

APRIL 2011 Unaudited Financial Summary

Presented during the May 26, 2011 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the April 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 April. New development continued to show some gains on Daniel Island where 182 water accounts were added during the same period – a 5% increase. The number of accounts billed in the North Area and West Ashley increased by 234 and 339 accounts, respectively. The overall number of water accounts billed increased from 106,499 to 107,457 representing a 1% increase. The retail wastewater accounts billed increased from 47,985 to 48,608 reflecting an increase of 623 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 April decreased by 42 to equal 92 total requests for water service – a 31% change. The year-to-date installations total 296 and are projected to be 888 for the year based on the current trend. This will be a decrease compared to the 2010 results. The water pumped into the system from the Hanahan Water Treatment Plant was 6% higher than last year.

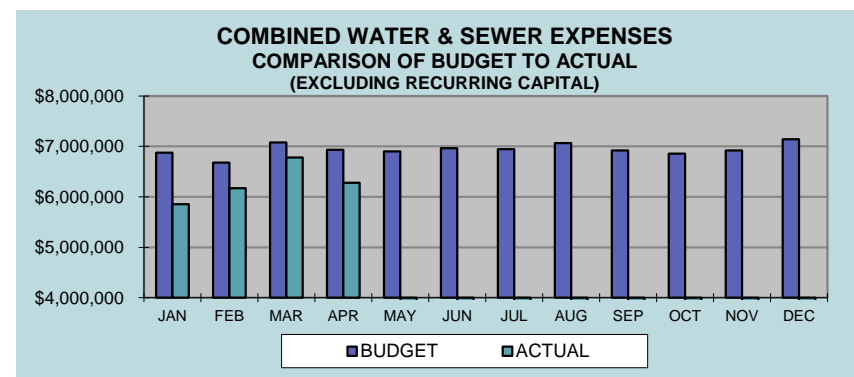
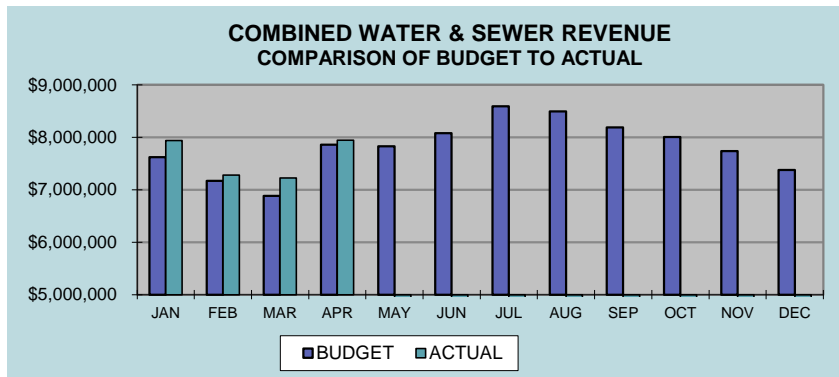
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales increased by 27% in April 2011 to equal \$587,343. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$313,868 which increased by \$117,943 from 2010. Sales to Dorchester County, our second largest customer, totaled \$120,273 representing a 5% increase. Overall water sales are up by 5% when compared to the same period sales in 2010. Retail wastewater sales were 1% above the same period sales for 2010. Mr. Ropp noted that the year-to-date impact fee collections totaled \$560,396 compared to the annual budget of \$1,625,000.

The total income was over budget for the month by 1%. Water sales were over budget by 2% or \$83,118. Wastewater sales were under budget by 0.09% or \$36,756. Income from all sources was over the monthly revenue budget by \$86,505. Water and wastewater expenses were under budget by \$200,976 (8%) and \$184,234 (10%), respectively. Because of savings on CWS's variable rate debt, the debt service payments were \$272,246 under budget for the month. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, is currently at 157% for the year. This ratio exceeds our budget of 141%.

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

5/18/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,240,402	\$4,323,520	\$83,118
2	WASTEWATER SALES	3,729,475	3,692,719	(36,756)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(584,545)	(601,834)	(17,289)
4	NET SALES REVENUE	<u>7,385,332</u>	<u>7,414,405</u>	<u>29,073</u>
5	OTHER UTILITY INCOME	397,302	462,717	65,415
6	DOD REVENUE	54,292	44,926	(9,366)
7	INVESTMENT INCOME - OPERATING FUNDS	20,808	22,191	1,383
8	TOTAL INCOME	<u>7,857,734</u>	<u>7,944,239</u>	<u>86,505</u>
9	CONTRIBUTED CAPITAL	1,828,484 (1)	1,828,484	0
10	COMBINED TOTAL INCOME	<u>9,686,218</u>	<u>9,772,723</u>	<u>86,505</u>
11	WATER O&M EXPENSE (2)	(2,383,334)	(2,182,358)	200,976
12	WASTEWATER O&M EXPENSE (2)	(1,803,658)	(1,619,424)	184,234
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(4,075,888) (3)	(4,075,888) (4)	0
14	TOTAL O&M AND RECURRING CAPITAL	<u>(8,262,880)</u>	<u>(7,877,670)</u>	<u>385,210</u>
15	NET DEBT SERVICE	<u>(2,747,958)</u>	<u>(2,475,712)</u>	<u>272,246</u>
16	MONTHLY BALANCE FROM OPERATIONS	<u>(\$1,324,620)</u>	<u>(\$580,659)</u>	<u>\$743,961</u>



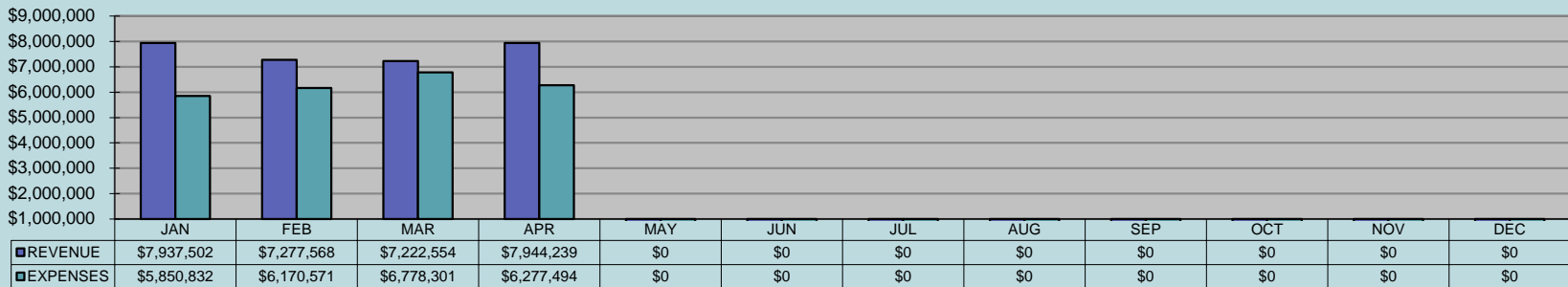
- (1) INCLUDES \$1,817,475 CONTRIBUTIONS & TAKEOVERS AND \$11,009 ENGINEER SERVICE FEES
(2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
(3) INCLUDES \$1,817,475 CONTRIBUTIONS & TAKEOVERS AND \$11,009 ENGINEER SERVICE FEES AND \$1,425,657 RECURRING CARRYOVER
(4) INCLUDES \$1,817,475 CONTRIBUTIONS & TAKEOVERS AND \$1,741,400 RESERVED FOR CAPITAL IMPROVEMENTS

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

5/18/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$15,943,618	\$16,429,706	\$486,088
2	WASTEWATER SALES	13,845,419	13,765,575	(79,844)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(2,387,869)	(2,103,075)	284,794
4	NET SALES REVENUE	27,401,168	28,092,206	691,038
5	OTHER UTILITY INCOME	1,847,199	2,020,079	172,880
6	DOD REVENUE	199,292	181,431	(17,861)
7	INVESTMENT INCOME - OPERATING FUNDS	87,340	88,146	806
8	TOTAL INCOME	29,534,999	30,381,862	846,863
9	CONTRIBUTED CAPITAL	1,844,608 (1)	1,844,608	0
10	COMBINED TOTAL INCOME	31,379,607	32,226,470	846,863
11	WATER O&M EXPENSE (2)	(9,359,709)	(8,565,249)	794,460
12	WASTEWATER O&M EXPENSE (2)	(7,215,234)	(6,521,729)	693,505
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(8,179,924) (3)	(8,179,924) (4)	0
14	TOTAL O&M AND RECURRING CAPITAL	(24,754,867)	(23,266,902)	1,487,965
15	NET DEBT SERVICE	(10,991,833)	(9,965,221)	1,026,612
16	BALANCE FROM OPERATIONS - YEAR TO DATE	(4,367,093)	(1,005,653)	3,361,440
17	NET BALANCE BROUGHT FORWARD FROM PREVIOUS YEARS	51,129,973	51,129,973	0
18	TRANSFERS TO OR FROM OTHER FUNDS	0	0	0
19	CUMULATIVE NET BALANCE AVAILABLE	\$46,762,880	\$50,124,320	\$3,361,440

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



- (1) INCLUDES \$1,818,383 CONTRIBUTIONS & TAKEOVERS AND \$26,225 ENGINEER SERVICE FEES
(2) INCLUDES \$365,000 (\$182,668 WATER & \$182,332 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
(3) INCLUDES \$1,818,383 CONTRIBUTIONS & TAKEOVERS AND \$26,225 ENGINEER SERVICE FEES AND \$3,008,092 RECURRING CARRYOVER
(4) INCLUDES \$1,818,383 CONTRIBUTIONS & TAKEOVERS AND \$4,017,046 RESERVED FOR CAPITAL IMPROVEMENTS