

MARCH 2011 Unaudited Financial Summary

Presented during the April 26, 2011 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the March 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 March. New development continued to show some gains on Daniel Island where 170 water accounts were added during the same period – a 4% increase. The number of accounts billed in the North Area and West Ashley increased by 337 and 383 accounts, respectively. The overall number of water accounts billed increased from 106,504 to 107,647 representing a 1% increase. The retail wastewater accounts billed increased from 47,973 to 48,670 reflecting an increase of 697 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 March decreased by 15 to equal 88 total requests for water service – a 15% change. The year-to-date installations total 204 and are projected to be 816 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 16% higher than last year.

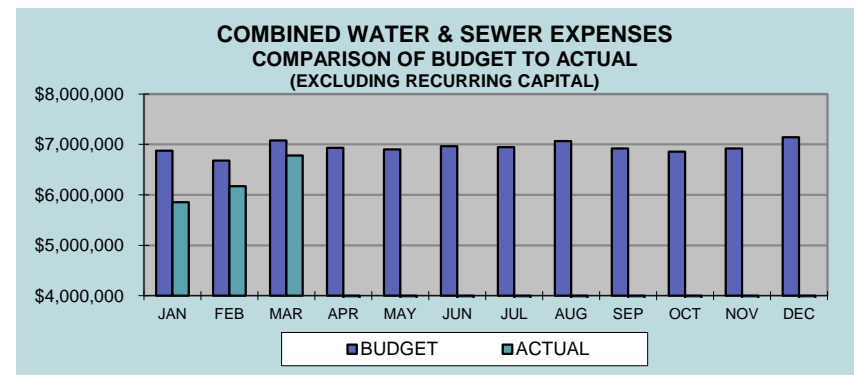
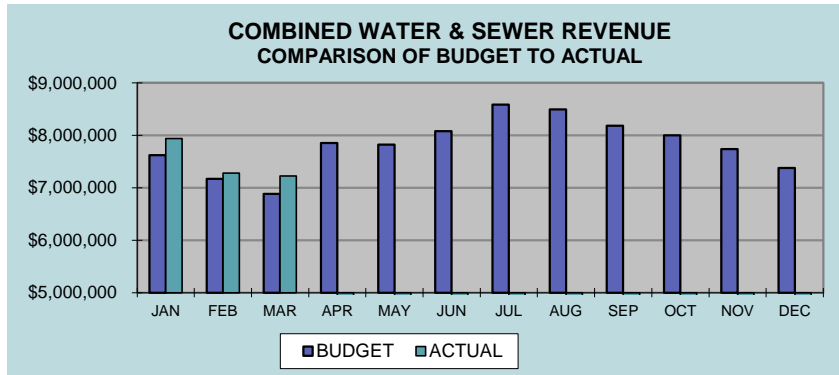
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales decreased by 2% in March 2011 to equal \$428,400. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$199,174 which decreased by \$4,502 from 2010. Sales to Dorchester County, our second largest customer, totaled \$105,856 representing a 1% decrease. Overall water sales are up by 4% when compared to the same period sales in 2010. Retail wastewater sales were 5% above the same period sales for 2010. Mr. Ropp noted that the year-to-date impact fee collections are below the 2010 results and totaled \$271,091 compared to the annual budget of \$1,625,000.

The total income was over budget for the month by 5%. Water sales were over budget by 4% or \$133,014. Wastewater sales were over budget by 0.05% or \$1,516. Income from all sources was over the monthly revenue budget by \$340,297. Water and wastewater expenses were under budget by \$13,634 (1%) and \$36,171 (2%), respectively. Because of savings on CWS's variable rate debt, the debt service payments were \$249,800 under budget for the month. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, is currently at 155% for the year. This ratio exceeds our budget of 141%.

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

4/26/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$3,749,824	\$3,882,838	\$133,014
2	WASTEWATER SALES	3,248,093	3,249,609	1,516
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(642,370)	(540,095)	102,275
4	NET SALES REVENUE	<u>6,355,547</u>	<u>6,592,352</u>	<u>236,805</u>
5	OTHER UTILITY INCOME	456,683	571,797	115,114
6	DOD REVENUE	48,333	41,514	(6,819)
7	INVESTMENT INCOME - OPERATING FUNDS	21,694	16,891	(4,803)
8	TOTAL INCOME	<u>6,882,257</u>	<u>7,222,554</u>	<u>340,297</u>
9	CONTRIBUTED CAPITAL	7,320 (1)	7,320	0
10	COMBINED TOTAL INCOME	<u>6,889,577</u>	<u>7,229,874</u>	<u>340,297</u>
11	WATER O&M EXPENSE (2)	(2,416,517)	(2,402,883)	13,634
12	WASTEWATER O&M EXPENSE (2)	(1,913,431)	(1,877,260)	36,171
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,268,345) (3)	(2,268,345) (4)	0
14	TOTAL O&M AND RECURRING CAPITAL	<u>(6,598,293)</u>	<u>(6,548,488)</u>	<u>49,805</u>
15	NET DEBT SERVICE	<u>(2,747,958)</u>	<u>(2,498,158)</u>	<u>249,800</u>
16	MONTHLY BALANCE FROM OPERATIONS	<u><u>(\$2,456,674)</u></u>	<u><u>(\$1,816,772)</u></u>	<u><u>\$639,902</u></u>



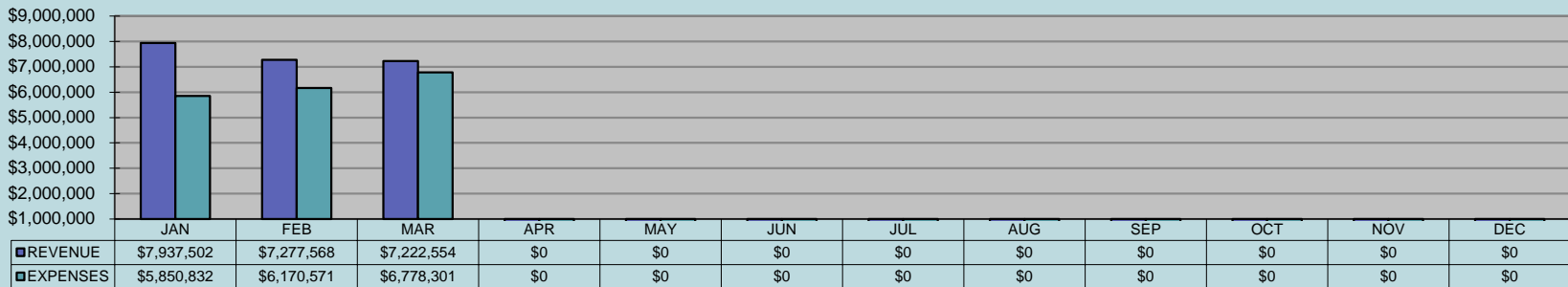
- (1) INCLUDES \$0 CONTRIBUTIONS & TAKEOVERS AND \$7,320 ENGINEER SERVICE FEES
(2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
(3) INCLUDES \$0 CONTRIBUTIONS & TAKEOVERS AND \$7,320 ENGINEER SERVICE FEES AND \$1,425,657 RECURRING CARRYOVER
(4) INCLUDES \$0 CONTRIBUTIONS & TAKEOVERS AND \$1,531,227 RESERVED FOR CAPITAL IMPROVEMENTS

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

4/26/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$11,703,216	\$12,106,186	\$402,970
2	WASTEWATER SALES	10,115,944	10,072,856	(43,088)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(1,803,324)	(1,501,240)	302,084
4	NET SALES REVENUE	20,015,836	20,677,802	661,966
5	OTHER UTILITY INCOME	1,449,897	1,557,361	107,464
6	DOD REVENUE	145,000	136,505	(8,495)
7	INVESTMENT INCOME - OPERATING FUNDS	66,532	65,956	(576)
8	TOTAL INCOME	21,677,265	22,437,624	760,359
9	CONTRIBUTED CAPITAL	16,123 (1)	16,123	0
10	COMBINED TOTAL INCOME	21,693,388	22,453,747	760,359
11	WATER O&M EXPENSE (2)	(6,976,375)	(6,382,890)	593,485
12	WASTEWATER O&M EXPENSE (2)	(5,411,576)	(4,900,306)	511,270
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(4,104,037) (3)	(4,104,037) (4)	0
14	TOTAL O&M AND RECURRING CAPITAL	(16,491,988)	(15,387,233)	1,104,755
15	NET DEBT SERVICE	(8,243,875)	(7,489,509)	754,366
16	BALANCE FROM OPERATIONS - YEAR TO DATE	(3,042,475)	(422,995)	2,619,480
17	NET BALANCE BROUGHT FORWARD FROM PREVIOUS YEARS	0	0	0
18	TRANSFERS TO OR FROM OTHER FUNDS	0	0	0
19	CUMULATIVE NET BALANCE AVAILABLE	(\$3,042,475)	(\$422,995)	\$2,619,480

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



- (1) INCLUDES \$908 CONTRIBUTIONS & TAKEOVERS AND \$15,215 ENGINEER SERVICE FEES
- (2) INCLUDES \$273,7500 (\$137,001 WATER & \$136,749 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$908 CONTRIBUTIONS & TAKEOVERS AND \$15,215 ENGINEER SERVICE FEES AND \$1,582,435 RECURRING CARRYOVER
- (4) INCLUDES \$908 CONTRIBUTIONS & TAKEOVERS AND \$2,275,647 RESERVED FOR CAPITAL IMPROVEMENTS