

Muscatine Power and Water

Water Utility

Operating Statements and Balance Sheets

**December 2011
(Unaudited)**

**Muscatine Power and Water
Water Utility**

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Muscatine Power and Water - Water Utility
Classification of Water Distribution
Current Month - December 2011

	<u>Budget Estimate</u>	<u>%Increase (Decrease) From Budget</u>	<u>This Year</u>	<u>%Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
<u>Water Distribution - 1,000 Gallons</u>					
Contract Customers	585,773	(10.2)	525,875	(6.6)	563,220
Power Plants	65,636	22.1	80,168	2.6	78,099
Residential	38,849	(3.7)	37,407	(1.4)	37,957
Commercial	27,240	(0.3)	27,149	(7.7)	29,421
Total Metered Customers	717,498	(6.5)	670,599	(5.4)	708,697
Rated Customers - Estimate	---	---	4	(63.6)	11
City Use, Line Loss, Cycle Billing	43,050	(6.5)	40,236	(5.4)	42,522
Total Water Pumped	760,548	(6.5)	710,839	(5.4)	751,230

Calendar Year-to-Date

	<u>Budget Estimate</u>	<u>%Increase (Decrease) From Budget</u>	<u>This Year</u>	<u>%Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
<u>Water Distribution - 1,000 Gallons</u>					
Contract Customers	7,193,516	0.7	7,243,204	1.2	7,160,419
Power Plants	947,744	(3.9)	910,487	(0.1)	911,742
Residential	483,000	1.8	491,496	5.5	465,699
Commercial	390,000	1.2	394,645	2.7	384,144
Total Metered Customers	9,014,260	0.3	9,039,832	1.3	8,922,004
Rated Customers - Estimate	---	---	67	(69.1)	217
City Use, Line Loss, Cycle Billing	540,856	0.3	542,390	1.3	535,320
Total Water Pumped	9,555,116	0.3	9,582,289	1.3	9,457,541

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Assets
Current Month - December 2011

	<u>Budget Estimate</u>	<u>%Increase (Decrease) From Budget</u>	<u>This Year</u>	<u>%Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
<u>Sales of Water</u>					
Contract Customers	\$177,520	(2.9)	\$172,320	0.7	\$171,044
Power Plants	28,519	0.9	28,764	8.1	26,613
Residential	120,188	(1.6)	118,301 ^{fn1}	3.3	114,573 ^{fn2}
Commercial	34,208	1.5	34,706 ^{fn1}	(0.2)	34,778 ^{fn2}
Water Sales	360,435	(1.8)	354,091	2.0	347,008
<u>Other Revenue</u>					
Penalty Revenue	590	52.0	897	24.6	720
Merchandise & Job Sales-Net	788	2.5	808	(14.5)	945
Miscellaneous Revenue	739	16.2	859	(38.9)	1,406
Total Other Revenue	2,117	21.1	2,564	(16.5)	3,071
Operating Revenue	362,552	(1.6)	356,655	1.9	350,079
<u>Operating Expense</u>					
Operation	256,696	(9.4)	232,453	(8.9)	255,055
Maintenance	32,792	---	66,738	---	32,924
Depreciation	45,787	(0.4)	45,621	5.1	43,404
Total Operating Expense	335,275	2.8	344,812	4.1	331,383
Operating Income	27,277	(56.6)	11,843	(36.7)	18,696
<u>Nonoperating Revenues (Expenses)</u>					
Interest Income	64	(87.5)	8	(87.9)	66
Interest Expense	(913)	(16.0)	(767)	5.6	(726)
Net Nonoperating Revenues (Expenses)	(849)	(10.6)	(759)	15.0	(660)
Net Income before Capital Contributions	26,428	(58.1)	11,084	(38.5)	18,036
Capital Contributions	---	---	---	---	---
Change in Net Assets	26,428	---	11,084	---	18,036
Beginning Net Assets	13,493,291		13,668,969		13,373,172
Ending Net Assets	\$13,519,719		\$13,680,053		\$13,391,208
Net Income (Loss) to Total Income	7.3		3.1		5.2
Debt Service Coverage	19.96		16.34		18.32

fn1 Includes an adjustment to unbilled revenues of \$536 and 83 for residential and commercial customers, respectively.

fn2 Includes an adjustment to unbilled revenues of (\$118) and (\$80) for residential and commercial customers, respectively.

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Assets
Calendar Year-to-Date - December 2011

	<u>Budget</u> <u>Estimate</u>	<u>%Increase</u> <u>(Decrease)</u> <u>From Budget</u>	<u>This</u> <u>Year</u>	<u>%Increase</u> <u>(Decrease)</u> <u>Fr. Last Yr.</u>	<u>Last</u> <u>Year</u>
<u>Sales of Water</u>					
Contract Customers	\$2,158,693	1.4	\$2,187,973	5.0	\$2,082,844
Power Plants	364,117	(9.2)	330,758	2.5	322,651
Residential	1,441,117	0.6	1,449,511 ^{fn1}	6.1	1,366,655 ^{fn2}
Commercial	<u>453,614</u>	1.6	<u>461,032</u> ^{fn1}	5.8	<u>435,735</u> ^{fn2}
Water Sales	<u>4,417,541</u>	0.3	<u>4,429,274</u>	5.3	<u>4,207,885</u>
<u>Other Revenue</u>					
Penalty Revenue	6,400	21.4	7,772	10.3	7,044
Merchandise & Job Sales-Net	10,645	5.1	11,186	19.3	9,379
Miscellaneous Revenue	<u>10,337</u>	1.0	<u>10,445</u>	1.1	<u>10,336</u>
Total Other Revenue	<u>27,382</u>	7.4	<u>29,403</u>	9.9	<u>26,759</u>
Operating Revenue	<u>4,444,923</u>	0.3	<u>4,458,677</u>	5.3	<u>4,234,644</u>
<u>Operating Expense</u>					
Operation	3,240,809	(8.5)	2,966,053	0.5	2,951,414
Maintenance	524,922	32.5	695,594	28.7	540,423
Depreciation	<u>549,457</u>	(0.4)	<u>547,452</u>	5.1	<u>520,845</u>
Total Operating Expense	<u>4,315,188</u>	(2.5)	<u>4,209,099</u>	4.9	<u>4,012,682</u>
Operating Income	<u>129,735</u>	92.4	<u>249,578</u>	12.4	<u>221,962</u>
<u>Nonoperating Revenues (Expenses)</u>					
Interest Income	1,217	(81.9)	220	(76.8)	948
Interest Expense	<u>(11,440)</u>	(23.6)	<u>(8,744)</u>	(33.9)	<u>(13,226)</u>
Net Nonoperating Revenues (Expenses)	<u>(10,223)</u>	(16.6)	<u>(8,524)</u>	(30.6)	<u>(12,278)</u>
Net Income (Loss) before Capital Contributions	119,512	---	241,054	15.0	209,684
Capital Contributions	<u>---</u>	---	<u>47,791</u>	(48.1)	<u>92,081</u>
Change in Net Assets	119,512	---	288,845	(4.3)	301,765
Beginning Net Assets	<u>13,391,208</u>		<u>13,391,208</u>		<u>13,089,443</u>
Ending Net Assets	<u>\$13,510,720</u>		<u>\$13,680,053</u>		<u>\$13,391,208</u>
Net Income (Loss) to Total Income	2.7		5.4		5.0
Debt Service Coverage	19.3		19.37		19.47

fn1 Includes an adjustment to unbilled revenues of \$536 and 83 for residential and commercial customers, respectively.

fn2 Includes an adjustment to unbilled revenues of (\$118) and (\$80) for residential and commercial customers, respectively.

Muscatine Power and Water - Water Utility
Statements of Net Assets
December 2011

ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash - interest bearing	\$600,151	\$422,229
Investments	---	---
Receivables:		
Consumer Accounts	478,183 ^{fn1}	482,781 ^{fn2}
Interest	5	5
Inventories	285,362	289,486
Prepaid Expenses	<u>27,003</u>	<u>23,351</u>
Total Current Assets	<u>1,390,704</u>	<u>1,217,852</u>
Property and Equipment:		
At Cost	24,025,396	23,544,517
Less Accumulated Depreciation	<u>9,057,117</u>	<u>8,623,443</u>
Net Property and Equipment	<u>14,968,279</u>	<u>14,921,074</u>
 TOTAL ASSETS	 <u><u>\$16,358,983</u></u>	 <u><u>\$16,138,926</u></u>

fn1 Includes \$51,917 for unbilled revenues.

fn2 Includes \$51,298 for unbilled revenues.

Muscatine Power and Water - Water Utility
Statements of Net Assets
December 2011

LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
Current Liabilities:		
<u>Restricted</u>		
State Revolving Loan	\$33,000	---
Accrued Interest	1,193	1,192
	<hr/>	<hr/>
Total Current Restricted Liabilities	34,193	1,192
	<hr/>	<hr/>
<u>Unrestricted</u>		
Accounts Payable	160,368	127,618
Health & Dental Insurance Provision	19,578	23,244
Intercompanies Payable	9,809	6,697
Retained Percentage on Contracts	---	23,828
Consumer Advances for Construction	287,157	77,811
Accrued Payroll	28,759	27,654
Accrued Vacation	75,990	69,663
Miscellaneous Accrued Expenses	36,916	42,111
Miscellaneous Deferred Credits	5,200	5,200
	<hr/>	<hr/>
Total Current Unrestricted Liabilities	623,777	403,826
	<hr/>	<hr/>
Non-Current Liabilities:		
State Revolving Loan	241,000	265,096
Health & Dental Insurance Provision	144,731	155,346
Post-Employment Health Benefit Provision	13,930	11,756
Consumer Advances for Construction	1,621,299	1,910,502
	<hr/>	<hr/>
Total Non-Current Liabilities	2,020,960	2,342,700
	<hr/>	<hr/>
Net Assets:		
Invested in capital assets, net of related debt	12,785,823	12,667,665
Restricted	---	---
Unrestricted	894,230	723,543
	<hr/>	<hr/>
Total Net Assets	13,680,053	13,391,208
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$16,358,983</u>	<u>\$16,138,926</u>

Muscatine Power and Water - Water Utility
Statements of Cash Flows
December 2011

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Water sales	\$368,805	\$4,424,868
Miscellaneous sources	2,618	27,874
Cash paid to/for:		
Suppliers	(148,145)	(1,664,574)
Employees payroll, taxes and benefits	(146,265)	(1,993,090)
Net cash flows from operating activities	<u>77,013</u>	<u>795,078</u>
Cash flows from capital and related financing activities:		
State revolving loan fund proceeds	---	40,904
State revolving loan fund principal payments	---	(32,000)
State revolving loan interest payments	---	(8,744)
Capital expenditures, net	(14,688)	(617,536)
Net cash flows from capital and related financing activities	<u>(14,688)</u>	<u>(617,376)</u>
Cash flows from investing activities:		
Interest received on investments	9	220
Net cash flows from investing activities	<u>9</u>	<u>220</u>
Net increase in cash and investments	<u>62,334</u>	<u>177,922</u>
Cash and investments at beginning of period	<u>537,817</u>	<u>422,229</u>
Cash and investments at end of period	<u><u>\$600,151</u></u>	<u><u>\$600,151</u></u>

Muscatine Power and Water - Water Utility
Statements of Cash Flows
December 2011

	<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	\$11,843	\$249,578
Noncash item in operating income:		
Depreciation of utility plant	45,621	547,452
Changes in assets and liabilities:		
Consumer accounts receivable	18,768	4,598
Inventories	5,857	4,124
Prepaid and deferred expenses	(6,639)	(3,652)
Accounts payable	(8,396)	23,564
Pension provision	8,157	---
Health & dental insurance provision	(3,147)	(14,281)
Other post-employment benefit provision	193	2,174
Intercompany payable	(4,188)	3,112
Retained percentage	---	(23,828)
Accrued payroll	12,474	1,105
Accrued vacation	2,163	6,327
Miscellaneous accrued expenses	(5,693)	(5,195)
Net cash flows from operating activities	<u>\$77,013</u>	<u>\$795,078</u>

Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - December 2011

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Source of Supply</u>						
Operation Supervision	\$2,317		\$2,286		\$2,340	
Operation Labor and Expenses	859		1,180		608	
Miscellaneous Expense	164		---		242	
Maintenance of Wells	---		15,432		(8,689)	
Maintenance of Supply Mains	1,343		1,750		68	
Depreciation	5,614		5,141		5,207	
Total Source of Supply Expense	10,297	2.8	25,789	7.2	(224)	-0.1
<u>Pumping</u>						
Operation Supervision	2,646		2,659		2,714	
Fuel or Power Purchased	61,997		53,922		53,073	
Pumping Labor and Expenses	4,449		4,232		2,823	
Miscellaneous Expense	233		339		180	
Maintenance of Structures	72		312		712	
Maintenance of Pumping Equipment	6,011		12,831		18,424	
Depreciation	5,000		5,677		4,356	
Total Pumping Expense	80,408	22.2	79,972	22.4	82,282	23.5
<u>Water Treatment</u>						
Operation Supervision	2,739		2,683		2,733	
Chemicals	21,333		14,054		19,544	
Operation Labor and Expenses	10,400		13,070		12,998	
Miscellaneous Expense	1,491		748		1,217	
Maintenance of Structures	381		1,837		404	
Maintenance of Purification Equip.	730		3,585		1,997	
Depreciation	2,347		2,338		2,340	
Total Water Treatment Expense	39,421	10.9	38,315	10.7	41,233	11.8
<u>Distribution</u>						
Operation Supervision	2,693		2,538		2,709	
Storage Facilities Expense	1,330		1,416		1,546	
Trans. & Distr. Lines Expense	6,639		1,437		4,142	
Meter Expense	12,097		8,882		9,015	
Consumer Installation Expense	4,874		3,064		3,335	
Miscellaneous Expense	2,602		6,781		8,434	
Vehicle Expense	3,564		1,911		3,556	
Maintenance:						
Supervision	4,247		3,999		4,253	
Structures	28		868		192	
Reservoirs and Standpipes	---		6		(9,690)	
Mains	8,016		10,229		13,781	
Valves	3,293		8,327		3,890	
Meters	2,151		2,443		1,616	
Hydrants	2,976		1,996		957	
Miscellaneous Plant	1,890		1,460		3,354	
Vacation, Holiday, Sick Leave	15,121		19,638		19,106	
Depreciation	30,213		29,963		29,223	
Total Distribution Expense	\$101,734	28.1	\$104,958	29.4	\$99,419	28.4

Muscatine Power and Water - Water Utility
Summary of Expenses
Calendar Year-to-Date - December 2011

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Source of Supply</u>						
Operation Supervision	\$27,686		\$27,279		\$28,431	
Operation Labor and Expenses	10,137		13,244		13,605	
Miscellaneous Expense	10,141		2,338		9,012	
Maintenance of Wells	90,000		62,144		79,043	
Maintenance of Supply Mains	16,298		7,194		10,396	
Depreciation	67,367		61,692		62,484	
Total Source of Supply Expense	221,629	5.0	173,891	3.9	202,971	4.8
<u>Pumping</u>						
Operation Supervision	32,470		31,940		33,031	
Fuel or Power Purchased	761,701		688,833		726,492	
Pumping Labor and Expenses	53,564		44,700		44,981	
Miscellaneous Expense	2,800		3,938		3,768	
Maintenance of Structures	4,221		559		749	
Maintenance of Pumping Equipment	73,348		155,073		123,222	
Depreciation	60,003		68,124		52,272	
Total Pumping Expense	988,107	22.2	993,167	22.3	984,515	23.2
<u>Water Treatment</u>						
Operation Supervision	32,682		33,015		33,318	
Chemicals	256,000		195,120		232,532	
Operation Labor and Expenses	124,308		146,056		135,644	
Miscellaneous Expense	17,842		14,451		8,797	
Maintenance of Structures	5,278		7,905		4,855	
Maintenance of Purification Equip.	20,183		35,122		32,206	
Depreciation	28,169		28,056		28,080	
Total Water Treatment Expense	484,462	10.9	459,725	10.3	475,432	11.2
<u>Distribution</u>						
Operation Supervision	32,468		32,360		32,201	
Storage Facilities Expense	18,822		18,963		24,340	
Trans. & Distr. Lines Expense	110,182		86,213		72,220	
Meter Expense	140,880		114,315		114,514	
Consumer Installation Expense	58,823		57,185		60,235	
Miscellaneous Expense	38,191		61,858		59,553	
Vehicle Expense	41,957		49,004		40,938	
Maintenance:						
Supervision	51,224		51,338		50,688	
Structures	5,832		10,678		4,085	
Reservoirs and Standpipes	3,500		4,106		10,152	
Mains	99,177		184,627		98,719	
Valves	47,420		60,157		30,302	
Meters	27,033		36,002		26,943	
Hydrants	35,854		34,488		27,529	
Miscellaneous Plant	22,676		24,811		23,212	
Vacation, Holiday, Sick Leave	130,884		132,810		131,585	
Depreciation	362,555		359,556		350,676	
Total Distribution Expense	\$1,227,478	27.6	\$1,318,471	29.6	\$1,157,892	27.3

Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - December 2011

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense	<u>\$2,068</u>	0.6	<u>\$273</u>	0.1	<u>\$1,964</u>	0.6
<u>Consumer Accounts</u>						
Supervision	910		626		355	
Meter Reading Expense	3,419		4,118		4,064	
Consumer Records and Collection	12,877		10,917		12,186	
Uncollectible Accounts Expense	342		3,488		2,945	
Vacation, Holiday, Sick Leave	<u>2,114</u>		<u>2,838</u>		<u>3,245</u>	
Total Consumer Accounts Expense	<u>19,662</u>	5.4	<u>21,987</u>	6.2	<u>22,795</u>	6.5
<u>Administrative and General</u>						
Administrative and General Salaries	15,223		11,421		13,422	
Office Supplies and Expenses	1,359		1,709		1,467	
Outside Services Employed	2,484		816		2,771	
Property Insurance	815		808		854	
Casualty Ins, Injuries & Damages	3,025		1,766		13,713	
Employee Pensions and Benefits	41,294		40,870		37,197	
Fringe Benefits Charged to Constr.	(1,280)		(2,086)		(1,123)	
Miscellaneous General Expense	5,875		5,464		5,121	
Rents	5,243		5,243		6,298	
Maintenance of General Plant	1,654		1,663		1,655	
Vacation, Holiday, Sick Leave	3,380		3,342		261	
Depreciation	<u>2,613</u>		<u>2,502</u>		<u>2,278</u>	
Total Administrative and General	<u>81,685</u>	22.5	<u>73,518</u>	20.6	<u>83,914</u>	24.0
Total Operating Expense	<u>\$335,275</u>		<u>\$344,812</u>		<u>\$331,383</u>	
Percent to Operating Revenue		92.5		96.7		94.7

Muscatine Power and Water - Water Utility
Summary of Expenses
Calendar Year-to-Date - December 2011

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense	<u>\$34,209</u>	0.8	<u>\$17,766</u>	0.4	<u>\$11,775</u>	0.3
<u>Consumer Accounts</u>						
Supervision	11,087		11,569		11,284	
Meter Reading Expense	40,877		45,961		45,166	
Customer Records and Collection	155,102		137,545		142,433	
Uncollectible Accounts Expense	4,100		7,246		5,883	
Vacation, Holiday, Sick Leave	<u>17,747</u>		<u>20,838</u>		<u>21,109</u>	
Total Consumer Accounts Expense	<u>228,913</u>	5.1	<u>223,159</u>	5.0	<u>225,875</u>	5.3
<u>Administrative and General</u>						
Administrative and General Salaries	181,099		159,636		169,861	
Office Supplies and Expenses	18,421		17,929		16,700	
Outside Services Employed	153,435		113,759		11,965	
Property Insurance	9,898		9,840		10,253	
Casualty Ins, Injuries & Damages	36,304		35,716		50,014	
Employee Pensions and Benefits	505,528		497,865		505,925	
Fringe Benefits Charged to Constr.	(17,223)		(29,593)		(26,536)	
Miscellaneous General Expense	96,606		78,403		70,934	
Rents	62,916		62,916		75,576	
Maintenance of General Plant	22,878		21,390		18,322	
Vacation, Holiday, Sick Leave	29,165		25,035		23,875	
Depreciation	<u>31,363</u>		<u>30,024</u>		<u>27,333</u>	
Total Administrative and General	<u>1,130,390</u>	25.4	<u>1,022,920</u>	22.9	<u>954,222</u>	22.5
Total Operating Expense	<u>\$4,315,188</u>		<u>\$4,209,099</u>		<u>\$4,012,682</u>	
Percent to Operating Revenue		97.1		94.4		94.8

**Muscatine Power and Water - Water Utility
Statistical Data
Current Month - December 2011**

	<u>2011</u>		<u>2010</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Pumped</u>	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.498	0.528	0.462	0.490
Cost Per 1,000 Gallons	<u>0.485</u>	<u>0.514</u>	<u>0.441</u>	<u>0.468</u>
Margin	<u>0.013</u>	<u>0.014</u>	<u>0.021</u>	<u>0.022</u>
	<u>2011</u>		<u>2010</u>	
Maximum Daily Water Pumped (1,000 gallons)	28,063		27,533	
Date of Maximum	12/05		12/13	

Calendar Year-to-Date

	<u>2011</u>		<u>2010</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Pumped</u>	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.462	0.490	0.445	0.472
Cost Per 1,000 Gallons	<u>0.439</u>	<u>0.466</u>	<u>0.424</u>	<u>0.450</u>
Margin	<u>0.023</u>	<u>0.024</u>	<u>0.021</u>	<u>0.022</u>
	<u>2011</u>		<u>2010</u>	
Maximum Daily Water Pumped (1,000 gallons)	33,869		32,273	
Date of Maximum	07/20		08/10	

Services

Contract Customers	2	2
Power Plants	2	2
Residential	8,535	8,510
Commercial	<u>1,082</u>	<u>1,086</u>
Total	<u>9,621</u>	<u>9,600</u>