

Muscatine Power and Water
Communications Utility
Operating Statements and Balance Sheets
August 2011

**Muscatine Power and Water
Communications Utility**

Table of Contents

	Page
Statements of Revenues, Expenses, and Changes in Net Deficit.....	1 - 2
Balance Sheets.....	3 - 4
Statements of Cash Flows.....	5 - 6
Summary of Expenses.....	7 - 10
Statistical Data.....	11

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Deficit
Current Month - August 2011

	<u>Current Month</u>				
	<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	\$732,453	(15.2)	\$621,065	0.5	\$617,963
Data/Internet	289,967	(0.1)	289,677	1.2	286,229
MAN/MME	30,002	0.1	30,045	4.3	28,800
Miscellaneous	8,209	10.8	9,098	20.6	7,545
Total Operating Revenues	<u>1,060,631</u>	(10.4)	<u>949,885</u>	1.0	<u>940,537</u>
<u>Operating Expense</u>					
Operation	663,841	(6.5)	620,381	(8.5)	678,094
Maintenance	80,215	2.3	82,063	22.2	67,146
Depreciation	200,409	(1.0)	198,323	3.9	190,872
Amortization	64,428	---	64,428	---	64,428
Total Operating Expenses	<u>1,008,893</u>	(4.3)	<u>965,195</u>	(3.5)	<u>1,000,540</u>
Operating Income (Loss)	<u>51,738</u>	---	<u>(15,310)</u>	(74.5)	<u>(60,003)</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	12,737	(1.0)	12,610	---	266
Interest Expense	<u>(122,720)</u>	0.9	<u>(123,882)</u>	14.9	<u>(107,854)</u>
Net Nonoperating Expense	<u>(109,983)</u>	1.2	<u>(111,272)</u>	3.4	<u>(107,588)</u>
Net Loss before Capital Contributions	<u>(58,245)</u>	---	<u>(126,582)</u>	(24.5)	<u>(167,591)</u>
Capital Contributions	<u>---</u>	---	<u>985</u>	---	<u>---</u>
Change in Net Deficit	<u>(\$58,245)</u>		<u>(\$125,597)</u>		<u>(\$167,591)</u>
Beginning Net Deficit	<u>(21,960,156)</u>		<u>(21,771,778)</u>		<u>(20,480,889)</u>
Ending Net Deficit	<u><u>(\$22,018,401)</u></u>		<u><u>(\$21,897,375)</u></u>		<u><u>(\$20,648,480)</u></u>
Net Loss to Total Income	(5.4)		(13.2)		(17.8)
Debt Service Coverage on Bank Debt	3.56		2.81		56.30
Debt Service Coverage on Bank and Electric Utility Debt	1.68		1.32		1.82

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

	<u>Calendar Year-to-Date</u>				
	<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	\$5,345,976	(5.8)	\$5,035,068	4.3	\$4,825,741
Data/Internet	2,260,304	1.7	2,297,908	2.2	2,247,631
MAN/MME	240,016	(1.4)	236,714	5.4	224,687
Miscellaneous	72,989	(6.0)	68,606	16.3	59,005
Total Operating Revenues	<u>7,919,285</u>	(3.5)	<u>7,638,296</u>	3.8	<u>7,357,064</u>
<u>Operating Expense</u>					
Operation	5,144,916	(5.5)	4,860,772	(3.0)	5,009,983
Maintenance	643,918	(15.0)	547,539	(1.7)	556,746
Depreciation	1,603,269	(1.0)	1,586,584	3.9	1,526,976
Amortization	515,425	---	515,424	---	515,424
Total Operating Expenses	<u>7,907,528</u>	(5.0)	<u>7,510,319</u>	(1.3)	<u>7,609,129</u>
Operating Income (Loss)	<u>11,757</u>	---	<u>127,977</u>	---	<u>(252,065)</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	103,345	(5.2)	97,939	---	2,060
Interest Expense	<u>(981,760)</u>	0.4	<u>(986,118)</u>	14.3	<u>(862,837)</u>
Net Nonoperating Expense	<u>(878,415)</u>	1.1	<u>(888,179)</u>	3.2	<u>(860,777)</u>
Net Loss before Capital Contributions	<u>(866,658)</u>	(12.3)	<u>(760,202)</u>	(31.7)	<u>(1,112,842)</u>
Capital Contributions	<u>---</u>	---	<u>14,569</u>	---	<u>---</u>
Change in Net Deficit	<u>(866,658)</u>		<u>(745,633)</u>		<u>(1,112,842)</u>
Beginning Net Deficit	<u>(21,151,742)</u>		<u>(21,151,742)</u>		<u>(19,535,638)</u>
Ending Net Deficit	<u>(\$22,018,400)</u>		<u>(\$21,897,375)</u>		<u>(\$20,648,480)</u>
Net Loss to Total Income	(10.8)		(9.8)		(15.1)
Debt Service Coverage on Bank Debt	3.02		3.14		64.53
Debt Service Coverage on Bank and Electric Utility Debt	1.42		1.48		2.09

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

ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$5	\$1
Total Restricted Current Assets	<u>5</u>	<u>1</u>
<u>Unrestricted</u>		
Cash - interest bearing	2,078,215	1,191,304
Investments	3,935,841	399,968
Receivables:		
Consumer Accounts	1,116,016	1,035,144
Interest	79,413	54
Inventories	272,737	299,593
Prepaid Pension	---	73,276
Prepaid Expenses	<u>89,707</u>	<u>89,131</u>
Total Unrestricted Current Assets	<u>7,571,929</u>	<u>3,088,470</u>
Total Current Assets	<u>7,571,934</u>	<u>3,088,471</u>
Property and Equipment:		
At Cost	30,019,649	29,750,796
Less Accumulated Depreciation	<u>18,706,326</u>	<u>17,560,310</u>
Net Property and Equipment	<u>11,313,323</u>	<u>12,190,486</u>
Other Assets:		
Unamortized Cost of Issuing Debt	<u>14,020</u>	<u>23,732</u>
Total Other Assets	<u>14,020</u>	<u>23,732</u>
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$6,700,064 in 2011 and \$6,351,201 in 2010	<u>1,030,849</u>	<u>1,803,986</u>
TOTAL ASSETS	<u><u>\$19,930,126</u></u>	<u><u>\$17,106,675</u></u>

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

LIABILITIES AND NET DEFICIT

	<u>2011</u>	<u>2010</u>
Current Liabilities:		
<u>Restricted</u>		
Notes Payable - Banks	\$885,000	---
Deferred Revenue - Dark Fiber Lease	16,991	---
Accrued Interest	37,600	6,956
	<hr/>	<hr/>
Total Restricted Current Liabilities	939,591	6,956
	<hr/>	<hr/>
<u>Unrestricted</u>		
Accrued Interest	207,840	207,840
Accounts Payable	481,188	743,758
Pension Provision	44,550	---
Health & Dental Insurance Provision	41,124	35,880
Intercompanies	15,558	14,122
Accrued Payroll	63,314	58,343
Accrued Vacation	109,790	116,000
Accrued Property Taxes	29,492	29,167
Miscellaneous Accrued Expenses	118,613	96,898
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Total Unrestricted Current Liabilities	1,111,469	1,302,008
	<hr/>	<hr/>
Total Current Liabilities	2,051,060	1,308,964
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	186,856	231,191
Post-Employment Health Benefit Provision	24,263	---
Deferred Revenue - Dark Fiber Lease	323,322	---
Notes Payable:		
Banks	3,915,000	888,000
Electric Utility	35,327,000	35,327,000
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Total Non-Current Liabilities	39,776,441	36,446,191
	<hr/>	<hr/>
Net Deficit:		
Invested in capital assets, net of related debt	8,452,203	13,135,681
Restricted	939,591	6,956
Unrestricted	(31,289,169)	(33,791,117)
	<hr/>	<hr/>
Total Net Deficit	(21,897,375)	(20,648,480)
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TOTAL LIABILITIES AND NET DEFICIT	<u><u>\$19,930,126</u></u>	<u><u>\$17,106,675</u></u>

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

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$940,013	\$7,417,131
Advertising sales	31,055	167,084
Sale of digital converters	---	30,490
Miscellaneous sources	9,174	492,207
Cash paid to/for:		
Suppliers	(395,618)	(3,403,778)
Employees payroll, taxes and benefits	(372,876)	(2,027,159)
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Net cash flows from operating activities	211,748	2,675,975
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Cash flows from capital and related financing activities:		
Capital expenditures, net	(248,151)	(1,034,147)
Loan funds received from banks	---	---
Loan interest payments	---	(1,387,861)
	<hr/>	<hr/>
Net cash flows from capital and related financing activities	(248,151)	(2,422,008)
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest received on investments	76	25,210
Accrued interest purchased	---	---
Amortization/accretion of investments	---	---
Mark to market	---	---
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Net cash flows from investing activities	76	25,210
	<hr/>	<hr/>
Net increase (decrease) in cash and investments	(36,327)	279,177
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Cash and investments at beginning of period	6,050,388	5,734,884
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Cash and investments at end of period	\$6,014,061	\$6,014,061
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Muscatine Power and Water - Communications Utility
Statements of Cash Flows
August 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)	(\$15,310)	\$127,977
Noncash items in operating income:		
Converter/modem write-off	2,979	5,004
Depreciation of utility plant	198,323	1,586,584
Amortization of intangible assets	64,428	515,424
Changes in assets and liabilities:		
Consumer accounts receivable	33,311	(13,669)
Inventories	3,356	12,257
Prepaid and deferred expenses	(12,980)	30,880
Accounts payable	(9,238)	32,353
Pension provision	(111,376)	44,550
Health & dental insurance provision	2,023	(19,131)
Other post-employment benefit provision	433	3,464
Deferred Revenue	(1,458)	340,313
Intercompany payable	5,455	54
Retained percentage on contracts	---	---
Accrued payroll	22,398	23,047
Accrued vacation	(1,121)	4,742
Accrued property taxes	2,125	4,496
Miscellaneous accrued expenses	28,400	(22,370)
Net cash flows from operating activities	<u>\$211,748</u>	<u>\$2,675,975</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$352,675	\$310,076	\$302,564
Promotional Expense	2,151	2,683	27,957
Electricity Expense	2,166	2,426	2,199
Pole Attachment Expense	2,167	2,167	2,167
Changes of Service	1,063	1,406	958
Underground Line Expense	2,596	2,723	2,066
Ad Insertion - Marketing/Production	10,043	5,863	4,426
Miscellaneous CATV Expense	14,017	18,356	13,372
Vehicle Expense	4,895	4,988	4,460
Maintenance:			
Fiber	1,062	4,291	187
Coax	2,788	2,947	1,929
Drops	4,350	1,978	2,104
Conduit System	326	172	61
Headend	26,484	20,529	8,392
Line Equipment	3,332	2,138	8,256
Converters	7,543	5,389	7,535
Ad Insertion	4,082	4,104	3,983
Vacation, Holiday , Sick Leave	4,362	3,174	3,071
Property Taxes	1,400	1,400	1,373
Depreciation	153,818	152,268	149,041
Amortization	48,321	48,321	48,321
Total CATV	649,641	597,399	594,422
<u>Data/Internet</u>			
Data/Internet Access Charges	24,855	21,591	24,011
Promotional Expense	4,731	2,370	37,494
Electricity Expense	74	83	75
Pole Attachment Expense	75	75	75
Changes of Service	456	603	411
Customer Wireless Equipment Expense	996	717	3,359
Underground Line Expense	89	93	71
Miscellaneous Data/Internet Expense	9,215	8,925	9,425
Vehicle Expense	542	607	540
Maintenance:			
Fiber	37	150	7
Coax	95	101	30
Drops	148	68	72
Conduit System	11	6	2
Headend	17,912	13,305	13,602
Line Equipment	114	63	282
Modems	4,974	5,484	4,483
Vacation, Holiday, Sick Leave	2,975	2,044	2,100
Property Taxes	49	49	48
Depreciation	21,353	21,599	20,157
Amortization	16,107	16,107	16,107
Total Data/Internet	\$104,808	\$94,040	\$132,351

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$2,634,238	\$2,498,969	\$2,320,438
Promotional Expense	35,892	26,171	167,199
Electricity Expense	12,243	17,731	16,909
Pole Attachment Expense	17,333	17,333	17,333
Changes of Service	8,004	11,007	14,770
Underground Line Expense	20,494	16,111	17,442
Ad Insertion - Marketing/Production	59,965	47,790	36,808
Miscellaneous CATV Expense	109,026	105,772	117,810
Vehicle Expense	39,536	41,844	33,876
Maintenance:			
Fiber	8,362	14,521	4,136
Coax	21,961	12,787	10,258
Drops	33,188	19,066	18,912
Conduit System	2,395	4,297	1,804
Headend	213,833	174,258	146,290
Line Equipment	26,417	23,902	20,621
Converters	59,136	51,853	72,177
Ad Insertion	32,437	31,549	32,172
Vacation, Holiday, Sick Leave	39,206	32,955	33,236
Property Taxes	11,203	11,203	10,983
Depreciation	1,230,541	1,218,144	1,192,328
Amortization	386,569	386,568	386,568
Total CATV	5,001,979	4,763,831	4,672,070
<u>Data/Internet</u>			
Data/Internet Access Charges	192,842	164,437	201,424
Promotional Expense	41,348	29,852	124,102
Electricity Expense	418	603	577
Pole Attachment Expense	600	600	600
Changes of Service	3,430	4,717	6,330
Customer Wireless Equipment Expense	7,548	5,561	11,168
Underground Line Expense	699	550	595
Miscellaneous Data/Internet Expense	72,676	72,195	69,188
Vehicle Expense	4,335	5,082	4,091
Maintenance:			
Fiber	292	507	145
Coax	749	445	316
Drops	1,133	653	647
Conduit System	84	150	63
Headend	147,680	104,844	135,987
Line Equipment	901	786	703
Modems	39,032	35,044	29,239
Vacation, Holiday, Sick Leave	27,547	22,834	25,973
Property Taxes	391	391	383
Depreciation	170,821	172,792	161,256
Amortization	128,856	128,856	128,856
Total Data/Internet	\$841,382	\$750,899	\$901,643

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

	<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	417	15	481
Maintenance:			
Fiber	513	2,170	90
Conduit System	157	83	29
MAN/MME Equipment	2,412	15,463	12,316
Vacation, Holiday, Sick Leave	109	87	90
Property Taxes	676	676	662
Depreciation	16,993	16,892	13,140
Total MAN/MME	22,319	36,428	27,850
<u>Customer Service Expense</u>			
Customer Information Expense	5,741	8,391	20,956
<u>Consumer Accounts</u>			
Supervision	2,427	2,807	2,571
Consumer Records and Collections	39,756	36,969	36,824
Uncollectible Accounts Expense	1,383	1,383	714
Vacation, Holiday, Sick Leave	3,128	2,905	3,333
Total Consumer Accounts	46,694	44,064	43,442
<u>Administrative and General</u>			
Administrative and General Salaries	53,506	45,403	54,532
Office Supplies and Expense	4,191	4,268	3,685
Outside Services Employed	5,470	11,476	4,738
Property Insurance	815	808	854
Casualty Ins, Injuries & Damages	5,346	7,370	3,418
Employee Pensions and Benefits	74,745	77,114	66,245
Fringe Benefits Charges to Construction	(6,997)	(7,520)	(5,679)
Rents	7,952	7,952	9,553
Miscellaneous General Expense	15,957	22,541	26,955
Maintenance of General Plant	3,875	3,622	3,786
Vacation, Holiday, Sick Leave	6,585	4,275	4,898
Depreciation	8,245	7,564	8,534
Total Administrative and General	179,690	184,873	181,519
Total Operating Expenses	\$1,008,893	\$965,195	\$1,000,540

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$8,333	\$8,333	\$8,333
Tools Expense	3,333	264	2,753
Maintenance:			
Fiber	4,035	7,106	5,605
Conduit System	1,156	2,074	870
MAN/MME Equipment	19,882	26,471	47,952
Vacation, Holiday, Sick Leave	1,019	902	1,016
Property Taxes	5,406	5,406	5,300
Depreciation	135,948	135,136	105,120
Total MAN/MME	179,112	185,692	176,949
<u>Customer Service Expense</u>			
Customer Information Expense	71,514	43,629	81,926
<u>Consumer Accounts</u>			
Supervision	18,852	20,375	20,330
Consumer Records and Collections	312,729	280,351	323,717
Uncollectible Accounts Expense	11,067	11,067	5,715
Vacation, Holiday, Sick Leave	29,287	30,250	31,328
Total Consumer Accounts	371,935	342,043	381,090
<u>Administrative and General</u>			
Administrative and General Salaries	421,087	394,730	433,170
Office Supplies and Expense	41,811	40,634	34,104
Outside Services Employed	52,327	61,542	42,609
Property Insurance	6,638	6,606	6,835
Casualty Ins, Injuries & Damages	42,769	50,861	32,644
Employee Pensions and Benefits	611,920	596,353	561,424
Fringe Benefits Charges to Construction	(49,761)	(38,151)	(38,772)
Rents	63,616	63,616	76,424
Miscellaneous General Expense	93,575	97,046	83,047
Maintenance of General Plant	31,245	37,226	28,849
Vacation, Holiday, Sick Leave	60,420	53,250	66,845
Depreciation	65,959	60,512	68,272
Total Administrative and General	1,441,606	1,424,225	1,395,451
Total Operating Expenses	<u>\$7,907,528</u>	<u>\$7,510,319</u>	<u>\$7,609,129</u>

Muscatine Power and Water - Communications Utility
Statistical Data
August 2011

<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	7,584	(4.2)	7,266	(3.1)	7,499
Commercial/Hospitality	<u>168</u>	---	<u>168</u>	(6.1)	<u>179</u>
Total CATV	<u>7,752</u>	(4.1)	<u>7,434</u>	(3.2)	<u>7,678</u>
Bulk Equivalent Services	<u>485</u>	3.1	<u>500</u>	3.3	<u>484</u>
Bulk Master Services	<u>25</u>	12.0	<u>28</u>	---	<u>28</u>
<u>Internet</u>					
Residential	6,514	(2.4)	6,359	2.2	6,225
Commercial	<u>431</u>	10.0	<u>474</u>	1.3	<u>468</u>
Total Internet	<u>6,945</u>	(1.6)	<u>6,833</u>	2.1	<u>6,693</u>
<u>MAN/MME</u>	<u>19</u>	(10.5)	<u>17</u>	---	<u>17</u>

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