

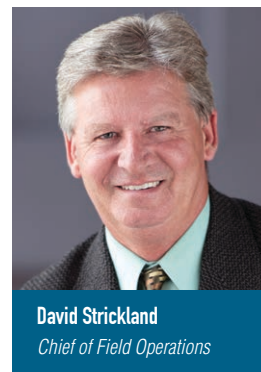


ANNUAL REPORT 2016

Grand Strand Water and Sewer Authority

GRAND STRAND
WATER & SEWER AUTHORITY
P.O. Box 2368 • Conway, South Carolina 29528

Grand Strand Water and Sewer Authority Management Team



From the Chief Executive Officer

Grand Strand Water and Sewer Authority (GSWSA) experienced exceptional growth during the 2016 fiscal year as a result of a growing local economy which included a boom in both residential and commercial real estate, a decline in the area's unemployment rate and another strong year for tourism.

GSWSA added 3,067 water and 3,043 wastewater customers, an increase of 16.2 percent versus last year. At year's end, GSWSA now serves more than 86,000 customers throughout Horry, Georgetown, Marion and Dillon Counties in South Carolina and Columbus County, North Carolina.

During the year, GSWSA treated and distributed more than 15.43 billion gallons of water and collected and treated more than 11.49 billion gallons of wastewater. This was an increase over fiscal year 2015 of 4.5 percent for water and an increase of 5.4 percent for wastewater. In total, water consumption was up in all customer categories in 2016, with the exception of bulk customers. Wastewater consumption was also up in all classifications during 2016.

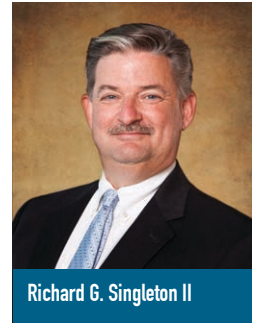
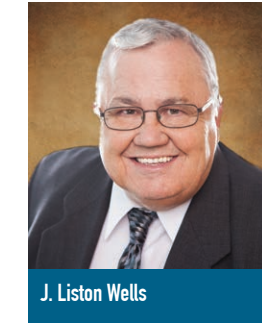
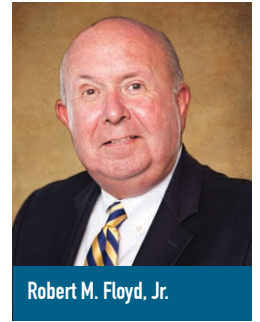
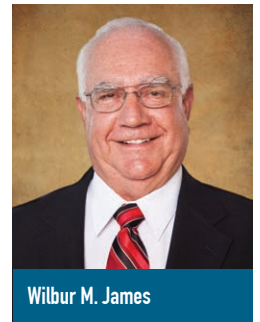
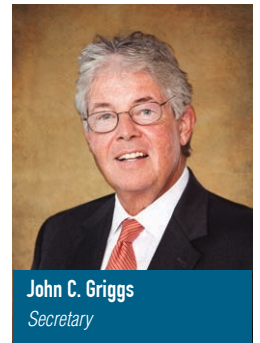
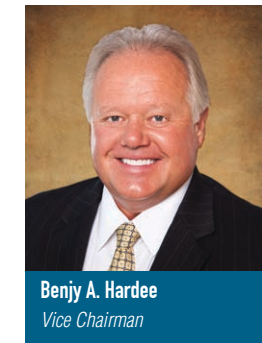
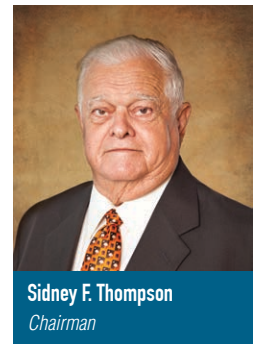
GSWSA spent approximately \$4.2 million on the relocation of existing water facilities along Highway 707 in Socastee to the Horry/Georgetown County line. This was done in part due to the highway expansion project. In addition, \$4.8 million was spent on the Rural Water and Sewer Program to extend water and sewer lines into the more rural communities of Horry County. GSWSA also spent approximately \$1.4 million on improvements and upgrades to the Lake View Wastewater Treatment Plant and collection system.

We are committed to providing reliable, high quality water in the most efficient manner possible and providing exemplary service today, while also planning to meet the future needs of our communities. We are pleased to present to you the Annual Report for the 2016 fiscal year. From our entire staff and Board of Directors, we appreciate the opportunity to serve you.

Sincerely,
Fred Richardson

Chief Executive Officer
Grand Strand Water and Sewer Authority

Board of Directors



Financial Summary for FY 2016

Grand Strand Water and Sewer Authority's (GSWSA) financial statements for fiscal year 2016 were audited by Smith Sapp Bookhout Crumpler & Calliham, P.A. In their opinion, the basic financial statements present fairly the financial position and cash flows in accordance with generally accepted accounting principles.

Growth in our local and national economy positively affected GSWSA's financial position. The solid financial condition of GSWSA enables us to meet the needs of our current and future customers. The highlights of fiscal year 2016's financial performance are displayed in the following charts.

Respectfully,
Marguerite Carroll

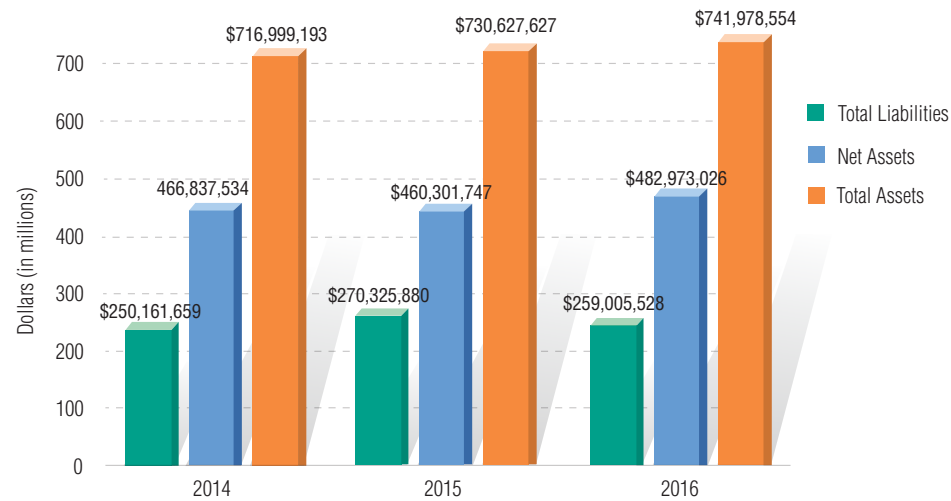


Chief Financial Officer
Grand Strand Water and Sewer Authority

** Below are key indicators of GSWSA's financial position. For a more detailed look, please visit www.GSWSA.com to download the 2016 Comprehensive Annual Financial Report (CAFR).*

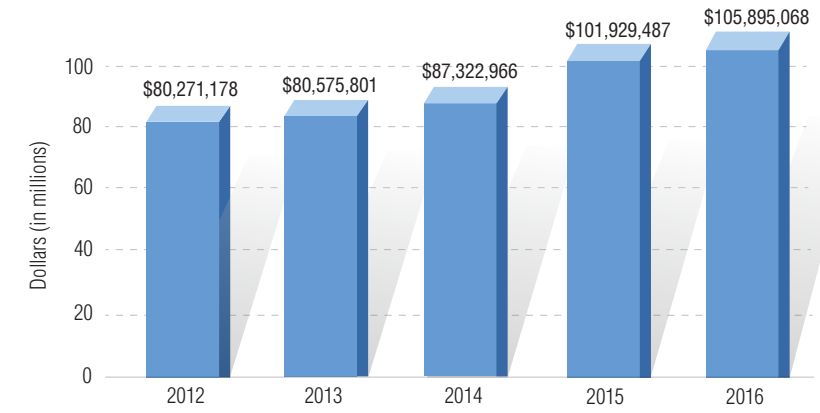
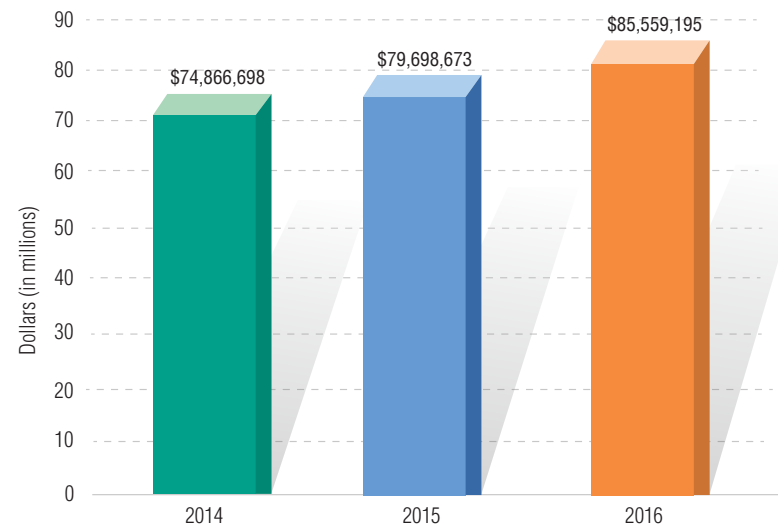
Total Assets and Liabilities

During FY 2016, total assets increased by \$11.4 million and exceeded liabilities by \$483 million.



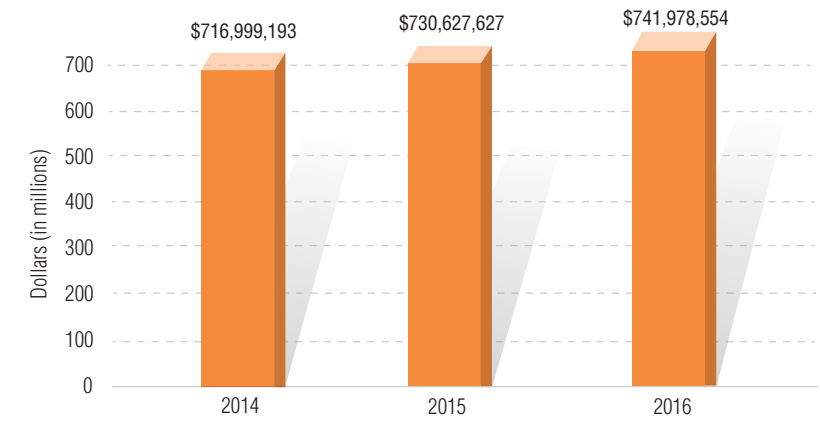
Total Operating Revenue

Operating revenue was up \$5.9 million over last year, an increase of 7.4 percent.



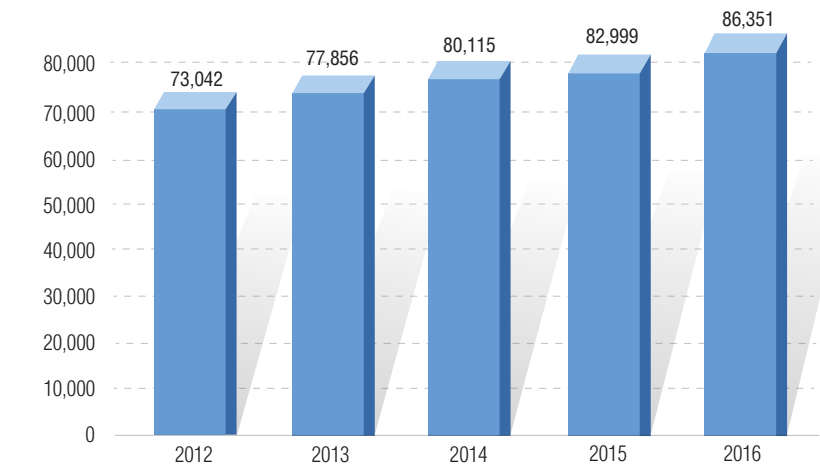
Total Revenue

Total revenue was up by \$4 million over FY 2015.



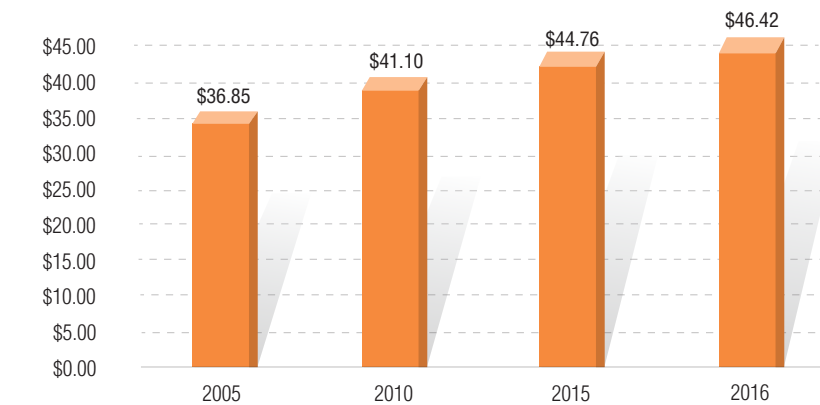
Total Assets

Total Assets were up 1.6 percent over last year.



Total Customers

Total customers continue to grow. In 2016, GSWSA added 3,352 customers.



Typical Residential Bill

GSWSA rates are among the lowest in the region. The typical residential monthly water and sewer billed based on an average of 8,000 gallons in 2000 was \$34.19. For FY 2016, the same typical monthly bill was \$46.42, an increase of approximately 2 percent per year.