

## July 2009 Unaudited Financial Summary

Presented during the August 25, 2009 Board Meeting

Mr. Wesley Ropp, CFO, began the discussion on the July 2009 Financial Statements by reviewing the Customer and Department Reports. On the Customer Report, Mr. Ropp highlighted that there were two small growth areas compared with the same period in 2008. First, West Ashley grew by 96 water accounts or 0.3% over the previous year. As a percentage, new development continued to show some gains on Daniel Island where 140 water accounts were added during the same period – a 4% increase. The overall number of water accounts increased from 105,819 to 105,969 representing a 0.1% increase. The retail wastewater accounts increased from 47,370 to 47,395 reflecting an increase of 25 accounts.

Mr. Ropp next reviewed the Operational Department Report which indicated an increase in the number of new service applications. The number of new service applications in July decreased by 99 to equal 77 total requests for water service – a 56% change. The year-to-date installations total 634 and are projected to be 1,086 for the year based on the current trend. The water pumped into the system from the Hanahan Water Treatment Plant increased by 2% for the month.

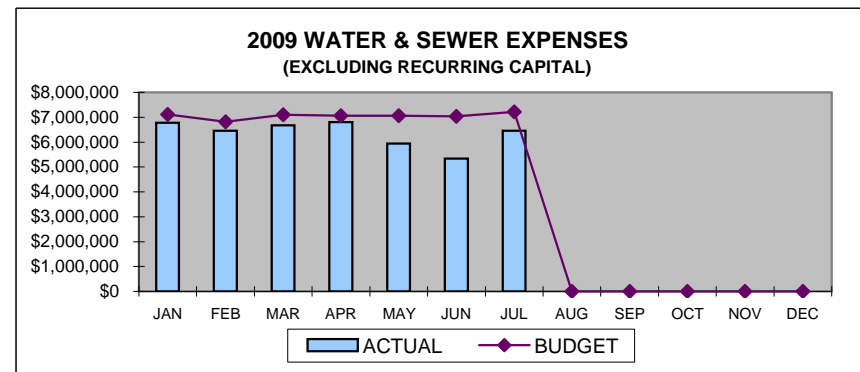
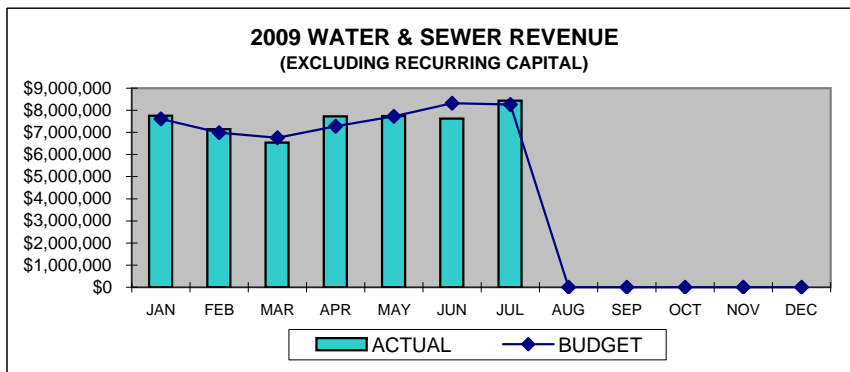
Mr. Ropp then reviewed the Financial Report. The same period wholesale water sales decreased by 8% in July 2009 to equal \$741,692. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$376,779 which decreased by \$75,245 from 2008. Sales to Dorchester County, our second largest customer, totaled \$164,896 representing a 1% increase. Overall water sales were up by 1% when compared to the same period sales in 2008. Retail wastewater sales were 4% above the same period sales for 2008. Mr. Ropp noted that the year-to-date impact fee collections totaled \$1,023,377 compared to the annual budget of \$3,691,960.

The total income was over budget for the month by 2%. Water sales were under budget by 1% or \$33,676. Wastewater sales were under budget by 2% or \$72,255. Income from all sources exceeded the monthly revenue budget by \$169,845. Water and wastewater expenses were under budget by \$306,577 (13%) and \$189,614 (10%), respectively. The Projected Earnings Test calculations, used by the rating agencies as a measure of financial performance, is currently at 151% 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 JULY 2009**

9/22/2009

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,631,594	\$4,597,918	(\$33,676)
2	WASTEWATER SALES	3,812,895	3,740,640	(72,255)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(773,868)	(779,709)	(5,841)
4	NET SALES REVENUE	<u>7,670,621</u>	<u>7,558,849</u>	<u>(111,772)</u>
5	OTHER UTILITY INCOME	443,520	740,098	296,578
6	DOD REVENUE	79,570	83,348	3,778
7	INVESTMENT INCOME - OPERATING FUNDS	67,267	48,528	(18,739)
8	<b>TOTAL INCOME</b>	<b><u>8,260,978</u></b>	<b><u>8,430,823</u></b>	<b><u>169,845</u></b>
9	CONTRIBUTED CAPITAL	151,543 (1)	151,543	0
10	COMBINED TOTAL INCOME	<u>8,412,521</u>	<u>8,582,366</u>	<u>169,845</u>
11	WATER O&M EXPENSE (2)	(2,442,003)	(2,135,426)	306,577
12	WASTEWATER O&M EXPENSE (2)	(1,811,932)	(1,622,318)	189,614
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,297,697) (3)	(2,297,697) (4)	0
14	NET RECURRING RESERVE FUNDS	0	0	0
15	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<b><u>(6,551,632)</u></b>	<b><u>(6,055,441)</u></b>	<b><u>496,191</u></b>
16	NET DEBT SERVICE	(2,967,483)	(2,695,298)	272,185
17	<b>MONTHLY BALANCE FROM OPERATIONS</b>	<b><u>(\$1,106,594)</u></b>	<b><u>(\$168,373)</u></b>	<b><u>\$938,221</u></b>



- (1) INCLUDES \$142,235 CONTRIBUTIONS & TAKEOVERS AND \$9,308 ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$142,235 CONTRIBUTIONS & TAKEOVERS AND \$9,308 ENGINEER SERVICE FEES AND \$1,478,180 RECURRING CARRYOVER
- (4) INCLUDES \$142,235 CONTRIBUTIONS & TAKEOVERS AND \$1,558,673 RESERVED FOR CAPITAL IMPROVEMENTS