

OCTOBER 2010 Unaudited Financial Summary

Presented during the November 28, 2010 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the October 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 October. New development continued to show some gains on Daniel Island where 133 water accounts were added during the same period – a 4% increase. The number of accounts billed in the North Area increased by 410 accounts. The overall number of water accounts billed increased from 106,230 to 107,306 representing a 1% increase. The retail wastewater accounts billed increased from 47,826 to 48,421 reflecting an increase of 595 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 October decreased by 11 to equal 79 total requests for water service – a 12% change. The year-to-date requested installations total 952 and are projected to be 1,142 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 2% higher than last year's total.

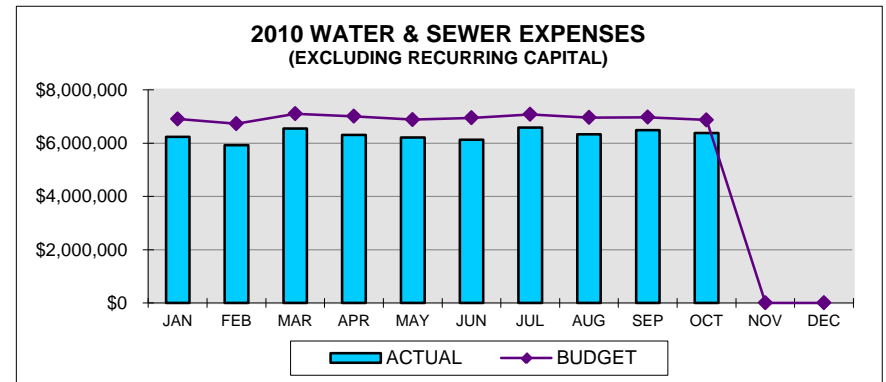
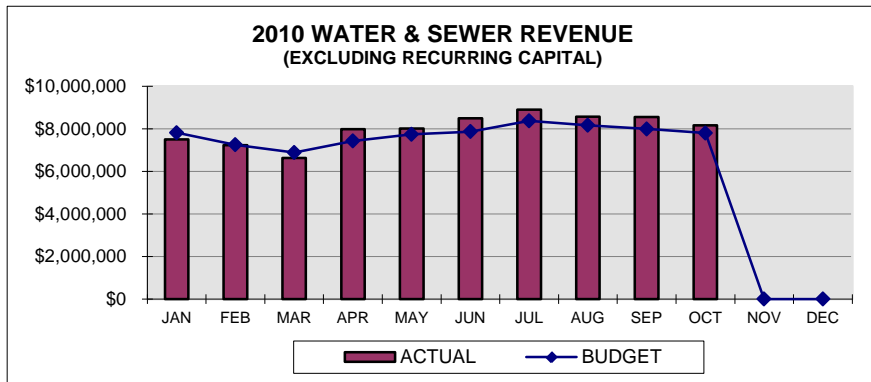
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales increased by 5% in October 2010 to equal \$719,050. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$414,779 which increased by \$30,740 from 2009. Retail water sales increased by 9% 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 totaled \$1,401,331 compared to the annual budget of \$2,000,000.

The total income was over budget for the month by 2%. Water sales were over budget by 8% or \$335,949. Wastewater sales were under budget by 2% or \$87,589. Income from all sources was over the monthly revenue budget by \$366,177. Water expenses were under budget by \$146,731 (6%) and wastewater expenses were over budget by \$196,530 (12%). Because of savings on CWS's variable rate debt, the debt service payments were \$547,806 under budget for the month. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, is currently at 172% for the year. This ratio exceeds our budget of 141%.

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

11/23/2010

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,205,416	\$4,541,365	\$335,949
2	WASTEWATER SALES	3,668,144	3,580,555	(87,589)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(623,537)	(693,156)	(69,619)
4	NET SALES REVENUE	<u>7,250,023</u>	<u>7,428,764</u>	<u>178,741</u>
5	OTHER UTILITY INCOME	416,078	648,076	231,998
6	DOD REVENUE	64,374	52,930	(11,444)
7	INVESTMENT INCOME - OPERATING FUNDS	61,817	28,699	(33,118)
8	TOTAL INCOME	<u>7,792,292</u>	<u>8,158,469</u>	<u>366,177</u>
9	CONTRIBUTED CAPITAL	60,203 (1)	60,203	0
10	COMBINED TOTAL INCOME	<u>7,852,495</u>	<u>8,218,672</u>	<u>366,177</u>
11	WATER O&M EXPENSE (2)	(2,288,507)	(2,141,776)	146,731
12	WASTEWATER O&M EXPENSE (2)	(1,696,975)	(1,893,505)	(196,530)
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,109,075) (3)	(2,109,075) (4)	0
14	TOTAL O&M AND RECURRING CAPITAL	<u>(6,094,557)</u>	<u>(6,144,356)</u>	<u>(49,799)</u>
15	NET DEBT SERVICE	(2,891,100)	(2,343,294)	547,806
16	MONTHLY BALANCE FROM OPERATIONS	<u>(\$1,133,162)</u>	<u>(\$268,978)</u>	<u>\$864,184</u>

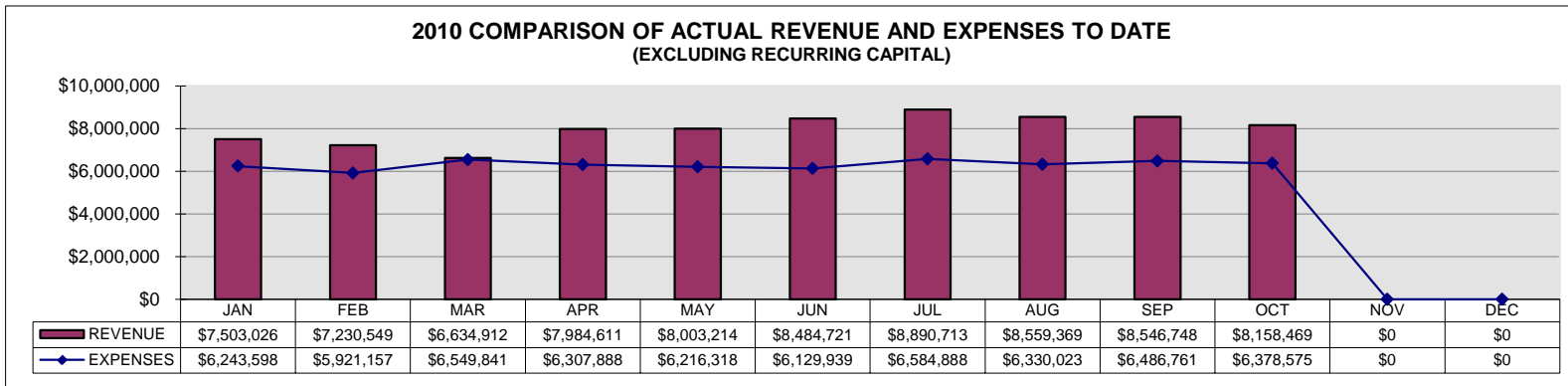


- (1) INCLUDES \$73,484 CONTRIBUTIONS & TAKEOVERS AND (\$13,281) ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$73,484 CONTRIBUTIONS & TAKEOVERS AND (\$13,281) ENGINEER SERVICE FEES AND \$1,450,380 RECURRING CARRYOVER
- (4) INCLUDES \$73,484 CONTRIBUTIONS & TAKEOVERS AND \$1,463,994 RESERVED FOR CAPITAL IMPROVEMENTS

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

11/23/2010

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$41,030,981	\$43,735,671	\$2,704,690
2	WASTEWATER SALES	36,809,417	35,869,280	(940,137)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(6,239,732)	(6,246,291)	(6,559)
4	NET SALES REVENUE	71,600,666	73,358,660	1,757,994
5	OTHER UTILITY INCOME	4,449,580	5,713,768	1,264,188
6	DOD REVENUE	613,358	563,368	(49,990)
7	INVESTMENT INCOME - OPERATING FUNDS	618,167	360,538	(257,629)
8	TOTAL INCOME	77,281,771	79,996,334	2,714,563
9	CONTRIBUTED CAPITAL	5,824,921 (1)	5,824,921	0
10	COMBINED TOTAL INCOME	83,106,692	85,821,255	2,714,563
11	WATER O&M EXPENSE (2)	(23,284,366)	(20,845,648)	2,438,718
12	WASTEWATER O&M EXPENSE (2)	(17,299,494)	(15,962,368)	1,337,126
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(22,254,585) (3)	(22,254,585) (4)	0
14	TOTAL O&M AND RECURRING CAPITAL	(62,838,445)	(59,062,601)	3,775,844
15	NET DEBT SERVICE	(28,911,000)	(26,340,973)	2,570,027
16	BALANCE FROM OPERATIONS - YEAR TO DATE	(8,642,753)	417,681	9,060,434
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	\$33,816,550	\$42,876,984	\$9,060,434



- (1) INCLUDES \$5,872,060 CONTRIBUTIONS & TAKEOVERS AND (\$47,139) ENGINEER SERVICE FEES
(2) INCLUDES \$821,250 (\$411,003 WATER & \$410,247 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
(3) INCLUDES \$5,872,060 CONTRIBUTIONS & TAKEOVERS AND (\$47,139) ENGINEER SERVICE FEES AND \$10,641,015 RECURRING CARRYOVER
(4) INCLUDES \$5,872,060 CONTRIBUTIONS & TAKEOVERS AND \$10,679,289 RESERVED FOR CAPITAL IMPROVEMENTS