

## **SEPTEMBER 2011 Unaudited Financial Summary**

Presented during the October 26, 2011 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the September 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 September. New development continued to show some gains on Daniel Island where 220 water accounts were added during the same period – a 6% increase. The number of accounts billed in West Ashley increased by 440 accounts. The overall number of water accounts billed increased from 107,776 to 108,260 representing a 1% increase. The retail wastewater accounts billed increased from 48,888 to 49,220 reflecting an increase of 332 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 September increased by 5 to equal 94 total requests for water service – a 6% change. The year-to-date applications total 834 and are projected to be 1,112 for the year based on the current trend. The water pumped into the system from the Hanahan Water Treatment Plant was 2% lower than last year.

Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales increased by 30% in September 2011 to equal \$927,413. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$512,581 which increased by \$43,131 from 2010. Sales to Dorchester County, our second largest customer, totaled \$201,209. Overall water sales are up by 12% when compared to the same period sales in 2010. Retail wastewater sales were up 9% over the 2010 results. Mr. Ropp noted that the year-to-date impact fee collections totaled \$1,657,786 compared to the annual budget of \$1,625,000.

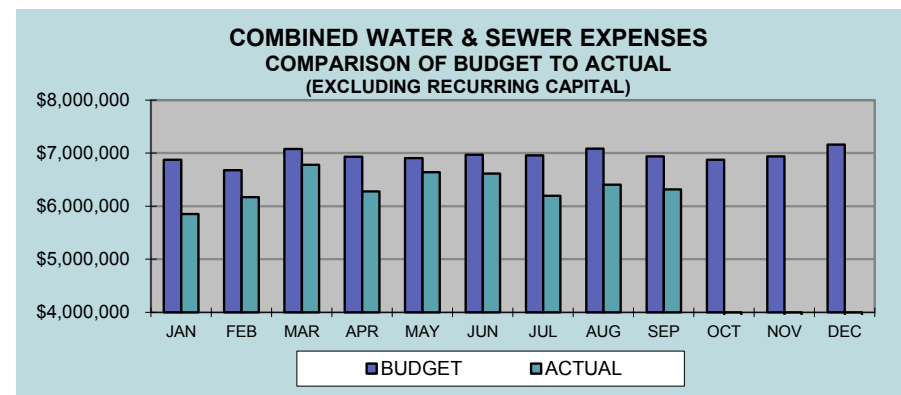
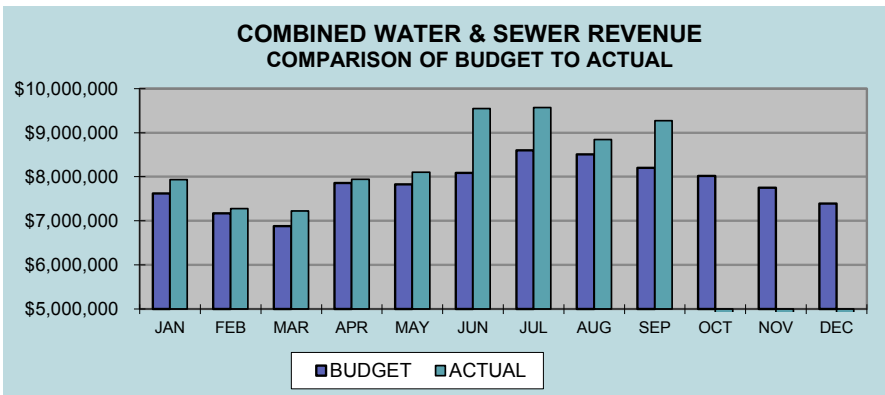
The total income was over budget for the month by 13%. Water sales were over budget by 14% or \$661,131. Wastewater sales were over budget by 7% or \$264,600. Income from all sources was over the monthly revenue budget by \$1,071,923. Water and wastewater expenses were under budget by \$240,364 (10%) and \$199,656 (11%), respectively. Because of savings on CWS's variable rate debt, the debt service payments were \$182,819 under budget for the month. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, is currently at 187% 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 3 point Earnings Test improvement in September. On page 11 of the Financial Statements, the consolidated score for the Strategic Plan Performance Indicator Scorecard Report is 93.23% out of 100 which is also a good indicator. All of the measures 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 SEPTEMBER 2011**

10/20/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,614,933	\$5,276,064	\$661,131
2	WASTEWATER SALES	3,852,500	4,117,100	264,600
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(768,727)	(771,726)	(2,999)
4	NET SALES REVENUE	<u>7,698,706</u>	<u>8,621,438</u>	<u>922,732</u>
5	OTHER UTILITY INCOME	434,319	545,405	111,086
6	DOD REVENUE	52,968	84,858	31,890
7	INVESTMENT INCOME - OPERATING FUNDS	17,035	23,250	6,215
8	<b>TOTAL INCOME</b>	<u><b>8,203,028</b></u>	<u><b>9,274,951</b></u>	<u><b>1,071,923</b></u>
9	CONTRIBUTED CAPITAL	1,704,641 (1)	1,704,641	0
10	COMBINED TOTAL INCOME	<u>9,907,669</u>	<u>10,979,592</u>	<u>1,071,923</u>
11	WATER O&M EXPENSE (2)	(2,358,583)	(2,118,219)	240,364
12	WASTEWATER O&M EXPENSE (2)	(1,831,919)	(1,632,263)	199,656
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(3,958,960) (3)	(3,958,960) (4)	0
14	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<u><b>(8,149,462)</b></u>	<u><b>(7,709,442)</b></u>	<u><b>440,020</b></u>
15	NET DEBT SERVICE	(2,747,958)	(2,565,139)	182,819
16	<b>MONTHLY BALANCE FROM OPERATIONS</b>	<u><b>(\$989,751)</b></u>	<u><b>\$705,011</b></u>	<u><b>\$1,694,762</b></u>

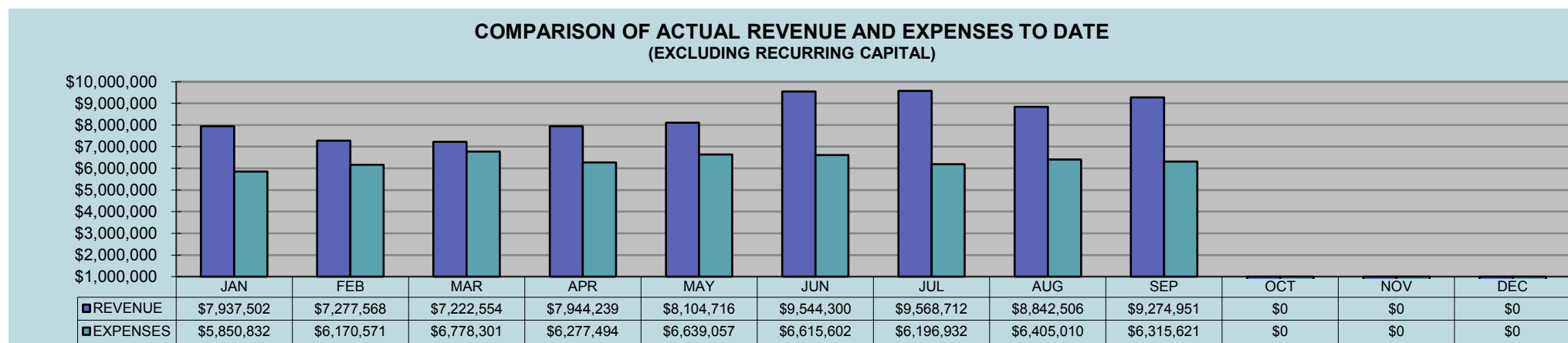


- (1) INCLUDES \$1,663,616 CONTRIBUTIONS & TAKEOVERS AND \$41,025 ENGINEER SERVICE FEES  
(2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH  
(3) INCLUDES \$1,663,616 CONTRIBUTIONS & TAKEOVERS AND \$41,025 ENGINEER SERVICE FEES AND \$1,425,657 RECURRING CARRYOVER  
(4) INCLUDES \$1,663,616 CONTRIBUTIONS & TAKEOVERS AND \$3,059,398 RESERVED FOR CAPITAL IMPROVEMENTS

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

10/20/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$39,365,808	\$42,620,663	\$3,254,855
2	WASTEWATER SALES	32,973,090	33,606,708	633,618
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(6,292,591)	(6,067,508)	225,083
4	NET SALES REVENUE	66,046,307	70,159,863	4,113,556
5	OTHER UTILITY INCOME	4,028,988	4,815,747	786,759
6	DOD REVENUE	505,844	539,584	33,740
7	INVESTMENT INCOME - OPERATING FUNDS	182,045	201,852	19,807
8	<b>TOTAL INCOME</b>	<b>70,763,184</b>	<b>75,717,046</b>	<b>4,953,862</b>
9	CONTRIBUTED CAPITAL	4,516,425 (1)	4,516,425	0
10	COMBINED TOTAL INCOME	75,279,609	80,233,471	4,953,862
11	WATER O&M EXPENSE (2)	(21,281,061)	(19,551,473)	1,729,588
12	WASTEWATER O&M EXPENSE (2)	(16,411,522)	(14,876,250)	1,535,272
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(22,123,701) (3)	(22,123,701) (4)	0
14	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<b>(59,816,284)</b>	<b>(56,551,424)</b>	<b>3,264,860</b>
15	NET DEBT SERVICE	(24,731,625)	(22,796,697)	1,934,928
16	<b>BALANCE FROM OPERATIONS - YEAR TO DATE</b>	<b>(9,268,300)</b>	<b>885,350</b>	<b>10,153,650</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>\$37,860,928</b>	<b>\$48,014,578</b>	<b>\$10,153,650</b>



- (1) INCLUDES \$4,341,602 CONTRIBUTIONS & TAKEOVERS AND \$174,823 ENGINEER SERVICE FEES  
(2) INCLUDES \$821,250 (\$411,003 WATER & \$410,247 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH  
(3) INCLUDES \$4,341,602 CONTRIBUTIONS & TAKEOVERS AND \$174,823 ENGINEER SERVICE FEES AND \$10,136,379 RECURRING CARRYOVER  
(4) INCLUDES \$4,341,602 CONTRIBUTIONS & TAKEOVERS AND \$13,892,767 RESERVED FOR CAPITAL IMPROVEMENTS