

June 2009 Unaudited Financial Summary

Presented during the July 28, 2009 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the June 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 155 water accounts or 1% over the previous year. As a percentage, new development continued to show some gains on Daniel Island where 168 water accounts were added during the same period – a 5% increase. The overall number of water accounts increased from 105,933 to 106,463 representing a 1% increase. The retail wastewater accounts increased from 47,576 to 47,895 reflecting an increase of 319 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 June decreased by 59 to equal 111 total requests for water service – a 35% change. The year-to-date installations total 557 and are projected to be 1,114 for the year based on the current trend. The water pumped into the system from the Hanahan Water Treatment Plant decreased by 8% for the month.

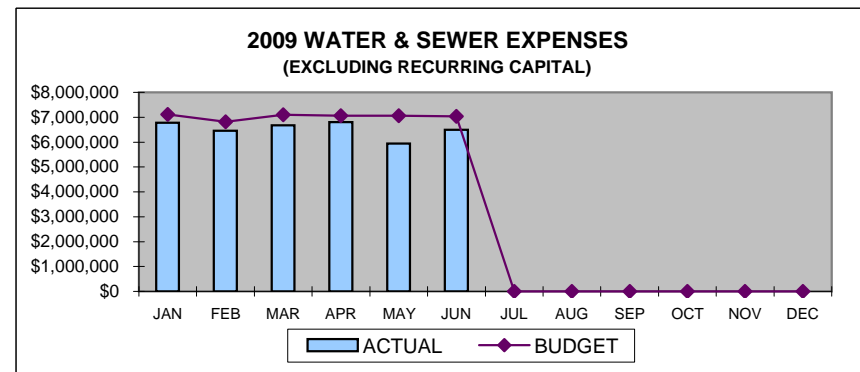
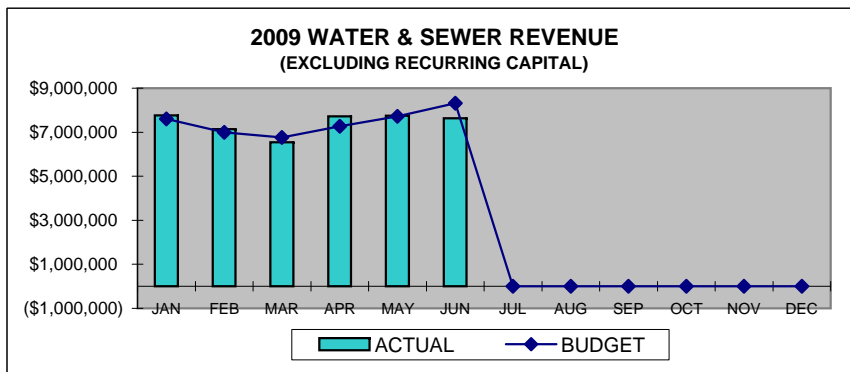
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales decreased by 11% in June 2009 to equal \$626,948. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$351,964 which decreased by \$60,283 from 2008. Sales to Dorchester County, our second largest customer, totaled \$117,742 representing a 2% decrease. Overall water sales were down by 4% when compared to the same period sales in 2008. Retail wastewater sales were 0.26% above the same period sales for 2008. Mr. Ropp noted that the year-to-date impact fee collections totaled \$833,208 compared to the annual budget of \$3,691,960.

The total income was over budget for the month by 8%. Water sales were under budget by 11% or \$488,872. Wastewater sales were under budget by 9% or \$365,463. Income from all sources was below the monthly revenue budget by \$691,846. Water and wastewater expenses were under budget by \$261,595 (11%) and \$205,557 (12%), respectively. The Projected Earnings Test calculations, used by the rating agencies as a measure of financial performance, is currently at 148% 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 JUNE 2009**

7/24/2009

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,521,408	\$4,032,536	(\$488,872)
2	WASTEWATER SALES	3,860,644	3,495,181	(365,463)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(617,429)	(689,243)	(71,814)
4	NET SALES REVENUE	<u>7,764,623</u>	<u>6,838,474</u>	<u>(926,149)</u>
5	OTHER UTILITY INCOME	428,934	681,007	252,073
6	DOD REVENUE	64,452	58,340	(6,112)
7	INVESTMENT INCOME - OPERATING FUNDS	60,614	48,956	(11,658)
8	TOTAL INCOME	<u>8,318,623</u>	<u>7,626,777</u>	<u>(691,846)</u>
9	CONTRIBUTED CAPITAL	1,437,499 (1)	1,437,499	0
10	COMBINED TOTAL INCOME	<u>9,756,122</u>	<u>9,064,276</u>	<u>(691,846)</u>
11	WATER O&M EXPENSE (2)	(2,310,830)	(2,049,235)	261,595
12	WASTEWATER O&M EXPENSE (2)	(1,752,991)	(1,547,434)	205,557
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(3,598,965) (3)	(3,598,965) (4)	0
14	NET RECURRING RESERVE FUNDS	0	0	0
15	TOTAL O&M AND RECURRING CAPITAL	<u>(7,662,786)</u>	<u>(7,195,634)</u>	<u>467,152</u>
16	NET DEBT SERVICE	(2,967,483)	(1,739,962)	1,227,521
17	MONTHLY BALANCE FROM OPERATIONS	<u>(874,147)</u>	<u>\$128,680</u>	<u>\$1,002,827</u>



- (1) INCLUDES \$1,429,690 CONTRIBUTIONS & TAKEOVERS AND \$7,809 ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$1,429,690 CONTRIBUTIONS & TAKEOVERS AND \$7,809 ENGINEER SERVICE FEES AND \$1,478,180 RECURRING CARRYOVER
- (4) INCLUDES \$1,429,690 CONTRIBUTIONS & TAKEOVERS AND \$1,198,482 RESERVED FOR CAPITAL IMPROVEMENTS