

## January 2009 Unaudited Financial Summary

Presented during the February 24, 2009 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the January 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 262 water accounts or 1% over the previous year. As a percentage, new development continued to show some gains on Daniel Island where 171 water accounts were added during the same period – a 5% increase. The overall number of water accounts increased from 105,301 to 105,989, representing a 1% increase.

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 January decreased by 75 to equal 68 total requests for water service – a 41% change. The water pumped into the system from the Hanahan Water Treatment Plant increased by 1% for the month.

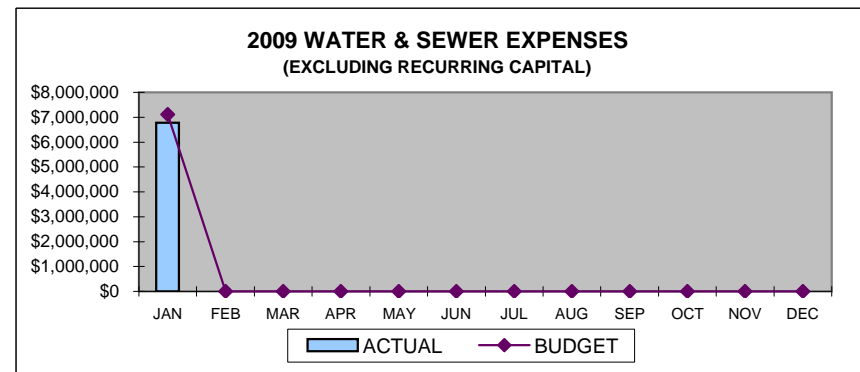
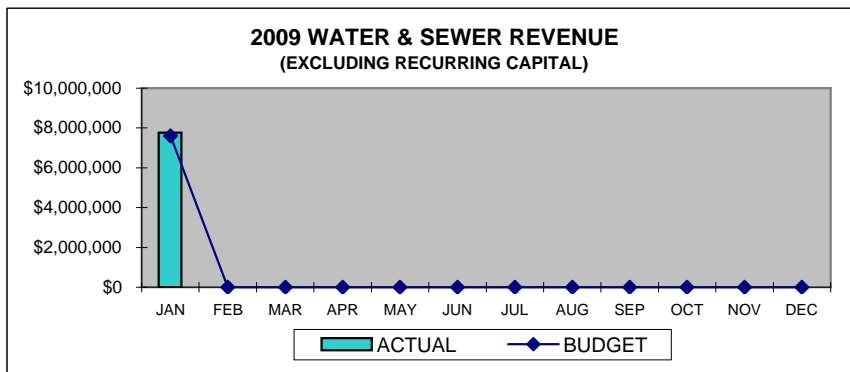
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales decreased by 10% in January 2009 to equal \$502,596. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$222,093 which decreased by \$73,588 for the same period. January sales of \$134,080 to Dorchester County, our second largest customer, represented an increase of \$22,857. Overall water sales were up by 1% when compared to the same period 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 \$160,488 compared to the annual budget of \$3,691,960. The January 2008 (prior year) impact fee figures were down due to refunds to developers.

The total income was over budget for the month by 2%. Water sales were over budget by 1% or \$49,455. Wastewater sales were under budget by 1% or \$35,691. Income from all sources was above the monthly revenue budget by \$155,654. Water and wastewater expenses were under budget by \$188,470 (8%) and \$147,628 (8%), respectively. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, was 142%. This ratio still exceeds our targeted minimum of 140%, but is lower than we have experienced in previous years.

**CHARLESTON WATER SYSTEM  
STATEMENT OF REVENUE & EXPENSES  
WATER & WASTEWATER UTILITY  
FOR THE MONTH OF JANUARY 2009**

7/24/2009

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$3,957,205	\$4,006,660	\$49,455
2	WASTEWATER SALES	3,511,423	3,475,732	(35,691)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(482,438)	(515,060)	(32,622)
4	NET SALES REVENUE	6,986,190	6,967,332	(18,858)
5	OTHER UTILITY INCOME	481,136	702,418	221,282
6	DOD REVENUE	63,656	59,550	(4,106)
7	INVESTMENT INCOME - OPERATING FUNDS	74,659	31,995	(42,664)
8	<b>TOTAL INCOME</b>	<b>7,605,641</b>	<b>7,761,295</b>	<b>155,654</b>
9	CONTRIBUTED CAPITAL	32,860 (1)	32,860	0
10	COMBINED TOTAL INCOME	7,638,501	7,794,155	155,654
11	WATER O&M EXPENSE (2)	(2,378,681)	(2,190,211)	188,470
12	WASTEWATER O&M EXPENSE (2)	(1,762,000)	(1,614,372)	147,628
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(912,317) (3)	(668,251) (4)	244,066
14	NET RECURRING RESERVE FUNDS	0	0	0
15	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<b>(5,052,998)</b>	<b>(4,472,834)</b>	<b>580,164</b>
16	NET DEBT SERVICE	(2,967,483)	(2,967,483)	0
17	<b>MONTHLY BALANCE FROM OPERATIONS</b>	<b>(381,980)</b>	<b>\$353,838</b>	<b>\$735,818</b>



- (1) INCLUDES \$30,893 CONTRIBUTIONS & TAKEOVERS AND \$1,967 ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$30,893 CONTRIBUTIONS & TAKEOVERS AND \$1,967 ENGINEER SERVICE FEES AND \$291,978 RECURRING CARRYOVER
- (4) INCLUDES \$30,893 CONTRIBUTIONS & TAKEOVERS