

March 2009 Unaudited Financial Summary

Presented during the April 28, 2009 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the March 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 227 water accounts or 1% over the previous year. As a percentage, new development continued to show some gains on Daniel Island where 199 water accounts were added during the same period – a 6% increase. The overall number of water accounts increased from 105,391 to 106,008 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 March decreased by 56 to equal 70 total requests for water service – a 44% change. The year-to-date installations total 209 and are projected to be 836 for the year based on the current trend. The water pumped into the system from the Hanahan Water Treatment Plant increased by 0.11% for the month.

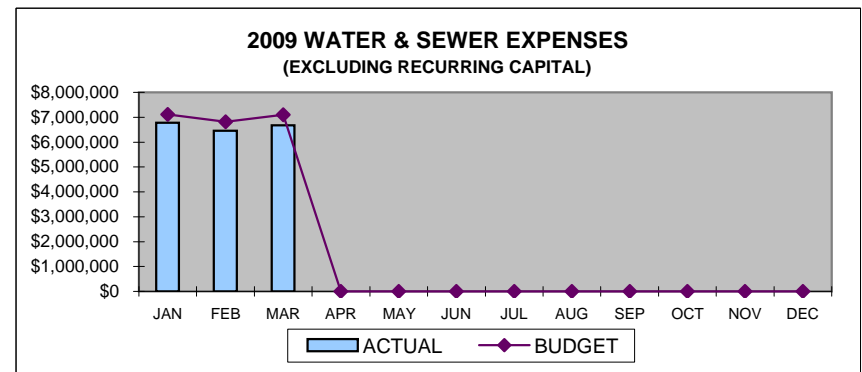
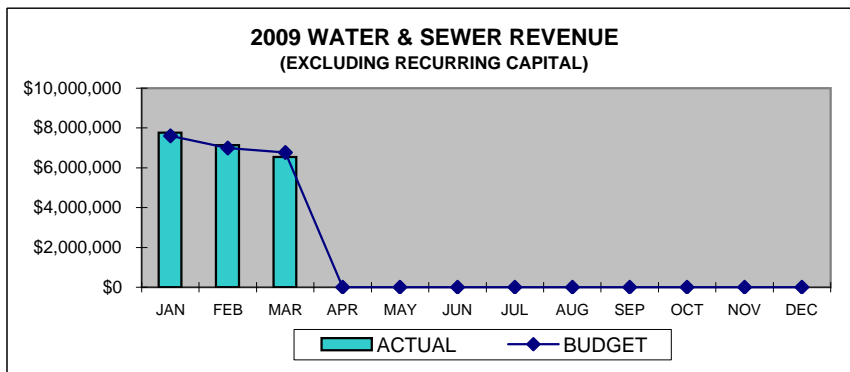
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales decreased by 3% in March 2009 to equal \$465,021. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$204,166 which decreased by \$29,308 from 2008. Sales to Dorchester County, our second largest customer, totaled \$132,233 representing an 18% increase. Overall water sales were down slightly 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 \$560,747 compared to the annual budget of \$3,691,960.

The total income was over budget for the month by 3%. Water sales were over budget by 1% or \$36,627. Wastewater sales were under budget by 6% or \$194,532. Income from all sources was below the monthly revenue budget by \$215,831. Water and wastewater expenses were under budget by \$277,836 (12%) and \$144,539 (8%), respectively. The Projected Earnings Test calculations, used by the rating agencies as a measure of financial performance, is currently at 143% 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 MARCH 2009**

7/24/2009

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$3,518,654	\$3,555,281	\$36,627
2	WASTEWATER SALES	3,275,028	3,080,496	(194,532)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(582,911)	(494,456)	88,455
4	NET SALES REVENUE	<u>6,210,771</u>	<u>6,141,321</u>	<u>(69,450)</u>
5	OTHER UTILITY INCOME	430,155	310,266	(119,889)
6	DOD REVENUE	58,086	53,551	(4,535)
7	INVESTMENT INCOME - OPERATING FUNDS	62,832	40,875	(21,957)
8	TOTAL INCOME	<u>6,761,844</u>	<u>6,546,013</u>	<u>(215,831)</u>
9	CONTRIBUTED CAPITAL	248,146 (1)	248,146	0
10	COMBINED TOTAL INCOME	<u>7,009,990</u>	<u>6,794,159</u>	<u>(215,831)</u>
11	WATER O&M EXPENSE (2)	(2,361,879)	(2,084,043)	277,836
12	WASTEWATER O&M EXPENSE (2)	(1,770,896)	(1,626,357)	144,539
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,308,727) (3)	(2,308,727) (4)	0
14	NET RECURRING RESERVE FUNDS	0	0	0
15	TOTAL O&M AND RECURRING CAPITAL	<u>(6,441,502)</u>	<u>(6,019,127)</u>	<u>422,375</u>
16	NET DEBT SERVICE	(2,967,483)	(2,967,483)	0
17	MONTHLY BALANCE FROM OPERATIONS	<u>(2,398,995)</u>	<u>(2,192,451)</u>	<u>\$206,544</u>



- (1) INCLUDES \$243,135 CONTRIBUTIONS & TAKEOVERS AND \$5,011 ENGINEER SERVICE FEES
(2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
(3) INCLUDES \$243,135 CONTRIBUTIONS & TAKEOVERS AND \$5,011 ENGINEER SERVICE FEES AND \$1,478,180 RECURRING CARRYOVER
(4) INCLUDES \$243,135 CONTRIBUTIONS & TAKEOVERS AND \$1,119,214 RESERVED FOR CAPITAL IMPROVEMENTS