

**DISTRICT HEATING DIVISION
BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN**

**FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

**DISTRICT HEATING DIVISION
BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN**

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SECTION A
FINANCIAL SECTION



Freed Maxick & Battaglia, CPAs, PC

Independent Auditor's Report

District Heating Division of the
Board of Public Utilities of the
City of Jamestown
Jamestown, New York

We have audited the accompanying statements of net assets of the District Heating Division of the Board of Public Utilities of the City of Jamestown (the Division) as of December 31, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District Heating Division of the Board of Public Utilities of the City of Jamestown as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the statement of revenues and expenses with budgetary comparison on pages 1 through 3 and B1 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Freed Maxick & Battaglia, CPAs, PC

Batavia, New York
April 9, 2010

Management's Discussion and Analysis
District Heating Division Board of Public Utilities City of Jamestown
Year ended December 31, 2009

The following is a narrative overview and analysis of the Division's financial performance for the year ended December 31, 2009. This section is only an introduction and should be read in conjunction with the Division's financial statements, which immediately follow this section.

Financial Highlights

Following are the financial highlights of the Division for the year ended December 31, 2009.

- Heat sales for 2009 were up \$41,350, 2.8% compared to 2008. Chiller sales for 2009 were down \$8,202, 8.1% compared to 2008.
- Energy purchased for heating customers was up \$48,883, 9.3% compared to last year and up \$55,292, 10.7% compared to budget.
- Depreciation expense was \$352,413, up slightly from 2008 and \$3,985 over budget.
- Net income was \$349,112, up \$3,572 compared to 2008 and up \$17,461 compared to budget.
- The year-end cash position was \$758,398, compared to \$978,928 at the beginning of the year.
- Capital improvements of \$94,709 were added to the Division during 2009. These improvements were paid for with cash from operations.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Division's basic financial statements. The Division's basic financial statements are comprised of two components: 1) financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The statement of net assets presents information on all of the Division's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators of whether the financial position of the Division is improving or deteriorating.

Condensed Statements of Net Assets

	<u>2009</u>	<u>2008</u>
Current assets	\$ 1,059,475	\$ 1,159,242
Capital assets	<u>3,377,403</u>	<u>3,706,463</u>
Total assets	<u>\$ 4,436,878</u>	<u>\$ 4,865,705</u>
Current liabilities	\$ 756,991	\$ 822,135
Non-current liabilities	<u>1,311,502</u>	<u>2,024,297</u>
Total liabilities	<u>2,068,493</u>	<u>2,846,432</u>
Net assets:		
Invested in capital assets, net of related debt	1,397,984	1,064,648
Unrestricted	<u>970,401</u>	<u>954,625</u>
Total net assets	<u>2,368,385</u>	<u>2,019,273</u>
Total liabilities and net assets	<u>\$ 4,436,878</u>	<u>\$ 4,865,705</u>

The statement of revenues, expenses and changes in net assets shows the business-type activity of the Division and provides information regarding income and expenses that affect net assets.

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	<u>2009</u>	<u>2008</u>
Operating revenues	\$ 1,701,009	\$ 1,677,530
Operating expenses	<u>1,280,978</u>	<u>1,233,527</u>
Operating income	420,031	444,003
Non-operating revenue (expense), net	<u>(70,919)</u>	<u>(98,463)</u>
Change in net assets	<u>\$ 349,112</u>	<u>\$ 345,540</u>

The summary of accounting policies and notes to the financial statements provide additional information that is essential to a full and complete understanding of the information provided in the financial statements. In addition to the basic financial statements, summary of accounting policies and accompanying notes, this report also includes certain supplemental information that may be beneficial to the reader.

Capital Assets and Debt Administration

The largest portion of the Division's net assets is the net investment in capital assets of \$3,377,403 or 76.1% of total assets. The investment in capital assets includes distribution mains and services and chiller equipment. During 2009 and 2008, the Division added \$94,709 and \$99,385, respectively in capital assets.

Generally, the Division finances its additions through borrowings from the Water Division. The terms of these borrowings are described in greater detail in Note 4.

Economic Factors That Will Affect the Future

The Division remains committed to developing and enlarging its customer base for both heating and cooling services. Its ability to successfully accomplish this is at least in part based upon the economic outlook for the City of Jamestown, the price of competing heat and cooling sources, and, most importantly, the final decision related to building the oxy-coal CFB power plant. The Division will approach adding customers and executing capital expenditures less aggressively over the next couple of years until more clarity is provided from the oxy-coal project.

Contacting the District Heating Division Board of Public Utilities' Financial Management

This financial report is designed to provide a general overview of the Division's finances and to show the Division's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Manager, Mike Anderson, at PO Box 700, 92 Steele Street, Jamestown, NY 14702-0700.

DISTRICT HEATING DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN
STATEMENTS OF NET ASSETS
DECEMBER 31,

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 758,398	\$ 978,928
Accounts receivable		
Trade	122,946	128,023
Related parties	19,025	42,901
Prepaid expenses	119	9,390
Due from primary government	83,106	-
Inventories	75,881	-
Total current assets	<u>1,059,475</u>	<u>1,159,242</u>
Utility plant:		
In service - at cost	8,460,979	8,451,471
Less: accumulated depreciation	<u>5,083,576</u>	<u>4,745,008</u>
Total utility plant	<u>3,377,403</u>	<u>3,706,463</u>
Total assets	<u>\$ 4,436,878</u>	<u>\$ 4,865,705</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Current maturities of long-term debt	\$ 667,917	\$ 662,396
Accounts payable	75,487	146,917
Accrued interest payable	13,587	12,822
Total current liabilities	<u>756,991</u>	<u>822,135</u>
Non-current liabilities:		
Deferred revenue	-	44,878
Note payable - Water Division, less current maturities	611,502	1,249,419
Long-term debt, less current maturities	700,000	730,000
Total non-current liabilities	<u>1,311,502</u>	<u>2,024,297</u>
Total liabilities	<u>2,068,493</u>	<u>2,846,432</u>
Net assets:		
Invested in capital assets, net of related debt	1,397,984	1,064,648
Unrestricted	970,401	954,625
Total net assets	<u>2,368,385</u>	<u>2,019,273</u>
Total liabilities and net assets	<u>\$ 4,436,878</u>	<u>\$ 4,865,705</u>

See notes to basic financial statements

DISTRICT HEATING DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2009</u>	<u>2008</u>
Operating revenues	\$ <u>1,701,009</u>	\$ <u>1,677,530</u>
Operating expenses:		
Cost of energy	573,717	524,834
Station supplies	87,504	87,504
Depreciation	352,413	351,018
Administrative and general	119,084	117,611
Contributions in lieu of taxes	112,361	120,068
Repairs and maintenance	35,899	32,492
Total operating expenses	<u>1,280,978</u>	<u>1,233,527</u>
Operating income	<u>420,031</u>	<u>444,003</u>
Non-operating revenue (expense):		
Gain on disposal of fixed assets	13,845	-
Interest income	3,735	16,250
Interest on long-term debt	<u>(88,499)</u>	<u>(114,713)</u>
Total non-operating revenue (expense)	<u>(70,919)</u>	<u>(98,463)</u>
Change in net assets	349,112	345,540
Net assets - beginning of year	<u>2,019,273</u>	<u>1,673,733</u>
Net assets - end of year	<u>\$ 2,368,385</u>	<u>\$ 2,019,273</u>

See notes to basic financial statements

DISTRICT HEATING DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 1,729,962	\$ 1,675,738
Cash payments for contractual expenses	<u>(1,194,589)</u>	<u>(798,296)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	535,373	877,442
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(94,709)	(75,277)
Proceeds from sale of capital assets	85,201	-
Principal payments on long-term debt	(662,396)	(302,092)
Interest paid on long-term debt	<u>(87,734)</u>	<u>(115,213)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(759,638)</u>	<u>(492,582)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	<u>3,735</u>	<u>16,250</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>3,735</u>	<u>16,250</u>
Net increase (decrease) in cash and cash equivalents	(220,530)	401,110
Cash and cash equivalents - beginning of year	<u>978,928</u>	<u>577,818</u>
Cash and cash equivalents - end of year	<u>\$ 758,398</u>	<u>\$ 978,928</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 420,031	\$ 444,003
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	352,413	351,018
Change in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	28,953	(1,792)
Prepaid expenses	9,271	(5,484)
Due from primary government	(83,106)	-
Inventories (at average cost)	(75,881)	-
Increase (decrease) in:		
Accounts payable	(71,430)	103,409
Deferred revenue	<u>(44,878)</u>	<u>(13,712)</u>
Net cash provided by operating activities	<u>\$ 535,373</u>	<u>\$ 877,442</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest on long-term debt	<u>\$ 87,734</u>	<u>\$ 115,213</u>

See notes to basic financial statements

DISTRICT HEATING DIVISION
BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

BUSINESS

The District Heating Division of the Board of Public Utilities of the City of Jamestown (BPU) distributes heating and cooling to consumers in and around the City of Jamestown. The Division grants credit for sales made.

The District Heating Division is one of five divisions' that comprise the Board of Public Utilities which is a blended component unit of the City of Jamestown.

BASIS OF PRESENTATION

In its accounting and financial reporting, the Division follows the pronouncements of the Governmental Accounting Standards Board (GASB), as well as applying the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

CAPITAL ASSETS

Fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual cost is unavailable. Capitalization thresholds (the estimated useful life above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Service lines	1 year	straight-line	20 years
Installment of meters and accessory equipment	1 year	straight-line	20 years
Chiller	1 year	straight-line	25 years
Equipment	1 year	straight-line	5-20 years

REVENUE RECOGNITION

Customers are billed based on usage. Revenue is recognized based upon billings.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Division considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

DISTRICT HEATING DIVISION
BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

ACCOUNTS RECEIVABLE

Accounts receivable are carried at their net realizable value. The Division's policy is to accrue a penalty on past due customer receivables. Management determined that no provision for uncollectible accounts was necessary as of December 31, 2009 and 2008 since amounts can be relieved on the City tax roll for collection.

INVENTORY

Inventory is valued at cost utilizing the average cost method for the Division.

UTILIZATION OF ESTIMATES

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from these estimates.

NET ASSETS

Net assets are classified into two categories according to availability of assets for satisfaction of the Division's obligations. The Division's net assets are classified as follows:

Invested in capital assets, net of related debt - This represents the Division's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Unrestricted - Unrestricted net assets represent resources derived from services and other operating revenue.

CLASSIFICATION OF REVENUES

The Division has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions for providing services to the Division's customers.

DISTRICT HEATING DIVISION
BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Non-operating revenues - Non-operating revenues include activities that have the characteristics of nonexchange transactions, such as investment earnings and gains on sale of assets, and other revenues that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

SUBSEQUENT EVENTS

These financial statements have not been updated for subsequent events occurring after April 9, 2010 which is the date these financial statements were available to be issued.

NOTE 2 - DISTRICT HEATING CAPITAL ASSETS

Listed below are the major classes of plant assets:

	<u>Balance</u> <u>12/31/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/09</u>
Mains	\$ 5,880,750	\$ 90,584	\$ -	\$ 5,971,334
Service lines	999,033	-	-	999,033
Installation of meters and accessory equipment	85,892	4,125	-	90,017
Chiller	1,385,039	-	85,201	1,299,838
Equipment	<u>100,757</u>	<u>-</u>	<u>-</u>	<u>100,757</u>
Total	8,451,471	94,709	85,201	8,460,979
Less: accumulated depreciation	<u>4,745,008</u>	<u>352,413</u>	<u>13,845</u>	<u>5,083,576</u>
Total utility plant	<u>\$ 3,706,463</u>	<u>\$ (257,704)</u>	<u>\$ 71,356</u>	<u>\$ 3,377,403</u>

Depreciation expense totaled \$352,413 and \$351,018 for the years ended 2009 and 2008, respectively.

DISTRICT HEATING DIVISION
BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

1. CASH AND INVESTMENTS

The Division's investment policies are governed by State statutes because they are a component unit of the City of Jamestown. In addition, the City has its own written investment policy. Monies must be deposited in FDIC insured commercial banks or trust companies located within the State. Permissible investments include demand accounts and certificates of deposit, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and municipalities and school districts.

Deposits of the Division were fully insured or collateralized by securities held in the name of the City of Jamestown.

2. RECEIVABLES

Major receivables accrued by the Division at December 31:

	<u>2009</u>	<u>2008</u>
General consumer receivable	\$ 122,946	\$ 127,797
Chiller receivables	<u> -</u>	<u> 226</u>
Total accounts receivable - trade	\$ <u>122,946</u>	\$ <u>128,023</u>
Receivables from municipality - Heating	\$ 8,789	\$ 27,396
Receivables from municipality - Chiller	-	249
Miscellaneous receivables	<u>10,236</u>	<u>15,256</u>
Total accounts receivable - related parties	\$ <u>19,025</u>	\$ <u>42,901</u>

DISTRICT HEATING DIVISION
BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - LONG TERM OBLIGATIONS

Long-term obligations consist of:

	<u>2009</u>	<u>2008</u>
4% related party note, payable to Water Division at \$29,441 monthly, including interest through December 2014 (Note 5)	\$ 1,249,419	\$ 1,881,815
2.58% Public Improvement Serial Bond, maturing February 2026	<u>730,000</u>	<u>760,000</u>
	1,979,419	2,641,815
Less: current maturities	<u>667,917</u>	<u>662,396</u>
	<u>\$ 1,311,502</u>	<u>\$ 1,979,419</u>

The serial bonds are backed by the full faith and credit of the City of Jamestown.

At December 31, 2009, debt service requirements are as follows:

	Note Payable			Serial Bond		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 637,917	\$ 30,736	\$ 668,653	\$ 30,000	\$ 31,612	\$ 61,612
2011	299,647	19,006	318,653	30,000	30,413	60,413
2012	311,855	6,798	318,653	35,000	29,112	64,112
2013	-	-	-	35,000	27,713	62,713
2014	-	-	-	35,000	26,312	61,312
2015-2019	-	-	-	200,000	108,863	308,863
2020-2024	-	-	-	245,000	60,206	305,206
2025-2026	-	-	-	<u>120,000</u>	<u>5,550</u>	<u>125,550</u>
Total	<u>\$ 1,249,419</u>	<u>\$ 56,540</u>	<u>\$ 1,305,959</u>	<u>\$ 730,000</u>	<u>\$ 319,781</u>	<u>\$ 1,049,781</u>

The Division approved a balloon payment on the related party note in the amount of \$350,000 between District Heat and the Water Division for the year ended December 31, 2010.

DISTRICT HEATING DIVISION
BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - RELATED PARTY TRANSACTIONS

The District Heating Division provides heating to the Electric and Water Division facilities.

The Electric and Water Divisions of the Board of Public Utilities perform various services for the District Heating Division. They also provide electric and water for daily operational needs.

At the end of 2009 and 2008, the District Heating Division owed the Water Division \$1,249,419 and \$1,881,815, respectively, due to interdivisional borrowings. The terms of repayment are described in Note 4.

The Division made payments in lieu of taxes to the City of Jamestown in the amount of \$112,361 and \$120,068 for fiscal years ending December 31, 2009 and 2008, respectively. This payment is calculated based on 9% of sales.

NOTE 6 - DEFERRED REVENUE

In order to ensure that it can continue to provide heat to customers when the power plant is taken off line, the Division assesses a charge, based upon usage, to each customer's monthly bill. This charge is intended to pay for the cost of gas to be used to power the gas turbine owned by the Electric Division, which will generate the heat necessary to service the Division's customers.

NOTE 7 - COMMITMENTS

The District Heating Division is committed to purchase its heat from the Electric Division. These purchases totaled \$539,229 and \$489,755 for the years ended December 31, 2009 and 2008, respectively. The District Heating Division is also committed to pay a monthly usage fee to the Electric Division. This fee totaled \$87,504 for the years ended December 31, 2009 and 2008.

DISTRICT HEATING DIVISION
BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - FUTURE GASB PRONOUNCEMENTS

A. ACCOUNTING AND FINANCIAL REPORTING FOR INTANGIBLE ASSETS

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. Intangible assets, and more specifically easements, are referred to in the description of capital assets in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. This reference has created questions as to whether and when intangible assets should be considered capital assets for financial reporting purposes. An absence of sufficiently specific authoritative guidance that addresses these questions has resulted in inconsistencies in the accounting and financial reporting of intangible assets among state and local governments, particularly in the areas of recognition, initial measurement, and amortization. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. The Division is required to adopt the provisions of Statement No. 51 for the year ended December 31, 2010. Management is assessing the impact of GASB Statement No. 51 related to the purchase and implementation of the financial accounting system software package.

B. ACCOUNTING AND FINANCIAL REPORTING FOR DERIVATIVE INSTRUMENTS

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Statement No. 53 is intended to improve how state and local governments report information about derivative instruments—financial arrangements used by governments to manage specific risks or make investments—in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009, with earlier application encouraged.

SECTION B
SUPPLEMENTAL INFORMATION

DISTRICT HEATING DIVISION - BOARD OF PUBLIC UTILITIES
CITY OF JAMESTOWN
STATEMENT OF REVENUES AND EXPENSES WITH BUDGETARY COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Favorable <u>(Unfavorable)</u>
Operating revenues	\$ <u>1,701,009</u>	\$ <u>1,740,848</u>	\$ <u>(39,839)</u>
Operating expenses:			
Cost of energy	573,717	518,425	(55,292)
Station supplies	87,504	87,504	-
Depreciation	352,413	348,428	(3,985)
Administrative and general	119,084	152,400	33,316
Contributions in lieu of taxes	112,361	121,897	9,536
Repairs and maintenance	35,899	111,160	75,261
Total operating expenses	<u>1,280,978</u>	<u>1,339,814</u>	<u>58,836</u>
Operating income	420,031	401,034	18,997
Non-operating revenue (expenses):			
Gain on disposal of fixed assets	13,845	-	13,845
Interest income	3,735	19,563	(15,828)
Interest on long-term debt	(88,499)	(88,946)	447
Total non-operating revenue (expenses)	<u>(70,919)</u>	<u>(69,383)</u>	<u>(1,536)</u>
Change in net assets	<u>\$ 349,112</u>	<u>\$ 331,651</u>	<u>\$ 17,461</u>

See independent auditor's report.