

## **OCTOBER 2011 Unaudited Financial Summary**

Presented during the November 26, 2011 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the October 2011 Financial Statements by reviewing the Customer and Department Reports. On the Customer Report, Ms. Ferguson highlighted that there were two small growth areas in October. New development continued to show some gains on Daniel Island where 217 water accounts were added during the same period – a 6% increase. The number of accounts billed in West Ashley increased by 412 accounts. The overall number of water accounts billed increased from 107,305 to 108,263 representing a 1% increase. The retail wastewater accounts billed increased from 48,421 to 49,159 reflecting an increase of 738 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 14 to equal 65 total requests for water service – a 6% change. The year-to-date applications total 899 and are projected to be 1,079 for the year based on the current trend. The water pumped into the system from the Hanahan Water Treatment Plant was 3% higher than last year.

Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales increased by 3% in October 2011 to equal \$719,050. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$431,183 which increased by \$16,404 from 2010. Sales to Dorchester County, our second largest customer, totaled \$119,660. Overall water sales are up by 2% when compared to the same period sales in 2010. Retail wastewater sales were up 2% over the 2010 results. Mr. Ropp noted that the year-to-date impact fee collections totaled \$2,406,461 compared to the annual budget of \$1,625,000.

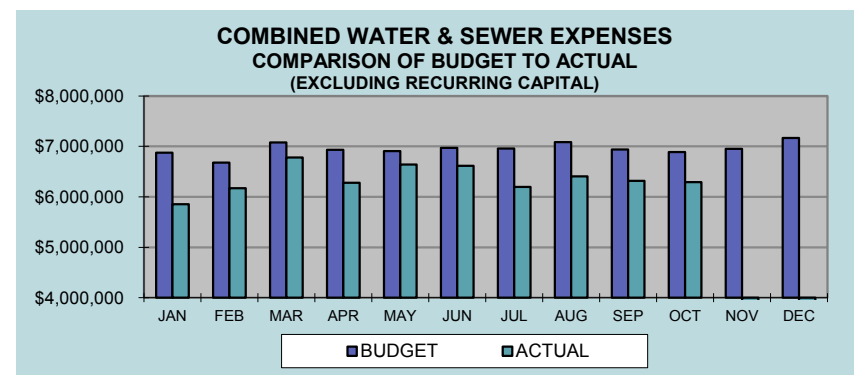
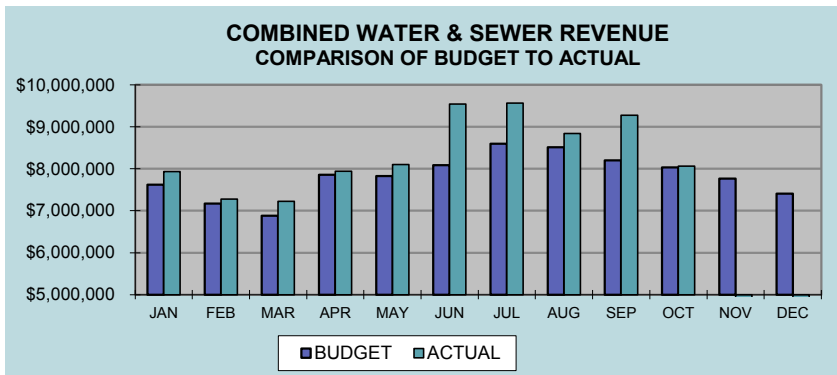
The total income was over budget for the month by 0.4%. Water sales were over budget by 1% or \$52,344. Wastewater sales were under budget by 1% or \$23,389. Income from all sources was over the monthly revenue budget by \$35,257. Water and wastewater expenses were under budget by \$244,687 (10%) and \$156,041 (9%), respectively. Because of savings on CWS's variable rate debt, the debt service payments were \$193,688 under budget for the month. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, is currently at 192% for the year. This ratio exceeds our budget of 146%.

For our Key Performance Indicators, the Debt Service Ratio moved further into the green category (good) indicator reflecting the 5 point Earnings Test improvement in October. On page 11 of the Financial Statements, the consolidated score for the Strategic Plan Performance Indicator Scorecard Report is 93.43% out of 100 which is also a good indicator. All of the six Strategic Plan Measure Scorecards are reported in the green which indicates good ratings across the board.

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

11/21/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,603,232	\$4,655,576	\$52,344
2	WASTEWATER SALES	3,662,945	3,639,556	(23,389)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(725,897)	(754,996)	(29,099)
4	NET SALES REVENUE	7,540,280	7,540,136	(144)
5	OTHER UTILITY INCOME	422,660	459,999	37,339
6	DOD REVENUE	55,616	43,446	(12,170)
7	INVESTMENT INCOME - OPERATING FUNDS	13,268	23,500	10,232
8	<b>TOTAL INCOME</b>	<b>8,031,824</b>	<b>8,067,081</b>	<b>35,257</b>
9	CONTRIBUTED CAPITAL	188,782 (1)	188,782	0
10	COMBINED TOTAL INCOME	8,220,606	8,255,863	35,257
11	WATER O&M EXPENSE (2)	(2,332,558)	(2,087,871)	244,687
12	WASTEWATER O&M EXPENSE (2)	(1,805,392)	(1,649,351)	156,041
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,436,496) (3)	(2,436,496) (4)	0
14	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<b>(6,574,446)</b>	<b>(6,173,718)</b>	<b>400,728</b>
15	NET DEBT SERVICE	(2,747,958)	(2,554,270)	193,688
16	<b>MONTHLY BALANCE FROM OPERATIONS</b>	<b>(\$1,101,798)</b>	<b>(\$472,125)</b>	<b>\$629,673</b>



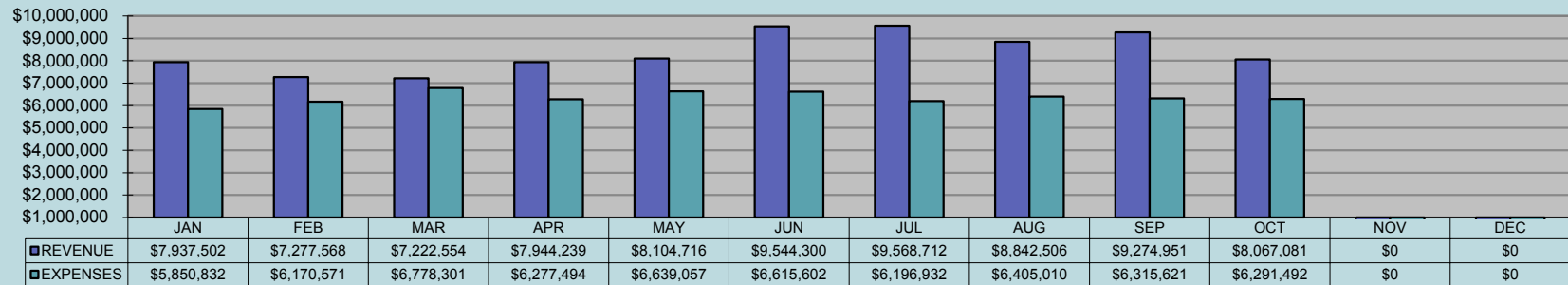
- (1) INCLUDES \$109,356 CONTRIBUTIONS & TAKEOVERS AND \$79,426 ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$109,356 CONTRIBUTIONS & TAKEOVERS AND \$79,426 ENGINEER SERVICE FEES AND \$1,425,657 RECURRING CARRYOVER
- (4) INCLUDES \$109,356 CONTRIBUTIONS & TAKEOVERS AND \$79,981 RESERVED FOR CAPITAL IMPROVEMENTS

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

11/21/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$43,969,040	\$47,276,239	\$3,307,199
2	WASTEWATER SALES	36,636,035	37,246,263	610,228
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(7,018,487)	(6,822,504)	195,983
4	NET SALES REVENUE	73,586,588	77,699,998	4,113,410
5	OTHER UTILITY INCOME	4,451,648	5,275,745	824,097
6	DOD REVENUE	561,461	583,031	21,570
7	INVESTMENT INCOME - OPERATING FUNDS	195,313	225,352	30,039
8	<b>TOTAL INCOME</b>	<b>78,795,010</b>	<b>83,784,126</b>	<b>4,989,116</b>
9	CONTRIBUTED CAPITAL	4,705,206 (1)	4,705,206	0
10	COMBINED TOTAL INCOME	83,500,216	88,489,332	4,989,116
11	WATER O&M EXPENSE (2)	(23,613,619)	(21,639,344)	1,974,275
12	WASTEWATER O&M EXPENSE (2)	(18,216,915)	(16,525,601)	1,691,314
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(24,560,198) (3)	(24,560,198) (4)	0
14	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<b>(66,390,732)</b>	<b>(62,725,143)</b>	<b>3,665,589</b>
15	NET DEBT SERVICE	(27,479,583)	(25,350,967)	2,128,616
16	<b>BALANCE FROM OPERATIONS - YEAR TO DATE</b>	<b>(10,370,099)</b>	<b>413,222</b>	<b>10,783,321</b>
17	NET BALANCE BROUGHT FORWARD FROM PREVIOUS YEARS	51,129,228	51,129,228	0
18	TRANSFERS TO OR FROM OTHER FUNDS	(4,000,000)	(4,000,000)	0
19	<b>CUMULATIVE NET BALANCE AVAILABLE</b>	<b>\$36,759,129</b>	<b>\$47,542,450</b>	<b>\$10,783,321</b>

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



- (1) INCLUDES \$4,450,958 CONTRIBUTIONS & TAKEOVERS AND \$254,248 ENGINEER SERVICE FEES  
(2) INCLUDES \$912,500 (\$456,670 WATER & \$455,830 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH  
(3) INCLUDES \$4,450,958 CONTRIBUTIONS & TAKEOVERS AND \$254,248 ENGINEER SERVICE FEES AND \$11,562,036 RECURRING CARRYOVER  
(4) INCLUDES \$4,450,958 CONTRIBUTIONS & TAKEOVERS AND \$13,972,749 RESERVED FOR CAPITAL IMPROVEMENTS