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Muscatine Power and Water
Communications Utility
Operating Statements and Balance Sheets
July 2007

**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
July 2007

Current Month

	<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>Operating Revenue</u>					
CATV	\$515,351	(1.1)	\$509,442	7.3	\$474,574
Data/Internet	219,681	5.5	231,699	4.3	222,175
MAN	28,071	5.7	29,671	1.7	29,171
Miscellaneous	<u>3,096</u>	---	<u>10,651</u>	(6.0)	<u>11,333</u>
Total Operating Revenues	<u>766,199</u>	2.0	<u>781,463</u>	6.0	<u>737,253</u>
<u>Operating Expense</u>					
Operation	510,647	(6.0)	479,914	0.9	475,810
Maintenance	66,500	(3.0)	64,501	31.9	48,896
Depreciation	144,664	---	144,730	(14.9)	170,106
Amortization	<u>64,421</u>	---	<u>64,421</u>	---	<u>64,421</u>
Total Operating Expenses	<u>786,232</u>	(4.2)	<u>753,566</u>	(0.7)	<u>759,233</u>
Operating Income (Loss)	<u>(20,033)</u>	---	<u>27,897</u>	---	<u>(21,980)</u>
<u>Interest and Miscellaneous</u>					
Interest Income	6,573	32.2	8,689	(8.6)	9,505
Interest Expense	<u>(103,920)</u>	---	<u>(103,920)</u>	---	<u>(103,920)</u>
Total Interest and Miscellaneous	<u>(97,347)</u>	(2.2)	<u>(95,231)</u>	0.9	<u>(94,415)</u>
Loss Before Capital Contributions	(117,380)		(67,334)		(116,395)
Capital Contributions	---		---		---
Change in Net Assets	(117,380)		(67,334)		(116,395)
Beginning Net Deficit	<u>(17,460,548)</u>		<u>(16,923,138)</u>		<u>(15,932,967)</u>
Ending Net Deficit	<u>(\$17,577,928)</u>		<u>(\$16,990,472)</u>		<u>(\$16,049,362)</u>
Percent To Total Income	(15.2)		(8.5)		(15.6)

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Deficit
July 2007

Calendar Year-to-Date

	<u>Budget</u>	<u>% Increase</u>		<u>% Increase</u>	
	<u>Estimate</u>	<u>(Decrease)</u>	<u>This</u>	<u>(Decrease)</u>	<u>Last</u>
		<u>From Budget</u>	<u>Year</u>	<u>Fr. Last Yr.</u>	<u>Year</u>
<u>Operating Revenue</u>					
CATV	\$3,578,948	(0.8)	\$3,551,981	6.4	\$3,337,693
Data/Internet	1,537,968	4.5	1,607,734	5.4	1,525,884
MAN	196,497	4.2	204,699	0.2	204,240
Miscellaneous	40,450	9.7	44,369	(2.2)	45,356
Total Operating Revenues	<u>5,353,863</u>	1.0	<u>5,408,783</u>	5.8	<u>5,113,173</u>
<u>Operating Expense</u>					
Operation	3,479,992	(2.6)	3,390,859	4.0	3,260,252
Maintenance	448,621	(0.4)	446,801	29.3	345,674
Depreciation	1,012,644	---	1,013,110	(18.0)	1,236,056
Amortization	450,953	---	450,951	---	450,951
Total Operating Expenses	<u>5,392,210</u>	(1.7)	<u>5,301,721</u>	0.2	<u>5,292,933</u>
Operating Income (Loss)	<u>(38,347)</u>	---	<u>107,062</u>	---	<u>(179,760)</u>
<u>Interest and Miscellaneous</u>					
Interest Income	46,396	30.0	60,301	19.2	50,593
Interest Expense	<u>(727,440)</u>	---	<u>(727,442)</u>	---	<u>(727,442)</u>
Total Interest and Miscellaneous	<u>(681,044)</u>	(2.0)	<u>(667,141)</u>	(1.4)	<u>(676,849)</u>
Loss Before Capital Contributions	(719,391)		(560,079)		(856,609)
Capital Contributions	---		---		---
Change in Net Assets	(719,391)		(560,079)		(856,609)
Beginning Net Deficit	<u>(16,858,537)</u>		<u>(16,430,393)</u>		<u>(15,192,753)</u>
Ending Net Deficit	<u>(\$17,577,928)</u>		<u>(\$16,990,472)</u>		<u>(\$16,049,362)</u>
Percent To Total Income	(13.3)		(10.2)		(16.6)

Muscatine Power and Water - Communications Utility
Balance Sheets
July 2007

ASSETS

	<u>2007</u>	<u>2006</u>
Current Assets:		
Cash - interest bearing	\$318,804	\$345,761
Investments	1,398,480	1,548,128
Receivables:		
Consumer Accounts	886,159	793,496
Interest	7,795	15,346
Inventories	322,438	341,545
Prepaid Pension	44,938	---
Prepaid Expenses	<u>116,388</u>	<u>102,361</u>
Total Current Assets	<u>3,095,002</u>	<u>3,146,637</u>
Property and Equipment:		
At Cost	25,185,445	24,153,094
Less Accumulated Depreciation	<u>13,314,123</u>	<u>12,133,635</u>
Net Property and Equipment	<u>11,871,322</u>	<u>12,019,459</u>
Intangible Assets:		
2003 Asset Purchase - Less Accumulated Amortization of \$3,967,552 in 2007 and \$2,770,218 in 2006	<u>4,187,635</u>	<u>4,960,694</u>
Total Intangible Assets	<u>4,187,635</u>	<u>4,960,694</u>
TOTAL ASSETS	<u><u>\$19,153,959</u></u>	<u><u>\$20,126,790</u></u>

Muscatine Power and Water - Communications Utility
Balance Sheets
July 2007

LIABILITIES AND NET DEFICIT

	<u>2007</u>	<u>2006</u>
Current Liabilities:		
Interest Payable	\$103,920	\$103,920
Accounts Payable	355,022	299,801
Pension Provision	---	40,821
Health Insurance Provision	152,524	135,876
Intercompanies	3,601	9,387
Retained Percentage on Contracts	145	---
Accrued Payroll	15,470	73,262
Accrued Vacation	94,402	78,274
Accrued Property Taxes	29,435	26,960
Miscellaneous Accrued Expenses	62,912	80,851
	<hr/>	<hr/>
Total Current Liabilities	817,431	849,152
	<hr/>	<hr/>
Long-Term Liabilities:		
Note Payable	35,327,000	35,327,000
	<hr/>	<hr/>
Net Deficit - Unrestricted	<u>(16,990,472)</u>	<u>(16,049,362)</u>
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TOTAL LIABILITIES AND NET DEFICIT	<u>\$19,153,959</u>	<u>\$20,126,790</u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
July 2007

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from communications sales	\$725,754	\$5,304,186
Cash paid to/for:		
Suppliers	(435,599)	(2,527,166)
Employees payroll, taxes and benefits	(360,509)	(1,671,722)
Other	62,930	245,729
	<u> </u>	<u> </u>
Net cash flows from operating activities	(7,424)	1,351,027
	<u> </u>	<u> </u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(46,919)	(831,517)
Loan interest payments	(623,522)	(1,247,044)
	<u> </u>	<u> </u>
Net cash flows from capital and related financing activities	(670,441)	(2,078,561)
	<u> </u>	<u> </u>
Cash flows from investing activities:		
Interest received on investments	8,454	77,144
Accrued interest purchased	(3,141)	(7,411)
Amortization/accretion of investments	1,498	8,645
Mark to market	603	(1,942)
	<u> </u>	<u> </u>
Net cash flows from investing activities	7,414	76,436
	<u> </u>	<u> </u>
Net decrease in cash and investments	(670,451)	(651,098)
	<u> </u>	<u> </u>
Cash and investments at beginning of period	2,387,735	2,368,382
	<u> </u>	<u> </u>
Cash and investments at end of period	<u>\$1,717,284</u>	<u>\$1,717,284</u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
July 2007

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$27,897	\$107,062
Noncash items in operating income (loss):		
Converter/modem write-off	800	4,758
Depreciation of utility plant	144,730	1,013,110
Amortization of intangible assets	64,421	450,951
Changes in assets and liabilities:		
Consumer accounts receivable	(52,116)	(59,377)
Inventories	6,135	(3,489)
Prepaid and deferred expenses	(21,563)	(60,821)
Accounts payable	(34,774)	45,625
Pension provision	(98,301)	(44,938)
Health insurance provision	6,391	15,390
Intercompany payable	53,059	(19,528)
Retained Percentage on Contracts	---	144
Accrued payroll	(58,820)	(60,828)
Accrued vacation	(1,721)	16,437
Accrued property taxes	2,250	4,753
Miscellaneous accrued expenses	(45,812)	(58,222)
	<u>(\$7,424)</u>	<u>\$1,351,027</u>
Net cash flows from operating activities	<u>(\$7,424)</u>	<u>\$1,351,027</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - July 2007

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$234,017	\$227,360	\$226,952
Promotional Expense	83	92	20
Electricity Expense	1,980	2,130	1,980
Pole Attachment Expense	2,011	2,011	1,950
Changes of Service	1,312	1,216	1,915
Underground Line Expense	2,244	2,590	3,334
Ad Insertion - Marketing/Production	8,262	8,802	6,519
Miscellaneous CATV Expense	8,797	8,614	9,930
Vehicle Expense	4,043	2,394	2,843
Maintenance:			
Fiber	971	1,546	413
Coax	1,675	1,233	2,344
Drops	4,707	4,024	1,942
Conduit System	347	374	781
Headend	14,022	11,893	10,336
Line Equipment	2,367	3,553	3,957
Converters	5,018	3,801	3,814
Ad Insertion	4,459	2,818	900
Vacation, Holiday , Sick Leave	4,409	5,024	4,028
Property Taxes	1,483	1,483	1,503
Depreciation	88,212	88,747	100,778
Amortization	48,316	48,316	48,316
Total CATV	438,735	428,021	434,555
<u>Data/Internet</u>			
Data/Internet Access Charges	20,761	28,102	20,527
Promotional Expense	---	---	---
Electricity Expense	68	73	68
Pole Attachment Expense	70	70	68
Changes of Service	577	521	821
Customer Wireless Equipment Expense	299	1,172	546
Underground Line Expense	52	88	114
Miscellaneous Data/Internet Expense	7,855	8,280	5,495
Vehicle Expense	666	448	485
Maintenance:			
Fiber	31	54	13
Coax	43	122	80
Drops	200	137	66
Conduit System	11	13	27
Headend	16,786	16,656	9,919
Line Equipment	74	122	135
Modems	5,842	9,859	5,238
Vacation, Holiday, Sick Leave	4,740	4,448	3,902
Property Taxes	52	52	52
Depreciation	23,943	23,725	35,822
Amortization	16,105	16,105	16,105
Total Data/Internet	\$98,175	\$110,047	\$99,483

Muscatine Power and Water - Communications Utility
Summary of Expenses
Year-to-Date - July 2007

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$1,635,422	\$1,603,528	\$1,533,124
Promotional Expense	585	1,697	929
Electricity Expense	13,678	14,187	13,679
Pole Attachment Expense	14,080	14,081	13,650
Changes of Service	9,061	12,032	14,842
Underground Line Expense	15,422	13,747	15,309
Ad Insertion - Marketing/Production	54,705	54,839	51,191
Miscellaneous CATV Expense	55,511	74,165	69,449
Vehicle Expense	28,287	27,560	21,790
Maintenance:			
Fiber	11,234	10,526	12,424
Coax	18,574	16,939	20,660
Drops	22,415	19,244	14,315
Conduit System	1,538	3,914	2,910
Headend	100,142	97,608	67,638
Line Equipment	19,684	30,373	13,779
Converters	32,584	24,677	24,749
Ad Insertion	30,530	20,351	9,886
Vacation, Holiday, Sick Leave	25,280	27,594	22,062
Property Taxes	10,381	10,381	10,521
Depreciation	617,479	621,229	757,436
Amortization	338,214	338,213	338,213
Total CATV	3,054,806	3,036,885	3,028,556
<u>Data/Internet</u>			
Data/Internet Access Charges	145,327	149,286	171,638
Promotional Expense	---	---	160
Electricity Expense	468	484	467
Pole Attachment Expense	492	492	476
Changes of Service	3,888	5,156	6,361
Customer Wireless Equipment Expense	2,101	3,725	6,801
Underground Line Expense	534	469	522
Miscellaneous Data/Internet Expense	52,998	56,646	56,610
Vehicle Expense	4,670	4,001	3,713
Maintenance:			
Fiber	401	367	209
Coax	642	657	705
Drops	761	657	484
Conduit System	49	137	102
Headend	114,222	110,853	90,527
Line Equipment	643	1,039	470
Modems	27,279	44,326	23,243
Vacation, Holiday, Sick Leave	27,168	26,795	23,183
Property Taxes	364	364	364
Depreciation	167,598	166,075	243,962
Amortization	112,739	112,738	112,738
Total Data/Internet	\$662,344	\$684,267	\$742,735

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - July 2007

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$971	\$971	\$941
Tools Expense	---	---	153
Maintenance:			
Fiber	486	746	175
Conduit System	178	180	377
MAN Equipment	6,434	5,316	6,063
Vacation, Holiday, Sick Leave	34	35	30
Property Taxes	715	715	725
Depreciation	22,833	23,311	24,528
Total MAN	31,651	31,274	32,992
<u>Customer Service Expense</u>			
Customer Information Expense	21,556	5,579	13,969
<u>Consumer Accounts</u>			
Supervision	2,190	2,340	2,229
Consumer Records and Collections	33,347	27,548	26,962
Uncollectible Accounts Expense	1,875	1,875	2,505
Vacation, Holiday, Sick Leave	4,486	5,080	3,741
Total Consumer Accounts	41,898	36,843	35,437
<u>Administrative and General</u>			
Administrative and General Salaries	45,170	45,778	39,879
Office Supplies and Expense	5,224	3,318	4,555
Outside Services Employed	5,443	4,084	4,222
Property Insurance	824	682	789
Casualty Ins, Injuries & Damages	4,540	(726)	2,674
Employee Pensions and Benefits	55,989	58,517	55,369
Fringe Benefits Charges to Construction	(4,077)	(7,670)	(3,230)
Rents	7,229	7,229	7,570
Miscellaneous General Expense	13,424	10,528	13,262
Maintenance of General Plant	2,849	2,054	2,316
Vacation, Holiday, Sick Leave	7,926	9,061	6,413
Depreciation	9,676	8,947	8,978
Total Administrative and General	154,217	141,802	142,797
Total Operating Expenses	\$786,232	\$753,566	\$759,233

Muscatine Power and Water - Communications Utility
Summary of Expenses
Year-to-Date - July 2007

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$6,797	\$6,797	\$6,587
Tools Expense	---	887	1,186
Maintenance:			
Fiber	5,458	5,079	2,888
Conduit System	742	1,889	1,404
MAN Equipment	44,369	40,541	39,834
Vacation, Holiday, Sick Leave	193	213	164
Property Taxes	5,011	5,011	5,075
Depreciation	159,835	163,177	172,296
Total MAN	222,405	223,594	229,434
<u>Customer Service Expense</u>			
Customer Information Expense	95,927	43,864	44,418
<u>Consumer Accounts</u>			
Supervision	14,900	16,358	15,136
Consumer Records and Collections	224,565	216,521	195,938
Uncollectible Accounts Expense	13,125	13,125	17,537
Vacation, Holiday, Sick Leave	25,861	26,356	23,895
Total Consumer Accounts	278,451	272,360	252,506
<u>Administrative and General</u>			
Administrative and General Salaries	309,946	320,102	302,950
Office Supplies and Expense	36,650	28,354	29,523
Outside Services Employed	42,839	45,116	33,149
Property Insurance	5,661	5,095	5,415
Casualty Ins, Injuries & Damages	31,762	17,125	24,782
Employee Pensions and Benefits	395,049	406,319	366,386
Fringe Benefits Charges to Construction	(25,771)	(27,952)	(22,897)
Rents	50,603	50,603	52,990
Miscellaneous General Expense	100,853	65,004	76,138
Maintenance of General Plant	17,354	17,624	19,447
Vacation, Holiday, Sick Leave	45,599	50,732	45,039
Depreciation	67,732	62,629	62,362
Total Administrative and General	1,078,277	1,040,751	995,284
Total Operating Expenses	\$5,392,210	\$5,301,721	\$5,292,933

**Muscatine Power and Water - Communications Utility
Statistical Data
July 2007**

<u>Services</u>	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Residential	8,150	8,016	8,356
Commercial	172	168	160
Bulk	17	16	16
Total CATV	<u>8,339</u>	<u>8,200</u>	<u>8,532</u>
<u>Internet</u>			
Residential	5,145	5,591	5,493
Commercial	512	519	503
Total Internet	<u>5,657</u>	<u>6,110</u>	<u>5,996</u>
<u>MAN</u>	<u>14</u>	<u>15</u>	<u>15</u>