

AUGUST 2010 Unaudited Financial Summary

Presented during the September 28, 2010 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the August 2010 Financial Statements by reviewing the Customer and Department Reports. On the Customer Report, Ms. Ferguson highlighted that there were two small growth areas in August. New development continued to show some gains on Daniel Island where 139 water accounts were added during the same period – a 4% increase. The number of accounts billed in West Ashley increased by 386 accounts. The overall number of water accounts billed increased from 106,638 to 107,372 representing a 1% increase. The retail wastewater accounts billed increased from 48,325 to 48,428 reflecting an increase of 103 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 August decreased by 15 to equal 70 total requests for water service – an 18% change. The year-to-date installations total 784 and are projected to be 1,176 for the year based on the current trend. This will be a slight increase over the 2010 results. The water pumped into the system from the Hanahan Water Treatment Plant was 5% below last year's total.

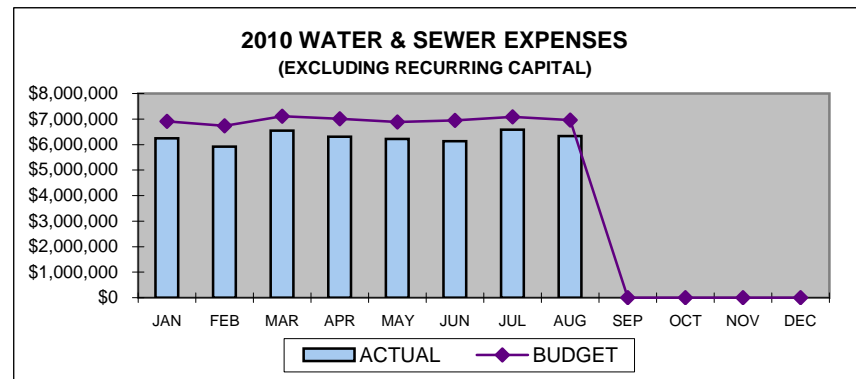
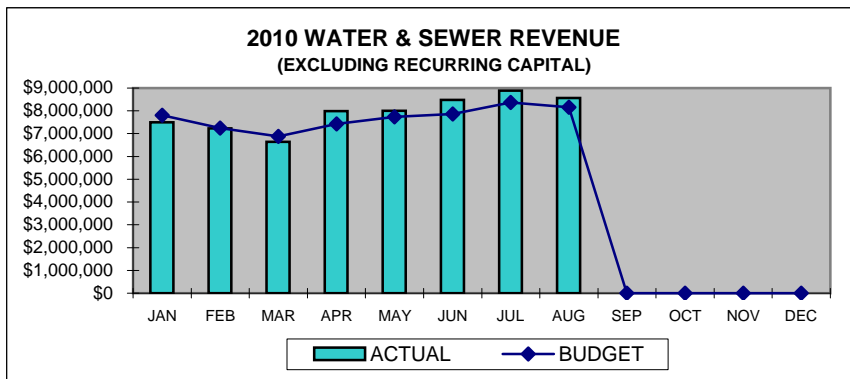
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales decreased by 8% in August 2010 to equal \$731,462. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$528,281 which increased by \$80,758 from 2009. Sales to Dorchester County, our second largest customer, totaled \$137,036 representing a 7% decrease. During August, the 2009 adjusted rates were implemented for the Purchased Capacity customers and the Isle of Palms Water & Sewer Commission and Mt. Pleasant Waterworks received refund checks. Retail water sales increased by 7% when compared to the same period sales in 2009. Retail wastewater sales were 8% above 2009. Mr. Ropp noted that the year-to-date impact fee collections totaled \$1,089,213 compared to the annual budget of \$2,000,000.

The total income was over budget for the month by 5%. Water sales were over budget by 6% or \$284,556. Wastewater sales were over budget by 0.04% or \$14,060. Income from all sources was over the monthly revenue budget by \$397,047. Water and wastewater expenses were under budget by \$242,470 (10%) and \$150,271 (9%), respectively. Because of savings on CWS's variable rate debt, the debt service payments were \$238,519 under budget for the month. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, is currently at 163% for the year. This ratio exceeds our budget of 141%.

**CHARLESTON WATER SYSTEM
STATEMENT OF REVENUE & EXPENSES
WATER & WASTEWATER UTILITY
FOR THE MONTH OF AUGUST 2010**

9/24/2010

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,511,420	\$4,795,976	\$284,556
2	WASTEWATER SALES	3,815,247	3,829,307	14,060
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(716,161)	(694,244)	21,917
4	NET SALES REVENUE	<u>7,610,506</u>	<u>7,931,039</u>	<u>320,533</u>
5	OTHER UTILITY INCOME	424,902	532,039	107,137
6	DOD REVENUE	65,097	64,566	(531)
7	INVESTMENT INCOME - OPERATING FUNDS	61,817	31,725	(30,092)
8	TOTAL INCOME	8,162,322	8,559,369	397,047
9	CONTRIBUTED CAPITAL	565,161 (1)	565,161	0
10	COMBINED TOTAL INCOME	<u>8,727,483</u>	<u>9,124,530</u>	<u>397,047</u>
11	WATER O&M EXPENSE (2)	(2,329,514)	(2,087,044)	242,470
12	WASTEWATER O&M EXPENSE (2)	(1,740,669)	(1,590,398)	150,271
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,593,699) (3)	(2,593,699) (4)	0
14	TOTAL O&M AND RECURRING CAPITAL	(6,663,882)	(6,271,141)	392,741
15	NET DEBT SERVICE	<u>(2,891,100)</u>	<u>(2,652,581)</u>	<u>238,519</u>
16	MONTHLY BALANCE FROM OPERATIONS	<u>(\$827,499)</u>	<u>\$200,808</u>	<u>\$1,028,307</u>

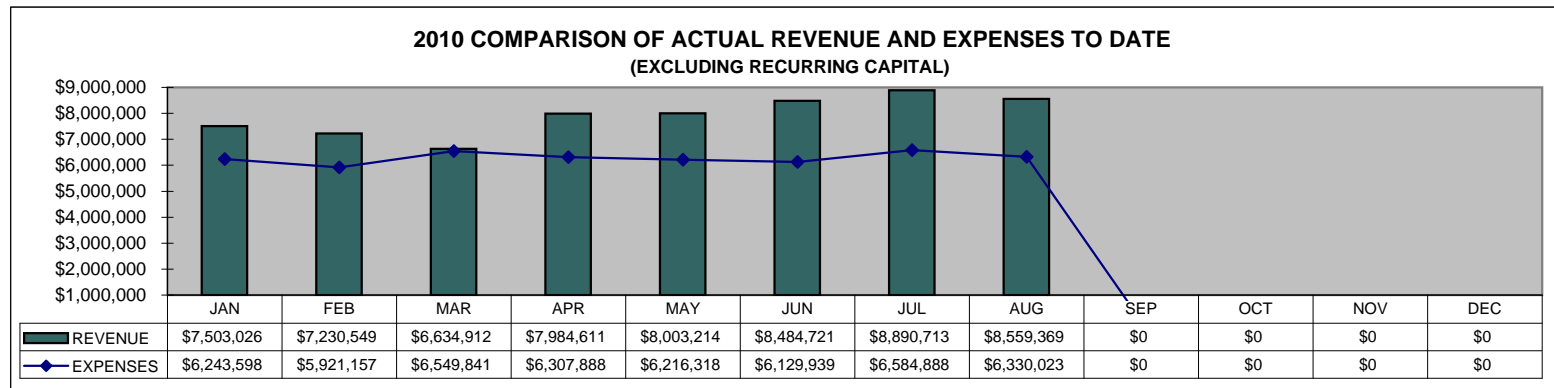


- (1) INCLUDES \$582,083 CONTRIBUTIONS & TAKEOVERS AND (\$16,922) ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$582,083 CONTRIBUTIONS & TAKEOVERS AND (\$16,922) ENGINEER SERVICE FEES AND \$1,452,035 RECURRING CARRYOVER
- (4) INCLUDES \$582,083 CONTRIBUTIONS & TAKEOVERS AND \$1,407,880 RESERVED FOR CAPITAL IMPROVEMENTS

**CHARLESTON WATER SYSTEM
STATEMENT OF REVENUE & EXPENSES
WATER & WASTEWATER UTILITY
YEAR TO DATE THROUGH AUGUST 2010**

9/24/2010

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$32,530,121	\$34,477,811	\$1,947,690
2	WASTEWATER SALES	29,277,969	28,483,322	(794,647)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(4,908,950)	(4,850,987)	57,963
4	NET SALES REVENUE	<u>56,899,140</u>	<u>58,110,146</u>	<u>1,211,006</u>
5	OTHER UTILITY INCOME	3,616,449	4,428,597	812,148
6	DOD REVENUE	489,674	451,152	(38,522)
7	INVESTMENT INCOME - OPERATING FUNDS	494,533	301,222	(193,311)
8	TOTAL INCOME	61,499,796	63,291,117	1,791,321
9	CONTRIBUTED CAPITAL	5,774,189 (1)	5,774,189	0
10	COMBINED TOTAL INCOME	<u>67,273,985</u>	<u>69,065,306</u>	<u>1,791,321</u>
11	WATER O&M EXPENSE (2)	(18,668,639)	(16,532,577)	2,136,062
12	WASTEWATER O&M EXPENSE (2)	(13,848,289)	(12,464,700)	1,383,589
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(18,126,612) (3)	(18,126,612) (4)	0
14	TOTAL O&M AND RECURRING CAPITAL	(50,643,540)	(47,123,889)	3,519,651
15	NET DEBT SERVICE	(23,128,800)	(21,286,375)	1,842,425
16	BALANCE FROM OPERATIONS - YEAR TO DATE	(6,498,355)	655,042	7,153,397
17	NET BALANCE BROUGHT FORWARD FROM PREVIOUS YEARS	59,459,303	59,459,303	0
18	TRANSFERS TO OR FROM OTHER FUNDS	(17,000,000)	(17,000,000)	0
19	CUMULATIVE NET BALANCE AVAILABLE	\$35,960,948	\$43,114,345	\$7,153,397



- (1) INCLUDES \$5,791,999 CONTRIBUTIONS & TAKEOVERS AND (\$17,810) ENGINEER SERVICE FEES
(2) INCLUDES \$638,750 (\$319,669 WATER & \$319,081 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
(3) INCLUDES \$5,791,999 CONTRIBUTIONS & TAKEOVERS AND (\$17,810) ENGINEER SERVICE FEES AND \$7,738,609 RECURRING CARRYOVER
(4) INCLUDES \$5,791,999 CONTRIBUTIONS & TAKEOVERS AND \$7,639,835 RESERVED FOR CAPITAL IMPROVEMENTS