

**Muscatine Power and Water
Communications Utility
Operating Statements and Balance Sheets
May 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 - May 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	\$669,269	(3.6)	\$645,477	(0.3)	\$647,490
Data/Internet	300,944	1.8	306,407	5.4	290,800
MAN/MME	52,517	(28.7)	37,459	26.5	29,616
Miscellaneous	<u>8,769</u>	3.7	<u>9,093</u>	4.4	<u>8,712</u>
Total Operating Revenues	<u>1,031,499</u>	(3.2)	<u>998,436</u>	2.2	<u>976,618</u>
<u>Operating Expense</u>					
Operation	664,792	3.5	688,148	13.0	609,250
Maintenance	71,865	(5.6)	67,817	9.3	62,039
Depreciation	206,958	(5.5)	195,673	(1.3)	198,323
Amortization	<u>64,428</u>	---	<u>64,428</u>	---	<u>64,428</u>
Total Operating Expenses	<u>1,008,043</u>	0.8	<u>1,016,066</u>	8.8	<u>934,040</u>
Operating Income (Loss)	<u>23,456</u>	---	<u>(17,630)</u>	---	<u>42,578</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	12,130	(19.8)	9,733	(22.8)	12,603
Interest Expense	<u>(120,047)</u>	0.1	<u>(120,182)</u>	(2.4)	<u>(123,176)</u>
Net Nonoperating Expense	<u>(107,917)</u>	2.3	<u>(110,449)</u>	(0.1)	<u>(110,573)</u>
Net Loss before Capital Contributions	<u>(84,461)</u>	51.6	<u>(128,079)</u>	88.4	<u>(67,995)</u>
Capital Contributions	<u>---</u>	---	<u>353</u>	---	<u>---</u>
Change in Net Deficit	<u>(\$84,461)</u>		<u>(\$127,726)</u>		<u>(\$67,995)</u>
Beginning Net Deficit	<u>(22,679,660)</u>		<u>(22,681,072)</u>		<u>(21,528,877)</u>
Ending Net Deficit	<u>(\$22,764,121)</u>		<u>(\$22,808,798)</u>		<u>(\$21,596,872)</u>
Net Loss to Total Income	<u>(8.1)</u>		<u>(12.7)</u>		<u>(6.9)</u>
Debt Service Coverage on Bank Debt	3.35		2.75		3.44
Debt Service Coverage on Bank and Electric Utility Debt	1.57		1.29		1.62

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Deficit
Calendar Year-to-Date - May 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	\$3,283,063	(3.4)	\$3,171,159	0.5	\$3,156,456
Data/Internet	1,489,122	1.3	1,509,084	5.8	1,425,772
MAN/MME	250,088	(22.8)	193,157	31.4	147,055
Miscellaneous	43,840	1.1	44,303	6.1	41,739
Total Operating Revenues	5,066,113	(2.9)	4,917,703	3.1	4,771,022
<u>Operating Expense</u>					
Operation	3,293,505	(0.7)	3,269,776	7.2	3,049,851
Maintenance	354,618	(10.7)	316,571	1.7	311,386
Depreciation	1,034,796	(5.5)	978,365	(1.3)	991,615
Amortization	322,140	---	322,140	---	322,140
Total Operating Expenses	5,005,059	(2.4)	4,886,852	4.5	4,674,992
Operating Income	61,054	(49.5)	30,851	(67.9)	96,030
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	60,772	(24.7)	45,745	(25.2)	61,138
Interest Expense	(600,237)	0.2	(601,187)	(2.4)	(615,882)
Net Nonoperating Expense	(539,465)	3.0	(555,442)	0.1	(554,744)
Net Loss before Capital Contributions	(478,411)	9.7	(524,591)	14.4	(458,714)
Capital Contributions	---	---	1,503	(88.9)	13,584
Change in Net Deficit	(478,411)		(523,088)		(445,130)
Beginning Net Deficit	(22,285,710)		(22,285,710)		(21,151,742)
Ending Net Deficit	(\$22,764,121)		(\$22,808,798)		(\$21,596,872)
Net Loss to Total Income	(9.3)		(10.6)		(9.5)
Debt Service Coverage on Bank Debt	3.23		3.01		3.18
Debt Service Coverage on Bank and Electric Utility Debt	1.51		1.41		1.50

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

ASSETS

	<u>2012</u>	<u>2011</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$6	\$1
Total Restricted Current Assets	<u>6</u>	<u>1</u>
<u>Unrestricted</u>		
Cash - interest bearing	2,527,297	2,584,946
Investments	3,027,000	3,912,000
Receivables:		
Consumer Accounts	1,126,975	1,128,548
Interest	46,570	66,812
Inventories	309,311	276,249
Prepaid Expenses	<u>126,367</u>	<u>110,497</u>
Total Unrestricted Current Assets	<u>7,163,520</u>	<u>8,079,052</u>
Total Current Assets	<u>7,163,526</u>	<u>8,079,053</u>
Property and Equipment:		
At Cost	31,068,599	29,492,168
Less Accumulated Depreciation	<u>20,251,804</u>	<u>18,127,701</u>
Net Property and Equipment	<u>10,816,795</u>	<u>11,364,467</u>
Other Assets:		
Unamortized Cost of Issuing Debt	<u>7,023</u>	<u>19,625</u>
Total Other Assets	<u>7,023</u>	<u>19,625</u>
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$7,279,916 in 2012 and \$6,506,780 in 2011	<u>450,996</u>	<u>1,224,133</u>
TOTAL ASSETS	<u>\$18,438,340</u>	<u>\$20,687,278</u>

Muscatine Power and Water - Communications Utility
Statements of Net Assets
May 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	<u>76,885</u>	<u>94,000</u>
Total Restricted Current Liabilities	<u>991,885</u>	<u>979,000</u>
<u>Unrestricted</u>		
Accrued Interest	519,600	519,600
Accounts Payable	432,745	463,824
Pension Provision	128,420	114,740
Health & Dental Insurance Provision	34,889	41,124
Intercompanies	6,391	9,913
Accrued Payroll	33,714	100,217
Accrued Vacation	130,736	114,760
Accrued Property Taxes	19,823	23,117
Deferred Revenue - Dark Fiber Lease	17,500	16,991
Miscellaneous Accrued Expenses	<u>116,398</u>	<u>121,988</u>
Total Unrestricted Current Liabilities	<u>1,440,216</u>	<u>1,526,274</u>
Total Current Liabilities	<u>2,432,101</u>	<u>2,505,274</u>
Non-Current Liabilities:		
Health & Dental Insurance Provision	151,941	186,215
Post-Employment Health Benefit Provision	26,408	22,964
Deferred Revenue - Dark Fiber Lease	309,688	327,697
Notes Payable:		
Banks	3,000,000	3,915,000
Electric Utility	<u>35,327,000</u>	<u>35,327,000</u>
Total Non-Current Liabilities	<u>38,815,037</u>	<u>39,778,876</u>
Net Deficit:		
Invested in capital assets, net of related debt	7,366,465	7,813,701
Restricted	—	---
Unrestricted	<u>(30,175,263)</u>	<u>(29,410,573)</u>
Total Net Deficit	<u>(22,808,798)</u>	<u>(21,596,872)</u>
TOTAL LIABILITIES AND NET DEFICIT	<u><u>\$18,438,340</u></u>	<u><u>\$20,687,278</u></u>

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

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$984,911	\$4,766,941
Advertising sales	13,879	130,860
Sale of digital converters	---	---
Miscellaneous sources	12,377	43,646
Cash paid to/for:		
Suppliers	(423,997)	(2,276,939)
Employees payroll, taxes and benefits	<u>(341,656)</u>	<u>(1,269,174)</u>
Net cash flows from operating activities	<u>245,514</u>	<u>1,395,334</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(208,523)	(798,823)
Loan principal payments	---	(885,000)
Loan interest payments	---	(112,800)
Net cash flows from capital and related financing activities	<u>(208,523)</u>	<u>(1,796,623)</u>
Cash flows from investing activities:		
Interest received on investments	88	103,003
Accrued interest purchased	---	---
Amortization/accretion of investments	---	---
Mark to market	---	---
Net cash flows from investing activities	<u>88</u>	<u>103,003</u>
Net increase (decrease) in cash and investments	<u>37,079</u>	<u>(298,286)</u>
Cash and investments at beginning of period	<u>5,517,224</u>	<u>5,852,589</u>
Cash and investments at end of period	<u><u>\$5,554,303</u></u>	<u><u>\$5,554,303</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
May 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)	(\$17,630)	\$30,851
Noncash items in operating income:		
Converter/modem write-off	9,985	16,998
Depreciation of utility plant	195,673	978,365
Amortization of intangible assets	64,428	322,140
Changes in assets and liabilities:		
Consumer accounts receivable	16,278	44,359
Inventories	7,482	1,562
Prepaid and deferred expenses	20,245	(66,549)
Accounts payable	(23,623)	(10,404)
Pension provision	25,684	128,420
Health & dental insurance provision	(5,944)	(38,038)
Other post-employment benefit provision	347	1,735
Deferred Revenue	(1,458)	(7,291)
Intercompany payable	(9,836)	(9,621)
Accrued payroll	(67,263)	(8,023)
Accrued vacation	4,579	23,274
Accrued property taxes	1,802	(1,803)
Miscellaneous accrued expenses	<u>24,765</u>	<u>(10,641)</u>
Net cash flows from operating activities	<u><u>\$245,514</u></u>	<u><u>\$1,395,334</u></u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
CATV			
Program Acquisition Expense	\$334,836	\$358,059	\$319,697
Promotional Expense	6,138	1,866	5,005
Electricity Expense	2,181	2,540	2,287
Pole Attachment Expense	2,167	2,167	2,167
Changes of Service	1,506	1,007	1,289
Underground Line Expense	2,640	2,642	2,448
Ad Insertion - Marketing/Production	7,091	5,143	5,543
Miscellaneous CATV Expense	13,408	21,064	13,087
Vehicle Expense	5,511	5,239	4,705
Maintenance:			
Fiber	1,634	1,143	160
Coax	1,853	1,880	1,576
Drops	3,575	1,622	2,815
Conduit System	339	618	372
Headend	24,395	22,593	20,389
Line Equipment	3,189	4,118	4,297
Converters	6,487	4,763	9,192
Ad Insertion	3,832	4,056	3,798
Vacation, Holiday , Sick Leave	5,758	5,815	5,706
Property Taxes	1,188	1,188	1,400
Depreciation	156,142	146,724	152,268
Amortization	48,321	48,321	48,321
 Total CATV	 632,191	 642,568	 606,522
 Data/Internet			
Data/Internet Access Charges	31,491	27,042	10,707
Promotional Expense	6,138	1,689	5,156
Electricity Expense	74	87	78
Pole Attachment Expense	75	75	75
Changes of Service	646	431	552
Customer Wireless Equipment Expense	464	1,357	446
Underground Line Expense	90	90	83
Miscellaneous Data/Internet Expense	8,490	12,912	8,728
Vehicle Expense	645	637	571
Maintenance:			
Fiber	57	40	6
Coax	63	59	54
Drops	122	56	96
Conduit System	12	22	13
Headend	15,902	13,052	11,783
Line Equipment	109	140	147
Modems	4,923	3,792	3,862
Vacation, Holiday, Sick Leave	4,799	3,819	4,016
Property Taxes	41	41	49
Depreciation	21,946	20,183	21,599
Amortization	16,107	16,107	16,107
 Total Data/Internet	 \$112,194	 \$101,631	 \$84,128

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

	Budget Estimate	This Year	Last Year
CATV			
Program Acquisition Expense	\$1,658,068	\$1,725,870	\$1,573,287
Promotional Expense	29,690	3,370	12,910
Electricity Expense	10,903	12,254	10,798
Pole Attachment Expense	10,833	10,733	10,833
Changes of Service	7,067	5,004	7,764
Underground Line Expense	13,086	8,812	8,142
Ad Insertion - Marketing/Production	31,272	32,912	28,730
Miscellaneous CATV Expense	66,778	79,145	63,073
Vehicle Expense	27,484	27,808	27,317
Maintenance:			
Fiber	8,041	4,891	1,191
Coax	9,057	3,543	5,678
Drops	16,634	8,508	10,169
Conduit System	1,502	1,687	1,927
Headend	121,212	109,681	101,990
Line Equipment	15,728	22,416	17,334
Converters	32,352	23,180	36,521
Ad Insertion	19,207	22,938	19,588
Vacation, Holiday, Sick Leave	24,313	23,997	20,444
Property Taxes	5,940	5,940	7,002
Depreciation	780,711	733,620	761,340
Amortization	241,605	241,605	241,605
 Total CATV	 3,131,483	 3,107,914	 2,967,643
 Data/Internet			
Data/Internet Access Charges	134,155	130,510	99,714
Promotional Expense	29,689	3,006	17,885
Electricity Expense	370	418	369
Pole Attachment Expense	375	372	375
Changes of Service	3,029	2,144	3,327
Customer Wireless Equipment Expense	1,964	10,259	3,011
Underground Line Expense	447	301	278
Miscellaneous Data/Internet Expense	42,322	52,093	45,704
Vehicle Expense	3,226	3,381	3,317
Maintenance:			
Fiber	281	171	42
Coax	309	122	197
Drops	568	295	347
Conduit System	52	59	67
Headend	79,362	63,155	58,921
Line Equipment	537	750	572
Modems	23,125	14,787	19,616
Vacation, Holiday, Sick Leave	20,274	17,391	14,366
Property Taxes	205	205	245
Depreciation	109,732	100,915	107,995
Amortization	80,535	80,535	80,535
 Total Data/Internet	 \$530,557	 \$480,869	 \$456,883

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

	<u>Budget</u> <u>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	27	45
Maintenance:			
Fiber	788	551	77
Conduit System	163	298	179
MAN/MME Equipment	2,017	5,908	---
Vacation, Holiday, Sick Leave	171	153	165
Property Taxes	573	573	676
Depreciation	<u>20,293</u>	<u>20,341</u>	<u>16,892</u>
Total MAN/MME	<u>25,589</u>	<u>28,893</u>	<u>19,076</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>7,218</u>	<u>3,874</u>	<u>1,097</u>
<u>Consumer Accounts</u>			
Supervision	2,390	2,840	2,700
Consumer Records and Collections	36,733	41,545	31,294
Uncollectible Accounts Expense	2,871	2,871	1,383
Vacation, Holiday, Sick Leave	<u>4,817</u>	<u>4,808</u>	<u>4,211</u>
Total Consumer Accounts	<u>46,811</u>	<u>52,064</u>	<u>39,588</u>
<u>Administrative and General</u>			
Administrative and General Salaries	53,584	53,776	48,896
Office Supplies and Expense	4,740	4,901	4,090
Outside Services Employed	6,743	7,271	6,268
Property Insurance	977	971	808
Casualty Ins, Injuries & Damages	5,094	8,972	12,836
Employee Pensions and Benefits	79,694	81,780	74,455
Fringe Benefits Charges to Construction	(5,833)	(8,703)	(3,943)
Rents	8,727	8,727	7,952
Miscellaneous General Expense	9,393	8,544	12,811
Maintenance of General Plant	2,405	3,106	3,223
Vacation, Holiday, Sick Leave	9,939	9,266	8,669
Depreciation	<u>8,577</u>	<u>8,425</u>	<u>7,564</u>
Total Administrative and General	<u>184,040</u>	<u>187,036</u>	<u>183,629</u>
Total Operating Expenses	<u><u>\$1,008,043</u></u>	<u><u>\$1,016,066</u></u>	<u><u>\$934,040</u></u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$5,208	\$5,160	\$5,208
Tools Expense	2,709	278	206
Maintenance:			
Fiber	3,880	2,360	574
Conduit System	725	814	930
MAN/MME Equipment	9,920	19,108	10,224
Vacation, Holiday, Sick Leave	725	654	557
Property Taxes	2,865	2,865	3,379
Depreciation	<u>101,465</u>	<u>101,705</u>	<u>84,460</u>
Total MAN/MME	<u>127,497</u>	<u>132,944</u>	<u>105,538</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>37,873</u>	<u>22,356</u>	<u>25,142</u>
<u>Consumer Accounts</u>			
Supervision	11,949	12,763	12,213
Consumer Records and Collections	183,917	179,887	173,685
Uncollectible Accounts Expense	14,354	14,354	6,917
Vacation, Holiday, Sick Leave	<u>20,817</u>	<u>24,177</u>	<u>4,212</u>
Total Consumer Accounts	<u>231,037</u>	<u>231,181</u>	<u>197,027</u>
<u>Administrative and General</u>			
Administrative and General Salaries	268,126	252,525	253,711
Office Supplies and Expense	24,626	23,806	26,651
Outside Services Employed	38,287	44,847	32,563
Property Insurance	4,378	4,368	4,180
Casualty Ins, Injuries & Damages	25,468	30,374	35,480
Employee Pensions and Benefits	398,696	390,214	378,551
Fringe Benefits Charges to Construction	(26,523)	(31,216)	(20,369)
Rents	43,635	43,635	39,760
Miscellaneous General Expense	71,879	53,817	58,844
Maintenance of General Plant	12,126	18,106	25,498
Vacation, Holiday, Sick Leave	43,026	38,987	50,070
Depreciation	<u>42,888</u>	<u>42,125</u>	<u>37,820</u>
Total Administrative and General	<u>946,612</u>	<u>911,588</u>	<u>922,759</u>
Total Operating Expenses	<u>\$5,005,059</u>	<u>\$4,886,852</u>	<u>\$4,674,992</u>

Muscatine Power and Water - Communications Utility
Statistical Data
May 2012

<u>Services</u>	<u>Budget</u> <u>Estimate</u>	<u>% Increase</u> <u>(Decrease)</u> <u>From Budget</u>	<u>This Year</u> ^{fn1}	<u>% Increase</u> <u>(Decrease)</u> <u>Fr. Last Yr.</u>		<u>Last Year</u> ^{fn1}
				<u>Fr. Last Yr.</u>	<u>Last Year</u> ^{fn1}	
CATV						
Residential	7,365	(1.6)	7,248	(1.5)	7,356	
Commercial/Hospitality	<u>160</u>	5.6	<u>169</u>	(0.6)	<u>170</u>	
Total CATV	<u>7,525</u>	(1.4)	<u>7,417</u>	(1.4)	<u>7,526</u>	
Bulk Equivalent Services						
Bulk Master Services	<u>476</u>	---	<u>476</u>	(1.9)	<u>485</u>	
	<u>26</u>	---	<u>26</u>	(7.1)	<u>28</u>	
Internet						
Residential	6,665	---	6,664	2.1	6,530	
Commercial	<u>451</u>	1.8	<u>459</u>	(0.4)	<u>461</u>	
Total Internet	<u>7,116</u>	0.1	<u>7,123</u>	1.9	<u>6,991</u>	
MAN/MME						
	<u>49</u>	(32.7)	<u>33</u>	94.1	<u>17</u>	

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