

**Muscatine Power and Water****Water Utility****Operating Statements and Balance Sheets****October 2009**

**Muscatine Power and Water  
Water Utility**

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**Muscatine Power and Water - Water Utility**  
**Classification of Water Distribution**  
**Current Month - October 2009**

	<b>Budget Estimate</b>	<b>%Increase (Decrease) From Budget</b>	<b>This Year</b>	<b>%Increase (Decrease) Fr. Last Yr.</b>	<b>Last Year</b>
<b><u>Water Distribution - 1,000 Gallons</u></b>					
Contract Customers	657,334	(9.6)	594,225	(9.3)	654,900
Power Plants	75,208	(18.2)	61,539	(37.3)	98,214
Residential	39,117	(0.6)	38,881	(2.3)	39,777
Commercial	37,816	(20.7)	29,998	(18.7)	36,908
 Total Metered Customers	 809,475	 (10.5)	 724,643	 (12.7)	 829,799
Rated Customers - Estimate	---	---	19	---	19
City Use, Line Loss, Cycle Billing	48,569	(10.5)	43,479	(12.7)	49,788
 Total Water Pumped	 <u>858,044</u>	 (10.5)	 <u>768,141</u>	 (12.7)	 <u>879,606</u>

**Calendar Year-to-Date**

	<b>Budget Estimate</b>	<b>%Increase (Decrease) From Budget</b>	<b>This Year</b>	<b>%Increase (Decrease) Fr. Last Yr.</b>	<b>Last Year</b>
<b><u>Water Distribution - 1,000 Gallons</u></b>					
Contract Customers	6,971,295	(16.2)	5,841,229	(10.1)	6,498,245
Power Plants	878,729	(5.9)	826,672	(22.7)	1,069,846
Residential	450,761	(11.4)	399,511	(2.6)	410,104
Commercial	375,777	(16.5)	313,594	(8.4)	342,494
 Total Metered Customers	 8,676,562	 (14.9)	 7,381,006	 (11.3)	 8,320,689
Rated Customers - Estimate	---	---	202	(21.7)	258
City Use, Line Loss, Cycle Billing	520,594	(14.9)	442,860	(11.3)	499,241
 Total Water Pumped	 <u>9,197,156</u>	 (14.9)	 <u>7,824,068</u>	 (11.3)	 <u>8,820,188</u>

**Muscatine Power and Water - Water Utility**  
**Statements of Revenues, Expenses, and Changes in Net Assets**  
**Current Month - October 2009**

	<u>Budget</u>	<u>%Increase (Decrease)</u>	<u>This Year</u>	<u>%Increase (Decrease)</u>	<u>Last Year</u>
	<u>Estimate</u>	<u>From Budget</u>		<u>Fr. Last Yr.</u>	
<b><u>Sales of Water</u></b>					
Contract Customers	\$189,332	(11.5)	\$167,607	(5.7)	\$177,683
Power Plants	27,003	(4.5)	25,797	(15.9)	30,660
Residential	109,528	1.6	111,327	2.1	109,063
Commercial	38,950	(12.6)	34,045	(10.0)	37,835
Water Sales	<u>364,813</u>	<u>(7.1)</u>	<u>338,776</u>	<u>(4.6)</u>	<u>355,241</u>
<b><u>Other Revenue</u></b>					
Penalty Revenue	545	41.3	770	(5.2)	812
Merchandise & Job Sales-Net	741	(75.6)	181	33.1	136
Miscellaneous Revenue	633	---	1,280	19.4	1,072
Total Other Revenue	<u>1,919</u>	<u>16.3</u>	<u>2,231</u>	<u>10.4</u>	<u>2,020</u>
Operating Revenue	<u>366,732</u>	<u>(7.0)</u>	<u>341,007</u>	<u>(4.5)</u>	<u>357,261</u>
<b><u>Operating Expense</u></b>					
Operation	251,844	2.6	258,299	(5.2)	272,335
Maintenance	33,503	(16.7)	27,892	(19.6)	34,704
Depreciation	49,430	(20.2)	39,457	(15.8)	46,878
Total Operating Expense	<u>334,777</u>	<u>(2.7)</u>	<u>325,648</u>	<u>(8.0)</u>	<u>353,917</u>
Operating Income	31,955	(51.9)	15,359	---	3,344
<b><u>Nonoperating Revenues (Expenses)</u></b>					
Interest Income	4,345	(95.9)	176	(97.0)	5,812
Interest Expense	(8,828)	---	---	---	---
Net Nonoperating Revenues (Expenses)	<u>(4,483)</u>	<u>---</u>	<u>176</u>	<u>(97.0)</u>	<u>5,812</u>
<b>Net Income before Capital Contributions</b>	<b>27,472</b>	<b>(43.5)</b>	<b>15,535</b>	<b>---</b>	<b>9,156</b>
Capital Contributions	5,385	1.0	5,438	---	---
<b>Change in Net Assets</b>	<b>32,857</b>	<b>(36.2)</b>	<b>20,973</b>	<b>---</b>	<b>9,156</b>
<b>Beginning Net Assets</b>	<b><u>13,218,864</u></b>		<b><u>13,085,906</u></b>		<b><u>12,764,580</u></b>
<b>Ending Net Assets</b>	<b><u>\$13,251,721</u></b>		<b><u>\$13,106,879</u></b>		<b><u>\$12,773,736</u></b>
Percent to Total Income	8.7		6.1		2.5

**Muscatine Power and Water - Water Utility**  
**Statements of Revenues, Expenses, and Changes in Net Assets**  
**Calendar Year-to-Date - October 2009**

	<u>Budget</u>	<u>%Increase (Decrease)</u>	<u>This Year</u>	<u>%Increase (Decrease)</u>	<u>Last Year</u>
	<u>Estimate</u>	<u>From Budget</u>		<u>Fr. Last Yr.</u>	
<b><u>Sales of Water</u></b>					
Contract Customers	\$1,912,586	(11.3)	\$1,696,200	(4.1)	\$1,769,221
Power Plants	295,237	(1.0)	292,230	(8.9)	320,879
Residential	1,160,991	(4.0)	1,115,110	2.3	1,089,518
Commercial	<u>384,056</u>	<u>(10.9)</u>	<u>342,047</u>	<u>(4.1)</u>	<u>356,621</u>
Water Sales	<u>3,752,870</u>	<u>(8.2)</u>	<u>3,445,587</u>	<u>(2.6)</u>	<u>3,536,239</u>
<b><u>Other Revenue</u></b>					
Penalty Revenue	4,905	13.4	5,560	3.5	5,370
Merchandise & Job Sales-Net	4,662	(33.8)	3,087	(37.2)	4,912
Miscellaneous Revenue	<u>6,224</u>	<u>29.9</u>	<u>8,082</u>	<u>(3.0)</u>	<u>8,333</u>
Total Other Revenue	<u>15,791</u>	<u>5.9</u>	<u>16,729</u>	<u>(10.1)</u>	<u>18,615</u>
Operating Revenue	<u>3,768,661</u>	<u>(8.1)</u>	<u>3,462,316</u>	<u>(2.6)</u>	<u>3,554,854</u>
<b><u>Operating Expense</u></b>					
Operation	2,595,514	(3.1)	2,515,467	2.2	2,460,908
Maintenance	461,797	12.9	521,314	38.4	376,618
Depreciation	<u>494,283</u>	<u>(20.2)</u>	<u>394,570</u>	<u>(15.8)</u>	<u>468,780</u>
Total Operating Expense	<u>3,551,594</u>	<u>(3.4)</u>	<u>3,431,351</u>	<u>3.8</u>	<u>3,306,306</u>
Operating Income	<u>217,067</u>	<u>(85.7)</u>	<u>30,965</u>	<u>(87.5)</u>	<u>248,548</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>					
Interest Income	65,944	(71.5)	18,783	(65.3)	54,133
Interest Expense	<u>(88,278)</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Net Nonoperating Revenues (Expenses)	<u>(22,334)</u>	<u>---</u>	<u>18,783</u>	<u>(65.3)</u>	<u>54,133</u>
<b><u>Net Income (Loss) before Capital Contributions</u></b>					
	194,733	(74.5)	49,748	(83.6)	302,681
Capital Contributions	<u>115,079</u>	<u>0.1</u>	<u>115,222</u>	<u>(37.1)</u>	<u>183,116</u>
Change in Net Assets	309,812	(46.8)	164,970	(66.0)	485,797
Beginning Net Assets	<u>12,941,909</u>		<u>12,941,909</u>		<u>12,287,939</u>
Ending Net Assets	<u>\$13,251,721</u>		<u>\$13,106,879</u>		<u>\$12,773,736</u>
Percent to Total Income	7.8		4.6		12.8

**Muscatine Power and Water - Water Utility**  
**Balance Sheets**  
**October 2009**

**ASSETS**

	<u>2009</u>	<u>2008</u>
<b>Current Assets:</b>		
Cash - interest bearing	460,233	186,751
Investments	251,000	1,705,000
Receivables:		
Consumer Accounts	448,674	411,971
Interest	833	21,099
Inventories	310,091	345,472
Prepaid Pension	---	6,786
Prepaid Expenses	28,898	13,297
	<hr/>	<hr/>
Total Current Assets	1,499,729	2,690,376
	<hr/>	<hr/>
<b>Property and Equipment:</b>		
At Cost	23,452,120	21,446,771
Less Accumulated Depreciation	8,969,991	8,757,806
	<hr/>	<hr/>
Net Property and Equipment	14,482,129	12,688,965
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b><u>\$15,981,858</u></b>	<b><u>\$15,379,341</u></b>

**Muscatine Power and Water - Water Utility**  
**Balance Sheets**  
**October 2009**

**LIABILITIES AND NET ASSETS**

	<u>2009</u>	<u>2008</u>
<b>Current Liabilities:</b>		
Accounts Payable	\$358,921	\$167,487
Pension Provision	56,794	---
Health & Dental Insurance Provision	19,760	19,120
Intercompanies Payable	7,961	5,429
Retained Percentage on Contracts	65,189	13,814
Consumer Advances for Construction	33,729	149,972
Accrued Payroll	53,735	60,013
Accrued Vacation	72,788	74,564
Miscellaneous Accrued Expenses	30,112	40,801
Miscellaneous Deferred Credits	<u>10,000</u>	<u>10,000</u>
Total Current Liabilities	<u>708,989</u>	<u>541,200</u>
<b>Non-Current Liabilities:</b>		
Health & Dental Insurance Provision	167,843	138,218
Consumer Advances for Construction	<u>1,998,147</u>	<u>1,926,187</u>
Total Non-Current Liabilities	<u>2,165,990</u>	<u>2,064,405</u>
<b>Net Assets:</b>		
Invested in capital assets	12,450,253	10,612,806
Unrestricted	<u>656,626</u>	<u>2,160,930</u>
Total Net Assets	<u>13,106,879</u>	<u>12,773,736</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$15,981,858</u></u>	<u><u>\$15,379,341</u></u>

**Muscatine Power and Water - Water Utility**  
**Statements of Cash Flows**  
**October 2009**

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
<b>Cash flows from operating activities:</b>		
Cash received from:		
Water sales	\$416,093	\$3,434,858
Miscellaneous sources	1,165	25,402
FEMA	---	7,096
Cash paid to/for:		
Suppliers	(131,839)	(1,138,139)
Employees payroll, taxes and benefits	<u>(155,006)</u>	<u>(1,579,609)</u>
Net cash flows from operating activities	<u>130,413</u>	<u>749,608</u>
<b>Cash flows from capital and related financing activities:</b>		
Capital expenditures, net	<u>(104,391)</u>	<u>(1,797,835)</u>
Net cash flows from capital and related financing activities	<u>(104,391)</u>	<u>(1,797,835)</u>
<b>Cash flows from investing activities:</b>		
Interest received on investments	<u>32</u>	<u>46,963</u>
Net cash flows from investing activities	<u>32</u>	<u>46,963</u>
Net increase (decrease) in cash and investments	<u>26,054</u>	<u>(1,001,264)</u>
Cash and investments at beginning of period	<u>685,179</u>	<u>1,712,497</u>
Cash and investments at end of period	<u><u>\$711,233</u></u>	<u><u>\$711,233</u></u>

**Muscatine Power and Water - Water Utility**  
**Statements of Cash Flows**  
**October 2009**

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$15,359	\$30,965
Noncash item in operating income:		
Depreciation of utility plant	39,457	394,570
Changes in assets and liabilities:		
Consumer accounts receivable	76,960	41,718
Inventories	(32,144)	42,394
Prepaid and deferred expenses	5,429	(15,192)
Accounts payable	(5,464)	112,771
Pension provision	5,679	56,794
Health & dental insurance provision	(2,042)	20,090
Intercompany payable	4,062	(7,652)
Retained percentage	11,695	41,726
Accrued payroll	9,557	37,402
Accrued vacation	2,095	3,484
Miscellaneous accrued expenses	<u>(230)</u>	<u>(9,462)</u>
Net cash flows from operating activities	<u><u>\$130,413</u></u>	<u><u>\$749,608</u></u>

**Muscatine Power and Water - Water Utility  
Summary of Expenses  
Current Month - October 2009**

	<u>Budget Est.</u>	<u>This Year</u>		<u>Last Year</u>	
<b><u>Source of Supply</u></b>					
Operation Supervision	\$2,216		\$2,436		\$2,491
Operation Labor and Expenses	1,372		1,324		1,171
Miscellaneous Expense	936		478		1,076
Maintenance of Wells	---		---		---
Maintenance of Supply Mains	1,163		1,190		1,798
Depreciation	5,407		5,208		4,587
 Total Source of Supply Expense	 11,094	3.0	 10,636	3.1	 11,123
<b><u>Pumping</u></b>					
Operation Supervision	2,543		2,851		2,917
Fuel or Power Purchased	68,185		62,371		67,516
Pumping Labor and Expenses	4,497		4,615		4,682
Miscellaneous Expense	309		351		266
Maintenance of Structures	25		37		---
Maintenance of Pumping Equipment	6,093		4,692		6,918
Depreciation	3,936		4,126		3,675
 Total Pumping Expense	 85,588	23.3	 79,043	23.2	 85,974
<b><u>Water Treatment</u></b>					
Operation Supervision	2,757		2,987		3,129
Chemicals	21,667		19,026		15,350
Operation Labor and Expenses	8,543		10,453		11,161
Miscellaneous Expense	680		1,961		235
Maintenance of Structures	924		61		910
Maintenance of Purification Equip.	1,993		476		1,274
Depreciation	2,341		2,340		2,340
 Total Water Treatment Expense	 38,905	10.6	 37,304	10.9	 34,399
<b><u>Distribution</u></b>					
Operation Supervision	2,873		2,767		2,452
Storage Facilities Expense	1,760		2,145		2,116
Trans. & Distr. Lines Expense	6,033		15,994		15,270
Meter Expense	12,876		11,696		16,118
Consumer Installation Expense	4,374		4,604		5,451
Miscellaneous Expense	5,121		8,796		4,180
Vehicle Expense	3,609		3,515		3,597
Maintenance:					
Supervision	4,397		4,376		3,759
Structures	154		55		140
Reservoirs and Standpipes	49		26		13
Mains	4,789		3,906		10,256
Valves	6,593		2,548		4,508
Meters	1,544		3,663		690
Hydrants	2,246		1,621		702
Miscellaneous Plant	2,318		1,745		2,775
Vacation, Holiday, Sick Leave	9,500		7,706		10,328
Depreciation	27,472		27,783		26,430
 Total Distribution Expense	 \$95,708	26.1	 \$102,946	30.2	 \$108,785

**Muscatine Power and Water - Water Utility**  
**Summary of Expenses**  
**Calendar Year-to-Date - October 2009**

<u>Source of Supply</u>	<u>Budget Est.</u>	<u>This Year</u>	<u>Last Year</u>	
Operation Supervision	\$21,800	\$23,110		\$22,239
Operation Labor and Expenses	13,743	11,447		11,358
Miscellaneous Expense	13,134	15,414		14,350
Maintenance of Wells	85,000	82,770		25,657
Maintenance of Supply Mains	11,632	12,507		15,840
Depreciation	<u>54,065</u>	<u>52,080</u>		<u>45,870</u>
Total Source of Supply Expense	<u>199,374</u>	5.3	<u>197,328</u>	5.7
			<u>135,314</u>	3.8
<u>Pumping</u>				
Operation Supervision	25,687	26,568		25,908
Fuel or Power Purchased	661,965	622,769		686,183
Pumping Labor and Expenses	45,496	38,341		41,125
Miscellaneous Expense	3,094	2,734		2,992
Maintenance of Structures	1,624	881		1,410
Maintenance of Pumping Equipment	60,523	53,044		60,100
Depreciation	<u>39,357</u>	<u>41,260</u>		<u>36,750</u>
Total Pumping Expense	<u>837,746</u>	22.2	<u>785,597</u>	22.7
			<u>854,468</u>	24.0
<u>Water Treatment</u>				
Operation Supervision	26,666	27,490		27,226
Chemicals	216,667	207,065		150,307
Operation Labor and Expenses	106,328	111,133		113,866
Miscellaneous Expense	9,462	9,425		6,183
Maintenance of Structures	13,147	3,938		9,894
Maintenance of Purification Equip.	37,468	9,289		38,135
Depreciation	<u>23,404</u>	<u>23,400</u>		<u>23,400</u>
Total Water Treatment Expense	<u>433,142</u>	11.5	<u>391,740</u>	11.3
			<u>369,011</u>	10.4
<u>Distribution</u>				
Operation Supervision	28,207	22,654		21,914
Storage Facilities Expense	21,519	24,671		27,837
Trans. & Distr. Lines Expense	58,505	65,717		60,462
Meter Expense	112,793	106,302		108,787
Consumer Installation Expense	43,949	49,261		42,145
Miscellaneous Expense	67,015	79,180		61,051
Vehicle Expense	37,397	33,233		39,444
Maintenance:				
Supervision	43,262	33,044		34,094
Structures	1,539	5,659		10,353
Reservoirs and Standpipes	1,294	149		107
Mains	62,258	204,137		61,980
Valves	67,329	37,024		54,651
Meters	14,878	27,443		13,889
Hydrants	22,724	15,565		16,012
Miscellaneous Plant	24,382	14,825		22,690
Vacation, Holiday, Sick Leave	116,107	99,486		107,468
Depreciation	<u>274,715</u>	<u>277,830</u>		<u>264,300</u>
Total Distribution Expense	<u>\$997,873</u>	26.5	<u>\$1,096,180</u>	31.7
			<u>\$947,184</u>	26.6

**Muscatine Power and Water - Water Utility**  
**Summary of Expenses**  
**Current Month - October 2009**

	<u>Budget Est.</u>	<u>This Year</u>		<u>Last Year</u>	
<b><u>Customer Service Expense</u></b>					
Customer Information Expense	\$2,750	0.7	\$463	0.1	\$2,295
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>Consumer Accounts</u></b>					
Supervision	889	1,042	1,035		
Meter Reading Expense	3,181	2,875	3,318		
Consumer Records and Collection	12,146	12,283	11,467		
Uncollectible Accounts Expense	217	217	267		
Vacation, Holiday, Sick Leave	1,308	1,393	1,341		
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Consumer Accounts Expense	17,741	4.8	17,810	5.2	17,428
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>Administrative and General</u></b>					
Administrative and General Salaries	14,871	15,463	14,740		
Office Supplies and Expenses	1,449	1,513	1,737		
Outside Services Employed	1,146	1,466	7,984		
Property Insurance	833	854	697		
Casualty Ins, Injuries & Damages	2,688	2,348	6,769		
Employee Pensions and Benefits	40,401	41,803	36,484		
Fringe Benefits Charged to Constr.	(4,375)	(662)	(3,708)		
Miscellaneous General Expense	7,102	3,533	11,752		
Rents	5,707	5,702	5,043		
Maintenance of General Plant	1,215	3,496	961		
Vacation, Holiday, Sick Leave	1,680	1,930	1,608		
Depreciation	10,274	---	9,846		
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Administrative and General	82,991	22.6	77,446	22.7	93,913
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Operating Expense</b>	<b>\$334,777</b>		<b>\$325,648</b>		<b>\$353,917</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Percent to Operating Revenue		91.3		95.5	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
					99.1

**Muscatine Power and Water - Water Utility**  
**Summary of Expenses**  
**Calendar Year-to-Date - October 2009**

	<u>Budget Est.</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>Customer Service Expense</u></b>			
Customer Information Expense	<u>\$38,419</u>	1.0	<u>\$11,367</u>
			0.3
		<u>\$21,927</u>	0.6
<b><u>Consumer Accounts</u></b>			
Supervision	8,996	8,964	9,040
Meter Reading Expense	34,807	30,686	31,293
Customer Records and Collection	118,996	117,541	105,584
Uncollectible Accounts Expense	2,167	2,167	2,668
Vacation, Holiday, Sick Leave	<u>16,203</u>	<u>15,711</u>	<u>15,669</u>
Total Consumer Accounts Expense	<u>181,169</u>	4.8	<u>175,069</u>
		5.1	<u>164,254</u>
		4.6	
<b><u>Administrative and General</u></b>			
Administrative and General Salaries	147,180	145,897	135,676
Office Supplies and Expenses	15,263	15,331	14,305
Outside Services Employed	36,198	19,228	27,138
Property Insurance	7,924	8,070	6,924
Casualty Ins, Injuries & Damages	26,838	30,077	32,653
Employee Pensions and Benefits	408,511	416,398	374,021
Fringe Benefits Charged to Constr.	(46,080)	(35,951)	(35,779)
Miscellaneous General Expense	72,962	75,470	79,249
Rents	57,070	57,020	50,430
Maintenance of General Plant	14,737	21,039	11,806
Vacation, Holiday, Sick Leave	20,526	21,491	19,265
Depreciation	<u>102,742</u>	<u>---</u>	<u>98,460</u>
Total Administrative and General	<u>863,871</u>	22.9	<u>774,070</u>
		22.4	<u>814,148</u>
		22.9	
<b>Total Operating Expense</b>	<b><u>\$3,551,594</u></b>	<b><u>\$3,431,351</u></b>	<b><u>\$3,306,306</u></b>
Percent to Operating Revenue	94.2	99.1	93.0

**Muscatine Power and Water - Water Utility**  
**Statistical Data**  
**Current Month - October 2009**

	<u>2009</u>		<u>2008</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Pumped</u>	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.441	0.468	0.404	0.428
Cost Per 1,000 Gallons	<u>0.424</u>	<u>0.449</u>	<u>0.402</u>	<u>0.427</u>
Margin	<u>0.017</u>	<u>0.018</u>	<u>0.002</u>	<u>0.002</u>

	<u>2009</u>		<u>2008</u>	
Maximum Daily Water Pumped (1,000 gallons)	30,740		32,309	
Date of Maximum	10/13		10/13	

**Calendar Year-to-Date**

	<u>2009</u>		<u>2008</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Pumped</u>	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.440	0.467	0.401	0.425
Cost Per 1,000 Gallons	<u>0.439</u>	<u>0.465</u>	<u>0.375</u>	<u>0.397</u>
Margin	<u>0.002</u>	<u>0.002</u>	<u>0.026</u>	<u>0.028</u>

	<u>2009</u>		<u>2008</u>	
Maximum Daily Water Pumped (1,000 gallons)	32,414		36,410	
Date of Maximum	09/10		08/18	

**Services**

Contract Customers	2	2
Power Plants	2	2
Residential	8,500	8,490
Commercial	<u>1,087</u>	<u>1,116</u>
Total	<u>9,591</u>	<u>9,610</u>

**Water Utility**  
**Review of Operating Results**  
**October 2009**

**MUSCATINE POWER AND WATER - WATER UTILITY**  
**REVIEW OF YEAR-TO-DATE OPERATING RESULTS - OCTOBER 31, 2009**  
**(Analysis of Financial Statements - Page 3)**

Page 1

		Increase (Decrease) to Budgeted Net Assets
<b>Sales of Water</b>		
Contract Customers	\$(216,386)	16.2% fewer gallons of water sold
Power Plants	(3,007)	
Residential	(45,881)	11.4% fewer gallons of water sold
Commercial	<u>(42,009)</u>	16.5% fewer gallons of water sold
	<u>(307,283)</u>	
<b>Other Revenue</b>		
Penalty Revenue	855	Higher penalty revenue
Merchandise & Job Sales-Net	(1,575)	Lower job sales
Miscellaneous Revenue	385	Higher revenue from reconnection fees
	599	Higher than expected FEMA reimbursement for 2008 storm costs
	562	Microsoft claim
	<u>112</u>	Other miscellaneous variances - net
	<u>938</u>	
<b>Operating Expense</b>		
Operation	(546)	Well test equipment, not budgeted
	600	Pressure washer, not expended yet
	39,196	Lower fuel/power purchased due to fewer gallons pumped
	9,602	Chemical cost lower due to 14.9% fewer gallons of water pumped
	(6,372)	Higher cost of electricity at the storage facilities
	(4,549)	More traffic signs purchased so far this year
	(695)	Locator, not budgeted
	636	Lower cost for lawn care
	10,156	Lower media advertising
	3,574	Fewer promotional materials expended
	5,387	Customer satisfaction survey will not be completed this year
	1,680	Customer awareness programs not expended
	1,400	AMR software licenses not expended yet
	(3,788)	Higher legal fees
	(3,413)	Higher cost for organizational review study
	(2,388)	Salary review, not budgeted this year
	2,500	Leak detection study has been postponed
	8,000	Elevated tower coating inspection, deferred until 2010
	1,809	IS application consulting, not needed yet
	4,800	Security audit will not be completed this year
	1,800	Workforce development training postponed until later this year
	5,700	ROC training, cancelled for this year
	4,014	ROC team expenses, not expended
	(3,315)	Higher injuries & damages
	(9,194)	Higher pension cost
	3,046	Lower IPERS cost
	4,829	Lower healthcare cost
	(9,942)	Higher unemployment cost
	(18,905)	Test drilling wells and land appraisals, not budgeted
	(10,129)	Fringe benefits charged to construction lower than anticipated
	3,132	Lower employment expenses incurred
	4,617	Lower travel expense
	2,006	Lower postage expense
	6,888	Lower gasoline and diesel fuel cost
	18,063	Lower labor expense
	7,380	Lower vacation accrual due to openings in the water production and metering
	2,468	Other miscellaneous variances - net
	<u>80,047</u>	
Maintenance	2,230	Lower cost of well cleaning
	7,479	Fewer pumping equipment repairs completed
	9,209	Lower cost of water treatment buildings/pump house repairs
	12,000	Chlorine gas controllers to be expended later this year
	4,000	Chlorine vacuum regulators to be expended later this year
	7,888	Project engineering labor expense, not expended
	(706)	West Hill Reservoir control room heater repair, not budgeted
	(141,879)	More costly main repairs, primarily at Isett Avenue
	30,305	Fewer valve repairs
	(12,565)	Higher meter repairs
	7,159	Lower hydrant maintenance
	3,397	Lower vehicle maintenance costs
	1,200	Shelving/racking at West Hill, not expended
	4,839	Lower gasoline and diesel fuel cost
	(6,600)	Maintenance agreement on new water system modeling software, not budgeted
	12,527	Other miscellaneous variances - net
	<u>(59,517)</u>	
Depreciation	99,713	Administrative & General asset class was fully depreciated in 2008; budget assumed depreciation through 2009
<b>Nonoperating Revenue (Expense)</b>		
Interest Income	(47,161)	Decrease due to lower rate of return and lower cash & investment balances; the budget assumed the borrowing of funds would take place in January
Interest Expense	88,278	Debt issue of \$2,000,000 in January, at 5%/year interest, has not occurred
	<u>41,117</u>	
<b>Net Income before Capital Contributions</b>	(144,985)	Decrease in Budgeted Net Assets
<b>Capital Contributions</b>	<u>143</u>	
<b>Change in Net Assets</b>	<u>\$(144,842)</u>	Total Decrease in Budgeted Net Assets

## **Statements of Revenues, Expenses and Changes in Net Assets**

### **Sales of Water**

Contract customers' water usage is 16.2% less than the budget, resulting in \$216,386 lower revenue. GPC's 16.8% lower usage resulted in \$210,745 less revenue; Heinz's usage was 6.7% lower with \$5,642 less revenue. Residential and commercial customers' usage is 11.4% and 16.5% lower than budget, resulting in \$45,881 and \$42,009 lower revenue, respectively.

### **Other Revenue**

#### **Merchandise & Job Sales-Net**

Job sales revenue is \$1,575 lower than projected through October; included are two negative adjustments equaling \$623 that relate to December invoices.

#### **Miscellaneous Revenue**

Actual revenue includes \$599 for FEMA's reimbursement of the 2008 storm costs above what was previously booked in 2008, and \$562 for a Microsoft claim. Reconnection fees are \$385 greater than projected.

### **Nonoperating Revenue**

#### **Interest Income**

Interest income is \$47,161 lower than budget due to lower cash and investment balances, and realizing a lower rate of return. The budget assumed the water utility would borrow funds in January, which did not take place. 2008's mark to market adjustment was a negative \$3,336.

#### **Interest Expense**

The budget assumed a \$2,000,000 debt issue, at a 5% interest rate, would take place in January. With the exception of the State Revolving Loan Fund borrowing of approximately \$465,000 approved by the Board in August, no other issuance of debt is anticipated this year.

## **Balance Sheets**

### **Assets**

#### **Consumer Accounts Receivable**

Receivables include estimated unbilled revenues of \$50,587 for services rendered from the date of the last meter reading to month-end.

### **Liabilities**

#### **Health & Dental Insurance Provision**

Health care claims have been less than premiums accrued. The current portion is based on the third party administrator's estimate of incurred but unpaid health claims at year end. This estimate is adjusted annually. Self insuring of dental care claims began in 2009.

### Year-To-Date Summary of Expenses

#### Source of Supply

##### Operation Labor and Expenses

The water production department's labor expense is \$3,692 lower than budget; well test equipment, costing \$546, and other materials, costing \$859, were not budgeted.

##### Miscellaneous Expense

The budget includes \$600 for a pressure washer, and \$600 for fire-retardant clothing, which have not been expended. Lawn care is \$819 higher than budgeted through October. Non-budgeted costs associated with gathering data for USGS' aquifer study amounted to \$220 for materials and \$1,955 for labor.

##### Maintenance of Wells

2009 actual and budget expense is for five well cleanings; 2008 expense is for one well cleaning.

#### Pumping

##### Fuel or Purchased Power

KWh usage was lower than budgeted due to 14.9% fewer gallons pumped, resulting in \$39,196 lower expense.

##### Pumping Labor and Expenses

Total labor expense is \$7,568 lower than budget through October.

##### Maintenance of Structures

Budgeted materials, which have not been expended, include installing door sweeps, and painting buildings. Total material expense is \$977 lower than budget through October.

##### Maintenance of Pumping Equipment

Material and labor expenses are \$5,645 and \$1,834 lower than projected for the year, respectively.

#### Water Treatment

##### Chemicals

Chemical cost is \$9,602 or 4.4% lower than budget due to 14.9 % fewer gallons of water pumped.

##### Maintenance of Structures

The budget includes \$1,500 for thermostats at the water treatment building, \$600 to replace an exhaust fan at the Main Wellfield Treatment building; \$1,100 for two on-demand water heaters, and \$600 for painting that have not been expended yet. Actual expense includes \$600 for lawn care, \$302 for a fan motor, \$380 security devices, and \$400 for an air-conditioner. Labor expense is \$7,176 lower than anticipated. Facilities maintenance, water production and water distribution's labor expenses are lower by \$1,256, \$3,774, and \$3,305, respectively. The power plant maintenance department and the power plant electricians charged \$513 and \$632 in labor expense, respectively, that was not budgeted.

Water Treatment (cont'd)

Maintenance of Purification Equipment

The budget includes \$12,000 for chlorine gas controllers, and \$4,000 for chlorine vacuum regulators that are anticipated to be expended later this year. Labor expense is \$11,433 lower than budgeted through October.

Distribution

Operation Supervision

Project engineering budgeted \$5,850 for labor expense through October; only \$466 has been expensed to this account.

Storage Facilities Expense

Electricity expense is \$6,372 higher than budgeted through October. Lawn care and facilities maintenance labor expenses are lower than the budget by \$1,454 and \$1,253, respectively.

Transmission & Distribution Lines Expense

Labor expense is \$11,008 greater than budget due to more time spent flushing than anticipated in October, while materials expense is \$3,796 lower than budget for the year.

Meter Expense

The metering department's labor and materials expenses are \$8,881 and \$1,461 lower than budget for the year. The outside servicemen's labor expense is \$3,996 higher than budget.

Consumer Installation Expense

The water distribution and outside servicemen's labor expenses are greater than budgeted through October by \$3,567 and \$1,828, respectively. The metering department's labor expense is \$1,562 lower than budget.

Miscellaneous Expense

Stores adjustments resulted in a cost of \$1,116; traffic signs are \$4,549 greater than budget; a locator, costing \$695, was not budgeted, and other material expenses are \$5,620 greater than budget through October.

Vehicle Expense

Gasoline and diesel fuel usage is \$6,514 lower than budget; labor expense is \$988 greater than budget; and other material expenses are \$1,362 greater than budget for the year.

Maintenance Supervision

Project engineering budgeted \$8,587 for labor expense through October; only \$699 has been expensed to this account. Planning & scheduling department labor is \$2,101 lower than projected due to not being fully staffed for part of the year.

Maintenance of Structures

A heater repair at West Hill Reservoir's control room, costing \$628; two motors, costing \$170; motor control center panels, costing \$200; a thermostat, costing \$78; and an electric heater fan motor at East Hill pumping station, costing \$309, were not budgeted. Labor expense is \$2,452 greater than budget primarily due to installing an emergency generator and replacing motor control center panels at West Hill Reservoir.

Distribution (cont'd)Maintenance of Mains

Labor and material expenses are higher than budgeted by \$10,337 and \$131,542, respectively, due to costly water main breaks and street repairs, primarily at Isett Avenue.

Maintenance of Valves

Valve repairs have been postponed, resulting in \$16,346 lower labor expense, and \$13,959 lower material expense.

Maintenance of Meters

More time has been spent by the metering department than budgeted, resulting in \$4,844 higher labor expense, and \$7,721 higher material expense.

Maintenance of Hydrants

The water distribution department has spent less time than anticipated investigating and repairing hydrants, which resulted in \$7,128 lower labor expense.

Maintenance of Miscellaneous Plant

Vehicle maintenance and gasoline/diesel fuel expenses are \$3,849 and \$4,839 lower than budget, respectively. The budget includes \$1,200 for shelving and racks that will not be expended this year.

Customer Service ExpenseCustomer Information Expense

	2009 <u>Budget</u>	2009 <u>Actual</u>	2008 <u>Actual</u>
Neighborhood Link	1,580	500	500
Local Toolbox	1,430	1,143	---
Promotional Materials	7,071	3,497	3,844
Media Advertising	14,548	4,392	5,632
Customer Survey	5,387	---	4,993
Postage	2,770	978	1,633
Calendar	1,957	---	---
Customer awareness programs	1,680	---	2,583
Newsletter	450	651	645
Other expenses	<u>1,546</u>	<u>206</u>	<u>2,097</u>
	<u>\$38,419</u>	<u>\$11,367</u>	<u>\$21,927</u>

Consumer AccountsMeter Reading Expense

Labor expense is \$2,382 lower than budgeted through October. The budget includes \$1,400 for AMR software licenses that have not been expended yet.

Administrative and GeneralOutside Services Employed

Legal fees and the organizational review are \$3,788 and \$3,413 higher than the budget through October. The salary review, costing \$2,388, was budgeted in 2008. The leak detection study, budgeted at \$2,500; elevated tower coating inspection, budgeted at \$8,000; IS application consulting, budgeted at \$1,809; security audit, budgeted at \$4,800; ROC training, budgeted at \$5,700; and workforce development training, budgeted at \$1,800, have not been expended.

Casualty Insurance, Injuries & Damages

Injuries & damages are \$3,315 higher than budget through October.

Employee Pensions and Benefits

	2009 <u>Budget</u>	2009 <u>Actual</u>	2008 <u>Actual</u>
FICA	91,647	91,935	92,027
Health care cost	185,385	180,556	170,744
IPERS	37,538	34,492	34,935
Pension	47,600	56,794	35,278
Deferred compensation utility match	17,220	16,856	15,505
Unemployment expense	1,200	11,142	(64)
Other expenses	27,921	24,623	25,596
	<u>\$408,511</u>	<u>\$416,398</u>	<u>\$374,021</u>

Fringe Benefits Charged to Construction

Less time has been charged to capital projects than projected.

Miscellaneous General Expense

Travel, temporary labor services, ROC team expenses, employment expenses, and labor expenses are lower than the budget by \$4,617, \$1,097, \$4,014, \$3,132, and \$6,087, respectively. Safety material expenses are \$2,109 greater than the budget through October. Actual expense includes \$18,905 for research associated with the land purchase that was cancelled.

Maintenance of General Plant

Maintenance agreements are \$5,791 greater than budget due to acquiring new water system modeling software, which was not budgeted.

Depreciation

The administrative & general assets were fully depreciated at the end of 2008; the budget assumed depreciation would continue through 2009.

**Water Utility**  
**Balance Sheet Review**  
**October 2009**

	<u>2009</u>	<u>2008</u>
<b><u>Current Assets</u></b>		
<b><u>Receivables - Consumer Accounts</u></b>		
Customer Water Accounts	\$401,374	\$416,847
Unbilled Revenue	50,587	--
Merchandise Accounts	3,058	3,451
Allowance for Doubtful Accounts	<u>(6,345)</u>	<u>(8,327)</u>
	<u><u>\$448,674</u></u>	<u><u>\$411,971</u></u>
<b><u>Inventories</u></b>		
Inventory	\$302,515	\$338,622
Stores Expense (a/c 163)	<u>7,576</u>	<u>6,850</u>
	<u><u>\$310,091</u></u>	<u><u>\$345,472</u></u>
<b><u>Prepaid Expenses</u></b>		
Prepaid Insurance	\$8,479	\$7,234
Prepaid Maintenance Contracts	18,608	4,705
Other Prepaid Expenses	<u>1,811</u>	<u>1,358</u>
	<u><u>\$28,898</u></u>	<u><u>\$13,297</u></u>
<b><u>Current Liabilities</u></b>		
<b><u>Accounts Payable</u></b>		
Electric Bills	\$65,387	\$70,512
Channing L Bete - educational booklets	--	1,865
Coca Lawn Care - lawn care	1,265	2,146
Cottingham & Butler - workers comp	1,891	970
Dakota Supply - meters	1,280	3,768
Ferguson Enterprises - pipe	--	1,882
Goedken & Creasey - legal svc	931	4,922
Harcos Chemicals - chemicals	5,440	6,699
HD Supply Waterworks - parts	463	5,320
Hupp Electric - motor rpr	--	7,063
Industrial Technology Corp - chemicals	30,480	3,234
Iowa Workforce Development - benefits	2,005	321
LCI, Ltd - chemicals	--	11,074
Little & Assoc - recruiting svc	--	1,762
Muscatine Tire & Wheel - tires	--	1,420
Smith-Blair - pin assy/propeller	81	2,902
Sulzberger Excavating - wtr main construction	196,554	--
Utility Equipment - parts	1,708	2,288
Volkens Excavating - wtr main	25,658	--
Wellmark - health ins	2,489	--
Zimmer & Francescon - nozzles/drain rings	--	1,041
Other	<u>23,289</u>	<u>38,298</u>
	<u><u>\$358,921</u></u>	<u><u>\$167,487</u></u>

Retained Percentage on Contracts

Sulzberger Excavating - wtr main construction	63,839	—
Volkens Excavating - wtr main improvements	1,350	<u>13,814</u>
	<u>65,189</u>	<u>13,814</u>

Miscellaneous Accrued Expenses

Sales/Use Tax Collections Payable	\$4,929	\$5,551
Payroll Tax Collections Payable	9,493	10,546
Employee Payroll Deductions	2,067	2,200
Workers' Comp Self Insurance Reserves	7,260	15,936
Comp Time Payable	6,363	6,568
	<u>\$30,112</u>	<u>\$40,801</u>

Non-Current LiabilitiesCustomer Advances for Construction

City of Muscatine-Southend Water Main	\$1,021,484	\$1,021,484
Others	976,663	<u>904,703</u>
	<u>\$1,998,147</u>	<u>\$1,926,187</u>