

Muscatine Power and Water

Communications Utility

Operating Statements and Balance Sheets

July 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 - July 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	\$686,954	(9.4)	\$622,705	1.6	\$612,681
Data/Internet	288,101	1.2	291,616	1.1	288,567
MAN/MME	30,002	0.8	30,252	5.0	28,800
Miscellaneous	8,209	7.4	8,819	23.7	7,128
Total Operating Revenues	<u>1,013,266</u>	(5.9)	<u>953,392</u>	1.7	<u>937,176</u>
<u>Operating Expense</u>					
Operation	647,041	(7.9)	595,993	(8.0)	648,087
Maintenance	82,705	(0.6)	82,250	13.9	72,185
Depreciation	200,409	(1.0)	198,323	3.9	190,872
Amortization	64,428	---	64,428	---	64,428
Total Operating Expenses	<u>994,583</u>	(5.4)	<u>940,994</u>	(3.5)	<u>975,572</u>
Operating Income (Loss)	<u>18,683</u>	(33.6)	<u>12,398</u>	---	<u>(38,396)</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	12,789	(1.3)	12,626	---	267
Interest Expense	<u>(122,720)</u>	0.9	<u>(123,776)</u>	14.8	<u>(107,854)</u>
Net Nonoperating Expense	<u>(109,931)</u>	1.1	<u>(111,150)</u>	3.3	<u>(107,587)</u>
Net Loss before Capital Contributions	(91,248)	8.2	(98,752)	(32.4)	(145,983)
Capital Contributions	<u>---</u>	---	<u>---</u>	---	<u>---</u>
Change in Net Deficit	(\$91,248)		(\$98,752)		(\$145,983)
Beginning Net Deficit	<u>(21,868,908)</u>		<u>(21,673,026)</u>		<u>(20,334,906)</u>
Ending Net Deficit	<u>(\$21,960,156)</u>		<u>(\$21,771,778)</u>		<u>(\$20,480,889)</u>
Net Loss to Total Income	(8.9)		(10.2)		(15.6)
Debt Service Coverage on Bank Debt	3.20		3.11		62.74
Debt Service Coverage on Bank and Electric Utility Debt	1.51		1.46		2.03

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

	<u>Calendar Year-to-Date</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	\$4,613,523	(4.3)	\$4,414,004	4.9	\$4,207,778
Data/Internet	1,970,337	1.9	2,008,231	2.4	1,961,402
MAN/MME	210,014	(1.6)	206,669	5.5	195,888
Miscellaneous	64,779	(8.1)	59,506	15.6	51,457
	<u>6,858,653</u>	<u>(2.5)</u>	<u>6,688,410</u>	<u>4.2</u>	<u>6,416,525</u>
<u>Operating Expense</u>					
Operation	4,481,077	(5.4)	4,240,392	(2.1)	4,331,888
Maintenance	563,700	(17.4)	465,475	(4.9)	489,601
Depreciation	1,402,861	(1.0)	1,388,261	3.9	1,336,104
Amortization	450,997	---	450,996	---	450,996
	<u>6,898,635</u>	<u>(5.1)</u>	<u>6,545,124</u>	<u>(1.0)</u>	<u>6,608,589</u>
Total Operating Revenues					
Operating Income (Loss)	<u>(39,982)</u>	<u>---</u>	<u>143,286</u>	<u>---</u>	<u>(192,064)</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	90,608	(5.8)	85,330	---	1,795
Interest Expense	<u>(859,040)</u>	<u>0.4</u>	<u>(862,236)</u>	<u>14.2</u>	<u>(754,982)</u>
Net Nonoperating Expense	<u>(768,432)</u>	<u>1.1</u>	<u>(776,906)</u>	<u>3.1</u>	<u>(753,187)</u>
Net Loss before Capital Contributions	<u>(808,414)</u>	<u>(21.6)</u>	<u>(633,620)</u>	<u>(33.0)</u>	<u>(945,251)</u>
Capital Contributions	<u>---</u>	<u>---</u>	<u>13,584</u>	<u>---</u>	<u>---</u>
Change in Net Deficit	<u>(808,414)</u>		<u>(620,036)</u>		<u>(945,251)</u>
Beginning Net Deficit	<u>(21,151,742)</u>		<u>(21,151,742)</u>		<u>(19,535,638)</u>
Ending Net Deficit	<u>(\$21,960,156)</u>		<u>(\$21,771,778)</u>		<u>(\$20,480,889)</u>
Net Loss to Total Income	(11.6)		(9.4)		(14.7)
Debt Service Coverage on Bank Debt	2.94		3.19		65.70
Debt Service Coverage on Bank and Electric Utility Debt	1.38		1.50		2.13

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

ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$5	\$1
Total Restricted Current Assets	5	1
<u>Unrestricted</u>		
Cash - interest bearing	2,114,542	1,085,368
Investments	3,935,841	500,077
Receivables:		
Consumer Accounts	1,149,327	1,028,083
Interest	66,879	3,178
Inventories	276,093	290,537
Prepaid Expenses	73,197	106,954
Total Unrestricted Current Assets	7,615,879	3,014,197
Total Current Assets	7,615,884	3,014,198
Property and Equipment:		
At Cost	29,877,648	29,597,869
Less Accumulated Depreciation	18,517,522	17,369,438
Net Property and Equipment	11,360,126	12,228,431
Other Assets:		
Unamortized Cost of Issuing Debt	18,712	24,188
Total Other Assets	18,712	24,188
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$6,635,636 in 2011 and \$6,286,773 in 2010	1,095,277	1,868,414
TOTAL ASSETS	<u>\$20,089,999</u>	<u>\$17,135,231</u>

Muscatine Power and Water - Communications Utility
Statements of Net Assets
July 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	18,800	3,478
	<hr/>	<hr/>
Total Restricted Current Liabilities	920,791	3,478
	<hr/>	<hr/>
<u>Unrestricted</u>		
Accrued Interest	103,920	103,920
Accounts Payable	585,063	631,069
Pension Provision	155,926	128,233
Health & Dental Insurance Provision	41,124	35,880
Intercompanies	10,103	8,918
Accrued Payroll	40,916	42,969
Accrued Vacation	110,911	117,640
Accrued Property Taxes	27,367	27,083
Miscellaneous Accrued Expenses	90,213	69,199
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	1,165,543	1,164,911
	<hr/>	<hr/>
Total Current Liabilities	2,086,334	1,168,389
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	184,833	232,731
Post-Employment Health Benefit Provision	23,830	---
Deferred Revenue - Dark Fiber Lease	324,780	---
Notes Payable:		
Banks	3,915,000	888,000
Electric Utility	35,327,000	35,327,000
	<hr/>	<hr/>
Total Non-Current Liabilities	39,775,443	36,447,731
	<hr/>	<hr/>
Net Deficit:		
Invested in capital assets, net of related debt	8,564,596	13,238,510
Restricted	920,791	3,478
Unrestricted	(31,257,165)	(33,722,877)
	<hr/>	<hr/>
Total Net Deficit	(21,771,778)	(20,480,889)
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TOTAL LIABILITIES AND NET DEFICIT	<u><u>\$20,089,999</u></u>	<u><u>\$17,135,231</u></u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$903,451	\$7,490,354
Advertising sales	18,051	136,029
Sale of digital converters	---	30,490
Miscellaneous sources	15,740	483,033
Cash paid to/for:		
Suppliers	(431,565)	(4,021,396)
Employees payroll, taxes and benefits	(225,041)	(1,654,283)
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Net cash flows from operating activities	280,636	2,464,227
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Cash flows from capital and related financing activities:		
Capital expenditures, net	(184,166)	(785,996)
Loan funds received from banks	---	---
Loan interest payments	(736,322)	(1,387,861)
	<hr/>	<hr/>
Net cash flows from capital and related financing activities	(920,488)	(2,173,857)
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest received on investments	123	25,134
Accrued interest purchased	---	---
Amortization/accretion of investments	---	---
Mark to market	---	---
	<hr/>	<hr/>
Net cash flows from investing activities	123	25,134
	<hr/>	<hr/>
Net increase (decrease) in cash and investments	(639,729)	315,504
	<hr/>	<hr/>
Cash and investments at beginning of period	6,690,117	5,734,884
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Cash and investments at end of period	\$6,050,388	\$6,050,388
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Muscatine Power and Water - Communications Utility
Statements of Cash Flows
July 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	\$12,398	\$143,286
Noncash items in operating income:		
Converter/modem write-off	---	2,025
Depreciation of utility plant	198,323	1,388,261
Amortization of intangible assets	64,428	450,996
Changes in assets and liabilities:		
Consumer accounts receivable	(15,021)	(46,980)
Inventories	(856)	8,901
Prepaid and deferred expenses	15,276	43,860
Accounts payable	48,246	41,591
Pension provision	18,238	155,926
Health & dental insurance provision	(15,181)	(21,154)
Other post-employment benefit provision	433	3,031
Deferred Revenue	(1,458)	341,771
Intercompany payable	(1,436)	(5,401)
Retained percentage on contracts	---	---
Accrued payroll	9,413	649
Accrued vacation	(5,305)	5,863
Accrued property taxes	2,125	2,371
Miscellaneous accrued expenses	(48,987)	(50,769)
	<hr/>	<hr/>
Net cash flows from operating activities	<u>\$280,636</u>	<u>\$2,464,227</u>

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$326,033	\$312,496	\$299,618
Promotional Expense	6,610	7,884	33,324
Electricity Expense	2,166	2,244	2,147
Pole Attachment Expense	2,167	2,167	2,167
Changes of Service	1,063	713	1,079
Underground Line Expense	2,522	1,808	2,271
Ad Insertion - Marketing/Production	10,029	6,535	5,166
Miscellaneous CATV Expense	13,983	12,306	16,180
Vehicle Expense	4,971	4,607	4,076
Maintenance:			
Fiber	1,038	1,787	1,332
Coax	2,788	1,646	2,291
Drops	4,375	3,772	2,867
Conduit System	294	1,985	142
Headend	27,521	31,082	16,721
Line Equipment	3,367	1,098	3,566
Converters	7,534	4,937	5,595
Ad Insertion	4,067	3,794	3,520
Vacation, Holiday, Sick Leave	6,258	5,911	4,978
Property Taxes	1,400	1,400	1,373
Depreciation	153,818	152,268	149,041
Amortization	48,321	48,321	48,321
Total CATV	630,325	608,761	605,775
<u>Data/Internet</u>			
Data/Internet Access Charges	24,855	21,053	23,987
Promotional Expense	4,130	6,734	32,082
Electricity Expense	74	77	73
Pole Attachment Expense	75	75	75
Changes of Service	456	305	462
Customer Wireless Equipment Expense	996	1,688	4,315
Underground Line Expense	86	62	77
Miscellaneous Data/Internet Expense	9,214	9,211	9,134
Vehicle Expense	542	558	492
Maintenance:			
Fiber	36	62	46
Coax	95	58	79
Drops	149	130	100
Conduit System	10	69	5
Headend	19,190	19,385	17,403
Line Equipment	115	37	122
Modems	5,000	5,753	4,786
Vacation, Holiday, Sick Leave	4,623	3,866	3,585
Property Taxes	49	49	48
Depreciation	21,353	21,599	20,157
Amortization	16,107	16,107	16,107
Total Data/Internet	\$107,155	\$106,878	\$133,135

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$2,281,563	\$2,188,893	\$2,017,874
Promotional Expense	33,741	23,488	139,242
Electricity Expense	10,077	15,305	14,710
Pole Attachment Expense	15,167	15,167	15,167
Changes of Service	6,941	9,601	13,812
Underground Line Expense	17,898	13,388	15,376
Ad Insertion - Marketing/Production	49,922	41,927	32,381
Miscellaneous CATV Expense	95,009	87,416	104,438
Vehicle Expense	34,641	36,856	29,416
Maintenance:			
Fiber	7,300	10,230	3,948
Coax	19,173	9,840	8,329
Drops	28,837	17,088	16,808
Conduit System	2,069	4,126	1,743
Headend	187,349	153,729	137,898
Line Equipment	23,085	21,764	12,365
Converters	51,593	46,464	64,642
Ad Insertion	28,355	27,445	28,189
Vacation, Holiday, Sick Leave	34,844	29,781	30,165
Property Taxes	9,802	9,802	9,610
Depreciation	1,076,724	1,065,876	1,043,287
Amortization	338,248	338,247	338,247
Total CATV	<u>4,352,338</u>	<u>4,166,433</u>	<u>4,077,647</u>
<u>Data/Internet</u>			
Data/Internet Access Charges	167,986	142,845	177,413
Promotional Expense	36,617	27,481	86,607
Electricity Expense	344	520	502
Pole Attachment Expense	525	525	525
Changes of Service	2,975	4,115	5,920
Customer Wireless Equipment Expense	6,553	4,844	7,809
Underground Line Expense	611	457	525
Miscellaneous Data/Internet Expense	63,461	63,270	59,762
Vehicle Expense	3,793	4,475	3,552
Maintenance:			
Fiber	255	357	138
Coax	654	343	286
Drops	984	585	575
Conduit System	72	144	61
Headend	129,768	91,539	122,385
Line Equipment	787	723	422
Modems	34,058	29,560	24,756
Vacation, Holiday, Sick Leave	24,572	20,790	23,873
Property Taxes	342	343	335
Depreciation	149,469	151,193	141,099
Amortization	112,749	112,749	112,749
Total Data/Internet	<u>\$736,575</u>	<u>\$656,858</u>	<u>\$769,294</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - July 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	9	1,420
Maintenance:			
Fiber	501	863	3,692
Conduit System	142	958	68
MAN/MME Equipment	2,631	784	5,875
Vacation, Holiday, Sick Leave	169	168	150
Property Taxes	676	676	662
Depreciation	16,993	16,892	13,140
Total MAN/MME	22,571	21,392	26,049
<u>Customer Service Expense</u>			
Customer Information Expense	6,326	4,937	(2,306)
<u>Consumer Accounts</u>			
Supervision	2,427	2,559	2,700
Consumer Records and Collections	40,210	35,020	37,004
Uncollectible Accounts Expense	1,383	1,383	714
Vacation, Holiday, Sick Leave	4,743	4,608	3,821
Total Consumer Accounts	48,763	43,570	44,239
<u>Administrative and General</u>			
Administrative and General Salaries	53,730	44,222	50,060
Office Supplies and Expense	4,794	5,327	4,543
Outside Services Employed	6,574	11,541	4,910
Property Insurance	815	808	854
Casualty Ins, Injuries & Damages	5,346	3,906	3,873
Employee Pensions and Benefits	76,278	66,522	72,429
Fringe Benefits Charges to Construction	(7,005)	(5,458)	(4,861)
Rents	7,952	7,952	9,553
Miscellaneous General Expense	9,356	181	6,536
Maintenance of General Plant	3,852	4,050	3,975
Vacation, Holiday, Sick Leave	9,506	8,841	8,274
Depreciation	8,245	7,564	8,534
Total Administrative and General	179,443	155,456	168,680
Total Operating Expenses	<u>\$994,583</u>	<u>\$940,994</u>	<u>\$975,572</u>

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$7,292	\$7,292	\$7,292
Tools Expense	2,917	249	2,272
Maintenance:			
Fiber	3,523	4,935	5,515
Conduit System	999	1,991	841
MAN/MME Equipment	17,470	11,008	35,637
Vacation, Holiday, Sick Leave	910	816	926
Property Taxes	4,730	4,730	4,638
Depreciation	118,954	118,244	91,980
Total MAN/MME	156,795	149,265	149,101
<u>Customer Service Expense</u>			
Customer Information Expense	65,773	35,239	60,969
<u>Consumer Accounts</u>			
Supervision	16,424	17,568	17,759
Consumer Records and Collections	272,974	243,383	286,893
Uncollectible Accounts Expense	9,683	9,683	5,000
Vacation, Holiday, Sick Leave	26,159	27,344	27,994
Total Consumer Accounts	325,240	297,978	337,646
<u>Administrative and General</u>			
Administrative and General Salaries	367,580	349,327	378,638
Office Supplies and Expense	37,620	36,366	30,419
Outside Services Employed	46,857	50,066	37,870
Property Insurance	5,823	5,797	5,981
Casualty Ins, Injuries & Damages	37,423	43,491	29,226
Employee Pensions and Benefits	537,175	519,239	495,179
Fringe Benefits Charges to Construction	(42,764)	(30,631)	(33,093)
Rents	55,664	55,664	66,871
Miscellaneous General Expense	77,618	74,505	56,092
Maintenance of General Plant	27,369	33,604	25,063
Vacation, Holiday, Sick Leave	53,835	48,975	61,948
Depreciation	57,714	52,948	59,738
Total Administrative and General	1,261,914	1,239,351	1,213,932
Total Operating Expenses	\$6,898,635	\$6,545,124	\$6,608,589

Muscatine Power and Water - Communications Utility
Statistical Data
July 2011

	<u>Budget</u> <u>Estimate</u>	% Increase (Decrease) <u>From Budget</u>	<u>This Year</u> ^{fn1}	% Increase (Decrease) <u>Fr. Last Yr.</u>	<u>Last Year</u> ^{fn1}
<u>Services</u>					
<u>CATV</u>					
Residential	7,584	(3.3)	7,335	(1.9)	7,478
Commercial/Hospitality	<u>168</u>	(1.2)	<u>166</u>	(7.3)	<u>179</u>
Total CATV	<u>7,752</u>	(3.2)	<u>7,501</u>	(2.0)	<u>7,657</u>
Bulk Equivalent Services	<u>485</u>	---	<u>500</u>	3.3	<u>484</u>
Bulk Master Services	<u>25</u>	12.0	<u>28</u>	---	<u>28</u>
<u>Internet</u>					
Residential	6,474	(1.5)	6,380	3.1	6,189
Commercial	<u>431</u>	10.2	<u>475</u>	0.0	<u>475</u>
Total Internet	<u>6,905</u>	(0.7)	<u>6,855</u>	2.9	<u>6,664</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