

## August 2009 Unaudited Financial Summary

Presented during the September 22, 2009 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the August 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 69 water accounts or 0.25% over the previous year. As a percentage, new development continued to show some gains on Daniel Island where 126 water accounts were added during the same period – a 4% increase. The overall number of water accounts increased from 106,418 to 106,638 representing a 0.25% increase. The retail wastewater accounts increased from 48,069 to 48,325 reflecting an increase of 256 accounts.

Ms. Ferguson next reviewed the Operational Department Report which indicated an increase in the number of new service applications. The number of new service applications in August decreased by 38 to equal 85 total requests for water service – a 31% change. The year-to-date installations total 719 and are projected to be 1,079 for the year based on the current trend. The water pumped into the system from the Hanahan Water Treatment Plant was approximately the same as in 2008 for the same period.

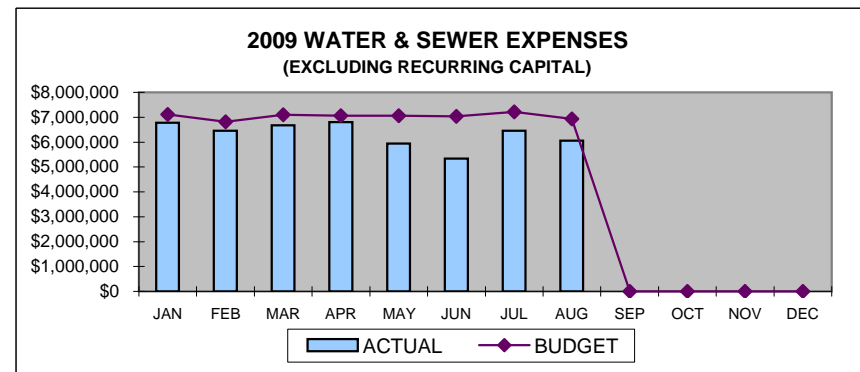
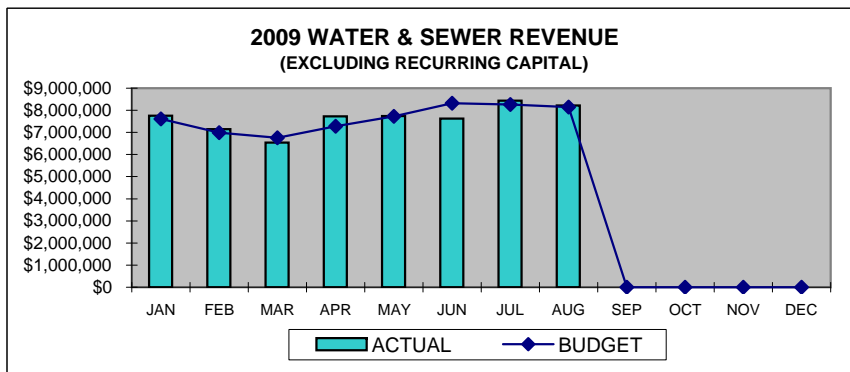
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales increased by 65% in August 2009 to equal \$792,217. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$447,522 which decreased slightly by \$8,854 from 2008. Sales to Dorchester County, our second largest customer, totaled \$147,345 representing a 2% decrease. Overall water sales are up by 11% when compared to the same period sales in 2008. Retail wastewater sales were 7% above the same period sales for 2008. Mr. Ropp noted that the year-to-date impact fee collections totaled \$1,260,177 compared to the annual budget of \$3,691,960.

The total income was over budget for the month by 1%. Water sales were over budget by 2% or \$76,939. Wastewater sales were under budget by 4% or \$162,819. Income from all sources was above the monthly revenue budget by \$72,720. Water and wastewater expenses were under budget by \$361,214 (16%) and \$228,355 (13%), respectively. Because of savings on CWS's variable rate debt, the debt service payments were \$289,505 under budget for the month. The Projected Earnings Test calculations, used by the rating agencies as a measure of financial performance, is currently at 155% for the year. This ratio 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 AUGUST 2009**

9/22/2009

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,526,367	\$4,603,306	\$76,939
2	WASTEWATER SALES	3,752,173	3,589,354	(162,819)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(718,186)	(709,745)	8,441
4	NET SALES REVENUE	<u>7,560,354</u>	<u>7,482,915</u>	<u>(77,439)</u>
5	OTHER UTILITY INCOME	453,909	631,516	177,607
6	DOD REVENUE	69,226	67,821	(1,405)
7	INVESTMENT INCOME - OPERATING FUNDS	66,528	40,485	(26,043)
8	<b>TOTAL INCOME</b>	<b><u>8,150,017</u></b>	<b><u>8,222,737</u></b>	<b><u>72,720</u></b>
9	CONTRIBUTED CAPITAL	14,013 (1)	14,013	0
10	COMBINED TOTAL INCOME	<u>8,164,030</u>	<u>8,236,750</u>	<u>72,720</u>
11	WATER O&M EXPENSE (2)	(2,267,169)	(1,905,955)	361,214
12	WASTEWATER O&M EXPENSE (2)	(1,696,330)	(1,467,975)	228,355
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,149,457) (3)	(2,149,457) (4)	0
14	NET RECURRING RESERVE FUNDS	0	0	0
15	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<b><u>(6,112,956)</u></b>	<b><u>(5,523,387)</u></b>	<b><u>589,569</u></b>
16	NET DEBT SERVICE	(2,967,483)	(2,677,978)	289,505
17	<b>MONTHLY BALANCE FROM OPERATIONS</b>	<b><u>(916,409)</u></b>	<b><u>\$35,385</u></b>	<b><u>\$951,794</u></b>



- (1) INCLUDES \$10,544 CONTRIBUTIONS & TAKEOVERS AND \$3,469 ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$10,544 CONTRIBUTIONS & TAKEOVERS AND \$3,469 ENGINEER SERVICE FEES AND \$1,478,180 RECURRING CARRYOVER
- (4) INCLUDES \$10,544 CONTRIBUTIONS & TAKEOVERS AND \$1,521,744 RESERVED FOR CAPITAL IMPROVEMENTS