

## **SEPTEMBER 2010 Unaudited Financial Summary**

Presented during the October 28, 2010 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the September 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 September. New development continued to show some gains on Daniel Island where 165 water accounts were added during the same period – a 4% increase. The number of accounts billed in West Ashley increased by 371 accounts. The overall number of water accounts billed increased from 106,162 to 107,776 representing a 2% increase. The retail wastewater accounts billed increased from 47,809 to 48,888 reflecting an increase of 1,079 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 September increased by 9 to equal 89 total requests for water service – an 11% change. The year-to-date installations total 873 and are projected to be 1,164 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 approximately the same as last year's total.

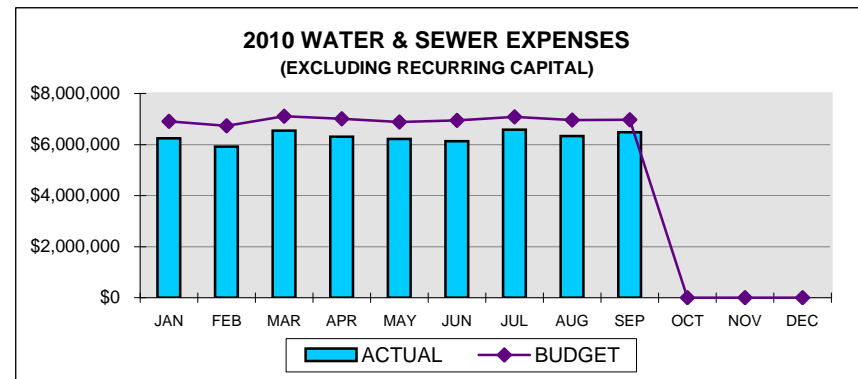
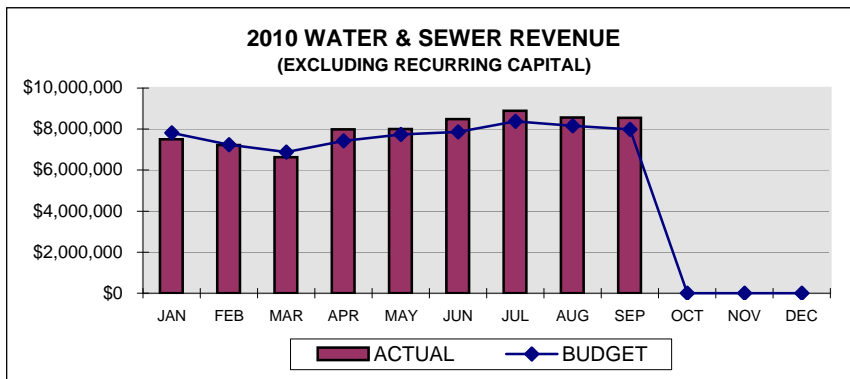
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales increased by 47% in September 2010 to equal \$711,122. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$469,451 which increased by \$55,656 from 2009. During September 2009, the adjusted rates were implemented for the Purchased Capacity customers and the Isle of Palms Water & Sewer Commission and Mt. Pleasant Waterworks. Retail water sales increased by 12% when compared to the same period sales in 2009. Retail wastewater sales were 7% above 2009. Mr. Ropp noted that the year-to-date impact fee collections totaled \$1,348,766 compared to the annual budget of \$2,000,000.

The total income was over budget for the month by 7%. Water sales were over budget by 10% or \$421,051. Wastewater sales were under budget by 1% or \$57,900. Income from all sources was over the monthly revenue budget by \$557,065. Water and wastewater expenses were under budget by \$155,926 (7%) and \$150,067 (9%), respectively. Because of savings on CWS's variable rate debt, the debt service payments were \$179,796 under budget for the month. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, is currently at 166% for the year. This ratio exceeds our budget of 141%.

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

10/25/2010

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,295,444	\$4,716,495	\$421,051
2	WASTEWATER SALES	3,863,303	3,805,403	(57,900)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(707,245)	(702,147)	5,098
4	NET SALES REVENUE	<u>7,451,502</u>	<u>7,819,751</u>	<u>368,249</u>
5	OTHER UTILITY INCOME	417,053	637,095	220,042
6	DOD REVENUE	59,311	59,286	(25)
7	INVESTMENT INCOME - OPERATING FUNDS	61,817	30,616	(31,201)
8	<b>TOTAL INCOME</b>	<b><u>7,989,683</u></b>	<b><u>8,546,748</u></b>	<b><u>557,065</u></b>
9	CONTRIBUTED CAPITAL	(9,596) (1)	(9,596)	0
10	COMBINED TOTAL INCOME	<u>7,980,087</u>	<u>8,537,152</u>	<u>557,065</u>
11	WATER O&M EXPENSE (2)	(2,327,220)	(2,171,294)	155,926
12	WASTEWATER O&M EXPENSE (2)	(1,754,230)	(1,604,163)	150,067
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,018,773) (3)	(2,018,773) (4)	0
14	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<b><u>(6,100,223)</u></b>	<b><u>(5,794,230)</u></b>	<b><u>305,993</u></b>
15	NET DEBT SERVICE	(2,891,100)	(2,711,304)	179,796
16	<b>MONTHLY BALANCE FROM OPERATIONS</b>	<b><u>(\$1,011,236)</u></b>	<b><u>\$31,618</u></b>	<b><u>\$1,042,854</u></b>

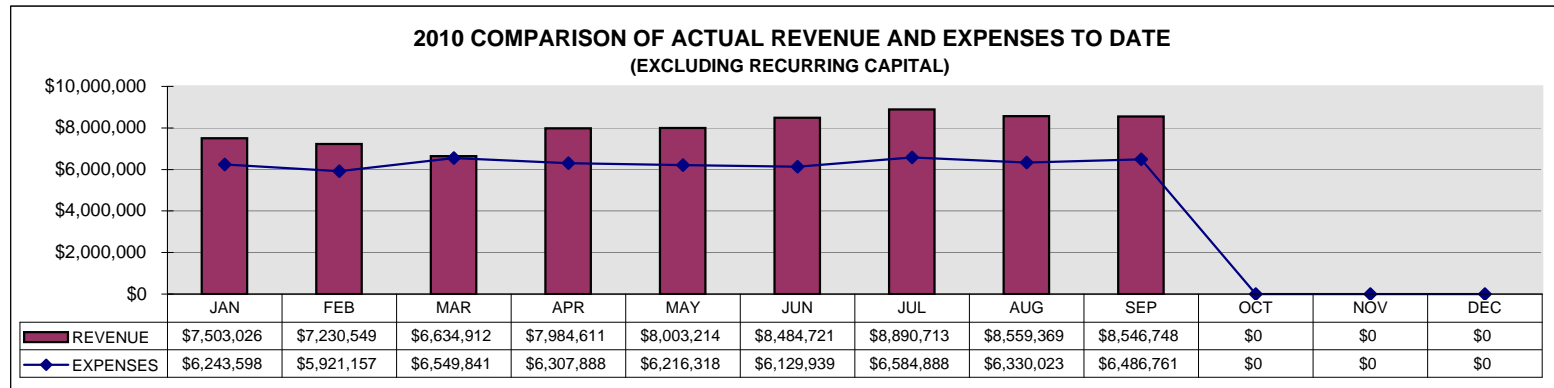


- (1) INCLUDES \$6,576 CONTRIBUTIONS & TAKEOVERS AND (\$16,172) ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$6,576 CONTRIBUTIONS & TAKEOVERS AND (\$16,172) ENGINEER SERVICE FEES AND \$1,452,025 RECURRING CARRYOVER
- (4) INCLUDES \$6,576 CONTRIBUTIONS & TAKEOVERS AND \$1,575,335 RESERVED FOR CAPITAL IMPROVEMENTS

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

10/25/2010

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$36,825,565	\$39,194,306	\$2,368,741
2	WASTEWATER SALES	33,141,273	32,288,726	(852,547)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(5,616,195)	(5,553,134)	63,061
4	NET SALES REVENUE	<u>64,350,643</u>	<u>65,929,898</u>	<u>1,579,255</u>
5	OTHER UTILITY INCOME	4,033,502	5,065,692	1,032,190
6	DOD REVENUE	548,985	510,438	(38,547)
7	INVESTMENT INCOME - OPERATING FUNDS	556,350	331,838	(224,512)
8	<b>TOTAL INCOME</b>	<b>69,489,480</b>	<b>71,837,866</b>	<b>2,348,386</b>
9	CONTRIBUTED CAPITAL	5,764,593 (1)	5,764,593	0
10	COMBINED TOTAL INCOME	<u>75,254,073</u>	<u>77,602,459</u>	<u>2,348,386</u>
11	WATER O&M EXPENSE (2)	(20,995,859)	(18,703,872)	2,291,987
12	WASTEWATER O&M EXPENSE (2)	(15,602,519)	(14,068,864)	1,533,655
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(20,145,385) (3)	(20,145,385) (4)	0
14	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<b>(56,743,763)</b>	<b>(52,918,121)</b>	<b>3,825,642</b>
15	NET DEBT SERVICE	(26,019,900)	(23,997,679)	2,022,221
16	<b>BALANCE FROM OPERATIONS - YEAR TO DATE</b>	<b>(7,509,590)</b>	<b>686,659</b>	<b>8,196,249</b>
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	<b>CUMULATIVE NET BALANCE AVAILABLE</b>	<b>\$34,949,713</b>	<b>\$43,145,962</b>	<b>\$8,196,249</b>



- (1) INCLUDES \$5,798,576 CONTRIBUTIONS & TAKEOVERS AND (\$33,983) ENGINEER SERVICE FEES  
(2) INCLUDES \$730,000 (\$365,336 WATER & \$364,664 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH  
(3) INCLUDES \$5,798,576 CONTRIBUTIONS & TAKEOVERS AND (\$33,983) ENGINEER SERVICE FEES AND \$9,190,635 RECURRING CARRYOVER  
(4) INCLUDES \$5,798,576 CONTRIBUTIONS & TAKEOVERS AND \$9,215,171 RESERVED FOR CAPITAL IMPROVEMENTS