

Muscatine Power and Water

Water Utility

Statement of Revenues, Expenses and Changes in Net Position

August 2014

**Muscatine Power and Water
Water Utility**

Table of Contents

	Page
Classification of Water Distribution.....	1
Statements of Revenues, Expenses, and Changes in Net Position.....	2-3
Statements of Net Position.....	4-5
Statements of Cash Flows.....	6-7
Summary of Expenses.....	8-11
Statistical Data.....	12

**Muscatine Power and Water - Water Utility
Classification of Water Distribution
Current Month - August 2014**

	<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	632,889	0.8	637,870	7.4	593,807
Power Plants	99,069	(28.4)	70,904	(27.4)	97,727
Residential	48,650	(10.2)	43,696	(16.5)	52,312
Commercial	43,458	(8.9)	39,586	(9.2)	43,620
Total Metered Customers	824,066	(3.9)	792,056	0.6	787,466
Rated Customers - Estimate	---	---	22	1.0X	11
City Use, Line Loss, Cycle Billing	49,444	(3.9)	47,523	0.6	47,248
Total Water Pumped	873,510	(3.9)	839,601	0.6	834,725

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	4,775,004	1.4	4,843,720	1.3	4,780,364
Power Plants	630,418	(0.3)	628,776	6.5	590,666
Residential	327,051	(6.2)	306,930	(3.5)	317,999
Commercial	269,724	(1.1)	266,874	(2.2)	272,890
Total Metered Customers	6,002,197	0.7	6,046,299	1.4	5,961,919
Rated Customers - Estimate	---	---	105	11.7	94
City Use, Line Loss, Cycle Billing	360,132	0.7	362,778	1.4	357,715
Total Water Pumped	6,362,329	0.7	6,409,182	1.4	6,319,728

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - August 2014

	<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	\$207,683	2.2	\$212,220	7.8	\$196,840
Power Plants	36,321	(17.9)	29,808	(13.5)	34,478
Residential	155,480	(3.6)	149,889	0.6	149,008
Commercial	<u>54,443</u>	(3.3)	<u>52,669</u>	0.9	<u>52,190</u>
Water Sales	<u>453,927</u>	(2.1)	<u>444,586</u>	2.8	<u>432,516</u>
<u>Other Revenue</u>					
Penalty Revenue	683	3.8	709	(35.0)	1,090
Merchandise & Job Sales-Net	825	(51.3)	402	(87.8)	3,306
Miscellaneous Revenue	<u>812</u>	4.6	<u>849</u>	1.2	<u>839</u>
Total Other Revenue	<u>2,320</u>	(15.5)	<u>1,960</u>	(62.6)	<u>5,235</u>
Operating Revenue	<u>456,247</u>	(2.1)	<u>446,546</u>	2.0	<u>437,751</u>
<u>Operating Expense</u>					
Operation	292,791	(4.3)	280,194	4.5	268,255
Maintenance	44,521	(14.6)	38,035	(9.8)	42,152
Depreciation	<u>60,090</u>	0.1	<u>60,159</u>	14.9	<u>52,340</u>
Total Operating Expense	<u>397,402</u>	(4.8)	<u>378,388</u>	4.3	<u>362,747</u>
Operating Income	<u>58,845</u>	15.8	<u>68,158</u>	(9.1)	<u>75,004</u>
<u>Nonoperating Revenues (Expenses)</u>					
Interest Income	154	(87.7)	19	(26.9)	26
Interest Expense	<u>(9,765)</u>	(92.4)	<u>(745)</u>	18.8	<u>(627)</u>
Net Nonoperating Revenues (Expenses)	<u>(9,611)</u>	(92.4)	<u>(726)</u>	20.8	<u>(601)</u>
<u>Net Income (Loss) before Capital Contributions</u>					
	49,234	37.0	67,432	(9.4)	74,403
Capital Contributions	<u>---</u>	---	<u>73,593</u>	---	<u>16,521</u>
Change in Net Position	49,234	1.9X	141,025	55.1	90,924
Beginning Net Position	<u>15,481,477</u>		<u>15,514,167</u>		<u>14,197,978</u>
Ending Net Position	<u>\$15,530,711</u>		<u>\$15,655,192</u>		<u>\$14,288,902</u>
Net Income (Loss) to Operating Revenue	10.8		15.1		17.0
Debt Service Coverage	1.77		2.24		41.85

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - August 2014

	<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	\$1,582,987	3.0	\$1,629,975	7.4	\$1,517,567
Power Plants	255,740	(3.2)	247,610	3.6	238,925
Residential	1,145,556	(2.2)	1,119,817	6.0	1,056,549
Commercial	361,870	3.4	374,110	6.2	352,343
Water Sales	3,346,153	0.8	3,371,512	6.5	3,165,384
<u>Other Revenue</u>					
Penalty Revenue	5,467	4.2	5,699	3.7	5,494
Merchandise & Job Sales-Net	7,193	(25.4)	5,368	(8.2)	5,845
Miscellaneous Revenue	7,633	40.4	10,717	(23.3)	13,981
Total Other Revenue	20,293	7.3	21,784	(14.0)	25,320
Operating Revenue	3,366,446	0.8	3,393,296	6.3	3,190,704
<u>Operating Expense</u>					
Operation	2,285,054	1.6	2,321,348	6.6	2,177,485
Maintenance	613,310	5.4	646,708	35.5	477,119
Depreciation	480,715	0.1	481,272	14.9	418,720
Total Operating Expense	3,379,079	2.1	3,449,328	12.2	3,073,324
Operating Income (Loss)	(12,633)	3.4X	(56,032)	-1.5X	117,380
<u>Nonoperating Revenues (Expenses)</u>					
Interest Income	1,080	(81.9)	195	(6.3)	208
Interest Expense	(117,700)	(95.3)	(5,546)	6.7	(5,199)
Net Nonoperating Revenues (Expenses)	(116,620)	(95.4)	(5,351)	7.2	(4,991)
Net Income (Loss) before Capital Contributions	(129,253)	(52.5)	(61,383)	-1.5X	112,389
Capital Contributions	45,530	1.2X	102,141	48.0	69,024
Change in Net Position	(83,723)	-1.5X	40,758	(77.5)	181,413
Beginning Net Position	15,614,434		15,614,434		14,107,489
Ending Net Position	\$15,530,711		\$15,655,192		\$14,288,902
Net Income (Loss) to Operating Revenue	(3.8)		(1.8)		3.5
Debt Service Coverage	0.92		0.93		22.24

Muscatine Power and Water - Water Utility
Statements of Net Position
August 2014

ASSETS

	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash - interest bearing	\$626,600	\$611,114
Receivables:		
Consumer Accounts	587,390	574,642
Interest	2	2
Inventories	286,182	317,941
Prepaid Expenses	36,390	30,199
	<hr/>	<hr/>
Total Current Assets	1,536,564	1,533,898
	<hr/>	<hr/>
Property and Equipment:		
At Cost	27,769,117	25,708,202
Less Accumulated Depreciation	10,473,749	9,879,206
	<hr/>	<hr/>
Net Property and Equipment	17,295,368	15,828,996
	<hr/>	<hr/>
 TOTAL ASSETS	 <u>\$18,831,932</u>	 <u>\$17,362,894</u>

Muscatine Power and Water - Water Utility
Statements of Net Position
August 2014

LIABILITIES AND NET POSITION

	<u>2014</u>	<u>2013</u>
Current Liabilities:		
State Revolving Loan	\$29,000	\$29,000
Notes Payable to Electric Utility	1,650,000	400,000
Accrued Interest	2,580	1,854
Accounts Payable	263,126	282,411
Pension Provision	54,836	11,274
Health & Dental Insurance Provision	23,200	17,316
Retained Percentage on Contracts	31,154	15,077
Consumer Advances for Construction	187,666	1,143,609
Accrued Payroll	66,932	61,909
Accrued Vacation	102,985	93,397
Accrued Property Taxes	923	---
Miscellaneous Accrued Expenses	44,190	55,673
	<hr/>	<hr/>
Total Current Liabilities	2,456,592	2,111,520
	<hr/>	<hr/>
Non-Current Liabilities:		
State Revolving Loan	161,000	190,000
Health & Dental Insurance Provision	132,609	165,229
Post-Employment Health Benefit Provision	37,144	20,709
Consumer Advances for Construction	389,395	586,534
	<hr/>	<hr/>
Total Non-Current Liabilities	720,148	962,472
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	14,878,307	13,479,853
Unrestricted	776,885	809,049
	<hr/>	<hr/>
Total Net Position	15,655,192	14,288,902
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u>\$18,831,932</u>	<u>\$17,362,894</u>

Muscatine Power and Water - Water Utility
Statements of Cash Flows
August 2014

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Water sales	\$429,899	\$3,318,976
Miscellaneous sources	1,609	12,960
Cash paid to/for:		
Suppliers	(133,340)	(1,503,598)
Employees payroll, taxes and benefits	(197,753)	(1,488,213)
Net cash flows from operating activities	<u>100,415</u>	<u>340,125</u>
Cash flows from capital and related financing activities:		
State revolving loan fund principal payments	---	(29,000)
State revolving loan interest payments	---	(3,833)
Loan from electric utility	250,000	1,250,000
Loan from electric utility interest payments	---	(208)
Capital expenditures, net	(233,544)	(1,498,605)
Net cash flows from capital and related financing activities	<u>16,456</u>	<u>(281,646)</u>
Cash flows from investing activities:		
Interest received on investments	<u>20</u>	<u>195</u>
Net cash flows from investing activities	<u>20</u>	<u>195</u>
Net increase in cash and investments	<u>116,891</u>	<u>58,674</u>
Cash and investments at beginning of period	<u>509,709</u>	<u>567,926</u>
Cash and investments at end of period	<u><u>\$626,600</u></u>	<u><u>\$626,600</u></u>

Muscatine Power and Water - Water Utility
Statements of Cash Flows
August 2014

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$68,158	(\$56,032)
Noncash item in operating income:		
Depreciation of utility plant	60,159	481,272
Changes in assets and liabilities:		
Consumer accounts receivable	(13,422)	(47,908)
Inventories	10,835	70,056
Prepaid and deferred expenses	6,430	(16,497)
Accounts payable	(25,729)	(188,221)
Pension provision	(18,153)	54,836
Health & dental insurance provision	2,565	(10,211)
Other post-employment benefit provision	833	6,666
Retained percentage	4,712	31,154
Accrued payroll	5,419	22,748
Accrued vacation	22	7,805
Accrued property taxes	66	133
Miscellaneous accrued expenses	(1,480)	(15,676)
Net cash flows from operating activities	<u>\$100,415</u>	<u>\$340,125</u>

Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - August 2014

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision	\$2,555		\$2,428		\$2,364	
Operation Labor and Expenses	1,638		801		908	
Miscellaneous Expense	687		124		400	
Maintenance of Wells	---		---		---	
Maintenance of Supply Mains	252		250		971	
Depreciation	<u>6,717</u>		<u>6,546</u>		<u>5,958</u>	
Total Source of Supply Expense	<u>11,849</u>	2.6	<u>10,149</u>	2.3	<u>10,601</u>	2.4
<u>Pumping</u>						
Operation Supervision	2,912		2,820		2,731	
Fuel or Power Purchased	67,200		76,282		70,236	
Pumping Labor and Expenses	3,759		6,046		5,192	
Miscellaneous Expense	216		264		482	
Maintenance of Structures	141		---		---	
Maintenance of Pumping Equipment	5,807		2,379		6,623	
Depreciation	<u>5,498</u>		<u>5,670</u>		<u>5,498</u>	
Total Pumping Expense	<u>85,533</u>	18.7	<u>93,461</u>	20.9	<u>90,762</u>	20.7
<u>Water Treatment</u>						
Operation Supervision	3,014		2,826		2,757	
Chemicals	18,193		14,706		16,168	
Operation Labor and Expenses	12,584		15,116		14,807	
Miscellaneous Expense	689		1,015		297	
Maintenance of Structures	1,430		1,257		2,766	
Maintenance of Purification Equip.	2,563		453		7,593	
Depreciation	<u>3,205</u>		<u>3,229</u>		<u>2,338</u>	
Total Water Treatment Expense	<u>41,678</u>	9.1	<u>38,602</u>	8.6	<u>46,726</u>	10.7
<u>Distribution</u>						
Operation Supervision	3,006		2,944		2,750	
Storage Facilities Expense	4,698		4,878		4,752	
Trans. & Distr. Lines Expense	3,075		3,373		(5,858)	
Meter Expense	12,089		14,321		12,490	
Consumer Installation Expense	5,159		4,254		5,061	
Miscellaneous Expense	10,508		14,607		15,646	
Vehicle Expense	5,023		3,642		4,391	
Maintenance:						
Supervision	4,798		4,511		4,381	
Structures	145		150		221	
Reservoirs and Standpipes	27		67		131	
Mains	12,424		17,180		9,408	
Valves	4,425		3,720		2,845	
Meters	4,790		2,050		1,704	
Hydrants	1,937		1,193		1,941	
Miscellaneous Plant	3,096		3,027		1,848	
Vacation, Holiday, Sick Leave	9,815		8,295		9,744	
Depreciation	<u>32,396</u>		<u>32,462</u>		<u>31,035</u>	
Total Distribution Expense	<u>\$117,411</u>	25.7	<u>\$120,674</u>	27.0	<u>\$102,490</u>	23.4

Muscatine Power and Water - Water Utility
Summary of Expenses
Calendar Year-to-Date - August 2014

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision	\$20,095		\$19,140		\$18,983	
Operation Labor and Expenses	12,717		7,313		9,656	
Miscellaneous Expense	3,411		1,579		2,862	
Maintenance of Wells	75,000		88,490		65,569	
Maintenance of Supply Mains	1,841		6,505		5,679	
Depreciation	<u>53,737</u>		<u>52,368</u>		<u>47,664</u>	
Total Source of Supply Expense	<u>166,801</u>	5.0	<u>175,395</u>	5.2	<u>150,413</u>	4.7
<u>Pumping</u>						
Operation Supervision	23,421		22,254		21,848	
Fuel or Power Purchased	489,500		553,708		481,241	
Pumping Labor and Expenses	29,896		39,688		30,759	
Miscellaneous Expense	1,788		2,194		2,890	
Maintenance of Structures	1,218		120		5,124	
Maintenance of Pumping Equipment	150,033		228,257		96,479	
Depreciation	<u>43,982</u>		<u>45,360</u>		<u>43,984</u>	
Total Pumping Expense	<u>739,838</u>	22.0	<u>891,581</u>	26.3	<u>682,325</u>	21.4
<u>Water Treatment</u>						
Operation Supervision	23,539		22,429		22,053	
Chemicals	145,544		125,532		123,651	
Operation Labor and Expenses	104,200		106,493		108,165	
Miscellaneous Expense	13,112		9,494		17,819	
Maintenance of Structures	9,612		6,332		12,847	
Maintenance of Purification Equip.	17,161		25,842		27,395	
Depreciation	<u>25,639</u>		<u>25,832</u>		<u>18,704</u>	
Total Water Treatment Expense	<u>338,807</u>	10.1	<u>321,954</u>	9.5	<u>330,634</u>	10.4
<u>Distribution</u>						
Operation Supervision	23,440		22,500		21,827	
Storage Facilities Expense	35,138		37,813		34,196	
Trans. & Distr. Lines Expense	45,485		46,452		72,035	
Meter Expense	89,763		88,690		90,262	
Consumer Installation Expense	40,720		36,866		34,769	
Miscellaneous Expense	81,708		118,334		108,866	
Vehicle Expense	39,569		40,018		33,122	
Maintenance:						
Supervision	36,961		36,196		35,014	
Structures	2,071		2,408		3,340	
Reservoirs and Standpipes	85,675		5,175		4,159	
Mains	99,413		160,430		132,257	
Valves	33,743		16,542		25,427	
Meters	37,454		16,850		15,449	
Hydrants	15,765		11,563		13,987	
Miscellaneous Plant	24,771		20,618		20,776	
Vacation, Holiday, Sick Leave	96,172		99,812		98,183	
Depreciation	<u>259,166</u>		<u>259,696</u>		<u>248,280</u>	
Total Distribution Expense	<u>\$1,047,014</u>	31.1	<u>\$1,019,963</u>	30.1	<u>\$991,949</u>	31.1

**Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - August 2014**

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense	<u>\$1,759</u>	0.4	<u>\$1,810</u>	0.4	<u>\$1,978</u>	0.5
<u>Consumer Accounts</u>						
Supervision	1,305		1,360		1,463	
Meter Reading Expense	3,715		4,794		3,590	
Consumer Records and Collection	14,099		13,202		14,452	
Uncollectible Accounts Expense	735		735		569	
Vacation, Holiday, Sick Leave	<u>1,462</u>		<u>1,515</u>		<u>1,527</u>	
Total Consumer Accounts Expense	<u>21,316</u>	4.7	<u>21,606</u>	4.8	<u>21,601</u>	4.9
<u>Administrative and General</u>						
Administrative and General Salaries	18,936		20,384		16,749	
Office Supplies and Expenses	1,631		1,831		1,084	
Outside Services Employed	14,750		294		1,735	
Property Insurance	1,734		1,757		1,560	
Casualty Ins, Injuries & Damages	3,886		2,441		1,633	
Employee Pensions and Benefits	49,336		45,830		46,157	
Fringe Benefits Charged to Constr.	(4,232)		(6,343)		(3,858)	
Miscellaneous General Expense	8,685		4,055		6,839	
Rents	5,746		5,746		5,579	
Maintenance of General Plant	2,686		1,798		1,720	
Vacation, Holiday, Sick Leave	2,424		2,041		1,880	
Depreciation	<u>12,274</u>		<u>12,252</u>		<u>7,511</u>	
Total Administrative and General	<u>117,856</u>	25.8	<u>92,086</u>	20.6	<u>88,589</u>	20.2
Total Operating Expense	<u><u>\$397,402</u></u>		<u><u>\$378,388</u></u>		<u><u>\$362,747</u></u>	
Percent to Operating Revenue		87.1		84.7		82.9

Muscatine Power and Water - Water Utility
Summary of Expenses
Calendar Year-to-Date - August 2014

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense	<u>\$23,221</u>	0.7	<u>\$9,308</u>	0.3	<u>\$10,825</u>	0.3
<u>Consumer Accounts</u>						
Supervision	10,166		10,605		10,830	
Meter Reading Expense	30,168		35,186		32,088	
Customer Records and Collection	111,038		106,878		110,125	
Uncollectible Accounts Expense	5,881		5,881		4,552	
Vacation, Holiday, Sick Leave	<u>14,279</u>		<u>16,234</u>		<u>14,938</u>	
Total Consumer Accounts Expense	<u>171,532</u>	5.1	<u>174,784</u>	5.2	<u>172,533</u>	5.4
<u>Administrative and General</u>						
Administrative and General Salaries	148,052		156,993		123,781	
Office Supplies and Expenses	14,928		12,594		10,813	
Outside Services Employed	45,028		36,715		9,952	
Property Insurance	13,524		13,464		10,712	
Casualty Ins, Injuries & Damages	31,488		32,932		20,564	
Employee Pensions and Benefits	397,376		384,885		373,869	
Fringe Benefits Charged to Constr.	(23,029)		(31,963)		(16,782)	
Miscellaneous General Expense	74,373		60,263		63,404	
Rents	45,971		45,971		44,632	
Maintenance of General Plant	22,592		21,380		13,617	
Vacation, Holiday, Sick Leave	23,372		25,093		19,995	
Depreciation	<u>98,191</u>		<u>98,016</u>		<u>60,088</u>	
Total Administrative and General	<u>891,866</u>	26.5	<u>856,343</u>	25.2	<u>734,645</u>	23.0
Total Operating Expense	<u>\$3,379,079</u>		<u>\$3,449,328</u>		<u>\$3,073,324</u>	
Percent to Operating Revenue		100.4		101.7		96.3

**Muscatine Power and Water - Water Utility
Statistical Data
Current Month - August 2014**

	<u>2014</u>		<u>2013</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Pumped</u>	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.530	0.561	0.518	0.549
Cost Per 1,000 Gallons	<u>0.451</u>	<u>0.478</u>	<u>0.435</u>	<u>0.461</u>
Margin	<u>0.079</u>	<u>0.084</u>	<u>0.084</u>	<u>0.089</u>
	<u>2014</u>		<u>2013</u>	
Maximum Daily Water Pumped (1,000 gallons)	30,253		31,685	
Date of Maximum	08/20		08/27	

Calendar Year-to-Date

	<u>2014</u>		<u>2013</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Pumped</u>	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.526	0.558	0.501	0.531
Cost Per 1,000 Gallons	<u>0.538</u>	<u>0.570</u>	<u>0.486</u>	<u>0.515</u>
Margin	<u>(0.012)</u>	<u>(0.013)</u>	<u>0.015</u>	<u>0.015</u>
	<u>2014</u>		<u>2013</u>	
Maximum Daily Water Pumped (1,000 gallons)	31,253		34,475	
Date of Maximum	07/28		07/18	

Services

Contract Customers	2	2
Power Plants	2	2
Residential	8,608	8,591
Commercial	<u>1,079</u>	<u>1,089</u>
Total	<u>9,691</u>	<u>9,684</u>

Water Utility

Review of Operating Results

August 2014

MUSCATINE POWER AND WATER - WATER UTILITY
VARIANCES FROM BUDGETED NET POSITION - August 31, 2014

	(Unfavorable)/ Favorable	
	Compared to	
	Budget	
Sales of Water		
Contract Customers	\$ 46,988	31.1% more gallons of water sold to Heinz, offset by lower billing rate GPC billing rate is 2.1% higher than budgeted
Power Plant	(8,130)	0.3% lower consumption and lower average billing rate
Residential	(25,739)	6.2% lower consumption, offset by higher average billing rate
Commercial	12,240	1.1% lower consumption, offset by higher average billing rate
	<u>25,359</u>	
Other Revenue		
Penalty Revenue	232	Higher penalty revenue
Merchandise & Job Sales-Net	(1,825)	Lower job sales revenue
Miscellaneous Revenue	3,084	Other miscellaneous variances - net
	<u>1,491</u>	
Operating Expense		
Operation	(65,208)	Higher fuel/power purchased due to 0.7% higher gallons pumped, plus 10.2% higher cost per kWh
	20,012	Lower quantities of phosphate and fluoride
	(5,322)	Higher West Hill Reservoir electric expense
	(4,777)	Higher meter material expenses
	1,185	Less media advertising
	5,094	Lower promotional materials expense
	5,700	Customer survey, not performed
	3,733	Web design services, not needed
	3,705	Business Systems Study lower than anticipated
	(2,958)	ARC flash study, not budgeted
	1,866	Salary survey, not performed
	682	Lower cost of audit services
	835	Lower cost of legal services
	(2,208)	Higher cost of service study
	1,400	Lower labor attorney expenses
	1,400	Employee search service expenses, not needed
	(681)	Higher FICA expense
	6,995	Lower IPERS expense
	4,628	Lower health care cost
	2,889	Lower cost of travel related to training
	4,500	Lower water production memberships and licenses, timing
	2,403	Lower cost of gasoline/diesel fuel
	(38,262)	Higher labor expense, largely due to less than full-employment adjustment
	318	Lower vacation expense
	(349)	Higher temporary labor services
	16,126	Other miscellaneous variances - net
	<u>(36,294)</u>	

MUSCATINE POWER AND WATER - WATER UTILITY
VARIANCES FROM BUDGETED NET POSITION - August 31, 2014

	<u>(Unfavorable)/ Favorable Compared to Budget</u>	
Maintenance	(13,490)	Higher cost of well cleaning, timing
	(4,664)	Higher cost of supply main well meter overhauls
	(78,225)	Higher cost of pumping equipment repairs
	(9,238)	Replacement of Progress Park fluoride bulk tank liner
	81,800	Bypass tower inspection, cleaning and painting, will not be expended
	(64,663)	Higher cost of main maintenance concrete repairs
	17,201	Lower cost of valve maintenance
	28,300	Replacement of outside dials on meters, not needed yet
	4,202	Lower cost of hydrant maintenance
	4,153	Lower cost of miscellaneous plant maintenance
	1,226	Other miscellaneous variances - net
	<u>(33,398)</u>	
Depreciation	<u>(557)</u>	
Nonoperating Revenue (Expense)		
Interest Income	(885)	
Interest Expense	112,154	Lower amortization and interest expense related to bond issue vs. borrowing from Electric Utility
	<u>111,269</u>	
Change in Net Loss before Capital Contributions	<u>67,870</u>	
Capital Contributions	<u>56,611</u>	Cobblestone Ridge Phase I contract close-out
Change in Net Position	<u>\$ 124,481</u>	Total Variance in Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position

Sales of Water

Contract customers' water usage is 1.4% higher than budgeted, resulting in \$46,988 more revenue. GPC's revenue was \$31,000 or 2.1% higher than budget due to a higher average billing rate. Heinz's usage was 31.1% higher than budget, offset by a lower average billing rate, resulting in \$15,988 more revenue. Power plants' revenue was \$8,130 or 3.2% lower than budget due to a lower average billing rate and 0.3% lower usage. Residential revenue was \$25,739 or 2.2% lower than budget due to 6.2% lower usage, offset by a higher average billing rate. Commercial customer usage was 1.1% lower than budget, offset by a higher average billing rate, resulting in \$12,240 higher revenue.

Balance Sheets

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.

Year-To-Date Summary of Expenses

Source of Supply

Operation Labor and Expenses

Labor expense is lower than budget by \$2,611, primarily due to the open manager position. Material expenses related to pumping station repairs at the west hill reservoir are lower than budget by \$2,570.

Maintenance of Wells

Material expenses are higher than budget by \$13,490. Five wells have been cleaned and repaired compared to the four cleanings budgeted through July.

Maintenance of Supply Mains

Labor expense is higher than budget by \$1,417. Materials expenses are higher than budget by \$3,247 primarily due to expenses related to the annual well water meter overhauls totaling \$3,819 that were not budgeted.

Pumping

Fuel or Purchased Power

Gallons pumped were 0.7% higher than budget and the cost per kWh was 10.2% higher than budget, resulting in \$65,208 higher expense.

Pumping Labor and Expenses

Water production department's labor expense is higher than budget by \$10,736, offset by system control department's labor expense lower than budget by \$1,204.

Pumping cont'd

Maintenance of Pumping Equipment

The technical services department's labor is lower than budget by \$6,342. Material expenses are higher than budget by \$87,952 due to higher than expected pump repairs.

Water Treatment

Chemicals

Lower quantities of both fluoride and phosphate resulted in a \$20,012 lower chemical expense.

Miscellaneous Expense

Labor expense is lower than budget by \$1,695. Material expenses are lower than budget by \$1,923, primarily due to fewer purchases of road rock.

Maintenance of Structures

Labor and material expenses are lower than budget by \$1,987 and \$1,293, respectively, due to fewer repairs.

Maintenance of Purification Equipment

Materials expense is higher than budget by \$9,692, primarily due to replacing the fluoride bulk tank liner at the Progress Park treatment facility costing \$9,238.

Distribution

Storage Facilities Expense

Labor expense is lower than budget by \$1,985. West Hill Reservoir KWH is higher than budgeted resulting in \$5,322 greater expense.

Meter Expense

Labor expense is lower than budget by \$5,851. Material expenses are higher than budget by \$4,777.

Consumer Installation Expense

Outside services' labor expense is greater than budgeted by \$5,851, offset by \$2,076 lower water distribution department labor expense.

Miscellaneous Expense

Project engineering and CAD labor expenses are greater than budgeted by \$12,460 and \$5,765 respectively, primarily due to more time being allocated to projects related to the state revolving fund. Outside services' labor expense is greater than budgeted by \$10,985, due to more time being allocated than budgeted. The water distribution department labor expenses are \$1,426 greater than budget, primarily due to preparing vehicle 64 for use. The adjustment for less than full employment is \$1,623. Material expenses are higher than budget by \$3,959 including \$589 for reflective gloves, \$844 for a chain saw blade and bar, \$294 for a diamond blade, and \$323 for traffic cones.

Distribution cont'dMaintenance of Reservoirs and Standpipes

Inspection, cleaning and painting of the bypass tower budgeted for \$85,000. We did an inspection that cost \$3,200 in June; that is the only expense that will be incurred this year related to that project.

Maintenance of Mains

Materials expense is \$64,663 higher than budgeted, primarily due to higher concrete repair expenses.

Maintenance of Valves

Fewer repairs resulted in \$17,793 lower labor expense.

Maintenance of Meters

Material expense, primarily for replacing outside dials, is \$23,518 lower than budgeted.

Maintenance of Hydrants

Fewer repairs resulted in \$7,521 lower labor expense, offset by \$3,319 higher cost of materials.

Maintenance of Miscellaneous Plant

Vehicle maintenance material expenses are lower than budgeted by \$4,539 and gasoline/diesel fuel expense is \$1,345 lower than budgeted.

Vacation, Holiday, Sick Leave

Expense is over budget \$3,639 primarily in the Water Distribution department, due to one person's extended absence.

Customer Service Expense

<u>Customer Information Expense</u>	2014 <u>Budget</u>	2014 <u>Actual</u>	2013 <u>Actual</u>
Local Toolbox	\$1,520	\$1,520	\$1,520
Promotional Material/Education	5,477	383	1,994
Media Advertising	7,098	5,913	6,044
Postage	821	---	95
Customer Calendar	904	---	---
Newsletter	1,140	1,295	867
Customer Survey	5,700	---	---
Photo Library	160	119	---
Other	<u>401</u>	<u>78</u>	<u>305</u>
Total	<u>\$23,221</u>	<u>\$9,308</u>	<u>\$10,825</u>

Consumer AccountsMeter Reading Expense

Outside services department's labor expense is higher than budget by \$4,712.

Customer Records and Collections

Help desk and outside services department's labor expense is \$1,662 and \$1,367 higher than budget, respectively. Temp labor is also \$800 higher than budgeted.

Administrative and GeneralAdministrative and General Salaries

Expense is over budget \$8,940, primarily in the water department due to a change in the allocation of personnel's time.

<u>Outside Services Employed</u>	2014	2014	2013
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Audit services	\$2,758	\$2,076	\$2,373
Board Legal Counsel/Legal services	934	99	473
Business Systems Study	14,000	10,295	---
ARC/Flash Study	---	2,958	---
Workforce development training	933	773	---
Web/Graphics services	3,733	---	---
Salary Survey	1,866	---	---
Insurance advisor	2,000	2,352	2,016
Labor attorney	1,400	---	1,068
Employee search services	1,400	---	3,075
Strategic Planning Consultant	---	---	440
Organization Consulting	933	886	---
Cost of service study	15,000	17,208	---
Other	71	68	507
Total	\$45,028	\$36,715	\$9,952

Injuries and Damages

Workers compensation claims were higher than expected.

Administrative and General cont'd

<u>Employee Pensions and Benefits</u>			
	2014	2014	2013
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
FICA	\$85,089	\$85,770	\$81,714
Health care cost	144,567	139,939	137,221
Dental	7,016	6,633	6,679
IPERS	38,924	31,929	37,395
Pension	83,547	83,416	74,800
Deferred compensation utility match	16,273	16,974	17,268
Other expenses	<u>21,960</u>	<u>20,224</u>	<u>18,792</u>
	<u>\$397,376</u>	<u>\$384,885</u>	<u>\$373,869</u>

Fringe Benefits Charged to Construction

Less time has been charged to capital projects than projected.

Miscellaneous General Expense

Labor and travel expenses related to training were \$5,120 and \$2,889 less than budgeted, respectively. Water Production department expenses related to memberships and licenses is less than budgeted by \$4,500.

**Water Utility
Statement of Net Position Review
August 2014**

	<u>2014</u>	<u>2013</u>
<u>Current Assets</u>		
<u>Receivables - Consumer Accounts</u>		
Customer Water Accounts	\$542,189	\$517,152
Unbilled Revenue	56,794	54,062
Merchandise Accounts	2,120	13,541
Allowance for Doubtful Accounts	(13,713)	(10,113)
	<u>\$587,390</u>	<u>\$574,642</u>
<u>Inventories</u>		
Inventory	\$287,454	\$288,181
Stores Expense (a/c 163)	(1,272)	29,760
	<u>\$286,182</u>	<u>\$317,941</u>
<u>Prepaid Expenses</u>		
Prepaid Insurance	\$22,818	\$19,882
Prepaid Maintenance Contracts	13,572	9,927
Other Prepaid Expenses	---	390
	<u>\$36,390</u>	<u>\$30,199</u>
<u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$2,500 itemized)</u>		
Electric bills	\$83,011	\$76,676
Alexander Chemical Corp - chemicals	5,427	4,864
Cortez Truck Equipment - vehicle crane	---	62,812
Dakota Supply Group - water meters/parts	---	17,702
HD Supply Waterworks - pipe/parts	7,311	4,891
Heuer Construction - concrete rpr	9,246	---
Industrial Technology Corp - phosphate	---	43,209
Layne Christensen Co - water source evaluation	7,391	---
Metering & Tech Solutions - meters/encoders	8,076	---
Northway Well & Pump - well drilling 44/45	53,965	---
Sulzberger Excavating - water main repl/Prog Park treatment	49,948	47,225
Utility Equipment - valves/parts	8,241	2,592
Vessco - injection quills	---	8,390
Other	30,510	14,050
	<u>\$263,126</u>	<u>\$282,411</u>

Customer Advances for Construction

City of Muscatine	—	1,021,084
Cobblestone Ridge	23,127	31,816
Lutheran Homes	6,000	—
North Port	113,463	—
Oak Valley	—	20,120
Pine Ridge	42,751	—
Taylor	—	16,231
White Distribution	—	51,658
Others	2,325	2,700
	<u>\$187,666</u>	<u>\$1,143,609</u>

Miscellaneous Accrued Expenses

Sales/Use Tax Collections Payable	\$6,644	\$8,160
Payroll Tax Collections Payable	12,823	11,721
Employee Payroll Deductions	2,155	2,940
Workers' Comp Self Insurance Reserves	16,290	26,597
Comp Time Payable	6,278	6,255
	<u>\$44,190</u>	<u>\$55,673</u>