

Muscatine Power and Water

Communications Utility

Operating Statements and Balance Sheets

**December 2012
(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 Position
Current Month - December 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	\$706,158	(10.8)	\$630,108 ^{fn1}	(0.1)	\$630,552 ^{fn2}
Data/Internet	305,794	5.0	321,116 ^{fn1}	14.3	280,905 ^{fn2}
MAN/MME	61,268	(36.0)	39,196	1.9	38,475
Miscellaneous	<u>8,798</u>	4.3	<u>9,180</u>	6.9	<u>8,591</u>
Total Operating Revenues	<u>1,082,018</u>	(7.6)	<u>999,600</u>	4.3	<u>958,523</u>
<u>Operating Expense</u>					
Operation	686,518	(6.1)	644,772	1.4	635,631
Maintenance	73,004	(11.4)	64,711	(24.0)	85,158
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>1,030,909</u>	(5.9)	<u>969,584</u>	(1.4)	<u>983,540</u>
Operating Income (Loss)	<u>51,109</u>	(41.3)	<u>30,016</u>	-2.2X	<u>(25,017)</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	11,149	(10.1)	10,025	(18.8)	12,339
Interest Expense	<u>(120,048)</u>	3.2	<u>(123,837)</u>	---	<u>(123,884)</u>
Net Nonoperating Expense	<u>(108,899)</u>	4.5	<u>(113,812)</u>	2.0	<u>(111,545)</u>
Net Loss before Capital Contributions	(57,790)	45.0	(83,796)	(38.6)	(136,562)
Capital Contributions	<u>---</u>	---	<u>725</u>	2.1X	<u>234</u>
Change in Net Position	(\$57,790)		(\$83,071)		(\$136,328)
Beginning Net Position	<u>(23,154,453)</u>		<u>(23,373,629)</u>		<u>(22,149,382)</u>
Ending Net Position	<u>(\$23,212,243)</u>		<u>(\$23,456,700)</u>		<u>(\$22,285,710)</u>
Net Loss to Operating Income	(113.1)		(276.8)		544.9
Debt Service Coverage on Bank Debt	3.64		3.22		2.70
Debt Service Coverage on Electric Utility Debt	2.33		1.96		1.52

fn1 Includes an adjustment to unbilled revenue of \$1,672 and \$5,061 for CATV and Data/Internet customers, respectively.

fn2 Includes an adjustment to unbilled revenues of \$80 and (\$11,449) for CATV and Data/Internet customers, respectively.

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - December 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	\$8,156,069	(5.7)	\$7,687,783 ^{fn1}	2.0	\$7,538,712 ^{fn2}
Data/Internet	3,615,291	2.1	3,689,887 ^{fn1}	7.1	3,445,929 ^{fn2}
MAN/MME	652,710	(27.0)	476,238	22.9	387,528
Miscellaneous	105,397	5.9	111,632	7.5	103,876
Total Operating Revenues	12,529,467	(4.5)	11,965,540	4.3	11,476,045
<u>Operating Expense</u>					
Operation	8,033,159	(1.4)	7,920,988	8.6	7,295,270
Maintenance	867,429	(11.8)	764,685	(9.2)	841,834
Depreciation	2,483,510	(5.5)	2,348,076	(1.3)	2,379,876
Amortization	773,136	---	773,136	---	773,137
Total Operating Expenses	12,157,234	(2.9)	11,806,885	4.6	11,290,117
Operating Income	372,233	(57.4)	158,655	(14.7)	185,928
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	141,807	(19.6)	113,951	(22.5)	147,082
Interest Expense	(1,440,570)	0.6	(1,449,424)	(2.2)	(1,481,649)
Net Nonoperating Expense	(1,298,763)	2.8	(1,335,473)	0.1	(1,334,567)
Net Loss before Capital Contributions	(926,530)	27.0	(1,176,818)	2.5	(1,148,639)
Capital Contributions	---	---	5,828	(60.3)	14,671
Change in Net Position	(926,530)		(1,170,990)		(1,133,968)
Beginning Net Position	(22,285,710)		(22,285,710)		(21,151,742)
Ending Net Position	(\$23,212,240)		(\$23,456,700)		(\$22,285,710)
Net Loss to Operating Income	(248.9)		(738.1)		(609.9)
Debt Service Coverage on Bank Debt	3.43		3.08		3.14
Debt Service Coverage on Electric Utility Debt	2.14		1.84		1.90

fn1 Includes an adjustment to unbilled revenue of \$1,672 and \$5,061 for CATV and Data/Internet customers, respectively.

fn2 Includes an adjustment to unbilled revenues of \$80 and (\$11,449) for CATV and Data/Internet customers, respectively.

Muscatine Power and Water - Communications Utility
Statements of Net Position
December 2012

ASSETS

	<u>2012</u>	<u>2011</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	<u>\$1,007,016</u>	<u>\$997,802</u>
Total Restricted Current Assets	<u>1,007,016</u>	<u>997,802</u>
<u>Unrestricted</u>		
Cash - interest bearing	2,048,474	894,530
Investments	3,027,000	3,960,251
Receivables:		
Consumer Accounts	1,178,815 ^{fn1}	1,171,334 ^{fn2}
Interest	113,305	103,828
Inventories	325,237	310,873
Prepaid Expenses	<u>65,455</u>	<u>62,172</u>
Total Unrestricted Current Assets	<u>6,758,286</u>	<u>6,502,988</u>
Total Current Assets	<u>7,765,302</u>	<u>7,500,790</u>
Property and Equipment:		
At Cost	31,572,896	30,535,961
Less Accumulated Depreciation	<u>21,354,910</u>	<u>19,496,154</u>
Net Property and Equipment	<u>10,217,986</u>	<u>11,039,807</u>
Other Assets:		
Unamortized Cost of Issuing Debt	<u>---</u>	<u>9,370</u>
Total Other Assets	<u>---</u>	<u>9,370</u>
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$7,730,912 in 2012 and \$6,957,776 in 2011	<u>---</u>	<u>773,136</u>
TOTAL ASSETS	<u><u>\$17,983,288</u></u>	<u><u>\$19,323,103</u></u>

fn1 Includes \$83,189 for unbilled revenues.

fn2 Includes \$76,456 for unbilled revenues.

Muscatine Power and Water - Communications Utility
Statements of Net Position
December 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	92,002	112,800
	<hr/>	<hr/>
Total Restricted Current Liabilities	1,007,002	997,800
	<hr/>	<hr/>
<u>Unrestricted</u>		
Accrued Interest	623,522	---
Accounts Payable	490,454	471,125
Health & Dental Insurance Provision	30,858	34,889
Intercompanies	8,719	16,012
Accrued Payroll	59,208	41,737
Accrued Vacation	125,204	107,462
Accrued Property Taxes	13,356	21,626
Deferred Revenue - Dark Fiber Lease	17,500	16,991
Miscellaneous Accrued Expenses	123,432	127,032
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	1,492,253	836,874
	<hr/>	<hr/>
Total Current Liabilities	2,499,255	1,834,674
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	289,252	189,979
Post-Employment Health Benefit Provision	25,002	24,673
Deferred Revenue - Dark Fiber Lease	299,479	317,488
Notes Payable:		
Banks	3,000,000	3,915,000
Electric Utility	35,327,000	35,327,000
	<hr/>	<hr/>
Total Non-Current Liabilities	38,940,733	39,774,140
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Net Position:		
Invested in capital assets, net of related debt	6,302,986	7,031,319
Restricted	---	---
Unrestricted	(29,759,686)	(29,317,030)
	<hr/>	<hr/>
Total Net Position	(23,456,700)	(22,285,711)
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u>\$17,983,288</u>	<u>\$19,323,103</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$957,172	\$11,449,176
Advertising sales	40,791	382,851
Sale of digital converters	—	—
Miscellaneous sources	10,356	103,860
Cash paid to/for:		
Suppliers	(291,235)	(5,177,885)
Employees payroll, taxes and benefits	(238,712)	(3,363,180)
	478,372	3,394,822
Cash flows from capital and related financing activities:		
Capital expenditures, net	(125,630)	(1,556,071)
Loan principal payments	—	(885,000)
Loan interest payments	---	(828,324)
	(125,630)	(3,269,395)
Cash flows from investing activities:		
Interest received on investments	223	104,474
	223	104,474
Net cash flows from investing activities	223	104,474
Net increase in cash and investments	352,965	229,901
Cash and investments at beginning of period	5,729,525	5,852,589
Cash and investments at end of period	\$6,082,490	\$6,082,490

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$30,016	\$158,655
Noncash items in operating income:		
Converter/modem write-off	2,737	37,114
Depreciation of utility plant	195,673	2,348,076
Amortization of intangible assets	64,428	773,136
Changes in assets and liabilities:		
Consumer accounts receivable	(12,542)	(7,481)
Inventories	(371)	(14,364)
Prepaid and deferred expenses	6,474	(12,289)
Accounts payable	10,201	17,860
Pension provision	26,120	—
Health & dental insurance provision	10,590	95,242
Other post-employment benefit provision	297	329
Deferred Revenue	(1,459)	(17,500)
Intercompany payable	126,721	(7,293)
Accrued payroll	8,637	17,471
Accrued vacation	1,359	17,742
Accrued property taxes	(4,400)	(8,270)
Miscellaneous accrued expenses	13,891	(3,606)
	<u>\$478,372</u>	<u>\$3,394,822</u>
Net cash flows from operating activities	<u>\$478,372</u>	<u>\$3,394,822</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$339,628	\$347,716	\$334,509
Promotional Expense	6,138	1,576	5,532
Electricity Expense	2,249	2,421	2,253
Pole Attachment Expense	2,167	1,918	3,626
Changes of Service	1,558	332	881
Underground Line Expense	2,620	1,570	1,780
Ad Insertion - Marketing/Production	10,554	5,390	5,614
Miscellaneous CATV Expense	13,682	19,052	15,626
Vehicle Expense	5,437	8,055	6,851
Maintenance:			
Fiber	1,673	342	642
Coax	1,883	1,194	2,418
Drops	3,472	2,836	1,809
Conduit System	314	2,373	3,011
Headend	24,794	17,962	37,910
Line Equipment	3,282	1,870	10,221
Converters	6,720	3,903	4,585
Ad Insertion	3,880	5,588	2,108
Vacation, Holiday , Sick Leave	8,060	9,282	7,739
Property Taxes	1,187	(2,899)	(2,259)
Depreciation	156,142	146,724	152,268
Amortization	48,321	48,321	48,321
Total CATV	643,761	625,526	645,445
<u>Data/Internet</u>			
Data/Internet Access Charges	33,229	18,082	20,778
Promotional Expense	6,138	1,543	1,939
Electricity Expense	76	83	77
Pole Attachment Expense	75	70	126
Changes of Service	668	142	378
Customer Wireless Equipment Expense	444	462	3,667
Underground Line Expense	89	54	61
Miscellaneous Data/Internet Expense	8,695	7,484	5,786
Vehicle Expense	645	985	835
Maintenance:			
Fiber	58	12	22
Coax	64	41	84
Drops	119	97	62
Conduit System	11	83	105
Headend	16,533	20,709	9,196
Line Equipment	112	64	349
Modems	4,748	2,543	3,043
Vacation, Holiday, Sick Leave	6,726	6,155	5,635
Property Taxes	42	(101)	(79)
Depreciation	21,946	20,183	21,599
Amortization	16,107	16,107	16,107
Total Data/Internet	\$116,525	\$94,798	\$89,770

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$4,035,798	\$4,120,587	\$3,790,293
Promotional Expense	72,655	15,456	38,275
Electricity Expense	26,508	29,494	27,170
Pole Attachment Expense	26,000	26,875	26,687
Changes of Service	17,737	10,702	13,841
Underground Line Expense	31,393	27,458	24,825
Ad Insertion - Marketing/Production	97,492	86,826	71,744
Miscellaneous CATV Expense	162,815	222,333	169,332
Vehicle Expense	65,778	66,096	62,217
Maintenance:			
Fiber	19,760	9,968	19,017
Coax	22,241	12,750	26,673
Drops	41,776	28,922	29,888
Conduit System	3,727	9,606	10,037
Headend	294,709	252,748	275,966
Line Equipment	38,655	39,034	41,123
Converters	79,288	59,105	74,420
Ad Insertion	46,367	51,182	43,961
Vacation, Holiday, Sick Leave	63,766	63,816	55,555
Property Taxes	14,252	6,081	13,145
Depreciation	1,873,707	1,760,688	1,827,216
Amortization	579,852	579,852	579,853
Total CATV	7,614,276	7,479,579	7,221,238
<u>Data/Internet</u>			
Data/Internet Access Charges	361,468	332,896	249,217
Promotional Expense	72,655	14,329	38,342
Electricity Expense	900	1,007	925
Pole Attachment Expense	900	938	931
Changes of Service	7,602	4,587	5,932
Customer Wireless Equipment Expense	5,051	20,940	15,679
Underground Line Expense	1,071	937	847
Miscellaneous Data/Internet Expense	103,219	127,458	102,490
Vehicle Expense	7,743	8,047	7,555
Maintenance:			
Fiber	690	348	664
Coax	759	437	657
Drops	1,426	993	1,027
Conduit System	130	335	350
Headend	194,504	173,171	152,172
Line Equipment	1,319	1,703	1,373
Modems	57,194	46,281	49,005
Vacation, Holiday, Sick Leave	53,323	44,250	38,928
Property Taxes	497	208	459
Depreciation	263,357	242,196	259,188
Amortization	193,284	193,284	193,284
Total Data/Internet	\$1,327,092	\$1,214,345	\$1,119,025

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$1,042	\$948	\$1,750
Tools Expense	542	182	---
Maintenance:			
Fiber	807	165	313
Conduit System	152	1,145	1,453
MAN/MME Equipment	1,977	1,357	4,026
Vacation, Holiday, Sick Leave	240	250	219
Property Taxes	574	(1,399)	(1,090)
Depreciation	20,293	20,341	16,892
Total MAN/MME	25,627	22,989	23,563
<u>Customer Service Expense</u>			
Customer Information Expense	7,931	7,425	1,482
<u>Consumer Accounts</u>			
Supervision	2,518	1,767	1,585
Consumer Records and Collections	37,775	34,563	34,653
Uncollectible Accounts Expense	2,871	869	10,242
Vacation, Holiday, Sick Leave	6,668	7,027	6,898
Total Consumer Accounts	49,832	44,226	53,378
<u>Administrative and General</u>			
Administrative and General Salaries	55,506	45,341	44,229
Office Supplies and Expense	4,916	3,079	4,371
Outside Services Employed	8,228	7,316	12,346
Property Insurance	977	971	809
Casualty Ins, Injuries & Damages	5,094	7,401	3,183
Employee Pensions and Benefits	77,040	76,496	74,438
Fringe Benefits Charges to Construction	(6,008)	(5,863)	(5,068)
Rents	8,727	8,727	7,952
Miscellaneous General Expense	8,104	4,950	5,068
Maintenance of General Plant	2,405	2,427	3,801
Vacation, Holiday, Sick Leave	13,666	15,350	11,209
Depreciation	8,578	8,425	7,564
Total Administrative and General	187,233	174,620	169,902
Total Operating Expenses	\$1,030,909	\$969,584	\$983,540

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$12,500	\$12,968	\$12,878
Tools Expense	6,500	1,478	273
Maintenance:			
Fiber	9,535	4,810	9,278
Conduit System	1,798	4,635	4,844
MAN/MME Equipment	24,407	37,717	46,153
Vacation, Holiday, Sick Leave	1,900	1,692	1,536
Property Taxes	6,877	2,932	6,343
Depreciation	243,516	244,092	202,704
Total MAN/MME	<u>307,033</u>	<u>310,324</u>	<u>284,009</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>105,355</u>	<u>68,245</u>	<u>63,870</u>
<u>Consumer Accounts</u>			
Supervision	29,492	29,647	29,308
Consumer Records and Collections	449,514	440,661	420,370
Uncollectible Accounts Expense	34,450	32,448	25,458
Vacation, Holiday, Sick Leave	53,866	59,265	52,260
Total Consumer Accounts	<u>567,322</u>	<u>562,021</u>	<u>527,396</u>
<u>Administrative and General</u>			
Administrative and General Salaries	654,634	619,582	559,190
Office Supplies and Expense	59,989	53,284	57,588
Outside Services Employed	84,665	83,873	109,913
Property Insurance	11,216	11,167	9,840
Casualty Ins, Injuries & Damages	61,124	76,261	62,975
Employee Pensions and Benefits	940,873	921,935	880,351
Fringe Benefits Charges to Construction	(68,482)	(65,587)	(59,040)
Rents	104,724	104,724	95,424
Miscellaneous General Expense	144,127	134,251	125,581
Maintenance of General Plant	29,144	30,940	55,226
Vacation, Holiday, Sick Leave	111,212	100,841	86,763
Depreciation	102,930	101,100	90,768
Total Administrative and General	<u>2,236,156</u>	<u>2,172,371</u>	<u>2,074,579</u>
Total Operating Expenses	<u>\$12,157,234</u>	<u>\$11,806,885</u>	<u>\$11,290,117</u>

Muscatine Power and Water - Communications Utility
Statistical Data
December 2012

Services	Budget Estimate	% Increase (Decrease) From Budget	This Year ^{fn1}	% Increase (Decrease) Fr. Last Yr.	Last Year ^{fn1}
CATV					
Residential	7,475	(4.8)	7,114	(1.1)	7,191
Commercial/Hospitality	<u>160</u>	4.4	<u>167</u>	(1.2)	<u>169</u>
Total CATV	<u>7,635</u>	(4.6)	<u>7,281</u>	(1.1)	<u>7,360</u>
Bulk Equivalent Services	<u>476</u>	---	<u>476</u>	---	<u>476</u>
Bulk Master Services	<u>26</u>	---	<u>26</u>	---	<u>26</u>
Internet					
Residential	6,747	(0.3)	6,725	5.4	6,381
Commercial	<u>452</u>	1.1	<u>457</u>	(1.1)	<u>462</u>
Total Internet	<u>7,199</u>	(0.2)	<u>7,182</u>	5.0	<u>6,843</u>
MAN/MME	<u>49</u>	2.0	<u>50</u>	61.3	<u>31</u>

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