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2011 *in review*

Growth

Grand Strand Water & Sewer Authority experienced moderate growth in 2011 with the addition of over 1,200 customers. While the number of new developer projects was lower than in previous years, total assets contributed to GSWSA by developers was \$4.4 million. Acquisition of the Town of Nichols' water and wastewater systems added 242 customers. Grand Strand Water & Sewer Authority also acquired the Centenary sewer system which added 72 customers.

Grand Strand Water & Sewer Authority continued investment in the Rural Water & Sewer Program extending water and sewer lines into rural communities throughout Horry County. In 2011, capital investments were made for the Vereen Wastewater Treatment Plant upgrade and construction of a Bucksport composting facility – eliminating the need to either landfill sludge or treat sludge in lagoons. GSWSA plans to sell compost to area residents and farmers.



Water and Sewer Rates of Coastal Utilities

Average monthly usage of 8,000 gallons. Survey conducted July 2011.

City	Service Area	Water Bill Only	Sewer Bill Only	Total Water & Sewer Bill
GSWSA	All Areas	\$20.25	\$24.45	\$42.80
Myrtle Beach	Inside City	\$18.07	\$24.91	\$42.98
	Outside City	\$36.14	\$49.82	\$85.96
Georgetown County	All Areas	\$25.44	\$32.19	\$57.63
North Myrtle Beach	Inside City	\$30.02	\$27.40	\$57.42
	Outside City	\$60.04	\$54.80	\$114.84
Little River	Residential	\$29.35	\$34.52	\$63.87
	Commercial	\$29.27	\$34.52	\$63.97
Mount Pleasant	Residential	\$31.74	\$42.58	\$74.32
	Commercial	\$31.74	\$48.66	\$80.40
Beaufort/Jasper	Residential	\$33.68	\$48.00 Max.	\$81.68
	Commercial	\$33.68	\$54.40	\$88.08
Charleston	Inside City	\$22.78	\$76.48	\$99.26
	Outside City	\$40.77	\$105.36	\$146.13
Charleston 2012*	Inside City	\$23.95	\$80.22	\$104.17
	Outside City	\$42.50	\$110.98	\$153.48

* Proposed rates.

We think about water every day, so you don't have to.



Grand Strand Water & Sewer Authority is committed to providing our customers with the highest quality water at the most affordable rates possible while planning and preparing to meet the future needs of our community and its surrounding areas. During the past few years, we have all faced challenges as a result of slower economic growth, however, GSWSA has maintained a strong financial foundation.

Grand Strand Water and Sewer Authority is a regional provider of water and sewer services. In recent years, we have added the City of Myrtle Beach's water and wastewater treatment plants and the City of Marion's water and wastewater systems. This year, we purchased the Town of Nichols' water and wastewater facilities along with the Centenary sewer system. As we continue to invest in our communities through acquisitions and improvements, we are also diligent in monitoring and controlling expenses. As a result, our operations are efficient, safe and environmentally responsible.

We are proud to share our Annual Report for fiscal year 2011. From the entire staff and our Board, it is a privilege to serve you.

Fred Richardson
Chief Executive Officer, GSWSA

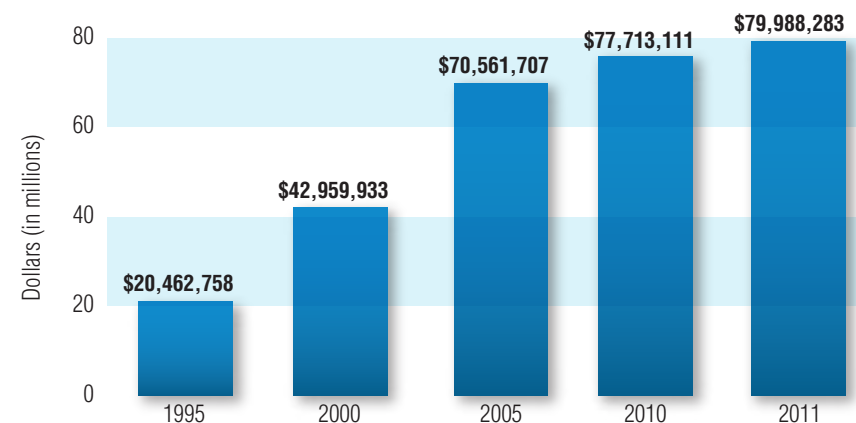


Grand Strand Water & Sewer Authority's financial records for the fiscal year ending June 30, 2011 have been audited by Elliott Davis, LLC. In their opinion, the basic financial statements present fairly, in all material respects, the respective financial position and cash flows in accordance with Generally Accepted Accounting Principles and the Government Auditing Standards Board.

During fiscal year 2011, total assets grew by \$2 million and total liabilities decreased by \$6.6 million or 2.8 percent as compared to 2010. In spite of the economic contraction over the past few years, GSWSA has continued to expand its service area to include portions of Georgetown, Marion, Dillon and Columbus counties. Our financial position is strong with adequate liquid assets, reliable plants and systems to meet future demand along with a reasonable level of unrestricted net assets.

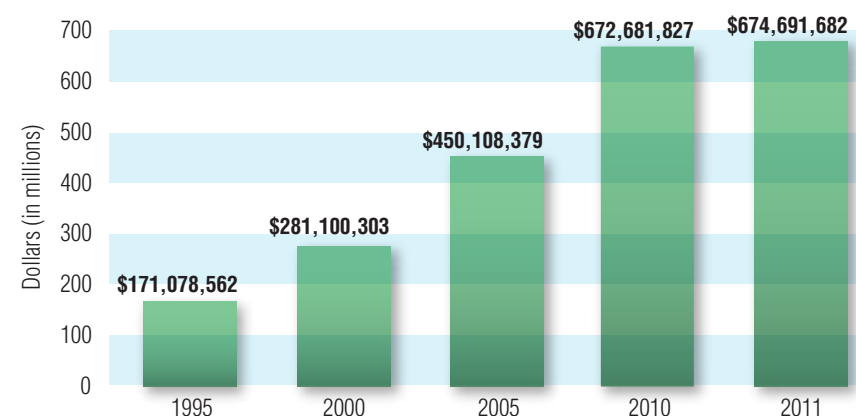


Marguerite Carroll
Chief Financial Officer, GSWSA



Total Revenue

Total annual revenues for FY 2011 were \$79.9 million, up by 2.9% from the previous year.

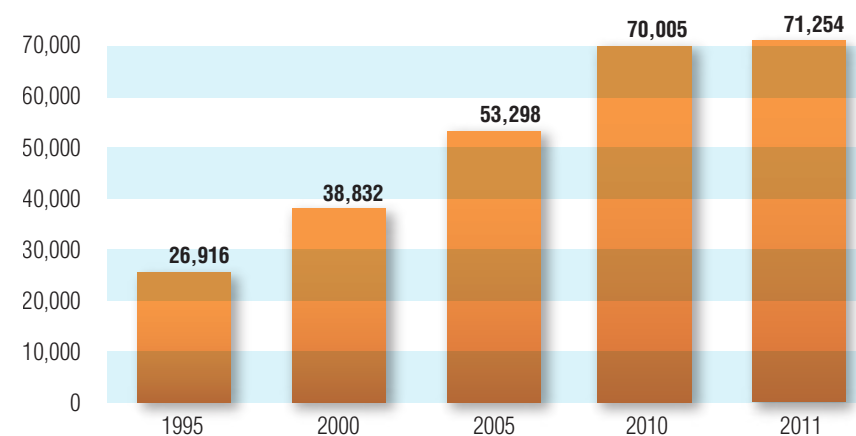
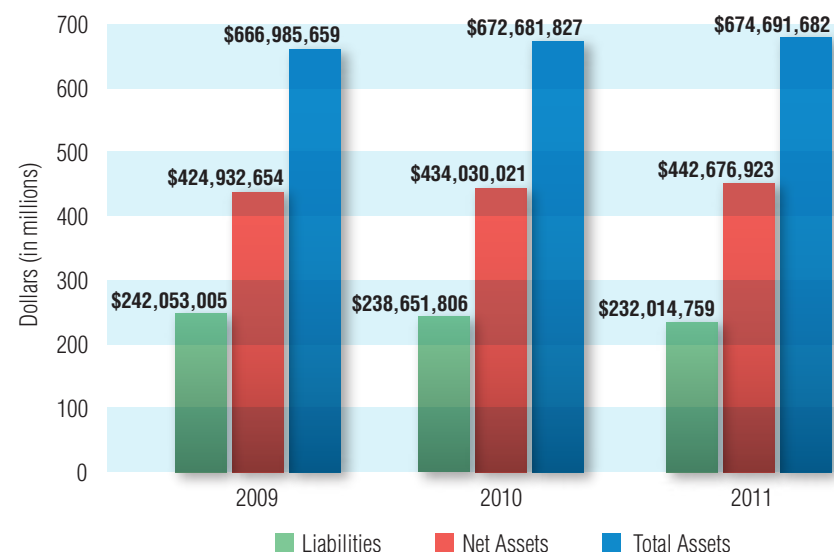


Total Assets

Total assets increased by \$2 million or .3% compared to FY 2010.

Total Assets and Liabilities

During FY 2011, total assets grew by \$2,009,855 or .3% with just over \$4 million represented by current assets and a reduction in other assets. Liabilities were down by more than \$6.6 million and net assets increased by \$8.6 million.

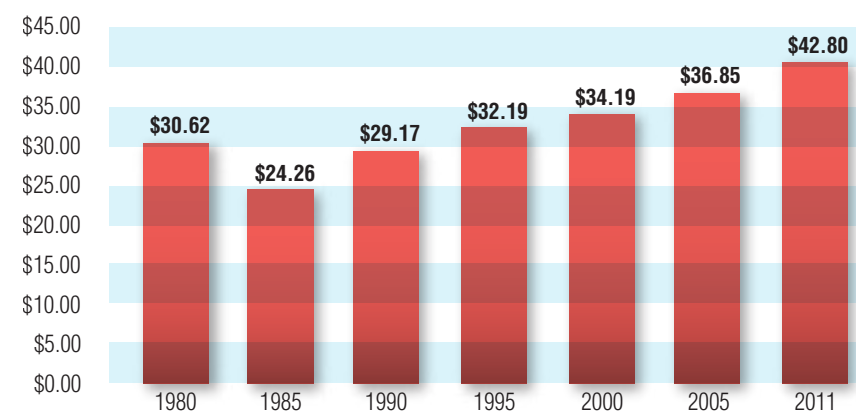
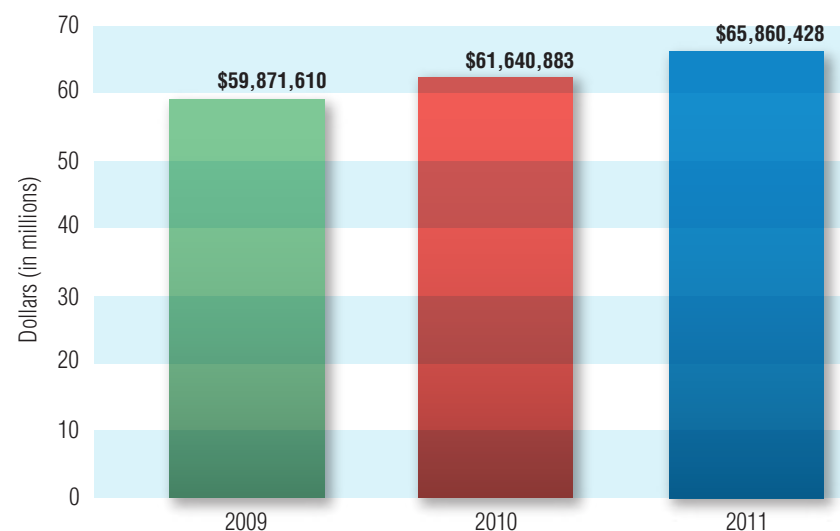


Total Customers

During 2011, GSWSA acquired the Town of Nichols' water and wastewater systems along with the Centenary sewer system adding 314 new customers. At the end of FY 2011, GSWSA had a total of 71,254 active retail and wholesale customers.

Total Operating Revenue

Operating revenues were approximately \$65.9 million, up from 2010 by \$4.2 million or nearly 7%.



Typical Residential Bill

GSWSA rates remain among the lowest in the area. Since 1980, the typical residential bill based on an average monthly consumption of 8,000 gallons has only increased by \$12.18.