years ended June 30, 2014 and 2013, respectively.

Future amounts required to pay principal and interest on revenue bonds outstanding at June 30, 2014 are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 16,015,000	\$ 9,444,469	\$ 25,459,469
2016	16,560,000	8,812,980	25,372,980
2017	17,290,000	8,090,890	25,380,890
2018	18,080,000	7,367,975	25,447,975
2019	18,815,000	6,546,826	25,361,826
2020 - 2024	101,740,000	19,388,125	121,128,125
2025	22,070,000	1,031,305	23,101,305
Total	<u>\$ 210,570,000</u>	<u>\$ 60,682,570</u>	<u>\$ 271,252,570</u>

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, 2014 and 2013.

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

(Continued)

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**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 in the 2010 Bond Resolution, which is subordinate to the aforementioned Series 2005, 2005B and 2009 pledge.

Interest expense on the revenue bonds totaled \$9,747,458 and \$10,275,580 for the years ended June 30, 2014 and 2013, respectively.

**Note 8 – State Revolving Loans Payable**

At June 30, 2014 and 2013, the Agency was obligated on various state revolving loans issued for purposes of constructing capital assets. State revolving loan amounts outstanding at June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
\$19,571,443 Lower Reedy water resource recovery facility expansion phase II loan dated June 10, 2005. Payable in quarterly installments of \$312,731, including interest at 2.25 percent, through March 2027.	\$ 13,831,919	\$ 14,758,556
\$27,800,000 Durbin Creek water resource recovery facility upgrade and expansion loan dated November 14, 2006. Payable in quarterly installments of \$438,048, including interest at 2.25 percent, through March 2029.	21,941,747	23,182,748
\$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.	2,413,171	2,540,283
\$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.	<u>2,167,134</u>	<u>2,274,775</u>
Total state revolving loans payable	40,353,971	42,756,362
Less: current maturities	<u>2,455,405</u>	<u>2,402,392</u>
Long-term portion	<u><u>\$ 37,898,566</u></u>	<u><u>\$ 40,353,970</u></u>

(Continued)

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**Note 8 – State Revolving Loans Payable, continued**

Interest expense on the state revolving loans totaled \$919,862 and \$971,765 for the years ended June 30, 2014 and 2013, respectively.

Future amounts required to pay outstanding principal and interest on state revolving loans outstanding at June 30, 2014 are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,622,077	704,804	3,326,881
2019	2,680,281	646,600	3,326,881
2020 - 2024	14,323,843	2,310,563	16,634,406
2025 - 2029	12,683,458	698,324	13,381,782
2030 - 2031	514,020	10,385	524,405
Total	<u>\$ 40,353,971</u>	<u>\$ 6,821,027</u>	<u>\$ 47,174,998</u>

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 31, 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, 2014 and 2013.

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.

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**Note 9 – Changes in Long-Term Liabilities**

Changes in long-term debt, compensated absences and other postemployment benefits (“OPEB”) June 30, 2013 to 2014 are as follows:

	<b>Restated Balance July 1, 2013</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2014</b>	<b>Due within one year</b>
Revenue bonds	\$ 225,945,000	\$ -	\$ 15,375,000	\$ 210,570,000	\$ 16,015,000
State revolving loans	42,756,362	-	2,402,391	40,353,971	2,455,405
Compensated absences	751,605	503,732	518,000	737,337	517,837
OPEB	2,532,266	1,119,979	359,154	3,293,091	-
Subtotal	271,985,233	1,623,711	18,654,545	254,954,399	18,988,242
Premiums on bond issuance	17,987,312	-	2,162,476	15,824,836	2,056,602
Total	<u>\$ 289,972,545</u>	<u>\$ 1,623,711</u>	<u>\$ 20,817,021</u>	<u>\$ 270,779,235</u>	<u>\$ 21,044,844</u>

Changes in long-term debt, compensated absences and OPEB June 30, 2012 to 2013 are as follows:

	<b>Restated Balance July 1, 2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>Restated Balance June 30, 2013</b>	<b>Due within one year</b>
Revenue bonds	\$ 240,485,000	\$ -	\$ 14,540,000	\$ 225,945,000	\$ 15,375,000
State revolving loans	45,106,963	-	2,350,601	42,756,362	2,402,392
Compensated absences	694,250	683,355	626,000	751,605	625,550
OPEB	1,953,924	871,159	292,817	2,532,266	-
Subtotal	288,240,137	1,554,514	17,809,418	271,985,233	18,402,942
Premiums on bond issuance	20,070,524	-	2,083,212	17,987,312	2,162,476
Total	<u>\$ 308,310,661</u>	<u>\$ 1,554,514</u>	<u>\$ 19,892,630</u>	<u>\$ 289,972,545</u>	<u>\$ 20,565,418</u>

A portion of the Series 2005 bonds were defeased 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, 2014.

**Note 10 – Construction Contracts in Progress**

At June 30, 2014 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 land, buildings, trunk lines and WRRF equipment.

(Continued)

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**Note 10 – Construction Contracts in Progress, continued**

The following summarizes construction contracts in progress at June 30, 2014 on which significant additional work is to be performed:

<b>Project Name</b>	<b>Contract amount</b>	<b>Total contract incurred</b>	<b>Balance to be performed</b>
FY13 Gravity Sewer Rehab	\$ 3,494,807	\$ 3,337,599	\$ 157,208
Fountain Inn “D” PS Upgrades	449,099	327,728	121,371
Marietta WRRF New IPS & Bar Screen	230,200	112,396	117,804
Mauldin Road Grit Classifiers Replacement	621,180	517,154	104,026
PC#2 Drain Valve Replacement	182,000	54,618	127,382
Pelham IPS Equipment Replacement	1,685,441	1,570,890	114,551
Piedmont and Grove Modifications	6,598,053	6,408,416	189,637
Richland Creek Sewer Improvements	644,690	334,093	310,597
Spring Park PS Study & Replacement	1,181,385	120,766	1,060,619
	<u>\$ 15,086,855</u>	<u>\$ 12,783,660</u>	<u>\$ 2,303,195</u>

**Note 11 – Compensated Absences**

Full-time employees of the Agency accumulate vacation benefits at 1 to 2 days per month, based on length of service, up to 24 days per year. Annual leave in excess of 24 days at December 31 of each year is forfeited. Annual leave earned up to 24 days is paid to employees upon separation from employment. Accrued vacation benefits totaled \$737,337 and \$751,605 at June 30, 2014 and 2013, 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 South Carolina Public Employee Benefit Authority (“SC PEBA”). 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 SC PEBA 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 Public Employee Benefit Authority Retirement Benefits, Post Office Box 11960, Columbia, South Carolina 29211-1960 or by calling 1-800-868-9002.

(Continued)



**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**Note 12 – Employee Benefits, continued**

Plan members are required to contribute 7.5 and 7.0 percent of their annual covered salary for the years ended June 30, 2014 and 2013, respectively, and the Agency is required to contribute at an actuarially determined rate. The Agency's rate is 10.45 percent of annual covered payroll for the years ended June 30, 2014 and 2013 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, 2014 and 2013.

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

<u>June 30</u>	<u>Employer SCRS</u>	<u>Employee SCRS</u>
2014	\$ 1,215,138	\$ 859,768
2013	1,129,479	745,882
2012	972,459	662,924

**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 is the program administrator of the Section 457 Plan based on current state contract.

**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 78 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 SC PEBA. This amount is based on the level of coverage selected by the retiree not the plan selected. The Agency is under no statutory or contractual obligation to provide these postretirement healthcare benefits. Because the Plan consists solely of the Agency's commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

(Continued)

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**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:

	<b>July 2013 to December 2013</b>	<b>January 2014 to June 2014</b>
Retiree only	\$ 328	\$ 332
Retiree/spouse	650	657
Retiree/child(ren)	504	509
Family	814	823

For the year ended June 30, 2014, Plan members receiving benefits paid \$130,877 which was used to offset the Agency's cash outlays to insurance carriers equaling \$464,967 for the current year premiums due. The net outlay from the Agency, which totaled \$334,090, 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 No. 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 years ended 2014 and 2013, the amount actually contributed to the plan, and changes in the Agency's net OPEB obligation to the Plan:

	<b>2014</b>	<b>2013</b>
Annual required contribution	\$ 1,111,602	\$ 864,695
Interest on net OPEB obligation	113,952	87,927
Adjustment to annual required contribution	(105,575)	(81,463)
Annual OPEB cost (expense)	1,119,979	871,159
Contributions made*	(359,154)	(292,817)
Increase in net OPEB obligation	760,825	578,342
Net OPEB obligation, beginning of year	2,532,266	1,953,924
Net OPEB obligation, end of year	<u>\$ 3,293,091</u>	<u>\$ 2,532,266</u>

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, 2014 and the preceding two fiscal years were as follows:

<b>Fiscal year ended</b>	<b>Annual required contribution</b>	<b>Annual OPEB cost</b>	<b>Employer amount contributed</b>	<b>Percentage contributed</b>	<b>Net OPEB obligation</b>
June 30, 2014	\$ 1,111,602	\$ 1,119,979	\$ 359,154	*	\$ 3,293,091
June 30, 2013	864,695	871,159	292,817	*	2,532,266
June 30, 2012	839,510	844,007	249,687	*	1,953,924

\*includes adjustment for implicit rate subsidy.

(Continued)

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**Note 13 – Postemployment Healthcare Plan, continued**

As of June 30, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$11,756,531, resulting in an unfunded actuarial accrued liability (“UAAL”) of \$11,756,531. The covered payroll, which is the annual payroll of active employees covered by the plan, was \$11,463,560, and the ratio of the UAAL to the covered payroll was 102.6 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 6.75% declining to an ultimate rate of 4.50% over 9 years
Drug trend	Initial rate of 7.00% declining to an ultimate rate of 4.50% over 9 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.

**Renewable Water Resources**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**Note 14 – Commitments**

The Agency has contracted with seven local water utilities which have common customers to provide billing and collection functions. The most significant is with the Commissioners of the Public Works of the City of Greenville, South Carolina. The fee charged is subject to adjustment annually based upon experience. The cost to the Agency for the year ending June 30, 2014 was \$1.9 million, which is included in administrative finance expenses on the accompanying Statements of Revenues, Expenses and Changes in Net Position. For the year ended June 30, 2015, billing charges to the Agency are estimated to cost approximately \$2.1 million.

**Note 15 – Contingencies**

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

**Note 16 – Risk Management**

The Agency is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency maintains insurance coverage through the State of South Carolina, and 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, 2014 and 2013. The Agency believes that the amount of actual or potential claims as of June 30, 2014 will not materially affect the financial condition of the Agency.

**Note 17 – Subsequent Events**

The Agency executed two contracts in July 2014 totaling approximately \$6.7 million. These were a Biosolids and Wastewater Residuals Management contract for approximately \$0.6 million in fiscal year 2015 and \$1.2 million for subsequent years, as well as approximately \$4.9 million for additional construction services which are expected to be completed in fiscal year 2015.

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

<b>Fiscal Year</b>	<b>Actuarial valuation date</b>	<b>Actuarial value of assets (a)</b>		<b>Actuarial accrued liability (AAL) - entry age (b)</b>		<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded ratio (a/b)</b>		<b>Covered payroll (c)</b>	<b>UAAL as a percentage of covered payroll ((b-a)/c)</b>
2012	June 30, 2010	-	\$	8,780,194	\$	8,780,194	0.00%	\$	10,198,831	86.1%
2013	June 30, 2010	-		8,780,194		8,780,194	0.00%		10,660,375	82.3%
2014	June 30, 2012	-		11,756,531		11,756,531	0.00%		11,463,560	102.6%



**2000:**

Created the **Fats, Oils and Grease (FOG)** program to educate the community on the hazards of pouring FOG down the drain.



**2001: Freshwater Freddie**, the Agency's educational mascot, was designed as a fun way to incorporate the Agency's educational initiatives into local school programs.



**2010: Project Rx: A River Remedy** inaugural event was held to collect unused and expired medications for proper disposal. [www.aRiverRemedy.org](http://www.aRiverRemedy.org)



**2011:** Launched the **Be Freshwater Friendly** program aimed at educating the Upstate on how small changes in our day-to-day actions can have a great impact on our local waterways. The program initially featured five focus areas: **Curb Control, Label Wise, Septic Smarts, Yard Savvy and Poop Etiquette.** [www.BeFreshwaterFriendly.org](http://www.BeFreshwaterFriendly.org)



**2012:** Rebranded the FOG program as **Pipe Patrol**, a new focus area for Be Freshwater Friendly, and launched an educational website for residents and restaurants. [www.pipepatrol.org](http://www.pipepatrol.org)

2000

2010



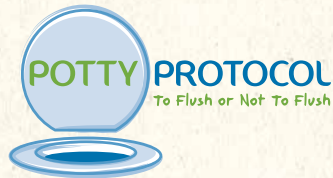
### 2013

**2013:** Promoted the **Poop Etiquette** focus of the Be Freshwater Friendly program at the inaugural **Bonenanza** dog park event. This past year, **Gunner** (pictured right) was the winner of the Casting Paw contest at the event, and he was featured as the face of our spring ad campaign.



*Poop Etiquette raises awareness on the importance of picking up after our four-legged friends.*

### 2014



**2014:** Be Freshwater Friendly introduced its newest focus - **Potty Protocol** - to educate the community about never using the toilet as a trash can. The only safe item you should ever flush is toilet paper. [www.PottyProtocol.org](http://www.PottyProtocol.org)

**2014:**

The Green Charter School hosted the first Be Freshwater Friendly essay contest for their 5th and 6th grade students to share their ideas on how to "Be Freshwater Friendly."



A pet-friendly event that collected paper towels, hand sanitizer, blankets, newspapers and monetary donations benefiting the Greenville Humane Society.

The toilet is not a trash can.

Commonly flushed items that SHOULD GO IN THE TRASH ARE:

Feminine hygiene products

Diapers (adult & baby)

Medical bandages

"Flushable" wipes

Paper towels

Cleaning rags

Plastic bags

Dental floss

Medications

Cat litter

Q-tips



**5th Grade Winner:**  
Jenny Zhang

**6th Grade Winner:**  
Joseph Fernandez



## Statistical Section

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

### Contents

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

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

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

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

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

**Renewable Water Resources  
Schedule of Net Position  
Last Ten Fiscal Years Ended June 30,**

	2014	Restated 2013 <sup>(1)</sup>	Restated 2012 <sup>(1)</sup>	2011	2010	2009	2008 <sup>(2)</sup>	2007 <sup>(2)</sup>	2006 <sup>(2)</sup>	2005 <sup>(1),(2)</sup>
Net investment in capital assets	\$ 217,096,602	\$ 207,368,981	\$ 183,853,336	\$ 169,934,492	\$ 161,289,271	\$ 170,727,631	\$ 180,458,085	\$ 139,622,665	\$ 143,955,865	\$ 137,838,215
Restricted										
Debt service	19,357,293	19,560,054	18,744,295	31,669,416	40,108,418	39,528,346	6,049,781	6,202,937	19,477,820	n/a
Depreciation	4,760,286	4,874,899	4,848,431	4,659,144	4,802,059	4,955,508	4,892,868	4,450,494	3,822,587	n/a
Other	3,942,408	3,562,656	3,563,847	3,463,870	3,286,842	3,173,574	3,132,177	4,297,592	4,642,670	n/a
Total restricted	28,059,987	27,997,609	27,156,573	39,792,430	48,197,319	47,657,428	14,074,826	14,951,023	27,943,077	26,546,992
Unrestricted	45,491,583	48,580,665	63,402,146	57,782,111	50,394,599	38,614,745	58,636,940	91,110,877	60,277,431	50,225,291
Total net position	\$ 290,648,172	\$ 283,947,255	\$ 274,412,055	\$ 267,509,033	\$ 259,881,189	\$ 256,999,804	\$ 253,169,851	\$ 245,684,565	\$ 232,176,373	\$ 214,610,498

n/a - not available

<sup>(1)</sup> Restricted net position categories are not available prior to fiscal year 2006.

<sup>(2)</sup> In fiscal year 2010, the Agency restated fiscal year 2009 net position 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.

<sup>(3)</sup> In fiscal year 2014, the Agency restated fiscal years 2013 and 2012 net position to reflect the cumulative impact of the write-off of debt issue cost previously capitalized, as described in Note 1 of the notes to the financial statements for years ended June 30, 2014 and June 30, 2013

**Renewable Water Resources**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Last Ten Fiscal Years Ended June 30,**

	2014	Restated 2013 <sup>(2)</sup>	Restated 2012 <sup>(2)</sup>	2011	2010	2009	2008 <sup>(1)</sup>	2007 <sup>(1)</sup>	2006 <sup>(1)</sup>	2005 <sup>(1)</sup>
<b>Operating revenues</b>										
Domestic and commercial customers	\$ 64,718,545	\$ 61,858,932	\$ 62,503,653	\$ 59,872,550	\$ 55,789,993	\$ 55,522,398	\$ 52,601,443	\$ 49,602,282	\$ 48,265,538	\$ 44,777,872
Industrial customers	6,987,451	6,734,685	6,771,088	6,771,019	6,352,280	6,209,957	6,248,026	6,101,595	5,849,490	5,825,086
New account fees	5,477,500	5,492,500	4,684,500	2,712,528	2,914,250	2,375,000	6,761,750	8,432,625	9,494,000	7,630,470
Septic haulers and other	589,610	546,015	454,470	410,743	389,836	368,854	562,351	311,718	290,257	289,578
Total operating revenues	77,773,106	74,632,132	74,413,711	69,766,840	64,907,109	65,015,459	66,173,570	64,448,220	63,899,285	58,523,006
<b>Operating expenses</b>										
Operations	18,824,484	13,862,048	12,772,433	12,039,274	12,011,643	13,003,922	12,860,996	12,584,312	12,445,489	12,028,264
Technical services	2,986,682	2,830,767	2,922,505	2,944,467	2,798,800	2,582,927	2,663,298	2,460,605	2,230,179	1,973,541
Collection system	3,489,312	2,938,441	2,643,092	2,566,448	2,580,034	2,620,849	2,708,288	2,526,372	2,625,325	2,554,998
IS and instrumentation	1,788,463	1,597,780	1,530,452	1,366,658	1,308,401	1,073,100	394,302	365,384	350,906	317,738
Human resources	2,424,403	2,144,962	2,000,955	1,786,029	1,683,357	1,570,773	922,355	793,321	751,382	699,831
Administration finance	5,731,767	5,711,236	5,408,849	4,957,039	4,824,588	5,231,330	6,036,883	4,711,871	4,792,357	4,199,521
Total operating expenses before depreciation	35,245,111	29,085,234	27,278,286	25,659,915	25,206,823	26,082,901	25,586,122	23,441,865	23,195,638	21,773,893
Depreciation	26,579,447	26,061,618	24,134,563	24,055,324	24,137,438	24,073,372	23,198,109	21,024,952	18,284,379	16,543,392
Total operating expenses	61,824,558	55,146,852	51,412,849	49,715,239	49,344,261	50,156,273	48,784,231	44,466,817	41,480,017	38,317,285
Net operating revenue	15,948,548	19,485,280	23,000,862	20,051,601	15,562,848	14,859,186	17,389,339	19,981,403	22,419,268	20,205,721
<b>Non-operating revenues (expenses)</b>										
Investment revenue	457,974	218,939	453,338	425,659	439,915	1,035,059	2,923,494	5,475,237	5,651,443	2,244,095
Other revenue	132,123	108,829	87,436	43,134	91,628	57,637	48,525	129,821	246,454	6,340
Amortization	(29,005)	(29,005)	(29,005)	(557,839)	(866,645)	(915,208)	(888,104)	(898,034)	(876,834)	(598,155)
Interest expense	(9,435,113)	(10,094,401)	(10,723,179)	(12,093,716)	(12,259,120)	(11,129,245)	(11,725,769)	(11,199,451)	(12,093,195)	(9,431,185)
Non-project expenses	(373,610)	(154,442)	(375,100)	(240,995)	(87,241)	(77,476)	(262,199)	(475,957)	(305)	-
Other expenses	-	-	(602,960)	-	-	-	-	-	-	-
Net non-operating expenses	(9,247,631)	(9,950,080)	(11,189,470)	(12,423,757)	(12,681,463)	(11,029,233)	(9,904,053)	(6,968,384)	(7,072,437)	(7,778,905)
<b>Capital project cost reimbursement</b>										
Increase in net position	6,700,917	9,535,200	12,421,685	7,627,844	2,881,385	3,829,953	7,485,286	13,508,192	17,565,875	18,690,104
Total net position, beginning of year	283,947,255	274,412,055	267,509,033	259,881,189	256,999,804	253,169,851	245,684,565	232,176,373	214,610,498	195,920,394
Change in accounting principle	-	-	(5,518,663)	-	-	-	-	-	-	-
Total net position, beginning of year, restated	283,947,255	274,412,055	261,990,370	259,881,189	256,999,804	253,169,851	245,684,565	232,176,373	214,610,498	195,920,394
Total net position, end of year	\$ 290,648,172	\$ 283,947,255	\$ 274,412,055	\$ 267,509,033	\$ 259,881,189	\$ 256,999,804	\$ 253,169,851	\$ 245,684,565	\$ 232,176,373	\$ 214,610,498

<sup>(1)</sup> In fiscal year 2010, the Agency restated fiscal year 2009 net position 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.

<sup>(2)</sup> In fiscal year 2014, the Agency restated fiscal years 2013 and 2012 net position to reflect the cumulative impact of the write-off of debt issue cost previously capitalized, as described in Note 1 of the notes to the financial statements for years ended June 30, 2014 and June 30, 2013.



**Renewable Water Resources  
Schedule of Operation and Maintenance Expenses  
Last Ten Fiscal Years Ended June 30,**

	2014	2013 <sup>(2)</sup>	2012 <sup>(2)</sup>	2011 <sup>(2)</sup>	2010 <sup>(2)</sup>	2009 <sup>(2)</sup>	2008 <sup>(2)</sup>	2007 <sup>(2)</sup>	2006 <sup>(2)</sup>	2005 <sup>(2)</sup>
Salaries	\$ 11,288,400	\$ 10,592,787	\$ 10,000,763	\$ 9,697,910	\$ 9,412,737	\$ 9,563,556	\$ 8,885,770	\$ 8,446,661	\$ 8,731,260	\$ 8,096,008
Professional service contracts	4,031,270	1,021,255	1,220,595	1,243,892	1,321,222	1,497,284	1,376,381	1,189,661	790,070	766,157
Electricity / natural gas / water	3,747,844	3,345,476	3,344,854	2,910,330	3,259,596	3,379,424	2,832,720	2,864,075	2,813,948	2,589,816
Customer service and billing expenses	2,333,274	2,143,908	2,223,663	1,619,244	1,626,053	1,500,289	2,657,286	1,795,247	1,484,483	1,009,295
Chemicals	2,275,096	1,423,308	1,185,175	1,175,710	1,084,024	1,268,878	1,311,363	1,330,175	1,379,937	1,087,364
Insurance	1,672,141	2,209,387	2,001,616	1,690,069	1,643,087	1,677,727	1,197,796	1,117,089	1,090,795	993,690
R & M equipment	1,567,007	1,096,590	834,423	757,235	753,196	819,919	1,085,509	991,443	937,959	1,157,137
Solids disposal	1,530,287	1,227,630	1,129,904	1,149,986	1,156,579	1,575,855	1,867,073	1,966,736	1,859,808	2,181,029
Retirement	1,285,421	1,194,305	1,027,680	993,626	947,703	922,698	794,923	698,109	638,134	542,403
FICA	811,800	752,442	721,986	698,699	669,919	671,902	633,157	602,415	610,331	568,443
OPEB	760,825	-	-	-	-	-	-	-	-	-
R & M electrical	524,917	485,390	381,951	320,748	298,311	145,169	195,389	133,119	162,277	212,515
General insurance	400,135	380,201	336,563	338,888	290,520	279,026	240,533	295,340	279,296	250,594
Public relations	351,863	394,173	265,909	320,699	170,515	174,396	133,513	300,845	104,941	171,495
Legal	293,233	181,273	175,240	295,555	288,293	373,979	193,103	91,785	119,079	112,999
Workman compensation insurance	242,952	195,811	184,616	220,168	226,207	195,584	248,935	166,156	212,917	139,380
Gasoline	201,153	199,276	173,837	152,643	124,712	178,457	317,763	235,939	174,582	174,582
Telephones and communication	190,522	187,066	180,807	173,689	174,560	180,803	191,079	151,460	176,749	173,861
Fuel oil	160,411	135,373	116,873	109,097	87,690	35,904	16,526	26,329	61,653	19,539
Administrative expenses	148,141	236,917	146,889	183,275	199,894	109,453	105,292	91,049	78,285	81,701
Employee travel	145,063	137,167	127,643	105,099	106,026	99,728	101,599	103,713	107,968	96,850
Vehicle supplies	141,073	118,706	110,741	100,809	78,331	111,896	119,168	110,231	112,075	105,170
Permit and other fees	135,810	123,128	168,633	119,426	67,520	62,828	-	-	-	-
Employee professional expenses	135,081	102,691	82,607	59,586	58,761	43,306	100	-	-	-
Lab equipment & supplies	126,556	143,523	113,207	127,553	116,979	101,533	4	-	-	-
Office and cleaning supplies	123,607	119,570	101,114	107,861	98,420	122,772	144,291	147,014	154,349	157,926
R & M building grounds	120,723	112,347	126,524	129,432	111,085	85,131	52,322	43,857	67,567	46,720
Training / reference	83,289	90,656	90,176	88,213	51,761	69,077	118,478	114,223	124,691	107,358
Uniforms	61,542	58,610	51,313	54,313	55,112	39,872	42,269	45,725	50,051	47,817
Equipment supplies	50,881	23,233	45,282	78,662	32,875	9,597	-	-	-	-
Small hand tools	9,461	6,065	13,998	10,548	9,079	9,543	12,070	12,565	16,028	18,006
Unemployment	2,001	75	142	2,140	26,549	29,868	17,879	22,727	19,074	21,969
Total departmental expense	34,951,779	28,438,339	26,684,724	25,035,105	24,547,316	25,335,454	24,892,291	23,084,391	22,419,664	20,835,824
Percentage increase (decrease) over prior year	22.9%	6.6%	6.6%	2.0%	(3.1%)	1.8%	7.8%	3.0%	7.6%	5.3%
Allowance for uncollectible accounts	293,332	646,895	593,562	624,810	659,507	747,447	693,831	357,474	775,974	938,069
Total, including allowance for uncollectible accounts	\$ 35,245,111	\$ 29,085,234	\$ 27,278,286	\$ 25,659,915	\$ 25,206,823	\$ 26,082,901	\$ 25,586,122	\$ 23,441,865	\$ 23,195,638	\$ 21,773,893

<sup>(1)</sup> Certain amounts have been reclassified to conform with the current year presentation. These reclassifications had no effect on the previously reported expenses.

<sup>(2)</sup> Prior to fiscal year 2014 OPEB was combined with Insurance.



**Renewable Water Resources  
Schedule of Revenue Statistics  
Last Ten Fiscal Years Ended June 30,**

**Domestic and Commercial Customer Revenue**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Greenville	\$ 60,844,104	\$ 58,317,726	\$ 59,233,997	\$ 56,785,235	\$ 52,922,310	\$ 52,705,367	\$ 49,803,407	\$ 47,044,899	\$ 45,781,937	\$ 42,528,444
Greer/Taylor	2,555,577	2,551,021	2,474,381	2,309,191	2,149,999	2,007,268	1,989,232	1,748,499	1,617,121	1,394,840
Powdersville	441,553	417,331	349,261	336,455	296,425	317,808	286,316	256,942	237,607	194,228
Marietta	202,246	192,711	186,887	184,511	183,616	180,017	177,275	165,609	166,455	159,896
Laurens	196,306	146,410	127,749	108,787	98,290	77,723	74,077	62,885	52,937	42,669
Well water/commercial	111,152	94,853	77,899	80,771	81,985	196,468	271,136	301,677	383,676	429,967
Pelzer	188,915	64,230	-	-	-	-	-	-	-	-
West Pelzer	149,410	46,307	-	-	-	-	-	-	-	-
Slater	-	-	28,156	45,660	43,934	37,747	-	21,771	25,805	27,828
Blue Ridge	29,282	28,343	25,323	21,940	13,434	-	-	-	-	-
Total domestic and commercial customers	\$ 64,718,545	\$ 61,858,932	\$ 62,503,653	\$ 59,872,550	\$ 55,789,993	\$ 55,522,398	\$ 52,601,443	\$ 49,602,282	\$ 48,265,538	\$ 44,777,872

**Number of Customers**

Customer accounts	127,400	126,054	122,826	121,374	120,558	119,184	116,986	115,942	111,123	108,158
Percentage increase	1.1%	2.6%	1.2%	0.7%	1.2%	1.9%	0.9%	4.3%	2.7%	2.4%

**Domestic Revenue Rates**

User volume charge per 1,000 gallons	\$ 5.39	\$ 5.18	\$ 4.96	\$ 4.79	\$ 4.61	\$ 4.45	\$ 4.30	\$ 4.15	\$ 4.01	\$ 4.01
Base charge per month	10.60	10.20	9.80	9.40	9.00	8.50	8.00	7.50	7.00	7.00
Total monthly charge <sup>(1)</sup>	\$ 51.03	\$ 49.05	\$ 47.00	\$ 45.33	\$ 43.58	\$ 41.88	\$ 40.25	\$ 38.63	\$ 37.08	\$ 37.08
Monthly charge percent increase	4.0%	4.4%	3.7%	4.0%	4.1%	4.0%	4.2%	4.2%	0.0%	7.1%

<sup>(1)</sup> 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,**

	2014	Restated 2013 <sup>(1)</sup>	Restated 2012 <sup>(1)</sup>	Restated 2011 <sup>(1)</sup>	2010	2009	2008	2007	2006	2005
<b>Revenue Bonds</b>										
2001 Refunding	\$ -	\$ -	\$ -	\$ -	\$ 4,920,000	\$ 9,535,000	\$ 11,915,000	\$ 14,280,000	\$ 16,125,000	\$ 17,580,000
2002 Refunding	-	-	-	-	-	-	2,000,000	2,135,000	4,240,000	6,320,000
2005 Series	520,000	1,025,000	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	53,395,000	59,070,000	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	20,260,000	21,900,000	23,480,000	25,000,000	30,000,000	30,000,000	-	-	-	-
2010A Refunding	46,770,000	51,285,000	55,585,000	59,720,000	-	-	-	-	-	-
2010B Series	18,500,000	21,270,000	24,000,000	26,800,000	-	-	-	-	-	-
2012 Series	71,125,000	71,395,000	71,395,000	-	-	-	-	-	-	-
Total revenue bonds payable	210,570,000	225,945,000	240,485,000	262,710,000	186,200,000	190,880,000	165,390,000	168,785,000	174,370,100	180,155,000
<b>State Revolving Loans ("SRL")</b>										
Regional Sludge	-	-	-	-	21,159	103,340	181,730	256,505	310,313	379,158
Brushy Creek/Reedy River	-	-	-	-	1,685,006	1,928,758	2,162,999	2,388,100	2,551,142	2,761,098
Maple Creek	-	-	-	-	75,378	147,457	216,382	282,291	345,316	405,581
Lower Reedy River	-	-	-	-	19,572,448	21,044,548	22,459,206	23,818,665	25,125,079	26,380,516
Gilder Creek Phase 1	-	-	-	-	5,488,322	5,847,480	6,192,623	6,524,299	6,843,033	7,149,330
Georges Creek	-	-	-	-	13,619,303	14,366,298	15,084,146	15,773,984	16,273,640	16,917,065
Gilder Creek Phase 2	-	-	-	-	28,528,215	29,920,953	31,262,666	32,555,221	32,979,213	32,583,718
Georges Creek Conveyance Phase 1	-	-	-	-	4,846,898	5,111,675	5,366,751	5,612,483	5,790,854	6,021,048
Georges Creek Conveyance Phase 2	-	-	-	-	4,159,734	4,376,787	4,585,889	4,787,328	4,981,387	4,975,282
Lower Reedy River Phase 2	13,831,919	14,758,556	15,664,634	16,533,197	17,327,143	18,097,710	18,845,587	18,510,512	8,118,404	-
Durbin Creek Upgrade	21,941,747	23,182,748	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	2,413,171	2,540,283	2,665,648	2,789,326	1,496,822	-	-	-	-	-
Gravity Sewer and Manhole Rehabilitation Phase II	2,167,134	2,274,775	2,380,466	1,600,138	698,068	-	-	-	-	-
Total SRL	40,353,971	42,756,362	45,106,963	46,472,373	124,090,147	125,432,532	124,666,896	111,941,282	103,318,381	97,572,796
Total long-term debt payable	250,923,971	268,701,362	285,591,963	309,182,373	310,290,147	316,312,532	290,056,896	280,726,282	277,688,481	277,727,796
Premiums on bond issuance	15,824,836	17,987,312	20,070,524	13,338,573	9,734,500	10,991,600	11,756,505	12,521,411	13,286,317	14,051,223
Total long-term debt, including premiums	\$ 266,748,807	\$ 286,688,674	\$ 305,662,487	\$ 322,520,946	\$ 320,024,647	\$ 327,304,132	\$ 301,813,401	\$ 293,247,693	\$ 290,974,798	\$ 291,779,019
Customer accounts	127,400	126,054	122,826	121,374	120,558	119,184	116,986	115,942	111,123	108,158
Long-Term liabilities per customer account	\$ 2,094	\$ 2,274	\$ 2,489	\$ 2,657	\$ 2,655	\$ 2,746	\$ 2,580	\$ 2,529	\$ 2,618	\$ 2,698

<sup>(1)</sup> As a result of the implementation of GASB Statement No. 65 in fiscal year 2014, the Agency's deferred loss on refunding was reclassified from a contra liability which offset revenue bonds payable, to defeasance loss, which is classified as deferred outflows of resources.

**Renewable Water Resources  
Long-Term Debt Obligation (Excluding Premiums)  
Fiscal Years 2015 to 2031**

Year	Revenue Bond		Revenue Bond		SRL		SRL		Total		Total		Grand	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 16,015,000	\$ 9,444,469	\$ 2,455,405	\$ 871,476	\$ 18,470,405	\$ 10,315,945	\$ 28,786,350							
2016	16,560,000	8,812,980	2,509,670	817,211	19,069,670	9,630,191	28,699,861							
2017	17,290,000	8,090,890	2,565,217	761,664	19,855,217	8,852,554	28,707,771							
2018	18,080,000	7,367,975	2,622,077	704,804	20,702,077	8,072,779	28,774,856							
2019	18,815,000	6,546,826	2,680,281	646,600	21,495,281	7,193,426	28,688,707							
2020	19,440,000	5,677,844	2,739,862	587,019	22,179,862	6,264,863	28,444,725							
2021	20,235,000	4,746,267	2,800,854	526,027	23,035,854	5,272,294	28,308,148							
2022	19,615,000	3,780,019	2,863,289	463,592	22,478,289	4,243,611	26,721,900							
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	2,992,634	334,248	24,677,634	2,421,005	27,098,639							
2025	22,070,000	1,031,305	3,059,615	267,267	25,129,615	1,298,572	26,428,187							
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	-	-	315,333	8,434	315,333	8,434	323,767							
2031	-	-	198,687	1,951	198,687	1,951	200,638							
	<u>\$ 210,570,000</u>	<u>\$ 60,682,570</u>	<u>\$ 40,353,971</u>	<u>\$ 6,821,027</u>	<u>\$ 250,923,971</u>	<u>\$ 67,503,597</u>	<u>\$ 318,427,568</u>							

**Renewable Water Resources  
Schedule of Bond Coverage  
Last Ten Fiscal Years Ended June 30,**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating revenues	\$ 77,773,106	\$ 74,632,132	\$ 74,413,711	\$ 69,766,840	\$ 64,907,109	\$ 65,015,459	\$ 66,173,570	\$ 64,448,220	\$ 63,899,285	\$ 58,523,006
Investment revenue, unrestricted	457,974	217,379	382,179	364,936	405,982	1,023,713	2,570,452	3,451,183	1,200,000	1,176,003
Gross revenues	78,231,080	74,849,511	74,795,890	70,131,776	65,313,091	66,039,172	68,744,022	67,899,403	65,099,285	59,699,009
Less: operating expense before depreciation	35,245,111	29,085,234	27,278,286	25,659,915	25,206,823	26,082,901	25,586,122	23,441,865	23,195,638	21,773,893
Net revenues available for debt service	\$ 42,985,969	\$ 45,764,277	\$ 47,517,604	\$ 44,471,861	\$ 40,106,268	\$ 39,956,271	\$ 43,157,900	\$ 44,457,538	\$ 41,903,647	\$ 37,925,116
Debt service on senior lien bonds	\$ 15,073,246	\$ 15,075,678	\$ 18,825,634	\$ 23,593,930	\$ 24,949,616	\$ 22,564,302	\$ 22,863,522	\$ 21,359,711	\$ 24,207,487	\$ 15,971,002
Senior lien debt coverage <sup>(1)</sup>	2.9	3.0	2.5	1.9	1.6	1.8	1.9	2.1	1.7	2.4
Debt service on all bonds	\$ 28,792,979	\$ 27,797,235	\$ 29,219,832	\$ 28,918,439	\$ 24,949,616	\$ 22,564,302	\$ 22,863,522	\$ 21,359,711	\$ 24,207,487	\$ 15,971,002
Total debt coverage	1.5	1.6	1.6	1.5	1.6	1.8	1.9	2.1	1.7	2.4

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

**Renewable Water Resources**  
**Ratio of Total Expenses to Long-Term Debt Costs**  
**Last Ten Fiscal Years Ended June 30,**

	2014	Restated 2013 <sup>(1)</sup>	Restated 2012 <sup>(1)</sup>	2011	2010	2009	2008	2007	2006	2005
<b>Operating expenses</b>										
Operating expenses before depreciation	\$ 35,245,111	\$ 29,085,234	\$ 27,278,286	\$ 25,659,915	\$ 25,206,823	\$ 26,082,901	\$ 25,586,122	\$ 23,441,865	\$ 23,195,638	\$ 21,773,893
Depreciation	26,579,447	26,061,618	24,134,563	24,055,324	24,137,438	24,073,372	23,198,109	21,024,952	18,284,379	16,543,392
Total operating expenses	61,824,558	55,146,852	51,412,849	49,715,239	49,344,261	50,156,273	48,784,231	44,466,817	41,480,017	38,317,285
<b>Non-operating expenses</b>										
Amortization	29,005	29,005	29,005	557,839	866,645	915,208	888,104	898,034	876,834	598,155
Non-project expenses	373,610	154,442	375,100	240,995	87,241	77,476	262,199	475,957	305	-
Other expenses	-	-	-	-	-	-	-	-	-	-
Total non-operating expenses	402,615	183,447	404,105	798,834	953,886	992,684	1,150,303	1,373,991	877,139	598,155
Total expenses	62,227,173	55,330,299	51,816,954	50,514,073	50,298,147	51,148,957	49,934,534	45,840,808	42,357,156	38,915,440
<b>Debt service</b>										
Interest payments	11,015,587	10,906,634	13,123,410	12,317,958	13,661,275	12,399,921	12,561,183	11,964,357	12,901,635	8,267,425
Principal payments	17,777,391	16,890,601	16,096,422	16,600,480	11,288,341	10,164,381	10,302,339	9,395,354	11,305,852	7,703,577
Total debt service	\$ 28,792,978	\$ 27,797,235	\$ 29,219,832	\$ 28,918,438	\$ 24,949,616	\$ 22,564,302	\$ 22,863,522	\$ 21,359,711	\$ 24,207,487	\$ 15,971,002
Total expenses to debt ratio	2.2	2.0	1.8	1.7	2.0	2.3	2.2	2.1	1.7	2.4

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

**Renewable Water Resources  
Ratio of Assessed Value Per Capita and General Obligation Debt Balance  
Last Ten Fiscal Years Ended June 30,**

	2014 <sup>(3)</sup>	2013 <sup>(4)</sup>	2012 <sup>(4)</sup>	2011 <sup>(3)</sup>	2010 <sup>(2)</sup>	2009 <sup>(2)</sup>	2008 <sup>(2)</sup>	2007 <sup>(2)</sup>	2006 <sup>(2)</sup>	2005 <sup>(2)</sup>
Assessed value <sup>(1)</sup>	\$1,671,390,180	\$1,628,001,143	\$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
Renewable Water Resources' general obligation debt	-	-	-	-	-	-	-	-	-	-
Population	474,266	464,394	459,324	457,575	453,966	438,119	428,243	417,166	407,000	401,000
Assessed value per capita	\$ 3,524	\$ 3,506	\$ 3,485	\$ 3,490	\$ 3,393	\$ 3,443	\$ 4,281	\$ 3,145	\$ 4,004	\$ 3,872

<sup>(1)</sup> Greenville County Auditor's Office

<sup>(2)</sup> Greenville County Planning Commission estimate based on new building permits for the year

<sup>(3)</sup> U.S. Census Estimate

<sup>(4)</sup> Greenville County Planning Department/Esri Business Analyst



**Renewable Water Resources**  
**Outstanding General Obligation Bonds - Greenville County and Surrounding Municipalities**  
**Last Ten Fiscal Years Ended June 30,**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Berea Public Service District <sup>(1)</sup>	\$ 2,210,000	\$ 2,475,000	\$ 2,730,000	\$ 2,970,000	\$ 1,690,000	\$ 1,830,000	\$ 2,000,000	\$ 2,180,000	\$ 2,352,000	\$ 2,525,000
Boiling Springs Fire District <sup>(1)</sup>	2,226,384	262,799	297,092	329,392	359,819	388,486	273,670	440,957	480,406	201,657
City of Fountain Inn <sup>(2)</sup>	345,000	430,000	700,000	3,895,000	3,935,000	1,080,000	1,795,000	230,000	2,375,000	275,000
City of Greenville <sup>(2)</sup>	9,095,000	9,915,000	10,208,000	11,222,000	12,040,780	13,005,000	14,300,000	15,550,000	70,926,407	11,825,000
City of Greer <sup>(2)</sup>	2,115,000	2,655,000	3,180,000	3,693,500	4,136,500	4,576,500	5,133,500	5,311,500	4,116,500	3,040,000
City of Mauldin <sup>(2)</sup>	3,395,000	3,645,000	3,885,000	4,250,000	4,535,000	4,855,000	2,275,000	2,485,000	6,196,987	2,875,000
City of Simpsonville <sup>(2)</sup>	1,256,394	1,699,669	2,050,000	2,585,000	3,105,000	3,605,000	3,000,000	2,450,000	11,095,000	2,515,000
City of Travelers Rest <sup>(2)</sup>	39,788	815,000	845,000	875,000	683,310	721,447	840,529	142,293	-	-
Clear Springs Fire District <sup>(1)</sup>	939,000	1,031,000	1,117,000	880,000	935,000	990,000	1,045,000	1,100,000	1,150,000	1,200,000
Donaldson Center Fire Service District <sup>(1)</sup>	345,000	455,000	565,000	-	-	-	-	-	-	-
Fountain Inn Fire Service Area <sup>(1)</sup>	1,880,000	1,990,000	2,100,000	880,000	1,670,000	1,735,000	-	-	-	-
Gantt Fire, Sewer & Police District <sup>(1)</sup>	1,045,598	1,201,823	1,428,180	1,444,710	1,580,453	1,640,447	1,739,727	1,838,327	1,926,279	2,013,615
Glassy Mountain Fire District <sup>(1)</sup>	1,745,000	1,945,000	2,140,000	2,325,000	2,505,000	1,690,000	1,805,000	1,915,000	2,020,000	15,000
Greenville Arena District <sup>(1)</sup>	19,690,000	20,900,000	22,065,000	36,848,647	24,275,000	8,125,000	8,650,000	9,150,000	9,620,000	10,080,000
Greenville County <sup>(1)</sup>	166,060,779	143,469,285	65,900,000	64,440,000	68,040,000	62,510,000	66,115,000	65,435,000	58,385,000	55,855,000
Greenville County School District <sup>(1)</sup>	945,359,652	973,508,597	66,449,000	47,785,000	38,230,000	15,795,000	-	-	-	-
Mauldin Fire Service Area <sup>(1)</sup>	1,750,000	1,870,000	2,005,000	2,135,000	2,265,000	2,390,000	-	-	55,000	110,000
North Greenville Fire District <sup>(1)</sup>	1,580,000	1,675,000	1,750,000	-	-	-	-	-	-	-
Pelham Batesville Fire District <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	-
Recreation District <sup>(1)</sup>	-	1,017,357	1,201,391	1,377,193	1,544,817	1,704,315	1,855,736	2,000,128	621,550	709,428
River Falls Fire District <sup>(1)</sup>	390,401	-	-	-	-	-	-	-	2,137,535	1,607,000
Simpsonville Fire Service Area <sup>(1)</sup>	-	-	210,000	415,000	615,000	805,000	-	-	-	-
South Greenville Fire & Sewer District <sup>(1)</sup>	719,000	850,000	975,000	1,095,000	1,209,000	1,318,000	1,422,000	1,522,000	1,760,000	310,000
Taylor's Fire & Sewer District <sup>(1)</sup>	-	80,209	229,535	372,680	509,899	641,438	767,532	888,407	1,004,278	1,112,208
Tigerville Fire District <sup>(1)</sup>	425,000	455,000	485,000	550,000	158,935	180,069	199,983	218,748	236,430	253,092
Upper Paris Mountain District <sup>(1)</sup>	-	-	-	-	-	-	-	-	10,000	30,000
<b>Total</b>	<b>\$ 1,162,611,996</b>	<b>\$ 1,172,345,739</b>	<b>\$ 1,025,515,198</b>	<b>\$ 1,903,688,122</b>	<b>\$ 1,740,023,513</b>	<b>\$ 1,295,585,702</b>	<b>\$ 1,132,217,677</b>	<b>\$ 1,133,386,885</b>	<b>\$ 1,776,468,372</b>	<b>\$ 96,552,000</b>

<sup>(1)</sup> Greenville County Treasurer

<sup>(2)</sup> Surrounding Municipalities

**Renewable Water Resources  
Ten Largest Employers in 2014**

Company Name	City	Product / Service	Employment		Date Established
			Jobs	% of Total	
Greenville Health System	Greenville	Health services	10,925	2.3%	1930
School District of Greenville County	Greenville	Public education	9,580	2.0%	1951
Bon Secours St. Francis Health System	Greenville	Health services	5,047	1.1%	1932
Michelin North America, Inc.	Greenville	Headquarters, R&D and manufacturing	4,000	0.8%	1975
GE Power & Water	Greenville	Engineering (turbines & turbine generator sets)	3,350	0.7%	1967
SC State Government	Greenville	State government	3,036	0.6%	1905
Fluor Corporation	Greenville	Engineering and construction services	2,260	0.5%	1960
Bi-Lo Supermarkets	Greenville	Headquarters, distribution and retail	2,089	0.4%	1961
Greenville County Government	Greenville	Government	1,914	0.4%	1786
US Government	Greenville	Federal government	1,835	0.4%	1776

Source: GADC and SCACOG; July 2014

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,**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Population <sup>(1)</sup>	474,266	464,394	459,324	457,575	453,966	438,119	428,243	417,166	407,000	401,000
Population growth	2.1%	1.1%	0.4%	0.8%	3.6%	2.3%	2.7%	2.5%	1.5%	2.0%
School enrollment <sup>(2)</sup>	70,866	70,282	69,649	69,141	69,006	70,051	69,227	68,382	65,287	63,694
Median age <sup>(3)</sup>	37	37	37	37	37	37	37	36	n/a	n/a
Per capita personal income <sup>(4)</sup>	\$ 39,130	\$ 37,689	\$ 36,426	\$ 35,963	\$ 36,905	\$ 35,076	\$ 30,814	\$ 30,037	n/a	n/a
Personal income <sup>(4)</sup>	\$ 18,297,465	\$ 17,385,834	\$ 16,510,427	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Percent unemployment <sup>(5)</sup>	4.8%	6.8%	7.8%	8.9%	9.4%	10.7%	5.3%	4.8%	5.5%	5.5%

n/a - not available

<sup>(1)</sup> Greenville County Planning Department/Esri Business Analyst

<sup>(2)</sup> Greenville County Schools (<http://www.greenville.k12.sc.us/gesd/depts/admin/stats/>)

<sup>(3)</sup> US Census Bureau, American Community Survey (<http://factfinder2.census.gov/faces/tableservices>)

<sup>(4)</sup> US Dept of Commerce, Bureau of Economic Analysis (<http://www.bea.gov/itable>)

<sup>(5)</sup> Bureau of Labor Statistics Data (<http://www.bls.gov/data/>)

**Renewable Water Resources  
Employees by Function  
Last Ten Fiscal Years Ended June 30,**

Employees by Department	2014		2013		2012		2011		2010		2009		2008		2007		2006		2005	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Laboratory	16	8%	18	9%	18	9%	17	9%	16	8%	17	9%	17	9%	16	9%	17	9%	18	9%
Operations, see below	60	30%	57	28%	56	28%	55	28%	58	30%	58	30%	60	32%	61	34%	61	32%	62	31%
Maintenance/Collections	64	32%	65	32%	62	32%	64	33%	64	33%	59	31%	61	33%	58	32%	63	33%	65	33%
Administration	36	18%	36	18%	33	17%	31	16%	31	16%	33	17%	26	14%	21	12%	24	13%	25	13%
Pretreatment	8	4%	8	4%	7	4%	8	4%	8	4%	8	4%	8	4%	6	3%	7	3%	7	4%
Engineering	11	6%	15	7%	14	7%	15	8%	14	7%	13	7%	15	8%	11	6%	15	8%	15	8%
Solids management	5	2%	5	2%	5	3%	5	2%	5	2%	4	2%	-	0%	7	4%	5	2%	5	2%
Total	200	100%	204	100%	195	100%	195	100%	196	100%	192	100%	187	100%	180	100%	192	100%	197	100%

**Operations Employees by Facility**

**East Operations**

Durbin Creek	5	8%	4	7%	2	3%	3	5%	4	7%	3	5%	3	5%	4	7%	4	7%	4	6%
Gilder Creek	6	10%	6	10%	7	13%	6	11%	6	10%	6	10%	6	10%	6	10%	5	8%	3	5%
Pelham	8	14%	8	14%	8	14%	7	13%	8	13%	8	14%	7	12%	8	13%	6	10%	6	10%
Taylor's	-	0%	-	0%	-	0%	-	0%	-	0%	3	5%	4	7%	5	8%	5	8%	5	8%

**West Operations**

Georges Creek	5	8%	5	9%	5	9%	5	9%	5	9%	5	9%	5	8%	5	8%	6	10%	7	11%
Grove Creek	-	0%	-	0%	4	7%	5	9%	5	9%	4	7%	4	7%	3	5%	5	8%	7	11%
Lower Reedy	7	12%	7	12%	7	13%	7	13%	7	12%	7	12%	7	12%	7	11%	7	11%	7	11%
Mauldin Road	24	40%	22	39%	23	41%	22	40%	23	40%	21	36%	23	38%	22	36%	23	38%	23	38%
Piedmont	-	0%	-	0%	-	0%	-	0%	-	0%	1	2%	1	1%	1	2%	-	0%	-	0%
Piedmont Regional	5	8%	5	9%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Total	60	100%	57	100%	56	100%	55	100%	58	100%	58	100%	60	100%	61	100%	61	100%	62	100%

**Renewable Water Resources**  
**Length of Gravity Line Serving Water Resource Recovery Facilities (in feet)**  
**Last Ten Fiscal Years Ended June 30,**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Water Resource Recovery Facility</b>										
Mauldin Road	400,935	400,920	397,285	400,352	397,109	388,847	389,273	398,565	398,565	398,950
Pelham	342,049	342,006	341,019	347,054	339,132	345,862	242,194	216,760	216,760	216,683
Lower Reedy	282,725	282,485	282,495	282,528	285,209	279,622	279,823	279,823	279,823	274,237
Gilder Creek	161,999	161,999	161,999	162,000	162,000	162,000	162,000	160,358	146,112	139,559
Durbin Creek	135,548	135,548	135,548	135,548	135,556	135,312	135,552	135,552	135,552	135,552
Georges Creek	94,491	94,491	107,006	94,674	94,674	94,674	117,892	117,892	117,892	117,840
Grove Creek	-	-	94,570	94,570	94,570	94,570	94,570	94,570	94,570	94,570
Marietta	24,877	24,877	24,877	24,877	24,877	24,877	24,877	24,877	24,877	24,877
Piedmont	-	-	10,417	10,417	10,417	10,437	10,437	10,437	10,437	10,437
Piedmont Regional	105,118	104,987	-	-	-	-	-	-	-	-
Taylors	-	-	-	-	-	-	110,199	110,199	110,199	110,186
Totals	1,547,742	1,547,313	1,555,216	1,552,020	1,543,544	1,536,201	1,566,817	1,549,033	1,534,787	1,522,891

**Renewable Water Resources**  
**Summary of Water Resource Recovery Facility Flows in Million Gallons Per Day (MGD)**  
**Last Ten Fiscal Years Ended June 30,**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Permitted flow	87	90	85	85	85	92	89	85	85	66
Average flow	42	40	34	35	40	36	35	39	38	44
Average peak flow	54	50	39	44	51	47	40	49	47	55

Fiscal Year 2014 Flows by Facility and Basin <sup>(1)</sup>										
	Permitted	Average		Peak						
<b>Reedy River Basin</b>										
Mauldin Road <sup>(2)</sup>	29.0	15.7		19.7						
Lower Reedy	11.5	6.1		7.0						
Basin Total	40.5	21.8		26.7						
<b>Saluda River Basin</b>										
Marietta	0.7	0.3		0.4						
Georges Creek	3.0	1.2		1.6						
Piedmont Regional	4.0	1.6		2.1						
Basin Total	7.7	3.1		4.1						
<b>Enoree River Basin</b>										
Pelham	22.5	11.0		14.7						
Gilder Creek	11.3	4.6		5.7						
Durbin Creek	5.2	1.9		2.5						
Basin Total	39.0	17.5		22.9						
<b>Total all basins</b>	87.2	42.4		53.7						

<sup>(1)</sup> Flows by plant and basin for previous nine years not considered relevant to current year report and therefore omitted.

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



**Renewable Water Resources**  
**Miscellaneous Statistics**  
**Last Ten Fiscal Years Ended June 30,**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>East Operations Power Usage</b>										
Electric power	\$ 1,263,678	\$ 1,141,920	\$ 1,179,919	\$ 1,038,043	\$ 1,139,057	\$ 1,231,168	\$ 1,127,835	\$ 1,061,279	\$ 1,164,450	\$ 886,122
<b>West Operations Power Usage</b>										
Electric power	\$ 1,909,750	\$ 1,717,418	\$ 1,724,628	\$ 1,432,934	\$ 1,616,801	\$ 1,599,550	\$ 1,404,115	\$ 1,410,938	\$ 1,280,498	\$ 1,306,662
<b>East Operations Chemical Usage (in tons)</b>										
Chlorine	24	31	30	28	27	33	36	40	109	143
Polymer	53	44	40	38	34	64	50	49	43	33
Lime	288	702	1,123	663	677	622	671	698	848	765
Sulfur dioxide	-	-	-	-	-	9	13	18	40	63
<b>West Operations Chemical Usage (in tons)</b>										
Chlorine	263	430	210	131	108	56	90	113	745	339
Polymer	186	29	53	50	62	43	58	68	54	72
Lime slurry	-	69	250	158	226	498	4,732	4,520	4,466	2,792
Lime	2,669	412	1,871	1,513	388	429	605	598	556	499
Sulfur dioxide	121	26	96	28	46	53	14	33	246	148

**Renewable Water Resources  
Pump Stations and Industrial User Statistics  
Last Ten Fiscal Years Ended June 30,**

Number of Pump Stations by Facility										
2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	
Durbin Creek	6	6	6	6	6	6	6	6	6	6
Georges Creek	13	13	13	13	13	14	14	15	14	14
Gilder Creek	3	3	3	3	3	3	3	3	3	3
Grove Creek	-	2	2	2	2	2	1	1	1	1
Lower Reedy	5	5	5	5	5	6	5	6	5	5
Marietta	3	3	3	3	3	3	4	3	3	3
Mauldin Road	8	8	8	8	8	9	8	8	8	8
Pelham	15	16	16	16	17	7	8	8	8	8
Piedmont	-	-	3	3	3	3	3	4	3	3
Piedmont Regional	6	4	-	-	-	-	-	-	-	-
Taylors	-	-	-	-	-	8	10	10	10	10
Totals	59	59	59	59	60	61	62	64	61	61

**Number of Industrial Customers by Facility**

Durbin Creek	13	13	14	14	14	14	14	13	12	
Georges Creek	1	1	1	1	1	1	2	2	2	
Gilder Creek	7	7	7	8	9	7	8	8	8	
Grove Creek	-	7	8	8	7	10	15	11	12	
Lower Reedy	31	32	30	30	30	30	26	28	30	
Marietta	1	1	1	1	1	1	1	1	1	
Mauldin Road	27	27	25	26	28	28	27	28	29	
Pelham	17	17	17	17	17	10	10	7	7	
Piedmont	-	-	2	2	2	1	-	-	-	
Piedmont Regional	11	2	-	-	-	-	-	-	-	
Taylors	-	-	-	-	-	8	7	9	11	
Totals	108	107	105	107	109	111	110	107	112	

**Renewable Water Resources  
Schedule of Funding Sources for Capital Projects  
Last Ten Fiscal Years Ended June 30,**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	Totals
<b>Funding Sources for Capital Projects</b>											
Bond proceeds	\$ -	\$ -	\$ 24,966,337	\$ 3,679,145	\$ 3,139,084	\$ 22,264,062	\$ -	\$ 59,917,562	\$ 36,379,771	\$ 13,094,710	\$ 163,440,671
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	68,629,326
Contributed capital	-	-	-	-	-	-	-	495,172	2,219,044	6,168,268	8,882,484
Federal payments	-	-	610,293	-	-	-	-	-	-	95,020	705,313
Internal reserves	13,922,349	28,070,672	16,527,079	2,556,656	1,195,542	542,036	49,195,900	11,037,376	4,826,614	26,709,772	154,583,996
<b>Total capital project expense</b>	<b>\$ 13,922,349</b>	<b>\$ 28,070,672</b>	<b>\$ 42,103,709</b>	<b>\$ 9,401,399</b>	<b>\$ 7,975,475</b>	<b>\$ 29,226,115</b>	<b>\$ 67,133,853</b>	<b>\$ 83,788,365</b>	<b>\$ 53,626,866</b>	<b>\$ 60,992,987</b>	<b>\$ 396,241,790</b>

**Renewable Water Resources**  
**Solids Generated and Method of Disposal (Dry Tons Per Year)**  
**Last Ten Fiscal Years Ended June 30,**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Solids Generated by Facility</b>										
Durbin Creek	649	403	258	200	239	127	170	314	283	282
Georges Creek	188	121	166	159	161	264	299	266	295	303
Gilder Creek	678	455	523	500	682	655	709	568	706	919
Grove Creek	-	55	143	109	147	117	229	214	233	192
Lower Reedy	968	1,146	869	1,066	764	1,240	1,266	1,458	1,442	1,255
Marietta	76	101	75	102	74	92	146	103	73	140
Mauldin Road	2,294	2,930	2,869	2,933	2,791	3,215	3,607	3,811	3,550	4,129
Pelham	1,471	1,282	1,284	1,468	1,166	1,999	1,247	1,061	969	1,338
Piedmont	-	38	52	52	71	39	30	29	23	52
Piedmont Regional	317	92	-	-	-	-	-	-	-	-
Saluda	-	-	-	-	-	-	-	-	-	-
Taylors	-	-	-	-	-	423	433	922	589	917
Totals	6,641	6,623	6,239	6,589	6,095	8,171	8,136	8,746	8,163	9,527

**Disposal Methods**

Landfill disposal	4,804	516	158	365	382	498	714	1,482	1,526	5,576
Land application/recycled	1,837	6,107	6,081	6,224	5,713	7,673	7,422	7,264	6,637	3,951
Totals	6,641	6,623	6,239	6,589	6,095	8,171	8,136	8,746	8,163	9,527

## **Appendix**

**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

To the Board of Commissioners  
Greenville, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Renewable Water Resources (the "Agency"), as of and for the year ended June 30, 2014, and the related notes to the financial statements and have issued our report thereon dated September 8, 2014.

**Internal Control Over Financial Reporting**

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

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

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

(Continued)



## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Cherry Behaert LHP". The signature is written in a cursive, flowing style.

Greenville, South Carolina  
September 8, 2014

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## Subdistricts

Anderson County  
Wastewater Management

Berea Public  
Service District

City of Fountain Inn

Gantt Fire, Sewer &  
Police District

City of Greenville

Greer Commission  
of Public Works

Laurens County Water  
& Sewer Commission

Marietta Water, Fire,  
Sanitation & Sewer District

City of Mauldin

Metropolitan  
Sewer Subdistrict

Parker Sewer &  
Fire Sub-District

Pickens County  
Public Service  
Commission

Town of Pelzer

City of Simpsonville

Taylors Fire &  
Sewer District

City of Travelers Rest

Wade Hampton Fire &  
Sewer District

Town of West Pelzer

Over the last 10 years,  
the subdistricts and ReWa  
have demonstrated a  
commitment to the reduction of  
**Inflow & Infiltration (I&I)**  
with line and conveyance  
improvement projects.

We believe success is built upon partnerships within our community.

By working closely with our partners, we provide the necessary  
infrastructure to support development and growth in the Upstate.

**Special thanks to all of our community partners and supporters!**

Subdistrict Sewer Line

Residential Service Lateral Line

ReWa Trunk Line

Manhole



864-299-4000 | [rewaonline.org](http://rewaonline.org)