

Muscatine Power and Water

Water Utility

Operating Statements and Balance Sheets

**December 2010
(Unaudited)**

**Muscatine Power and Water
Water Utility**

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Muscatine Power and Water - Water Utility
Classification of Water Distribution
Current Month - December 2010

	<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	507,255	11.0	563,220	(1.2)	570,242
Power Plants	91,744	(14.9)	78,099	20.1	65,055
Residential	37,332	1.7	37,957	(0.3)	38,063
Commercial	26,506	11.0	29,421	15.6	25,460
Total Metered Customers	662,837	6.9	708,697	1.4	698,820
Rated Customers - Estimate	---	---	11	(50.0)	22
City Use, Line Loss, Cycle Billing	39,770	6.9	42,522	1.4	41,929
Total Water Pumped	702,607	6.9	751,230	1.4	740,771

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	6,901,646	3.7	7,160,419	2.3	7,001,257
Power Plants	1,065,000	(14.4)	911,742	(3.0)	939,470
Residential	492,000	(5.3)	465,699	(1.6)	473,228
Commercial	405,000	(5.1)	384,144	5.4	364,508
Total Metered Customers	8,863,646	0.7	8,922,004	1.6	8,778,463
Rated Customers - Estimate	---	---	217	(13.5)	251
City Use, Line Loss, Cycle Billing	531,819	0.7	535,320	1.6	526,708
Total Water Pumped	9,395,465	0.7	9,457,541	1.6	9,305,422

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Assets
Current Month - December 2010

	<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	\$157,699	8.5	\$171,044	4.4	\$163,812
Power Plants	28,961	(8.1)	26,613	1.0	26,359
Residential	114,926	(0.3)	114,573 ^{fn1}	4.0	110,157 ^{fn2}
Commercial	32,760	6.2	34,778 ^{fn1}	12.6	30,879 ^{fn2}
Water Sales	<u>334,346</u>	3.8	<u>347,008</u>	4.8	<u>331,207</u>
<u>Other Revenue</u>					
Penalty Revenue	550	30.9	720	(10.3)	803
Merchandise & Job Sales-Net	789	19.8	945	—	457
Miscellaneous Revenue	<u>930</u>	51.2	<u>1,406</u>	2.8	<u>1,368</u>
Total Other Revenue	<u>2,269</u>	35.3	<u>3,071</u>	16.9	<u>2,628</u>
Operating Revenue	<u>336,615</u>	4.0	<u>350,079</u>	4.9	<u>333,835</u>
<u>Operating Expense</u>					
Operation	248,574	2.6	255,055	(1.8)	259,604
Maintenance	37,331	(11.8)	32,924	(28.1)	45,784
Depreciation	<u>42,974</u>	1.0	<u>43,404</u>	10.0	<u>39,457</u>
Total Operating Expense	<u>328,879</u>	0.8	<u>331,383</u>	(3.9)	<u>344,845</u>
Operating Income (Loss)	7,736	—	18,696	—	(11,010)
<u>Nonoperating Revenues (Expenses)</u>					
Interest Income	867	(92.4)	66	(68.0)	206
Interest Expense	<u>(1,203)</u>	(39.7)	<u>(726)</u>	—	<u>(178)</u>
Net Nonoperating Revenues (Expenses)	<u>(336)</u>	96.4	<u>(660)</u>	—	<u>28</u>
Net Income before Capital Contributions	7,400	—	18,036	—	(10,982)
Capital Contributions	<u>—</u>	—	<u>—</u>	—	<u>—</u>
Change in Net Assets	7,400	—	18,036	—	(10,982)
Beginning Net Assets	<u>13,272,010</u>		<u>13,373,172</u>		<u>13,100,425</u>
Ending Net Assets	<u>\$13,279,410</u>		<u>\$13,391,208</u>		<u>\$13,089,443</u>
Net Income to Total Income	2.2		5.2		(3.3)
Debt Service Coverage	14.33		18.32		—

fn1 Includes an adjustment to unbilled revenues of \$851 and \$57 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 2010

	<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	\$2,015,401	3.3	\$2,082,844	2.8	\$2,026,692
Power Plants	347,476	(7.1)	322,651	(5.7)	342,176
Residential	1,408,542	(3.0)	1,366,655 ^{fn1}	2.9	1,328,590 ^{fn2}
Commercial	453,305	(3.9)	435,735 ^{fn1}	7.9	403,908 ^{fn2}
Water Sales	4,224,724	(0.4)	4,207,885	2.6	4,101,366
<u>Other Revenue</u>					
Penalty Revenue	6,000	17.4	7,044	3.0	6,839
Merchandise & Job Sales-Net	9,413	(0.4)	9,379	---	4,033
Miscellaneous Revenue	11,812	(12.5)	10,336	(4.1)	10,777
Total Other Revenue	27,225	(1.7)	26,759	23.6	21,649
Operating Revenue	4,251,949	(0.4)	4,234,644	2.7	4,123,015
<u>Operating Expense</u>					
Operation	2,968,201	(0.6)	2,951,414	(2.5)	3,026,879
Maintenance	572,157	(5.5)	540,423	(12.1)	615,078
Depreciation	515,700	1.0	520,845	10.0	473,484
Total Operating Expense	4,056,058	(1.1)	4,012,682	(2.5)	4,115,441
Operating Income	195,891	13.3	221,962	---	7,574
<u>Nonoperating Revenues (Expenses)</u>					
Interest Income	7,309	(87.0)	948	(95.1)	19,225
Interest Expense	(13,233)	(0.1)	(13,226)	---	(253)
Net Nonoperating Revenues (Expenses)	(5,924)	---	(12,278)	---	18,972
Net Income (Loss) before Capital Contributions	189,967	10.4	209,684	---	26,546
Capital Contributions	---	---	92,081	(23.9)	120,988
Change in Net Assets	189,967	58.9	301,765	---	147,534
Beginning Net Assets	13,089,443		13,089,443		12,941,909
Ending Net Assets	\$13,279,410		\$13,391,208		\$13,089,443
Net Income (Loss) to Total Income	4.5		5.0		0.6
Debt Service Coverage	21.38		19.47		---

fn1 Includes an adjustment to unbilled revenues of \$851 and \$57 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 2010

ASSETS

	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash - interest bearing	\$422,229	\$205,123
Investments	---	251,000
Receivables:		
Consumer Accounts	482,781 ^{fn1}	438,663 ^{fn2}
Interest	5	1,188
Inventories	289,486	287,113
Prepaid Expenses	23,351	25,954
	<hr/>	<hr/>
Total Current Assets	1,217,852	1,209,041
	<hr/>	<hr/>
Property and Equipment:		
At Cost	23,544,517	22,742,803
Less Accumulated Depreciation	8,623,443	8,269,326
	<hr/>	<hr/>
Net Property and Equipment	14,921,074	14,473,477
	<hr/>	<hr/>
Other Assets:		
Unamortized Cost of Issuing Debt	---	7,382
	<hr/>	<hr/>
	---	7,382
	<hr/>	<hr/>
TOTAL ASSETS	<u><u>\$16,138,926</u></u>	<u><u>\$15,689,900</u></u>

fn1 Includes \$51,298 for unbilled revenues.

fn2 Includes \$50,390 for unbilled revenues.

Muscatine Power and Water - Water Utility
Statements of Net Assets
December 2010

LIABILITIES AND NET ASSETS

	<u>2010</u>	<u>2009</u>
Current Liabilities:		
<u>Restricted</u>		
Accrued Interest	\$1,192	\$228
<u>Unrestricted</u>		
Accounts Payable	127,618	167,595
Health & Dental Insurance Provision	23,244	23,460
Intercompanies Payable	6,697	11,784
Retained Percentage on Contracts	23,828	65,189
Consumer Advances for Construction	77,811	34,129
Accrued Payroll	27,654	21,631
Accrued Vacation	69,663	72,840
Miscellaneous Accrued Expenses	42,111	29,872
Miscellaneous Deferred Credits	5,200	7,600
Total Current Unrestricted Liabilities	403,826	434,100
Non-Current Liabilities:		
State Revolving Loan	265,096	7,407
Health & Dental Insurance Provision	155,346	174,876
Post-Employment Health Benefit Provision	11,756	---
Consumer Advances for Construction	1,910,502	1,983,846
Total Non-Current Liabilities	2,342,700	2,166,129
Net Assets:		
Invested in capital assets, net of related debt	12,666,473	12,455,249
Unrestricted	724,735	634,194
Total Net Assets	13,391,208	13,089,443
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$16,138,926</u></u>	 <u><u>\$15,689,900</u></u>

Muscatine Power and Water - Water Utility
Statements of Cash Flows
December 2010

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Water sales	\$336,513	\$4,162,282
Miscellaneous sources	2,016	33,369
Cash paid to/for:		
Suppliers	(192,977)	(1,526,207)
Employees payroll, taxes and benefits	(144,160)	(1,991,898)
Net cash flows from operating activities	<u>1,392</u>	<u>677,546</u>
Cash flows from capital and related financing activities:		
State revolving loan fund proceeds	62,903	302,846
State revolving loan interest payment	---	(4,880)
Capital expenditures, net	(207,107)	(1,011,537)
Net cash flows from capital and related financing activities	<u>(144,204)</u>	<u>(713,571)</u>
Cash flows from investing activities:		
Interest received on investments	62	2,105
Amortization/accretion of investments	---	(60)
Mark to market	---	86
Net cash flows from investing activities	<u>62</u>	<u>2,131</u>
Net decrease in cash and investments	<u>(142,750)</u>	<u>(33,894)</u>
Cash and investments at beginning of period	<u>564,979</u>	<u>456,123</u>
Cash and investments at end of period	<u><u>\$422,229</u></u>	<u><u>\$422,229</u></u>

Muscatine Power and Water - Water Utility
Statements of Cash Flows
December 2010

	<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	\$18,696	\$221,962
Noncash item in operating income:		
Depreciation of utility plant	43,404	520,845
Changes in assets and liabilities:		
Consumer accounts receivable	(9,461)	(44,118)
Inventories	(6,949)	(2,373)
Prepaid and deferred expenses	(3,015)	2,602
Accounts payable	8,897	20,375
Pension provision	7,137	---
Health & dental insurance provision	(7,445)	(19,746)
Other post-employment benefit provision	245	11,756
Intercompany payable	(66,188)	(5,087)
Retained percentage	---	(41,361)
Accrued payroll	16,514	6,023
Accrued vacation	(5,256)	(3,177)
Miscellaneous accrued expenses	7,213	12,245
Miscellaneous deferred credits	(2,400)	(2,400)
Net cash flows from operating activities	<u>\$1,392</u>	<u>\$677,546</u>

Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - December 2010

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Source of Supply</u>						
Operation Supervision	\$2,269		\$2,340		\$2,437	
Operation Labor and Expenses	857		608		1,158	
Miscellaneous Expense	423		242		---	
Maintenance of Wells	---		(8,689)		---	
Maintenance of Supply Mains	1,361		68		214	
Depreciation	5,645		5,207		5,208	
Total Source of Supply Expense	10,555	3.1	(224)	-0.1	9,017	2.7
<u>Pumping</u>						
Operation Supervision	2,604		2,714		2,793	
Fuel or Power Purchased	59,500		53,073		59,068	
Pumping Labor and Expenses	3,552		2,823		5,012	
Miscellaneous Expense	254		180		333	
Maintenance of Structures	171		712		---	
Maintenance of Pumping Equipment	5,600		18,424		2,054	
Depreciation	4,810		4,356		4,126	
Total Pumping Expense	76,491	22.7	82,282	23.5	73,386	22.0
<u>Water Treatment</u>						
Operation Supervision	2,663		2,733		2,784	
Chemicals	16,333		19,544		17,940	
Operation Labor and Expenses	9,240		12,998		11,088	
Miscellaneous Expense	611		1,217		2,116	
Maintenance of Structures	617		404		573	
Maintenance of Purification Equip.	962		1,997		16,287	
Depreciation	2,350		2,340		2,340	
Total Water Treatment Expense	32,776	9.7	41,233	11.8	53,128	15.9
<u>Distribution</u>						
Operation Supervision	2,799		2,709		2,751	
Storage Facilities Expense	1,375		1,546		1,747	
Trans. & Distr. Lines Expense	5,706		4,142		1,928	
Meter Expense	11,043		9,015		9,857	
Consumer Installation Expense	4,893		3,335		4,156	
Miscellaneous Expense	5,652		8,434		7,655	
Vehicle Expense	3,796		3,556		4,141	
Maintenance:						
Supervision	4,296		4,253		4,234	
Structures	401		192		41	
Reservoirs and Standpipes	46		(9,690)		(110)	
Mains	9,745		13,781		8,839	
Valves	6,652		3,890		3,824	
Meters	1,447		1,616		1,814	
Hydrants	2,409		957		3,132	
Miscellaneous Plant	2,255		3,354		1,340	
Vacation, Holiday, Sick Leave	15,955		19,106		18,633	
Depreciation	29,287		29,223		27,783	
Total Distribution Expense	\$107,757	32.0	\$99,419	28.4	\$101,765	30.5

Muscatine Power and Water - Water Utility
Summary of Expenses
Calendar Year-to-Date - December 2010

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision	\$27,377		\$28,431		\$27,706	
Operation Labor and Expenses	10,073		13,605		13,735	
Miscellaneous Expense	13,497		9,012		15,414	
Maintenance of Wells	88,000		79,043		82,770	
Maintenance of Supply Mains	16,540		10,396		13,760	
Depreciation	67,745		62,484		62,496	
Total Source of Supply Expense	223,232	5.3	202,971	4.8	215,881	5.2
<u>Pumping</u>						
Operation Supervision	32,027		33,031		31,867	
Fuel or Power Purchased	719,091		726,492		744,999	
Pumping Labor and Expenses	42,232		44,981		46,789	
Miscellaneous Expense	3,048		3,768		4,161	
Maintenance of Structures	2,048		749		1,084	
Maintenance of Pumping Equipment	73,751		123,222		63,963	
Depreciation	57,718		52,272		49,512	
Total Pumping Expense	929,915	21.9	984,515	23.2	942,375	22.9
<u>Water Treatment</u>						
Operation Supervision	32,139		33,318		32,887	
Chemicals	196,000		232,532		244,780	
Operation Labor and Expenses	104,064		135,644		134,330	
Miscellaneous Expense	7,328		8,797		12,243	
Maintenance of Structures	7,398		4,855		5,358	
Maintenance of Purification Equip.	22,524		32,206		26,947	
Depreciation	28,203		28,080		28,080	
Total Water Treatment Expense	397,656	9.4	475,432	11.2	484,625	11.8
<u>Distribution</u>						
Operation Supervision	33,936		32,201		27,969	
Storage Facilities Expense	24,722		24,340		27,587	
Trans. & Distr. Lines Expense	75,217		72,220		70,779	
Meter Expense	126,710		114,514		126,109	
Consumer Installation Expense	61,560		60,235		58,062	
Miscellaneous Expense	70,643		59,553		94,633	
Vehicle Expense	44,750		40,938		40,296	
Maintenance:						
Supervision	51,966		50,688		41,266	
Structures	5,025		4,085		5,752	
Reservoirs and Standpipes	10,548		10,152		40	
Mains	117,029		98,719		227,133	
Valves	82,961		30,302		49,165	
Meters	18,025		26,943		31,481	
Hydrants	31,011		27,529		20,625	
Miscellaneous Plant	27,018		23,212		18,308	
Vacation, Holiday, Sick Leave	134,349		131,585		134,804	
Depreciation	351,444		350,676		333,396	
Total Distribution Expense	\$1,266,914	29.8	\$1,157,892	27.3	\$1,307,405	31.7

Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - December 2010

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense	<u>\$1,763</u>	0.5	<u>\$1,964</u>	0.6	<u>\$1,381</u>	0.4
<u>Consumer Accounts</u>						
Supervision	888		355		923	
Meter Reading Expense	3,137		4,064		3,614	
Consumer Records and Collection	12,010		12,186		13,478	
Uncollectible Accounts Expense	267		2,945		4,443	
Vacation, Holiday, Sick Leave	<u>2,582</u>		<u>3,245</u>		<u>3,067</u>	
Total Consumer Accounts Expense	<u>18,884</u>	5.6	<u>22,795</u>	6.5	<u>25,525</u>	7.6
<u>Administrative and General</u>						
Administrative and General Salaries	14,797		13,422		13,592	
Office Supplies and Expenses	1,491		1,467		1,898	
Outside Services Employed	2,069		2,771		1,506	
Property Insurance	905		854		854	
Casualty Ins, Injuries & Damages	3,283		13,713		4,556	
Employee Pensions and Benefits	42,809		37,197		41,485	
Fringe Benefits Charged to Constr.	(1,687)		(1,123)		(1,764)	
Miscellaneous General Expense	4,958		5,121		5,997	
Rents	6,298		6,298		5,702	
Maintenance of General Plant	1,369		1,655		3,542	
Vacation, Holiday, Sick Leave	3,479		261		3,275	
Depreciation	<u>882</u>		<u>2,278</u>		<u>---</u>	
Total Administrative and General	<u>80,653</u>	24.0	<u>83,914</u>	24.0	<u>80,643</u>	24.2
Total Operating Expense	<u><u>\$328,879</u></u>		<u><u>\$331,383</u></u>		<u><u>\$344,845</u></u>	
Percent to Operating Revenue		97.7		94.7		103.3

Muscatine Power and Water - Water Utility
Summary of Expenses
Calendar Year-to-Date - December 2010

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense	<u>\$30,618</u>	0.7	<u>\$11,775</u>	0.3	<u>\$14,273</u>	0.3
<u>Consumer Accounts</u>						
Supervision	10,953		11,284		10,788	
Meter Reading Expense	37,735		45,166		37,161	
Customer Records and Collection	147,836		142,433		143,139	
Uncollectible Accounts Expense	3,205		5,883		6,826	
Vacation, Holiday, Sick Leave	<u>21,302</u>		<u>21,109</u>		<u>21,404</u>	
Total Consumer Accounts Expense	<u>221,031</u>	5.2	<u>225,875</u>	5.3	<u>219,318</u>	5.3
<u>Administrative and General</u>						
Administrative and General Salaries	178,771		169,861		172,961	
Office Supplies and Expenses	19,709		16,700		18,542	
Outside Services Employed	26,893		11,965		21,074	
Property Insurance	10,708		10,253		9,779	
Casualty Ins, Injuries & Damages	39,350		50,014		40,102	
Employee Pensions and Benefits	517,677		505,925		496,046	
Fringe Benefits Charged to Constr.	(21,110)		(26,536)		(38,306)	
Miscellaneous General Expense	80,678		70,934		87,298	
Rents	75,576		75,576		68,424	
Maintenance of General Plant	18,313		18,322		27,426	
Vacation, Holiday, Sick Leave	29,537		23,875		28,218	
Depreciation	<u>10,590</u>		<u>27,333</u>		<u>---</u>	
Total Administrative and General	<u>986,692</u>	23.2	<u>954,222</u>	22.5	<u>931,564</u>	22.6
Total Operating Expense	<u>\$4,056,058</u>		<u>\$4,012,682</u>		<u>\$4,115,441</u>	
Percent to Operating Revenue		95.4		94.8		99.8

Muscatine Power and Water - Water Utility
Statistical Data
Current Month - December 2010

	<u>Pumped</u>	<u>2010</u> ^{fn1}	<u>Sold</u>	<u>Pumped</u>	<u>2009</u> ^{fn2}	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.461		0.488	0.447		0.474
Cost Per 1,000 Gallons	<u>0.441</u>		<u>0.468</u>	<u>0.466</u>		<u>0.493</u>
Margin	<u>0.020</u>		<u>0.021</u>	<u>(0.018)</u>		<u>(0.019)</u>
Maximum Daily Water Pumped (1,000 gallons)		<u>2010</u>			<u>2009</u>	
Date of Maximum		27,533			27,862	
		12/13			12/11	

Calendar Year-to-Date

	<u>Pumped</u>	<u>2010</u> ^{fn1}	<u>Sold</u>	<u>Pumped</u>	<u>2009</u> ^{fn2}	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.445		0.472	0.441		0.467
Cost Per 1,000 Gallons	<u>0.424</u>		<u>0.450</u>	<u>0.442</u>		<u>0.469</u>
Margin	<u>0.021</u>		<u>0.022</u>	<u>(0.001)</u>		<u>(0.002)</u>
Maximum Daily Water Pumped (1,000 gallons)		<u>2010</u>			<u>2009</u>	
Date of Maximum		32,273			32,414	
		08/10			09/10	

Services

Contract Customers	2	2
Power Plants	2	2
Residential	8,510	8,476
Commercial	<u>1,086</u>	<u>1,078</u>
Total	<u>9,600</u>	<u>9,558</u>

fn1 Excludes unbilled revenue adjustment of \$908.

fn2 Excludes unbilled revenue adjustment of \$198.