

October 2009 Unaudited Financial Summary

Presented during the November 24, 2009 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the October 2009 Financial Statements by reviewing the Customer and Department Reports. On the Customer Report, Ms. Ferguson highlighted that there was one small growth area in October. New development continued to show some gains on Daniel Island where 143 water accounts were added during the same period – a 4% increase. All of the other service areas were slightly down for the number of active accounts billed. The overall number of water accounts billed increased from 106,200 to 106,230 representing a 0.03% increase. The retail wastewater accounts billed increased from 47,731 to 47,826 reflecting an increase of 95 accounts.

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 October decreased by 61 to equal 90 total requests for water service – a 40% change. The year-to-date installations total 889 and are projected to be 1,067 for the year based on the current trend. This will be the lowest number of new water service installations since 1981 when 907 were installed. The water pumped into the system from the Hanahan Water Treatment Plant was 1% above last year's total.

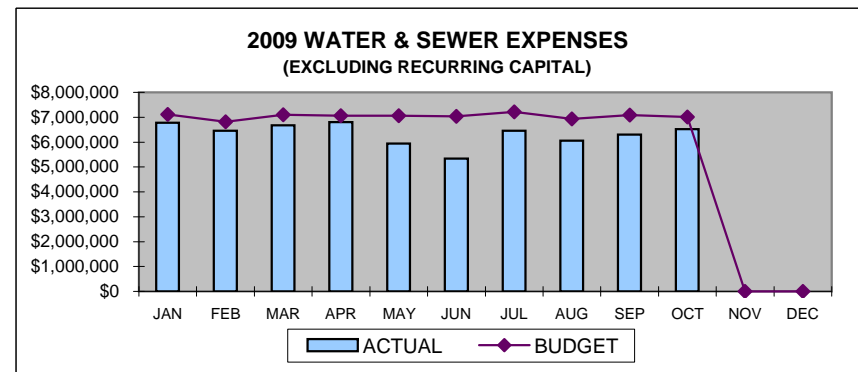
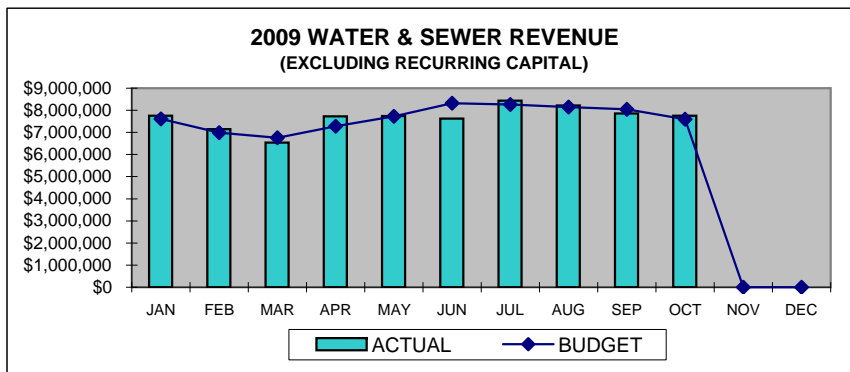
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales decreased by 2% in October 2009 to equal \$683,219. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$384,039 which decreased by \$15,640 from 2008. Sales to Dorchester County, our second largest customer, totaled \$134,029 representing a 2% decrease as a result of changing several of their accounts to the municipal wholesale rate. Overall water sales are up by 0.2% when compared to the same period sales in 2008. Retail wastewater sales were 8% above the same period sales for 2008. Mr. Ropp noted that the year-to-date impact fee collections totaled \$1,473,931 compared to the annual budget of \$3,691,960.

The total income was above budget for the month by 2%. Water sales were over budget by 2% or \$85,858. Wastewater sales were under budget by 2% or \$74,324. Income from all sources was above the monthly revenue budget by \$161,691. Water and wastewater expenses were under budget by \$220,711 (9%) and \$49,367 (3%), respectively. Because of savings on CWS's variable rate debt, the debt service payments were \$218,154 under budget for the month. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, is currently at 158% 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 OCTOBER 2009**

11/18/2009

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,118,742	\$4,204,600	\$85,858
2	WASTEWATER SALES	3,537,562	3,463,238	(74,324)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(621,439)	(611,463)	9,976
4	NET SALES REVENUE	<u>7,034,865</u>	<u>7,056,375</u>	<u>21,510</u>
5	OTHER UTILITY INCOME	437,400	605,158	167,758
6	DOD REVENUE	72,409	64,382	(8,027)
7	INVESTMENT INCOME - OPERATING FUNDS	55,440	35,890	(19,550)
8	TOTAL INCOME	<u>7,600,114</u>	<u>7,761,805</u>	<u>161,691</u>
9	CONTRIBUTED CAPITAL	760,413 (1)	760,413	0
10	COMBINED TOTAL INCOME	<u>8,360,527</u>	<u>8,522,218</u>	<u>161,691</u>
11	WATER O&M EXPENSE (2)	(2,375,620)	(2,154,909)	220,711
12	WASTEWATER O&M EXPENSE (2)	(1,667,407)	(1,618,040)	49,367
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,959,860) (3)	(2,959,860) (4)	0
14	NET RECURRING RESERVE FUNDS	0	0	0
15	TOTAL O&M AND RECURRING CAPITAL	<u>(7,002,887)</u>	<u>(6,732,809)</u>	<u>270,078</u>
16	NET DEBT SERVICE	(2,967,483)	(2,749,329)	218,154
17	MONTHLY BALANCE FROM OPERATIONS	<u>(\$1,609,843)</u>	<u>(\$959,920)</u>	<u>\$649,923</u>

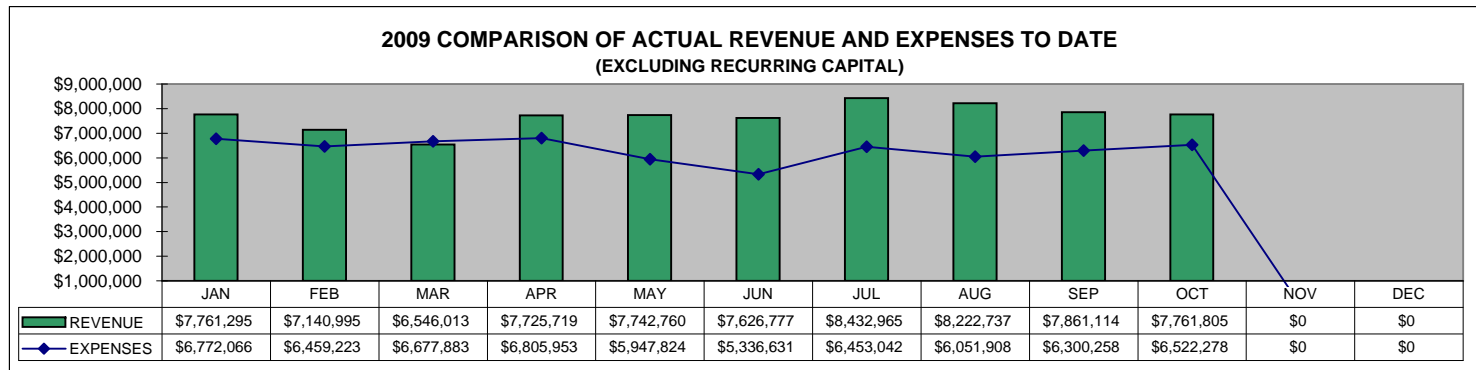


- (1) INCLUDES \$755,536 CONTRIBUTIONS & TAKEOVERS AND \$4,877 ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$755,536 CONTRIBUTIONS & TAKEOVERS AND \$4,877 ENGINEER SERVICE FEES AND \$1,478,180 RECURRING CARRYOVER
- (4) INCLUDES \$755,536 CONTRIBUTIONS & TAKEOVERS AND \$1,070,948 RESERVED FOR CAPITAL IMPROVEMENTS

**CHARLESTON WATER SYSTEM
STATEMENT OF REVENUE & EXPENSES
WATER & WASTEWATER UTILITY
YEAR TO DATE THROUGH OCTOBER 2009**

11/18/2009

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$41,204,820	\$40,921,706	(\$283,114)
2	WASTEWATER SALES	35,961,984	34,502,702	(1,459,282)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(6,146,215)	(6,060,861)	85,354
4	NET SALES REVENUE	71,020,589	69,363,547	(1,657,042)
5	OTHER UTILITY INCOME	4,406,824	6,411,821	2,004,997
6	DOD REVENUE	676,345	617,111	(59,234)
7	INVESTMENT INCOME - OPERATING FUNDS	622,406	429,705	(192,701)
8	TOTAL INCOME	76,726,164	76,822,184	96,020
9	CONTRIBUTED CAPITAL	9,189,210 (1)	9,189,210	0
10	COMBINED TOTAL INCOME	85,915,374	86,011,394	96,020
11	WATER O&M EXPENSE (2)	(23,499,612)	(20,577,849)	2,921,763
12	WASTEWATER O&M EXPENSE (2)	(17,353,546)	(15,454,738)	1,898,808
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(27,890,729) (3)	(27,890,729) (4)	0
14	NET RECURRING RESERVE FUNDS	0	0	0
15	TOTAL O&M AND RECURRING CAPITAL	(68,743,887)	(63,923,316)	4,820,571
16	NET DEBT SERVICE	(29,674,833)	(27,294,481)	2,380,352
17	BALANCE FROM OPERATIONS - YEAR TO DATE	(12,503,346)	(5,206,403)	7,296,943
18	NET BALANCE BROUGHT FORWARD FROM PREVIOUS YEARS	71,017,863	71,017,863	0
19	TRANSFERS TO OR FROM OTHER FUNDS	(15,000,000)	(15,000,000)	0
20	CUMULATIVE NET BALANCE AVAILABLE	\$43,514,517	\$50,811,460	\$7,296,943



- (1) INCLUDES \$9,138,565 CONTRIBUTIONS & TAKEOVERS AND \$50,645 ENGINEER SERVICE FEES
(2) INCLUDES \$821,250 (\$411,003 WATER & \$410,247 WASTEWATER) CONTRIBUTION TO THE CITY YEAR TO DATE
(3) INCLUDES \$9,138,565 CONTRIBUTIONS & TAKEOVERS AND \$50,645 ENGINEER SERVICE FEES AND \$12,409,397 RECURRING CARRYOVER
(4) INCLUDES \$9,138,565 CONTRIBUTIONS & TAKEOVERS AND \$11,071,196 RESERVED FOR CAPITAL IMPROVEMENTS