

## May 2009 Unaudited Financial Summary

Presented during the June 23, 2009 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the May 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 188 water accounts or 1% over the previous year. As a percentage, new development continued to show some gains on Daniel Island where 203 water accounts were added during the same period – a 6% increase. The overall number of water accounts increased from 105,595 to 106,143 representing a 1% increase.

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 May increased by 35 to equal 158 total requests for water service – a 28% change. The year-to-date installations total 446 and are projected to be 1,070 for the year based on the current trend. The water pumped into the system from the Hanahan Water Treatment Plant increased by 19% for the month.

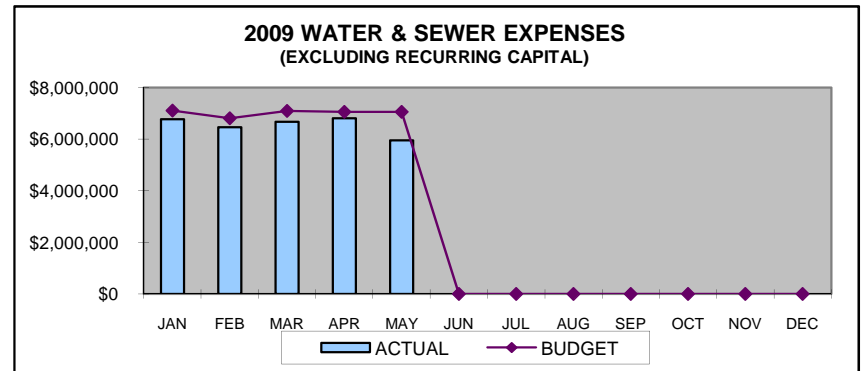
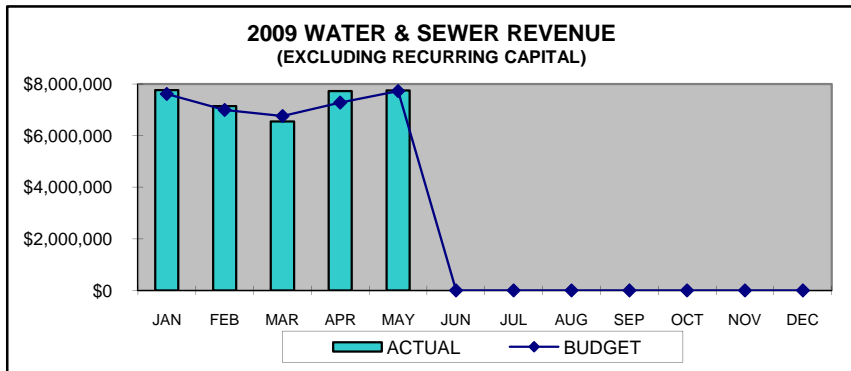
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales decreased by 5% in May 2009 to equal \$596,302. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$296,051 which decreased by \$23,905 from 2008. Sales to Dorchester County, our second largest customer, totaled \$152,358 representing a 5% increase. Overall water sales were down by 2% when compared to the same period sales in 2008. Retail wastewater sales were 6% above the same period sales for 2008. Mr. Ropp noted that the year-to-date impact fee collections totaled \$761,921 compared to the annual budget of \$3,691,960.

The total income was over budget for the month by 0.2%. Water sales were under budget by 3% or \$113,407. Wastewater sales were under budget by 4% or \$125,727. Income from all sources was above the monthly revenue budget by \$15,134. Water and wastewater expenses were under budget by \$161,438 (26%) and \$431,516 (25%), respectively. The Projected Earnings Test calculations, used by the rating agencies as a measure of financial performance, is currently at 144% 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 MAY 2009**

7/24/2009

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,226,177	\$4,112,770	(\$113,407)
2	WASTEWATER SALES	3,582,916	3,457,189	(125,727)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(648,510)	(637,930)	10,580
4	NET SALES REVENUE	<u>7,160,583</u>	<u>6,932,029</u>	<u>(228,554)</u>
5	OTHER UTILITY INCOME	444,538	706,426	261,888
6	DOD REVENUE	70,022	55,666	(14,356)
7	INVESTMENT INCOME - OPERATING FUNDS	52,483	48,639	(3,844)
8	<b>TOTAL INCOME</b>	<u><b>7,727,626</b></u>	<u><b>7,742,760</b></u>	<u><b>15,134</b></u>
9	CONTRIBUTED CAPITAL	3,782 (1)	3,782	0
10	COMBINED TOTAL INCOME	<u>7,731,408</u>	<u>7,746,542</u>	<u>15,134</u>
11	WATER O&M EXPENSE (2)	(2,351,169)	(1,734,731)	616,438
12	WASTEWATER O&M EXPENSE (2)	(1,740,831)	(1,309,315)	431,516
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,055,777) (3)	(2,055,777) (4)	0
14	NET RECURRING RESERVE FUNDS	0	0	0
15	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<u><b>(6,147,777)</b></u>	<u><b>(5,099,823)</b></u>	<u><b>1,047,954</b></u>
16	NET DEBT SERVICE	(2,967,483)	(2,903,778)	63,705
17	<b>MONTHLY BALANCE FROM OPERATIONS</b>	<u><b>(\$1,383,852)</b></u>	<u><b>(\$257,059)</b></u>	<u><b>\$1,126,793</b></u>



- (1) INCLUDES (\$2,141) CONTRIBUTIONS & TAKEOVERS AND \$5,923 ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES (\$2,141) CONTRIBUTIONS & TAKEOVERS AND \$5,923 ENGINEER SERVICE FEES AND \$1,478,180 RECURRING CARRYOVER
- (4) INCLUDES (\$2,141) CONTRIBUTIONS & TAKEOVERS AND \$1,119,446 RESERVED FOR CAPITAL IMPROVEMENTS