

## **AUGUST 2011 Unaudited Financial Summary**

Presented during the September 26, 2011 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the August 2011 Financial Statements by reviewing the Customer and Department Reports. On the Customer Report, Ms. Ferguson highlighted that there were three small growth areas in August. New development continued to show some gains on Daniel Island where 215 water accounts were added during the same period – a 6% increase. The number of accounts billed in the Peninsula and West Ashley increased by 696 and 395 accounts, respectively. The overall number of water accounts billed increased from 107,372 to 108,957 representing a 1% increase. The retail wastewater accounts billed increased from 48,428 to 49,722 reflecting an increase of 1,585 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 August increased by 46 to equal 116 total requests for water service – a 66% change. The year-to-date applications total 740 and are projected to be 1,110 for the year based on the current trend. The water pumped into the system from the Hanahan Water Treatment Plant was 5% higher than last year.

Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales increased by 17% in August 2011 to equal \$857,987. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$504,243 which decreased by \$24,038 from 2010. Sales to Dorchester County, our second largest customer, totaled \$131,723 representing a 4% decrease. Overall water sales are up by 7% when compared to the same period sales in 2010. Retail wastewater sales were up 1% over the 2010 results. Mr. Ropp noted that the year-to-date impact fee collections totaled \$1,628,946 compared to the annual budget of \$1,625,000.

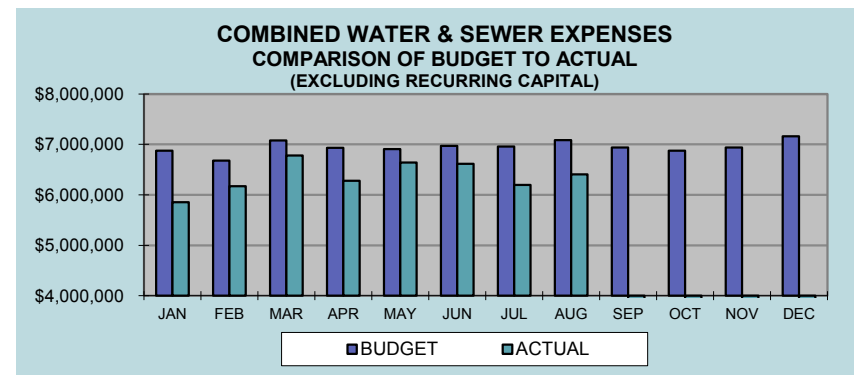
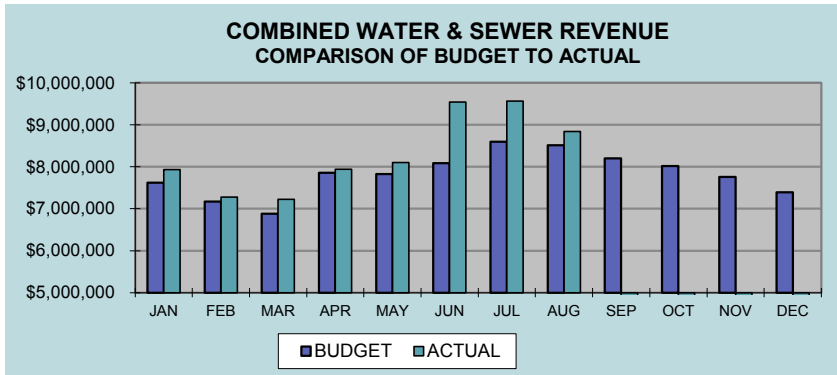
The total income was over budget for the month by 4%. Water sales were over budget by 4% or \$186,683. Wastewater sales were under budget by 1% or \$25,902. Income from all sources was over the monthly revenue budget by \$331,113. Water and wastewater expenses were under budget by \$282,366 (12%) and \$214,235 (11%), respectively. Because of savings on CWS's variable rate debt, the debt service payments were \$185,474 under budget for the month. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, is currently at 184% for the year. This ratio exceeds our budget of 141%.

For our Key Performance Indicators, the Debt Service Ratio moved further into the green category (good) indicator reflecting the 3 point Earnings Test improvement in August. On page 11 of the Financial Statements, the consolidated score for the Strategic Plan Performance Indicator Scorecard Report moved to 93.61% out of 100 which is also a good indicator. All of the measures are reported in the green which indicates a good rating.

**CHARLESTON WATER SYSTEM  
STATEMENT OF REVENUE & EXPENSES  
WATER & WASTEWATER UTILITY  
FOR THE MONTH OF AUGUST 2011**

9/22/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,931,324	\$5,118,007	\$186,683
2	WASTEWATER SALES	3,868,196	3,842,294	(25,902)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(789,236)	(797,892)	(8,656)
4	NET SALES REVENUE	8,010,284	8,162,409	152,125
5	OTHER UTILITY INCOME	422,282	580,705	158,423
6	DOD REVENUE	62,900	75,886	12,986
7	INVESTMENT INCOME - OPERATING FUNDS	15,927	23,506	7,579
8	<b>TOTAL INCOME</b>	<b>8,511,393</b>	<b>8,842,506</b>	<b>331,113</b>
9	CONTRIBUTED CAPITAL	40,001 (1)	40,001	0
10	COMBINED TOTAL INCOME	8,551,394	8,882,507	331,113
11	WATER O&M EXPENSE (2)	(2,440,066)	(2,157,700)	282,366
12	WASTEWATER O&M EXPENSE (2)	(1,899,061)	(1,684,826)	214,235
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,301,310) (3)	(2,301,310) (4)	0
14	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<b>(6,640,437)</b>	<b>(6,143,836)</b>	<b>496,601</b>
15	NET DEBT SERVICE	(2,747,958)	(2,562,484)	185,474
16	<b>MONTHLY BALANCE FROM OPERATIONS</b>	<b>(\$837,001)</b>	<b>\$176,187</b>	<b>\$1,013,188</b>



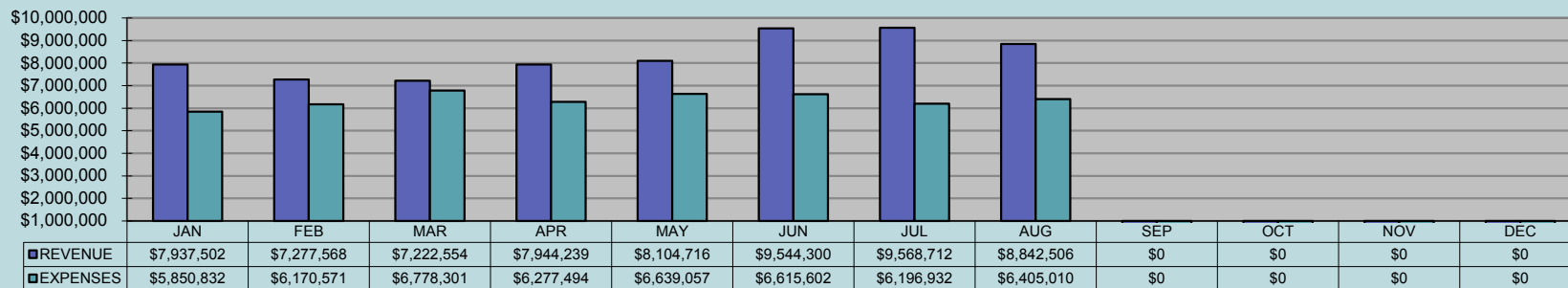
- (1) INCLUDES (\$1,000) CONTRIBUTIONS & TAKEOVERS AND \$41,001 ENGINEER SERVICE FEES  
(2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH  
(3) INCLUDES (\$1,000) CONTRIBUTIONS & TAKEOVERS AND \$41,001 ENGINEER SERVICE FEES AND \$1,425,657 RECURRING CARRYOVER  
(4) INCLUDES (\$1,000) CONTRIBUTIONS & TAKEOVERS AND \$1,425,394 RESERVED FOR CAPITAL IMPROVEMENTS

**CHARLESTON WATER SYSTEM  
STATEMENT OF REVENUE & EXPENSES  
WATER & WASTEWATER UTILITY  
YEAR TO DATE THROUGH AUGUST 2011**

9/22/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$34,750,875	\$37,344,599	\$2,593,724
2	WASTEWATER SALES	29,120,590	29,489,607	369,017
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(5,523,864)	(5,295,782)	228,082
4	NET SALES REVENUE	58,347,601	61,538,424	3,190,823
5	OTHER UTILITY INCOME	3,594,669	4,270,341	675,672
6	DOD REVENUE	452,876	454,726	1,850
7	INVESTMENT INCOME - OPERATING FUNDS	165,010	178,602	13,592
8	<b>TOTAL INCOME</b>	<b>62,560,156</b>	<b>66,442,093</b>	<b>3,881,937</b>
9	CONTRIBUTED CAPITAL	2,811,883 (1)	2,811,883	0
10	COMBINED TOTAL INCOME	65,372,039	69,253,976	3,881,937
11	WATER O&M EXPENSE (2)	(18,922,478)	(17,433,254)	1,489,224
12	WASTEWATER O&M EXPENSE (2)	(14,579,603)	(13,243,987)	1,335,616
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(18,164,841) (3)	(18,164,841) (4)	0
14	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<b>(51,666,922)</b>	<b>(48,842,082)</b>	<b>2,824,840</b>
15	NET DEBT SERVICE	(21,983,667)	(20,231,559)	1,752,108
16	<b>BALANCE FROM OPERATIONS - YEAR TO DATE</b>	<b>(8,278,550)</b>	<b>180,335</b>	<b>8,458,885</b>
17	NET BALANCE BROUGHT FORWARD FROM PREVIOUS YEARS	51,129,228	51,129,228	0
18	TRANSFERS TO OR FROM OTHER FUNDS	0	0	0
19	<b>CUMULATIVE NET BALANCE AVAILABLE</b>	<b>\$42,850,678</b>	<b>\$51,309,563</b>	<b>\$8,458,885</b>

**COMPARISON OF ACTUAL REVENUE AND EXPENSES TO DATE  
(EXCLUDING RECURRING CAPITAL)**



- (1) INCLUDES \$2,677,986 CONTRIBUTIONS & TAKEOVERS AND \$133,897 ENGINEER SERVICE FEES
- (2) INCLUDES \$730,000 (\$365,336 WATER & \$364,664 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$2,677,986 CONTRIBUTIONS & TAKEOVERS AND \$133,897 ENGINEER SERVICE FEES AND \$8,710,721 RECURRING CARRYOVER
- (4) INCLUDES \$2,677,986 CONTRIBUTIONS & TAKEOVERS AND \$10,833,469 RESERVED FOR CAPITAL IMPROVEMENTS