

Muscatine Power and Water
Communications Utility
Operating Statements and Balance Sheets
July 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 - July 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	\$688,105	(7.3)	\$637,853	2.4	\$622,705	
Data/Internet	301,775	2.0	307,919	5.6	291,616	
MAN/MME	55,017	(22.0)	42,919	41.9	30,252	
Miscellaneous	<u>8,798</u>	(2.3)	<u>8,595</u>	(2.5)	<u>8,819</u>	
Total Operating Revenues	<u>1,053,695</u>	(5.4)	<u>997,286</u>	4.6	<u>953,392</u>	
<u>Operating Expense</u>						
Operation	673,278	(3.7)	648,633	8.8	595,993	
Maintenance	73,864	(18.0)	60,547	(26.4)	82,250	
Depreciation	206,959	(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>1,018,529</u>	(4.8)	<u>969,281</u>	3.0	<u>940,994</u>	
Operating Income	<u>35,166</u>	(20.4)	<u>28,005</u>	---	<u>12,398</u>	297,858
<u>Nonoperating Revenue (Expense)</u>						
Interest Income	11,785	(17.3)	9,752	(22.8)	12,626	
Interest Expense	<u>(120,047)</u>	0.1	<u>(120,182)</u>	(2.9)	<u>(123,776)</u>	
Net Nonoperating Expense	<u>(108,262)</u>	2.0	<u>(110,430)</u>	(0.6)	<u>(111,150)</u>	
Net Loss before Capital Contributions	(73,096)	12.8	(82,425)	(16.5)	(98,752)	
Capital Contributions	<u>---</u>	---	<u>534</u>	---	<u>---</u>	
Change in Net Deficit	(\$73,096)		(\$81,891)		(\$98,752)	
Beginning Net Deficit	<u>(22,846,400)</u>		<u>(22,903,863)</u>		<u>(21,673,026)</u>	
Ending Net Deficit	<u>(\$22,919,496)</u>		<u>(\$22,985,754)</u>		<u>(\$21,771,778)</u>	
Net Loss to Total Income	(6.9)		(8.2)		(10.2)	
Debt Service Coverage on Bank Debt	3.48		3.25		3.11	
Debt Service Coverage on Electric Utility Debt	2.18		1.98		1.46	

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

	<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	\$4,643,293	(4.1)	\$4,454,313	0.9	\$4,414,004
Data/Internet	2,092,472	1.5	2,123,845	5.8	2,008,231
MAN/MME	358,873	(22.4)	278,572	34.8	206,669
Miscellaneous	61,407	---	61,430	3.2	59,506
Total Operating Revenues	<u>7,156,045</u>	(3.3)	<u>6,918,160</u>	3.4	<u>6,688,410</u>
<u>Operating Expense</u>					
Operation	4,634,024	(1.2)	4,579,438	8.0	4,240,392
Maintenance	500,440	(11.3)	444,076	(4.6)	465,475
Depreciation	1,448,714	(5.5)	1,369,711	(1.3)	1,388,261
Amortization	450,996	---	450,996	---	450,996
Total Operating Expenses	<u>7,034,174</u>	(2.7)	<u>6,844,221</u>	4.6	<u>6,545,124</u>
Operating Income	<u>121,871</u>	(39.3)	<u>73,939</u>	(48.4)	<u>143,286</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	84,676	(23.3)	64,920	(23.9)	85,330
Interest Expense	(840,333)	0.1	(841,293)	(2.4)	(862,236)
Net Nonoperating Expense	<u>(755,657)</u>	2.7	<u>(776,373)</u>	(0.1)	<u>(776,906)</u>
Net Loss before Capital Contributions	(633,786)	10.8	(702,434)	10.9	(633,620)
Capital Contributions	---	---	2,390	(82.4)	13,584
Change in Net Deficit	(633,786)		(700,044)		(620,036)
Beginning Net Deficit	<u>(22,285,710)</u>		<u>(22,285,710)</u>		<u>(21,151,742)</u>
Ending Net Deficit	<u>(\$22,919,496)</u>		<u>(\$22,985,754)</u>		<u>(\$21,771,778)</u>
Net Loss to Total Income	(8.8)		(10.1)		(9.4)
Debt Service Coverage on Bank Debt	3.29		3.06		3.19
Debt Service Coverage on Electric Utility Debt	1.54		1.81		1.50

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

ASSETS

	<u>2012</u>	<u>2011</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$6	\$5
Total Restricted Current Assets	<u>6</u>	<u>5</u>
<u>Unrestricted</u>		
Cash - interest bearing	2,227,445	2,114,542
Investments	3,027,000	3,935,841
Receivables:		
Consumer Accounts	1,112,795	1,149,327
Interest	65,547	66,879
Inventories	337,199	276,093
Prepaid Expenses	90,321	73,197
Total Unrestricted Current Assets	<u>6,860,307</u>	<u>7,615,879</u>
Total Current Assets	<u>6,860,313</u>	<u>7,615,884</u>
Property and Equipment:		
At Cost	31,239,128	29,877,648
Less Accumulated Depreciation	<u>20,572,444</u>	<u>18,517,522</u>
Net Property and Equipment	<u>10,666,684</u>	<u>11,360,126</u>
Other Assets:		
Unamortized Cost of Issuing Debt	<u>5,540</u>	<u>18,712</u>
Total Other Assets	<u>5,540</u>	<u>18,712</u>
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$7,408,772 in 2012 and \$6,635,636 in 2011	<u>322,140</u>	<u>1,095,277</u>
TOTAL ASSETS	<u><u>\$17,854,677</u></u>	<u><u>\$20,089,999</u></u>

Muscatine Power and Water - Communications Utility
Statements of Net Assets
July 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	15,377	18,800
	<hr/>	<hr/>
Total Restricted Current Liabilities	930,377	903,800
	<hr/>	<hr/>
<u>Unrestricted</u>		
Accrued Interest	103,920	103,920
Accounts Payable	451,702	585,063
Pension Provision	180,660	155,926
Health & Dental Insurance Provision	34,889	41,124
Intercompanies	11,505	10,103
Accrued Payroll	61,364	40,916
Accrued Vacation	126,343	110,911
Accrued Property Taxes	23,427	27,367
Deferred Revenue - Dark Fiber Lease	17,500	16,991
Miscellaneous Accrued Expenses	92,895	90,213
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	1,104,205	1,182,534
	<hr/>	<hr/>
Total Current Liabilities	2,034,582	2,086,334
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	144,976	184,833
Post-Employment Health Benefit Provision	27,102	23,830
Deferred Revenue - Dark Fiber Lease	306,771	324,780
Notes Payable:		
Banks	3,000,000	3,915,000
Electric Utility	35,327,000	35,327,000
	<hr/>	<hr/>
Total Non-Current Liabilities	38,805,849	39,775,443
	<hr/>	<hr/>
Net Deficit:		
Invested in capital assets, net of related debt	7,085,729	7,680,960
Restricted	---	---
Unrestricted	(30,071,483)	(29,452,738)
	<hr/>	<hr/>
Total Net Deficit	(22,985,754)	(21,771,778)
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET DEFICIT	<u>\$17,854,677</u>	<u>\$20,089,999</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,022,515	\$6,706,750
Advertising sales	29,540	178,952
Sale of digital converters	---	---
Miscellaneous sources	10,301	63,891
Cash paid to/for:		
Suppliers	(504,178)	(3,142,770)
Employees payroll, taxes and benefits	(251,719)	(1,750,112)
	<hr/>	<hr/>
Net cash flows from operating activities	306,459	2,056,711
	<hr/>	<hr/>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(142,840)	(1,044,726)
Loan principal payments	---	(885,000)
Loan interest payments	(715,524)	(828,324)
	<hr/>	<hr/>
Net cash flows from capital and related financing activities	(858,364)	(2,758,050)
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest received on investments	108	103,201
	<hr/>	<hr/>
Net cash flows from investing activities	108	103,201
	<hr/>	<hr/>
Net decrease in cash and investments	(551,797)	(598,138)
	<hr/>	<hr/>
Cash and investments at beginning of period	5,806,248	5,852,589
	<hr/>	<hr/>
Cash and investments at end of period	<u>\$5,254,451</u>	<u>\$5,254,451</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$28,005	\$73,939
Noncash items in operating income:		
Converter/modem write-off	---	19,428
Depreciation of utility plant	195,673	1,369,711
Amortization of intangible assets	64,428	450,996
Changes in assets and liabilities:		
Consumer accounts receivable	69,324	58,539
Inventories	(981)	(26,326)
Prepaid and deferred expenses	15,978	(30,790)
Accounts payable	(38,503)	11,678
Pension provision	26,120	180,660
Health & dental insurance provision	(12,133)	(45,003)
Other post-employment benefit provision	347	2,429
Deferred Revenue	(1,458)	(10,208)
Intercompany payable	(614)	(4,507)
Accrued payroll	13,588	19,627
Accrued vacation	(5,765)	18,881
Accrued property taxes	1,802	1,801
Miscellaneous accrued expenses	(49,352)	(34,144)
	<u>\$306,459</u>	<u>\$2,056,711</u>
Net cash flows from operating activities	<u>\$306,459</u>	<u>\$2,056,711</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$337,136	\$344,107	\$312,496
Promotional Expense	6,138	1,570	7,884
Electricity Expense	2,181	2,479	2,244
Pole Attachment Expense	2,167	2,167	2,167
Changes of Service	1,517	870	713
Underground Line Expense	2,576	2,533	1,808
Ad Insertion - Marketing/Production	9,145	5,582	6,535
Miscellaneous CATV Expense	13,914	13,175	12,306
Vehicle Expense	5,516	4,272	4,607
Maintenance:			
Fiber	1,663	419	1,787
Coax	1,890	1,443	1,646
Drops	3,640	1,757	3,772
Conduit System	314	1,443	1,985
Headend	24,973	17,190	31,082
Line Equipment	3,307	2,431	1,098
Converters	6,724	6,028	4,937
Ad Insertion	3,880	4,069	3,794
Vacation, Holiday , Sick Leave	5,955	5,317	5,911
Property Taxes	1,188	1,188	1,400
Depreciation	156,142	146,724	152,268
Amortization	48,321	48,321	48,321
Total CATV	638,287	613,085	608,761
<u>Data/Internet</u>			
Data/Internet Access Charges	31,491	32,177	21,053
Promotional Expense	6,138	1,570	6,734
Electricity Expense	74	85	77
Pole Attachment Expense	75	75	75
Changes of Service	650	373	305
Customer Wireless Equipment Expense	577	1,101	1,688
Underground Line Expense	88	86	62
Miscellaneous Data/Internet Expense	8,707	9,609	9,211
Vehicle Expense	645	519	558
Maintenance:			
Fiber	58	15	62
Coax	65	49	58
Drops	124	60	130
Conduit System	11	50	69
Headend	16,531	10,693	19,385
Line Equipment	113	83	37
Modems	5,086	6,098	5,753
Vacation, Holiday, Sick Leave	4,987	4,312	3,866
Property Taxes	41	41	49
Depreciation	21,946	20,183	21,599
Amortization	16,107	16,107	16,107
Total Data/Internet	\$113,514	\$103,286	\$106,878

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

	Budget		
	<u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$2,331,256	\$2,413,125	\$2,188,893
Promotional Expense	41,965	6,472	23,488
Electricity Expense	15,264	17,091	15,305
Pole Attachment Expense	15,167	15,067	15,167
Changes of Service	10,052	6,967	9,601
Underground Line Expense	18,269	13,426	13,388
Ad Insertion - Marketing/Production	47,523	42,990	41,927
Miscellaneous CATV Expense	93,984	106,726	87,416
Vehicle Expense	38,434	38,097	36,856
Maintenance:			
Fiber	11,359	5,572	10,230
Coax	12,800	8,804	9,840
Drops	23,875	12,581	17,088
Conduit System	2,121	3,623	4,126
Headend	170,565	149,570	153,729
Line Equipment	22,272	26,553	21,764
Converters	45,673	34,428	46,464
Ad Insertion	26,935	30,596	27,445
Vacation, Holiday, Sick Leave	33,991	33,025	29,781
Property Taxes	8,316	8,316	9,802
Depreciation	1,092,996	1,027,068	1,065,876
Amortization	338,247	338,247	338,247
Total CATV	4,401,064	4,338,344	4,166,433
<u>Data/Internet</u>			
Data/Internet Access Charges	197,137	201,938	142,845
Promotional Expense	41,965	5,993	27,481
Electricity Expense	519	583	520
Pole Attachment Expense	525	522	525
Changes of Service	4,308	2,986	4,115
Customer Wireless Equipment Expense	2,934	14,243	4,844
Underground Line Expense	624	458	457
Miscellaneous Data/Internet Expense	59,519	71,590	63,270
Vehicle Expense	4,517	4,635	4,475
Maintenance:			
Fiber	396	194	357
Coax	437	302	343
Drops	815	435	585
Conduit System	74	126	144
Headend	111,844	85,358	91,539
Line Equipment	760	892	723
Modems	33,040	26,738	29,560
Vacation, Holiday, Sick Leave	28,387	24,268	20,790
Property Taxes	287	287	343
Depreciation	153,625	141,281	151,193
Amortization	112,749	112,749	112,749
Total Data/Internet	\$754,462	\$695,578	\$656,858

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - July 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	---	9
Maintenance:			
Fiber	802	202	863
Conduit System	152	697	958
MAN/MME Equipment	2,088	4,299	784
Vacation, Holiday, Sick Leave	177	144	168
Property Taxes	573	573	676
Depreciation	20,293	20,341	16,892
Total MAN/MME	25,669	27,298	21,392
<u>Customer Service Expense</u>			
Customer Information Expense	6,866	6,498	4,937
<u>Consumer Accounts</u>			
Supervision	2,518	2,582	2,559
Consumer Records and Collections	38,470	36,358	35,020
Uncollectible Accounts Expense	2,871	2,871	1,383
Vacation, Holiday, Sick Leave	4,978	6,003	4,608
Total Consumer Accounts	48,837	47,814	43,570
<u>Administrative and General</u>			
Administrative and General Salaries	55,601	52,421	44,222
Office Supplies and Expense	4,702	4,835	5,327
Outside Services Employed	7,187	4,768	11,541
Property Insurance	977	971	808
Casualty Ins, Injuries & Damages	5,094	5,601	3,906
Employee Pensions and Benefits	78,814	76,298	66,522
Fringe Benefits Charges to Construction	(6,022)	(8,848)	(5,458)
Rents	8,727	8,727	7,952
Miscellaneous General Expense	8,995	6,363	181
Maintenance of General Plant	2,443	3,521	4,050
Vacation, Holiday, Sick Leave	10,260	8,218	8,841
Depreciation	8,578	8,425	7,564
Total Administrative and General	185,356	171,300	155,456
Total Operating Expenses	\$1,018,529	\$969,281	\$940,994

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$7,292	\$7,243	\$7,292
Tools Expense	3,792	350	249
Maintenance:			
Fiber	5,481	2,689	4,935
Conduit System	1,024	1,748	1,991
MAN/MME Equipment	13,953	28,847	11,008
Vacation, Holiday, Sick Leave	1,013	893	816
Property Taxes	4,011	4,011	4,730
Depreciation	142,051	142,387	118,244
Total MAN/MME	<u>178,617</u>	<u>188,168</u>	<u>149,265</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>64,613</u>	<u>37,272</u>	<u>35,239</u>
<u>Consumer Accounts</u>			
Supervision	16,900	17,856	17,568
Consumer Records and Collections	260,014	251,988	243,383
Uncollectible Accounts Expense	20,096	20,096	9,683
Vacation, Holiday, Sick Leave	28,977	33,874	27,344
Total Consumer Accounts	<u>325,987</u>	<u>323,814</u>	<u>297,978</u>
<u>Administrative and General</u>			
Administrative and General Salaries	377,474	357,270	349,327
Office Supplies and Expense	34,461	33,483	36,366
Outside Services Employed	51,556	53,989	50,066
Property Insurance	6,332	6,311	5,797
Casualty Ins, Injuries & Damages	35,656	43,316	43,491
Employee Pensions and Benefits	553,940	542,715	519,239
Fringe Benefits Charges to Construction	(38,354)	(47,244)	(30,631)
Rents	61,089	61,089	55,664
Miscellaneous General Expense	90,300	74,239	74,505
Maintenance of General Plant	17,016	25,020	33,604
Vacation, Holiday, Sick Leave	59,919	51,882	48,975
Depreciation	60,042	58,975	52,948
Total Administrative and General	<u>1,309,431</u>	<u>1,261,045</u>	<u>1,239,351</u>
Total Operating Expenses	<u><u>\$7,034,174</u></u>	<u><u>\$6,844,221</u></u>	<u><u>\$6,545,124</u></u>

Muscatine Power and Water - Communications Utility
Statistical Data
July 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	7,416	(3.2)	7,181	(2.1)	7,335
Commercial/Hospitality	<u>160</u>	5.0	<u>168</u>	1.2	<u>166</u>
Total CATV	<u><u>7,576</u></u>	(3.0)	<u><u>7,349</u></u>	(2.0)	<u><u>7,501</u></u>
Bulk Equivalent Services	<u>476</u>	(21.2)	<u>375</u>	(25.0)	<u>500</u>
Bulk Master Services	<u>26</u>	(19.2)	<u>21</u>	(25.0)	<u>28</u>
<u>Internet</u>					
Residential	6,677	(0.5)	6,646	4.2	6,380
Commercial	<u>450</u>	2.4	<u>461</u>	(2.9)	<u>475</u>
Total Internet	<u><u>7,127</u></u>	(0.3)	<u><u>7,107</u></u>	3.7	<u><u>6,855</u></u>
<u>MAN/MME</u>	<u>49</u>	6.1	<u>52</u>	2.10X	<u>17</u> ^{fn2}

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

fn2 2011 states the number of contracts instead of locations