

April 2009 Unaudited Financial Summary

Presented during the May 22, 2009 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the April 2009 Financial Statements by reviewing the Customer and Department Reports. On the Customer Report, Ms. Ferguson highlighted that there were two small growth areas compared with the same period in 2008. First, West Ashley grew by 197 water accounts or 1% over the previous year. As a percentage, new development continued to show some gains on Daniel Island where 218 water accounts were added during the same period – a 6% increase. The overall number of water accounts increased from 105,488 to 106,183 representing a 1% increase.

Ms. Ferguson next reviewed the Operational Department Report which indicated a decrease in the number of new service applications. The number of new service applications in April decreased by 88 to equal 79 total requests for water service – a 53% change. The year-to-date installations total 288 and are projected to be 864 for the year based on the current trend. The water pumped into the system from the Hanahan Water Treatment Plant decreased by 3.47% for the month.

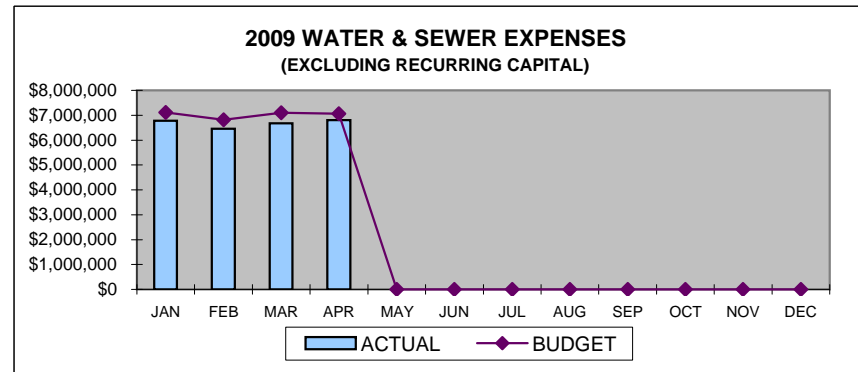
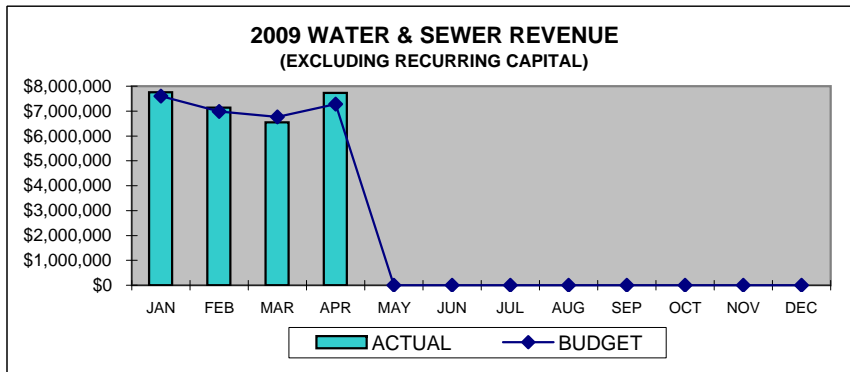
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales increased by 6% in April 2009 to equal \$552,532. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$261,030 which decreased by \$7,038 from 2008. Sales to Dorchester County, our second largest customer, totaled \$140,610 representing a 32% increase. Overall water sales were up by 12% when compared to the same period sales in 2008. Retail wastewater sales were 13% above the same period sales for 2008. Mr. Ropp noted that the year-to-date impact fee collections totaled \$712,325 compared to the annual budget of \$3,691,960.

The total income was over budget for the month by 6%. Water sales were over budget by 7% or \$279,914. Wastewater sales were over budget by 1% or \$17,864. Income from all sources was above the monthly revenue budget by \$451,883. Water and wastewater expenses were under budget by \$189,319 (8%) and \$109,260 (6%), respectively. The Projected Earnings Test calculations, used by the rating agencies as a measure of financial performance, is currently at 143% for the year. This ratio still exceeds our budget of 141%, but is lower than we have experienced in previous years.

**CHARLESTON WATER SYSTEM
STATEMENT OF REVENUE & EXPENSES
WATER & WASTEWATER UTILITY
FOR THE MONTH OF APRIL 2009**

7/24/2009

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$3,792,177	\$4,072,091	\$279,914
2	WASTEWATER SALES	3,457,673	3,475,537	17,864
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(508,653)	(522,108)	(13,455)
4	NET SALES REVENUE	<u>6,741,197</u>	<u>7,025,520</u>	<u>284,323</u>
5	OTHER UTILITY INCOME	405,524	593,564	188,040
6	DOD REVENUE	62,065	66,006	3,941
7	INVESTMENT INCOME - OPERATING FUNDS	65,050	40,629	(24,421)
8	TOTAL INCOME	<u>7,273,836</u>	<u>7,725,719</u>	<u>451,883</u>
9	CONTRIBUTED CAPITAL	2,910 (1)	2,910	0
10	COMBINED TOTAL INCOME	<u>7,276,746</u>	<u>7,728,629</u>	<u>451,883</u>
11	WATER O&M EXPENSE (2)	(2,450,476)	(2,261,157)	189,319
12	WASTEWATER O&M EXPENSE (2)	(1,750,278)	(1,641,018)	109,260
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,063,254) (3)	(2,063,254) (4)	0
14	NET RECURRING RESERVE FUNDS	0	0	0
15	TOTAL O&M AND RECURRING CAPITAL	<u>(6,264,008)</u>	<u>(5,965,429)</u>	<u>298,579</u>
16	NET DEBT SERVICE	(2,967,483)	(2,903,778)	63,705
17	MONTHLY BALANCE FROM OPERATIONS	<u>(\$1,954,745)</u>	<u>(\$1,140,578)</u>	<u>\$814,167</u>



- (1) INCLUDES (\$2,701) CONTRIBUTIONS & TAKEOVERS AND \$5,611 ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES (\$2,701) CONTRIBUTIONS & TAKEOVERS AND \$5,611 ENGINEER SERVICE FEES AND \$1,478,180 RECURRING CARRYOVER
- (4) INCLUDES (\$2,701) CONTRIBUTIONS & TAKEOVERS AND \$1,352,018 RESERVED FOR CAPITAL IMPROVEMENTS