

JUNE 2011 Unaudited Financial Summary

Presented during the July 26, 2011 Board Meeting

Ms. Evelyn Ferguson, Director of Customer Service, began the discussion on the June 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 June. New development continued to show some gains on Daniel Island where 144 water accounts were added during the same period – a 4% increase. The number of accounts billed in James Island and West Ashley increased by 148 and 319 accounts, respectively. The overall number of water accounts billed increased from 107,380 to 108,114 representing a 1% increase. The retail wastewater accounts billed increased from 48,448 to 48,968 reflecting an increase of 520 accounts.

Ms. Ferguson next reviewed the Operational Department Report which indicated a increase in the number of new service applications. The number of new service applications in June increased by 48 to equal 123 total requests for water service – a 64% change. The year-to-date applications total 508 and are projected to be 1,016 for the year based on the current trend. The water pumped into the system from the Hanahan Water Treatment Plant was 13% higher than last year.

Mr. Wesley Ropp, CFO, then reviewed the Financial Report. The same period wholesale water sales increased by 10% in June 2011 to equal \$852,821. Wholesale water sales to the St. John's Water Company, CWS's largest customer, totaled \$481,045 which increased by \$58,473 from 2010. Sales to Dorchester County, our second largest customer, totaled \$186,457 representing a 9% increase. Overall water sales are up by 15% when compared to the same period sales in 2010. Retail wastewater sales were up 13% over the 2010 results. Mr. Ropp noted that the year-to-date impact fee collections totaled \$1,224,977 compared to the annual budget of \$1,625,000.

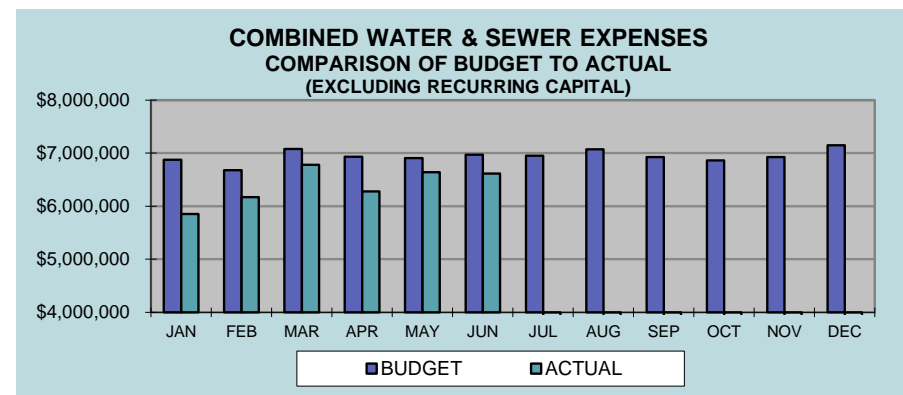
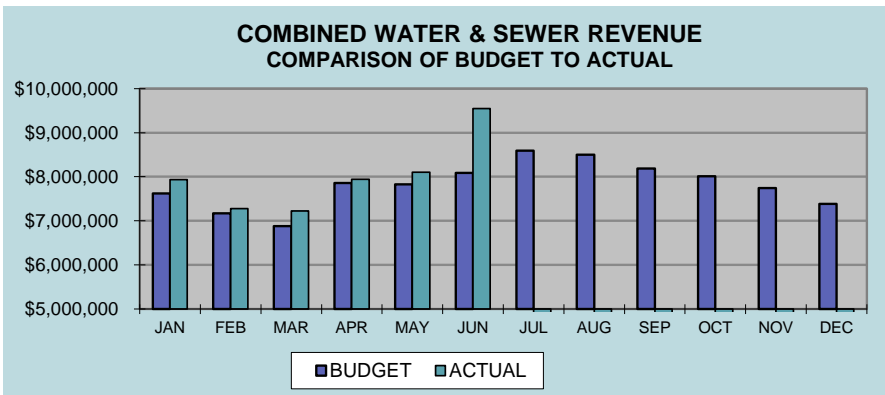
The total income was over budget for the month by 18%. Water sales were over budget by 20% or \$915,039. Wastewater sales were over budget by 10% or \$384,123. Income from all sources was over the monthly revenue budget by \$1,460,293. Water and wastewater expenses were under budget by \$49,891 (2%) and \$111,230 (6%), respectively. Because of savings on CWS's variable rate debt, the debt service payments were \$193,609 under budget for the month. The Projected Earnings Test calculation, used by the rating agencies as a measure of financial performance, is currently at 174% for the year. This ratio exceeds our budget of 141%.

For our Key Performance Indicators, the Debt Service Ratio moved further into the green category (good) indicator reflecting the 7 point improvement in June. On page 11 of the Financial Statements, the consolidated score for the Strategic Plan Performance Indicator Scorecard Report moved to 92.72% out of 100 which is also a good indicator. All of the measures are reported in the green except safety which is average.

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

7/21/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$4,569,049	\$5,484,088	\$915,039
2	WASTEWATER SALES	3,742,715	4,126,838	384,123
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(754,054)	(679,847)	74,207
4	NET SALES REVENUE	<u>7,557,710</u>	<u>8,931,079</u>	<u>1,373,369</u>
5	OTHER UTILITY INCOME	445,687	525,305	79,618
6	DOD REVENUE	60,251	65,916	5,665
7	INVESTMENT INCOME - OPERATING FUNDS	20,359	22,000	1,641
8	TOTAL INCOME	<u>8,084,007</u>	<u>9,544,300</u>	<u>1,460,293</u>
9	CONTRIBUTED CAPITAL	25,713 (1)	25,713	0
10	COMBINED TOTAL INCOME	<u>8,109,720</u>	<u>9,570,013</u>	<u>1,460,293</u>
11	WATER O&M EXPENSE (2)	(2,372,834)	(2,322,943)	49,891
12	WASTEWATER O&M EXPENSE (2)	(1,849,541)	(1,738,311)	111,230
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(2,279,934) (3)	(2,279,934) (4)	0
14	TOTAL O&M AND RECURRING CAPITAL	<u>(6,502,309)</u>	<u>(6,341,187)</u>	<u>161,122</u>
15	NET DEBT SERVICE	(2,747,958)	(2,554,349)	193,609
16	MONTHLY BALANCE FROM OPERATIONS	<u>(\$1,140,547)</u>	<u>\$674,477</u>	<u>\$1,815,024</u>

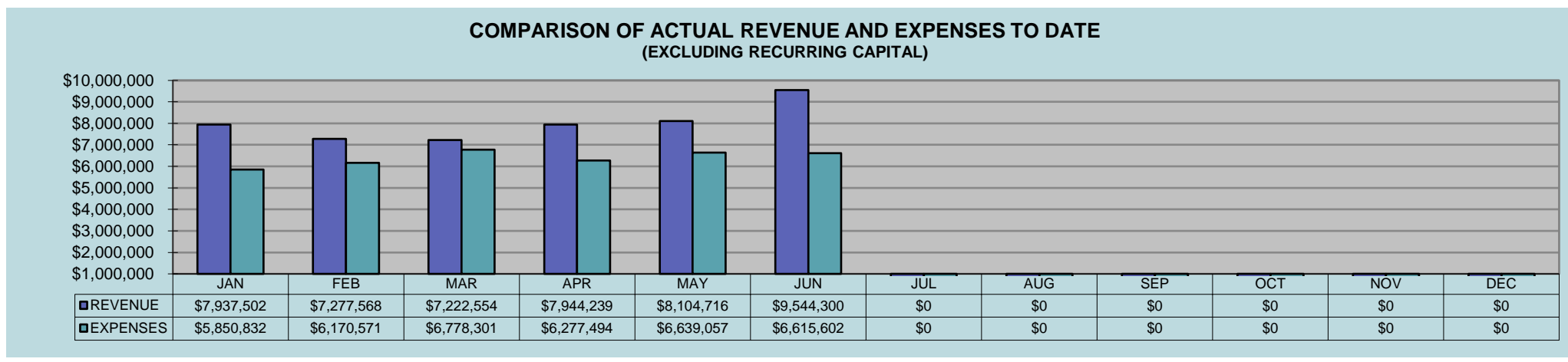


- (1) INCLUDES \$1,759 CONTRIBUTIONS & TAKEOVERS AND \$23,954 ENGINEER SERVICE FEES
- (2) INCLUDES \$91,250 (\$45,667 WATER & \$45,583 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
- (3) INCLUDES \$1,759 CONTRIBUTIONS & TAKEOVERS AND \$23,954 ENGINEER SERVICE FEES AND \$1,425,657 RECURRING CARRYOVER
- (4) INCLUDES \$1,759 CONTRIBUTIONS & TAKEOVERS AND \$1,853,594 RESERVED FOR CAPITAL IMPROVEMENTS

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

7/21/2011

LINE #	COMBINED UTILITY	BUDGET	ACTUAL	BUDGET REMAINING
1	TREATED WATER SALES	\$24,890,196	\$26,621,278	\$1,731,082
2	WASTEWATER SALES	21,243,732	21,427,765	184,033
3	DIRECT EXPENSES (CHEMICALS/UTILITIES)	(3,850,382)	(3,565,094)	285,288
4	NET SALES REVENUE	42,283,546	44,483,949	2,200,403
5	OTHER UTILITY INCOME	2,727,702	3,104,539	376,837
6	DOD REVENUE	308,539	310,244	1,705
7	INVESTMENT INCOME - OPERATING FUNDS	129,610	132,146	2,536
8	TOTAL INCOME	45,449,397	48,030,878	2,581,481
9	CONTRIBUTED CAPITAL	2,743,062 (1)	2,743,062	0
10	COMBINED TOTAL INCOME	48,192,459	50,773,940	2,581,481
11	WATER O&M EXPENSE (2)	(14,085,555)	(13,219,597)	865,958
12	WASTEWATER O&M EXPENSE (2)	(10,869,924)	(9,966,161)	903,763
13	NET RECURRING ANNUAL CAPITAL IMPROVEMENTS	(13,586,919) (3)	(13,586,919) (4)	0
14	TOTAL O&M AND RECURRING CAPITAL	(38,542,398)	(36,772,678)	1,769,721
15	NET DEBT SERVICE	(16,487,750)	(15,117,015)	1,370,735
16	BALANCE FROM OPERATIONS - YEAR TO DATE	(6,837,689)	(1,115,753)	5,721,937
17	NET BALANCE BROUGHT FORWARD FROM PREVIOUS YEARS	51,129,228	51,129,228	0
18	TRANSFERS TO OR FROM OTHER FUNDS	0	0	0
19	CUMULATIVE NET BALANCE AVAILABLE	\$44,291,539	\$50,013,476	\$5,721,937



- (1) INCLUDES \$2,678,486 CONTRIBUTIONS & TAKEOVERS AND \$64,576 ENGINEER SERVICE FEES
(2) INCLUDES \$547,500 (\$274,002 WATER & \$273,498 WASTEWATER) CONTRIBUTION TO THE CITY FOR THE CURRENT MONTH
(3) INCLUDES \$2,678,486 CONTRIBUTIONS & TAKEOVERS AND \$64,576 ENGINEER SERVICE FEES AND \$5,859,407 RECURRING CARRYOVER
(4) INCLUDES \$2,678,486 CONTRIBUTIONS & TAKEOVERS AND \$7,617,274 RESERVED FOR CAPITAL IMPROVEMENTS