

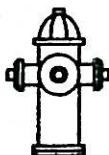
DAVIDSON WATER, INC.

WELCOME, N. C.



JUNE, 1995

The Nation's Largest Rural Water System



SINCE 1969



ANNUAL MEETING

Davidson Water, Inc.'s annual meeting was held on Monday, March 13, 1995 in Thomasville, with Therrell Grimes, President, presiding. This year's meeting had twenty-two members attending and 7,002 represented by proxies. Robert Biesecker, CPA for Turlington and Company, reviewed with our members the annual financial statements for Davidson Water, Inc. We have included a copy of the financial statements in this newsletter.

Gregg Stabler, General Manager, discussed this past year's operations and current and future construction needs. This past year we added 1,315 new members to our system, completed the construction of Prospect Water Tank, the upgrade of Kennedy Pump Station and the upgrade of our existing filters and controls. The new generators installed last year helped us to reduce our electric bill by over 72,000 dollars by using them for peak shaving. We also used the generators during a power outage to keep everyone with water. We will continue to upgrade and improve our water system to make sure our membership has a safe and adequate supply of water.

In preparation for the continued growth in our service area, we have taken bids on a contract to start construction on upgrading our filter plant from 12 mgd to 20 mgd. This project will take approximately 18 months for completion. Later, we will be

required to have more raw water storage and settling basins for longer retention time. We have already bought property for an additional holding lake. We have obtained a 6 million dollar loan from NationsBank with a 15 year term for the plant expansion. We also hope to build a new office later this year.

The board members elect- for three year terms were: Edwin Grimsley, Thad Hartley, Therrell Grimes, Rick Hunt, and Theresa Matthews. We would like to thank all of our board members for their hard work and dedication throughout the year.

WATER CONSERVATION

There is the same amount of water in the world today as a thousand years ago. Only 1% of all of the water in the world is useable for all of our needs - agriculture, manufacturing and personal household needs. On the average, 50% of water used by household is used outdoors.

- 💧 Longer grass means less evaporation. Let the grass grow taller in dry weather.
- 💧 A garden hose can pour out 600 gallons of water in just a few hours. Letting the sprinklers run all day can waste thousands of gallons of water.
- 💧 Avoid watering on windy days or in the heat of the day to lessen evaporation.
- 💧 Mulching your garden slows evaporation and your plants will require less water.
- 💧 You can use a timer to set your sprinklers to run during off peak usage times. (i.e. midnight to four a.m.)
- 💧 When washing your car, use a bucket to wash and use the hose only to rinse.
- 💧 Use a broom to clean sidewalks and driveways, not a hose.

**DAVIDSON WATER, INC.
BALANCE SHEET**

ASSETS

Utility Plant at cost	\$49,868,116	
Less, Accum Depr	18,432,787	
	<u>18,432,787</u>	\$31,435,329
Current Assets		5,825,688
Others Assets		324,008
		<u>\$37,585,025</u>

MEMBER'S EQUITY AND LIABILITIES

Member's Equity		
Memberships issued	\$970,630	
Contributions in aid	1,240,760	
Other Equity	<u>20,523,328</u>	\$22,734,718
Long Term Debt, less current maturities		12,497,952
Current Liab. incl. current maturities		1,441,785
Customers adv for const.		<u>910,570</u>
		<u>\$37,585,025</u>

**STATEMENT OF INCOME
FOR YEAR ENDING SEPTEMBER 30,1994**

Operating Revenues		\$7,476,833
Operating Revenues Deductions:		
Salaries & Wages	\$1,160,819	
Office Expenses	148,757	
Electricity	609,491	
Depreciation	1,597,606	
All other deductions	<u>1,179,655</u>	<u>\$4,696,328</u>
Net Operating Revenue		\$2,780,505
Interest on long term debt		<u>\$1,275,114</u>
Net income before interest		\$1,505,391
Interest income		<u>\$ 150,281</u>
Net inc before extraordinary item		\$1,655,672
Gain / loss on sale of plant assets		<u>\$ 2,764</u>
Net income for the year		<u>\$1,658,436</u>