

Muscatine Power and Water
Communications Utility
Operating Statements and Balance Sheets
August 2008

**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
August 2008

Current Month

	<u>Budget</u>	<u>% Increase</u>		<u>% Increase</u>	
	<u>Estimate</u>	<u>From Budget</u>	<u>This</u>	<u>(Decrease)</u>	<u>Last</u>
			<u>Year</u>	<u>Fr. Last Yr.</u>	<u>Year</u>
<u>Operating Revenue</u>					
CATV	\$516,204	2.0	\$526,765	5.1	\$501,229
Data/Internet	235,843	4.8	247,151	7.7	229,472
MAN	29,671	1.7	30,176	1.7	29,671
Miscellaneous	<u>6,337</u>	45.7	<u>9,235</u>	54.2	<u>5,990</u>
Total Operating Revenues	<u>788,055</u>	3.2	<u>813,327</u>	6.1	<u>766,362</u>
<u>Operating Expense</u>					
Operation	533,058	1.7	542,012	10.3	491,227
Maintenance	68,435	(8.8)	62,438	(9.7)	69,138
Depreciation	136,256	1.3	137,971	(4.7)	144,730
Amortization	<u>64,421</u>	---	<u>64,421</u>	---	<u>64,421</u>
Total Operating Expenses	<u>802,170</u>	0.6	<u>806,842</u>	4.9	<u>769,516</u>
Operating Income (Loss)	<u>(14,115)</u>	---	<u>6,485</u>	---	<u>(3,154)</u>
<u>Interest and Miscellaneous</u>					
Interest Income	7,160	(22.1)	5,580	(38.4)	9,058
Interest Expense	<u>(103,920)</u>	---	<u>(103,920)</u>	---	<u>(103,920)</u>
Total Interest and Miscellaneous	<u>(96,760)</u>	1.6	<u>(98,340)</u>	3.7	<u>(94,862)</u>
Loss Before Capital Contributions	(110,875)	(17.2)	(91,855)	(6.3)	(98,016)
Capital Contributions	<u>---</u>	---	<u>---</u>	---	<u>---</u>
Change in Net Deficit	(110,875)	(17.2)	(91,855)	(6.3)	(98,016)
Beginning Net Deficit	<u>(17,980,981)</u>		<u>(17,732,906)</u>		<u>(16,990,472)</u>
Ending Net Deficit	<u>(\$18,091,856)</u>		<u>(\$17,824,761)</u>		<u>(\$17,088,488)</u>
Percent To Total Income	(13.9)		(11.2)		(12.6)

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Deficit
August 2008

Calendar Year-to-Date

	<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	\$4,164,522	2.3	\$4,260,834	5.1	\$4,053,210
Data/Internet	1,885,982	3.3	1,948,593	6.1	1,837,205
MAN	237,368	1.6	241,123	2.9	234,370
Miscellaneous	<u>50,162</u>	15.7	<u>58,048</u>	15.3	<u>50,360</u>
Total Operating Revenues	<u>6,338,034</u>	2.7	<u>6,508,598</u>	5.4	<u>6,175,145</u>
<u>Operating Expense</u>					
Operation	4,211,783	(1.5)	4,149,353	6.9	3,882,085
Maintenance	538,526	(9.9)	485,435	(5.9)	515,939
Depreciation	1,090,047	1.3	1,103,768	(4.7)	1,157,840
Amortization	<u>515,372</u>	---	<u>515,372</u>	---	<u>515,372</u>
Total Operating Expenses	<u>6,355,728</u>	(1.6)	<u>6,253,928</u>	3.0	<u>6,071,236</u>
Operating Income (Loss)	<u>(17,694)</u>	---	<u>254,670</u>	---	<u>103,909</u>
<u>Interest and Miscellaneous</u>					
Interest Income	56,515	(9.3)	51,245	(26.1)	69,358
Interest Expense	<u>(831,362)</u>	---	<u>(831,361)</u>	---	<u>(831,362)</u>
Total Interest and Miscellaneous	<u>(774,847)</u>	0.7	<u>(780,116)</u>	2.4	<u>(762,004)</u>
Loss Before Capital Contributions	<u>(792,541)</u>	(33.7)	<u>(525,446)</u>	(20.2)	<u>(658,095)</u>
Capital Contributions	<u>---</u>	---	<u>---</u>	---	<u>---</u>
Change in Net Deficit	<u>(792,541)</u>	(33.7)	<u>(525,446)</u>	(20.2)	<u>(658,095)</u>
Beginning Net Deficit	<u>(17,299,315)</u>		<u>(17,299,315)</u>		<u>(16,430,393)</u>
Ending Net Deficit	<u><u>(\$18,091,856)</u></u>		<u><u>(\$17,824,761)</u></u>		<u><u>(\$17,088,488)</u></u>
Percent To Total Income	(12.4)		(8.0)		(10.5)

Muscatine Power and Water - Communications Utility
Balance Sheets
August 2008

ASSETS

	<u>2008</u>	<u>2007</u>
Current Assets:		
Cash - interest bearing	\$402,875	\$591,089
Investments	1,559,935	1,401,173
Receivables:		
Consumer Accounts	966,046	806,516
Interest	19,690	11,975
Inventories	287,527	331,206
Prepaid Pension	41,724	35,951
Prepaid Expenses	<u>89,701</u>	<u>90,703</u>
Total Current Assets	<u>3,367,498</u>	<u>3,268,613</u>
Property and Equipment:		
At Cost	26,766,930	25,244,257
Less Accumulated Depreciation	<u>14,972,731</u>	<u>13,458,817</u>
Net Property and Equipment	<u>11,794,199</u>	<u>11,785,440</u>
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$4,805,032 in 2008 and \$4,031,973 in 2007	<u>3,350,155</u>	<u>4,123,214</u>
TOTAL ASSETS	<u><u>\$18,511,852</u></u>	<u><u>\$19,177,267</u></u>

Muscatine Power and Water - Communications Utility
Balance Sheets
August 2008

LIABILITIES AND NET DEFICIT

	<u>2008</u>	<u>2007</u>
Current Liabilities:		
Interest Payable	\$207,841	\$207,840
Accounts Payable	315,823	315,162
Health Insurance Provision	33,460	23,920
Intercompanies	26,639	23,335
Retained Percentage on Contracts	22	145
Accrued Payroll	39,351	38,382
Accrued Vacation	99,078	88,462
Accrued Property Taxes	29,148	31,685
Miscellaneous Accrued Expenses	<u>78,351</u>	<u>79,597</u>
Total Current Liabilities	<u>829,713</u>	<u>808,528</u>
Non-Current Liabilities:		
Health Insurance Provision	179,900	130,227
Note Payable	<u>35,327,000</u>	<u>35,327,000</u>
Total Non-Current Liabilities	<u>35,506,900</u>	<u>35,457,227</u>
Net Deficit:		
Invested in capital assets	15,144,354	15,908,654
Unrestricted	<u>(32,969,115)</u>	<u>(32,997,142)</u>
Total Net Deficit	<u>(17,824,761)</u>	<u>(17,088,488)</u>
 TOTAL LIABILITIES AND NET DEFICIT	 <u><u>\$18,511,852</u></u>	 <u><u>\$19,177,267</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
August 2008

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$689,114	\$6,191,236
Advertising sales	20,675	276,033
Miscellaneous sources	38,384	149,201
Cash paid to/for:		
Suppliers	(305,292)	(3,029,959)
Employees payroll, taxes and benefits	(333,760)	(1,958,460)
Net cash flows from operating activities	<u>109,121</u>	<u>1,628,051</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(72,116)	(1,323,428)
Loan interest payments	---	(1,247,040)
Net cash flows from capital and related financing activities	<u>(72,116)</u>	<u>(2,570,468)</u>
Cash flows from investing activities:		
Interest received on investments	2,164	36,345
Accrued interest purchased	---	(79)
Amortization/accretion of investments	---	3,655
Mark to market	---	(615)
Net cash flows from investing activities	<u>2,164</u>	<u>39,306</u>
Net increase (decrease) in cash and investments	<u>39,169</u>	<u>(903,111)</u>
Cash and investments at beginning of period	<u>1,923,641</u>	<u>2,865,921</u>
Cash and investments at end of period	<u><u>\$1,962,810</u></u>	<u><u>\$1,962,810</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
August 2008

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$6,485	\$254,670
Noncash items in operating income:		
Converter/modem write-off	---	626
Depreciation of utility plant	137,971	1,103,768
Amortization of intangible assets	64,421	515,372
Changes in assets and liabilities:		
Consumer accounts receivable	(101,425)	(114,277)
Inventories	1,569	24,699
Prepaid and deferred expenses	8,083	(24,417)
Accounts payable	16,844	(75,053)
Pension provision	(118,837)	(41,724)
Health insurance provision	4,330	37,866
Intercompany payable	59,711	18,834
Retained percentage on contracts	---	(123)
Accrued payroll	5,919	(45,779)
Accrued vacation	(2,545)	10,495
Accrued property taxes	2,083	2,717
Miscellaneous accrued expenses	24,512	(39,623)
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Net cash flows from operating activities	<u><u>\$109,121</u></u>	<u><u>\$1,628,051</u></u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - August 2008

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$247,073	\$248,849	\$228,710
Promotional Expense	542	84	55
Electricity Expense	1,962	2,106	2,057
Pole Attachment Expense	2,010	2,010	2,011
Changes of Service	2,363	1,262	1,452
Underground Line Expense	2,419	1,604	2,097
Ad Insertion - Marketing/Production	8,746	6,324	8,752
Miscellaneous CATV Expense	12,810	14,063	11,592
Vehicle Expense	4,426	5,461	6,653
Maintenance:			
Fiber	1,032	1,459	1,575
Coax	3,297	5,665	6,715
Drops	4,237	2,758	3,878
Conduit System	772	344	323
Headend	13,699	9,956	15,074
Line Equipment	4,541	3,160	4,726
Converters	3,434	4,169	3,620
Ad Insertion	3,705	3,822	3,968
Vacation, Holiday , Sick Leave	3,293	3,311	2,427
Property Taxes	1,372	1,372	1,483
Depreciation	89,778	92,015	88,747
Amortization	48,316	48,316	48,316
Total CATV	<u>459,827</u>	<u>458,110</u>	<u>444,231</u>
<u>Data/Internet</u>			
Data/Internet Access Charges	28,345	24,794	19,912
Promotional Expense	208	20	---
Electricity Expense	67	72	70
Pole Attachment Expense	70	70	70
Changes of Service	1,013	541	623
Customer Wireless Equipment Expense	844	63	528
Underground Line Expense	83	55	72
Miscellaneous Data/Internet Expense	8,617	7,797	7,169
Vehicle Expense	686	663	1,017
Maintenance:			
Fiber	83	49	55
Coax	78	193	226
Drops	95	94	132
Conduit System	25	12	11
Headend	16,769	17,687	15,998
Line Equipment	155	587	157
Modems	6,975	4,267	4,938
Vacation, Holiday, Sick Leave	2,492	2,705	1,938
Property Taxes	48	48	52
Depreciation	23,828	23,508	23,725
Amortization	16,105	16,105	16,105
Total Data/Internet	<u>\$106,586</u>	<u>\$99,330</u>	<u>\$92,798</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Year-to-Date - August 2008

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$1,955,811	\$1,968,517	\$1,832,238
Promotional Expense	4,333	977	1,752
Electricity Expense	15,698	16,675	16,244
Pole Attachment Expense	16,080	16,080	16,092
Changes of Service	18,423	11,108	13,484
Underground Line Expense	19,269	14,591	15,844
Ad Insertion - Marketing/Production	62,903	63,716	63,592
Miscellaneous CATV Expense	89,176	84,322	85,757
Vehicle Expense	35,395	42,626	34,213
Maintenance:			
Fiber	8,208	7,395	12,100
Coax	25,750	23,531	23,654
Drops	33,342	20,809	23,122
Conduit System	5,854	3,833	4,237
Headend	110,349	98,581	112,682
Line Equipment	35,221	25,938	35,099
Converters	26,599	29,876	28,297
Ad Insertion	29,249	37,497	24,318
Vacation, Holiday, Sick Leave	32,723	31,421	30,021
Property Taxes	10,977	10,978	11,864
Depreciation	718,221	736,120	709,976
Amortization	386,529	386,529	386,529
Total CATV	3,640,110	3,631,120	3,481,115
<u>Data/Internet</u>			
Data/Internet Access Charges	175,480	171,793	169,198
Promotional Expense	1,667	520	---
Electricity Expense	536	523	554
Pole Attachment Expense	560	560	562
Changes of Service	7,895	4,761	5,779
Customer Wireless Equipment Expense	6,769	5,742	4,252
Underground Line Expense	658	498	541
Miscellaneous Data/Internet Expense	66,549	59,788	63,814
Vehicle Expense	5,489	5,388	5,018
Maintenance:			
Fiber	649	256	422
Coax	606	785	884
Drops	740	737	789
Conduit System	190	134	148
Headend	132,042	123,990	126,851
Line Equipment	1,202	1,334	1,196
Modems	53,927	33,850	49,264
Vacation, Holiday, Sick Leave	24,710	26,052	28,733
Property Taxes	383	384	416
Depreciation	190,621	188,064	189,800
Amortization	128,843	128,843	128,843
Total Data/Internet	\$799,516	\$754,002	\$777,064

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - August 2008

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$970	\$970	\$970
Tools Expense	---	10	137
Maintenance:			
Fiber	498	681	760
Conduit System	348	166	156
MAN Equipment	6,463	5,391	5,366
Vacation, Holiday, Sick Leave	89	101	16
Property Taxes	662	662	715
Depreciation	13,436	13,723	23,311
Total MAN	22,466	21,704	31,431
<u>Customer Service Expense</u>			
Customer Information Expense	9,478	14,139	2,846
<u>Consumer Accounts</u>			
Supervision	2,340	2,498	2,402
Consumer Records and Collections	35,141	28,622	34,882
Uncollectible Accounts Expense	342	342	1,875
Vacation, Holiday, Sick Leave	3,071	3,645	2,567
Total Consumer Accounts	40,894	35,107	41,726
<u>Administrative and General</u>			
Administrative and General Salaries	49,524	49,793	50,839
Office Supplies and Expense	3,194	4,529	3,785
Outside Services Employed	6,752	4,295	8,004
Property Insurance	713	697	682
Casualty Ins, Injuries & Damages	4,358	5,982	2,440
Employee Pensions and Benefits	60,316	60,229	56,887
Fringe Benefits Charges to Construction	(3,862)	(3,985)	(4,025)
Rents	7,278	7,278	7,229
Miscellaneous General Expense	16,553	33,458	14,308
Maintenance of General Plant	2,229	1,978	1,460
Vacation, Holiday, Sick Leave	6,650	5,473	5,928
Depreciation	9,214	8,725	8,947
Total Administrative and General	162,919	178,452	156,484
Total Operating Expenses	<u>\$802,170</u>	<u>\$806,842</u>	<u>\$769,516</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Year-to-Date - August 2008

	<u>Budget Estimate</u>	<u>This Year</u>	<u>This Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$7,760	\$7,760	\$7,767
Tools Expense	---	1,074	1,025
Maintenance:			
Fiber	3,961	3,545	5,839
Conduit System	2,633	1,850	2,044
MAN Equipment	51,422	45,186	45,908
Vacation, Holiday, Sick Leave	891	887	229
Property Taxes	5,297	5,298	5,726
Depreciation	107,491	109,784	186,488
Total MAN	<u>179,455</u>	<u>175,384</u>	<u>255,026</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>87,836</u>	<u>58,781</u>	<u>46,710</u>
<u>Consumer Accounts</u>			
Supervision	18,262	19,644	18,759
Consumer Records and Collections	274,489	257,389	251,404
Uncollectible Accounts Expense	2,733	2,734	15,000
Vacation, Holiday, Sick Leave	<u>30,262</u>	<u>30,304</u>	<u>28,923</u>
Total Consumer Accounts	<u>325,746</u>	<u>310,071</u>	<u>314,086</u>
<u>Administrative and General</u>			
Administrative and General Salaries	390,680	431,029	370,941
Office Supplies and Expense	34,845	32,914	32,139
Outside Services Employed	66,394	41,336	53,120
Property Insurance	5,704	5,531	5,777
Casualty Ins, Injuries & Damages	34,865	38,126	19,564
Employee Pensions and Benefits	496,715	502,971	463,206
Fringe Benefits Charges to Construction	(30,183)	(35,809)	(31,977)
Rents	58,224	58,224	57,832
Miscellaneous General Expense	112,086	89,816	79,312
Maintenance of General Plant	16,582	26,308	19,085
Vacation, Holiday, Sick Leave	63,439	64,324	56,660
Depreciation	<u>73,714</u>	<u>69,800</u>	<u>71,576</u>
Total Administrative and General	<u>1,323,065</u>	<u>1,324,570</u>	<u>1,197,235</u>
Total Operating Expenses	<u><u>\$6,355,728</u></u>	<u><u>\$6,253,928</u></u>	<u><u>\$6,071,236</u></u>

Muscatine Power and Water - Communications Utility
Statistical Data
August 2008

Services	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Residential	7,978	7,941	7,979
Commercial	160	176	165
Bulk	16	16	16
Total CATV	<u>8,154</u>	<u>8,133</u>	<u>8,160</u>
 <u>Internet</u>			
Residential	5,494	5,793	5,574
Commercial	520	525	516
Total Internet	<u>6,014</u>	<u>6,318</u>	<u>6,090</u>
 <u>MAN</u>	<u>15</u>	<u>17</u>	<u>15</u>