

Muscatine Power and Water

Communications Utility

Operating Statements and Balance Sheets

**December 2011
(Unaudited)**

**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 - December 2011

	<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	\$709,987	(11.2)	\$630,552 ^{fn1}	1.7	\$620,161 ^{fn2}
Data/Internet	297,724	(5.6)	280,905 ^{fn1}	0.9	278,352 ^{fn2}
MAN/MME	30,002	28.2	38,475	35.0	28,500
Miscellaneous	8,208	4.7	8,591	42.9	6,012
Total Operating Revenues	1,045,921	(8.4)	958,523	2.7	933,025
<u>Operating Expense</u>					
Operation	647,010	(1.8)	635,631	(5.2)	670,461
Maintenance	82,674	3.0	85,158	24.2	68,552
Depreciation	200,410	(1.0)	198,323	3.9	190,872
Amortization	64,428	---	64,428	---	64,428
Total Operating Expenses	994,522	(1.1)	983,540	(1.1)	994,313
Operating Income (Loss)	51,399	---	(25,017)	(59.2)	(61,288)
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	11,176	10.4	12,339	87.1	6,596
Interest Expense	(122,720)	0.9	(123,884)	7.7	(115,006)
Net Nonoperating Expense	(111,544)	---	(111,545)	2.9	(108,410)
Net Loss before Capital Contributions	(60,145)	---	(136,562)	(19.5)	(169,698)
Capital Contributions	---	---	234	—	---
Change in Net Deficit	(\$60,145)		(\$136,328)		(\$169,698)
Beginning Net Deficit	(22,221,237)		(22,149,382)		(20,982,044)
Ending Net Deficit	(\$22,281,382)		(\$22,285,710)		(\$21,151,742)
Net Loss to Total Income	(5.7)		(14.1)		(18.1)
Debt Service Coverage on Bank Debt	3.54		2.70		42.68
Debt Service Coverage on Bank and Electric Utility Debt	1.67		1.27		1.85

^{fn1} Includes an adjustment to unbilled revenues of \$84 and (\$11,449) for CATV and Data/Internet customers, respectively.

^{fn2} Includes an adjustment to unbilled revenues of \$13,111 and \$4,535 for CATV and Data/Internet customers, respectively.

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

	<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	\$8,160,231	(7.6)	\$7,538,712 ^{fn1}	4.3	\$7,224,841 ^{fn2}
Data/Internet	3,439,756	0.2	3,445,929 ^{fn1}	5.5	3,267,288 ^{fn2}
MAN/MME	360,024	7.6	387,528	14.2	339,246
Miscellaneous	105,825	(1.8)	103,876	16.6	89,063
Total Operating Revenues	12,065,836	(4.9)	11,476,045	5.1	10,920,438
<u>Operating Expense</u>					
Operation	7,721,768	(5.5)	7,295,270	(0.7)	7,343,509
Maintenance	972,831	(13.5)	841,834	0.5	837,231
Depreciation	2,404,904	(1.0)	2,379,876	3.9	2,290,464
Amortization	773,137	---	773,137	---	773,137
Total Operating Expenses	11,872,640	(4.9)	11,290,117	0.4	11,244,341
Operating Income (Loss)	193,196	(3.8)	185,928	---	(323,903)
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	149,806	(1.8)	147,082	---	9,205
Interest Expense	(1,472,640)	0.6	(1,481,649)	13.8	(1,301,406)
Net Nonoperating Expense	(1,322,834)	0.9	(1,334,567)	3.3	(1,292,201)
Net Loss before Capital Contributions	(1,129,638)	1.7	(1,148,639)	(28.9)	(1,616,104)
Capital Contributions	---	---	14,671	---	---
Change in Net Deficit	(1,129,638)		(1,133,968)		(1,616,104)
Beginning Net Deficit	(21,151,742)		(21,151,742)		(19,535,638)
Ending Net Deficit	(\$22,281,380)		(\$22,285,710)		(\$21,151,742)
Net Loss to Total Income	(9.3)		(9.9)		(14.8)
Debt Service Coverage on Bank Debt	3.17		3.14		64.05
Debt Service Coverage on Bank and Electric Utility Debt	1.49		1.48		2.13

fn1 Includes an adjustment to unbilled revenues of \$84 and (\$11,449) for CATV and Data/Internet customers, respectively.

fn2 Includes an adjustment to unbilled revenues of \$13,111 and \$4,535 for CATV and Data/Internet customers, respectively.

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

ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	<u>\$997,802</u>	<u>\$28,019</u>
Total Restricted Current Assets	<u>997,802</u>	<u>28,019</u>
<u>Unrestricted</u>		
Cash - interest bearing	894,530	794,865
Investments	3,960,251	4,912,000
Receivables:		
Consumer Accounts	1,171,334 ^{fn1}	1,102,347 ^{fn2}
Interest	103,828	6,685
Inventories	310,873	284,994
Prepaid Expenses	62,172	117,057
Total Unrestricted Current Assets	<u>6,502,988</u>	<u>7,217,948</u>
Total Current Assets	<u>7,500,790</u>	<u>7,245,967</u>
Property and Equipment:		
At Cost	30,535,961	29,105,807
Less Accumulated Depreciation	19,496,154	17,149,844
Net Property and Equipment	<u>11,039,807</u>	<u>11,955,963</u>
Other Assets:		
Unamortized Cost of Issuing Debt	9,370	21,906
Total Other Assets	<u>9,370</u>	<u>21,906</u>
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$6,957,776 in 2011 and \$6,608,914 in 2010	<u>773,136</u>	<u>1,546,273</u>
TOTAL ASSETS	<u><u>\$19,323,103</u></u>	<u><u>\$20,770,109</u></u>

fn1 Includes \$76,456 for unbilled revenues.

fn2 Includes \$87,821 for unbilled revenue.

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

LIABILITIES AND NET DEFICIT

	<u>2011</u>	<u>2010</u>
Current Liabilities:		
<u>Restricted</u>		
Notes Payable - Banks	\$885,000	---
Accrued Interest	112,800	28,019
	<hr/>	<hr/>
Total Restricted Current Liabilities	997,800	28,019
	<hr/>	<hr/>
<u>Unrestricted</u>		
Accrued Interest	---	623,521
Accounts Payable	471,125	548,603
Health & Dental Insurance Provision	34,889	41,124
Intercompanies	16,012	15,504
Accrued Payroll	41,737	40,267
Accrued Vacation	107,462	105,048
Accrued Property Taxes	21,626	24,996
Deferred Revenue - Dark Fiber Lease	16,991	---
Miscellaneous Accrued Expenses	127,032	140,983
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	836,874	1,540,046
	<hr/>	<hr/>
Total Current Liabilities	1,834,674	1,568,065
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	189,979	205,987
Post-Employment Health Benefit Provision	24,673	20,799
Deferred Revenue - Dark Fiber Lease	317,488	---
Notes Payable:		
Banks	3,915,000	4,800,000
Electric Utility	35,327,000	35,327,000
	<hr/>	<hr/>
Total Non-Current Liabilities	39,774,140	40,353,786
	<hr/>	<hr/>
Net Deficit:		
Invested in capital assets, net of related debt	7,031,319	8,729,618
Restricted	---	---
Unrestricted	(29,317,030)	(29,881,360)
	<hr/>	<hr/>
Total Net Deficit	(22,285,711)	(21,151,742)
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET DEFICIT	<u>\$19,323,103</u>	<u>\$20,770,109</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$902,244	\$11,036,955
Advertising sales	29,442	266,269
Sale of digital converters	---	30,957
Miscellaneous sources	7,832	523,686
Cash paid to/for:		
Suppliers	(375,273)	(5,041,126)
Employees payroll, taxes and benefits	<u>(231,644)</u>	<u>(3,132,336)</u>
Net cash flows from operating activites	<u>332,601</u>	<u>3,684,405</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(162,565)	(1,605,261)
Loan interest payments	<u>(623,522)</u>	<u>(2,011,383)</u>
Net cash flows from capital and related financing activities	<u>(786,087)</u>	<u>(3,616,644)</u>
Cash flows from investing activities:		
Interest received on investments	12,281	49,938
Accrued interest purchased	---	---
Amortization/accretion of investments	---	---
Mark to market	<u>--</u>	<u>--</u>
Net cash flows from investing activities	<u>12,281</u>	<u>49,938</u>
Net increase (decrease) in cash and investments	<u>(441,205)</u>	<u>117,699</u>
Cash and investments at beginning of period	<u>6,293,788</u>	<u>5,734,884</u>
Cash and investments at end of period	<u>\$5,852,583</u>	<u>\$5,852,583</u>

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

	<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)	(\$25,017)	\$185,928
Noncash items in operating income:		
Converter/modem write-off	---	18,611
Depreciation of utility plant	198,323	2,379,876
Amortization of intangible assets	64,428	773,137
Changes in assets and liabilities:		
Consumer accounts receivable	4,348	(68,987)
Inventories	(6,483)	(25,879)
Prepaid and deferred expenses	909	58,415
Accounts payable	47,789	60,123
Pension provision	22,272	—
Health & dental insurance provision	(5,333)	(22,243)
Other post-employment benefit provision	344	3,874
Deferred Revenue	(1,459)	334,479
Intercompany payable	7,781	508
Retained percentage on contracts	---	—
Accrued payroll	17,242	1,470
Accrued vacation	(1,177)	2,414
Accrued property taxes	(3,428)	(3,370)
Miscellaneous accrued expenses	<u>12,062</u>	<u>(13,951)</u>
Net cash flows from operating activities	<u><u>\$332,601</u></u>	<u><u>\$3,684,405</u></u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
CATV			
Program Acquisition Expense	\$326,136	\$334,509	\$309,594
Promotional Expense	1,351	5,532	5,562
Electricity Expense	2,166	2,253	2,186
Pole Attachment Expense	2,167	3,626	2,047
Changes of Service	1,063	881	1,541
Underground Line Expense	2,562	1,780	830
Ad Insertion - Marketing/Production	11,296	5,614	7,121
Miscellaneous CATV Expense	13,649	15,626	12,595
Vehicle Expense	4,895	6,851	4,495
Maintenance:			
Fiber	1,043	642	249
Coax	2,788	2,418	1,197
Drops	4,349	1,809	573
Conduit System	294	3,011	223
Headend	27,518	37,910	18,994
Line Equipment	3,379	10,221	2,210
Converters	7,543	4,585	6,533
Ad Insertion	4,067	2,108	3,813
Vacation, Holiday , Sick Leave	8,149	7,739	8,332
Property Taxes	1,400	(2,259)	1,373
Depreciation	153,818	152,268	149,041
Amortization	48,321	48,321	48,321
 Total CATV	 627,954	 645,445	 586,830
 Data/Internet			
Data/Internet Access Charges	27,725	20,778	23,477
Promotional Expense	1,131	1,939	5,535
Electricity Expense	74	77	75
Pole Attachment Expense	75	126	75
Changes of Service	456	378	660
Customer Wireless Equipment Expense	956	3,667	435
Underground Line Expense	87	61	28
Miscellaneous Data/Internet Expense	9,201	5,786	8,391
Vehicle Expense	542	835	545
Maintenance:			
Fiber	36	22	9
Coax	95	84	42
Drops	148	62	20
Conduit System	10	105	8
Headend	19,262	9,196	20,162
Line Equipment	115	349	75
Modems	4,938	3,043	4,289
Vacation, Holiday, Sick Leave	6,267	5,635	5,583
Property Taxes	49	(79)	48
Depreciation	21,353	21,599	20,157
Amortization	16,107	16,107	16,107
 Total Data/Internet	 \$108,627	 \$89,770	 \$105,721

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
CATV			
Program Acquisition Expense	\$3,938,703	\$3,790,293	\$3,535,590
Promotional Expense	45,512	38,275	90,825
Electricity Expense	20,908	27,170	25,524
Pole Attachment Expense	26,000	26,687	26,398
Changes of Service	12,257	13,841	19,511
Underground Line Expense	30,738	24,825	24,364
Ad Insertion - Marketing/Production	103,882	71,744	66,209
Miscellaneous CATV Expense	163,788	169,332	169,132
Vehicle Expense	59,268	62,217	52,743
Maintenance:			
Fiber	12,544	19,017	6,106
Coax	33,111	26,673	14,949
Drops	50,590	29,888	31,381
Conduit System	3,603	10,037	3,334
Headend	323,306	275,966	227,593
Line Equipment	39,817	41,123	32,574
Converters	89,255	74,420	98,930
Ad Insertion	48,721	43,961	46,918
Vacation, Holiday, Sick Leave	66,125	55,555	55,538
Property Taxes	16,804	13,145	16,475
Depreciation	1,845,812	1,827,216	1,788,492
Amortization	<u>579,853</u>	<u>579,853</u>	<u>579,853</u>
 Total CATV	 <u>7,510,597</u>	 <u>7,221,238</u>	 <u>6,912,439</u>
 Data/Internet			
Data/Internet Access Charges	303,743	249,217	301,784
Promotional Expense	52,972	38,342	87,850
Electricity Expense	713	925	871
Pole Attachment Expense	900	931	921
Changes of Service	5,253	5,932	8,362
Customer Wireless Equipment Expense	11,412	15,679	14,741
Underground Line Expense	1,049	847	832
Miscellaneous Data/Internet Expense	109,445	102,490	105,251
Vehicle Expense	6,503	7,555	6,377
Maintenance:			
Fiber	438	664	208
Coax	1,130	657	480
Drops	1,727	1,027	1,077
Conduit System	126	350	116
Headend	223,927	152,172	201,129
Line Equipment	1,358	1,373	1,108
Modems	58,880	49,005	46,105
Vacation, Holiday, Sick Leave	47,679	38,928	40,691
Property Taxes	587	459	575
Depreciation	256,232	259,188	241,884
Amortization	<u>193,284</u>	<u>193,284</u>	<u>193,284</u>
 Total Data/Internet	 <u>\$1,277,358</u>	 <u>\$1,119,025</u>	 <u>\$1,253,646</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$1,042	\$1,750	\$1,013
Tools Expense	417	---	---
Maintenance:			
Fiber	503	313	120
Conduit System	142	1,453	108
MAN/MME Equipment	2,631	4,026	4,969
Vacation, Holiday, Sick Leave	228	219	222
Property Taxes	676	(1,090)	663
Depreciation	<u>16,994</u>	<u>16,892</u>	<u>13,140</u>
 Total MAN/MME	 <u>22,633</u>	 <u>23,563</u>	 <u>20,235</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>5,736</u>	<u>1,482</u>	<u>9,061</u>
<u>Consumer Accounts</u>			
Supervision	2,427	1,585	900
Consumer Records and Collections	39,370	34,653	39,269
Uncollectible Accounts Expense	1,383	10,242	22,191
Vacation, Holiday, Sick Leave	<u>6,358</u>	<u>6,898</u>	<u>7,942</u>
 Total Consumer Accounts	 <u>49,538</u>	 <u>53,378</u>	 <u>70,302</u>
<u>Administrative and General</u>			
Administrative and General Salaries	53,546	44,229	48,745
Office Supplies and Expense	4,157	4,371	4,544
Outside Services Employed	8,735	12,346	8,944
Property Insurance	815	809	854
Casualty Ins, Injuries & Damages	5,346	3,183	19,400
Employee Pensions and Benefits	74,393	74,438	73,150
Fringe Benefits Charges to Construction	(6,975)	(5,068)	(3,963)
Rents	7,952	7,952	9,553
Miscellaneous General Expense	7,585	5,068	14,902
Maintenance of General Plant	3,813	3,801	4,958
Vacation, Holiday, Sick Leave	12,422	11,209	12,543
Depreciation	<u>8,245</u>	<u>7,564</u>	<u>8,534</u>
 Total Administrative and General	 <u>180,034</u>	 <u>169,902</u>	 <u>202,164</u>
 Total Operating Expenses	 <u><u>\$994,522</u></u>	 <u><u>\$983,540</u></u>	 <u><u>\$994,313</u></u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$12,500	\$12,878	\$12,738
Tools Expense	5,000	273	2,939
Maintenance:			
Fiber	6,053	9,278	6,482
Conduit System	1,738	4,844	1,609
MAN/MME Equipment	29,968	46,153	70,480
Vacation, Holiday, Sick Leave	1,754	1,536	1,590
Property Taxes	8,109	6,343	7,950
Depreciation	<u>203,922</u>	<u>202,704</u>	<u>157,680</u>
Total MAN/MME	<u>269,044</u>	<u>284,009</u>	<u>261,468</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>99,625</u>	<u>63,870</u>	<u>96,951</u>
<u>Consumer Accounts</u>			
Supervision	28,561	29,308	28,879
Consumer Records and Collections	470,295	420,370	475,169
Uncollectible Accounts Expense	16,600	25,458	30,048
Vacation, Holiday, Sick Leave	<u>49,873</u>	<u>52,260</u>	<u>52,623</u>
Total Consumer Accounts	<u>565,329</u>	<u>527,396</u>	<u>586,719</u>
<u>Administrative and General</u>			
Administrative and General Salaries	635,223	559,190	631,533
Office Supplies and Expense	60,159	57,588	52,036
Outside Services Employed	78,573	109,913	71,175
Property Insurance	9,898	9,840	10,253
Casualty Ins, Injuries & Damages	64,153	62,975	72,783
Employee Pensions and Benefits	911,575	880,351	855,677
Fringe Benefits Charges to Construction	(77,743)	(59,040)	(56,207)
Rents	95,424	95,424	114,636
Miscellaneous General Expense	126,593	125,581	131,084
Maintenance of General Plant	46,539	55,226	46,652
Vacation, Holiday, Sick Leave	101,355	86,763	101,088
Depreciation	<u>98,938</u>	<u>90,768</u>	<u>102,408</u>
Total Administrative and General	<u>2,150,687</u>	<u>2,074,579</u>	<u>2,133,118</u>
Total Operating Expenses	<u><u>\$11,872,640</u></u>	<u><u>\$11,290,117</u></u>	<u><u>\$11,244,341</u></u>

Muscatine Power and Water - Communications Utility
Statistical Data
December 2011

Services	Budget Estimate	% Increase (Decrease) From Budget	This Year	^{fn1} Fr. Last Yr.	% Increase (Decrease) Last Year
			^{fn1} This Year		^{fn1} Last Year
CATV					
Residential	7,584	(5.2)	7,191	(2.8)	7,396
Commercial/Hospitality	169	---	169	(4.0)	176
Total CATV	7,753	(5.1)	7,360	(2.8)	7,572
Bulk Equivalent Services					
Bulk Master Services	485	(1.9)	476	(1.9)	485
	25	4.0	26	(7.1)	28
Internet					
Residential	6,674	(4.4)	6,381	2.5	6,226
Commercial	433	6.7	462	(0.4)	464
Total Internet	7,107	(3.7)	6,843	2.3	6,690
MAN/MME					
	19	63.2	31	82.4	17

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