

FEBRUARY 2011 Unaudited Financial Summary

Presented during the March 22, 2011 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the February 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 February. New development continued to show some gains on Daniel Island where 171 water accounts were added during the same period – a 5% increase. The number of accounts billed in West Ashley and the North Area increased by 341 and 468 accounts, respectively. The overall number of water accounts billed increased from 106,057 to 107,308 representing a 1% increase. The retail wastewater accounts billed increased from 47,854 to 48,480 reflecting an increase of 626 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 February decreased by 47 to equal 66 total requests for water service – a 42% change. The year-to-date installations total 116 and are projected to be 696 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 1% higher than last year.

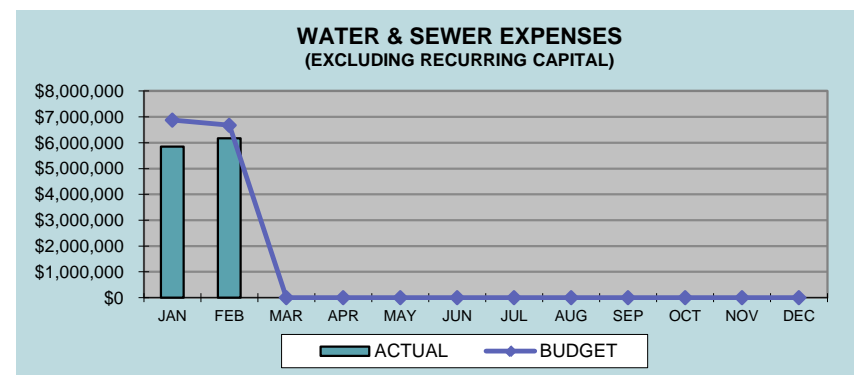
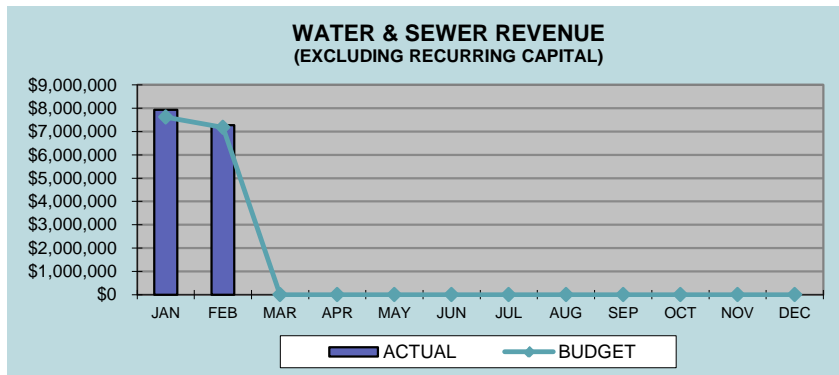
Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales decreased by 3% in February 2011 to equal \$449,003. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$216,530 which decreased by \$3,444 from 2010. Sales to Dorchester County, our second largest customer, totaled \$95,548 representing a 6% decrease. Overall water sales are up by 1% when compared to the same period sales in 2010. Retail wastewater sales were 6% above the same period sales for 2010. Mr. Ropp noted that the year-to-date impact fee collections below the 2010 results and totaled \$192,186 compared to the annual budget of \$1,625,000.

The total income was over budget for the month by 1%. Water sales were over budget by 0.02% or \$734. Wastewater sales were under budget by 1% or \$19,311. Income from all sources was over the monthly revenue budget by \$104,559. Water and wastewater expenses were under budget by \$131,683 (6%) and \$121,429 (7%), respectively. Because of savings on CWS's variable rate debt, the debt service payments were \$253,923 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 FEBRUARY 2011**

3/18/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$3,846,240	\$3,846,974	\$734
2	WASTEWATER SALES	3,283,536	3,264,225	(19,311)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(531,258)	(448,149)	83,109
4	NET SALES REVENUE	6,598,518	6,663,050	64,532
5	OTHER UTILITY INCOME	502,353	543,135	40,782
6	DOD REVENUE	47,671	47,383	(288)
7	INVESTMENT INCOME - OPERATING FUNDS	24,467	24,000	(467)
8	TOTAL INCOME	7,173,009	7,277,568	104,559
9	CONTRIBUTED CAPITAL	5,820 (1)	5,820	0
10	COMBINED TOTAL INCOME	7,178,829	7,283,388	104,559
11	WATER O&M EXPENSE (2)	(2,222,031)	(2,090,348)	131,683
12	WASTEWATER O&M EXPENSE (2)	(1,707,616)	(1,586,187)	121,429
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(915,634) (3)	(915,634) (4)	0
14	TOTAL O&M AND RECURRING CAPITAL	(4,845,281)	(4,592,170)	253,111
15	NET DEBT SERVICE	(2,747,958)	(2,494,035)	253,923
16	MONTHLY BALANCE FROM OPERATIONS	(414,410)	197,183	611,593



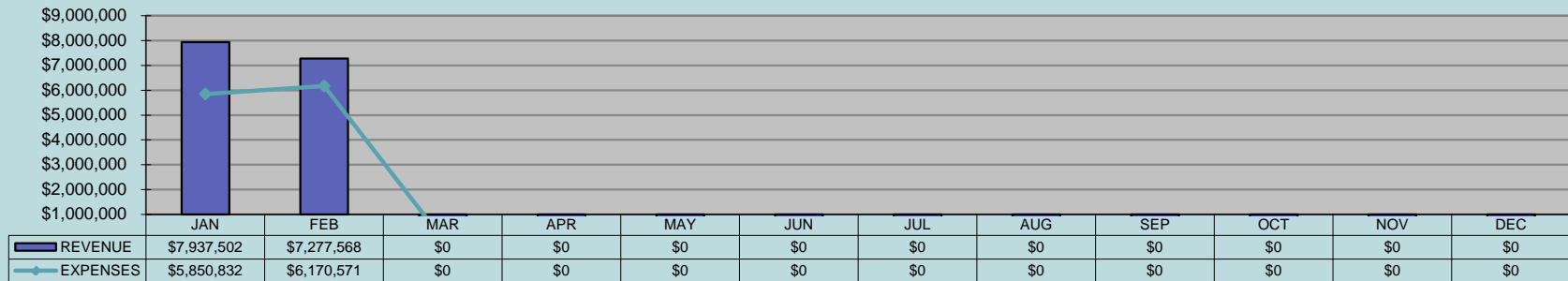
- (1) INCLUDES \$0 CONTRIBUTIONS & TAKEOVERS AND \$5,820 ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$0 CONTRIBUTIONS & TAKEOVERS AND \$5,820 ENGINEER SERVICE FEES AND \$78,389 RECURRING CARRYOVER
- (4) INCLUDES \$0 CONTRIBUTIONS & TAKEOVERS AND \$354,975 RESERVED FOR CAPITAL IMPROVEMENTS

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

3/18/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$7,953,392	\$8,223,348	\$269,956
2	WASTEWATER SALES	6,867,850	6,823,247	(44,603)
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(1,160,954)	(961,146)	199,808
4	NET SALES REVENUE	13,660,288	14,085,449	425,161
5	OTHER UTILITY INCOME	993,214	985,565	(7,649)
6	DOD REVENUE	96,667	94,991	(1,676)
7	INVESTMENT INCOME - OPERATING FUNDS	44,838	49,064	4,226
8	TOTAL INCOME	14,795,007	15,215,069	420,062
9	CONTRIBUTED CAPITAL	8,803 (1)	8,803	0
10	COMBINED TOTAL INCOME	14,803,810	15,223,872	420,062
11	WATER O&M EXPENSE (2)	(4,559,858)	(3,980,007)	579,851
12	WASTEWATER O&M EXPENSE (2)	(3,498,145)	(3,025,045)	473,100
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(1,835,691) (3)	(1,835,691) (4)	0
14	TOTAL O&M AND RECURRING CAPITAL	(9,893,694)	(8,840,744)	1,052,950
15	NET DEBT SERVICE	(5,495,917)	(4,991,351)	504,566
16	BALANCE FROM OPERATIONS - YEAR TO DATE	(585,801)	1,391,777	1,977,578
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	(585,801)	\$1,391,777	\$1,977,578

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



- (1) INCLUDES \$908 CONTRIBUTIONS & TAKEOVERS AND \$7,895 ENGINEER SERVICE FEES
- (2) INCLUDES \$182,500 (\$91,334 WATER & \$91,166 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$908 CONTRIBUTIONS & TAKEOVERS AND \$7,895 ENGINEER SERVICE FEES AND \$156,778 RECURRING CARRYOVER
- (4) INCLUDES \$908 CONTRIBUTIONS & TAKEOVERS AND \$744,419 RESERVED FOR CAPITAL IMPROVEMENTS