2017 Comprehensive Annual Financial Report

For the Year Ended December 31, 2017

ReWa
renewable water resources
Greenville, South Carolina

2017 Comprehensive Annual Financial Report

For the Year Ended December 31, 2017

Prepared By:
Patricia R. Dennis, CPA
Controller

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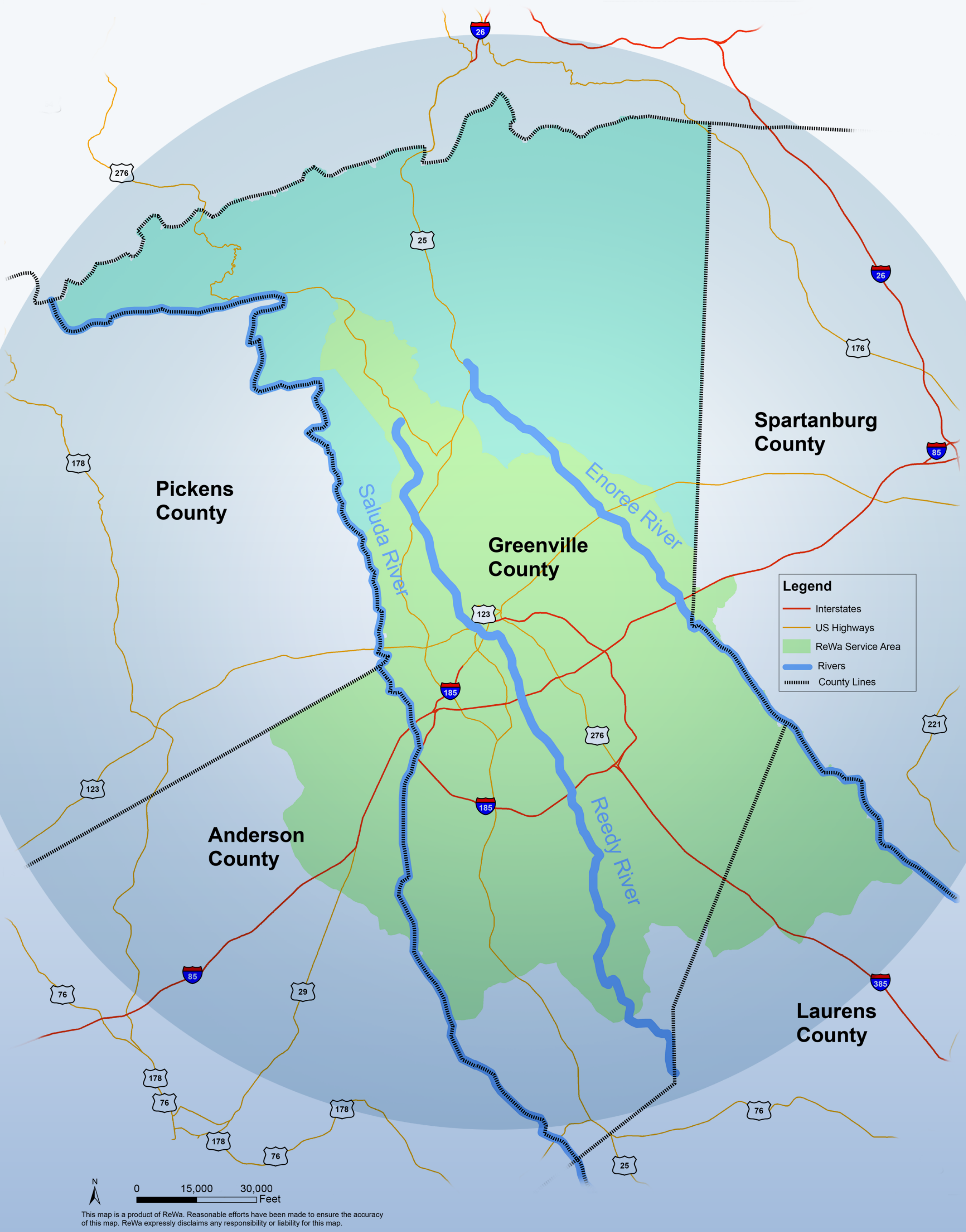
INTRODUCTION

INTRODUCTION

OUR SERVICE AREA



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Renewable Water Resources
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

May 11, 2018

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

The management and staff of Renewable Water Resources (the "Agency" or "ReWa") are pleased to present the Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended December 31, 2017.

The CAFR consists of management's representations concerning the finances of the Agency for the fiscal year ended December 31, 2017. Accordingly, management assumes full responsibility for the accuracy and completeness of the information provided in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the Agency's assets from loss, theft or misuse, and to compile sufficient, reliable information for the preparation of the Agency's financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Since the cost of internal controls should not outweigh the benefits, the Agency's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert to the best of our knowledge and belief that this financial report is complete and reliable in all material respects.

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

based upon the audit, there was a reasonable basis for rendering an unmodified opinion on the Agency's financial statements for the fiscal year ended December 31, 2017.
Management's Discussion and Analysis ("MD&A"), as required by GAAP, serves as an introduction to the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Agency's MD&A can be found in the financial section of this report.

PROFILE OF THE AGENCY

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

The Agency is the largest wastewater trunk and treatment provider in the region, serving much of Greenville County and portions of Anderson, Laurens, Pickens and Spartanburg Counties which are commonly referred to as the Upstate. The Saluda River, Reedy River and Enoree River basins are the three drainage basins in the Agency's service area. Upon closing of the aforementioned acquisition, the Agency will also discharge in the Tyger River Basin. Wastewater within the region is collected from 18 public partners that construct and maintain approximately 2,100 miles of sewer retail collection lines. These collection lines connect into the Agency's 342 mile interceptor system. The Agency owns and operates eight water resource recovery facilities ("WRRF") which treat an average flow of 38 million gallons per day.

A nine-member Commission governs the Agency. The Governor, upon recommendation of the respective county legislative delegation, appoints each member of the Commission to a four-year term. Seven members are residents of Greenville County, 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.

FACTORS AFFECTING FINANCIAL CONDITION

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

Regional Economy

The City of Greenville is centrally located within Greenville County and is in the largest metropolitan statistical area in South Carolina. Greenville County is strategically located on the I-85 corridor between Atlanta and Charlotte, the fastest growing corridor in the country. Greenville has become an established coordination center for east coast transportation, offering multiple transportation options with convenient access to air, interstate and railways. The region continues to improve and expand transportation options. WINGSPAN, a $125 million investment in the Greenville Spartanburg International Airport, was completed during 2017. Additionally, the local inland port, which connects the region to the Port of Charleston, experienced 33% growth during 2017.

For many years now, Greenville has generated national recognition and accumulated accolades. The attention has ranged from our progressive government and favorable business climate to our vibrant downtown. However, in recent years, Greenville has emerged as a travel destination citing an alluring Main Street lined with boutiques, foodie restaurants, art galleries, acclaimed theatres and a baseball stadium. In 2017, Greenville was showcased in over 50 travel related articles or media mentions. Additionally, Greenville's quality of life, for all ages, is often highlighted. Greenville ranked #9 in Growella's "Best Cities for Millennials in the U.S." and was included in the "5 Top Places in the US to Retire", *The Today Show*, National Broadcasting Corporation, March 21, 2017.

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

Greenville is committed to strategic planning and is regarded as an innovative and entrepreneurial leader in South Carolina. Companies continue to be attracted to Greenville's pro-business attitude, location and workforce quality. In fact, Greenville has earned the reputation as one of the top metropolitan areas in the world for engineering talent per capita and over 100 international companies have a major presence in Greenville. During 2017, the Greenville Area Development Corporation announced twenty-one expansions and/or relocations, representing an estimated investment of $224.5 million and creating more than 1,700 jobs.

As of December 2017, Greenville County's unemployment rate, not seasonally adjusted, was 3.6%. Greenville's unemployment rate remains lower than South Carolina's overall rate of 4.2%, which can be attributed to Greenville's economic development strategy.

Industry

The Agency has slightly more than 100 industrial customers that it bills directly and classifies as either significant industrial users or 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 76 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 previously mentioned criteria.

Listed below are the Agency's largest industrial customers by revenue generation during 2017.

Industry	Revenue	Percentage of total operating revenue
House of Raeford Farms, Inc.	1,393,846	1.56%
Poultry processing		
Cytec Carbon Fibers LLC	369,123	0.41%
Carbon fiber and graphite manufacturer		
Cryovac Sealed Air Corporation	315,254	0.35%
Food packaging services		
C.F. Sauer Company, Inc.	312,585	0.35%
Mayonnaise, spice & extract manufacturing		
Furman University	302,211	0.34%
Higher education		
Roy Metal Finishing Co., Inc.	301,970	0.34%
Electroplating		
Michelin North America, Inc.	259,075	0.29%
Tire manufacturer		
BASF Corporation	258,993	0.29%
Chemical manufacturer		
General Electric Gas Turbine	248,380	0.28%
Gas turbine manufacturing		
Kemet Electronics Corporation	225,688	0.25%
Electronic capacitor manufacturing		

Long-Term Financial Planning

The Agency performs long-range planning, such as the 20-year strategic plan (the "Upstate Roundtable Plan"), which was adopted in 2009 and built upon the original 1994 plan. In addition, the Agency maintains a rolling five-year capital improvement program. The development of this program involves evaluating the recommendations identified in the Upstate Roundtable Plan to current growth projections and regulatory requirements, as well as project affordability. A rate study was completed in 2017, which identified the funding sources and limits of the capital improvement program.

Accountability and Transparency

The Agency's website, www.rewaonline.org, is utilized to publish both financial and non-financial information 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 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 Commission approves the budget after a public hearing and upon recommendation of the Chief Executive Officer, ("CEO"). The approved budget will remain in effect for the entire fiscal year and can only be revised with a public hearing and Commission approval.

Major Initiatives

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

ACCOMPLISHMENTS

Organizational Awards

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

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

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.

The Agency received NACWA's Public Information and Education Award. NACWA recognizes member agencies for their inventive efforts to educate the public on the effects of wastewater treatment and pollution control on the environment. ReWa partnered with Greenville County Schools on a Clean Water Challenge.

ReWa's Biosolids Management Program received The Utility of the Future Today. The Utility of the Future Today Recognition Program honors water resource recovery facilities for community engagement, watershed stewardship and recovery of resources such as water, energy and nutrients.

The Agency received the Water Environment Federation Water Heroes Award for ReWa's contribution to the Hurricane Matthew and Pinnacle Mountain Fire relief efforts.

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, 2016. This was the 24th 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. In 2016, ReWa changed its fiscal year end from June 30 to December 31. As such, we did not prepare a CAFR for the six-month period ended December 31, 2016. 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 19th consecutive year. We believe that our current Annual Report to the Community continues to meet the award requirements and we are submitting it to the GFOA for evaluation.

ACKNOWLEDGEMENTS

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

Graham W. Rich, PE, BCEE
Chief Executive Officer

Cathy D. Caldwell, CPA
Administrative Finance Director

Patricia R. Dennis, CPA
Controller

RENEWABLE WATER RESOURCES
BOARD OF COMMISSIONERS
2017

Name	Original Appointment	Current Term Expires	Principal Occupation
Daniel K. Holliday Chairman	01/01/13	12/31/20	Businessman
Ray C. Overstreet Vice Chairman	12/31/10	12/31/18	Businessman
John T. Crawford, Jr. Secretary/Treasurer	12/31/15	12/31/19	Businessman
Michael B. Bishop	02/24/06	12/31/17	Businessman
Emily K. DeRoberts	12/31/17	12/31/21	Businesswoman
Chip Fogleman	12/31/16	12/31/20	Businessman
L. Gary Gilliam	12/30/06	12/30/18	Businessman
J. D. Martin	12/31/01	12/31/17	Businessman
Clinton J. Thompson	12/31/16	12/31/20	Businessman

RENEWABLE WATER RESOURCES LEADERSHIP

Graham W. Rich, P.E, BCEE	Chief Executive Officer
Mary Beth Lampe, SHRM-CP	Chief Administrative Officer
Joel H. Jones, MSM	Chief Technical Officer
Cathy D. Caldwell, CPA	Administrative Finance Director
Kevin James	Water Resource Recovery Director
Dan Johnson, PMP, LSSBB, ITIL	Interim Information Technology Director
L. Glen McManus, MPA	Operations Director
Gregory A. Wright, P.E.	Engineering Director

ORGANIZATIONAL STRUCTURE

BOARD OF COMMISSIONERS

- **GRAHAM W. RICH**, CHIEF EXECUTIVE OFFICER
  - **MARY BETH LAMPE**, CHIEF ADMINISTRATIVE OFFICER
    - **DAN JOHNSON**, INTERIM IT DIRECTOR
      - **Vacant**, IT Manager
      - **Blake Visin**, IT Customer Support Manager
    - **CATHY CALDWELL**, ADMINISTRATIVE FINANCE DIRECTOR
      - **Stacey Flax**, Public Relations Manager
      - **Patricia Dennis**, Controller
      - **Julie Dacus**, Purchasing Manager
      - **Veronica Davis**, Customer Service Supervisor
    - **Lavada Galloway**, Human & Strategic Resources Manager
  - **JOEL H. JONES**, CHIEF TECHNICAL OFFICER
    - **GREG WRIGHT**, ENGINEERING DIRECTOR
    - **GLEN MCMANUS**, OPERATIONS DIRECTOR
      - **Angie Price**, Assistant Director of Operations
        - **Randy Boyette**, Technical Resources Manager
        - **Toby Humphries**, Collection Systems Manager
        - **Joey Collins**, Solids Management Manager
        - **Brian Smith**, Maintenance Programs Manager
        - **Barry Smith**, Instrumentation Manager
        - **Mike Ward**, Regulatory Services Manager
    - **KEVIN JAMES**, WATER RESOURCE RECOVERY DIRECTOR
      - **Lance Johnson**, Water Resource Recovery Manager

FINANCIAL

Renewable Water Resources

Financial Statements
and Supplemental Information

As of and for the Year Ended
December 31, 2017

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

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

We have audited the accompanying statement of net position of Renewable Water Resources (the "Agency") as of December 31, 2017, and the related statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of December 31, 2017, and the results of its operations and its cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and the required supplementary information schedules on pages 44 through 46 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 basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. These sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2018 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.

Cherry Bekaert LLP

Greenville, South Carolina
March 7, 2018

Management’s Discussion and Analysis

Renewable Water Resources
Management's Discussion and Analysis

As management of Renewable Water Resources ("ReWa" or the "Agency"), we present this narrative overview and analysis of financial performance for the year ended December 31, 2017. Prior to July 1, 2016, ReWa's financial reporting was based on a July 1 to June 30 fiscal year. Effective July 1, 2016, ReWa moved to a calendar year basis for financial reporting. The short year in 2016 transitions from the June 30 fiscal year basis to the December 31 calendar year basis; as such, comparisons between the current year and the prior short year will be difficult because of the different number of months reflected in each year. Please consider this information in conjunction with the financial statements and related notes, which follow this section.

Financial Highlights

- The Agency's financial position continues to be strong. Net position increased $23.4 million or 7.4%, to $337.8 million as a result of current year operations.

- Total revenues for the year ended December 31, 2017 were $92.1 million.

- Operating expenses before depreciation totaled $34.8 million for the year ended December 31, 2017.

- In March 2017, Moody's Investors Service upgraded the Agency's outstanding rated Senior Lien Debt to Aa1 from Aa2 and upgraded the Agency's outstanding rated Junior Lien Debt to Aa1 from Aa3.

- In December 2016, the Agency received its sales tax exemption certificate from the State of South Carolina (the "State"). The State deemed wastewater treatment facilities to be exempt and determined its various parts (such as vats, basins, tanks, pumps, other mechanical devices, troughs and pipes) as integral and necessary to the operation of the system as a whole. During 2017, the Agency aggressively worked to reclaim eligible sales tax paid during the refund period. The refund totaled $1.8 million and is reflected in other nonoperating revenue.

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 Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows; with the related notes to provide additional details. These basic financial statements provide information about the activities and performance of the Agency using accounting methods similar to those found in the private sector. The Statement of Net Position 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.

(Continued)

Overview of the Financial Statements, continued

The Statement of Revenues, Expenses and Changes in Net Position present the current period results of operations and can be used to determine whether the Agency is recovering costs through user fees and charges.

The Statement of Cash Flows report cash receipts, cash payments and net changes in cash and cash equivalents for the current period. This statement may be used to determine sources of cash, uses of cash and changes in cash from operating, capital and related financing and investing activities. They may also be useful in assessing the Agency's ability to meet short-term obligations.

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

Net Position

The Agency's overall financial position improved during the year ended December 31, 2017, as net position increased $23.4 million or 7.4% due to current year operations. Net position for the year ended December 31, 2017 totaled $337.8 million. The largest portion of the Agency's net position, approximately 81.6%, 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 $37.2 million or 11.0% of the Agency's net position is restricted (restrictions established by debt covenants, enabling legislation or other legal requirements). In the year ended December 31, 2017, restricted net position increased $0.8 million or 2.2%, primarily due to scheduled debt service.

(Continued)

Net Position, continued

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

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

	FY 2017	SY 2016
Current and noncurrent assets	$ 61.9	$ 68.9
Restricted assets	37.2	36.4
Capital assets	485.4	466.7
Total assets	584.5	572.0
Deferred outflows from defeasance loss, net	7.4	8.0
Deferred outflows from pension	3.4	3.5
Total deferred outflows of resources	10.8	11.5
Current liabilities	38.8	32.9
Noncurrent liabilities	218.1	235.9
Total liabilities	256.9	268.8
Deferred inflows from pension	0.6	0.3
Total deferred inflows of resources	0.6	0.3
Net investment in capital assets	275.6	243.5
Restricted	37.2	36.4
Unrestricted	25.0	34.5
Total net position	$ 337.8	$ 314.4

Revenues

Table A-2 shows that the Agency's total revenues increased $46.1 million or 100.2% to $92.1 million in the year ended December 31, 2017. This increase is primarily a result of comparing a twelve-month year to a six-month year. The Agency's regulations provide for a sewer use charge that funds the operation of the system, provides a source of funds to repay liabilities and provides for future maintenance of the Agency's assets. The current user fee regulation in effect for the year ended December 31, 2017 was adopted December 6, 2010, and became effective March 1, 2015.

In the year ended December 31, 2017, domestic and commercial revenue increased $36.7 million or 96.1% to $74.9 million. This increase is predominantly a result of comparing a twelve-month year to a six-month year.

Industrial revenue increased $3.7 million or 97.4% to $7.5 million in the year ended December 31, 2017. The increase is attributable to fiscal year 2017, a twelve-month period, compared to the six-month short year 2016.

(Continued)

Revenues, continued

New account fees, based on water meter size, increased 83.3% or $3.0 million to $6.6 million in the year ended December 31, 2017 and totaled $3.6 million in short year 2016. The increase is chiefly due to the twelve-month calendar year 2017 compared to the six-month short year 2016.

Interest and other nonoperating revenues increased $2.4 million or 1200% to $2.6 million in the year ended December 31, 2017. This is largely due to the sales tax refund of $1.8 million received during calendar year 2017.

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

	FY 2017	SY 2016
Operating revenues		
Domestic and commercial customers	$ 74.9	$ 38.2
Industrial customers	7.5	3.8
New account fees	6.6	3.6
Septic haulers and other	0.5	0.2
Interest and other nonoperating revenues	2.6	0.2
Total revenues	92.1	46.0
Operating expenses		
Technical operations	22.9	11.8
Administration	11.9	7.3
Total operating expenses before depreciation	34.8	19.1
Depreciation	26.8	13.3
Total operating expenses	61.6	32.4
Interest, amortization and other nonoperating expenses	7.7	3.9
Total expenses	69.3	36.3
Capital project cost reimbursements	0.6	-
Increase in net position	23.4	9.7
Total net position, beginning of year	314.4	304.7
Total net position, end of year	$ 337.8	$ 314.4

Capital Contributions

Project reimbursement occurs when the Agency enters into a contract with one or more entities to construct facilities and/or sewer conveyance systems that will be mutually beneficial. In the year ended December 31, 2017, capital contributions totaled $0.6 million.

Expenses

Total expenses in the year ended December 31, 2017 totaled $69.3 million. Operating expenses before depreciation increased $15.7 million or 82.2% to $34.8 million. The increase in operating expenses in calendar year 2017 is primarily due to a twelve-month period, compared to short year 2016, a six-month period.

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

Capital Assets

In the year ended December 31, 2017, capital assets being depreciated, net decreased $0.4 million or 0.1% to $441.0 million, which is attributable to various line rehabilitations, pump station improvements and facility enhancements, which were offset by annual depreciation. For the year ended December 31, 2017, the Agency invested $485.4 million in infrastructure, which includes land, rights-of-way, trunk lines, buildings, operating equipment, water resource recovery facilities ("WRRF") equipment and vehicles as shown in Table A-3 and in Note 5 of the accompanying notes to financial statements.

Table A-3
Capital Assets (in millions)

	FY 2017	SY 2016
Capital assets not being depreciated:		
Construction in progress	$ 38.3	$ 21.3
Land	5.3	3.5
Rights-of-way	0.8	0.5
Total capital assets not being depreciated	44.4	25.3
Capital assets being depreciated:		
Buildings	365.4	357.4
Trunk lines	347.9	340.9
WRRF equipment	82.4	82.6
Operational equipment	7.7	7.3
Office furniture	0.4	0.4
Vehicles	0.9	0.7
Total capital assets being depreciated	804.7	789.3
Less: accumulated depreciation	363.7	347.9
Total capital assets being depreciated, net	441.0	441.4
Net capital assets	$ 485.4	$ 466.7

(Continued)

Capital Assets, continued

Capital improvement program

The Agency's Commission assembled a community-wide volunteer collaboration to develop an environmentally sound long-term strategy for the Agency. The collaboration was named the Upstate Roundtable and was tasked with aligning the regional wastewater system capacity and infrastructure with projected growth, while promoting environmental sustainability. Initially convened in 1994 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 numerous projects that have been incorporated into the Agency's capital improvement program ("CIP").

The Agency maintains a fluid five-year CIP that merges the Agency's strategic plan with the ongoing objective of maintaining compliance with South Carolina Department of Health & Environmental Control regulations and National Pollutant Discharge Elimination System permit limitations. The current CIP calls for approximately $300.0 million over the next five years. The CIP calls for the completion of the Agency's new laboratory building as well as multiple replacement and improvement projects of the Agency's conveyance system including a gravity sewer tunnel located approximately 100 feet below ground, which will address some of Greenville County's 100-year sewage needs.

Capital improvement projects

In 2017, capital projects focused on various conveyance system improvements and facility upgrade projects. During 2017, $12.0 million was injected to improve the Agency's conveyance system; these projects encompassed collection lines, as well as pump stations. Additionally, $15.6 million was invested in multiple facility improvement projects spanning all three river basins. Furthermore, another $5.3 million was incurred to design and partially construct the Agency's new laboratory building.

Table A-4 illustrates the Agency's 2018 Capital Budget of $60.0 million for potential spending on facility enhancements, construction of a new laboratory building, basin plans and conveyance system improvements. The Agency believes the budget requirement for the upcoming fiscal year will be funded through a combination of reserves, bonds and South Carolina revolving loan funds.

(Continued)

Capital Assets, continued

Capital improvement projects, continued

Table A-4
2018 Capital Budget (in millions)

FUNDING SOURCES		
South Carolina revolving loan fund	$	40.5
Reserves and bonds		19.5
Total funding sources	$	60.0
USES		
Water resource recovery facilities	$	10.7
Conveyance system		26.8
Sustainability and reuse		4.0
Other projects		18.5
Total uses	$	60.0

Long-Term Liabilities

At December 31, 2017, the total liability for compensated absences was $0.8 million.

The total obligation for other postemployment benefits increased $0.9 million in 2017 to $6.1 million.

The Agency's net pension liability totaled $27.5 million at December 31, 2017.

Long-term debt for the Agency consists of outstanding balances on revenue bonds and state revolving loans with the South Carolina Water Quality Revolving Fund Authority.

Revenue bonds

As of December 31, 2017, revenue bond debt, including premiums, totaled $171.4 million, the long-term portion of which was $151.2 million. As of December 31, 2017, the Agency's revenue bond debt consisted of seven series of revenue and refunding revenue bonds: Series 2005B, Series 2009, Series 2010A, Series 2010B, Series 2012, Series 2015A and Series 2017A.

The Agency received bond premiums of $7.6 million, $6.1 million and $11.4 million on the Series 2005B, Series 2010A and Series 2012 revenue bonds, respectively. The bond premiums are amortized over the life of the bonds. The Series 2005B and Series 2009 bonds are payable from gross revenues and collectively referred to as the Senior Lien Debt. The Series 2010A, Series 2010B, Series 2012, Series 2015A and Series 2017A bonds were issued under the 2010 Bond Resolution and are on parity with all of the Agency's state revolving loans. These obligations are collectively referred to as the Junior Lien Debt and are subordinate in all aspects to the Senior Lien Debt.

(Continued)

Long-Term Liabilities, continued

Revenue bonds, continued

The Series 2005B revenue bonds carry 'Aa1' and 'AA+' ratings from Moody's Investors Service and Standard & Poor's, respectively. The Series 2005B ratings were enhanced through the purchase of a surety agreement at issuance and carry the rating of the surety provider or the underlying rating of the Agency, whichever is higher. The Series 2009, Series 2010A, Series 2010B, Series 2012, Series 2015A and Series 2017A bonds were issued based on the Agency's underlying rating. In September 2015, Standard & Poor's raised the Agency's Senior Lien Debt rating to 'AA+' and simultaneously affirmed its 'AA' rating to the Agency's Junior Lien Debt. During calendar year 2017, Moody's Investors Service upgraded the Agency's Senior Lien Debt to 'Aa1" from 'Aa2' and upgraded the Agency's Junior Lien Debt to 'Aa1" from 'Aa3' rating.

State revolving loans

Since December 1989, the Agency has entered into numerous loan agreements with the South Carolina Water Quality Revolving Fund Authority for new construction and/or upgrades. Interest rates on these loans range from 1.8% to 2.3%. State revolving loans outstanding as of December 31, 2017 totaled $36.0 million.

Listed below are the Agency's state revolving loans outstanding at December 31, 2017:

- June 2005 — Lower Reedy WRRF Expansion Phase II
- November 2006 — Durbin Creek WRRF Upgrade and Expansion
- December 2009 — Gravity Sewer and Manhole Rehabilitation Phase I
- December 2009 — Gravity Sewer and Manhole Rehabilitation Phase II
- March 2016 — FY15/16 Gravity Sewer and Manhole Rehabilitation

Construction has been completed and all funds received for those projects.

Total outstanding long-term debt

At December 31, 2017, the Agency owed $198.9 million (excluding premiums) in total long-term debt, a decrease of $16.5 million or 7.7% from $215.4 million at December 31, 2016.

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

(Continued)

Long-Term Liabilities, continued

Total outstanding long-term debt, continued

Table A-5
Debt Coverage (in millions)

	FY 2017		2016 [1]	
Operating revenue	$	89.5	$	90.6
Investment revenue, unrestricted		0.8		0.8
Gross revenues		90.3		91.4
Less: operating expenses before depreciation		34.8		37.2
Net revenues available for debt service	$	55.5	$	54.2
Debt service	$	28.5	$	28.2
Debt coverage		195%		192%

1 – Amounts shown represent January to December 2016 activity.

In accordance with the bond resolution, revenues, expenses, and debt service shown in the table above are for the year ended December 31, 2017. During the year ended December 31, 2017, debt service payments increased $0.3 million or 1.1% to $28.5 million. Debt structure on revenue bonds varies year to year causing principal payments to increase and decrease over the life of the bonds.

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

Table A-6
Average Coupon/Interest Rate

	Balance (without premiums) (in millions)		Average coupon/rate
Series 2005B refunding bonds	$	34.3	4.1%
Series 2009 revenue bonds		3.9	3.8
Series 2010A refunding bonds		20.7	3.4
Series 2010B revenue bonds		10.0	2.7
Series 2012 refunding bonds		69.3	2.9
Series 2015A refunding bonds		13.0	2.0
Series 2017A refunding bonds		11.7	2.1
State revolving loans		36.0	2.1

More detailed information about the Agency's long-term liabilities is presented in Notes 7, 8 and 9 of the accompanying Notes to 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 of 2.5% during the year ended December 31, 2017.

The Agency's customer base is diversified. No single customer represents more than 1.6% of ReWa's operating revenue.

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

Contacting the Agency's Financial Department

This financial report is designed to provide our users and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for funds received. If you have any questions about this report or need additional financial information, please contact Patricia Dennis, Controller, Renewable Water Resources at 561 Mauldin Road, Greenville, South Carolina 29607, 864-299-4000, or patriciad@re-wa.org.

Basic Financial Statements

Renewable Water Resources
Statement of Net Position
December 31, 2017

Current assets	
Cash and cash equivalents	$ 3,182,648
Restricted cash and cash equivalents	20,600,300
Receivables, net	14,131,578
Investments	20,276,065
Restricted investments	16,633,594
Total current assets	74,824,185
Noncurrent assets	
Receivables, net	1,870,136
Investments	21,707,658
Capital assets, net	485,345,718
Prepaid insurance, net	756,978
Total noncurrent assets	509,680,490
Total assets	$ 584,504,675
Deferred outflows of resources	
Defeasance loss, net	$ 7,377,555
Deferred outflows from pension	3,383,918
Total deferred outflows of resources	$ 10,761,473
Current liabilities	
Revenue bonds payable	$ 20,224,255
State revolving loans payable	2,769,183
Accounts payable - operations	1,119,326
Accounts payable - construction projects	9,817,869
Accrued interest payable	3,328,953
Accrued expenses and other liabilities	877,721
Compensated absences	692,661
Total current liabilities	38,829,968
Long-term liabilities	
Revenue bonds payable	151,174,302
State revolving loans payable	33,207,308
Compensated absences	67,592
Other postemployment benefits	6,138,707
Net pension liability	27,457,859
Total long-term liabilities	218,045,768
Total liabilities	$ 256,875,736
Deferred inflows of resources	
Deferred inflows from pension	$ 626,270
Total deferred inflows of resources	$ 626,270
Net position	
Net investment in capital assets	$ 275,530,356
Net position - restricted	
Debt service	28,320,441
Capital asset replacement	4,853,457
Other	4,059,996
Net position - unrestricted	24,999,892
Total net position	$ 337,764,142

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

Renewable Water Resources
Statement of Revenues, Expenses and Changes in Net Position
For the year ended December 31, 2017

Operating revenues	
Domestic and commercial customers	$ 74,867,453
Industrial customers	7,490,645
New account fees	6,575,000
Septic haulers and other	566,086
Total operating revenues	89,499,184
Operating expenses	
Technical operations	22,884,247
Administration	11,923,688
Total operating expenses before depreciation	34,807,935
Depreciation	26,806,997
Total operating expenses	61,614,932
Net operating revenue	27,884,252
Nonoperating revenues (expenses)	
Investment revenue	778,177
Interest expense	(7,031,615)
Amortization	(27,131)
Debt issuance costs	(297,140)
Non-project expenses	(348,064)
Other revenue	1,834,163
Net nonoperating expenses	(5,091,610)
Capital project cost reimbursements	583,747
Increase in net position	23,376,389
Total net position, beginning of year	314,387,753
Total net position, end of year	$ 337,764,142

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

Renewable Water Resources
Statement of Cash Flows
For the year ended December 31, 2017

Cash flows from operating activities	
Received from customers	$ 88,441,810
Paid to suppliers for goods and services	(15,449,324)
Paid to employees for services	(12,926,984)
Received from nonoperating revenues	1,834,163
Net cash provided by operating activities	61,899,665
Cash flows from capital and related financing activities	
Cash received on notes receivable for capital	262,987
Acquisition of capital assets and project expenses	(45,410,382)
Proceeds from debt issuance	14,722,498
Principal payments on debt	(31,302,552)
Interest payments on debt	(8,200,022)
Debt issuance costs	(297,140)
Net cash used for capital and related financing activities	(70,224,611)
Cash flows from investing activities	
Interest received on investments	768,877
Purchases of investment securities	(14,181,786)
Proceeds from sales of investment securities	5,487,753
Net cash used for investing activities	(7,925,156)
Net decrease in cash and cash equivalents	(16,250,102)
Cash and cash equivalents, beginning of year	40,033,050
Cash and cash equivalents, end of year	$ 23,782,948

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

Renewable Water Resources
Statement of Cash Flows, continued
For the year ended December 31, 2017

Reconciliation of net operating revenue to net cash flows from operating activities	
Net operating revenue	$ 27,884,252
Adjustments to reconcile net operating revenue to net cash provided by operating activities	
Depreciation	26,806,997
Other nonoperating revenue	1,834,163
Pension expense recognized in excess of contributions	1,124,671
Changes in asset and liability amounts	
Receivables	(1,057,374)
Prepaid insurance	(633,547)
Accounts payable - operations	597,214
Accounts payable - construction projects	4,372,140
Accrued expenses and other liabilities	10,922
Compensated absences	57,031
Other postemployment benefits	903,196
Net cash provided by operating activities	$ 61,899,665
Noncash activities	
Decrease in fair value of investments	$ 98,852
Amortization of prepaid bond insurance	$ 27,130
Capitalized interest costs	$ 390,677
Reconciliation of cash and cash equivalents to statement of net position	
Cash and cash equivalents	$ 3,182,648
Restricted cash and cash equivalents	20,600,300
Total cash and cash equivalents	$ 23,782,948

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

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies and Activities

Description of entity

Renewable Water Resources (the "Agency"), previously known as Western Carolina Regional Sewer Authority, is a special purpose district created by the General Assembly of the State of South Carolina. The Agency is governed by a commission consisting of 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.

Change in fiscal year end

Effective July 1, 2016, the Agency changed its fiscal year end from June 30 to December 31. The change in fiscal year end was made to align financial and budgeting data with operational and performance data.

Reporting entity

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

Fund accounting

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

Basis of accounting

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

Budgetary practices

Annual budgets are prepared by management as a control device and adopted in accordance by South Carolina Code of Laws Section 6-1-80.

(Continued)

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 reported at fair value are categorized within the fair value hierarchy established under accounting principles generally accepted in the United States of America ("GAAP"). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Gains or losses that result from market fluctuation are reported in the current period. As of December 31, 2017, all of the Agency's investments are valued using significant other observable inputs (Level 2 inputs).

Restricted assets

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

Capital assets

Capital assets are stated at historical cost. The Agency capitalizes purchases of assets greater than $5,000. Donated capital assets are recorded at acquisition value at the date of donation. Depreciation of capital assets is calculated on or using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings, trunk lines and WRRF	15 – 40 years
Office furniture and operational	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)

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

Capital assets, 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 asset's use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted** - This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Long-term obligations

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

(Continued)

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

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element, *deferred outflows of resources*, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Agency's deferred loss on refunding, as well as deferred pension experience and contributions qualify for reporting in this category. A deferred loss on refunding results from the difference in carrying value of the refunded debt and reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Changes in the total pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors are recognized as deferred outflows/inflows of resources related to pension and included in the pension expense over a period to the average expected remaining service lives of all employees that are provided with benefits through the plan. Additionally, contributions to the pension plan made after the plan's measurement date are reported as deferred outflows of resources.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. The separate financial element, *deferred inflows of resources*, represents the acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency's deferred inflows from pension consist of differences between projected and actual experience.

Compensated absences

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

Revenues and receivables

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

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

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

(Continued)

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

Operating revenues and expenses

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

Estimates

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

New pronouncements

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

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Among other things, GASB Statement No. 75 requires governments to report a liability on the face of the financial statements for the other postemployment benefits ("OPEB") that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities.

GASB Statement No. 85, *Omnibus 2017,* effective for periods beginning after June 15, 2017, addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements to improve the usefulness of information for users of state and local government financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues,* effective for periods beginning after June 15, 2017, was issued to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

(Continued)

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

New pronouncements, continued

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

Note 2 – Cash and Cash Equivalents and Investments

As of December 31, 2017, the Agency had the following cash and cash equivalents and investments:

Cash and cash equivalents	
Checking and other cash	$ 3,182,648
Money markets - government obligations	20,600,300
Total cash and cash equivalents	$ 23,782,948
Investments	
Government sponsored enterprises	$ 26,126,395
Certificates of deposit	17,467,493
US Treasury notes	3,249,196
US Treasury bills	7,720,141
SC investment pool	4,054,092
Total investments	$ 58,617,317

(Continued)

Note 2 – Cash and Cash Equivalents and Investments, continued

Investment maturities are as follows as of December 31, 2017:

		Investment maturities (in years)		
Investment type	**Fair value**	**Less than 1 year**	**1 – 5 years**	**More than 5 years**
Certificates of deposit	$ 17,467,493	$ 15,497,566	$ 1,969,927	$ -
SC investment pool	4,054,092	4,054,092	-	-
US agencies notes and bonds				
Federal Home Loan Bank	5,718,836	2,249,093	3,469,743	-
Federal National Mortgage Association	3,326,595	1,395,696	1,930,899	-
Federal Home Loan Mortgage	10,418,542	1,995,501	8,423,041	-
Federal Farm Credit Bank	6,662,422	1,498,273	5,164,149	-
US Treasury bills	7,720,141	7,720,141	-	-
US Treasury notes	3,249,196	2,499,297	749,899	-
Total	$ 58,617,317	$ 36,909,659	$ 21,707,658	$ -

Interest rate risk

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

Credit risk

State law limits investments to obligations of the United States and agencies thereof, general obligations of the State of South Carolina or any of its political units, financial institutions to the extent that the same are secured by Federal Deposit Insurance, and certificates of deposit where the certificates are collaterally secured by securities of the type described above are held by a third party as escrow agent or custodian, of a fair value not less than the amount of the certificates of deposit so secured, including interest.

The Agency's investment policy follows state law and requires, at the time of investment, the obligor to have an unsecured credit rating in one of the top two categories. In addition, state law authorizes the Agency to invest in the South Carolina Local Government Investment Pool ("SC Investment Pool"). The SC Investment Pool was created by state legislation which restricts the types of securities the pool can purchase. Specifically, the pool is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States, if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SC Investment Pool is a qualifying pool, which provides that it operates in a manner consistent with specified conservative investment strategies described in GASB Statement No. 79, *Certain External Investment Pool Participants*. The SC Investment Pool is not rated. The total fair value of the pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at $1.00. The SC Investment Pool does not contain any restrictive redemption limitations. Funds may be deposited at any time and may be withdrawn upon 24 hours' notice. Financial statements for the SC Investment Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211-1950.

(Continued)

Note 2 – Cash and Cash Equivalents and Investments, continued

Credit risk, continued

The Agency's investments at December 31, 2017 consist of SC Investment Pool shares, certificates of deposit, US Treasury notes, US Treasury bills and US agencies notes and bonds. The US Treasury notes and US agencies notes and bonds were rated AA+ by Standard & Poor's and/or Aaa by Moody's Investors Service as of December 31, 2017.

Concentration of credit risk

In accordance with the Agency's investment policy, all investments must be allowable under the current State law. As a result, more than 5.0% of the Agency's investments are in Government sponsored enterprises due to the limited type of investment instruments available under current State law. These investments are approximately 44.6% of the Agency's total investments at December 31, 2017.

Custodial credit risk deposits

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. As of December 31, 2017, all of the Agency's deposits were insured or collateralized using one of two methods. Under the dedicated method, all uninsured deposits are collateralized with securities held by the Agency's agents in the Agency's name. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agents in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Agency, these deposits are considered to be held by the Agency's agents in the Agency's name.

Note 3 – Receivables

Customer and other accounts receivables as of December 31, 2017 were as follows:

Fees and services	
Domestic and commercial customers	$ 12,916,864
Industrial customers	1,284,593
Total receivables from fees	14,201,457
Less: allowance for uncollectible accounts	550,000
Net receivables from fees	13,651,457
Accrued interest on cash equivalents and other receivables	206,662
Reimbursements due from other governmental units	2,143,595
Total receivables	16,001,714
Less: current receivables, net	14,131,578
Noncurrent receivables, net	$ 1,870,136

Note 4 – Restricted Cash and Cash Equivalents and Investments

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

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

Restricted cash and cash equivalents and investments at December 31, 2017 are restricted for the following uses:

Current principal and interest payments	$ 20,560,358
Debt service reserves	7,760,083
Operations and maintenance	3,059,996
Capital asset replacement	4,853,457
Contingencies	1,000,000
Total restricted assets	$ 37,233,894

Restricted assets consisted of the following at December 31, 2017:

Cash	$ 20,600,300
Investments	16,633,594
Total restricted assets	$ 37,233,894

Note 5 – Capital Assets

A summary of changes in capital assets from December 31, 2016 to December 31, 2017 follows below:

	December 31, 2016	Additions	Disposals	December 31, 2017
Capital assets not being depreciated				
Construction in progress	$ 21,280,391	$ 28,990,837	$ 11,956,196	$ 38,315,032
Land	3,571,772	1,759,307	-	5,331,079
Rights-of-way	494,471	254,258	-	748,729
Total capital assets not being depreciated	25,346,634	31,004,402	11,956,196	44,394,840
Capital assets being depreciated				
Buildings	357,367,708	11,523,652	3,528,458	365,362,902
Trunk lines	340,893,330	10,243,246	3,237,726	347,898,850
WRRF equipment	82,580,960	3,841,217	4,011,123	82,411,054
Operational equipment	7,277,285	891,599	466,992	7,701,892
Office furniture	431,588	-	8,544	423,044
Vehicles	741,825	122,718	-	864,543
Total capital assets being depreciated	789,292,696	26,622,432	11,252,843	804,662,285
Less: accumulated depreciation				
Buildings	162,112,855	11,991,116	3,528,458	170,575,513
Trunk lines	128,853,949	8,675,610	3,237,726	134,291,833
WRRF equipment	54,166,804	5,167,383	4,011,123	55,323,064
Operational equipment	2,238,570	670,458	249,349	2,659,679
Office furniture	180,703	75,743	8,544	247,902
Vehicles	386,729	226,687	-	613,416
Total accumulated depreciation	347,939,610	26,806,997	11,035,200	363,711,407
Total capital assets being depreciated, net	441,353,086	(184,565)	217,643	440,950,878
Capital assets, net	$ 466,699,720	$ 30,819,837	$ 12,173,839	$ 485,345,718

Interest cost in 2017 totaled $7,796,587, of which $390,677 was capitalized.

Note 6 – Defeasance Loss

The Agency previously defeased outstanding debt through the issuance of new debt with the proceeds deposited in an irrevocable trust to provide for all debt service payments of the old debt. Thus, the defeased debt and the irrevocable trust are not part of the financial statements. Outstanding principal amounts of defeased bonds totaled $22,595,000 at December 31, 2017.

In March 2017, the Agency issued $11,736,000 of refunding bonds to defease a portion of the Series 2009 revenue bonds. The refunding transaction provided the Agency with an economic gain of $233,598.

When a difference exists between the reacquisition price and the net carrying amount of the old debt, a deferred loss or gain is recorded and classified in the respective deferred outflow or inflow of resources on the Statement of Net Position. This amount is amortized as a component of interest expense over the remaining life of the old debt or new debt, whichever is shorter. As of December 31, 2017, the Agency's defeasance loss, net was $7,377,555.

Amortization of the defeasance loss for the period ended December 31, 2017 totaled $1,265,369.

Estimated future amortization expense is as follows:

Year ending December 31	Amortization expense
2018	$ 1,337,697
2019	1,144,823
2020	1,044,119
2021	982,652
2022	980,527
Thereafter	1,887,737
Total	$ 7,377,555

Note 7 – Revenue Bonds Payable

At December 31, 2017, the Agency was obligated on various series of revenue bonds issued for purposes of constructing capital assets. Revenue bonds outstanding at December 31, 2017 are as follows:

$69,695,000 Series 2005B refunding revenue bonds dated March 15, 2005, with interest at 2.6 to 5.1% payable semi-annually beginning September 1, 2005. Beginning March 1, 2012, annual principal payments ranging from $5,180,000 to $9,400,000 plus semi-annual payments of interest at 2.6 to 5.1% are payable through March 2021.	$ 34,285,000
$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 3.8% payable semi-annually through March 2024.	3,880,000
$63,630,000 Series 2010A refunding revenue bonds dated July 9, 2010, with interest at 3.0 to 5.0% payable semi-annually beginning January 1, 2011. Beginning January 1, 2011, annual principal payments ranging from $1,665,000 to $5,585,000 plus semi-annual payments of interest at 3.0 to 5.0% are payable through January 2021.	20,685,000
$26,800,000 Series 2010B revenue bonds dated December 7, 2010, with interest at 2.0 to 5.8% payable semi-annually beginning July 1, 2011. Beginning January 1, 2012, annual principal payments ranging from $225,000 to $3,080,000 plus semi-annual payments of interest at 2.0 to 5.8% are payable through January 2025.	9,985,000
$71,395,000 Series 2012 refunding revenue bonds dated March 20, 2012, with interest at 2.0 to 5.0% payable semi-annually beginning July 1, 2012. Beginning January 1, 2014, annual principal payments ranging from $270,000 to $17,325,000 plus semi-annual payments of interest at 2.0 to 5.0% are payable through January 2025.	69,275,000
$13,465,000 Series 2015A refunding revenue bonds dated October 7, 2015, with annual principal payments ranging from $181,000 to $1,649,000 plus interest at 2.0% payable semi-annually through January 2025.	13,041,000
$11,736,000 Series 2017A refunding revenue bonds dated March 14, 2017, with annual principal payments ranging from $141,000 to $2,387,000 plus interest at 2.1% payable semi-annually through March 2024.	11,736,000
Total revenue bonds payable	162,887,000
Premium on refunding bonds	8,511,557
Less: current maturities	20,224,255
Long-term portion	$ 151,174,302

(Continued)

Note 7 – Revenue Bonds Payable, continued

Amortization of bond premiums totaled $1,796,660 for the period ended December 31, 2017.

Future amounts required to pay principal and interest on revenue bonds outstanding at December 31, 2017 are as follows:

Year ending December 31	Principal	Interest	Total
2018	$ 18,475,000	$ 6,482,644	$ 24,957,644
2019	19,209,000	5,629,843	24,838,843
2020	19,842,000	4,738,755	24,580,755
2021	20,611,000	3,818,487	24,429,487
2022	19,964,000	3,080,769	23,044,769
2023 - 2025	64,786,000	4,344,706	69,130,706
Total	$ 162,887,000	$ 28,095,204	$ 190,982,204

Provisions of the revenue bond agreements require the Agency to maintain user rates sufficient to generate net earnings as defined by the bond agreement of at least 110% of the combined annual principal and interest payments, make timely payment of principal and interest on all outstanding debt, maintain required funds for debt service reserves, operations and maintenance expenses, capital asset replacement and contingencies and meet various other general requirements specified in the bond agreements. Management believes the Agency was in compliance with these covenants at December 31, 2017.

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

The Series 2010A, Series 2010B, Series 2012, Series 2015A and Series 2017A bonds are secured by a pledge of the gross revenues, net of operations and maintenance expenses, as defined in the 2010 Bond Resolution, which is subordinate to the aforementioned Series 2005B and Series 2009 pledge.

Interest expense on the revenue bonds totaled $6,778,303 for the period ended December 31, 2017.

Interest paid on the debt issued by the Agency is exempt from federal income tax. The Agency sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. At December 31, 2017, the Agency had no arbitrage rebate liability.

Note 8 – State Revolving Loans Payable

At December 31, 2017, the Agency was obligated on various state revolving loans issued for purposes of constructing capital assets. State revolving loan amounts outstanding at December 31, 2017, are as follows:

$19,571,443 Lower Reedy Water Resource Recovery Facility Expansion Phase II loan dated June 10, 2005. Payable in quarterly installments of $312,731, including interest at 2.3%, through March 2027.	$	10,419,951
$27,800,000 Durbin Creek Water Resource Recovery Facility Upgrade and Expansion loan dated November 14, 2006. Payable in quarterly installments of $438,048, including interest at 2.3%, through March 2029.		17,372,261
$2,850,550 Gravity Sewer and Manhole Rehabilitation Phase I loan dated December 9, 2009. Payable in quarterly installments of $42,187 including interest at 1.8%, through November 2030.		1,953,605
$2,509,938 Gravity Sewer and Manhole Rehabilitation Phase II loan dated December 9, 2009. Payable in quarterly installments of $38,755 including interest at 2.2%, through January 2031.		1,774,013
$5,252,207 FY15/16 Gravity Sewer and Manhole Rehabilitation loan dated March 25, 2016. Payable in quarterly installments of $56,740 including interest at 1.8% through November 2046.		4,456,661
Total state revolving loans payable		35,976,491
Less: current maturities		2,769,183
Long-term portion	$	33,207,308

Interest expense on the state revolving loans totaled $784,603 for the year ended December 31, 2017.

(Continued)

Note 8 – State Revolving Loans Payable, continued

Future amounts required to pay outstanding principal and interest on state revolving loans outstanding at December 31, 2017 are as follows:

Year ending December 31	Principal	Interest	Total
2018	$ 2,769,183	$ 755,297	$ 3,524,480
2019	2,830,213	694,267	3,524,480
2020	2,892,676	631,805	3,524,481
2021	2,956,605	567,876	3,524,481
2022	3,022,036	502,445	3,524,481
2023 - 2027	15,203,296	1,480,915	16,684,211
2028 - 2032	3,861,955	326,337	4,188,292
2033 - 2037	802,101	185,896	987,997
2038 - 2042	877,461	110,536	987,997
2043 - 2046	760,965	29,434	790,399
Total	$ 35,976,491	$ 5,284,808	$ 41,261,299

Provisions of the state revolving loan agreements require the Agency to use loan proceeds solely for the purpose of paying eligible project costs, submit the annual audit of its financial statements by June 30, maintain user rates sufficient to make timely payment of principal and interest on all outstanding debt, maintain required funds for current principal and interest payments, operations and maintenance expenses, capital asset replacement and contingencies, review the adequacy of its user rates at least annually, and meet various other general requirements specified in the loan agreements. Management believes the Agency was in compliance with these covenants at December 31, 2017.

The state revolving loans are on parity with the bonds issued under the 2010 Bond Resolution which is subordinate to the Series 2005B and Series 2009 pledge. The state revolving loans are secured by a pledge of the gross revenues, net of operations and maintenance expenses, as defined in the 2010 Bond Resolution.

Note 9 – Changes in Long-Term Liabilities

Changes in long-term debt, compensated absences, OPEB and net pension liability at December 31, 2016 to December 31, 2017 are as follows:

	December 31, 2016	Additions	Reductions	December 31, 2017	Due within one year
Revenue bonds	$179,744,000	$ 11,736,000	$ 28,593,000	$162,887,000	$ 18,475,000
State revolving loans	35,699,545	2,986,498	2,709,552	35,976,491	2,769,183
Compensated absences	703,222	756,619	699,588	760,253	692,661
OPEB	5,235,511	1,385,726	482,530	6,138,707	-
Net pension liability	26,719,467	2,573,528	1,835,136	27,457,859	-
Subtotal	248,101,745	19,438,371	34,319,806	233,220,310	21,936,844
Premiums on bond issuance	10,308,217	-	1,796,660	8,511,557	1,749,255
Total	$258,409,962	$ 19,438,371	$ 36,116,466	$241,731,867	$ 23,686,099

Note 10 – Construction Contracts in Progress

At December 31, 2017, the Agency had commitments for various projects for the construction and acquisition of property and equipment. Construction in progress is included in capital assets along with land, buildings, trunk lines and WRRF equipment.

The following summarizes construction contracts in progress at December 31, 2017 on which significant additional work is to be performed:

Project name	Contract amount	Total contract incurred	Balance to be performed
5R Watershed Planning	$ 522,634	$ 421,076	101,558
Augusta Circle PS Improvements	921,138	443,750	477,388
Bates Road PS Upgrade	1,053,750	931,303	122,447
Cityworks PLL	370,115	-	370,115
Conestee Improvements	562,610	389,426	173,184
Durbin Creek Sludge Transfer Improvements	2,351,000	2,222,007	128,993
Durbin Creek Solar Power Improvements	1,901,871	533,499	1,368,372
FOG/Septic Receiving Facility Improvements	582,074	479,183	102,891
2017 Gravity Sewer & Manhole Rehabilitation	1,876,693	542,687	1,334,006
Gilder Creek Lime Silo Replacement	1,563,838	1,454,361	109,477
Grove Creek & Piedmont WRRF Closures	2,651,367	2,531,208	120,159
Laboratory Improvements	15,723,746	5,995,216	9,728,530
LowerReedy WRRF Digester Improvements	901,689	236,521	665,168
Mauldin Road Biosolids Loading Tower Relocation	324,000	4,762	319,238
Mauldin Road Primary Clarifier Rehabilitation	609,906	369,903	240,003
Mauldin Road Shop Building Addition	229,187	90,115	139,072
Pelham Scum Pump Replacement	575,500	52,848	522,652
Pelham/Gilder Digester Replacements	458,648	346,077	112,571
Peters Creek Gravity Sewer	2,562,814	197,622	2,365,192
Piedmont Regional Solar Power Improvements	2,420,328	629,719	1,790,609
Ravenwood PS & FM Upgrade	2,500,890	338,752	2,162,138
Reedy River Basin Sewer Tunnel	42,478,897	4,118,153	38,360,744
Richland Creek Trunk Sewer Improvements	13,325,859	10,334,886	2,990,973
Rock Creek Interceptor Upgrade	393,610	192,248	201,362
Saluda #1 PS Replacement	1,600,344	1,198,866	401,478
Saluda #2 Pump Station Improvements	346,500	143,459	203,041
Silver Leaf Pump Station Upgrade	891,365	361,349	530,016
Travelers Rest North Regional PS	637,000	284,597	352,403
Upper Reedy Gravity Sewer Upgrades	145,000	26,575	118,425
Total	$ 100,482,373	$ 34,870,168	$ 65,612,205

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 $760,253 at December 31, 2017.

Note 12 – Employee Benefits

Pension plan

Plan description

Substantially all of the Agency's employees are members of the South Carolina Retirement System (the "SCRS"), a cost-sharing multiple-employer defined benefit pension plan administered by the South Carolina Public Employee Benefit Authority ("PEBA"). PEBA has an 11 member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the system and the trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consist of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the system and serves as a co-trustee of the system in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned PEBA and the Retirement Systems Investment Commission ("RSIC") as co-trustees of the Retirement Trust Funds.

The SCRS was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts and political subdivisions. Generally, all employees are required to participate in and contribute to the system. Employees with an effective membership date prior to July 1, 2012, are considered a Class Two member, whereas, employees with an effective membership date on or after July 1, 2012, are considered a Class Three member. PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required information for the SCRS' Pension Trust Funds. The report is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, South Carolina 29223.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service and average final compensation.

(Continued)

Note 12 – Employee Benefits, continued

Pension plan, continued

Benefits, continued

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

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

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

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase employer and employee contribution rates based on the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9% of earnable compensation. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than 0.5% in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a 30-year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the 30-year amortization period; and, this increase is not limited to 0.5% per year.

The Retirement System Funding and Administration Act increased employer contribution rates to 13.41%, effective July 1, 2017. It also removed the 2.9% differential and increased and established a ceiling on employee contribution rates at 9.0%. The employer contribution rates will continue to increase annually by 1.0% through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56% for SCRS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization schedule. The recent pension reform legislation also changes the long term funded ratio requirement from ninety to eighty five.

(Continued)

Note 12 – Employee Benefits, continued

Pension plan, continued

Contributions, continued

Plan members were required to contribute 8.66% of their annual covered salary for the period of January 1, 2017 to June 30, 2017, and the Agency was required to contribute 11.41% of covered payroll for the same period. Effective July 1, 2017, Plan members were required to contribute 9.00% of their annual covered salary, and the Agency was required to contribute 13.41% of covered payroll. An additional 0.15% of payroll is contributed to a group life insurance benefit for the participants for the period ended December 31, 2017.

All required contributions for the year ended December 31, 2017 were made and are summarized as follows:

Year ended December 31	Employer SCRS	Employee SCRS
2017	$ 1,448,857	$ 1,104,390

Net pension liability

At December 31, 2017, the Agency reported a liability of $27,457,859, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, based on the July 1, 2016 actuarial valuation. The total pension liability was rolled forward from the valuation date to the plan's year ended June 30, 2017, using generally accepted actuarial principles. The Agency's proportion of the net pension liability was based on the Agency's normal contributions. At the June 30, 2017 measurement date, the Agency's proportionate share was 0.121972%.

For the year ended December 31, 2017, the Agency recognized pension expense of $2,573,528, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$ 122,407	$ 15,219
Changes of assumptions	1,607,363	-
Net difference between projected and actual earnings on pension plan investments	766,495	-
Changes in proportion and differences between Agency's contributions and proportionate share of contributions	149,976	611,051
Agency contributions subsequent to the measurement date	737,677	-
Total	$ 3,383,918	$ 626,270

(Continued)

Note 12 – Employee Benefits, continued

Pension plan, continued

Net pension liability, continued

At December 31, 2017, the Agency reported $737,677 as deferred outflows of resources related to pensions resulting from the Agency's contributions subsequent to the measurement dates and will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31	Pension expense
2018	$ (541,296)
2019	(1,061,781)
2020	(639,918)
2021	223,024
Total	$ (2,019,971)

Actuarial assumptions

Measurement of the total net pension liability requires the use of assumptions about numerous future events that affect the benefit payments that will be made to employees in retirement. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2015. The following provides a brief description of the significant actuarial assumptions applied to all periods included in the measurements.

Cost method	Entry age normal
Investment rate of return	7.25%
Salary increases	3.0% to 12.5% (varies by service)
Inflation	2.25%
Benefit adjustments	lesser of 1.0% or $500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

(Continued)

Note 12 – Employee Benefits, continued

Pension plan, continued

Actuarial assumptions, continued

The long-term expected rate of return on pension plan investments is based upon the 30-year capital market assumptions. The actuarial long-term expected rates of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected investment returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of PEBA's 2017 fiscal year. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component.

Asset class	Target allocation	Expected arithmetic real rate of return	Long-term expected portfolio real rate of return
Global equity - global public equity	31.00%	6.72%	2.08%
Global equity - private equity	9.00%	9.60%	0.86%
Global equity - options strategies	5.00%	5.91%	0.30%
Real assets - private	5.00%	4.32%	0.22%
Real assets - REITs	2.00%	6.33%	0.13%
Real assets - infrastructure	1.00%	6.26%	0.06%
Opportunistic - GTAA/Risk Parity	10.00%	4.16%	0.42%
Opportunistic - HF (non-PA)	4.00%	3.82%	0.15%
Opportunistic - other strategies	3.00%	4.16%	0.12%
Diversified credit - mixed credit	6.00%	3.92%	0.24%
Diversified credit - emerging markets	5.00%	5.01%	0.25%
Diversified credit - private debt	7.00%	4.37%	0.31%
Conservative fixed income - core	10.00%	1.60%	0.16%
Conservative fixed income - cash	2.00%	0.92%	0.02%
Total	100.00%		5.32%
Inflation			2.25%
Expected arithmetic nominal return			7.57%

(Continued)

Note 12 – Employee Benefits, continued

Pension plan, continued

Discount rate

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

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

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

1.0% Decrease 6.25%	Current discount rate 7.25%	1.0% Increase 8.25%
$ 35,389,408	$ 27,457,859	$ 22,645,272

Pension plan fiduciary net position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, South Carolina 29223.

Deferred compensation plan

The Agency offers its employees multiple deferred compensation plans, created in accordance with Internal Revenue Code Sections 401(k) and 457, which are administered and controlled by the state of South Carolina. The plans, available to all the Agency employees, permit employees to defer a portion of their salary until future years. Participation in the plans is optional. Certain employees of the Agency have elected to participate. Compensation deferred under the plans is placed in trust for the contributing employee. Great-West Retirement Services is the program administrator of the plans based on the current state contract.

Note 13 – Postemployment Healthcare Plan

The Agency maintains a single-employer defined benefit plan (the "Plan") to provide certain postretirement healthcare benefits to all former regular full time employees. Healthcare coverage levels for retirees are the same as coverage provided to regular active full time employees in accordance with the terms and conditions of the South Carolina State Health Plan. The Agency contributes up to 79.5% 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 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.

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

	January 2017 to December 2017
Retiree only	$ 436
Retiree/spouse	864
Retiree/child(ren)	670
Family	1,082

For the year ended December 31, 2017, Plan members receiving benefits paid $244,930, which was used to offset the Agency's cash outlays to insurance carriers equaling $723,837 for the current year premiums. The net outlay from the Agency, which totaled $478,907, 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 contribution ("ARC") of the Agency, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual 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 30 years.

(Continued)

Note 13 – Postemployment Healthcare Plan, continued

The following table shows the components of the Agency's annual OPEB cost for the year ended December 31, 2017, the amount actually contributed to the Plan and changes in the Agency's net OPEB obligation to the Plan:

Annual required contribution	$ 1,386,472
Interest on net OPEB obligation	196,332
Adjustment to annual required contribution	(197,078)
Annual OPEB cost (expense)	1,385,726
Contributions made*	(482,530)
Increase in net OPEB obligation	903,196
Net OPEB obligation, beginning of year	5,235,511
Net OPEB obligation, end of year	$ 6,138,707

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the years ended December 31, 2017 and June 30, 2016 and the previous six month period ended December 31, 2016 were as follows:

Year ended	Annual required contribution	Annual OPEB cost	Employer amount contributed*	Percentage contributed	Net OPEB obligation
December 31, 2017	$ 1,386,472	$ 1,385,726	$ 482,530	34.8%	$ 6,138,707
December 31, 2016	589,942	597,974	218,768	36.6%	5,235,511
June 30, 2016	1,145,519	1,159,046	392,173	33.8%	4,856,305

*includes adjustment for implicit rate subsidy.

As of January 1, 2017, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was $17,557,094, resulting in an unfunded actuarial accrued liability ("UAAL") of $17,557,094. The covered payroll, which is the twelve months ended December 31, 2017 payroll of active employees covered by the Plan, was $12,503,399, and the ratio of the UAAL to the covered payroll was 140.4%.

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.

(Continued)

Note 13 – Postemployment Healthcare Plan, continued

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the Agency's retiree healthcare 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	3.75% of annum, net of expenses
Actuarial cost method	Individual Entry Age Actuarial Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	Open 30-year period
Payroll growth	3.0% per annum
Inflation	2.25% per annum
Medical trend	Initial rate of 6.75% declining to an ultimate rate of 4.15% after 15 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 healthcare plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Note 14 – Commitments

The Agency has contracted with eight local water utilities which have common customers to provide billing and collection functions. The most significant is with the Commissioners of the Public Works of the City of Greenville, South Carolina. The fee charged is subject to adjustment annually based upon experience. The cost to the Agency for the year ended December 31, 2017 was $2.1 million, which is included in administrative finance expenses on the accompanying Statement of Revenues, Expenses and Changes in Net Position. For the year ending December 31, 2018, billing charges to the Agency are estimated to cost approximately $2.5 million.

Note 15 – Contingencies

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

Note 16 – Risk Management

The Agency is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency maintains insurance coverage through the State of South Carolina, and manages risk through various employee education and prevention programs. No significant reductions in insurance coverage have occurred from the prior year to the current year. The amount of settlements has not exceeded insurance coverage for the year ended December 31, 2017. The Agency believes the amount of actual or potential claims as of December 31, 2017 will not materially affect the financial condition of the Agency.

Note 17 – Subsequent Events

During January and February 2018, the Agency executed four contracts approximating $1.6 million for capital projects and equipment purchases.

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

Fiscal year [1]	Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) - entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
2017	January 01, 2017	$ -	$ 17,557,094	$ 17,557,094	0.0%	$ 12,503,399	140.4%
2016	June 30, 2014	-	12,325,758	12,325,758	0.0	12,203,162	101.1
2016	June 30, 2014	-	12,325,758	12,325,758	0.0	12,109,581	101.8
2015	June 30, 2014	-	12,325,758	12,325,758	0.0	11,580,233	106.4
2014	June 30, 2012	-	11,756,531	11,756,531	0.0	11,463,560	102.6

1 - Prior to July 1, 2016, the Agency's fiscal year ended June 30. As of July 1, 2016, the Agency adopted a December 31 fiscal year end. Due to this change, the covered payroll of $12,203,162, for the first listed 2016 period, represents the trailing twelve month period ended December 31, 2016.

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

Fiscal year [1]	Agency's proportion of net pension liability	Agency's proportionate share of the net pension liability	Agency's total payroll	Agency's proportionate share of the net pension liability as a percentage of total payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.121972%	$ 27,457,859	$ 12,926,984	212.4%	53.3%
2016	0.125092	26,719,467	12,109,581	214.2	52.9
2015	0.123507	23,423,698	11,960,378	195.8	57.0
2014	0.126513	21,781,344	11,961,237	182.1	59.9
2013	0.126513	22,691,919	11,261,359	201.5	56.4

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

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

Fiscal year [1]	Actuarial required contribution	Actual contributions	Contribution deficiency (excess)	Agency's total payroll	Contributions as a percentage of total payroll
2017	$ 1,448,857	$ 1,448,857	$ -	$ 12,926,984	11.2%
2016	709,222	709,222	-	6,124,376	11.6
2016	1,339,320	1,339,320	-	12,109,581	11.1
2015	1,262,243	1,262,243	-	11,960,378	10.6
2014	1,215,138	1,215,138	-	11,961,237	10.2
2013	1,129,479	1,129,479	-	11,261,359	10.0
2012	972,459	972,459	-	10,666,643	9.1
2011	949,406	949,406	-	10,305,949	9.2
2010	915,126	915,126	-	9,981,382	9.2
2009	925,730	925,730	-	10,155,599	9.1
2008	837,421	837,421	-	9,466,863	8.8

1 - Prior to July 1, 2016, the Agency's fiscal year ended June 30. As of July 1, 2016, the Agency adopted a December 31 fiscal year end.

STATISTICAL

STATISTICAL

Statistical Section

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

Contents

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

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

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

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

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

Exhibit 1

Renewable Water Resources
Schedule of Net Position

	FY17 12/31/2017	SY16[3] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	Restated FY13[2] 6/30/2013	Restated FY12[2] 6/30/2012	FY11 6/30/2011	FY10 6/30/2010	FY09[1] 6/30/2009	FY08[1] 6/30/2008
Net investment in capital assets	$ 275,530,356	$ 243,542,420	$ 236,817,979	$ 221,814,140	$ 217,096,602	$ 207,368,981	$ 183,853,336	$ 169,934,492	$ 161,289,271	$ 170,727,631	$ 180,458,085
Restricted											
Debt service	28,320,441	27,725,012	18,937,075	18,972,661	19,357,293	19,560,054	18,744,295	31,669,416	40,108,418	39,528,346	6,049,781
Depreciation	4,853,457	4,666,997	4,602,950	4,620,109	4,760,286	4,874,899	4,848,431	4,659,144	4,802,059	4,955,508	4,892,868
Other	4,059,996	3,963,044	4,077,221	3,869,834	3,942,408	3,562,656	3,563,847	3,463,870	3,286,842	3,173,574	3,132,177
Total restricted	37,233,894	36,355,053	27,617,246	27,462,604	28,059,987	27,997,609	27,156,573	39,792,430	48,197,319	47,657,428	14,074,826
Unrestricted	24,999,892	34,490,280	40,285,442	34,019,081	45,491,583	48,580,665	63,402,146	57,782,111	50,394,599	38,614,745	58,636,940
Total net position	$ 337,764,142	$ 314,387,753	$ 304,720,667	$ 283,295,825	$ 290,648,172	$ 283,947,255	$ 274,412,055	$ 267,509,033	$ 259,881,189	$ 256,999,804	$ 253,169,851

[1] In fiscal year 2010, the Agency restated fiscal year 2009 net position to reflect the cumulative impact of certain unbilled services. For comparative purposes, all other fiscal years presented have been adjusted to reflect the application of this methodology.

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

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

Exhibit 2

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

	FY17 12/31/2017	SY16[4] 12/31/2016	FY16 6/30/2016	FY15[3] 6/30/2015	FY14 6/30/2014	Restated FY13[2] 6/30/2013	Restated FY12[2] 6/30/2012	FY11 6/30/2011	FY10 6/30/2010	FY09[1] 6/30/2009	FY08[1] 6/30/2008
Operating revenues											
Domestic and commercial customers	$ 74,867,453	$ 38,209,439	$ 71,975,651	$ 69,136,651	$ 64,718,545	$ 61,858,932	$ 62,503,653	$ 59,872,550	$ 55,789,993	$ 55,522,398	$ 52,601,443
Industrial customers	7,490,645	3,799,379	7,555,116	7,448,487	6,987,451	6,734,685	6,771,088	6,771,019	6,352,280	6,209,957	6,248,026
New account fees	6,575,000	3,576,000	8,227,500	7,420,000	5,477,500	5,492,500	4,684,500	2,712,528	2,375,000	2,914,250	6,761,750
Septic haulers and other	566,086	220,123	595,787	564,857	589,610	546,015	454,470	410,743	389,836	368,854	562,351
Total operating revenues	89,499,184	45,804,941	88,354,054	84,569,995	77,773,106	74,632,132	74,413,711	69,766,840	64,907,109	65,015,459	66,173,570
Operating expenses											
Total operating expenses before depreciation	34,807,935	19,070,485	33,261,129	35,442,323	35,245,111	29,085,234	27,278,286	25,659,915	25,206,823	26,082,901	25,586,122
Depreciation	26,806,997	13,344,747	26,286,924	26,274,360	26,579,447	26,061,618	24,134,563	24,055,324	24,137,438	24,073,372	23,198,109
Total operating expenses	61,614,932	32,415,232	59,548,053	61,716,683	61,824,558	55,146,852	51,412,849	49,715,239	49,344,261	50,156,273	48,784,231
Net operating revenue	27,884,252	13,389,709	28,806,001	22,853,312	15,948,548	19,485,280	23,000,862	20,051,601	15,562,848	14,859,186	17,389,339
Nonoperating revenues (expenses)											
Investment revenue	778,177	97,637	705,283	424,023	457,974	218,939	453,338	425,659	439,915	1,035,059	2,923,494
Other revenue	1,834,163	122,608	127,636	64,376	132,123	108,829	87,436	43,134	91,628	57,637	48,525
Amortization	(27,131)	(13,565)	(27,131)	(29,005)	(29,005)	(29,005)	(29,005)	(557,839)	(866,645)	(915,208)	(888,104)
Interest expense	(7,031,615)	(3,793,386)	(7,891,725)	(8,806,068)	(9,435,113)	(10,094,401)	(10,723,179)	(12,093,716)	(12,259,120)	(11,129,245)	(11,725,769)
Non-project expenses	(348,064)	(144,108)	(119,327)	(385,131)	(373,610)	(154,442)	(375,100)	(240,995)	(87,241)	(77,476)	(262,199)
Debt issuance costs	(297,140)	-	(191,537)	-	-	-	(602,960)	-	-	-	-
Net nonoperating expenses	(5,091,610)	(3,730,814)	(7,396,801)	(8,731,805)	(9,247,631)	(9,950,080)	(11,189,470)	(12,423,757)	(12,681,463)	(11,029,233)	(9,904,053)
Capital project cost reimbursement	583,747	8,191	15,642	-	-	-	610,293	-	-	-	-
Increase in net position before change in accounting principle	23,376,389	9,667,086	21,424,842	14,121,507	6,700,917	9,535,200	12,421,685	7,627,844	2,881,385	3,829,953	7,485,286
Cumulative effect of change in accounting principle	-	-	-	(21,473,854)	-	-	-	-	-	-	-
Increase (decrease) in net position	23,376,389	9,667,086	21,424,842	(7,352,347)	6,700,917	9,535,200	12,421,685	7,627,844	2,881,385	3,829,953	7,485,286
Total net position, beginning of year	314,387,753	304,720,667	283,295,825	290,648,172	283,947,255	274,412,055	267,509,033	259,881,189	256,999,804	253,169,851	245,684,565
Change in accounting principle	-	-	-	-	-	-	(5,518,663)	-	-	-	-
Total net position, beginning of year, restated	314,387,753	304,720,667	283,295,825	290,648,172	283,947,255	274,412,055	261,990,370	259,881,189	256,999,804	253,169,851	245,684,565
Total net position, end of year	$ 337,764,142	$ 314,387,753	$ 304,720,667	$ 283,295,825	$ 290,648,172	$ 283,947,255	$ 274,412,055	$ 267,509,033	$ 259,881,189	$ 256,999,804	$ 253,169,851

[1] In fiscal year 2010, the Agency restated fiscal year 2009 net position to reflect the cumulative impact of certain unbilled services. For comparative purposes, all other fiscal years presented have been adjusted to reflect this methodology.

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

[3] In fiscal year 2015, the Agency adpopted GASB Statement No. 68.

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

Renewable Water Resources

Schedule of Operation and Maintenance Expenses[(1)]

	FY17 12/31/2017	SY16[(3)] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13[(2)] 6/30/2013	FY12[(2)] 6/30/2012	FY11[(2)] 6/30/2011	FY10[(2)] 6/30/2010	FY09[(2)] 6/30/2009	FY08 6/30/2008
Salaries	$ 12,222,521	$ 6,205,727	$ 11,778,818	$ 11,340,068	$ 11,288,400	$ 10,592,787	$ 10,000,763	$ 9,697,910	$ 9,412,737	$ 9,563,556	$ 8,885,770
Electricity / natural gas / water	3,627,580	1,940,110	3,883,190	3,888,844	3,747,844	3,345,476	3,344,854	2,910,330	3,259,596	3,379,424	2,832,720
Customer service and billing expenses	2,513,925	1,265,356	2,525,112	2,449,727	2,333,274	2,143,908	2,223,663	1,619,244	1,626,053	1,500,289	2,657,286
Professional service contracts	1,982,674	1,135,622	1,868,908	3,451,718	4,031,270	1,021,255	1,220,595	1,243,892	1,321,222	1,497,284	1,376,381
Insurance	1,671,284	831,965	1,501,644	1,426,437	1,672,141	2,209,387	2,001,616	1,690,069	1,643,087	1,677,727	1,197,796
Chemicals	1,529,777	771,017	1,783,804	2,649,481	2,275,096	1,423,308	1,185,175	1,175,710	1,084,024	1,268,878	1,311,363
Solids disposal	1,449,971	592,590	1,342,441	1,631,456	1,530,287	1,227,630	1,129,904	1,149,986	1,156,579	1,575,855	1,867,073
R & M equipment	1,412,994	676,528	1,289,004	1,525,012	1,567,007	1,096,590	834,423	757,235	753,196	819,919	1,085,509
OPEB	1,412,673	601,435	1,159,046	1,100,651	760,825	-	-	-	-	-	-
Retirement	1,357,670	671,464	1,316,483	1,595,788	1,285,421	1,194,305	1,027,680	993,626	947,703	922,698	794,923
Pension	1,122,429	1,608,757	230,791	-	-	-	-	-	-	-	-
FICA	869,984	444,866	852,678	819,261	811,800	752,442	721,986	698,699	669,919	671,902	633,157
R & M electrical	414,116	218,800	412,455	484,456	524,917	485,390	381,951	320,748	298,311	145,169	195,389
Public relations	346,202	131,916	219,142	217,848	351,863	394,173	265,909	320,699	170,515	174,396	133,513
General insurance	315,845	487,291	488,209	199,975	400,135	380,201	336,563	338,888	290,520	279,026	240,533
Legal	281,390	140,360	372,321	253,691	293,233	181,273	175,240	295,555	288,293	373,979	193,103
Telephones and communication	259,994	126,474	224,246	192,487	190,522	187,066	180,807	173,689	174,560	180,803	191,079
Training / reference	209,790	67,224	76,498	71,642	83,289	90,656	90,176	88,213	51,761	69,077	118,478
Permit and other fees	164,813	146,012	146,224	174,591	135,810	123,128	168,633	119,426	67,520	62,828	-
Employee travel	159,705	89,085	129,503	148,702	145,063	137,167	127,643	105,099	106,026	99,728	101,599
Lab equipment & supplies	153,969	78,894	146,885	149,102	126,556	143,523	113,207	127,553	116,979	101,533	4
Vehicle supplies	150,009	66,253	148,945	164,228	141,073	118,706	110,741	100,809	78,331	111,896	119,168
Office and cleaning supplies	149,960	65,726	124,664	153,514	123,607	119,570	101,114	107,861	98,420	122,772	144,291
Administrative expenses	139,694	63,323	139,723	128,142	148,141	236,917	146,889	183,275	199,894	109,453	105,292
R & M building grounds	131,516	72,273	131,761	107,688	120,723	112,347	126,524	129,432	111,085	85,131	52,322
Gasoline	129,125	49,265	134,020	156,521	201,153	199,276	173,837	152,643	124,712	178,457	317,763
Workman compensation insurance	93,582	301,397	244,364	236,538	242,952	195,811	184,616	220,168	226,207	195,584	248,935
Uniforms	91,573	58,930	65,601	60,038	61,542	58,610	51,313	54,313	55,112	39,872	42,269
Fuel oil	75,770	35,637	85,045	136,270	160,411	135,373	116,873	109,097	87,690	35,904	16,526
Equipment supplies	36,103	19,887	17,414	54,593	50,881	23,233	45,282	78,662	32,875	9,597	-
Small hand tools	17,100	6,334	10,024	11,266	9,461	6,065	13,998	10,548	9,079	9,543	12,070
Employee professional expenses	-	44,999	125,203	131,005	135,081	102,691	82,607	59,586	58,761	43,306	100
Unemployment	-	-	-	12,443	2,001	75	142	2,140	26,549	29,868	17,879
Total departmental expense	34,493,738	19,015,517	32,974,166	35,123,183	34,951,779	28,438,339	26,684,724	25,035,105	24,547,316	25,335,454	24,892,291
Percentage increase (decrease) over prior year	81.4%	-42%	-6.1%	0.5%	22.9%	6.6%	6.6%	2.0%	-3.1%	1.8%	7.8%
Bad debt expense	314,197	54,968	286,963	319,140	293,332	646,895	593,562	624,810	659,507	747,447	693,831
Total, including bad debt expense	$ 34,807,935	$ 19,070,485	$ 33,261,129	$ 35,442,323	$ 35,245,111	$ 29,085,234	$ 27,278,286	$ 25,659,915	$ 25,206,823	$ 26,082,901	$ 25,586,122

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

(2) OPEB was combined with Insurance from June 30, 2009 to June 30, 2013

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

Renewable Water Resources
Schedule of Revenue Statistics

	FY17 12/31/2017	SY16[2] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010	FY09 6/30/2009	FY08 6/30/2008
Domestic and commercial customer revenue											
Greenville	$ 69,902,221	$ 35,728,021	$ 67,400,696	$ 64,875,472	$ 60,844,104	$ 58,317,726	$ 59,233,997	$ 56,785,235	$ 52,922,310	$ 52,705,367	$ 49,803,407
Greer/Taylors	3,072,757	1,585,781	2,929,794	2,756,556	2,555,577	2,551,021	2,474,381	2,309,191	2,149,999	2,007,268	1,989,232
Powdersville	661,357	312,903	578,878	507,808	441,553	417,331	349,261	336,455	296,425	317,808	286,316
Laurens	333,367	185,763	306,241	263,747	196,306	146,410	127,749	108,787	98,290	77,723	74,077
Marietta	223,295	111,366	218,475	214,428	202,246	192,711	186,887	184,511	183,616	180,017	177,275
Pelzer	198,735	105,814	207,606	192,634	188,915	64,230	-	-	-	-	-
West Pelzer	159,956	80,553	156,724	160,654	149,410	46,307	-	-	-	-	-
Well water/commercial	245,331	79,155	140,400	132,520	111,152	94,853	77,899	80,771	81,985	196,468	271,136
Blue Ridge	70,434	20,083	36,837	32,832	29,282	28,343	25,323	21,940	13,434	-	-
Slater	-	-	-	-	-	-	28,156	45,660	43,934	37,747	-
Total domestic and commercial revenue	$ 74,867,453	$ 38,209,439	$ 71,975,651	$ 69,136,651	$ 64,718,545	$ 61,858,932	$ 62,503,653	$ 59,872,550	$ 55,789,993	$ 55,522,398	$ 52,601,443
Number of customers											
Customer accounts	136,488	133,199	132,391	130,045	127,400	126,054	122,826	121,374	120,558	119,184	116,986
Percentage increase	2.5%	0.6%	1.8%	2.1%	1.1%	2.6%	1.2%	0.7%	1.2%	1.9%	0.9%
Domestic revenue rates											
User volume charge per 1,000 gallons	$ 5.61	$ 5.61	$ 5.61	$ 5.61	$ 5.39	$ 5.18	$ 4.96	$ 4.79	$ 4.61	$ 4.45	$ 4.30
Base charge per month	11.00	11.00	11.00	11.00	10.60	10.20	9.80	9.40	9.00	8.50	8.00
Total monthly charge [1]	$ 39.05	$ 39.05	$ 39.05	$ 39.05	$ 37.55	$ 36.10	$ 34.60	$ 33.35	$ 32.05	$ 30.75	$ 29.50
Monthly charge percent increase	0.0%	0.0%	0.0%	4.0%	4.0%	4.3%	3.7%	4.1%	4.2%	4.2%	4.4%

[1] Assumes residential customer using approximately 5,000 gallons per month.

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

Renewable Water Resources
Schedule of Long-Term Debt

	FY17 12/31/2017	SY16[2] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	Restated FY13[1] 6/30/2013	Restated FY12[1] 6/30/2012	Restated FY11[1] 6/30/2011	FY10 6/30/2010	FY09 6/30/2009	FY08 6/30/2008
Revenue bonds											
2001 Refunding	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,920,000	$ 9,535,000	$ 11,915,000
2002 Refunding	-	-	-	-	-	-	-	-	-	-	2,000,000
2005 Revenue	-	-	-	-	520,000	1,025,000	1,510,000	81,495,000	81,585,000	81,650,000	81,780,000
2005B Refunding	34,285,000	41,180,000	41,180,000	47,430,000	53,395,000	59,070,000	64,515,000	69,695,000	69,695,000	69,695,000	69,695,000
2009 Revenue	3,880,000	16,780,000	16,780,000	18,550,000	20,260,000	21,900,000	23,480,000	25,000,000	30,000,000	30,000,000	-
2010A Refunding	20,685,000	25,555,000	25,555,000	42,030,000	46,770,000	51,285,000	55,585,000	59,720,000	-	-	-
2010B Revenue	9,985,000	12,910,000	12,910,000	15,695,000	18,500,000	21,270,000	24,000,000	26,800,000	-	-	-
2012 Refunding	69,275,000	70,035,000	70,035,000	70,850,000	71,125,000	71,395,000	71,395,000	-	-	-	-
2015A Refunding	13,041,000	13,284,000	13,284,000	-	-	-	-	-	-	-	-
2017A Refunding	11,736,000	-	-	-	-	-	-	-	-	-	-
Total revenue bonds payable	162,887,000	179,744,000	179,744,000	194,555,000	210,570,000	225,945,000	240,485,000	262,710,000	186,200,000	190,880,000	165,390,000
State revolving loans ("SRL")											
Regional Sludge	-	-	-	-	-	-	-	-	21,159	103,340	181,730
Brushy Creek/Reedy River	-	-	-	-	-	-	-	-	1,685,006	1,928,758	2,162,999
Maple Creek	-	-	-	-	-	-	-	-	75,378	147,457	216,382
Lower Reedy River	-	-	-	-	-	-	-	-	19,572,448	21,044,548	22,459,206
Gilder Creek Phase I	-	-	-	-	-	-	-	-	5,488,322	5,847,480	6,192,623
Georges Creek	-	-	-	-	-	-	-	-	13,619,303	14,366,298	15,084,146
Gilder Creek Phase II	-	-	-	-	-	-	-	-	28,528,215	29,920,953	31,262,666
Georges Creek Conveyance Phase I	-	-	-	-	-	-	-	-	4,846,898	5,111,675	5,366,751
Georges Creek Conveyance Phase II	-	-	-	-	-	-	-	-	4,159,734	4,376,787	4,585,889
Lower Reedy WRRF Expansion Phase II	10,419,951	11,422,290	11,915,089	12,884,255	13,831,919	14,758,556	15,664,634	16,533,197	17,327,143	18,097,710	18,845,587
Durbin Creek WRRF Upgrade and Expansion	17,372,261	18,714,646	19,374,629	20,672,587	21,941,747	23,182,748	24,396,215	25,549,712	26,571,651	24,487,526	18,308,917
Gravity Sewer and Manhole Rehabilitation Phase I	1,953,605	2,087,335	2,153,455	2,284,250	2,413,171	2,540,283	2,665,648	2,789,326	1,496,822	-	-
Gravity Sewer and Manhole Rehabilitation Phase II	1,774,013	1,889,041	1,945,723	2,057,474	2,167,134	2,274,775	2,380,466	1,600,138	698,068	-	-
FY15/16 Gravity Sewer and Manhole Rehabilitation	4,456,661	1,586,233	-	-	-	-	-	-	-	-	-
Total SRL	35,976,491	35,699,545	35,388,896	37,898,566	40,353,971	42,756,362	45,106,963	46,472,373	124,090,147	125,432,532	124,666,896
Total long-term debt payable	198,863,491	215,443,545	215,132,896	232,453,566	250,923,971	268,701,362	285,591,963	309,182,373	310,290,147	316,312,532	290,056,896
Premiums on bond issuance	8,511,557	10,308,217	11,209,753	13,768,234	15,824,836	17,987,312	20,070,524	13,338,573	9,734,500	10,991,600	11,756,505
Total long-term debt, including premiums	$ 207,375,048	$ 225,751,762	$ 226,342,649	$ 246,221,800	$ 266,748,807	$ 286,688,674	$ 305,662,487	$ 322,520,946	$ 320,024,647	$ 327,304,132	$ 301,813,401
Customer accounts	136,488	133,199	132,391	130,045	127,400	126,054	122,826	121,374	120,558	119,184	116,986
Long-term liabilities per customer account	$ 1,519	$ 1,695	$ 1,710	$ 1,893	$ 2,094	$ 2,274	$ 2,489	$ 2,657	$ 2,655	$ 2,746	$ 2,580

[1] 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.

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

Exhibit 6

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

Year	Revenue bond principal	Revenue bond interest	SRL principal	SRL interest	Total principal	Total interest	Grand total
2018	$ 18,475,000	$ 6,482,644	$ 2,769,183	$ 755,297	$ 21,244,183	$ 7,237,941	$ 28,482,124
2019	19,209,000	5,629,843	2,830,213	694,267	22,039,213	6,324,110	28,363,323
2020	19,842,000	4,738,755	2,892,676	631,805	22,734,676	5,370,560	28,105,236
2021	20,611,000	3,818,487	2,956,605	567,876	23,567,605	4,386,363	27,953,968
2022	19,964,000	3,080,769	3,022,036	502,445	22,986,036	3,583,214	26,569,250
2023	20,974,000	2,373,420	3,089,004	435,477	24,063,004	2,808,897	26,871,901
2024	21,758,000	1,469,703	3,157,547	366,933	24,915,547	1,836,636	26,752,183
2025	22,054,000	501,583	3,227,704	296,777	25,281,704	798,360	26,080,064
2026	-	-	3,299,511	224,970	3,299,511	224,970	3,524,481
2027	-	-	2,429,530	156,758	2,429,530	156,758	2,586,288
2028	-	-	2,165,315	108,242	2,165,315	108,242	2,273,557
2029	-	-	891,661	67,754	891,661	67,754	959,415
2030	-	-	465,242	56,124	465,242	56,124	521,366
2031	-	-	187,780	48,574	187,780	48,574	236,354
2032	-	-	151,957	45,643	151,957	45,643	197,600
2033	-	-	154,710	42,889	154,710	42,889	197,599
2034	-	-	157,514	40,085	157,514	40,085	197,599
2035	-	-	160,368	37,231	160,368	37,231	197,599
2036	-	-	163,275	34,325	163,275	34,325	197,600
2037	-	-	166,234	31,366	166,234	31,366	197,600
2038	-	-	169,246	28,353	169,246	28,353	197,599
2039	-	-	172,313	25,286	172,313	25,286	197,599
2040	-	-	175,435	22,164	175,435	22,164	197,599
2041	-	-	178,615	18,985	178,615	18,985	197,600
2042	-	-	181,852	15,748	181,852	15,748	197,600
2043	-	-	185,147	12,453	185,147	12,453	197,600
2044	-	-	188,502	9,097	188,502	9,097	197,599
2045	-	-	191,919	5,681	191,919	5,681	197,600
2046	-	-	195,397	2,203	195,397	2,203	197,600
	$ 162,887,000	$ 28,095,204	$ 35,976,491	$ 5,284,808	$ 198,863,491	$ 33,380,012	$ 232,243,503

Renewable Water Resources
Schedule of Bond Coverage

	FY17 12/31/2017	SY16[2] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010	FY09 6/30/2009	FY08 6/30/2008
Operating revenues	$ 89,499,184	$ 90,616,515	$ 88,354,054	$ 84,569,995	$ 77,773,106	$ 74,632,132	$ 74,413,711	$ 69,766,840	$ 64,907,109	$ 65,015,459	$ 66,173,570
Investment revenue, unrestricted	778,177	830,119	705,283	424,023	457,974	217,379	382,179	364,936	405,982	1,023,713	2,570,452
Gross revenues	90,277,361	91,446,634	89,059,337	84,994,018	78,231,080	74,849,511	74,795,890	70,131,776	65,313,091	66,039,172	68,744,022
Less: operating expense before depreciation	34,807,935	37,207,699	33,261,129	35,442,323	35,245,111	29,085,234	27,278,286	25,659,915	25,206,823	26,082,901	25,586,122
Net revenues available for debt service	$ 55,469,426	$ 54,238,935	$ 55,798,208	$ 49,551,695	$ 42,985,969	$ 45,764,277	$ 47,517,604	$ 44,471,861	$ 40,106,268	$ 39,956,271	$ 43,157,900
Debt service on senior lien bonds	$ 11,107,463	$ 11,015,516	$ 11,213,120	$ 15,084,365	$ 15,073,246	$ 15,075,678	$ 18,825,634	$ 23,593,930	$ 24,949,616	$ 22,564,302	$ 22,863,522
Senior lien debt coverage[1]	5.0	4.9	5.0	3.3	2.9	3.0	2.5	1.9	1.6	1.8	1.9
Debt service on all bonds	$ 28,547,755	$ 28,155,128	$ 28,663,459	$ 28,786,540	$ 28,792,979	$ 27,797,235	$ 29,219,832	$ 28,918,439	$ 24,949,616	$ 22,564,302	$ 22,863,522
Total debt coverage	1.9	1.9	1.9	1.7	1.5	1.6	1.6	1.5	1.6	1.8	1.9

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

[2] Amounts shown represent January to December 2016 activity

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

	FY17 12/31/2017	SY16[2] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	Restated FY13[1] 6/30/2013	Restated FY12[1] 6/30/2012	FY11 6/30/2011	FY10 6/30/2010	FY09 6/30/2009	FY08 6/30/2008
Operating expenses											
Operating expenses before depreciation	$ 34,807,935	$ 19,070,485	$ 33,261,129	$ 35,442,323	$ 35,245,111	$ 29,085,234	$ 27,278,286	$ 25,659,915	$ 25,206,823	$ 26,082,901	$ 25,586,122
Depreciation	26,806,997	13,344,747	26,286,924	26,274,360	26,579,447	26,061,618	24,134,563	24,055,324	24,137,438	24,073,372	23,198,109
Total operating expenses	61,614,932	32,415,232	59,548,053	61,716,683	61,824,558	55,146,852	51,412,849	49,715,239	49,344,261	50,156,273	48,784,231
Debt service											
Interest payments	8,216,598	4,286,183	9,412,789	10,316,135	11,015,587	10,906,634	13,123,410	12,317,959	13,661,275	12,399,921	12,561,183
Principal payments	20,331,157	1,275,584	19,250,670	18,470,405	17,777,392	16,890,601	16,096,422	16,600,480	11,288,341	10,164,381	10,302,339
Total debt service	$ 28,547,755	$ 5,561,767	$ 28,663,459	$ 28,786,540	$ 28,792,979	$ 27,797,235	$ 29,219,832	$ 28,918,439	$ 24,949,616	$ 22,564,302	$ 22,863,522
Total expenses to debt ratio	2.2	5.8	2.1	2.1	2.1	2.0	1.8	1.7	2.0	2.2	2.1

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

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

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

	FY17[2] 12/31/2017	FY16[2] 6/30/2016	FY15[2] 6/30/2015	FY14[2] 6/30/2014	FY13[2] 6/30/2013	FY12[2] 6/30/2012	FY11[3] 6/30/2011	FY10 [2] 6/30/2010	FY09[2] 6/30/2009	FY08[2] 6/30/2008
Assessed value [1]	$1,954,883,763	$1,810,198,571	$1,735,073,462	$1,671,390,180	$1,628,001,143	$1,600,768,508	$1,597,142,350	$1,540,375,699	$1,508,622,437	$1,833,262,263
Renewable Water Resources' general obligation debt	-	-	-	-	-	-	-	-	-	-
Population	506,457	495,777	481,317	474,266	464,394	459,324	457,575	453,966	438,119	428,243
Assessed value per capita	$ 3,860	$ 3,651	$ 3,605	$ 3,524	$ 3,506	$ 3,485	$ 3,490	$ 3,393	$ 3,443	$ 4,281

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

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

	FY17 12/31/2017	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010	FY09 6/30/2009	FY08 6/30/2008
Berea Public Service District [1]	$ 1,878,700	$ 2,074,200	$ 2,323,350	$ 2,210,000	$ 2,475,000	$ 2,730,000	$ 2,970,000	$ 1,690,000	$ 1,830,000	$ 2,000,000
Boiling Springs Fire District [1]	4,122,539	2,093,763	2,161,731	2,226,384	262,799	297,092	329,392	359,819	388,486	273,670
Canebrake Fire District [2]	-	81,000	133,770	-	-	-	-	-	-	-
City of Fountain Inn [2]	1,119,250	1,382,750	1,635,500	345,000	430,000	700,000	3,895,000	3,935,000	1,080,000	1,795,000
City of Greenville [2]	6,455,000	7,375,000	8,250,000	9,095,000	9,915,000	10,208,000	11,222,000	12,040,780	13,005,000	14,300,000
City of Greer [2]	1,130,000	1,340,000	1,545,000	2,115,000	2,655,000	3,180,000	3,693,500	4,136,500	4,576,500	5,133,500
City of Mauldin [2]	2,785,000	2,880,000	3,140,000	3,395,000	3,645,000	3,885,000	4,250,000	4,535,000	4,855,000	2,275,000
City of Simpsonville [2]	1,192,226	1,553,512	799,130	1,256,394	1,699,669	2,050,000	2,585,000	3,105,000	3,605,000	3,000,000
City of Travelers Rest [2]	63,098	31,630	39,788	39,788	815,000	845,000	875,000	683,310	721,447	840,529
Clear Springs Fire District [1]	3,875,000	749,000	847,000	939,000	1,031,000	1,117,000	880,000	935,000	990,000	1,045,000
Donaldson Center Fire Service Area [1]	-	115,000	230,000	345,000	455,000	565,000	-	-	-	-
Duncan Chapel Fire District [1]	1,465,163	1,482,850	1,500,000	-	-	-	-	-	-	-
Dunklin Fire District [1]	382,234	425,299	-	-	-	-	-	-	-	-
Fountain Inn Fire Service Area [1]	-	1,660,000	1,760,000	1,880,000	1,990,000	2,100,000	880,000	1,670,000	1,735,000	-
Gantt Fire, Sewer & Police District [1]	570,272	743,369	894,462	1,045,598	1,201,823	1,428,180	1,444,710	1,580,453	1,640,447	1,739,727
Glassy Mountain Fire District [1]	1,890,000	2,090,000	1,535,000	1,745,000	1,945,000	2,140,000	2,325,000	2,505,000	1,690,000	1,805,000
Greenville Arena District [1]	35,573,800	38,050,000	18,435,000	19,690,000	20,900,000	22,065,000	36,848,647	24,275,000	8,125,000	8,650,000
Greenville County Art Museum [1]	3,668,000	3,429,000	2,300,000	-	-	-	-	-	-	-
Greenville County [1]	137,746,748	146,493,098	155,889,836	166,060,779	143,469,285	65,900,000	64,440,000	68,040,000	62,510,000	66,115,000
Greenville County School District [1]	845,577,000	812,125,000	845,170,000	945,359,652	973,508,597	66,449,000	47,785,000	38,230,000	15,795,000	-
Lake Cunningham Fire District	-	217,861	257,722	-	-	-	-	-	-	-
Mauldin Fire Service Area [1]	-	1,530,000	1,630,000	1,750,000	1,870,000	2,005,000	2,135,000	2,265,000	2,390,000	-
North Greenville Fire District [1]	1,270,000	1,375,000	1,480,000	1,580,000	1,675,000	1,750,000	-	-	-	-
Pelham Batesville Fire District [1]	-	-	2,349,961	-	-	-	-	-	-	-
Piedmont Public Service District [1]	151,502	178,880	-	-	-	-	-	-	-	-
Recreation District [1]	-	-	-	-	1,017,357	1,201,391	1,377,193	1,544,817	1,704,315	1,855,736
River Falls Fire District [1]	271,951	312,642	383,266	390,401	-	-	-	-	-	-
Simpsonville Fire Service Area [1]	-	3,230,000	-	-	-	210,000	415,000	615,000	805,000	-
South Greenville Fire & Sewer District [1]	1,135,924	1,079,256	582,000	719,000	850,000	975,000	1,095,000	1,209,000	1,318,000	1,422,000
Taylors Fire & Sewer District [1]	1,975,316	1,975,316	-	-	80,209	229,535	372,680	509,899	641,438	767,532
Tigerville Fire District [1]	-	355,000	390,000	425,000	455,000	485,000	550,000	158,935	180,069	199,983
Total	$ 1,054,298,723	$ 1,036,428,426	$ 1,055,662,516	$ 1,162,611,996	$ 1,172,345,739	$ 192,515,198	$ 190,368,122	$ 174,023,513	$ 129,585,702	$ 113,217,677

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

Renewable Water Resources
Ten Largest Employers in 2017

Company	County	Product / Service	Employment		Established
			Jobs	% of Total	
Greenville Health Systems	Greenville	Health services	14,787	2.9%	1930
Greenville County School District	Greenville	Public education	10,095	2.0%	1951
Bon Secours St. Francis Health System	Greenville	Health services	5,047	1.0%	1932
Michelin North America, Inc.	Greenville	Headquarters, R&D /Mfg (radial tire manufacturer)	4,100	0.8%	1975
General Electric Company	Greenville	Engineering (gas turbine manufacturing)	3,400	0.7%	1967
South Carolina State Government	Greenville	State government	3,379	0.7%	1905
Fluor Corporation	Greenville	Engineering and construction services	2,400	0.5%	1960
United States Government	Greenville	Federal government	2,105	0.4%	1961
Bi-Lo Supermarkets	Greenville	Distribution and retail	2,089	0.4%	1786
Greenville County Government	Greenville	Government	2,089	0.4%	1776

Source: GADC and SCACOG; October 2017

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

	FY17 12/31/2017	SY16 [6] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010	FY09 6/30/2009	FY08 6/30/2008
Population [1]	506,457	498,766	495,777	481,317	474,266	464,394	459,324	457,575	453,966	438,119	428,243
Population growth	1.5%	0.6%	3.0%	1.5%	2.1%	1.1%	0.4%	0.8%	3.6%	2.3%	2.7%
School enrollment [2]	73,757	74,319	72,855	71,996	70,866	70,282	69,649	69,141	69,006	70,051	69,227
Median age [3]	38	38	38	38	37	37	37	37	37	37	37
Per capita personal income [4]	$ 44,298	$ 43,671	$ 40,791	$ 40,257	$ 39,130	$ 37,689	$ 36,426	$ 35,963	$ 36,905	$ 35,076	$ 30,814
Personal income [4]	$ 22,094,260	$ 21,427,856	$ 19,691,774	$ 19,092,741	$ 18,297,465	$ 17,385,834	$ 16,510,427	n/a	n/a	n/a	n/a
Percent unemployment [5]	3.6%	3.5%	4.9%	5.4%	5.6%	6.8%	8.1%	9.3%	9.8%	10.6%	5.4%

n/a - not available

(1) Greenville County Planning Department (estimate)

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

(3) US Census Bureau (http://factfinder2.census.gov/faces/tableservices)

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

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

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

Renewable Water Resources
Employees by Function

	FY17 [1] 12/31/2017		FY16 6/30/2016		FY15 6/30/2015		FY14 6/30/2014		FY13 6/30/2013		FY12 6/30/2012		FY11 6/30/2011		FY10 6/30/2010		FY09 6/30/2009		FY08 6/30/2008	
Employees by department	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Administration	43	19%	46	21%	38	18%	36	18%	36	18%	33	17%	31	16%	31	16%	33	17%	26	14%
Engineering	16	7%	16	7%	15	7%	11	6%	15	7%	14	7%	15	8%	14	7%	13	7%	15	8%
Laboratory	18	8%	18	8%	18	9%	16	8%	18	9%	18	9%	17	9%	16	8%	17	9%	17	9%
Maintenance/Collections	68	31%	67	30%	63	31%	64	32%	65	32%	62	32%	64	33%	64	33%	59	31%	61	33%
Operations, see below	53	24%	59	27%	58	28%	60	30%	57	28%	56	28%	55	28%	58	30%	58	30%	60	32%
Pretreatment	9	4%	9	4%	9	4%	8	4%	8	4%	7	4%	8	4%	8	4%	8	4%	8	4%
Solids management	6	3%	6	3%	6	3%	5	2%	5	2%	5	3%	5	2%	5	2%	4	2%	-	0%
Technical Resources	8	4%	0%	-	-	0%	-	-	0%	-	-	0%	-	0%	0%	0%	-	0%	-	0%
Total	221	100%	221	100%	207	100%	200	100%	204	100%	195	100%	195	100%	196	100%	192	100%	187	100%

Operations employees by facility	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Durbin Creek	5	9%	5	8%	5	9%	5	8%	4	7%	2	3%	3	5%	4	7%	3	5%	3	5%
Georges Creek	5	9%	5	8%	6	10%	5	8%	5	9%	5	9%	5	9%	5	9%	5	9%	5	8%
Gilder Creek	6	12%	6	10%	6	10%	6	10%	6	10%	7	13%	6	11%	6	10%	6	10%	6	10%
Grove Creek	-	0%	-	0%	-	0%	-	0%	-	0%	4	7%	5	9%	5	9%	4	7%	4	7%
Lower Reedy	7	14%	7	12%	7	12%	7	12%	7	12%	7	13%	7	13%	7	12%	7	12%	7	12%
Mauldin Road	17	32%	23	40%	22	38%	24	40%	22	39%	23	41%	22	40%	23	40%	21	36%	23	38%
Pelham	8	15%	8	14%	8	14%	8	14%	8	14%	8	14%	7	13%	8	13%	8	14%	7	12%
Piedmont	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	1	2%	1	1%
Piedmont Regional	5	9%	5	8%	4	7%	5	8%	5	9%	-	0%	-	0%	-	0%	-	0%	-	0%
Taylors	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	3	5%	4	7%
Total	53	100%	59	100%	58	100%	60	100%	57	100%	56	100%	55	100%	58	100%	58	100%	60	100%

Exhibit 14

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

Water resource recovery facility	FY17 12/31/2017	SY16 [1] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010	FY09 6/30/2009	FY08 6/30/2008
Durbin Creek	130,674	130,672	135,548	135,548	135,548	135,548	135,548	135,548	135,556	135,312	135,552
Georges Creek	94,491	94,491	94,491	94,491	94,491	94,491	107,006	94,674	94,674	94,674	117,892
Gilder Creek	164,251	161,998	161,998	161,998	161,999	161,999	161,999	162,000	162,000	162,000	162,000
Grove Creek	-	-	-	-	-	-	94,570	94,570	94,570	94,570	94,570
Lower Reedy	282,720	282,691	282,725	282,725	282,725	282,485	282,495	282,528	285,209	279,622	279,823
Marietta	27,579	24,969	24,969	24,969	24,877	24,877	24,877	24,877	24,877	24,877	24,877
Mauldin Road	399,050	400,933	400,933	400,916	400,935	400,920	397,285	400,352	397,109	388,847	389,273
Pelham	343,335	342,557	342,442	342,288	342,049	342,006	341,019	347,054	339,132	345,862	242,194
Piedmont	-	-	-	-	-	-	10,417	10,417	10,417	10,437	10,437
Piedmont Regional	105,187	105,117	105,117	105,118	105,118	104,987	-	-	-	-	-
Taylors	-	-	-	-	-	-	-	-	-	-	110,199
Totals	1,547,287	1,543,428	1,548,223	1,548,053	1,547,742	1,547,313	1,555,216	1,552,020	1,543,544	1,536,201	1,566,817

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

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

	FY17 12/31/2017	SY16 [3] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010	FY09 6/30/2009	FY08 6/30/2008
Permitted flow	87	87	87	87	87	90	85	85	85	92	89
Average flow	38	35	44	39	42	40	34	35	40	36	35
Average peak flow	45	38	58	45	54	50	39	44	51	47	40

Fiscal year 2017 flows by facility and basin [1]

	Permitted	Average	Peak
Reedy River basin			
Mauldin Road [2]	29.0	13.6	16.6
Lower Reedy	11.5	6.1	6.5
Basin Total	40.5	19.7	23.1
Saluda River basin			
Marietta	0.7	0.2	0.3
Georges Creek	3.0	1.1	1.3
Piedmont Regional	4.0	1.3	1.8
Basin Total	7.7	2.6	3.4
Enoree River basin			
Pelham	22.5	9.9	10.8
Gilder Creek	11.3	4.2	5.0
Durbin Creek	5.2	1.8	2.2
Basin Total	39.0	15.9	18.0
Total all basins	87.2	38.2	44.5

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

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

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

Exhibit 16

Renewable Water Resources
Miscellaneous Statistics

	FY17 12/31/2017	SY16[2] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010	FY09 6/30/2009	FY08 6/30/2008
Operations power usage											
Electric power [1]	$ 2,998,157	$ 1,653,580	$ 3,343,709	$ 3,296,892	$ 3,173,428	$ 2,859,338	$ 2,904,547	$ 2,470,977	$ 2,755,858	$ 2,830,718	$ 2,531,950
Operations chemical usage (in tons)											
Chlorine	176	54	249	239	287	461	240	159	135	89	126
Polymer	151	40	140	207	239	73	93	88	96	107	108
Lime slurry	-	-	-	-	-	69	250	158	226	498	4,732
Lime	2,943	1,314	2,552	2,504	2,957	1,114	2,994	2,176	1,065	1,051	1,276
Sulfur dioxide	23	23	166	75	121	26	96	28	46	62	27

[1] Amount represents annual total less Powershare credits.

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

Renewable Water Resources
Pump Stations and Industrial User Statistics

	FY17 12/31/2017	SY16 [1] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010	FY09 6/30/2009	FY08 6/30/2008
Number of pump stations by facility											
Durbin Creek	5	5	5	6	6	6	6	6	6	6	6
Georges Creek	13	13	13	13	13	13	13	13	13	13	14
Gilder Creek	3	3	3	3	3	3	3	3	3	3	3
Grove Creek	-	-	-	-	-	2	2	2	2	2	2
Lower Reedy	5	5	5	5	5	5	5	5	5	5	6
Marietta	2	3	3	3	3	3	3	3	3	3	3
Mauldin Road	8	8	8	8	8	8	8	8	8	8	9
Pelham	15	15	15	15	15	15	16	16	16	17	7
Piedmont	-	-	-	-	-	-	3	3	3	3	3
Piedmont Regional	6	6	6	6	6	4	-	-	-	-	-
Taylors	-	-	-	-	-	-	-	-	-	-	8
Totals	57	58	58	59	59	59	59	59	59	60	61
Number of industrial customers by facility											
Durbin Creek	13	15	15	12	13	13	14	14	14	14	14
Georges Creek	3	3	3	2	1	1	1	1	1	1	1
Gilder Creek	6	7	7	7	7	7	7	8	9	9	7
Grove Creek	-	-	-	-	-	7	8	8	7	10	11
Lower Reedy	32	31	31	30	31	32	30	30	30	30	30
Marietta	1	1	1	1	1	1	1	1	1	1	1
Mauldin Road	23	25	24	25	27	27	25	26	28	28	28
Pelham	12	13	13	14	17	17	17	17	17	17	10
Piedmont	-	-	-	-	-	-	2	2	2	1	1
Piedmont Regional	12	12	13	11	11	2	-	-	-	-	-
Taylors	-	-	-	-	-	-	-	-	-	-	8
Totals	102	107	107	102	108	107	105	107	109	111	111

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

Renewable Water Resources
Schedule of Funding Sources for Capital Projects

Funding sources for capital projects	FY17 12/31/2017	SY16[1] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010	FY09 6/30/2009	FY08 6/30/2008	Totals
Bond proceeds	$ -	$ -	$ -	$ -	$ -	$ -	$ 24,966,337	$ 3,679,145	$ 3,139,084	$ 22,264,062	$ -	$ 54,048,628
State revolving loan proceeds	2,986,498	1,586,233	-	-	-	-	-	3,165,598	3,640,849	6,420,017	17,937,953	35,737,148
Contributed capital	583,747	8,191	15,642	-	-	-	-	-	-	-	-	607,580
Federal payments	-	-	-	-	-	-	610,293	-	-	-	-	610,293
Internal reserves	40,695,401	17,370,026	23,566,224	11,619,001	13,922,349	28,070,672	16,527,079	2,556,656	1,195,542	542,036	49,195,900	205,260,886
Total capital project expense	$ 44,265,646	$ 18,964,450	$ 23,581,866	$ 11,619,001	$ 13,922,349	$ 28,070,672	$ 42,103,709	$ 9,401,399	$ 7,975,475	$ 29,226,115	$ 67,133,853	$ 296,264,535

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

Exhibit 19

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

	FY17 12/31/2017	SY16[1] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010	FY09 6/30/2009	FY08 6/30/2008
Solids generated by facility											
Durbin Creek	328	106	254	333	649	403	258	200	239	127	170
Georges Creek	61	83	204	199	188	121	166	159	161	264	299
Gilder Creek	605	155	649	588	678	455	523	500	682	655	709
Grove Creek	-	-	-	-	-	55	143	109	147	117	229
Lower Reedy	1,387	488	1,108	1,400	968	1,146	869	1,066	764	1,240	1,266
Marietta	58	44	60	68	76	101	75	102	74	92	146
Mauldin Road	2,231	1,049	2,150	3,999	2,294	2,930	2,869	2,933	2,791	3,215	3,607
Pelham	1,735	836	1,925	2,096	1,471	1,282	1,284	1,468	1,166	1,999	1,247
Piedmont	-	-	-	-	-	38	52	52	71	39	30
Piedmont Regional	317	148	348	294	317	92	-	-	-	-	-
Taylors	-	-	-	-	-	-	-	-	-	423	433
Totals	6,722	2,909	6,698	8,977	6,641	6,623	6,239	6,589	6,095	8,171	8,136
Disposal methods											
Landfill disposal	416	5	2,177	6,808	4,804	516	158	365	382	498	714
Land application/recycled	6,306	2,904	4,521	2,169	1,837	6,107	6,081	6,224	5,713	7,673	7,422
Totals	6,722	2,909	6,698	8,977	6,641	6,623	6,239	6,589	6,095	8,171	8,136

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

Appendix

Cherry Bekaert LLP
CPAs & Advisors

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
Renewable Water Resources
Greenville, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Renewable Water Resources (the "Agency"), which comprise of the statement of net position as of December 31, 2017, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 7, 2018.

Internal Control over Financial Reporting

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

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

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

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

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Cherry Bekaert LLP

Greenville, South Carolina
March 7, 2018

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561 Mauldin Road Greenville, South Carolina 29607 864-299-4000 tel www.rewaonline.org