

Muscatine Power and Water

Communications Utility

Operating Statements and Balance Sheets

June 2011

**Muscatine Power and Water
Communications Utility**

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Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Deficit
Current Month - June 2011

	<u>Current Month</u>				
	<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>Operating Revenue</u>					
CATV	\$667,172	(4.8)	\$634,843	2.7	\$618,428
Data/Internet	286,070	1.7	290,843	2.4	284,102
MAN/MME	30,002	(2.1)	29,362	2.0	28,800
Miscellaneous	9,428	(5.1)	8,948	25.7	7,116
Total Operating Revenues	992,672	(2.9)	963,996	2.7	938,446
<u>Operating Expense</u>					
Operation	631,747	(5.9)	594,549	(0.3)	596,305
Maintenance	80,267	(10.5)	71,838	(10.6)	80,399
Depreciation	200,410	(1.0)	198,323	3.9	190,872
Amortization	64,428	---	64,428	---	64,428
Total Operating Expenses	976,852	(4.9)	929,138	(0.3)	932,004
Operating Income	15,820	---	34,858	---	6,442
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	12,841	(9.9)	11,566	---	385
Interest Expense	(122,720)	(0.1)	(122,578)	13.6	(107,856)
Net Nonoperating Expense	(109,879)	1.0	(111,012)	3.3	(107,471)
Net Loss before Capital Contributions	(94,059)	(19.0)	(76,154)	(24.6)	(101,029)
Capital Contributions	---	---	---	---	---
Change in Net Deficit	(\$94,059)		(\$76,154)		(\$101,029)
Beginning Net Deficit	(21,774,849)		(21,596,872)		(20,233,877)
Ending Net Deficit	(\$21,868,908)		(\$21,673,026)		(\$20,334,906)
Net Loss to Total Income	(9.4)		(7.8)		(10.8)
Debt Service Coverage on Bank Debt	3.17		3.34		75.48
Debt Service Coverage on Bank and Electric Utility Debt	1.49		1.57		2.44

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Deficit
Calendar Year-to-Date - June 2011

	<u>Calendar Year-to-Date</u>				
	<u>Budget</u>	<u>% Increase</u>	<u>This</u>	<u>% Increase</u>	<u>Last</u>
	<u>Estimate</u>	<u>From Budget</u>	<u>Year</u>	<u>Fr. Last Yr.</u>	<u>Year</u>
<u>Operating Revenue</u>					
CATV	\$3,926,569	(3.4)	\$3,791,298	5.5	\$3,595,097
Data/Internet	1,682,237	2.0	1,716,615	2.6	1,672,835
MAN/MME	180,012	(2.0)	176,417	5.6	167,088
Miscellaneous	56,570	(10.4)	50,688	14.3	44,330
Total Operating Revenues	5,845,388	(1.9)	5,735,018	4.7	5,479,350
<u>Operating Expense</u>					
Operation	3,834,035	(4.9)	3,644,398	(1.1)	3,683,803
Maintenance	480,998	(20.3)	383,226	(8.2)	417,414
Depreciation	1,202,452	(1.0)	1,189,938	3.9	1,145,232
Amortization	386,568	---	386,568	---	386,568
Total Operating Expenses	5,904,053	(5.1)	5,604,130	(0.5)	5,633,017
Operating Income (Loss)	(58,665)	---	130,888	---	(153,667)
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	77,819	(6.6)	72,704	---	1,527
Interest Expense	(736,320)	0.3	(738,460)	14.1	(647,128)
Net Nonoperating Expense	(658,501)	1.1	(665,756)	3.1	(645,601)
Net Loss before Capital Contributions	(717,166)	(25.4)	(534,868)	(33.1)	(799,268)
Capital Contributions	---	---	13,584	---	---
Change in Net Deficit	(717,166)		(521,284)		(799,268)
Beginning Net Deficit	(21,151,742)		(21,151,742)		(19,535,638)
Ending Net Deficit	(\$21,868,908)		(\$21,673,026)		(\$20,334,906)
Net Loss to Total Income	(12.1)		(9.2)		(14.6)
Debt Service Coverage on Bank Debt	2.90		3.21		66.19
Debt Service Coverage on Bank and Electric Utility Debt	1.36		1.51		2.14

Muscatine Power and Water - Communications Utility
Statements of Net Assets
June 2011

ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$112,803	\$20,868
Total Restricted Current Assets	<u>112,803</u>	<u>20,868</u>
<u>Unrestricted</u>		
Cash - interest bearing	2,641,473	1,102,581
Investments	3,935,841	1,000,518
Receivables:		
Consumer Accounts	1,134,306	1,027,460
Interest	54,377	2,597
Inventories	275,237	292,036
Prepaid Expenses	88,473	119,992
Total Unrestricted Current Assets	<u>8,129,707</u>	<u>3,545,184</u>
Total Current Assets	<u>8,242,510</u>	<u>3,566,052</u>
Property and Equipment:		
At Cost	29,544,915	29,299,802
Less Accumulated Depreciation	<u>18,319,199</u>	<u>17,178,566</u>
Net Property and Equipment	<u>11,225,716</u>	<u>12,121,236</u>
Other Assets:		
Unamortized Cost of Issuing Debt	<u>19,168</u>	<u>24,645</u>
Total Other Assets	<u>19,168</u>	<u>24,645</u>
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$6,571,208 in 2011 and \$6,222,345 in 2010	<u>1,159,705</u>	<u>1,932,842</u>
TOTAL ASSETS	<u><u>\$20,647,099</u></u>	<u><u>\$17,644,775</u></u>

Muscatine Power and Water - Communications Utility
Statements of Net Assets
June 2011

LIABILITIES AND NET DEFICIT

	<u>2011</u>	<u>2010</u>
Current Liabilities:		
<u>Restricted</u>		
Notes Payable - Banks	\$885,000	---
Deferred Revenue - Dark Fiber Lease	16,991	---
Accrued Interest	112,800	20,868
	<hr/>	<hr/>
Total Restricted Current Liabilities	1,014,791	20,868
	<hr/>	<hr/>
<u>Unrestricted</u>		
Accrued Interest	622,922	623,522
Accounts Payable	388,250	444,422
Pension Provision	137,688	109,914
Health & Dental Insurance Provision	41,124	35,880
Intercompanies	11,539	8,974
Accrued Payroll	31,503	24,675
Accrued Vacation	116,216	123,672
Accrued Property Taxes	25,242	25,000
Miscellaneous Accrued Expenses	139,201	128,790
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	1,513,685	1,524,849
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Total Current Liabilities	2,528,476	1,545,717
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	200,014	218,964
Post-Employment Health Benefit Provision	23,397	---
Deferred Revenue - Dark Fiber Lease	326,238	---
Notes Payable:		
Banks	3,915,000	888,000
Electric Utility	35,327,000	35,327,000
	<hr/>	<hr/>
Total Non-Current Liabilities	39,791,649	36,433,964
	<hr/>	<hr/>
Net Deficit:		
Invested in capital assets, net of related debt	8,607,868	13,196,199
Restricted	1,014,791	20,868
Unrestricted	(31,295,685)	(33,551,973)
	<hr/>	<hr/>
Total Net Deficit	(21,673,026)	(20,334,906)
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET DEFICIT	<u><u>\$20,647,099</u></u>	<u><u>\$17,644,775</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
June 2011

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$934,214	\$5,573,667
Advertising sales	20,075	117,978
Sale of digital converters	9,688	30,490
Miscellaneous sources	7,255	467,293
Cash paid to/for:		
Suppliers	(426,276)	(2,576,594)
Employees payroll, taxes and benefits	(321,538)	(1,429,242)
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Net cash flows from operating activities	223,418	2,183,592
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Cash flows from capital and related financing activities:		
Capital expenditures, net	(54,248)	(601,830)
Loan funds received from banks	---	---
Loan interest payments	---	(651,540)
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Net cash flows from capital and related financing activities	(54,248)	(1,253,370)
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest received on investments	24,000	25,011
Accrued interest purchased	---	---
Amortization/accretion of investments	---	---
Mark to market	---	---
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Net cash flows from investing activities	24,000	25,011
	<hr/>	<hr/>
Net increase in cash and investments	193,170	955,233
	<hr/>	<hr/>
Cash and investments at beginning of period	6,496,947	5,734,884
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Cash and investments at end of period	\$6,690,117	\$6,690,117
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Muscatine Power and Water - Communications Utility
Statements of Cash Flows
June 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	\$34,858	\$130,888
Noncash items in operating income:		
Converter/modem write-off	276	2,025
Depreciation of utility plant	198,323	1,189,938
Amortization of intangible assets	64,428	386,568
Changes in assets and liabilities:		
Consumer accounts receivable	(5,758)	(31,959)
Inventories	1,012	9,757
Prepaid and deferred expenses	22,024	28,584
Accounts payable	(81,174)	(6,655)
Pension provision	22,948	137,688
Health & dental insurance provision	13,799	(5,973)
Other post-employment benefit provision	433	2,598
Deferred Revenue	(1,459)	343,229
Intercompany payable	1,626	(3,965)
Retained percentage on contracts	---	---
Accrued payroll	(68,714)	(8,764)
Accrued vacation	1,456	11,168
Accrued property taxes	2,125	246
Miscellaneous accrued expenses	17,215	(1,781)
Net cash flows from operating activities	<u>\$223,418</u>	<u>\$2,183,592</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$326,017	\$303,110	\$283,869
Promotional Expense	1,351	2,694	17,713
Electricity Expense	1,318	2,263	2,133
Pole Attachment Expense	2,167	2,167	2,167
Changes of Service	985	1,125	790
Underground Line Expense	2,555	3,438	3,172
Ad Insertion - Marketing/Production	7,446	6,662	5,574
Miscellaneous CATV Expense	13,389	12,037	13,278
Vehicle Expense	4,894	4,933	4,457
Maintenance:			
Fiber	1,056	7,252	541
Coax	2,737	2,516	1,704
Drops	4,086	3,147	2,951
Conduit System	286	213	100
Headend	26,799	20,657	16,971
Line Equipment	3,284	3,333	1,164
Converters	7,362	5,005	7,977
Ad Insertion	4,053	4,063	3,835
Vacation, Holiday , Sick Leave	4,148	3,425	3,125
Property Taxes	1,400	1,400	1,373
Depreciation	153,818	152,268	149,041
Amortization	48,321	48,321	48,321
Total CATV	617,472	590,029	570,256
<u>Data/Internet</u>			
Data/Internet Access Charges	23,855	22,078	23,741
Promotional Expense	1,132	2,862	13,554
Electricity Expense	45	75	73
Pole Attachment Expense	75	75	75
Changes of Service	422	482	339
Customer Wireless Equipment Expense	945	145	2,551
Underground Line Expense	87	117	108
Miscellaneous Data/Internet Expense	9,037	8,356	8,521
Vehicle Expense	542	600	540
Maintenance:			
Fiber	37	253	19
Coax	93	88	59
Drops	139	108	101
Conduit System	10	8	4
Headend	18,462	13,233	15,715
Line Equipment	112	114	40
Modems	4,846	4,191	5,543
Vacation, Holiday, Sick Leave	2,788	2,558	2,425
Property Taxes	49	49	48
Depreciation	21,353	21,599	20,157
Amortization	16,107	16,107	16,107
Total Data/Internet	\$100,136	\$93,098	\$109,720

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$1,955,529	\$1,876,397	\$1,718,256
Promotional Expense	27,131	15,604	105,919
Electricity Expense	7,911	13,061	12,563
Pole Attachment Expense	13,000	13,000	13,000
Changes of Service	5,878	8,888	12,733
Underground Line Expense	15,376	11,580	13,105
Ad Insertion - Marketing/Production	39,893	35,393	27,216
Miscellaneous CATV Expense	81,026	75,110	88,259
Vehicle Expense	29,670	32,249	25,340
Maintenance:			
Fiber	6,261	8,442	2,616
Coax	16,386	8,194	6,037
Drops	24,462	13,316	13,941
Conduit System	1,776	2,141	1,601
Headend	159,828	122,647	121,177
Line Equipment	19,717	20,667	8,799
Converters	44,060	41,527	59,047
Ad Insertion	24,288	23,651	24,668
Vacation, Holiday, Sick Leave	28,587	23,870	25,187
Property Taxes	8,402	8,402	8,238
Depreciation	922,906	913,608	894,246
Amortization	289,926	289,926	289,926
Total CATV	3,722,013	3,557,673	3,471,874
<u>Data/Internet</u>			
Data/Internet Access Charges	143,131	121,792	153,426
Promotional Expense	32,487	20,747	54,526
Electricity Expense	270	443	429
Pole Attachment Expense	450	450	450
Changes of Service	2,519	3,809	5,457
Customer Wireless Equipment Expense	5,557	3,156	3,494
Underground Line Expense	525	395	447
Miscellaneous Data/Internet Expense	54,247	54,059	50,628
Vehicle Expense	3,251	3,917	3,059
Maintenance:			
Fiber	219	295	92
Coax	559	285	207
Drops	835	455	475
Conduit System	62	75	56
Headend	110,578	72,154	104,982
Line Equipment	673	686	300
Modems	29,059	23,808	19,970
Vacation, Holiday, Sick Leave	19,949	16,924	20,288
Property Taxes	294	294	287
Depreciation	128,116	129,594	120,942
Amortization	96,642	96,642	96,642
Total Data/Internet	\$629,423	\$549,980	\$636,157

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$1,042	\$1,042	\$1,042
Tools Expense	417	34	---
Maintenance:			
Fiber	510	3,499	825
Conduit System	138	103	48
MAN/MME Equipment	2,402	---	19,102
Vacation, Holiday, Sick Leave	104	91	104
Property Taxes	676	676	663
Depreciation	16,994	16,892	13,140
Total MAN/MME	22,283	22,337	34,924
<u>Customer Service Expense</u>			
Customer Information Expense	18,241	5,159	12,164
<u>Consumer Accounts</u>			
Supervision	2,368	2,796	2,635
Consumer Records and Collections	39,435	34,677	35,849
Uncollectible Accounts Expense	1,383	1,383	714
Vacation, Holiday, Sick Leave	3,055	3,385	2,930
Total Consumer Accounts	46,241	42,241	42,128
<u>Administrative and General</u>			
Administrative and General Salaries	52,407	51,394	54,883
Office Supplies and Expense	4,482	4,388	3,828
Outside Services Employed	5,457	5,962	4,303
Property Insurance	815	809	854
Casualty Ins, Injuries & Damages	5,346	4,106	2,314
Employee Pensions and Benefits	74,062	74,167	60,157
Fringe Benefits Charges to Construction	(5,963)	(4,805)	(4,523)
Rents	7,952	7,952	9,553
Miscellaneous General Expense	9,408	15,480	13,674
Maintenance of General Plant	3,855	4,055	3,700
Vacation, Holiday, Sick Leave	6,413	5,202	5,535
Depreciation	8,245	7,564	8,534
Total Administrative and General	172,479	176,274	162,812
Total Operating Expenses	\$976,852	\$929,138	\$932,004

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$6,250	\$6,250	\$6,250
Tools Expense	2,500	240	852
Maintenance:			
Fiber	3,021	4,073	1,823
Conduit System	857	1,033	773
MAN/MME Equipment	14,839	10,223	29,762
Vacation, Holiday, Sick Leave	741	648	776
Property Taxes	4,055	4,054	3,975
Depreciation	101,961	101,352	78,840
Total MAN/MME	134,224	127,873	123,051
<u>Customer Service Expense</u>			
Customer Information Expense	59,447	30,301	63,275
<u>Consumer Accounts</u>			
Supervision	13,997	15,009	15,059
Consumer Records and Collections	232,763	208,363	249,889
Uncollectible Accounts Expense	8,300	8,300	4,286
Vacation, Holiday, Sick Leave	21,416	22,736	24,173
Total Consumer Accounts	276,476	254,408	293,407
<u>Administrative and General</u>			
Administrative and General Salaries	313,851	305,105	328,578
Office Supplies and Expense	32,825	31,039	25,877
Outside Services Employed	40,282	38,525	32,960
Property Insurance	5,008	4,989	5,126
Casualty Ins, Injuries & Damages	32,077	39,585	25,353
Employee Pensions and Benefits	460,896	452,718	422,750
Fringe Benefits Charges to Construction	(35,759)	(25,173)	(28,232)
Rents	47,712	47,712	57,318
Miscellaneous General Expense	68,262	74,324	49,557
Maintenance of General Plant	23,518	29,554	21,088
Vacation, Holiday, Sick Leave	44,329	40,133	53,674
Depreciation	49,469	45,384	51,204
Total Administrative and General	1,082,470	1,083,895	1,045,253
Total Operating Expenses	\$5,904,053	\$5,604,130	\$5,633,017

Muscatine Power and Water - Communications Utility
Statistical Data
June 2011

Services	Budget Estimate	% Increase (Decrease) From Budget	This Year ^{fn1}	% Increase (Decrease) Fr. Last Yr.	Last Year ^{fn1}
<u>CATV</u>					
Residential	7,584	(3.1)	7,348	(1.7)	7,475
Commercial/Hospitality	<u>168</u>	(1.8)	<u>165</u>	(8.8)	<u>181</u>
Total CATV	<u>7,752</u>	(3.1)	<u>7,513</u>	(1.9)	<u>7,656</u>
Bulk Equivalent Services	<u>485</u>	---	<u>485</u>	0.2	<u>484</u>
Bulk Master Services	<u>25</u>	12.0	<u>28</u>	---	<u>28</u>
<u>Internet</u>					
Residential	6,434	(0.8)	6,382	3.2	6,186
Commercial	<u>429</u>	11.2	<u>477</u>	0.4	<u>475</u>
Total Internet	<u>6,863</u>	(0.1)	<u>6,859</u>	3.0	<u>6,661</u>
<u>MAN/MME</u>	<u>19</u>	(10.5)	<u>17</u>	(5.6)	<u>18</u>

fn1 Number of actual residential and commercial services are per the end of month subscriber report