

May 2010 Unaudited Financial Summary

Presented during the June 30, 2010 Board Meeting

Mr. Wesley Ropp, CFO, began the discussion on the May 2010 Financial Statements by reviewing the Customer and Department Reports. On the Customer Report, Mr. Ropp highlighted that there were two small growth areas in May. New development continued to show some gains on Daniel Island where 129 water accounts were added during the same period – a 4% increase. The number of accounts billed in West Ashley increased by 210 accounts. The overall number of water accounts billed increased from 106,143 to 106,628 representing a 0.46% increase. The retail wastewater accounts billed increased from 47,687 to 48,003 reflecting an increase of 316 accounts.

The Operational Department Report was reviewed next which indicated a decrease in the number of new service applications from May 2009. The number of new service applications in May decreased by 44 to equal 114 total requests for water service – a 28% change. The year-to-date installations total 547 which are 90% above the 2009 results and are projected to be 1,313 for the year based on the current trend. The water pumped into the system from the Hanahan Water Treatment Plant was slightly above last year's total.

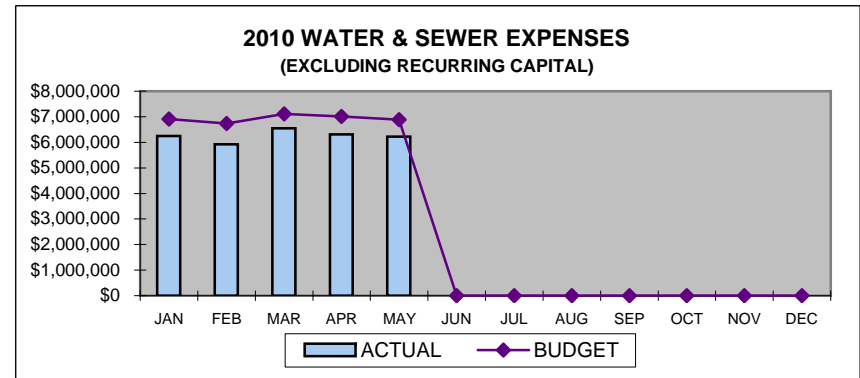
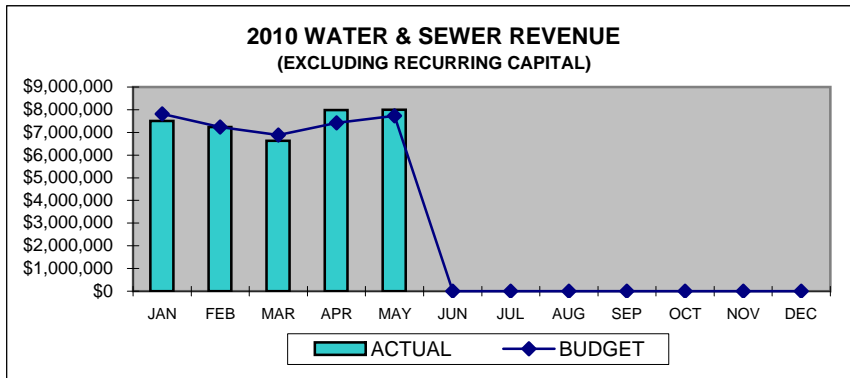
Mr. Ropp then reviewed the Financial Report. The same period wholesale water sales increased by 1% in May 2010 to equal \$603,936. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$310,928 which increased by \$14,877 from 2009. Sales to Dorchester County, our second largest customer, totaled \$128,827 representing a 15% decrease as a result of changing several of their accounts to the municipal wholesale rate. Retail water sales increased by 7% when compared to the same period sales in 2009. Retail wastewater sales were 4% above 2009. Mr. Ropp noted that the year-to-date impact fee collections were up over 2009 and totaled \$1,353,567 compared to the annual budget of \$2,000,000.

The total income was over budget for the month by 3%. Water sales were over budget by 5% or \$208,900. Wastewater sales were under budget by 4% or \$132,471. Income from all sources was over the monthly revenue budget by \$266,687. Water and wastewater expenses were under budget by \$304,663 (13%) and \$174,380 (10%), respectively. Because of savings on CWS's variable rate debt, the debt service payments were \$193,174 under budget for the month. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, is currently at 153% for the year. This ratio exceeds our budget of 141%.

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

6/15/2010

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,167,084	\$4,375,984	\$208,900
2	WASTEWATER SALES	3,684,398	3,551,927	(132,471)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(677,144)	(601,636)	75,508
4	NET SALES REVENUE	<u>7,174,338</u>	<u>7,326,275</u>	<u>151,937</u>
5	OTHER UTILITY INCOME	434,552	589,425	154,873
6	DOD REVENUE	65,820	47,260	(18,560)
7	INVESTMENT INCOME - OPERATING FUNDS	61,817	40,254	(21,563)
8	TOTAL INCOME	<u>7,736,527</u>	<u>8,003,214</u>	<u>266,687</u>
9	CONTRIBUTED CAPITAL	<u>1,031,098</u> (1)	<u>1,031,098</u>	<u>0</u>
10	COMBINED TOTAL INCOME	<u>8,767,625</u>	<u>9,034,312</u>	<u>266,687</u>
11	WATER O&M EXPENSE (2)	(2,292,374)	(1,987,711)	304,663
12	WASTEWATER O&M EXPENSE (2)	(1,705,061)	(1,530,681)	174,380
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(3,049,693) (3)	(3,049,693) (4)	0
14	TOTAL O&M AND RECURRING CAPITAL	<u>(7,047,128)</u>	<u>(6,568,085)</u>	<u>479,043</u>
15	NET DEBT SERVICE	<u>(2,891,100)</u>	<u>(2,697,926)</u>	<u>193,174</u>
16	MONTHLY BALANCE FROM OPERATIONS	<u>(\$1,170,603)</u>	<u>(\$231,699)</u>	<u>\$938,904</u>

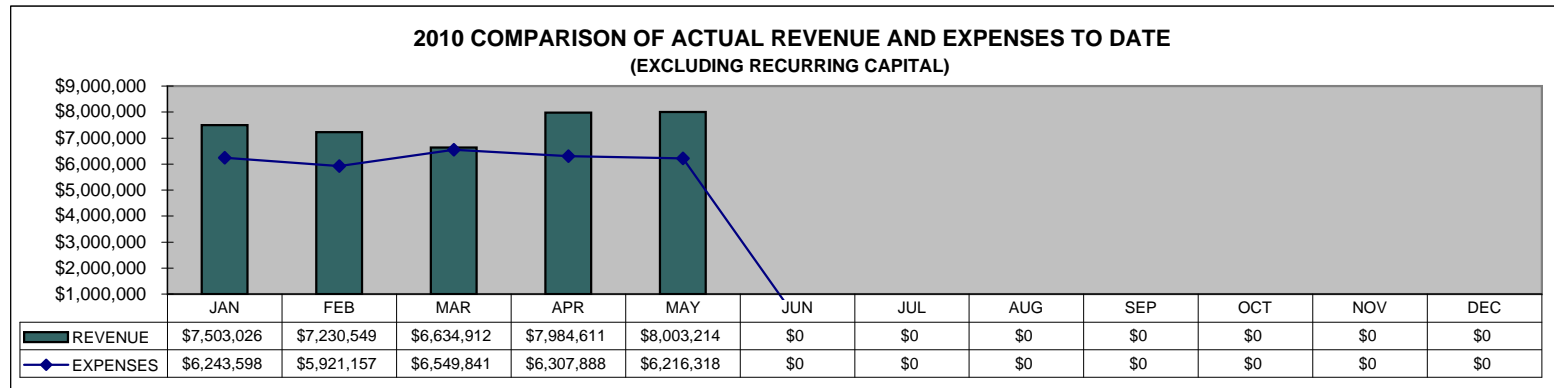


- (1) INCLUDES \$1,026,053 CONTRIBUTIONS & TAKEOVERS AND \$5,045 ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$1,026,053 CONTRIBUTIONS & TAKEOVERS AND \$5,045 ENGINEER SERVICE FEES AND \$1,450,372 RECURRING CARRYOVER
- (4) INCLUDES \$1,026,053 CONTRIBUTIONS & TAKEOVERS AND \$1,672,864 RESERVED FOR CAPITAL IMPROVEMENTS

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

6/15/2010

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$19,306,343	\$19,983,329	\$676,986
2	WASTEWATER SALES	17,621,478	16,983,876	(637,602)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(2,735,444)	(2,769,764)	(34,320)
4	NET SALES REVENUE	<u>34,192,377</u>	<u>34,197,441</u>	<u>5,064</u>
5	OTHER UTILITY INCOME	2,306,113	2,726,673	420,560
6	DOD REVENUE	291,490	231,175	(60,315)
7	INVESTMENT INCOME - OPERATING FUNDS	309,083	201,024	(108,059)
8	TOTAL INCOME	37,099,063	37,356,313	257,250
9	CONTRIBUTED CAPITAL	1,930,762 (1)	1,930,762	0
10	COMBINED TOTAL INCOME	<u>39,029,825</u>	<u>39,287,075</u>	<u>257,250</u>
11	WATER O&M EXPENSE (2)	(11,600,656)	(10,205,624)	1,395,032
12	WASTEWATER O&M EXPENSE (2)	(8,596,780)	(7,687,163)	909,617
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(8,197,791) (3)	(8,197,791) (4)	0
14	TOTAL O&M AND RECURRING CAPITAL	(28,395,227)	(26,090,578)	2,304,649
15	NET DEBT SERVICE	(14,455,500)	(13,346,016)	1,109,484
16	BALANCE FROM OPERATIONS - YEAR TO DATE	(3,820,902)	(149,519)	3,671,383
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	<u>\$38,638,401</u>	<u>\$42,309,784</u>	<u>\$3,671,383</u>



- (1) INCLUDES \$1,918,982 CONTRIBUTIONS & TAKEOVERS AND \$11,780 ENGINEER SERVICE FEES
(2) INCLUDES \$456,250 (\$228,335 WATER & \$227,915 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
(3) INCLUDES \$1,918,982 CONTRIBUTIONS & TAKEOVERS AND \$11,780 ENGINEER SERVICE FEES AND \$3,382,516 RECURRING CARRYOVER
(4) INCLUDES \$1,918,982 CONTRIBUTIONS & TAKEOVERS AND \$3,630,712 RESERVED FOR CAPITAL IMPROVEMENTS