

Muscatine Power and Water
Communications Utility
Operating Statements and Balance Sheets
August 2012

**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 - August 2012

	<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	\$699,103	(10.1)	\$628,331	1.2	\$621,065
Data/Internet	302,497	1.5	306,933	6.0	289,677
MAN/MME	56,268	(21.7)	44,075	46.7	30,045
Miscellaneous	8,798	59.0	13,990	53.8	9,098
Total Operating Revenues	<u>1,066,666</u>	(6.9)	<u>993,329</u>	4.6	<u>949,885</u>
<u>Operating Expense</u>					
Operation	678,207	(1.1)	670,763	8.1	620,381
Maintenance	73,824	(6.3)	69,199	(15.7)	82,063
Depreciation	206,958	(5.5)	195,673	(1.3)	198,323
Amortization	64,428	---	64,428	---	64,428
Total Operating Expenses	<u>1,023,417</u>	(2.3)	<u>1,000,063</u>	3.6	<u>965,195</u>
Operating Income (Loss)	<u>43,249</u>	(115.6)	<u>(6,734)</u>	---	<u>(15,310)</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	11,773	(17.1)	9,755	(22.6)	12,610
Interest Expense	<u>(120,048)</u>	0.1	<u>(120,139)</u>	(3.0)	<u>(123,882)</u>
Net Nonoperating Expense	<u>(108,275)</u>	1.9	<u>(110,384)</u>	(0.8)	<u>(111,272)</u>
Net Loss before Capital Contributions	(65,026)	80.1	(117,118)	(7.5)	(126,582)
Capital Contributions	<u>---</u>	---	<u>578</u>	(41.3)	<u>985</u>
Change in Net Deficit	(\$65,026)		(\$116,540)		(\$125,597)
Beginning Net Deficit	<u>(22,919,496)</u>		<u>(22,985,754)</u>		<u>(21,771,778)</u>
Ending Net Deficit	<u><u>(\$22,984,522)</u></u>		<u><u>(\$23,102,294)</u></u>		<u><u>(\$21,897,375)</u></u>
Net Loss to Total Income	(6.0)		(11.7)		(13.2)
Debt Service Coverage on Bank Debt	3.56		2.87		2.81
Debt Service Coverage on Electric Utility Debt	2.26		1.65		1.61

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Deficit
Calendar Year-to-Date - August 2012

	<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	\$5,342,396	(4.9)	\$5,082,644	0.9	\$5,035,068
Data/Internet	2,394,969	1.5	2,430,778	5.8	2,297,908
MAN/MME	415,140	(22.3)	322,647	36.3	236,714
Miscellaneous	<u>70,205</u>	<u>7.4</u>	<u>75,420</u>	<u>9.9</u>	<u>68,606</u>
Total Operating Revenues	<u>8,222,710</u>	<u>(3.8)</u>	<u>7,911,489</u>	<u>3.6</u>	<u>7,638,296</u>
<u>Operating Expense</u>					
Operation	5,312,230	(1.2)	5,250,203	8.0	4,860,772
Maintenance	574,263	(10.6)	513,274	(6.3)	547,539
Depreciation	1,655,674	(5.5)	1,565,384	(1.3)	1,586,584
Amortization	<u>515,424</u>	<u>---</u>	<u>515,424</u>	<u>---</u>	<u>515,424</u>
Total Operating Expenses	<u>8,057,591</u>	<u>(2.6)</u>	<u>7,844,285</u>	<u>4.4</u>	<u>7,510,319</u>
Operating Income	<u>165,119</u>	<u>(59.3)</u>	<u>67,204</u>	<u>(47.5)</u>	<u>127,977</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	96,449	(22.6)	74,675	(23.8)	97,939
Interest Expense	<u>(960,380)</u>	<u>0.1</u>	<u>(961,431)</u>	<u>(2.5)</u>	<u>(986,118)</u>
Net Nonoperating Expense	<u>(863,931)</u>	<u>2.6</u>	<u>(886,756)</u>	<u>(0.2)</u>	<u>(888,179)</u>
Net Loss before Capital Contributions	<u>(698,812)</u>	<u>17.3</u>	<u>(819,552)</u>	<u>7.8</u>	<u>(760,202)</u>
Capital Contributions	<u>---</u>	<u>---</u>	<u>2,968</u>	<u>(79.6)</u>	<u>14,569</u>
Change in Net Deficit	<u>(698,812)</u>		<u>(816,584)</u>		<u>(745,633)</u>
Beginning Net Deficit	<u>(22,285,710)</u>		<u>(22,285,710)</u>		<u>(21,151,742)</u>
Ending Net Deficit	<u><u>(\$22,984,522)</u></u>		<u><u>(\$23,102,294)</u></u>		<u><u>(\$21,897,375)</u></u>
Net Loss to Total Income	(8.4)		(10.3)		(9.8)
Debt Service Coverage on Bank Debt	3.32		3.03		3.14
Debt Service Coverage on Electric Utility Debt	2.04		1.79		1.91

Muscatine Power and Water - Communications Utility
Statements of Net Assets
August 2012

ASSETS

	<u>2012</u>	<u>2011</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$6	\$5
Total Restricted Current Assets	6	5
<u>Unrestricted</u>		
Cash - interest bearing	2,483,900	2,078,215
Investments	3,027,000	3,935,841
Receivables:		
Consumer Accounts	1,141,560	1,116,016
Interest	75,192	79,413
Inventories	307,250	272,737
Prepaid Expenses	78,458	89,707
Total Unrestricted Current Assets	7,113,360	7,571,929
Total Current Assets	7,113,366	7,571,934
Property and Equipment:		
At Cost	31,314,495	30,019,649
Less Accumulated Depreciation	20,741,123	18,706,326
Net Property and Equipment	10,573,372	11,313,323
Other Assets:		
Unamortized Cost of Issuing Debt	4,798	14,020
Total Other Assets	4,798	14,020
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$7,473,201 in 2012 and \$6,700,064 in 2011	257,712	1,030,849
TOTAL ASSETS	<u><u>\$17,949,248</u></u>	<u><u>\$19,930,126</u></u>

Muscatine Power and Water - Communications Utility
Statements of Net Assets
August 2012

LIABILITIES AND NET DEFICIT

	<u>2012</u>	<u>2011</u>
Current Liabilities:		
<u>Restricted</u>		
Notes Payable - Banks	\$915,000	\$885,000
Accrued Interest	30,711	37,600
	<hr/>	<hr/>
Total Restricted Current Liabilities	945,711	922,600
	<hr/>	<hr/>
<u>Unrestricted</u>		
Accrued Interest	207,840	207,840
Accounts Payable	462,959	481,188
Pension Provision	206,780	44,550
Health & Dental Insurance Provision	34,889	41,124
Intercompanies	16,701	15,558
Accrued Payroll	93,219	63,314
Accrued Vacation	116,369	109,790
Accrued Property Taxes	25,229	29,492
Deferred Revenue - Dark Fiber Lease	17,500	16,991
Miscellaneous Accrued Expenses	119,651	118,613
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	1,301,137	1,128,460
	<hr/>	<hr/>
Total Current Liabilities	2,246,848	2,051,060
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	144,932	186,856
Post-Employment Health Benefit Provision	27,449	24,263
Deferred Revenue - Dark Fiber Lease	305,313	323,322
Notes Payable:		
Banks	3,000,000	3,915,000
Electric Utility	35,327,000	35,327,000
	<hr/>	<hr/>
Total Non-Current Liabilities	38,804,694	39,776,441
	<hr/>	<hr/>
Net Deficit:		
Invested in capital assets, net of related debt	6,927,104	7,569,729
Restricted	---	---
Unrestricted	(30,029,398)	(29,467,104)
	<hr/>	<hr/>
Total Net Deficit	(23,102,294)	(21,897,375)
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TOTAL LIABILITIES AND NET DEFICIT	<u><u>\$17,949,248</u></u>	<u><u>\$19,930,126</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
August 2012

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$946,279	\$7,653,029
Advertising sales	19,083	198,035
Sale of digital converters	---	---
Miscellaneous sources	6,933	72,824
Cash paid to/for:		
Suppliers	(397,331)	(3,542,101)
Employees payroll, taxes and benefits	(245,153)	(1,995,265)
	<hr/>	<hr/>
Net cash flows from operating activities	329,811	2,386,522
	<hr/>	<hr/>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(94,226)	(1,138,952)
Loan principal payments	---	(885,000)
Loan interest payments	---	(828,324)
	<hr/>	<hr/>
Net cash flows from capital and related financing activities	(94,226)	(2,852,276)
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest received on investments	111	103,312
Accrued interest purchased	---	---
Amortization/accretion of investments	---	---
Mark to market	---	---
	<hr/>	<hr/>
Net cash flows from investing activities	111	103,312
	<hr/>	<hr/>
Net increase (decrease) in cash and investments	235,696	(362,442)
	<hr/>	<hr/>
Cash and investments at beginning of period	5,254,451	5,852,589
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Cash and investments at end of period	\$5,490,147	\$5,490,147
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Muscatine Power and Water - Communications Utility
Statements of Cash Flows
August 2012

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	(\$6,734)	\$67,204
Noncash items in operating income:		
Converter/modem write-off	4,140	23,568
Depreciation of utility plant	195,673	1,565,384
Amortization of intangible assets	64,428	515,424
Changes in assets and liabilities:		
Consumer accounts receivable	(28,765)	29,774
Inventories	29,949	3,623
Prepaid and deferred expenses	11,720	(19,070)
Accounts payable	(21,199)	(9,522)
Pension provision	26,120	206,780
Health & dental insurance provision	(44)	(45,047)
Other post-employment benefit provision	347	2,776
Deferred Revenue	(1,458)	(11,666)
Intercompany payable	5,196	689
Accrued payroll	31,855	51,482
Accrued vacation	(9,974)	8,907
Accrued property taxes	1,802	3,603
Miscellaneous accrued expenses	26,755	(7,387)
	<u>\$329,811</u>	<u>\$2,386,522</u>
Net cash flows from operating activities	<u>\$329,811</u>	<u>\$2,386,522</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - August 2012

	Budget		
	<u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$343,445	\$338,720	\$310,076
Promotional Expense	6,138	1,717	2,683
Electricity Expense	2,249	2,540	2,426
Pole Attachment Expense	2,167	2,167	2,167
Changes of Service	1,517	803	1,406
Underground Line Expense	2,654	4,341	2,723
Ad Insertion - Marketing/Production	9,161	6,453	5,863
Miscellaneous CATV Expense	14,081	16,536	18,356
Vehicle Expense	5,437	5,465	4,988
Maintenance:			
Fiber	1,693	1,087	4,291
Coax	1,890	567	2,947
Drops	3,650	2,659	1,978
Conduit System	314	537	172
Headend	24,684	23,926	20,529
Line Equipment	3,350	1,853	2,138
Converters	6,763	4,499	5,389
Ad Insertion	3,896	4,138	4,104
Vacation, Holiday , Sick Leave	3,850	3,771	3,174
Property Taxes	1,188	1,188	1,400
Depreciation	156,142	146,724	152,268
Amortization	48,321	48,321	48,321
Total CATV	642,590	618,012	597,399
<u>Data/Internet</u>			
Data/Internet Access Charges	31,491	31,349	21,591
Promotional Expense	6,138	1,644	2,370
Electricity Expense	76	87	83
Pole Attachment Expense	75	75	75
Changes of Service	650	344	603
Customer Wireless Equipment Expense	494	3,187	717
Underground Line Expense	91	148	93
Miscellaneous Data/Internet Expense	8,776	11,328	8,925
Vehicle Expense	645	665	607
Maintenance:			
Fiber	59	38	150
Coax	65	20	101
Drops	125	91	68
Conduit System	11	19	6
Headend	16,531	16,706	13,305
Line Equipment	114	449	63
Modems	5,094	5,801	5,484
Vacation, Holiday, Sick Leave	3,249	2,443	2,044
Property Taxes	42	41	49
Depreciation	21,946	20,183	21,599
Amortization	16,107	16,107	16,107
Total Data/Internet	\$111,779	\$110,725	\$94,040

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - August 2012

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$2,674,701	\$2,751,845	\$2,498,969
Promotional Expense	48,103	8,189	26,171
Electricity Expense	17,513	19,631	17,731
Pole Attachment Expense	17,333	17,233	17,333
Changes of Service	11,569	7,770	11,007
Underground Line Expense	20,923	17,768	16,111
Ad Insertion - Marketing/Production	56,684	49,444	47,790
Miscellaneous CATV Expense	108,065	123,262	105,772
Vehicle Expense	43,872	43,562	41,844
Maintenance:			
Fiber	13,052	6,659	14,521
Coax	14,689	9,370	12,787
Drops	27,525	15,240	19,066
Conduit System	2,436	4,160	4,297
Headend	195,249	173,496	174,258
Line Equipment	25,622	28,406	23,902
Converters	52,436	38,927	51,853
Ad Insertion	30,831	34,734	31,549
Vacation, Holiday, Sick Leave	37,841	36,796	32,955
Property Taxes	9,504	9,504	11,203
Depreciation	1,249,138	1,173,792	1,218,144
Amortization	386,568	386,568	386,568
Total CATV	5,043,654	4,956,356	4,763,831
<u>Data/Internet</u>			
Data/Internet Access Charges	228,628	233,287	164,437
Promotional Expense	48,103	7,637	29,852
Electricity Expense	595	670	603
Pole Attachment Expense	600	597	600
Changes of Service	4,958	3,330	4,717
Customer Wireless Equipment Expense	3,428	17,430	5,561
Underground Line Expense	714	606	550
Miscellaneous Data/Internet Expense	68,296	82,918	72,195
Vehicle Expense	5,162	5,299	5,082
Maintenance:			
Fiber	456	232	507
Coax	501	322	445
Drops	939	526	653
Conduit System	85	145	150
Headend	128,375	102,064	104,844
Line Equipment	874	1,341	786
Modems	38,134	32,539	35,044
Vacation, Holiday, Sick Leave	31,636	26,712	22,834
Property Taxes	329	328	391
Depreciation	175,572	161,464	172,792
Amortization	128,856	128,856	128,856
Total Data/Internet	\$866,241	\$806,303	\$750,899

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - August 2012

	<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	542	348	15
Maintenance:			
Fiber	817	524	2,170
Conduit System	151	259	83
MAN/MME Equipment	2,150	1,867	15,463
Vacation, Holiday, Sick Leave	115	87	87
Property Taxes	573	573	676
Depreciation	20,293	20,341	16,892
Total MAN/MME	25,683	25,041	36,428
<u>Customer Service Expense</u>			
Customer Information Expense	7,498	4,953	8,391
<u>Consumer Accounts</u>			
Supervision	2,518	2,990	2,807
Consumer Records and Collections	38,403	40,004	36,969
Uncollectible Accounts Expense	2,871	2,871	1,383
Vacation, Holiday, Sick Leave	3,287	3,762	2,905
Total Consumer Accounts	47,079	49,627	44,064
<u>Administrative and General</u>			
Administrative and General Salaries	55,371	56,996	45,403
Office Supplies and Expense	5,326	4,266	4,268
Outside Services Employed	6,083	4,876	11,476
Property Insurance	977	971	808
Casualty Ins, Injuries & Damages	5,094	9,049	7,370
Employee Pensions and Benefits	77,461	76,625	77,114
Fringe Benefits Charges to Construction	(6,013)	(8,910)	(7,520)
Rents	8,727	8,727	7,952
Miscellaneous General Expense	17,868	20,905	22,541
Maintenance of General Plant	2,467	4,159	3,622
Vacation, Holiday, Sick Leave	6,850	5,616	4,275
Depreciation	8,577	8,425	7,564
Total Administrative and General	188,788	191,705	184,873
Total Operating Expenses	\$1,023,417	\$1,000,063	\$965,195

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - August 2012

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$8,334	\$8,285	\$8,333
Tools Expense	4,333	698	264
Maintenance:			
Fiber	6,298	3,213	7,106
Conduit System	1,175	2,007	2,074
MAN/MME Equipment	16,103	30,714	26,471
Vacation, Holiday, Sick Leave	1,129	980	902
Property Taxes	4,584	4,584	5,406
Depreciation	162,344	162,728	135,136
Total MAN/MME	204,300	213,209	185,692
<u>Customer Service Expense</u>			
Customer Information Expense	72,111	42,225	43,629
<u>Consumer Accounts</u>			
Supervision	19,419	20,846	20,375
Consumer Records and Collections	298,416	291,992	280,351
Uncollectible Accounts Expense	22,967	22,966	11,067
Vacation, Holiday, Sick Leave	32,264	37,636	30,250
Total Consumer Accounts	373,066	373,440	342,043
<u>Administrative and General</u>			
Administrative and General Salaries	432,845	414,267	394,730
Office Supplies and Expense	39,787	37,749	40,634
Outside Services Employed	57,639	58,865	61,542
Property Insurance	7,309	7,282	6,606
Casualty Ins, Injuries & Damages	40,749	52,365	50,861
Employee Pensions and Benefits	631,401	619,340	596,353
Fringe Benefits Charges to Construction	(44,368)	(56,154)	(38,151)
Rents	69,816	69,816	63,616
Miscellaneous General Expense	108,168	95,144	97,046
Maintenance of General Plant	19,483	29,179	37,226
Vacation, Holiday, Sick Leave	66,770	57,499	53,250
Depreciation	68,620	67,400	60,512
Total Administrative and General	1,498,219	1,452,752	1,424,225
Total Operating Expenses	\$8,057,591	\$7,844,285	\$7,510,319

Muscatine Power and Water - Communications Utility
Statistical Data
August 2012

<u>Services</u>	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>	<u>This Year</u> ^{fn1}	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u> ^{fn1}
<u>CATV</u>					
Residential	7,445	(3.7)	7,170	(1.3)	7,266
Commercial/Hospitality	<u>160</u>	5.0	<u>168</u>	0.0	<u>168</u>
Total CATV	<u>7,605</u>	(3.5)	<u>7,338</u>	(1.3)	<u>7,434</u>
Bulk Equivalent Services	<u>476</u>	---	<u>375</u>	(25.0)	<u>500</u>
Bulk Master Services	<u>26</u>	---	<u>21</u>	(25.0)	<u>28</u>
<u>Internet</u>					
Residential	6,693	0.0	6,692	5.2	6,359
Commercial	<u>450</u>	4.2	<u>469</u>	(1.1)	<u>474</u>
Total Internet	<u>7,143</u>	0.3	<u>7,161</u>	4.8	<u>6,833</u>
<u>MAN/MME</u>	<u>49</u>	4.1	<u>51</u>	200.0	<u>17</u>

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