

## **NOVEMBER 2010 Unaudited Financial Summary**

Presented during the December 21, 2010 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the November 2010 Financial Statements by reviewing the Customer and Department Reports. On the Customer Report, Ms. Ferguson highlighted that there were several growth areas in November. 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 the North Area and West Ashley areas increased by 423 and 319 accounts, respectively. The overall number of water accounts billed increased from 106,110 to 107,292 representing a 1% increase. The retail wastewater accounts billed increased from 47,857 to 48,542 reflecting an increase of 685 accounts.

Ms. Ferguson next reviewed the Operational Department Report which indicated an increase in the number of new service applications. The number of new service applications in November increased by 11 to equal 72 total requests for water service – an 18% change. The year-to-date requested installations total 1,024 and are projected to be 1,117 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 8% higher than last year's total.

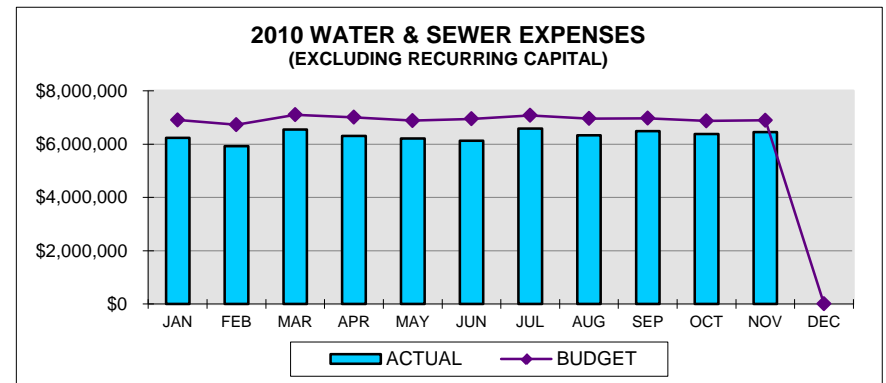
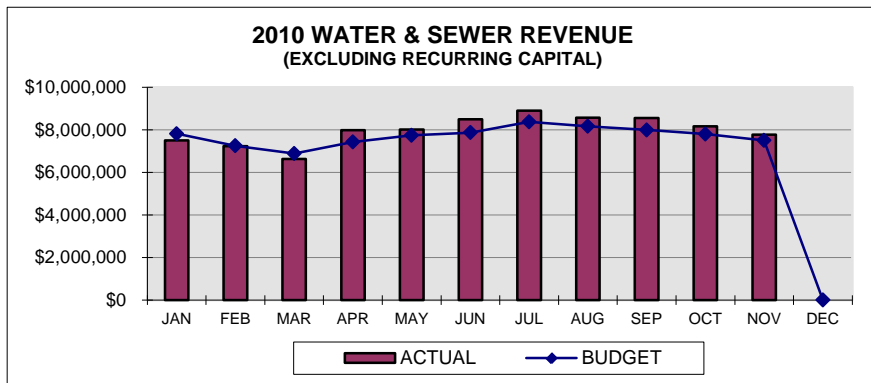
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales increased by 16% in November 2010 to equal \$686,738. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$410,920 which increased by \$95,213 from 2009. Retail water sales increased by 6% when compared to the same period sales in 2009. Retail wastewater sales were 3% above 2009. Mr. Ropp noted that the year-to-date impact fee collections totaled \$1,455,391 compared to the annual budget of \$2,000,000.

The total income was over budget for the month by 4%. Water sales were over budget by 8% or \$318,308. Wastewater sales were under budget by 3% or \$98,360. Income from all sources was over the monthly revenue budget by \$264,958. Water expenses were under budget by \$103,204 (5%) and wastewater expenses were under budget by \$91,583 (5%). Because of savings on CWS's variable rate debt, the debt service payments were \$251,850 under budget for the month. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, is currently at 171% for the year. This ratio exceeds our budget of 141%.

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

12/17/2010

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$3,945,423	\$4,263,731	\$318,308
2	WASTEWATER SALES	3,531,838	3,433,478	(98,360)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(463,700)	(494,692)	(30,992)
4	NET SALES REVENUE	<u>7,013,561</u>	<u>7,202,517</u>	<u>188,956</u>
5	OTHER UTILITY INCOME	362,092	474,225	112,133
6	DOD REVENUE	62,927	62,575	(352)
7	INVESTMENT INCOME - OPERATING FUNDS	61,817	26,038	(35,779)
8	<b>TOTAL INCOME</b>	<b><u>7,500,397</u></b>	<b><u>7,765,355</u></b>	<b><u>264,958</u></b>
9	CONTRIBUTED CAPITAL	(4,767) (1)	(4,767)	0
10	COMBINED TOTAL INCOME	<u>7,495,630</u>	<u>7,760,588</u>	<u>264,958</u>
11	WATER O&M EXPENSE (2)	(2,283,814)	(2,180,610)	103,204
12	WASTEWATER O&M EXPENSE (2)	(1,721,514)	(1,629,931)	91,583
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,075,568) (3)	(2,075,568) (4)	0
14	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<b><u>(6,080,896)</u></b>	<b><u>(5,886,109)</u></b>	<b><u>194,787</u></b>
15	NET DEBT SERVICE	(2,891,100)	(2,639,250)	251,850
16	<b>MONTHLY BALANCE FROM OPERATIONS</b>	<b><u>(\$1,476,366)</u></b>	<b><u>(\$764,771)</u></b>	<b><u>\$711,595</u></b>

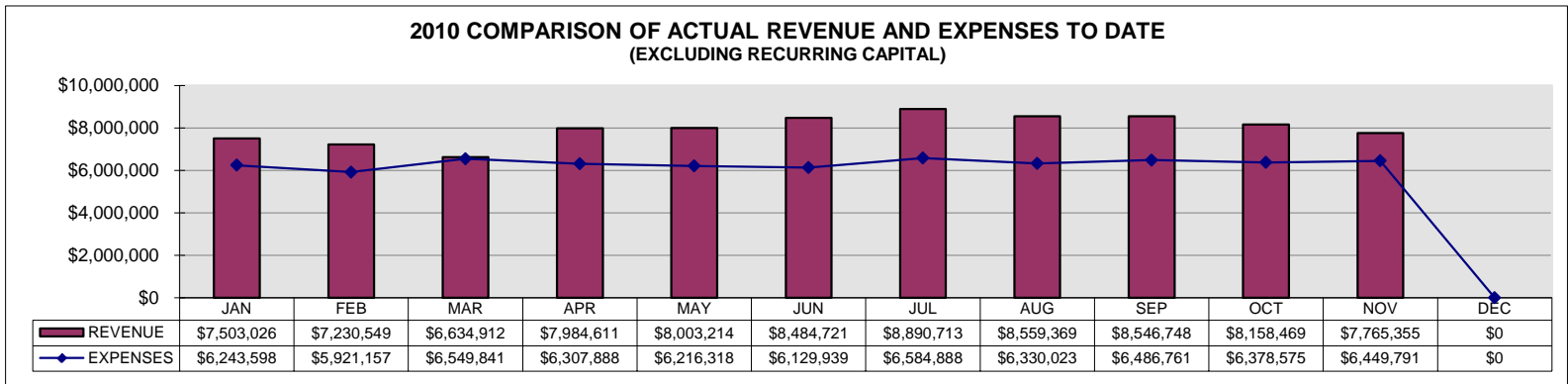


- (1) INCLUDES \$8,014 CONTRIBUTIONS & TAKEOVERS AND (\$12,781) ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$8,014 CONTRIBUTIONS & TAKEOVERS AND (\$12,781) ENGINEER SERVICE FEES AND \$1,452,031 RECURRING CARRYOVER
- (4) INCLUDES \$8,014 CONTRIBUTIONS & TAKEOVERS AND \$1,588,321 RESERVED FOR CAPITAL IMPROVEMENTS

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

12/17/2010

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$44,976,404	\$47,999,402	\$3,022,998
2	WASTEWATER SALES	40,341,255	39,302,758	(1,038,497)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(6,703,432)	(6,740,983)	(37,551)
4	NET SALES REVENUE	<u>78,614,227</u>	<u>80,561,177</u>	<u>1,946,950</u>
5	OTHER UTILITY INCOME	4,811,672	6,187,993	1,376,321
6	DOD REVENUE	676,286	625,943	(50,343)
7	INVESTMENT INCOME - OPERATING FUNDS	679,983	386,576	(293,407)
8	<b>TOTAL INCOME</b>	<b><u>84,782,168</u></b>	<b><u>87,761,689</u></b>	<b><u>2,979,521</u></b>
9	CONTRIBUTED CAPITAL	5,820,154 (1)	5,820,154	0
10	COMBINED TOTAL INCOME	<u>90,602,322</u>	<u>93,581,843</u>	<u>2,979,521</u>
11	WATER O&M EXPENSE (2)	(25,568,180)	(23,026,259)	2,541,921
12	WASTEWATER O&M EXPENSE (2)	(19,021,008)	(17,592,300)	1,428,708
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(24,330,154) (3)	(24,330,154) (4)	0
14	<b>TOTAL O&amp;M AND RECURRING CAPITAL</b>	<b><u>(68,919,342)</u></b>	<b><u>(64,948,713)</u></b>	<b><u>3,970,629</u></b>
15	NET DEBT SERVICE	(31,802,100)	(28,980,223)	2,821,877
16	<b>BALANCE FROM OPERATIONS - YEAR TO DATE</b>	<b><u>(10,119,120)</u></b>	<b><u>(347,093)</u></b>	<b><u>9,772,027</u></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><u>\$32,340,183</u></b>	<b><u>\$42,112,210</u></b>	<b><u>\$9,772,027</u></b>



- (1) INCLUDES \$5,880,073 CONTRIBUTIONS & TAKEOVERS AND (\$59,919) ENGINEER SERVICE FEES  
(2) INCLUDES \$912,500 (\$456,670 WATER & \$455,830 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH  
(3) INCLUDES \$5,880,073 CONTRIBUTIONS & TAKEOVERS AND (\$59,919) ENGINEER SERVICE FEES AND \$12,093,045 RECURRING CARRYOVER  
(4) INCLUDES \$5,880,073 CONTRIBUTIONS & TAKEOVERS AND \$12,267,611 RESERVED FOR CAPITAL IMPROVEMENTS