

GEORGETOWN COUNTY WATER AND SEWER DISTRICT

FINANCIAL REPORT

JUNE 30, 2008

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
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YEARS ENDED JUNE 30, 2008 AND 2007**

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**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2008**

BOARD OF DIRECTORS

	<u>Position</u>	<u>Term Expires</u>
William J. Schwartzkopf	Chairman	8/15/2011
Louis R. Morant	Vice Chairman	8/15/2011
James B. Wilkie	Secretary	8/15/2011
James H. Dunn	Assistant Secretary	8/15/2009
Arthur H. Lachicotte, Jr.	Member	8/15/2010
Jimmy E. Rowe	Member	8/15/2010
Chester Maslowski	Member	8/15/2009

OTHER OFFICIALS

Robert E. Barker	Executive Director
Larry Dickerson	Assistant Executive Director
John Buck	Finance/Administration Services Director
Dwight MeHaffy	Engineering Director
Edward A. Bodiford	Special Projects Engineer
Brad Corkum	Operations Director

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's analysis of the District's financial condition and activities for the fiscal year ended June 30, 2008. This information should be read in conjunction with the financial statements.

Financial Highlights

Management believes the District's financial condition is strong. The District is well within its debt covenants and the more stringent financial policies and guidelines set by the Board. The following are financial highlights for Fiscal Year 2008.

- Total assets at year-end were \$147.6 million and exceeded liabilities in the amount of \$115.2 million (i.e. net assets). Of the total net assets, \$2.3 million was unrestricted and was available to support short-term operations. For the years ended June 30, 2008 and 2007 total assets increased \$1.8 million and \$4.5 million respectively, net assets increased \$1.4 million and \$4.6 million respectively, while unrestricted net assets decreased \$1.0 million in 2008 compared to a \$.5 million increase in 2007.
- Debt service coverage, including capital contributions (impact fees and contributed capital improvements) was 160%, exceeding the 120% required by the District's bond covenants.
- For fiscal year 2008, the District delivered 1,832 million gallons of water and treated 1,472 million gallons of wastewater, compared to 1,785 million gallons of water and 1,487 million gallons of wastewater in 2007.
- Operating revenues were \$12.5 million, an increase above year 2007 in the amount of \$.5 million or 4.5%. Total operating revenues were \$210,806 or 1.7% over budget projections for 2008.
- Operating expense increased \$1.0 million or 7.9%, from 2007, and was \$.8 million or 5.4% under the budget expectations. Depreciation increased 6.6% from the prior year.
- Ratios of total operating revenues to total operating expenses were .93 and .96 for 2008 and 2007 respectively.
- During 2008, the District added 349 new customers resulting in 1,793 water and 515 wastewater residential equivalent units.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the District's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the District's strategic plan, budget, bond resolutions and other management tools were used for this analysis.

The financial statements report information about the District using full accrual accounting methods as utilized by similar business activities in the private sector. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities. The financial statements include a balance sheet; a statement of revenues, expenses, and changes in net assets; a statement of cash flows; and notes to the financial statements.

The **balance sheet** presents the financial position of the District on a full accrual historical cost basis. The balance sheet presents information on all of the District's assets and liabilities, with the difference reported as net assets. Over time, increases and decreases in net assets are one indicator of whether the financial position of the District is improving or deteriorating.

While the balance sheet provides information about the nature and amount of resources and obligations at year-end, the **statement of revenues, expenses, and changes in net assets** presents the results of the business activities over the course of the fiscal year and information as to how the net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provided certain information about the District's recovery of its costs. Rate setting policies use different methods of cost recovery fully provided for by generally accepted accounting standards. The primary objectives of the rate model are to improve equity among customer classes and to ensure that capital costs are allocated on the basis of long-term capacity needs, ensuring that growth pays for growth.

The **statement of cash flows** presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The **notes to the financial statements** provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. Supplementary information detailing revenues and expenses by systems, debt service requirements and insurance follows the notes to the financial statements.

The financial statements were prepared by the District's staff from the detailed books and records of the District. The financial statements were audited and adjusted, if material, during the independent external audit process.

Summary of Organization and Business

The District is a Special Purpose District. It was created pursuant to provisions of Act 733 enacted during the 1967 Session of the General Assembly of the State of South Carolina as a body politic and corporate. The principal functions of the District are to acquire supplies of fresh water capable of being used for industrial and domestic purposes, to distribute such water for industrial and domestic use within its service area and to build, acquire, construct, operate and maintain such sewerage treatment and collection facilities as the District deems necessary. The service area of the District includes all of the area in Georgetown County except those areas within the incorporated boundaries of the Town of Andrews and the City of Georgetown. It is located in the northeastern portion of the State of South Carolina, bordered by the Atlantic Ocean, Horry and Charleston Counties.

The District has no taxing power. Operational and maintenance costs are funded from customer fees and charges. The acquisition and construction of capital assets are funded by capital (cash and systems) contributions from customers, including other utilities and developers, Federal and State grants and loans, and customer revenues.

The District, Town of Andrews, City of Georgetown, and Georgetown County formed and entered into the West Georgetown County Regional Wastewater Partnership in 1997. The Partnership has completed construction of a regional wastewater treatment and transmission system and has completed the fourth year of operation of the regional wastewater collection, treatment, and disposal system serving residents, businesses and industries in the underdeveloped and predominantly rural western sector of Georgetown County. The Partnership provides the District with 4.01 million gallons per day of sewer capacity in the

expanded City of Georgetown wastewater treatment plant. This additional District sewer treatment capacity and the 18-mile wastewater transmission system connecting the Town of Andrews' system to the City of Georgetown's system, provides the District with substantial wastewater collection and treatment capability for the County's western area.

Local Economy

Located in northeastern South Carolina, on the Atlantic Ocean, between Myrtle Beach and Charleston, with an exceptional blend of recreation, history and nature, Georgetown County provides the opportunity and quality of life that remains attractive to both businesses and families. The District has enjoyed a very aggressive growth in new customer additions during the last decade. Though growth became more conservative during fiscal year 2008 due to local and nation-wide economic factors, Georgetown County and the District remain in a stable financial position. With the County's total population at 58,850, the Georgetown County area's workforce numbered 26,072 according to the 2005 Waccamaw Regional Council estimate.

The economy's 3 highest employment sectors are service, manufacturing, and retail. Located within the region known as the "Grand Strand", South Carolina's leading tourism attraction, Georgetown County also enjoys a significant share of the state's tourism economy. Additional Georgetown County economic assets include the Georgetown County Business Park, Airport Industrial Park, Mittal Steel USA Georgetown, American Gypsum, 3V Chemical and an International Paper Company Plant. The Georgetown Hospital System continues to offer excellent medical care facilities and has an additional state-of-the-art Hospital facility in the planning stages.

The International Port of Georgetown, as a key port location within the South Carolina Ports Authority, annually handles over 1.8 million tons of bulk cargo from Latin America, Europe, and Asia. The Georgetown County Airport, with a 5,999 foot runway provides the County with aviation services and is in the process of upgrading terminal facilities. The County is provided road and highway transportation by U.S. 17 (Myrtle Beach to Charleston), U.S. 17A (to I-26 & I 95), U.S. 701 (North Carolina to Georgetown), and U.S. 521 (to I-95).

The continuing growth and development in Georgetown County promises that the District will continue to grow as a public water and sewer utility. With several projects in various stages of development, the District continues to build and improve the County's water and wastewater infrastructure to meet that area's 20-year needs in fresh potable drinking water and environmentally sound wastewater collection and treatment. The Pawleys Wastewater Treatment Plant is currently undergoing an expansion that will increase capacity from 4.13 million gallons per day to the 5.5 million gallons per day, the maximum of the original design. The Waccamaw Neck Surface Water Treatment Plant is rated at 8.0 million gallons per day. Available capacity is being expanded by the conversion of 9 of the District's Waccamaw Neck wells to Aquifer Storage and Recovery. An additional 2.0 million gallons per day is available for purchase from the Grand Strand Water and Sewer Authority. The District is also engaged in the planning stages for a new West Georgetown Surface Water Treatment Plant that will eventually serve all of western Georgetown County. The District continues to expand and improve upon its wastewater collection systems and water distribution systems throughout its service area. For the year ended June 30, 2008, the Board-of-Directors approved \$12,305,684 in new capital improvement spending.

When developing the fiscal year 2009 budget, the District's Board of Directors carefully considered a number of economic factors, including the national and local economies, tourism trends, population growth rates, and trend data regarding water consumption and wastewater use. This analysis resulted in user and income projections for the new year that reflect modest growth expectations in comparison to previous years. This is a direct result of the housing industry decline, both locally and nationally. However, all indications point to a resurgence in the previous growth trends, given the County's many economic attributes and the anticipated stabilization of the housing industry.

Development projects either in the planning stages or with construction in progress will significantly impact the District's customer base revenue stream in the near future. These development and District initiated projects include:

- Mariner's Walk (Formerly Overlook of Harrelson Tract & Riverview Plantation)
 - 350 Single Family Lots.
- Pinnacle @ South Pointe
 - 20 Residential Units Plus Retail Space
- Harmony Township Phase 2A
 - 34 Lot Single Family Development
- Harmony Township Phase 2C
 - 8 Lot Single Family Development
- Harmony Township Phase 2D
 - 135 Lot Single Family Development
- Harmony Township Phase 2D-2
 - 49 Lot Single Family Development
- Oyster Bay
 - 30 Unit Multi-Family Development
- Burno Tract
 - 15 Lot Single Family Development
- Sampit Subdivision
 - 1,000 Lot Single Family Development
- Ford Road Condominiums
 - 45 Lot Single Family Development
- Rasheed Lane Condominiums
 - 36 Lot Single Family Development
- Murrells Inlet Village
 - 35 Residential Units Plus Retail Space Development
- The Vineyard
 - 10 Lot Single Family Development
- Crown Pointe
 - 7,058 Residential Units, Plus Hospital and Commercial Development
- Georgetown Estates
 - 216 Single Family Development
- Peru Plantation
 - 23 Single Family Development
- Cooper Farms
 - 96 Single Family Development

- Beneventum
 - 231 Single Family Development
- Turkey Creek
 - 400 Single Family Development
- Summergate
 - 83 Single Family Development
- Woodlawn Plantation
 - 7 Single Family Lots
- Southbay Village
 - 37 Single Family Lots
- Boathouse Village
 - 11 Single Family lots
- Bermuda Palms Phase 1 and 2
 - 66 Single Family Lots
- Murrells Cove
 - 48 Single Family Lots
- Tuckers woods Town Homes
 - 18 Single Family Lots
- Greenfield Plantation
 - 65 Single Family Lots
- South Causeway PD
 - 42,000 SF Grocery Store and out parcels

Georgetown County Water & Sewer District Capital Improvement projects planned and budgeted for FY2009 include:

- Insteel/Gapway Waterline Connection
 - 3,600 feet of 8 inch water line to improve hydraulics
- Pleasant Hill Water Improvements Project, Phase I
 - Construction of the first phase to provide water services to approximately 465 residences
- Inlet Oaks Aquifer Storage and Recovery (ASR)
 - Conversion of existing well to ASR in order to improve water storage capacity in the North Waccamaw Neck area
- West Georgetown Water Treatment Plant Preliminary Engineering Report
 - This plan will recommend construction of a 9 MGD Surface Water Treatment Plant to serve the needs of the Western Georgetown County Area from 2010 to 2030.
- Pendergrass Waterline Extension
 - Construction of 1,000 feet of 10-inch waterline to improve hydraulics in the Murrells Inlet community.

- Waccamaw Water Treatment Plant Carbon Filter Replacement
 - One half of the filters are scheduled for replacement this year.
- Raw Water Shallow and Deep Wells
 - These wells will be constructed at the Sandy Island Water Treatment facility to help eliminate threats of draught and also to reduce the chemical cost for ph adjustment.
- Arcadia Aquifer Storage and Recover (ASR)
 - Conversion of an existing well to ASR to improve water storage capacity in the North Waccamaw Neck area.
- Water Treatment Plant Clearwell Dewatering Project
 - Dewatering system to allow full use of the water depth in the original 1.5 MG Clearwell.
- Highway 701 Pump Station Project
 - Due to growth in the western part of the county, north of the city of Georgetown, a pump station is planned to improve system hydraulics.
- Compost Site Study
 - An engineering firm will be engaged to evaluate the existing Georgetown Compost Facility.
- Plantersville Sewer Project Phase 1
 - Phase 1, the Jackson Village area of the Plantersville Sewer Project is ranked fifth on DHEC's environmentally distressed projects list. The project will serve approximately 190 existing homes.
- Plantersville Sewer Project Phase 2
 - A preliminary engineering report and funding application is proposed for Phase 2, which includes the St. Paul and Annie Village communities. Annie Village is ranked number two on DHEC's environmentally distressed projects list.
- Westvaco Force Main Phase 2
 - The second phase of the original force main project, built in 2008, includes a new pump station to increase capacity for the area northwest of the city of Georgetown.
- Compost Facility Upgrade
 - It is anticipated that the Compost Facility Study will recommend a change in composting processes, such as the Envessel Pasteurization Process.
- Pawleys Plant 5.5 MG Upgrade
 - The proposed project will increase capacity to the maximum of original design. The work adds a primary clarifier, an aeration tank, and the final return sludge pump.

The following comparative Condensed Financial Statement and other selected information serve as the key financial data and indicators for management, monitoring and planning.

CONDENSED FINANCIAL STATEMENTS

FINANCIAL ANALYSIS

CONDENSED STATEMENT OF NET ASSETS

	<u>2008</u>	<u>2007</u>	Variance	
			Increase (Decrease)	
			\$	%
Current Assets and Non-Current				
Restricted Assets	\$ 27,991,202	\$ 28,880,845	\$ (889,643)	(3.1)%
Capital Assets				
Producing Assets	117,040,658	114,296,488	2,744,170	2.4%
Construction in Progress	<u>2,541,770</u>	<u>2,570,405</u>	<u>(28,635)</u>	<u>(1.1)%</u>
Total Assets	<u>\$ 147,573,630</u>	<u>\$ 145,747,738</u>	<u>\$ 1,825,892</u>	<u>1.3%</u>
Current Liabilities	4,397,972	2,847,829	1,550,143	54.4%
Long Term Liabilities	<u>27,936,860</u>	<u>29,048,098</u>	<u>(1,111,238)</u>	<u>(3.8)%</u>
Total Liabilities	<u>\$ 32,334,832</u>	<u>\$ 31,895,927</u>	<u>\$ 438,905</u>	<u>1.4%</u>
Net Assets:				
Net Invested in Capital Assets, Net of Related Debt Restricted for Capital Activity and Debt Service	\$ 91,069,330	\$ 88,716,227	\$ 2,353,103	2.7%
Unrestricted	<u>21,887,641</u>	<u>21,888,614</u>	<u>(973)</u>	<u>0.0%</u>
Total Net Assets	<u>2,281,827</u>	<u>3,246,970</u>	<u>(965,143)</u>	<u>(29.7)%</u>
Total Net Assets	<u>\$ 115,238,798</u>	<u>\$ 113,851,811</u>	<u>\$ 1,386,987</u>	<u>1.2%</u>
Total Liabilities & Net Assets	<u>\$ 147,573,630</u>	<u>\$ 145,747,738</u>	<u>\$ 1,825,892</u>	<u>1.3%</u>

**CONDENSED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS**

	2008	2007	Variance	
			Increase (Decrease) \$	%
REVENUES				
Water Service Revenues	\$ 5,472,292	\$ 5,077,718	\$ 394,574	7.8%
Wastewater Service Rev.	5,253,533	5,147,051	106,482	2.1%
Other Revenues	1,760,693	1,724,514	36,179	2.1%
Total Operating Revenues	<u>\$ 12,486,518</u>	<u>\$ 11,949,283</u>	<u>\$ 537,235</u>	<u>4.5%</u>
EXPENSES:				
Operating before Depr.				
Water Operations	\$ 3,234,594	\$ 2,968,864	\$ 265,730	9.0%
Wastewater Operations	3,358,414	3,022,767	335,647	11.1%
General Billing & Collection & Engineering	2,145,786	2,058,277	87,509	4.3%
Depreciation	4,656,904	4,368,923	287,981	6.6%
Total Operating Expenses	<u>\$ 13,395,698</u>	<u>\$ 12,418,831</u>	<u>\$ 976,867</u>	<u>7.9%</u>
Operating Income	\$ (909,180)	\$ (469,548)	\$ (439,632)	(93.6)%
Non-Operating Revenue (Expenses), Net	(1,179,160)	(487,866)	(691,294)	(141.7)%
Income Before Contributions	(2,088,340)	(957,414)	(1,130,926)	(118.1)%
Capital Contributions				
Government Grants	424	233,781	(233,357)	(99.8)%
Customer Impact Fees	1,087,754	2,468,930	(1,381,176)	(55.9)%
Assessments	89,294	310,306	(221,012)	(71.2)%
Developer Contributions	2,297,855	2,575,939	(278,084)	(10.8)%
Total Capital Contributions	<u>\$ 3,475,327</u>	<u>\$ 5,588,956</u>	<u>\$ (2,113,629)</u>	<u>(37.8)%</u>
Increase (Decrease) in Net Assets	\$ 1,386,987	\$ 4,631,542	\$ (3,244,555)	(70.1)%
Beginning Net Assets	<u>113,851,811</u>	<u>109,220,269</u>	<u>4,631,542</u>	<u>4.2%</u>
Ending Net Assets	<u>\$ 115,238,798</u>	<u>\$ 113,851,811</u>	<u>\$ 1,386,987</u>	<u>1.2%</u>

SELECTED DATA FOR ANALYSIS

			Change	
	2008	2007	Amount	%
Employees at Year End	79	79	0	0.0%
Customers at Year End	20,333	19,984	349	1.7%
Water & Wastewater Residential Equivalent Units at Year End				
Water R.E.U.s	29,226	27,433	1,793	6.5%
Wastewater R.E.U.s	22,175	21,660	515	2.4%
Water Sales for Fiscal Year (millions of gallons)	1,832	1,785	47	2.6%
Wastewater Sales for Fiscal Year (millions of gallons)	1,472	1,487	(15)	(1.0)%
Per Average Employees				
Total Operating Revenues	\$ 158,057	\$ 151,257	\$ 6,800	4.5%
Total Operating Expenses	\$ 169,566	\$ 157,200	\$ 12,365	7.9%
Ratio of Operating Revenue to Operating Expenses	0.93	0.96	(0.030)	(3.1)%
Operating Expenses net of Depreciation	1.43	1.48	(0.056)	(3.7)%
Total Assets	0.08	0.08	0.003	3.2%
Debt Related Ratios				
Total Debt to Net Assets	0.28	0.28	(0.000)	0.0%
Long-Term Debt to Net Assets	0.24	0.26	(0.013)	(5.0)%
Debt Coverage Ratio (Gross Revenue including Customer Impact Fees/Operating Expenses adjusted for Depreciation)	1.6	1.96	(0.365)	(18.6)%

General Trends and Significant Events

Over the last 5 years the District has experienced a customer base growth rate of 20.3%. During fiscal year 2008 the District experienced a 1.7% growth rate in new customers, a 6.5% growth rate in water residential equivalent users and a 2.4% growth rate in sewer residential equivalent users.

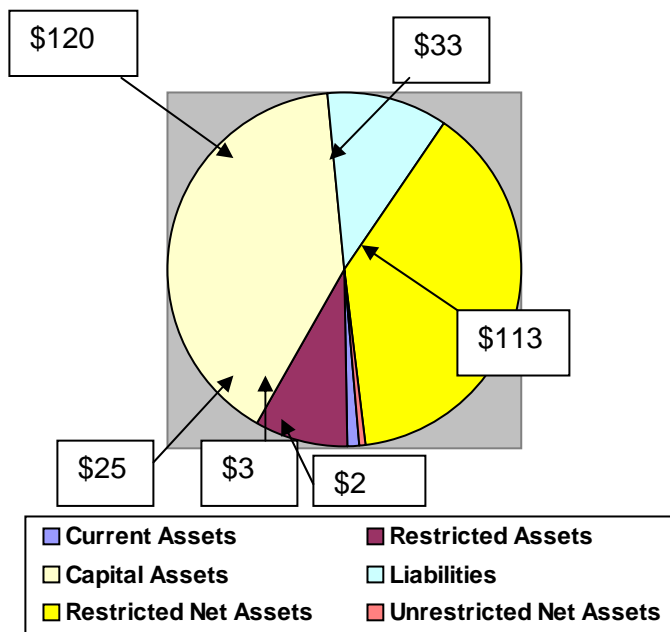
Weather temperatures during fiscal year 2008 were generally normal for the seasons. However, drought conditions continued through the end of the year and contributed to higher water production and sales and to lower wastewater treatment and sales.

The volume of water sold in fiscal year 2008 was over 1,832 million gallons, an increase of 2.6% over fiscal year 2007. Retail customers purchased 99.0% of the total water sold and the bulk wholesale customers purchased 1.0%.

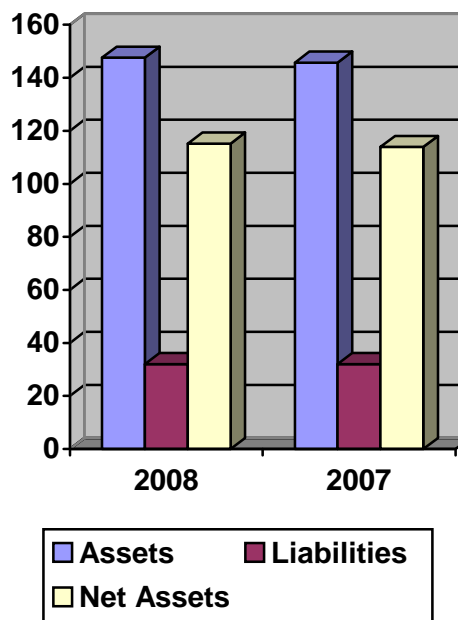
Financial Condition

The District's financial condition remained strong at year-end with adequate liquid assets, reliable plants and systems to meet demand, and a reasonable level of unrestricted net assets. The current financial condition, technical support staff capabilities and operating and expansion plans to meet anticipated customer needs, are well balanced and under control. The following charts summarize the balance sheet.

FY 2008 BALANCE SHEET
(In Millions)



FINANCIAL POSITION
(In Millions)



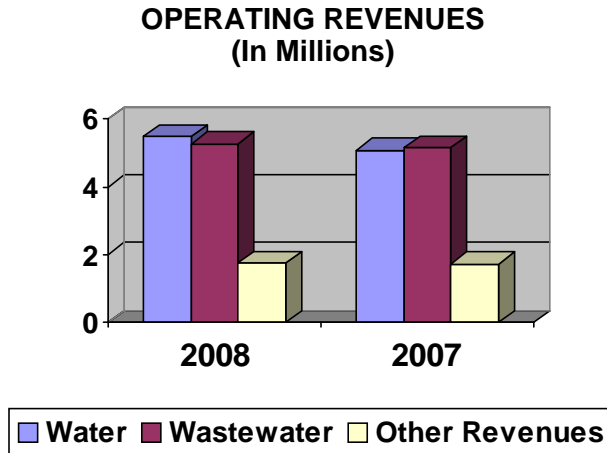
Total assets grew \$1.8 million or 1.3%. This is represented by a \$1.6 million increase in current and net capital assets and a \$.2 million increase in restricted assets.

Net assets increased \$1.4 million, with substantially all the change resulting from investments in capital assets. Unrestricted net assets decreased \$1.0 million or (29.7%).

Accounts Receivable at year-end was 13.6% less than year-end 2007. This is attributable to past due collections from one large customer, the Town of Andrews. Negotiations were completed in 2007 to address the amounts owed by the town. Payment was made in fiscal year 2008.

Results of Operations

Operating Revenues: Revenues from operations fall into three general categories: water service, wastewater service and other revenues, which includes Billing & Collection and Engineering Income. The District has three classes of water and wastewater customers: Residential, Commercial and Bulk. The following chart depicts District revenues for the last two fiscal years.

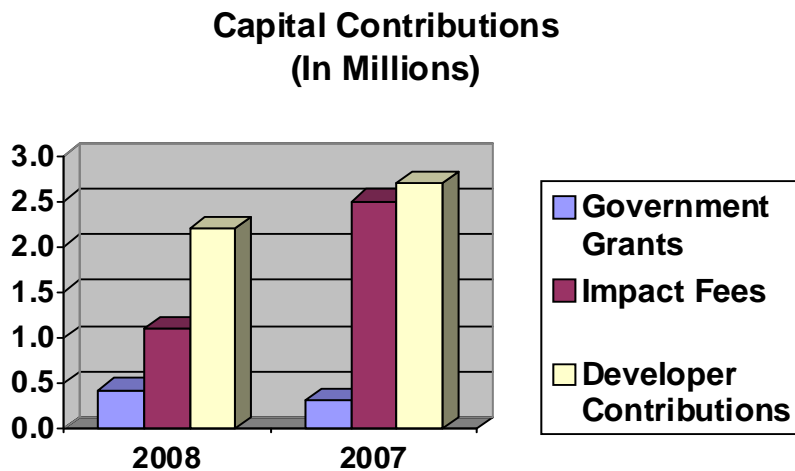


The District did not adjust water and sewer rates during fiscal year 2008.

Capital Contributions and Grants: The District collects water and wastewater capacity fees in order to ensure that current customers do not bear the burden of growth. These fees are paid by new customers and represent, on a residential equivalent unit basis, the cost of the water and/or wastewater capacity purchased by the new account. Most of these fees are paid for blocks of capacity purchased by residential and commercial Real Estate Developers.

The District also receives additions to its collections and distribution systems from developers. Prior to GASB 34 implementation, the money and system assets received were recorded as direct contributions to the equity. GASB 34 defines these fees as non-operating revenues and requires reporting the amounts through the Statement of Revenues, Expenses and Changes in Net Assets.

The following chart depicts the capital contribution activity at the District for the last two fiscal years.



Cash capital contributions (impact fees) were \$1,087,754 for 2008 compared to \$2,468,930 for 2007.

Expenses: The District operates and maintains a potable water treatment and delivery system and a wastewater collection and treatment system. The bulk of the water production occurs at its 8.0 million gallon per day surface water treatment plant. Twenty (20) wells are also used for certain remote service areas, for peak management and emergency use. The wastewater system includes five (5) wastewater treatment plants that range in size from below 50,000 gallons per day to 4.13 million gallons per day.

Total operating expenses of the District increased \$976,886 over fiscal year 2007, and operating revenues increased \$537,236. Operating expenses including depreciation for water and wastewater operations for the last two years are listed below.

Operating Expenses

	<u>2008</u>	<u>%</u>	<u>2007</u>	<u>%</u>	<u>Variance</u>	<u>%Change</u>
Personnel Cost	\$4,100,340	30.6%	\$3,731,601	30.0%	\$368,739	9.88%
Contractual Services	2,403,421	17.9%	2,163,601	17.4%	239,820	11.08%
Supplies & Materials	1,959,047	14.6%	1,875,677	15.1%	83,370	4.44%
Business & Travel Expenses	254,883	1.9%	267,916	2.2%	(13,033)	(4.86%)
Depreciation	4,656,904	34.8%	4,368,923	35.2%	287,981	6.59%
Other Expenses	<u>21,105</u>	<u>0.2%</u>	<u>11,096</u>	<u>0.1%</u>	<u>10,009</u>	<u>90.20%</u>
	<u>\$13,395,700</u>	<u>100.0%</u>	<u>\$12,418,814</u>	<u>100.0%</u>	<u>\$ 976,886</u>	<u>7.87%</u>

Personnel costs increased \$368,739 or 9.88% from 2007 to 2008. The District granted an average merit and promotion increase of 2.22%, and an average cost-of-living increase of 3.00% during 2008 to the 79 employees. Contractual services increased \$239,820 or 11.08%. Supplies and materials increased \$83,370 or 4.44%. Depreciation and amortization is up \$287,981 or 6.59% due to addition of assets during the year.

Rate Covenant

In the Bond Resolution, the District covenants and agrees that it will, at all times, prescribe and maintain and thereafter collect rates and charges for the services and facilities furnished by the District, together with other income, that will yield annual Net Earnings in the fiscal year equal to at least one hundred twenty percent (120%) of the sum of the principal and interest requirements of the current fiscal year for all bonds and prior lien bonds. Net earnings for debt service are defined as the sum, which remain from the entire revenues after deduction of the cost of operating and maintaining the systems. No account is taken of the principal of and interest on long term indebtedness or of depreciation. The rate covenant in the Bond Resolution obligates the District to levy, maintain, revise and collect such fees and charges at all times sufficient to maintain the required 120% coverage. Revenue bond debt service coverage for the last two fiscal years was 160% and 196%, respectively.

Capital Assets and Long Term Debt

The District invested \$7.1 million in Plant and Equipment during 2008. The major additions were the Georgetown Administrative Office, the Westvaco Tract Force Main, and the Penny Royal Road 6" Water Line Upgrade. The largest expenditures during 2008 were for the South Causeway Sewer Project, which is still in progress. During 2008, developer contributions to Capital Assets were \$2.3 million.

The District issued a \$1,370,000 Bond Anticipation Note during the fiscal year. This note was issued to provide construction funds for the South Causeway Sewer Project.

Final Comments

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, LaDain Port, Georgetown County Water and Sewer District, P.O. Box 2748, Georgetown, SC 29442.



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Georgetown County Water and Sewer District
Georgetown, South Carolina

We have audited the accompanying basic financial statements of Georgetown County Water and Sewer District (the District) as of and for the years ended June 30, 2008 and 2007 as listed in the index. These financial statements are the responsibility of Georgetown County Water and Sewer District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Georgetown County Water and Sewer District as of June 30, 2008 and 2007, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 6, 2008 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon. The other supplementary information on pages 30 - 42 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

Derrick Stubbs + Stith LLP

November 11, 2008

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
STATEMENTS OF NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 687,064	\$ 1,644,519
Accounts receivable - customers (net)	1,883,000	2,178,351
Inventory	717,305	602,682
Prepaid expenses	16,319	15,928
Total current assets	<u>3,303,688</u>	<u>4,441,480</u>
Non-Current Assets		
Restricted Assets		
Cash and cash equivalents	18,841,273	17,256,191
Grants receivable	-	366,456
Service agreement receivable	2,131,996	2,157,641
Impact fee receivable	16,380	-
Assessments receivable	3,697,864	4,659,077
Total restricted assets	<u>24,687,513</u>	<u>24,439,365</u>
Capital assets		
Land and improvements	832,640	642,598
Buildings and improvements	3,841,207	1,915,039
Water systems	51,341,755	49,587,628
Sewer systems	113,150,181	110,102,621
Machinery, equipment and vehicles	2,856,878	2,704,991
Furniture and fixtures	766,720	701,371
Total cost	<u>172,789,381</u>	<u>165,654,248</u>
Less, accumulated depreciation	<u>55,748,723</u>	<u>51,357,760</u>
Net cost	117,040,658	114,296,488
Construction in progress	2,541,770	2,570,405
Net capital assets	<u>119,582,428</u>	<u>116,866,893</u>
Total assets	<u>147,573,629</u>	<u>145,747,738</u>
LIABILITIES		
Current Liabilities		
Accounts payable	167,985	349,209
Accrued salaries and withholdings	150,967	125,519
Customer deposits	273,145	315,402
Current maturities of revenue bonds and service agreement	2,876,497	1,412,036
Total current liabilities	<u>3,468,594</u>	<u>2,202,166</u>
Current Liabilities Payable From Restricted Assets		
Construction contracts payable	667,876	393,110
Accrued interest	261,503	252,553
Total current liabilities payable from restricted assets	<u>929,379</u>	<u>645,663</u>
Non-Current Liabilities		
Revenue bonds and service agreement less, current maturities	27,990,470	29,149,381
Deferred refunding costs	(221,874)	(253,110)
Compensation for future absences	168,262	151,827
Total non-current liabilities	<u>27,936,858</u>	<u>29,048,098</u>
Total liabilities	<u>32,334,831</u>	<u>31,895,927</u>
NET ASSETS		
Invested in capital assets, net of related debt	91,069,330	88,716,227
Restricted for		
Capital activity	14,107,434	13,363,002
Debt service	7,775,140	8,518,769
Good neighbor contributions	5,067	6,843
Unrestricted	2,281,827	3,246,970
Total net assets	<u>\$ 115,238,798</u>	<u>\$ 113,851,811</u>

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

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Operating Revenues		
Water		
Volume charges	\$ 3,680,542	\$ 3,532,276
Availability charges	1,127,592	1,064,986
Inspection & connection fees	252,695	298,093
Administrative recoveries	411,463	182,363
Total water operating revenues	<u>5,472,292</u>	<u>5,077,718</u>
Sewer		
Volume charges	3,458,065	3,413,737
Availability charges	1,474,786	1,438,090
Inspection & connection fees	77,339	127,924
Administrative recoveries	243,343	167,300
Total sewer operating revenues	<u>5,253,533</u>	<u>5,147,051</u>
Billing & Collection		
Customer charges	1,466,159	1,430,507
Service charges & penalties	243,217	243,457
Total billing & collection revenues	<u>1,709,376</u>	<u>1,673,964</u>
Engineering income	<u>51,317</u>	<u>50,550</u>
Total operating revenues	<u>12,486,518</u>	<u>11,949,283</u>
Operating Expenses		
Water		
Personnel services	756,896	704,133
Contractual services	432,000	347,954
Supplies & materials	817,598	894,415
Business & travel	254	5
Other expenses	(488)	(2,479)
Depreciation	1,479,321	1,362,364
General administrative costs allocated	1,228,334	1,024,836
Total water operating expenses	<u>4,713,915</u>	<u>4,331,228</u>
Sewer		
Personnel services	644,817	589,622
Contractual services	1,007,166	939,187
Supplies & materials	660,491	637,171
Business & travel	(199)	-
Depreciation	2,835,837	2,657,602
General administrative costs allocated	1,046,139	856,787
Total sewer operating expenses	<u>6,194,251</u>	<u>5,680,369</u>
Billing & Collection		
Personnel services	449,111	400,868
Contractual services	73,431	68,060
Supplies & materials	64,076	63,089
Business & travel	143,748	134,719
Other expenses	267	303
General administrative costs allocated	728,843	583,446
Total billing & collection operating expenses	<u>1,459,476</u>	<u>1,250,485</u>

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

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Operating Expenses (Continued)		
Engineering		
Personnel services	\$ 194,432	\$ 170,540
Contractual services	75,841	32,618
Supplies & materials	8,159	9,741
Business & travel	4,235	9,200
Other expenses	17	17
General administrative costs allocated	315,535	248,215
Total engineering operating expenses	<u>598,219</u>	<u>470,331</u>
General Administration		
Personnel services	2,055,084	1,866,438
Contractual services	814,982	775,782
Supplies & materials	408,723	271,261
Business & travel	106,844	123,992
Other expenses	21,309	13,272
Depreciation	341,746	348,957
General administrative costs allocated	(3,318,851)	(2,713,284)
Total general administration operating expenses	<u>429,837</u>	<u>686,418</u>
Total operating expenses	<u>13,395,698</u>	<u>12,418,831</u>
(Loss) from operations	<u>(909,180)</u>	<u>(469,548)</u>
Non-operating Revenues (Expenses)		
Interest on investments	550,589	777,712
Interest on water & sewer assessments	248,162	282,331
Net miscellaneous income	8,253	8,800
Bond interest expense	(1,447,109)	(1,500,655)
Adjustment for Pawleys Island S. Commercial assessment	(510,875)	
Net loss on disposal of assets	(28,180)	(56,054)
Total non-operating revenues (expenses)	<u>(1,179,160)</u>	<u>(487,866)</u>
(Loss) before capital contributions	<u>(2,088,340)</u>	<u>(957,414)</u>
Capital Contributions		
Grants	424	233,781
Water & sewer impact fees	1,087,754	2,468,930
Water & sewer assessments	89,294	310,306
Developer contributions of systems	2,297,855	2,575,939
Total capital contributions	<u>3,475,327</u>	<u>5,588,956</u>
Increase in net assets	<u>1,386,987</u>	<u>4,631,542</u>
Net Assets		
Beginning of year	<u>113,851,811</u>	<u>109,220,269</u>
End of year	<u>\$ 115,238,798</u>	<u>\$ 113,851,811</u>

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

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Receipts from customers	\$ 12,688,295	\$ 11,424,262
Payments to suppliers for goods and services	(4,934,305)	(4,248,543)
Payments to employees for services	(4,059,233)	(3,763,312)
Other operating revenue (expense)	51,805	53,029
Net cash provided by operating activities	<u>3,746,562</u>	<u>3,465,436</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from bonds, notes and equipment contracts	1,731,297	1,579,874
Capital contributed by federal and state grants	366,456	281,563
Acquisition and construction of capital assets	(5,170,623)	(4,060,085)
Principal paid on capital debt	(1,451,390)	(1,560,748)
Interest paid on capital debt	(1,574,024)	(1,476,673)
Water and sewer assessments received	1,050,507	671,697
Water and sewer assessment interest received	248,162	282,331
Impact fees received	1,071,374	2,513,930
Sale of assets	(28,180)	(52,857)
Miscellaneous	86,897	62,240
Net cash (used in) capital and related financing activities	<u>(3,669,524)</u>	<u>(1,758,728)</u>
Cash Flows from Investing Activities		
Interest on investments	550,589	777,712
Net increase in cash and cash equivalents	<u>627,627</u>	<u>2,484,420</u>
Cash and Cash Equivalents		
Beginning	<u>18,900,710</u>	<u>16,416,290</u>
Ending	<u><u>19,528,337</u></u>	<u><u>18,900,710</u></u>
Reconciliation of Operating Income to Net Cash Provided by (Used in)		
Operating Activities		
Operating (loss)	<u>(909,180)</u>	<u>(469,548)</u>
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities		
Add: noncash expenses		
Depreciation expense	4,656,904	4,368,923
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	295,451	(470,418)
(Increase) in inventory	(114,623)	(5,844)
(Increase) decrease in prepaid expenses	(391)	1,159
Increase (decrease) in accounts payable	(181,225)	76,930
Increase (decrease) in accrued salaries and withholdings	25,448	(30,882)
Increase (decrease) in future absences	16,435	(830)
(Decrease) in customer deposits	(42,257)	(4,054)
Total adjustments	<u>4,655,742</u>	<u>3,934,984</u>
Net cash provided by operating activities	<u><u>\$ 3,746,562</u></u>	<u><u>\$ 3,465,436</u></u>

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

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
YEARS ENDED JUNE 30, 2008 AND 2007**

Notes to Financial Statements

Note 1. Description of Entity

The Georgetown County Water and Sewer District (the District) is a political subdivision of the State of South Carolina created by Act No. 733 of the Legislature on June 22, 1967. This enabling legislation authorized the District to provide water and sewer services to generally all areas of Georgetown County with the exception of the Town of Andrews and the City of Georgetown. The District is governed by a seven-member board appointed by the governor based upon recommendations from the Georgetown County legislative delegation. The District has been deemed to not be a component unit of another governmental entity in accordance with the provisions of Statement No. 14 issued by the Governmental Accounting Standards Board because the District determines its own budget, set rates and charges without approval by another government, is responsible for any deficits and can issue bonded debt. The District has no component units within the provisions of Statement No. 14.

Note 2. Summary of Significant Accounting Policies

Basis of presentation and method of accounting: Georgetown County Water and Sewer District's financial statements are presented in accordance with reporting guidelines recommended for enterprise funds by the Governmental Accounting Standards Board (GASB). The District has adopted private sector standards issued prior to December 1, 1989 as long as those standards do not conflict with GASB guidance.

The District's financial statements are presented on the accrual basis of accounting. Revenues are recorded in the period earned, including impact fees upon assessment, and expenses are recorded at the time liabilities are incurred. Grant revenues are recognized once the eligibility requirements imposed by the grantor are satisfied. In accordance with enterprise fund accounting guidelines, the District distinguishes between operating revenues and expenses and non-operating items. Operating revenues and expenses are typically charges for providing water and sewer services to customers and the related costs of performing those services to include depreciation. Any other revenue or expense not directly related to the principal ongoing activity is classified as non-operating.

Cash and cash equivalents: The District's cash and cash equivalents are considered to be cash on hand, demand deposits and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased. At June 30, 2008 and 2007, amounts meeting the above definition totaled \$ 19,528,337 and \$ 18,900,710, respectively.

Investments: The District is authorized to invest funds in approved financial institutions investment accounts to include federally backed securities and notes. Investments, if any, are reported at fair value.

Accounts receivable – customer: Customer Receivables represent service fees earned, but not yet collected. The District records an estimate of water and sewer service provided to customers from the last meter reading date to the balance sheet date. At June 30, 2008 and 2007, unbilled estimated accounts receivable were approximately \$ 530,000 and \$ 539,000, respectively, and are included in accounts receivable - customers.

Inventory and prepaid items: Materials and supplies inventories are stated at the lower of cost or market. Cost is determined based on a weighted average of like items representing the dollar value of quantities on hand.

Certain payments to vendors (i.e. insurance) reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted assets: Restricted assets represent cash, investments and receivables maintained in accordance with bond resolutions, loan agreements, grant awards, and other resolutions or formal actions of the District for the purpose of funding certain debt service payments, depreciation and contingency activities and improvements to the system.

Capital assets: Capital assets are defined by the District as those with an initial, individual cost of more than \$ 750 and an estimated useful life in excess of two years. Property, equipment and construction in progress acquired by construction or purchase are stated at cost.

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
YEARS ENDED JUNE 30, 2008 AND 2007**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Capital assets (continued): Assets acquired through contribution from customers and land developers are capitalized at the customer or developer's cost, if available, or at the District engineer's estimated fair market value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Land improvements	20
Buildings and improvements	10 - 25
Water systems	40
Sewer systems	40
Machinery, equipment and vehicles	5 - 10
Furniture and fixtures	5 - 10

The cost of studies that directly result in specific construction projects are capitalized at the beginning of the construction period. Insignificant costs applicable to projects and amounts not specifically chargeable to individual projects are charged to operations.

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. For the years ended June 30, 2008 and 2007, there was no interest capitalized to construction projects.

Long-term obligations and costs: Long-term obligations are reported at face value net of premiums and discounts, if any. Deferred refunding costs resulting from advance refundings is reported on the balance sheet as a deduction from bonds payable and will be charged to operations as a component of interest expense using the effective interest rate method over the remaining life of the new debt.

Compensation for future absences: It is the District's policy to permit its employees to accumulate earned but unused vacation benefits which will be paid to the employees upon separation from District service. These vacation benefits are accrued in the period earned. As of June 30, 2008 and 2007, accrued leave was \$ 168,262 and \$ 151,827, respectively.

Capital contributions: Property and equipment contributed by customers, developers and government grants that are permanent in nature are recorded as an asset and recognized in the Statement of Revenues, Expenses and Changes in Net Assets when earned.

Net assets: Net assets represent the accumulated net earnings from operating and non-operating revenues, expenses and contributions of capital. Net assets are classified in the following three categories: invested in capital assets net of related debt; restricted net assets and unrestricted net assets. Invested in capital assets, net of related debt consists of all capital assets, net of accumulated depreciation and reduced by outstanding liabilities that are attributable to the acquisition, construction or improvement of those assets. Debt related to other restricted cash and investments is excluded from the determination. Restricted net assets are assets on which constraints have been placed by external parties such as lenders, grantors, contributors or by laws, regulations or enabling legislation including self imposed mandates, less any related liabilities. Unrestricted net assets consist of all other net assets not included in the above categories.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3. Cash and Cash Equivalents

At June 30, 2008, the carrying (book) amount of the cash on hand and in bank and demand deposit accounts was \$ 19,528,337. All of the District's deposits with financial institutions are insured or collateralized with securities held by the District or by the District's agent in the District's name.

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
YEARS ENDED JUNE 30, 2008 AND 2007**

Notes to Financial Statements

Note 3. Cash and Cash Equivalents (Continued)

Investments of revenue bond proceeds are governed by the applicable bond indenture. Generally, deposits from these proceeds must be insured by the Federal Deposit Insurance Corporation. Amounts in excess of this insurance must be secured by direct obligations of the United States or any agency thereof.

Note 4. Accounts Receivable – Customers (Net)

Accounts receivable – customers, net, at June 30, 2008 and 2007 were composed of the following:

	<u>2008</u>	<u>2007</u>
Billed services	\$ 800,824	\$ 1,199,044
Meters read in June, billed in July	427,505	443,464
Estimated unread usage	529,568	538,986
Accounts receivable – financed	165,103	36,897
Less: Allowance for doubtful accounts	(40,000)	(40,000)
Totals	\$ <u>1,883,000</u>	\$ <u>2,178,351</u>

Note 5. Assessments Receivable

Front foot assessments were levied on properties abutting on new laterals in certain areas in order to provide adequate funds to construct the systems. The assessments are pledged to secure bond issues and collections as received are required to be deposited in the Current Debt Service restricted account to be used to pay bond principal and interest. The assessments may be paid in full or at each anniversary billing date at the option of the property owner. Annual installments not yet billed to property owners are presented as Assessments Receivable, a non-current restricted asset. The assessments at June 30, 2008 and 2007 are summarized as follows:

Area	Date Levied	Original Assessment	Assessments Outstanding June 30, 2008	Assessments Outstanding June 30, 2007
Pawleys Island	10/2/1989	\$ 2,285,800	\$ 65,432	\$ 183,112
West Georgetown	9/26/1990	739,000	109,008	113,286
Pawleys South Commercial	7/10/1991	935,470	-	510,875
Penny Royal	11/30/1991	105,489	17,596	25,294
Wacca Wache	8/19/1992	456,500	75,183	94,789
Hagley Estates	10/5/1995	4,841,120	1,882,566	2,086,975
Martin Luther King	7/11/1996	1,731,139	723,794	800,775
Spanner Way	7/10/1997	79,740	-	5,970
Ford Road	7/10/1997	40,174	-	1,485
US Hwy. 521	3/13/1997	10,500	-	1,170
Georgiaville	3/13/1997	28,017	-	253
Murray Lane	3/13/1997	7,296	-	24
R. B. Thompson Rd.	3/13/1997	5,665	-	117
Meria Drive	8/6/1997	14,995	-	2,852
North Causeway	9/1/2003	433,221	297,161	304,802
Brock Road	3/15/2005	256,665	201,000	208,282
Cherokee Drive Water	6/12/2006	206,532	184,487	193,892
Beaumont Drive Sewer	7/14/2006	95,430	82,325	87,565
Grinder Pump & Step Units		21,200	59,312	37,559
Total		<u>\$ 12,293,953</u>	<u>\$ 3,697,864</u>	<u>\$ 4,659,077</u>

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
YEARS ENDED JUNE 30, 2008 AND 2007**

Notes to Financial Statements

Note 6. Service Agreement Receivable

As more fully described in Note 9, the District entered into a Service Agreement with the Town of Andrews whereby the Town is to pay a debt service charge to the District for allocation of capacity of the West Georgetown County Regional Sewer Interceptor. The initial agreement calls for the Town to make 480 monthly payments of \$ 10,185 including principal and interest at 4.50 % beginning November 2002 plus an additional 10% bond cushion fund payment. The District recorded an initial receivable amount of \$ 2,263,200. The principal balance of the receivable at June 30, 2008 and 2007 was \$ 2,131,996 and \$ 2,157,641 respectively. The District has pledged these receipts for debt service on the District's 2002 series B revenue bond.

Note 7. Restricted Assets

Restricted asset accounts were established to account for assets reserved for specific purposes. Revenue bond indentures require the establishment of construction accounts, current debt service accounts, future debt service accounts, contingency accounts and depreciation accounts. Deposits are made to these restricted asset accounts in amounts determined by the bond indenture or the District's board members. Developers' reservation deposits are a restricted asset account to maintain custody over funds being held for developers. Impact fees charged to new customers are to recover the costs associated with unutilized capacity in oversized facilities built to meet future needs. The impact fee is placed in a restricted asset account for use by the Board for capital improvements and debt service. The service agreement receivable has been pledged to meet the future debt service requirements on bonds issued by the District to finance the West Georgetown County Regional Interceptor Sewer System (Note 6).

	<u>2008</u>	<u>2007</u>
Cash and Cash Equivalents		
Capital renewal and replacement impact fees	\$ 10,863,877	\$ 10,097,688
Sewer availability surcharge	124,694	303,260
Construction accounts	672,761	491,408
Current debt service accounts	1,114,998	1,090,843
Future debt service accounts - FmHA	2,023,646	1,920,926
Depreciation fund account	2,842,949	2,320,576
Contingency fund account	938,632	847,923
Developers reservation fees account	254,649	176,724
Good neighbor contribution	5,067	6,843
Service agreement receivable	2,131,996	2,157,641
Impact fees receivable	16,380	-
Assessments receivable	3,697,864	4,659,077
Grants receivable	-	366,456
Total	\$ 24,687,513	\$ 24,439,365

Note 8. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 568,663	\$ 180,850	\$ -	\$ 749,513
Construction in progress	<u>2,570,405</u>	<u>2,541,770</u>	<u>(2,570,405)</u>	<u>2,541,770</u>
Total capital assets not being depreciated	\$ 3,139,068	\$ 2,722,620	\$(2,570,405)	\$ 3,291,283

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
YEARS ENDED JUNE 30, 2008 AND 2007**

Notes to Financial Statements

Note 8. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated				
Land improvements	\$ 73,935	\$ 9,192	\$ -	\$ 83,127
Buildings and improvements	1,915,039	2,160,616	(234,448)	3,841,207
Water systems	49,587,628	1,754,127	-	51,341,755
Sewer systems	110,102,621	3,047,560	-	113,150,181
Machinery, equipment and vehicles	2,704,991	179,910	(28,023)	2,856,878
Furniture and fixtures	701,371	97,527	(32,178)	766,720
Total capital assets being depreciated	<u>165,085,585</u>	<u>7,248,932</u>	<u>(294,649)</u>	<u>172,039,868</u>
Less: accumulated depreciation for:				
Land improvements	(53,243)	(3,745)	-	(56,988)
Building and improvements	(737,533)	(65,916)	206,152	(597,297)
Water systems	(14,758,175)	(1,478,218)	-	(16,236,393)
Sewer systems	(32,905,316)	(2,834,771)	-	(35,740,087)
Machinery, equipment and vehicles	(2,194,534)	(203,818)	27,669	(2,370,683)
Furniture and fixtures	(708,959)	(70,435)	32,119	(747,275)
Total accumulated depreciation	<u>(51,357,760)</u>	<u>(4,656,903)</u>	<u>265,940</u>	<u>(55,748,723)</u>
Total capital assets being depreciated, Net	<u>113,727,825</u>	<u>2,592,029</u>	<u>(28,709)</u>	<u>116,291,145</u>
Net capital assets	<u>\$ 116,866,893</u>	<u>\$ 5,314,649</u>	<u>\$(2,599,114)</u>	<u>\$ 119,582,428</u>

Note 9. Long-Term Debt

Revenue bonds: Revenue bonds are collateralized by an irrevocable pledge of income and revenues derived from the operation of the systems and a mortgage lien on the water and sewer systems. The revenues derived from the operation of the respective systems are to be used for expenses in connection with the administration and operation of the systems. The revenue bonds also require the establishment of the following restricted asset bank accounts (Note 7):

- (a) Construction Accounts - for construction
- (b) Current Debt Service Accounts (Bond and Interest Fund) - for payment of bond principal and interest
- (c) Future Debt Service Accounts (Cushion Fund) - a reserve for future payment of bond principal and interest
- (d) Depreciation Fund - for renewal and replacement
- (e) Contingency Fund - for improvements, betterments and extension of systems

During the year ended June 30, 2008 there was one water and sewer system bond anticipation note issued for the South Causeway sewer project for \$ 1,370,000. This note was outstanding at June 30, 2008.

Annual debt service requirements to maturity for revenue and revenue refunding bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 2,844,579	\$ 1,478,886	\$ 4,323,465
2010	1,239,317	1,380,578	2,619,895
2011	1,557,734	1,314,688	2,872,422
2012	1,453,376	1,233,807	2,687,183
2013	1,533,736	1,155,367	2,689,103
2014 - 2018	4,861,992	4,712,097	9,574,089
2019 - 2023	4,321,060	3,597,342	7,918,402
2024 - 2028	4,335,532	2,366,214	6,701,746
2029 - 2033	3,265,240	1,457,689	4,722,929
2034 - 2038	2,794,028	673,927	3,467,955
2039 - 2043	1,483,024	177,905	1,660,929
2044 - 2046	276,475	11,695	288,170
Totals	<u>\$ 29,966,093</u>	<u>\$ 19,560,195</u>	<u>\$ 49,526,288</u>

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
YEARS ENDED JUNE 30, 2008 AND 2007**

Notes to Financial Statements

Note 9. Long-Term Debt (Continued)

Obligation under service agreement: On October 30, 1997, the District entered into the West Georgetown County Regional Wastewater Treatment System Service Agreement (the "Agreement") with the Town of Andrews, the City of Georgetown and the County of Georgetown. The parties to the agreement have determined that it is mutually beneficial to join together in this wastewater transportation, treatment and disposal project rather than each constructing its own new system. The terms of the agreement are briefly outlined below:

The District will:

- Construct, own, operate and maintain the West Georgetown County Regional Sewer System Interceptor (the "Interceptor") with an initial capacity of 6.0 million gallons per day. Financing will be facilitated by issuance of \$ 4,526,400 in revenue bonds.
- Be responsible for paying the City a debt service charge each month based on the District's initial allocation of the capacity of the City's treatment facility. The current debt service charge is \$ 8,336 per month.
- Be responsible for paying the City a volume charge each month based on metered volume of District sewage processed by the City's treatment facility to cover operating costs.
- Collect debt service and volume charges from the Town of Andrews to cover the Town's capacity and use charges of the District's interceptor.

The City of Georgetown will:

- Construct, own, operate and maintain the West Georgetown County Regional Treatment Facility (the "Treatment Facility") with an initial capacity of 11.9 million gallons per day. Financing will be facilitated by issuance of a \$ 10,074,369 loan.
- Collect prorated debt service and volume payments from the District and the Town of Andrews monthly to recoup capacity and operating costs.

The Town of Andrews will:

- Be responsible for paying the District debt service and volume charges based on capacity and use of the interceptor (see also Note 6).
- Be responsible for paying the City debt service and volume charges based on capacity and use of the treatment facility.

The County of Georgetown will:

- Operate and maintain the Georgetown County Composting Facility to accept residual bio-solids from the treatment facility.

The term of the service agreement contract is to continue as long as the capital facilities related to the contract remain functional.

Both the District and the City have pledged that payments made to them for the purchase of wastewater capacity are intended to be part of the revenues of the interceptor and treatment facility and will be used to meet the principal and interest requirements on indebtedness incurred to acquire and construct the projects.

The District originally recorded a long-term obligation to the City in the principal amount of \$ 3,052,534 for its initial capacity allocation. During the year ended June 30, 2004, the City was allowed to apply unspent grant funds to reduce its outstanding debt on this project. Accordingly, the City credited the District \$ 2,233,811 against the District's portion of the debt. Current payments terms call for 225 monthly payments of \$ 8,336 including principal and interest at 3.50% through March 2023. The outstanding principal balances of this obligation of the District at June 30, 2008 and 2007 were \$ 637,572 and \$ 652,731, respectively.

As mentioned in Note 6, the District recorded a receivable from the Town of Andrews.

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
YEARS ENDED JUNE 30, 2008 AND 2007**

Notes to Financial Statements

Note 9. Long-Term Debt (Continued)

Various other stipulations, responsibilities, covenants and warranties are contained in the agreement. Additional capacity may be bought or sold by the parties in the future under certain circumstances.

Obligation Under Service Agreement debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2009	\$ 31,918	\$ 68,119	\$ 100,037
2010	35,409	64,628	100,037
2011	39,057	60,980	100,037
2012	42,869	57,169	100,038
2013	46,850	53,188	100,038
2014-2018	300,370	199,818	500,188
2019-2023	<u>404,401</u>	<u>70,777</u>	<u>475,178</u>
Totals	\$ <u>900,874</u>	\$ <u>574,679</u>	\$ <u>1,475,553</u>

Revenue Bonds, notes and obligation under service agreement at June 30, 2008 and 2007 are summarized as follows:

	<u>2008</u>	<u>2007</u>
Revenue bonds maturing through 2046; interest rates ranging from 2.96% to 6.50%.	\$ 29,966,093	\$ 29,908,686
Obligation under service agreement maturing through 2023; interest at 3.50%	<u>900,874</u>	<u>652,731</u>
	30,866,967	30,561,417
Less, current portions	<u>2,876,497</u>	<u>1,412,036</u>
Total long-term debt	\$ <u>27,990,470</u>	\$ <u>29,149,381</u>

Advance and current refundings: On March 12, 1998, the District issued \$ 8,575,000 in Revenue Refunding Bonds with an average interest rate of 4.9% to advance refund \$ 4,618,000 of outstanding 1989 Refunding Bonds with an average interest rate of 8.1% and \$ 3,820,000 of outstanding 1995 Refunding Bonds with an average interest rate of 6.5%. The net proceeds of \$ 8,232,445 (after payment of \$ 342,555 in underwriting fees, original issue discount, insurance and other issuance costs) plus an additional \$ 931,867 of debt service reserve fund monies were deposited in an irrevocable trust with an escrow agent and subsequently invested in certain United States Treasury obligations sufficient to provide for all future debt service requirements on the 1989 and 1995 bonds. The 1989 bonds were called for redemption on March 1, 1999. The 1995 bonds were called for redemption on June 1, 2005.

The advance refunding resulted in deferred refunding costs or the difference between the reacquisition price and the net carrying amount of the old debt of \$ 602,163. This difference of \$ 221,874 at June 30, 2008, reported in the accompanying financial statements as a deduction from bonds payable, will be charged to operations as a component of interest expense through the year 2026 using the effective interest rate method over the remaining life of the new debt.

The District's advance refunding of the 1989 and 1995 bonds will reduce its total debt service payments over the 27 years by \$ 3,052,333 and produce an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$ 1,003,307.

During the fiscal year ended June 30, 2003, the District issued \$ 1,520,000 in revenue refunding bonds for a current refunding of \$ 1,800,000 of outstanding revenue bonds. The difference between the amount of the new debt and the reacquisition price of \$ 280,000 was funded by use of bond and interest redemption cushion fund monies. The refunding was undertaken to reduce future total debt service payments.

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
YEARS ENDED JUNE 30, 2008 AND 2007**

Notes to Financial Statements

Note 9. Long-Term Debt (Continued)

Changes in long-term liabilities: Long-term liability activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$ 29,908,686	\$ 1,454,575	\$ (1,397,168)	\$ 29,966,093	\$ 2,844,579
Obligation under service agreement	652,731	276,721	(28,578)	900,874	31,918
Less: deferred refunding costs	(253,110)	-	31,236	(221,874)	-
Compensated absences	151,827	16,435	-	168,262	-
Total long-term liabilities	\$ 30,460,134	\$ 1,747,731	\$ (1,394,510)	\$ 30,813,355	\$ 2,876,497

Note 10. Lease Obligations

The District has adopted a policy of leasing all vehicles, whenever it is economically beneficial. Currently the District is leasing thirty-eight (38) vehicles considered to be operating leases. Terms of all operating leases call for the District to pay all taxes, fees and insurance. A mileage charge of .06 per mile will be assessed the District for each mile over 90,000. Lease expenses for the years ended June 30, 2008 and 2007 were \$ 152,546 and \$ 145,363, respectively. The future minimum lease payments are as follows:

Fiscal Year:	
2009	\$ 159,814
2010	115,788
2011	<u>70,809</u>
Total	\$ <u>346,411</u>

Note 11. Retirement Plan

All permanent employees participate in the South Carolina Retirement System (SCRS), a cost-sharing, multiple-employer defined benefit pension plan administered by the Retirement Division of the State Budget and Control Board. The SCRS offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws.

A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, SC 29211-1960.

Both employees and employers are required to contribute to the Plan under authority of Title 9 of the SC Code of Laws. Employees are required to contribute to the Plan, 6.50% of all earnings. Employers are required to contribute at the following actuarially determined rate of 9.06%. In addition to the above rates participating employers of the SCRS contribute .15% of payroll to provide a group life insurance benefit for their participants. The total payroll, covered payroll, employer contribution, and the actual percentage contributed of total covered payroll by the employer for the past three fiscal years is as follows:

	Total Payroll	Covered Payroll	Employer Contribution	Actual % Contributed
June 30, 2008	\$ 3,249,129	\$ 3,009,419	\$ 272,654	9.06%
June 30, 2007	\$ 3,076,161	\$ 2,839,375	\$ 228,570	8.05%
June 30, 2006	\$ 2,968,199	\$ 2,752,611	\$ 211,962	7.70%

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
YEARS ENDED JUNE 30, 2008 AND 2007**

Notes to Financial Statements

Note 12. Employee Benefit Plans

The District has established a cafeteria plan that provides each employee the opportunity to choose from a menu of fringe benefits. Through a salary reduction agreement, the employee can make pre-tax contributions to the plan to be used for qualified benefits. The plan contributions can be used to pay for supplemental life insurance, family health insurance premiums, child care, supplemental health care benefits such as dental and eye care not covered under the District's prevailing health insurance providers, and such other permitted benefits allowed by the Internal Revenue Code Section 125 and the designated cafeteria plan administrator.

The District has established a fringe benefit program that provides each qualified employee a monthly allowance to be used for one or more eligible fringe benefits. Currently, these eligible benefits include supplemental life insurance and family health insurance. The dollar value of the allowance shall be determined annually in conjunction with the approval of the District's annual budget and is paid by the District on behalf of each qualified employee. A portion of these benefits will generally be includible as taxable income to each qualified employee as provided by the Internal Revenue Code and Regulations.

Note 13. Commitments and Contingencies

The Grand Strand Water and Sewer Authority (the Authority) agreed to allow the District to connect to the Authority's Garden City water system for the purpose of providing stand-by water supply and pressure. The District shall pay the Authority for water delivered in accordance with the bulk water rate established by the Authority.

The Authority has also agreed by contract to assume the responsibility of providing, maintaining and operating the transmission of waste water, the treatment of waste water and the disposal of treated waste water for the District. The District shall pay the Authority in accordance with the contract.

The District has various contracts with the City of Georgetown (the City) whereby the City will treat and dispose of wastewater for the District. The District shall pay to the City a wastewater service charge as stated in the contracts. These contracts expire on May 11, 2023.

In the normal course of business, the District entered into agreements with contractors for the construction and expansion of the system. At June 30, 2008, open contracts for construction totaled approximately \$ 6,231,221 of which \$ 3,179,682 had been expended or recorded as a liability.

The District receives grant and loan monies from government agencies which are subject to audit and adjustments by those agencies. The District has never been required to refund any grant or loan money due to audit adjustments.

The District is a party to various matters in litigation in the due course of business. The assertions relating to these matters, while taken seriously by management, when resolved are not expected to cause any material adverse effect on the financial position of the District.

Note 14. Pawleys South Commercial Special Assessment

As a result of the refinancing of the 1990 Rural Development bond which funded the Pawleys Island South Commercial special assessment, the assessment period was reduced, resulting in the assessments satisfied ahead of schedule, and an adjustment of \$ 510,875 to remove the balance of the assessments from the District's books.

Note 15. Subsequent Event

The District was notified by the City of Georgetown on July 22, 2008 that as a result of rating agency downgrades of the Financial Guaranty Insurance Company (FGIC), the municipal debt service reserve fund policy (the Policy) provided by the FGIC to satisfy debt service reserve fund requirements of the Loan Agreement for the West Georgetown County Regional Wastewater Treatment Plant (RWWTP) no longer satisfies the requirements of the Loan Agreement and the Master Bond Ordinance. The City has made extensive efforts to replace the Policy with a surety bond, letter of credit or insurance policy of similar quality to the Policy. Until such time as a more suitable

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
YEARS ENDED JUNE 30, 2008 AND 2007**

Notes to Financial Statements

Note 15. Subsequent Event (Continued)

option materializes, the City will remit the necessary deposits into the debt service fund. The current debt service reserve requirement is \$ 702,163, to be made in twelve equal monthly installments beginning July 1, 2008. The District, a 33.7% partner in the RWWTP, will fund its portion of the debt service fund of \$ 236,611 from funds of the District held by the City and from restricted sewer impact fees.

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
SCHEDULE OF REVENUES AND EXPENSES BY SYSTEM
YEAR ENDED JUNE 30, 2008
(With comparative totals for the fiscal year ended June 30, 2007)**

	2008						2007
	General Operations					Total	
	Water	Waste Water	General Administration	Billing and Collection	Engineering		
Revenue							
Availability charges	\$ 1,127,592	\$ 1,474,786	\$ -	\$ -	\$ -	\$ 2,602,378	\$ 2,503,076
Volume charges	3,680,542	3,458,065	-	-	-	7,138,607	6,946,013
Service connection	248,345	57,216	-	-	-	305,561	394,505
Meter fees	4,350	-	-	-	-	4,350	2,472
Impact fees	547,903	539,851	-	-	-	1,087,754	2,468,930
Administrative recoveries	411,463	243,343	-	-	-	654,806	349,663
Sewer service inspection	-	18,798	-	-	-	18,798	26,615
Assessment							
Interest	45,152	(307,865)	-	-	-	(262,713)	282,331
Levy	12,786	76,508	-	-	-	89,294	310,306
Interest income	-	-	550,589	-	-	550,589	777,712
Discounts earned	-	-	2,554	-	-	2,554	3,168
Finance charge	-	-	407	-	-	407	1,019
Miscellaneous income	-	-	5,292	-	-	5,292	4,613
Customer charges	-	-	-	1,466,159	-	1,466,159	1,430,507
Service charges	-	-	-	71,685	-	71,685	87,789
Reconnects	-	1,325	-	90,210	-	91,535	69,329
Penalties	-	-	-	72,969	-	72,969	81,106
Returned check fees	-	-	-	8,353	-	8,353	7,658
Engineering income	-	-	-	-	51,317	51,317	50,550
Total revenues	6,078,133	5,562,027	558,842	1,709,376	51,317	13,959,695	15,797,362
Expenses							
Personnel services							
Salaries and wages							
Regular	688,881	602,211	1,071,975	438,165	192,540	2,993,772	2,802,066
Overtime	55,820	36,616	805	7,180	442	100,863	79,299
FICA tax expense	-	-	230,672	-	-	230,672	216,119
Personnel insurance	-	-	290,197	-	-	290,197	232,030
Retirement	-	-	276,500	-	-	276,500	232,777
Workmen's compensation	-	-	61,853	-	-	61,853	62,449
Other payroll expenses	12,195	5,990	231,028	3,766	1,450	254,429	246,579
Less: labor used in construction	-	-	(107,946)	-	-	(107,946)	(139,718)
Total personnel services	756,896	644,817	2,055,084	449,111	194,432	4,100,340	3,731,601

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
SCHEDULE OF REVENUES AND EXPENSES BY SYSTEM
YEAR ENDED JUNE 30, 2008
(With comparative totals for the fiscal year ended June 30, 2007)**

	2008						2007
	General Operations					Total	
	Water	Waste Water	General Administration	Billing and Collection	Engineering		
Expenses (Continued)							
Contractual Services							
Rents and Leases							
Vehicles	\$ -	\$ -	\$ 124,632	\$ 18,897	\$ 9,018	\$ 152,547	\$ 145,364
Other	-	8,351	20,664	12,620	8,622	50,257	58,073
Utilities	312,065	470,440	32,049	-	-	814,554	788,599
Sewer service charges	-	427,838	-	-	-	427,838	363,148
Telephone	4,478	2,444	61,926	5,657	3,645	78,150	65,416
Insurance - operations	-	-	133,668	-	-	133,668	130,358
Professional services	-	1,040	285,901	2,380	16,522	305,843	273,836
Employee uniforms	-	-	13,773	4,028	863	18,664	21,040
Service and maintenance	115,457	97,053	142,369	29,849	37,171	421,899	317,767
Total contractual services	432,000	1,007,166	814,982	73,431	75,841	2,403,420	2,163,601
Supplies and Materials							
Operating supplies and materials	9,881	26,636	111,509	2,081	764	150,871	97,851
Water purchased for resale	206,928	-	-	-	-	206,928	187,419
Automotive supplies	-	-	179,029	32,561	6,486	218,076	175,111
Printing and office supplies	1,143	22	45,567	26,692	17	73,441	65,206
Laboratory and treatment supplies	296,585	84,290	2,273	-	-	383,148	473,334
Maintenance and Repair							
Buildings	39	1,402	16,891	181	-	18,513	36,138
Facilities	237,121	496,652	6,295	-	-	740,068	677,622
Equipment	1,719	16,821	91,743	1,855	-	112,138	73,210
Vehicles	-	-	29,252	706	892	30,850	50,316
Construction material	64,182	34,668	547	-	-	99,397	140,566
Less: equipment used in construction	-	-	(74,383)	-	-	(74,383)	(101,096)
Total supplies and materials	817,598	660,491	408,723	64,076	8,159	1,959,047	1,875,677
Business and Travel Expense							
Travel expense	-	-	19,052	-	-	19,052	31,867
Private vehicle expense	-	-	3,641	1,380	37	5,058	5,698
Postage and delivery	-	-	12,865	91,781	2,021	106,667	103,423
Employee training	254	(199)	21,958	5,759	463	28,235	33,843
Memberships and meetings	-	-	28,394	961	1,614	30,969	28,956
Board member compensation	-	-	5,845	-	-	5,845	6,020
Professional books	-	-	983	-	100	1,083	3,989
Public information	-	-	14,106	43,867	-	57,973	53,962
Total business and travel expense	254	(199)	106,844	143,748	4,235	254,882	267,916

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
SCHEDULE OF REVENUES AND EXPENSES BY SYSTEM
YEAR ENDED JUNE 30, 2008
(With comparative totals for the fiscal year ended June 30, 2007)**

	2008						2007
	Water	Waste Water	General Operations			Total	
			General Administration	Billing and Collection	Engineering		
Expenses (Continued)							
Other (Income) Expenses							
Miscellaneous	\$ -	\$ -	\$ 21,309	\$ 267	\$ 17	\$ 21,576	\$ 13,575
Bad debts	(488)	-	-	-	-	(488)	(2,479)
Net (gain) loss on disposal of fixed assets	-	-	28,180	-	-	28,180	56,054
Total other expenses	(488)	-	49,489	267	17	49,285	67,167
Depreciation	1,479,321	2,835,837	341,746	-	-	4,656,904	4,368,923
Debt Service							
Bond interest							
Special assessment	54,036	204,355	-	-	-	258,391	284,643
Other	404,032	683,861	100,825	-	-	1,188,718	1,216,012
Total debt service	458,068	888,216	100,825	-	-	1,447,109	1,500,655
Total direct expenses	3,943,649	6,036,328	3,877,693	730,633	282,684	14,870,987	14,654,439
Allocation of general administrative costs	1,228,334	1,046,139	(3,318,851)	728,843	315,535	-	-
Total expenses	5,171,983	7,082,467	558,842	1,459,476	598,219	14,870,987	14,654,439
Net income (loss)	\$ 906,150	\$ (1,520,440)	\$ -	\$ 249,900	\$ (546,902)	\$ (911,292)	\$ (694,745)

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
SCHEDULE OF REVENUES AND EXPENSES BY INDIVIDUAL WATER AND WASTE WATER SYSTEM
FOR THE YEAR ENDED JUNE 30, 2008**

	Water						Waste Water					
	Georgetown		Waccamaw Neck		Garden City	Total Water	Georgetown		West Gtn.	Waccamaw Neck		Total Waste Water
	T&D	Treatment	T&D	Treatment			Interceptor	T&D	Treatment			
Revenues												
Availability charges	\$ 153,295	\$ -	\$ 922,273	\$ -	\$ 52,024	\$ 1,127,592	\$ 274,816	\$ -	\$ -	\$ 1,199,970	\$ -	\$ 1,474,786
Volume charges	591,106	-	2,864,549	-	224,887	3,680,542	684,366	-	-	2,773,699	-	3,458,065
Service connection	46,005	-	202,273	-	67	248,345	37,168	-	-	20,048	-	57,216
Meter fees	2,950	-	1,400	-	-	4,350	-	-	-	1,325	-	1,325
Impact fees	131,482	-	425,181	-	(8,760)	547,903	232,997	-	-	306,854	-	539,851
Administrative recoveries	118,986	-	292,477	-	-	411,463	180,921	-	-	62,422	-	243,343
Sewer service inspection Assessments	-	-	-	-	-	-	3,676	-	-	15,122	-	18,798
Interest	7,956	-	37,196	-	-	45,152	15,401	-	-	(323,266)	-	(307,865)
Levy	3,192	-	9,594	-	-	12,786	29,500	-	-	47,008	-	76,508
Total revenues	1,054,972	-	4,754,943	-	268,218	6,078,133	1,458,845	-	-	4,103,182	-	5,562,027
Expenses												
Personnel Services												
Salaries and Wages												
Regular	130,869	-	235,167	322,845	-	688,881	118,688	36,639	7,101	274,452	165,331	602,211
Overtime	6,573	-	10,376	38,871	-	55,820	8,736	6,101	189	6,242	15,348	36,616
Other payroll expenses	8,955	-	3,095	145	-	12,195	1,462	-	-	3,318	1,210	5,990
Total personnel services	146,397	-	248,638	361,861	-	756,896	128,886	42,740	7,290	284,012	181,889	644,817
Contractual Services												
Rents and Leases												
Other	-	-	-	-	-	-	7,168	-	-	-	1,183	8,351
Utilities	92,609	-	40,110	177,309	2,037	312,065	37,295	44,466	32,817	83,369	272,493	470,440
Sewer service charges	-	-	-	-	-	-	-	348,117	-	-	79,721	427,838
Telephone	-	806	-	3,672	-	4,478	86	328	-	-	2,030	2,444
Professional services	-	-	-	-	-	-	-	-	-	-	1,040	1,040
Service and maintenance	104	73,236	3,020	39,097	-	115,457	4,764	44,353	-	2,698	45,238	97,053
Total contractual services	92,713	74,042	43,130	220,078	2,037	432,000	49,313	437,264	32,817	86,067	401,705	1,007,166
Supplies and Materials												
Operating supplies & materials	699	308	3,355	5,519	-	9,881	2,060	711	49	3,134	20,682	26,636
Water purchased for resale	84	-	8,943	-	197,901	206,928	-	-	-	-	-	-
Printing and office supplies	-	-	-	1,143	-	1,143	-	-	-	22	-	22
Lab and treatment supplies	4,855	1,850	74,428	215,452	-	296,585	32	706	-	25	83,527	84,290
Maintenance and Repair												
Building	-	-	31	8	-	39	901	-	-	-	501	1,402
Facilities	43,712	34,442	76,316	76,740	5,911	237,121	91,479	13,795	43,876	203,913	143,589	496,652
Equipment	-	-	-	1,719	-	1,719	-	-	-	16,484	337	16,821
Construction material	11,576	-	52,606	-	-	64,182	34,668	-	-	-	-	34,668
Total supplies and materials	60,926	36,600	215,679	300,581	203,812	817,598	129,140	15,212	43,925	223,578	248,636	660,491
Other Expenses												
Employee training	-	-	-	254	-	254	-	-	-	-	(199)	(199)
Bad debts	(488)	-	-	-	-	(488)	-	-	-	-	-	-
Total other expenses	(488)	-	-	254	-	(234)	-	-	-	-	(199)	(199)
Depreciation	367,310	-	1,095,480	-	16,531	1,479,321	744,426	110,638	151,464	1,437,531	391,778	2,835,837

GEORGETOWN COUNTY WATER AND SEWER DISTRICT
SCHEDULE OF REVENUES AND EXPENSES BY INDIVIDUAL WATER AND WASTE WATER SYSTEM
FOR THE YEAR ENDED JUNE 30, 2008

	Water						Waste Water					
	Georgetown		Waccamaw Neck		Garden City	Total Water	Georgetown		West Gtn. Interceptor	Waccamaw Neck		Total Waste Water
	T&D	Treatment	T&D	Treatment			T&D	Treatment		T&D	Treatment	
Expenses (Continued)												
Debt Service												
Bond Interest												
Special assessment	\$ 8,556	\$ -	\$ 45,480	\$ -	\$ -	\$ 54,036	\$ 14,179	\$ -	\$ -	\$ 190,176	\$ -	\$ 204,355
Other	59,541	-	50,056	294,435	-	404,032	95,628	16,376	188,750	75,572	307,535	683,861
Total debt service	<u>68,097</u>	<u>-</u>	<u>95,536</u>	<u>294,435</u>	<u>-</u>	<u>458,068</u>	<u>109,807</u>	<u>16,376</u>	<u>188,750</u>	<u>265,748</u>	<u>307,535</u>	<u>888,216</u>
Total direct expenses	<u>734,955</u>	<u>110,642</u>	<u>1,698,463</u>	<u>1,177,209</u>	<u>222,380</u>	<u>3,943,649</u>	<u>1,161,572</u>	<u>622,230</u>	<u>424,246</u>	<u>2,296,936</u>	<u>1,531,344</u>	<u>6,036,328</u>
Allocation of general administrative costs	237,580	-	403,504	587,250	-	1,228,334	209,163	69,361	11,524	460,910	295,181	1,046,139
Total expenses	<u>972,535</u>	<u>110,642</u>	<u>2,101,967</u>	<u>1,764,459</u>	<u>222,380</u>	<u>5,171,983</u>	<u>1,370,735</u>	<u>691,591</u>	<u>435,770</u>	<u>2,757,846</u>	<u>1,826,525</u>	<u>7,082,467</u>
Net income (loss)	<u>\$ 82,437</u>	<u>\$ (110,642)</u>	<u>\$ 2,652,976</u>	<u>\$ (1,764,459)</u>	<u>\$ 45,838</u>	<u>\$ 906,150</u>	<u>\$ 88,110</u>	<u>\$ (691,591)</u>	<u>\$ (435,770)</u>	<u>\$ 1,345,336</u>	<u>\$ (1,826,525)</u>	<u>\$ (1,520,440)</u>

Note 1: All revenues are allocated to transmission and distribution (T & D) services; none are allocated to treatment services.

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
SCHEDULE OF DEBT SERVICE TO MATURITY - REVENUE BONDS AND SERVICE AGREEMENT PAYABLE
YEAR ENDED JUNE 30, 2008**

Fiscal Year Ending	Revenue Bond of 1990 Series A - West Gtn. Sewer		Revenue Bond of 1990 Series C - Plant C		Revenue Refunding Bond Series A of 2002		Revenue Bond of 1995 Series A - Hagley W & S		Revenue Bond of 1996 Series A - M. L. King Sewer	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 14,674	\$ 32,400	\$ 73,421	\$ 156,451	\$ 270,000	\$ 7,992	\$ 286,978	\$ 147,046	\$ 79,720	\$ 42,621
2010	15,580	31,495	78,338	151,534	-	-	305,272	128,752	84,104	38,237
2011	16,543	30,534	83,585	146,287	-	-	324,733	109,291	88,730	33,611
2012	17,561	29,514	89,182	140,689	-	-	345,435	88,589	93,610	28,731
2013	18,645	28,431	95,155	134,717	-	-	367,457	66,567	98,759	23,582
2014	19,793	27,281	101,528	128,344	-	-	390,882	43,142	104,190	18,151
2015	21,016	26,060	108,327	121,545	-	-	285,854	18,223	109,921	12,420
2016	22,312	24,764	115,582	114,290	-	-	-	-	115,903	6,375
2017	23,689	23,387	123,323	106,549	-	-	-	-	-	-
2018	25,150	21,926	131,582	98,290	-	-	-	-	-	-
2019	26,701	20,375	140,394	89,478	-	-	-	-	-	-
2020	28,348	18,728	149,797	80,075	-	-	-	-	-	-
2021	30,096	16,980	159,829	70,043	-	-	-	-	-	-
2022	31,952	15,124	170,533	59,339	-	-	-	-	-	-
2023	33,924	13,153	181,954	47,918	-	-	-	-	-	-
2024	36,015	11,061	194,140	35,732	-	-	-	-	-	-
2025	38,237	8,839	207,142	20,730	-	-	-	-	-	-
2026	40,595	6,481	221,014	8,858	-	-	-	-	-	-
2027	43,099	3,977	15,372	83	-	-	-	-	-	-
2028	42,724	1,319	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-
Totals	<u>\$ 546,654</u>	<u>\$ 391,829</u>	<u>\$ 2,440,198</u>	<u>\$ 1,710,952</u>	<u>\$ 270,000</u>	<u>\$ 7,992</u>	<u>\$ 2,306,611</u>	<u>\$ 601,610</u>	<u>\$ 774,937</u>	<u>\$ 203,728</u>

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
SCHEDULE OF DEBT SERVICE TO MATURITY - REVENUE BONDS AND SERVICE AGREEMENT PAYABLE
YEAR ENDED JUNE 30, 2008**

Fiscal Year Ending	Revenue Bond of 1996 Series B - M. L. King Sewer		Revenue Bond of 1996 Series C - S. W. T. Plant		Revenue Bond of 1996 Series D - S. W. T. Plant		Revenue Bond of 1996 Series E - Lanes Creek Sewer		Revenue Bond of 1996 Series F - Dunbar Sewer	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 15,067	\$ 6,941	\$ 65,718	\$ 217,746	\$ 25,967	\$ 72,181	\$ 5,663	\$ 13,237	\$ 5,936	\$ 13,756
2010	15,895	6,113	69,339	214,125	27,398	70,750	5,923	12,977	6,209	13,483
2011	16,769	5,239	73,159	210,305	28,907	69,241	6,195	12,705	6,494	13,198
2012	17,692	4,316	77,190	206,274	30,500	67,648	6,480	12,421	6,792	12,900
2013	18,665	3,343	81,443	202,021	32,180	65,968	6,777	12,123	7,104	12,588
2014	19,691	2,317	85,930	197,534	33,953	64,195	7,089	11,811	7,431	12,261
2015	20,774	1,234	90,664	192,800	35,823	62,325	7,414	11,486	7,772	11,920
2016	1,654	91	95,659	187,805	37,797	60,351	7,755	11,145	8,129	11,563
2017	-	-	100,929	182,535	39,880	58,268	8,111	10,789	8,503	11,189
2018	-	-	106,490	176,974	42,077	56,071	8,484	10,416	8,893	10,799
2019	-	-	112,357	171,107	44,395	53,753	8,873	10,027	9,302	10,390
2020	-	-	118,547	164,917	46,841	51,307	9,281	9,619	9,729	9,963
2021	-	-	125,078	158,386	49,422	48,726	9,707	9,193	10,176	9,516
2022	-	-	131,969	151,495	52,144	46,004	10,153	8,747	10,644	9,048
2023	-	-	139,240	144,224	55,017	43,131	10,620	8,280	11,133	8,560
2024	-	-	146,911	136,553	58,048	40,100	11,108	7,792	11,644	8,048
2025	-	-	155,005	128,459	61,246	36,902	11,618	7,282	12,179	7,513
2026	-	-	163,545	119,919	64,621	33,527	12,152	6,748	12,738	6,954
2027	-	-	172,556	110,908	68,181	29,967	12,710	6,190	13,324	6,369
2028	-	-	182,062	101,402	71,937	26,211	13,294	5,606	13,936	5,756
2029	-	-	192,093	91,371	75,900	22,248	13,904	4,996	14,576	5,116
2030	-	-	202,676	80,788	80,082	18,066	14,543	4,357	15,245	4,447
2031	-	-	213,843	69,622	84,494	13,654	15,211	3,689	15,946	3,746
2032	-	-	225,624	57,840	89,149	8,999	15,910	2,990	16,678	3,014
2033	-	-	238,055	45,409	94,061	4,087	16,641	2,259	17,445	2,248
2034	-	-	251,170	32,294	24,672	225	17,406	1,494	18,246	1,446
2035	-	-	265,008	18,456	-	-	18,205	695	19,084	608
2036	-	-	198,647	4,304	-	-	5,511	48	3,100	17
2037	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-
Totals	\$ 126,207	\$ 29,594	\$ 4,080,907	\$ 3,775,573	\$ 1,354,692	\$ 1,123,905	\$ 296,738	\$ 219,122	\$ 308,388	\$ 226,416

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
SCHEDULE OF DEBT SERVICE TO MATURITY - REVENUE BONDS AND SERVICE AGREEMENT PAYABLE
YEAR ENDED JUNE 30, 2008**

Fiscal Year Ending	Revenue Refunding Bond Series 1998		Revenue Bond of 1999 Series A - Maintenance Bld.		Revenue Bond of 2001 Series B - Woodlands Sewer		Carolina First Beaumont Drive Water		Revenue Refunding Bond of 2001 Series D	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 425,000	\$ 271,995	\$ 13,809	\$ 25,431	\$ 3,025	\$ 9,587	\$ 2,470	\$ 6,609	\$ 39,169	\$ 1,121
2010	445,000	252,870	14,534	24,706	3,164	9,448	2,678	6,330	10,506	196
2011	560,000	232,400	15,297	23,943	3,309	9,303	2,865	6,143	-	-
2012	585,000	206,080	16,099	23,141	3,461	9,151	3,066	5,942	-	-
2013	615,000	178,000	16,944	22,296	3,620	8,992	3,280	5,728	-	-
2014	635,000	147,865	17,833	21,407	3,787	8,825	3,510	5,498	-	-
2015	145,000	116,750	18,769	20,471	3,961	8,651	3,756	5,252	-	-
2016	155,000	109,500	19,754	19,486	4,143	8,469	4,019	4,989	-	-
2017	160,000	101,750	20,790	18,450	4,333	8,279	4,300	4,708	-	-
2018	170,000	93,750	21,881	17,359	4,532	8,080	4,601	4,407	-	-
2019	185,000	85,250	23,029	16,211	4,740	7,872	4,923	4,085	-	-
2020	195,000	76,000	24,237	15,003	4,958	7,654	5,268	3,740	-	-
2021	200,000	66,250	25,509	13,731	5,186	7,426	5,636	3,372	-	-
2022	205,000	56,250	26,848	12,392	5,424	7,188	6,031	2,977	-	-
2023	215,000	46,000	28,256	10,984	5,673	6,939	6,453	2,555	-	-
2024	225,000	35,250	29,739	9,501	5,934	6,678	6,905	2,103	-	-
2025	235,000	24,000	31,300	7,940	6,206	6,406	7,388	1,620	-	-
2026	245,000	12,250	32,942	6,298	6,491	6,121	7,905	1,103	-	-
2027	-	-	34,670	4,570	6,790	5,822	7,846	549	-	-
2028	-	-	36,490	2,750	7,101	5,511	-	-	-	-
2029	-	-	33,747	842	7,428	5,184	-	-	-	-
2030	-	-	-	-	7,769	4,843	-	-	-	-
2031	-	-	-	-	8,126	4,486	-	-	-	-
2032	-	-	-	-	8,499	4,113	-	-	-	-
2033	-	-	-	-	8,890	3,722	-	-	-	-
2034	-	-	-	-	9,298	3,314	-	-	-	-
2035	-	-	-	-	9,725	2,887	-	-	-	-
2036	-	-	-	-	10,172	2,440	-	-	-	-
2037	-	-	-	-	10,639	1,973	-	-	-	-
2038	-	-	-	-	11,128	1,484	-	-	-	-
2039	-	-	-	-	11,639	973	-	-	-	-
2040	-	-	-	-	12,174	438	-	-	-	-
2041	-	-	-	-	3,096	23	-	-	-	-
2042	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-
Totals	\$ 5,600,000	\$ 2,112,210	\$ 502,477	\$ 316,912	\$ 214,421	\$ 192,282	\$ 92,900	\$ 77,710	\$ 49,675	\$ 1,317

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
SCHEDULE OF DEBT SERVICE TO MATURITY - REVENUE BONDS AND SERVICE AGREEMENT PAYABLE
YEAR ENDED JUNE 30, 2008**

Fiscal Year Ending	Revenue Bond of 2000 Series A - Carvers Bay W & S		Revenue Bond of 2002 Series B - West Gtn Reg Sewer		Revenue Bond of 2002 Series C - Penny Royal Sewer		Service Agreement - 33.7% Interest in City of Gtn's Reg WWTP SRF Loan		Revenue Bond of 2003 Series A - N. Causeway Sewer	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 10,909	\$ 37,127	\$ 58,208	\$ 186,220	\$ 13,296	\$ 50,112	\$ 31,918	\$ 68,119	\$ 16,813	\$ 15,765
2010	11,439	36,597	60,883	183,546	13,941	49,467	35,409	64,628	17,527	15,051
2011	11,994	36,042	63,679	180,749	14,618	48,790	39,057	60,980	18,272	14,306
2012	12,576	35,460	66,605	177,823	15,328	48,080	42,869	57,169	19,049	13,529
2013	13,187	34,849	69,665	174,763	16,072	47,336	46,850	53,188	19,858	12,720
2014	13,827	34,209	72,865	171,563	16,852	46,556	51,007	49,031	20,702	11,876
2015	14,498	33,538	76,212	168,216	17,670	45,738	55,347	44,690	21,582	10,996
2016	15,202	32,834	79,714	164,714	18,528	44,880	59,877	40,161	22,499	10,079
2017	15,940	32,096	83,376	161,052	19,427	43,981	64,604	35,434	23,455	9,123
2018	16,714	31,322	87,206	157,222	20,371	43,037	69,535	30,502	24,452	8,126
2019	17,525	30,511	91,212	153,216	21,360	42,048	74,679	25,358	25,491	7,087
2020	18,376	29,660	95,402	149,026	22,396	41,012	80,044	19,994	26,575	6,003
2021	19,268	28,768	99,785	144,643	23,484	39,924	85,637	14,401	27,704	4,874
2022	20,204	27,832	104,369	140,059	24,624	38,784	91,467	8,570	28,882	3,696
2023	21,185	26,851	109,164	135,264	25,819	37,589	72,574	2,454	30,109	2,469
2024	22,213	25,823	114,179	130,249	27,073	36,335	-	-	27,982	1,189
2025	23,292	24,745	119,424	125,004	28,387	35,021	-	-	-	-
2026	24,422	23,614	124,911	119,517	29,765	33,643	-	-	-	-
2027	25,608	22,428	130,649	113,779	31,211	32,198	-	-	-	-
2028	26,851	21,185	136,651	107,776	32,726	30,683	-	-	-	-
2029	28,155	19,881	142,929	101,499	34,314	29,094	-	-	-	-
2030	29,522	18,514	149,495	94,933	35,980	27,428	-	-	-	-
2031	30,955	17,081	156,363	88,065	37,727	25,681	-	-	-	-
2032	32,458	15,578	163,546	80,882	39,558	23,850	-	-	-	-
2033	34,032	14,003	171,059	73,369	41,479	21,929	-	-	-	-
2034	35,686	12,350	178,918	65,510	43,493	19,915	-	-	-	-
2035	37,418	10,618	187,137	57,291	45,604	17,804	-	-	-	-
2036	39,235	8,801	195,734	48,694	47,818	15,590	-	-	-	-
2037	41,139	6,896	204,726	39,702	50,140	13,268	-	-	-	-
2038	43,134	4,899	214,131	30,297	52,574	10,834	-	-	-	-
2039	45,231	2,805	223,968	20,460	55,126	8,282	-	-	-	-
2040	34,382	669	234,257	10,171	57,802	5,606	-	-	-	-
2041	-	-	98,256	1,089	60,609	2,799	-	-	-	-
2042	-	-	-	-	25,869	306	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-
Totals	\$ 786,577	\$ 737,586	\$ 4,164,678	\$ 3,756,363	\$ 1,061,041	\$ 1,057,600	\$ 900,874	\$ 574,679	\$ 370,952	\$ 146,889

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
SCHEDULE OF DEBT SERVICE TO MATURITY - REVENUE BONDS AND SERVICE AGREEMENT PAYABLE
YEAR ENDED JUNE 30, 2008**

Fiscal Year Ending	Carolina First Brock Road Sewer		Revenue Bond of 2005 Series A - Choppee Sewer		1st Citizens Cherokee Drive Water		Revenue Bond of 2007 Series A - Georgetown Office		Bond Anticipation Notes BB&T - South Causeway Sewer	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 7,957	\$ 14,331	\$ 14,882	\$ 52,306	\$ 7,602	\$ 7,618	\$ 18,295	\$ 63,497	\$ 1,370,000	\$ 26,792
2010	9,113	13,175	15,507	51,681	7,903	7,317	19,064	62,728	-	-
2011	9,647	12,642	16,159	51,029	176,914	7,004	19,865	61,927	-	-
2012	10,211	12,078	16,839	50,349	-	-	20,700	61,092	-	-
2013	10,808	11,480	17,546	49,641	-	-	21,571	60,221	-	-
2014	11,441	10,848	18,284	48,904	-	-	22,477	59,315	-	-
2015	12,110	10,179	19,053	48,135	-	-	23,422	58,370	-	-
2016	12,818	9,470	19,854	47,334	-	-	24,407	57,385	-	-
2017	13,568	8,720	20,688	46,500	-	-	25,433	56,359	-	-
2018	14,362	7,927	21,558	45,630	-	-	26,502	55,290	-	-
2019	15,202	7,086	22,464	44,724	-	-	27,616	54,176	-	-
2020	16,091	6,197	23,409	43,779	-	-	28,777	53,015	-	-
2021	17,033	5,256	24,393	42,795	-	-	29,987	51,805	-	-
2022	18,029	4,259	25,418	41,770	-	-	31,248	50,544	-	-
2023	19,084	3,205	26,487	40,701	-	-	32,561	49,231	-	-
2024	20,200	2,088	27,600	39,588	-	-	33,930	47,862	-	-
2025	15,498	907	28,760	38,428	-	-	35,357	46,435	-	-
2026	-	-	29,970	37,219	-	-	36,843	44,949	-	-
2027	-	-	31,230	35,959	-	-	38,392	43,400	-	-
2028	-	-	32,542	34,646	-	-	40,006	41,786	-	-
2029	-	-	33,910	33,278	-	-	41,688	40,104	-	-
2030	-	-	35,336	31,852	-	-	43,440	38,352	-	-
2031	-	-	36,821	30,367	-	-	45,266	36,526	-	-
2032	-	-	38,369	28,819	-	-	47,169	34,623	-	-
2033	-	-	39,982	27,206	-	-	49,152	32,640	-	-
2034	-	-	41,663	25,525	-	-	51,218	30,574	-	-
2035	-	-	43,415	23,774	-	-	53,372	28,420	-	-
2036	-	-	45,240	21,948	-	-	55,615	26,177	-	-
2037	-	-	47,141	20,047	-	-	57,953	23,839	-	-
2038	-	-	49,123	18,065	-	-	60,390	21,403	-	-
2039	-	-	51,188	16,000	-	-	62,928	18,864	-	-
2040	-	-	53,340	13,848	-	-	65,574	16,218	-	-
2041	-	-	55,583	11,605	-	-	68,330	13,462	-	-
2042	-	-	57,919	6,269	-	-	71,203	10,589	-	-
2043	-	-	60,354	6,834	-	-	74,196	7,596	-	-
2044	-	-	62,891	4,297	-	-	77,315	4,477	-	-
2045	-	-	65,535	1,653	-	-	66,386	1,254	-	-
2046	-	-	4,348	15	-	-	-	-	-	-
Totals	\$ 233,172	\$ 139,848	\$ 1,274,801	\$ 1,212,520	\$ 192,419	\$ 21,939	\$ 1,547,648	\$ 1,464,505	\$ 1,370,000	\$ 26,792

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
SCHEDULE OF DEBT SERVICE TO MATURITY - REVENUE BONDS AND SERVICE AGREEMENT PAYABLE
YEAR ENDED JUNE 30, 2008**

Fiscal Year Ending	Totals		
	Principal	Interest	P & I
2009	\$ 2,876,497	\$ 1,547,001	\$ 4,423,498
2010	1,274,726	1,445,206	2,719,932
2011	1,596,791	1,375,669	2,972,460
2012	1,496,245	1,290,976	2,787,221
2013	1,580,586	1,208,554	2,789,140
2014	1,658,072	1,120,933	2,779,005
2015	1,098,945	1,028,999	2,127,944
2016	840,606	965,685	1,806,291
2017	760,349	919,169	1,679,518
2018	804,390	877,128	1,681,518
2019	855,263	832,754	1,688,017
2020	903,076	785,692	1,688,768
2021	947,930	736,089	1,684,019
2022	994,939	684,078	1,679,017
2023	1,024,253	629,508	1,653,761
2024	998,621	575,952	1,574,573
2025	1,016,039	520,231	1,536,270
2026	1,052,914	467,201	1,520,115
2027	631,638	416,199	1,047,837
2028	636,320	384,631	1,020,951
2029	618,644	353,613	972,257
2030	614,088	323,580	937,668
2031	644,752	292,917	937,669
2032	676,960	260,708	937,668
2033	710,796	226,872	937,668
2034	671,770	192,647	864,417
2035	678,968	160,553	839,521
2036	601,072	128,019	729,091
2037	411,738	105,725	517,463
2038	430,480	86,982	517,462
2039	450,080	67,384	517,464
2040	457,529	46,950	504,479
2041	285,874	28,978	314,852
2042	154,991	17,164	172,155
2043	134,550	14,430	148,980
2044	140,206	8,774	148,980
2045	131,921	2,907	134,828
2046	4,348	15	4,363
Totals	\$ 30,866,967	\$ 20,129,873	\$ 50,996,840

Note: The Farmer's Home Administration (FmHA) computes interest on the above bonds on a daily basis through the date that payment is actually received. This schedule has been prepared on a normal amortization basis. Therefore, actual allocation of principal and interest will vary slightly due to the different methods and will require that this schedule be adjusted each year to give the exact unpaid balances.

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
SCHEDULE OF INSURANCE IN FORCE
YEAR ENDED JUNE 30, 2008**

<u>Insurer</u>	<u>Policy Number</u>	<u>Coverage Dates</u>		<u>Premium</u>	<u>Prepaid</u>	<u>Type of Account</u>
		<u>Issued</u>	<u>Expires</u>			
South Carolina Workmen's Compensation State Accident Fund	10-100421-2	01/01/08	12/31/08	\$ 61,852	\$ -	Workmen's Compensation as Required by State Law
State of South Carolina Division of Insurance Services	C130220208	08/09/07	08/09/08	9,988	1,210	Auto Collision and Comprehensive \$ 200 deductible - comprehensive \$ 500 deductible - collision
State of South Carolina Division of Insurance Services	L130220208	08/09/07	08/08/08	22,420	2,370	Auto Liability Coverage Limits: Bodily Injury/Property Damage, Combined Single Limit: \$1,000,000 Per occurrence Medical Payments \$ 1,000 each person Uninsured Motorist - Basic Limits
State of South Carolina Division of Insurance Services	F130220208	08/09/07	08/09/08	45,652	4,929	Building and Personal Property Building \$ 47,297,060 Contents \$ 1,265,000
State of South Carolina Division of Insurance Services	T130220208	08/09/07	08/09/08	27,036	2,907	Tort Liability Insurance \$ 250 Deductible Property Damage Coverage Limits: Clerical \$ 1,000,000 Maintenance \$ 1,000,000 Directors \$ 1,000,000 Others \$ 1,000,000 Sewer back-up \$ 5,000 each occurrence
State of South Carolina Division of Insurance Services	D130220208	08/09/07	08/09/08	998	107	Data Processing Policy Deductible \$250 Breakdown Deductible \$ 1,000 Coverage \$ 350,000
State of South Carolina Division of Insurance Services	M130220208	08/09/07	08/09/08	13,485	1,457	Inland Marine - Agricultural Equipment Deductible of 2% with \$ 500 Min Per Item Coverage \$ 1,330,994 - 08 \$ 109,611 - 08A \$ 7,380 - 08B
State of South Carolina Division of Insurance Services	B130220208	08/09/07	08/09/08	10,263	1,107	Business Interruption Policy Coverage \$ 8,237,535
Zurich North American	CCPOO24703	12/16/07	12/16/08	1,061	488	Blanket Bond Policy Coverage \$ 30,000
Zurich North American	12206103930	12/10/07	12/10/08	<u>3,933</u>	<u>1,744</u>	Fidelity Bond Policy Executive Director - \$ 2,033,000
Totals				<u>\$ 196,688</u>	<u>\$ 16,319</u>	

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
WEST GEORGETOWN INTERCEPTOR TRUE-UP CALCULATION
FOR THE YEAR ENDED JUNE 30, 2008**

Interceptor Operating Expenses

Personnel	\$ 7,290
Contractual services	32,817
Supplies and materials	43,924
Indirect cost allocation	11,524
Total Operating Expenses to be Allocated	<u>\$ 95,555</u>

Allocation of Expenses to Partners	Flows (Actual Mgs)	Allocation Ratio	Allocated Expenses
Town of Andrews	175.9	73.44%	\$ 70,179
Georgetown County Water and Sewer District	63.6	26.56%	25,376
	<u>239.5</u>	<u>100.00%</u>	<u>\$ 95,555</u>

Calculation of Amounts due to District from Town of Andrews

Actual operating expenses allocated to Town of Andrews	\$ 70,179
Less: volume charges billed to Town of Andrews	<u>58,058</u>
Adjustment due to District	<u>\$ 12,121</u>