

NOVEMBER 2011 Unaudited Financial Summary

Presented during the December 20, 2011 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the November 2011 Financial Statements by reviewing the Customer and Department Reports. On the Customer Report, Ms. Ferguson highlighted that there were two small growth areas in November. New development continued to show some gains on Daniel Island where 238 water accounts were added during the same period – a 6% increase. The number of accounts billed in West Ashley increased by 365 accounts. The overall number of water accounts billed increased from 107,292 to 108,274 representing a 1% increase. The retail wastewater accounts billed increased from 48,542 to 49,248 reflecting an increase of 706 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 18 to equal 90 total requests for water service – a 25% change. The year-to-date applications total 989 and are projected to be 1,079 for the year based on the current trend. The water pumped into the system from the Hanahan Water Treatment Plant was 5% higher than last year.

Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales decreased by 3% in November 2011 to equal \$662,813. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$384,085 which decreased by \$26,835 from 2010. Sales to Dorchester County, our second largest customer, totaled \$95,840. Overall water sales are down 4% when compared to the same period sales in 2010. Retail wastewater sales were up 2% over the 2010 results. Mr. Ropp noted that the year-to-date impact fee collections totaled \$2,572,486 compared to the annual budget of \$1,625,000.

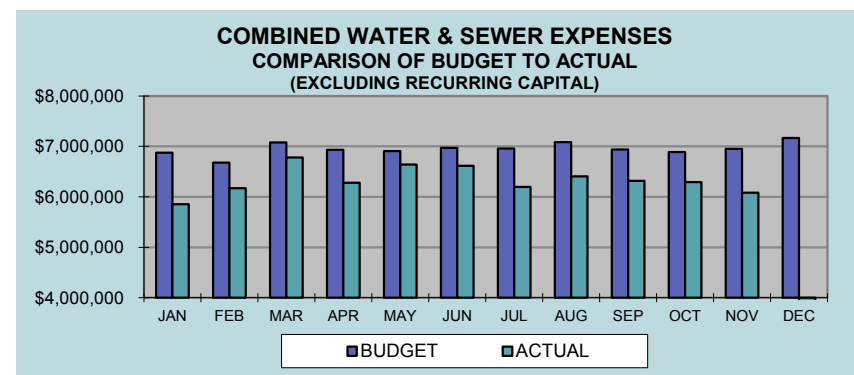
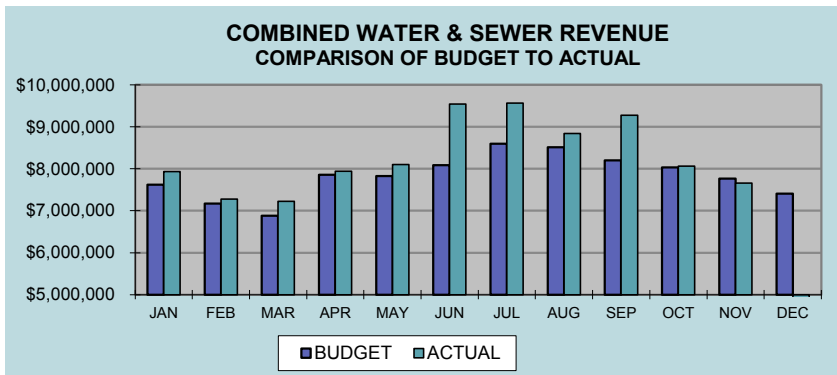
The total income was under budget for the month by 1%. Water sales were under budget by 4% or \$193,787. Wastewater sales were under budget by 1% or \$43,687. Income from all sources was under the monthly revenue budget by \$106,918. Water and wastewater expenses were under budget by \$349,345 (15%) and \$327,165 (18%), respectively. Because of savings on CWS's variable rate debt, the debt service payments were \$194,518 under budget for the month. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, is currently at 194% for the year. This ratio exceeds our budget of 146%.

For our Key Performance Indicators, the Debt Service Ratio moved further into the green category (good) indicator reflecting the 2 point Earnings Test improvement in November. On page 11 of the Financial Statements, the consolidated score for the Strategic Plan Performance Indicator Scorecard Report is 93.59% out of 100 which is also a good indicator. All of the six Strategic Plan Measure Scorecards are reported in the green which indicates good ratings across the board.

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

12/19/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,321,153	\$4,127,366	(\$193,787)
2	WASTEWATER SALES	3,517,790	3,474,103	(43,687)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(517,641)	(524,652)	(7,011)
4	NET SALES REVENUE	<u>7,321,302</u>	<u>7,076,817</u>	<u>(244,485)</u>
5	OTHER UTILITY INCOME	378,395	527,869	149,474
6	DOD REVENUE	52,968	36,756	(16,212)
7	INVESTMENT INCOME - OPERATING FUNDS	12,495	16,800	4,305
8	TOTAL INCOME	<u>7,765,160</u>	<u>7,658,242</u>	<u>(106,918)</u>
9	CONTRIBUTED CAPITAL	271,233 (1)	271,233	0
10	COMBINED TOTAL INCOME	<u>8,036,393</u>	<u>7,929,475</u>	<u>(106,918)</u>
11	WATER O&M EXPENSE (2)	(2,367,195)	(2,017,850)	349,345
12	WASTEWATER O&M EXPENSE (2)	(1,836,532)	(1,509,367)	327,165
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,525,559) (3)	(2,525,559) (4)	0
14	TOTAL O&M AND RECURRING CAPITAL	<u>(6,729,286)</u>	<u>(6,052,776)</u>	<u>676,510</u>
15	NET DEBT SERVICE	(2,747,958)	(2,553,440)	194,518
16	MONTHLY BALANCE FROM OPERATIONS	<u><u>(\$1,440,851)</u></u>	<u><u>(\$676,741)</u></u>	<u><u>\$764,110</u></u>



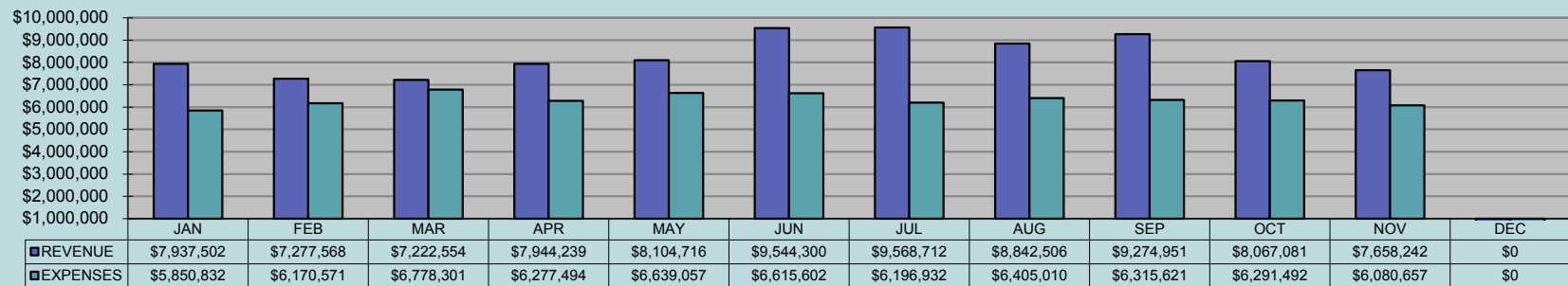
- (1) INCLUDES \$190,207 CONTRIBUTIONS & TAKEOVERS AND \$81,026 ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$190,207 CONTRIBUTIONS & TAKEOVERS AND \$81,026 ENGINEER SERVICE FEES AND \$1,425,657 RECURRING CARRYOVER
- (4) INCLUDES \$190,207 CONTRIBUTIONS & TAKEOVERS AND \$1,846,924 RESERVED FOR CAPITAL IMPROVEMENTS

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

12/19/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$48,290,192	\$51,403,605	\$3,113,413
2	WASTEWATER SALES	40,153,825	40,720,367	566,542
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(7,536,128)	(7,347,156)	188,972
4	NET SALES REVENUE	80,907,889	84,776,816	3,868,927
5	OTHER UTILITY INCOME	4,830,043	5,803,614	973,571
6	DOD REVENUE	614,429	619,787	5,358
7	INVESTMENT INCOME - OPERATING FUNDS	207,808	242,152	34,344
8	TOTAL INCOME	86,560,169	91,442,369	4,882,200
9	CONTRIBUTED CAPITAL	4,976,439 (1)	4,976,439	0
10	COMBINED TOTAL INCOME	91,536,608	96,418,808	4,882,200
11	WATER O&M EXPENSE (2)	(25,980,814)	(23,657,194)	2,323,620
12	WASTEWATER O&M EXPENSE (2)	(20,053,446)	(18,034,969)	2,018,477
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(27,085,757) (3)	(27,085,757) (4)	0
14	TOTAL O&M AND RECURRING CAPITAL	(73,120,017)	(68,777,920)	4,342,097
15	NET DEBT SERVICE	(30,227,542)	(27,904,406)	2,323,136
16	BALANCE FROM OPERATIONS - YEAR TO DATE	(11,810,951)	(263,518)	11,547,433
17	NET BALANCE BROUGHT FORWARD FROM PREVIOUS YEARS	51,129,228	51,129,228	0
18	TRANSFERS TO OR FROM OTHER FUNDS	(4,000,000)	(4,000,000)	0
19	CUMULATIVE NET BALANCE AVAILABLE	\$35,318,277	\$46,865,710	\$11,547,433

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



- (1) INCLUDES \$4,641,165 CONTRIBUTIONS & TAKEOVERS AND \$335,274 ENGINEER SERVICE FEES
(2) INCLUDES \$1,003,750 (\$502,337 WATER & \$501,413 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
(3) INCLUDES \$4,641,165 CONTRIBUTIONS & TAKEOVERS AND \$335,274 ENGINEER SERVICE FEES AND \$12,987,693 RECURRING CARRYOVER
(4) INCLUDES \$4,641,165 CONTRIBUTIONS & TAKEOVERS AND \$15,819,673 RESERVED FOR CAPITAL IMPROVEMENTS