

Muscatine Power and Water
Communications Utility
Operating Statements and Balance Sheets
May 2009

**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
May 2009

Current Month

	<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	\$575,292	(2.0)	\$563,572	5.4	\$534,939
Data/Internet	249,315	2.2	254,771	4.0	244,955
MAN	30,176	(10.6)	26,971	(13.7)	31,257
Miscellaneous	6,809	4.3	7,105	5.9	6,706
	<u>861,592</u>	<u>(1.1)</u>	<u>852,419</u>	<u>4.2</u>	<u>817,857</u>
<u>Operating Expense</u>					
Operation	562,336	(0.6)	559,023	8.6	514,739
Maintenance	69,865	7.2	74,872	19.6	62,610
Depreciation	167,727	1.5	170,268	23.4	137,971
Amortization	64,421	---	64,421	---	64,421
	<u>864,349</u>	<u>0.5</u>	<u>868,584</u>	<u>11.4</u>	<u>779,741</u>
Total Operating Expenses					
	<u>(2,757)</u>	<u>---</u>	<u>(16,165)</u>	<u>---</u>	<u>38,116</u>
Operating Income (Loss)					
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	9,588	(79.0)	2,013	(76.4)	8,535
Interest Expense	(121,150)	(11.0)	(107,854)	3.8	(103,920)
Other	---	---	---	---	---
	<u>(111,562)</u>	<u>(5.1)</u>	<u>(105,841)</u>	<u>11.0</u>	<u>(95,385)</u>
Net Nonoperating Expense					
	<u>(114,319)</u>	<u>6.7</u>	<u>(122,006)</u>	<u>---</u>	<u>(57,269)</u>
Change in Net Deficit					
Beginning Net Deficit	<u>(18,663,363)</u>		<u>(18,565,437)</u>		<u>(17,569,686)</u>
Ending Net Deficit	<u>(\$18,777,682)</u>		<u>(\$18,687,443)</u>		<u>(\$17,626,955)</u>
Percent To Total Income	(13.1)		(14.3)		(6.9)
Debt Service Coverage on Bank Debt	14.34		63.41		N/A
Debt Service Coverage on Bank and Electric Utility Debt	1.98		2.05		2.40

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Deficit
May 2009

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	\$2,797,005	(1.3)	\$2,759,912	3.6	\$2,664,002
Data/Internet	1,236,513	2.1	1,262,514	4.5	1,208,227
MAN	150,880	(8.7)	137,708	(8.6)	150,596
Miscellaneous	34,051	11.6	37,999	17.5	32,326
	<u>4,218,449</u>	(0.5)	<u>4,198,133</u>	3.5	<u>4,055,151</u>
<u>Operating Expense</u>					
Operation	2,846,535	(2.7)	2,768,318	7.0	2,586,847
Maintenance	345,941	(0.3)	344,737	15.8	297,611
Depreciation	838,638	1.5	851,340	23.4	689,855
Amortization	322,108	---	322,108	---	322,108
	<u>4,353,222</u>	(1.5)	<u>4,286,503</u>	10.0	<u>3,896,421</u>
Total Operating Expenses					
	<u>4,353,222</u>	(1.5)	<u>4,286,503</u>	10.0	<u>3,896,421</u>
Operating Income (Loss)	<u>(134,773)</u>	(34.4)	<u>(88,370)</u>	---	<u>158,730</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	53,253	(66.5)	17,825	(46.4)	33,231
Interest Expense	(605,749)	(11.0)	(539,272)	3.8	(519,601)
Other	---	---	12,787	---	---
	<u>(552,496)</u>	(7.9)	<u>(508,660)</u>	4.6	<u>(486,370)</u>
Net Nonoperating Expense					
	<u>(552,496)</u>	(7.9)	<u>(508,660)</u>	4.6	<u>(486,370)</u>
Change in Net Deficit	(687,269)	(13.1)	(597,030)	82.2	(327,640)
Beginning Net Deficit	(18,090,413)		(18,090,413)		(17,299,315)
Ending Net Deficit	<u>(\$18,777,682)</u>		<u>(\$18,687,443)</u>		<u>(\$17,626,955)</u>
Percent To Total Income	(16.1)		(14.2)		(8.0)
Debt Service Coverage on Bank Debt	12.96		63.42		N/A
Debt Service Coverage on Bank and Electric Utility Debt	1.79		2.05		2.32

Muscatine Power and Water - Communications Utility
Balance Sheets
May 2009

ASSETS

	<u>2009</u>	<u>2008</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	---	---
Total Restricted Current Assets	---	---
<u>Unrestricted</u>		
Cash - interest bearing	1,471,974	529,806
Investments	1,319,000	2,243,992
Receivables:		
Consumer Accounts	1,011,372	941,947
Interest	9,603	12,368
Other	5,601	---
Inventories	307,134	299,041
Prepaid Expenses	135,989	103,685
Total Unrestricted Current Assets	4,260,673	4,130,839
Total Current Assets	4,260,673	4,130,839
Property and Equipment:		
At Cost	28,483,477	26,085,802
Less Accumulated Depreciation	16,086,894	14,559,982
Net Property and Equipment	12,396,583	11,525,820
Other Assets:		
Unamortized Cost of Issuing Debt	30,577	---
Total Other Assets	30,577	---
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$5,384,826 in 2009 and \$4,611,767 in 2008	2,770,361	3,543,420
TOTAL ASSETS	<u>\$19,458,194</u>	<u>\$19,200,079</u>

Muscatine Power and Water - Communications Utility
Balance Sheets
May 2009

LIABILITIES AND NET DEFICIT

	<u>2009</u>	<u>2008</u>
Current Liabilities:		
<u>Restricted</u>		
Accrued Interest	\$19,129	---
Total Restricted Current Liabilities	19,129	---
<u>Unrestricted</u>		
Accrued Interest	519,600	519,601
Accounts Payable	719,181	395,028
Pension Provision	75,260	56,251
Health & Dental Insurance Provision	34,580	33,460
Intercompanies	7,385	8,674
Retained Percentage on Contracts	---	22
Accrued Payroll	83,791	82,284
Accrued Vacation	115,704	102,563
Accrued Property Taxes	29,165	22,901
Miscellaneous Accrued Expenses	110,244	121,067
Total Unrestricted Current Liabilities	1,694,910	1,341,851
Total Current Liabilities	1,714,039	1,341,851
Non-Current Liabilities:		
Health & Dental Insurance Provision	216,598	158,183
Notes Payable:		
Banks	888,000	---
Electric Utility	35,327,000	35,327,000
Total Non-Current Liabilities	36,431,598	35,485,183
Net Deficit:		
Invested in capital assets, net of related debt	(21,009,721)	(20,257,760)
Restricted	---	---
Unrestricted	2,322,278	2,630,805
Total Net Deficit	(18,687,443)	(17,626,955)
TOTAL LIABILITIES AND NET DEFICIT	<u>\$19,458,194</u>	<u>\$19,200,079</u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
May 2009

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$733,175	\$3,901,668
Advertising sales	18,352	104,336
Miscellaneous sources	22,088	66,715
Cash paid to/for:		
Suppliers	(414,242)	(2,005,735)
Employees payroll, taxes and benefits	(218,047)	(1,087,811)
Net cash flows from operating activities	<u>141,326</u>	<u>979,173</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(35,881)	(1,021,148)
Loan interest payments	---	(623,522)
Net cash flows from capital and related financing activities	<u>(35,881)</u>	<u>(1,644,670)</u>
Cash flows from investing activities:		
Interest received on investments	<u>34,434</u>	<u>37,283</u>
Net cash flows from investing activities	<u>34,434</u>	<u>37,283</u>
Cash flows from nonoperating activities:		
Sale of digital converters	---	114,991
FEMA	---	897
Net cash flows from nonoperating activities	---	115,888
Net increase (decrease) in cash and investments	<u>139,879</u>	<u>(512,326)</u>
Cash and investments at beginning of period	<u>2,651,095</u>	<u>3,303,300</u>
Cash and investments at end of period	<u><u>\$2,790,974</u></u>	<u><u>\$2,790,974</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
May 2009

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Reconciliation of operating loss to net cash flows from operating activities		
Operating loss	(\$16,165)	(\$88,370)
Noncash items in operating income:		
Converter/modem write-off	190	1,117
Depreciation of utility plant	170,268	851,340
Amortization of intangible assets	64,421	322,108
Changes in assets and liabilities:		
Consumer accounts receivable	(70,845)	(141,049)
Inventories	(8,909)	(5,260)
Prepaid and deferred expenses	(48,932)	(62,481)
Accounts payable	(19,304)	(59,950)
Pension provision	15,052	75,260
Health & dental insurance provision	6,359	20,168
Intercompany payable	(1,545)	18,941
Retained percentage on contracts	(1,163)	(22)
Accrued payroll	11,888	59,381
Accrued vacation	484	19,919
Accrued property taxes	2,833	(2,641)
Miscellaneous accrued expenses	36,694	(29,288)
	<hr/>	<hr/>
Net cash flows from operating activities	<u>\$141,326</u>	<u>\$979,173</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - May 2009

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$258,261	\$266,304	\$245,314
Promotional Expense	3,958	6,680	110
Electricity Expense	2,083	2,092	2,075
Pole Attachment Expense	2,167	2,036	2,010
Changes of Service	1,130	551	1,551
Underground Line Expense	2,494	4,086	2,361
Ad Insertion - Marketing/Production	9,350	6,487	8,259
Miscellaneous CATV Expense	7,986	8,262	8,634
Vehicle Expense	7,206	3,630	4,811
Maintenance:			
Fiber	1,119	1,221	480
Coax	3,540	3,915	3,499
Drops	4,160	9,082	3,839
Conduit System	494	56	619
Headend	12,330	17,928	10,764
Line Equipment	4,699	2,002	2,969
Converters	3,469	6,775	3,602
Ad Insertion	3,814	2,678	4,438
Vacation, Holiday , Sick Leave	5,303	5,664	4,438
Property Taxes	1,867	1,867	1,372
Depreciation	121,574	125,665	92,015
Amortization	48,316	48,316	48,316
Total CATV	505,320	525,297	451,476
<u>Data/Internet</u>			
Data/Internet Access Charges	29,208	28,473	20,775
Promotional Expense	1,458	1,421	---
Electricity Expense	71	71	71
Pole Attachment Expense	75	71	70
Changes of Service	484	236	665
Customer Wireless Equipment Expense	1,153	---	214
Underground Line Expense	85	139	81
Miscellaneous Data/Internet Expense	7,556	7,109	7,508
Vehicle Expense	618	444	583
Maintenance:			
Fiber	39	39	17
Coax	121	128	119
Drops	142	310	131
Conduit System	17	2	22
Headend	21,476	17,210	19,943
Line Equipment	160	68	101
Modems	3,367	4,537	4,181
Vacation, Holiday, Sick Leave	4,455	4,439	3,631
Property Taxes	65	65	48
Depreciation	23,674	22,188	23,508
Amortization	16,105	16,105	16,105
Total Data/Internet	\$110,329	\$103,055	\$97,773

Muscatine Power and Water - Communications Utility
Summary of Expenses
Year-to-Date - May 2009

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$1,293,434	\$1,324,734	\$1,224,588
Promotional Expense	19,792	30,920	725
Electricity Expense	10,417	10,575	10,343
Pole Attachment Expense	10,833	10,180	10,050
Changes of Service	5,648	4,853	7,737
Underground Line Expense	12,468	11,406	8,182
Ad Insertion - Marketing/Production	38,354	29,715	38,858
Miscellaneous CATV Expense	40,644	34,233	53,903
Vehicle Expense	27,892	19,269	25,549
Maintenance:			
Fiber	5,569	3,261	5,406
Coax	17,319	16,302	13,295
Drops	20,560	17,604	10,737
Conduit System	2,447	630	1,847
Headend	61,024	94,306	62,460
Line Equipment	22,616	7,837	16,480
Converters	17,309	37,897	17,364
Ad Insertion	19,008	15,542	26,065
Vacation, Holiday, Sick Leave	22,688	22,868	19,920
Property Taxes	9,335	9,335	6,861
Depreciation	607,869	628,325	460,075
Amortization	241,581	241,581	241,581
Total CATV	2,506,807	2,571,373	2,262,026
<u>Data/Internet</u>			
Data/Internet Access Charges	146,038	142,977	114,755
Promotional Expense	7,292	8,013	300
Electricity Expense	354	361	353
Pole Attachment Expense	375	355	350
Changes of Service	2,421	2,080	3,316
Customer Wireless Equipment Expense	5,722	1,247	3,520
Underground Line Expense	426	389	279
Miscellaneous Data/Internet Expense	37,803	30,380	35,555
Vehicle Expense	3,092	2,353	3,310
Maintenance:			
Fiber	194	88	189
Coax	591	551	454
Drops	702	600	366
Conduit System	85	22	64
Headend	107,481	92,428	76,002
Line Equipment	772	288	533
Modems	16,769	16,677	18,050
Vacation, Holiday, Sick Leave	19,218	28,888	17,408
Property Taxes	325	325	240
Depreciation	118,371	110,940	117,540
Amortization	80,527	80,527	80,527
Total Data/Internet	\$548,558	\$519,489	\$473,111

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - May 2009

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$1,042	\$983	\$970
Tools Expense	---	417	---
Maintenance:			
Fiber	540	546	232
Conduit System	238	27	299
MAN Equipment	6,940	4,961	4,829
Vacation, Holiday, Sick Leave	160	176	130
Property Taxes	901	901	662
Depreciation	13,035	12,974	13,723
Total MAN	22,856	20,985	20,845
<u>Customer Service Expense</u>			
Customer Information Expense	19,960	7,220	10,535
<u>Consumer Accounts</u>			
Supervision	2,249	2,178	2,463
Consumer Records and Collections	35,827	36,172	29,410
Uncollectible Accounts Expense	250	250	342
Vacation, Holiday, Sick Leave	4,529	4,336	4,194
Total Consumer Accounts	42,855	42,936	36,409
<u>Administrative and General</u>			
Administrative and General Salaries	49,555	44,820	56,803
Office Supplies and Expense	4,908	4,173	3,265
Outside Services Employed	5,678	5,279	4,422
Property Insurance	833	854	697
Casualty Ins, Injuries & Damages	4,486	20,038	4,376
Employee Pensions and Benefits	63,844	63,679	60,842
Fringe Benefits Charges to Construction	(4,358)	(2,789)	(4,054)
Rents	8,649	8,649	7,278
Miscellaneous General Expense	8,131	3,196	9,205
Maintenance of General Plant	3,200	3,387	2,526
Vacation, Holiday, Sick Leave	8,659	8,364	8,618
Depreciation	9,444	9,441	8,725
Total Administrative and General	163,029	169,091	162,703
Total Operating Expenses	\$864,349	\$868,584	\$779,741

Muscatine Power and Water - Communications Utility
Summary of Expenses
Year-to-Date - May 2009

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$5,208	\$4,915	\$4,850
Tools Expense	---	700	893
Maintenance:			
Fiber	2,688	1,224	2,609
Conduit System	1,181	304	891
MAN Equipment	34,733	24,515	29,395
Vacation, Holiday, Sick Leave	634	648	559
Property Taxes	4,505	4,506	3,311
Depreciation	65,178	64,870	68,615
Total MAN	<u>114,127</u>	<u>101,682</u>	<u>111,123</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>114,005</u>	<u>64,953</u>	<u>32,614</u>
<u>Consumer Accounts</u>			
Supervision	11,247	11,624	12,039
Consumer Records and Collections	179,422	181,035	162,768
Uncollectible Accounts Expense	1,250	1,250	1,709
Vacation, Holiday, Sick Leave	<u>19,411</u>	<u>20,589</u>	<u>19,799</u>
Total Consumer Accounts	<u>211,330</u>	<u>214,498</u>	<u>196,315</u>
<u>Administrative and General</u>			
Administrative and General Salaries	248,356	239,548	275,381
Office Supplies and Expense	27,717	20,458	20,394
Outside Services Employed	45,734	35,668	25,051
Property Insurance	3,757	3,799	3,441
Casualty Ins, Injuries & Damages	22,368	34,699	22,602
Employee Pensions and Benefits	321,612	326,696	312,811
Fringe Benefits Charges to Construction	(21,756)	(24,335)	(19,957)
Rents	43,245	43,245	36,390
Miscellaneous General Expense	66,886	32,264	42,126
Maintenance of General Plant	14,893	14,661	15,404
Vacation, Holiday, Sick Leave	38,363	40,600	43,964
Depreciation	<u>47,220</u>	<u>47,205</u>	<u>43,625</u>
Total Administrative and General	<u>858,395</u>	<u>814,508</u>	<u>821,232</u>
Total Operating Expenses	<u><u>\$4,353,222</u></u>	<u><u>\$4,286,503</u></u>	<u><u>\$3,896,421</u></u>

Muscatine Power and Water - Communications Utility
Statistical Data
May 2009

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>Services</u>			
<u>CATV</u>			
Residential	7,968	7,805	7,924
Commercial	171	170	178
Bulk	16	16	16
	<u> </u>	<u> </u>	<u> </u>
Total CATV	<u>8,155</u>	<u>7,991</u>	<u>8,118</u>
<u>Internet</u>			
Residential	5,760	5,931	5,736
Commercial	523	508	536
	<u> </u>	<u> </u>	<u> </u>
Total Internet	<u>6,283</u>	<u>6,439</u>	<u>6,272</u>
<u>MAN</u>	<u>16</u>	<u>16</u>	<u>17</u>