

**Muscatine Power and Water**

**Communications Utility**

**Operating Statements and Balance Sheets**

**April 2011**

**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 - April 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>
<b><u>Operating Revenue</u></b>					
CATV	\$661,275	(5.0)	\$627,987	5.6	\$594,767
Data/Internet	282,279	2.6	289,556	3.3	280,365
MAN	30,002	(1.3)	29,616	8.0	27,430
Miscellaneous	9,428	(10.2)	8,467	1.7	8,326
	<u>982,984</u>	<u>(2.8)</u>	<u>955,626</u>	<u>4.9</u>	<u>910,888</u>
<b><u>Operating Expense</u></b>					
Operation	640,663	(5.3)	606,677	(3.9)	631,272
Maintenance	78,543	(22.8)	60,597	(7.6)	65,572
Depreciation	200,409	(1.0)	198,323	3.9	190,872
Amortization	64,428	---	64,428	---	64,428
	<u>984,043</u>	<u>(5.5)</u>	<u>930,025</u>	<u>(2.3)</u>	<u>952,144</u>
Total Operating Expenses					
	<u>984,043</u>	<u>(5.5)</u>	<u>930,025</u>	<u>(2.3)</u>	<u>952,144</u>
Operating Income (Loss)	<u>(1,059)</u>	<u>---</u>	<u>25,601</u>	<u>---</u>	<u>(41,256)</u>
<b><u>Nonoperating Revenue (Expense)</u></b>					
Interest Income	12,944	(5.8)	12,199	---	83
Interest Expense	<u>(122,720)</u>	<u>0.4</u>	<u>(123,176)</u>	<u>14.2</u>	<u>(107,854)</u>
Net Nonoperating Expense	<u>(109,776)</u>	<u>1.1</u>	<u>(110,977)</u>	<u>3.0</u>	<u>(107,771)</u>
Net Loss before Capital Contributions	<u>(110,835)</u>	<u>(23.0)</u>	<u>(85,376)</u>	<u>(42.7)</u>	<u>(149,027)</u>
Capital Contributions	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Change in Net Deficit	<u>(\$110,835)</u>		<u>(\$85,376)</u>		<u>(\$149,027)</u>
Beginning Net Deficit	<u>(21,559,297)</u>		<u>(21,443,501)</u>		<u>(19,973,390)</u>
Ending Net Deficit	<u><u>(\$21,670,132)</u></u>		<u><u>(\$21,528,877)</u></u>		<u><u>(\$20,122,417)</u></u>
Net Loss to Total Income	(11.1)		(8.8)		(16.4)
Debt Service Coverage on Bank Debt	2.99		3.25		61.49
Debt Service Coverage on Bank and Electric Utility Debt	1.41		1.53		1.99

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

	<u>Calendar Year-to-Date</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>
<b><u>Operating Revenue</u></b>					
CATV	\$2,595,186	(3.3)	\$2,508,966	6.1	\$2,363,789
Data/Internet	1,111,973	2.1	1,134,972	2.5	1,107,387
MAN	120,008	(2.1)	117,439	5.9	110,859
Miscellaneous	37,713	(12.4)	33,026	11.4	29,647
Total Operating Revenues	3,864,880	(1.8)	3,794,403	5.1	3,611,682
<b><u>Operating Expense</u></b>					
Operation	2,565,715	(4.9)	2,440,601	(1.2)	2,470,332
Maintenance	319,415	(21.9)	249,347	(9.8)	276,473
Depreciation	801,635	(1.0)	793,292	3.9	763,488
Amortization	257,712	---	257,712	---	257,712
Total Operating Expenses	3,944,477	(5.2)	3,740,952	(0.7)	3,768,005
Operating Income (Loss)	(79,597)	---	53,451	---	(156,323)
<b><u>Nonoperating Revenue (Expense)</u></b>					
Interest Income	52,086	(6.8)	48,535	---	961
Interest Expense	(490,880)	0.4	(492,705)	14.2	(431,417)
Net Nonoperating Expense	(438,794)	1.2	(444,170)	3.2	(430,456)
Net Loss before Capital Contributions	(518,391)	(24.6)	(390,719)	(33.4)	(586,779)
Capital Contributions	---	---	13,584	---	---
Change in Net Deficit	(518,391)		(377,135)		(586,779)
Beginning Net Deficit	(21,151,742)		(21,151,742)		(19,535,638)
Ending Net Deficit	(\$21,670,133)		(\$21,528,877)		(\$20,122,417)
Net Loss to Total Income	(13.2)		(10.2)		(16.2)
Debt Service Coverage on Bank Debt	2.79		3.11		62.22
Debt Service Coverage on Bank and Electric Utility Debt	1.31		1.47		2.02

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

**ASSETS**

	<u>2011</u>	<u>2010</u>
<b>Current Assets:</b>		
<u>Restricted</u>		
Cash - interest bearing	<u>\$1</u>	<u>\$1</u>
Total Restricted Current Assets	<u>1</u>	<u>1</u>
<u>Unrestricted</u>		
Cash - interest bearing	2,240,906	267,553
Investments	3,912,000	1,390,407
Receivables:		
Consumer Accounts	1,138,426	1,008,077
Interest	54,345	1,464
Inventories	275,872	297,373
Prepaid Expenses	<u>92,939</u>	<u>93,415</u>
Total Unrestricted Current Assets	<u>7,714,488</u>	<u>3,058,289</u>
Total Current Assets	<u>7,714,489</u>	<u>3,058,290</u>
<b>Property and Equipment:</b>		
At Cost	29,416,407	29,177,396
Less Accumulated Depreciation	<u>17,929,378</u>	<u>16,834,757</u>
Net Property and Equipment	<u>11,487,029</u>	<u>12,342,639</u>
<b>Other Assets:</b>		
Unamortized Cost of Issuing Debt	<u>20,081</u>	<u>25,557</u>
Total Other Assets	<u>20,081</u>	<u>25,557</u>
<b>Intangible Assets:</b>		
Intangible Assets - Less Accumulated Amortization of \$6,442,351 in 2011 and \$6,093,489 in 2010	<u>1,288,561</u>	<u>2,061,698</u>
<b>TOTAL ASSETS</b>	<u><u>\$20,510,160</u></u>	<u><u>\$17,488,184</u></u>

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

**LIABILITIES AND NET DEFICIT**

	<u>2011</u>	<u>2010</u>
<b>Current Liabilities:</b>		
<u>Restricted</u>		
Notes Payable - Banks	\$885,000	---
Deferred Revenue - Dark Fiber Lease	16,991	---
Accrued Interest	75,200	13,912
	<u>977,191</u>	<u>13,912</u>
Total Restricted Current Liabilities		
	<u>977,191</u>	<u>13,912</u>
<u>Unrestricted</u>		
Accrued Interest	415,680	415,680
Accounts Payable	410,017	325,697
Pension Provision	91,792	77,316
Health & Dental Insurance Provision	41,124	35,880
Intercompanies	12,596	4,325
Accrued Payroll	81,341	86,640
Accrued Vacation	113,770	120,822
Accrued Property Taxes	20,992	20,833
Miscellaneous Accrued Expenses	88,870	73,568
	<u>1,276,182</u>	<u>1,160,761</u>
Total Unrestricted Current Liabilities		
	<u>1,276,182</u>	<u>1,160,761</u>
Total Current Liabilities	<u>2,253,373</u>	<u>1,174,673</u>
<b>Non-Current Liabilities:</b>		
Health & Dental Insurance Provision	191,978	220,928
Post-Employment Health Benefit Provision	22,531	---
Deferred Revenue - Dark Fiber Lease	329,155	---
Notes Payable:		
Banks	3,915,000	888,000
Electric Utility	35,327,000	35,327,000
	<u>39,785,664</u>	<u>36,435,928</u>
Total Non-Current Liabilities		
	<u>39,785,664</u>	<u>36,435,928</u>
<b>Net Deficit:</b>		
Invested in capital assets, net of related debt	8,886,148	13,533,459
Restricted	977,191	13,912
Unrestricted	(31,392,216)	(33,669,788)
	<u>(21,528,877)</u>	<u>(20,122,417)</u>
Total Net Deficit		
	<u>(21,528,877)</u>	<u>(20,122,417)</u>
<b>TOTAL LIABILITIES AND NET DEFICIT</b>	<u><u>\$20,510,160</u></u>	<u><u>\$17,488,184</u></u>

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

	<b><u>Current</u></b> <b><u>Month</u></b>	<b><u>Year-</u></b> <b><u>To-Date</u></b>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$888,506	\$3,674,897
Advertising sales	20,749	75,871
Sale of digital converters	9,922	20,802
Miscellaneous sources	357,265	449,806
Cash paid to/for:		
Suppliers	(439,841)	(1,800,857)
Employees payroll, taxes and benefits	(210,963)	(883,444)
	<hr/>	<hr/>
Net cash flows from operating activities	625,638	1,537,075
	<hr/>	<hr/>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(144,478)	(468,386)
Loan funds received from banks	---	---
Loan interest payments	---	(651,540)
	<hr/>	<hr/>
Net cash flows from capital and related financing activities	(144,478)	(1,119,926)
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest received on investments	89	874
Accrued interest purchased	---	---
Amortization/accretion of investments	---	---
Mark to market	---	---
	<hr/>	<hr/>
Net cash flows from investing activities	89	874
	<hr/>	<hr/>
Net increase in cash and investments	481,249	418,023
	<hr/>	<hr/>
Cash and investments at beginning of period	5,671,658	5,734,884
	<hr/>	<hr/>
Cash and investments at end of period	\$6,152,907	\$6,152,907
	<hr/> <hr/>	<hr/> <hr/>

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

	<b><u>Current</u></b> <b><u>Month</u></b>	<b><u>Year-</u></b> <b><u>To-Date</u></b>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$25,601	\$53,451
Noncash items in operating income:		
Converter/modem write-off	1,749	1,749
Depreciation of utility plant	198,323	793,292
Amortization of intangible assets	64,428	257,712
Changes in assets and liabilities:		
Consumer accounts receivable	321,745	(36,079)
Inventories	2,162	9,122
Prepaid and deferred expenses	16,466	24,118
Accounts payable	20,574	17,277
Pension provision	22,948	91,792
Health & dental insurance provision	(13,384)	(14,009)
Other post-employment benefit provision	433	1,732
Deferred Revenue	(1,459)	346,146
Intercompany payable	3,798	(2,908)
Retained percentage on contracts	---	---
Accrued payroll	11,252	41,074
Accrued vacation	(4,364)	8,722
Accrued property taxes	2,125	(4,004)
Miscellaneous accrued expenses	(46,759)	(52,112)
Net cash flows from operating activities	<u>\$625,638</u>	<u>\$1,537,075</u>



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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>CATV</u></b>			
Program Acquisition Expense	\$325,909	\$307,769	\$288,570
Promotional Expense	5,726	2,997	23,551
Electricity Expense	1,318	2,160	2,172
Pole Attachment Expense	2,167	2,167	2,167
Changes of Service	985	1,259	1,399
Underground Line Expense	2,539	2,322	2,856
Ad Insertion - Marketing/Production	7,446	6,458	5,606
Miscellaneous CATV Expense	13,413	14,590	20,594
Vehicle Expense	4,934	5,990	3,798
Maintenance:			
Fiber	1,056	205	422
Coax	2,737	1,279	1,670
Drops	4,086	1,639	3,877
Conduit System	286	1,002	435
Headend	25,906	19,196	18,613
Line Equipment	3,284	4,069	1,720
Converters	7,362	7,298	7,525
Ad Insertion	4,053	4,002	3,730
Vacation, Holiday , Sick Leave	5,998	4,676	4,789
Property Taxes	1,400	1,400	1,373
Depreciation	153,818	152,268	149,041
Amortization	48,321	48,321	48,321
Total CATV	622,744	591,067	592,229
<b><u>Data/Internet</u></b>			
Data/Internet Access Charges	23,855	22,794	25,914
Promotional Expense	6,131	3,316	13,875
Electricity Expense	45	74	74
Pole Attachment Expense	75	75	75
Changes of Service	422	539	599
Customer Wireless Equipment Expense	945	709	821
Underground Line Expense	87	79	97
Miscellaneous Data/Internet Expense	9,038	9,788	8,197
Vehicle Expense	542	732	457
Maintenance:			
Fiber	37	7	15
Coax	93	45	58
Drops	139	56	132
Conduit System	10	35	15
Headend	17,672	12,511	17,110
Line Equipment	112	139	59
Modems	4,847	3,528	4,798
Vacation, Holiday, Sick Leave	4,397	3,495	4,057
Property Taxes	49	49	48
Depreciation	21,353	21,599	20,157
Amortization	16,107	16,107	16,107
Total Data/Internet	\$105,956	\$95,677	\$112,665

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

	<b><u>Budget Estimate</u></b>	<b><u>This Year</u></b>	<b><u>Last Year</u></b>
<b><u>CATV</u></b>			
Program Acquisition Expense	\$1,303,554	\$1,253,590	\$1,146,791
Promotional Expense	23,170	7,905	66,462
Electricity Expense	5,274	8,511	8,315
Pole Attachment Expense	8,667	8,667	8,667
Changes of Service	3,907	6,475	10,559
Underground Line Expense	10,234	5,694	6,583
Ad Insertion - Marketing/Production	25,016	23,187	16,518
Miscellaneous CATV Expense	54,254	49,986	58,905
Vehicle Expense	19,807	22,612	17,107
Maintenance:			
Fiber	4,172	1,031	1,596
Coax	10,912	4,102	3,143
Drops	16,265	7,354	7,088
Conduit System	1,173	1,556	1,108
Headend	105,898	81,601	82,058
Line Equipment	13,160	13,037	5,712
Converters	29,362	27,329	44,652
Ad Insertion	16,197	15,790	17,049
Vacation, Holiday, Sick Leave	18,443	14,738	17,456
Property Taxes	5,601	5,601	5,492
Depreciation	615,271	609,072	596,164
Amortization	193,284	193,284	193,284
<b>Total CATV</b>	<b>2,483,621</b>	<b>2,361,122</b>	<b>2,314,709</b>
<b><u>Data/Internet</u></b>			
Data/Internet Access Charges	95,421	89,007	102,728
Promotional Expense	26,124	12,730	26,015
Electricity Expense	180	290	284
Pole Attachment Expense	300	300	300
Changes of Service	1,674	2,775	4,525
Customer Wireless Equipment Expense	3,666	2,565	1,233
Underground Line Expense	349	194	225
Miscellaneous Data/Internet Expense	36,173	36,976	33,218
Vehicle Expense	2,168	2,746	2,065
Maintenance:			
Fiber	146	36	56
Coax	372	143	108
Drops	555	250	241
Conduit System	41	54	39
Headend	73,122	47,138	73,047
Line Equipment	449	425	195
Modems	19,341	15,755	11,696
Vacation, Holiday, Sick Leave	12,766	10,350	14,066
Property Taxes	196	196	192
Depreciation	85,411	86,396	80,628
Amortization	64,428	64,428	64,428
<b>Total Data/Internet</b>	<b>\$422,882</b>	<b>\$372,754</b>	<b>\$415,289</b>

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>MAN</u></b>			
Pole Attachment Expense	\$1,042	\$1,042	\$1,042
Tools Expense	417	121	408
Maintenance:			
Fiber	510	99	204
Conduit System	138	483	210
MAN Equipment	2,402	268	658
Vacation, Holiday, Sick Leave	162	134	150
Property Taxes	676	676	662
Depreciation	16,993	16,892	13,140
Total MAN	22,340	19,715	16,474
<b><u>Customer Service Expense</u></b>			
Customer Information Expense	5,752	1,129	9,000
<b><u>Consumer Accounts</u></b>			
Supervision	2,326	2,443	2,700
Consumer Records and Collections	38,567	34,186	37,093
Uncollectible Accounts Expense	1,383	1,383	714
Vacation, Holiday, Sick Leave	4,613	3,945	5,217
Total Consumer Accounts	46,889	41,957	45,724
<b><u>Administrative and General</u></b>			
Administrative and General Salaries	52,259	45,939	53,698
Office Supplies and Expense	4,207	7,577	3,733
Outside Services Employed	6,557	7,484	5,178
Property Insurance	815	809	854
Casualty Ins, Injuries & Damages	5,346	8,466	5,326
Employee Pensions and Benefits	79,725	77,902	74,873
Fringe Benefits Charges to Construction	(5,963)	(3,935)	(4,512)
Rents	7,952	7,952	9,553
Miscellaneous General Expense	8,156	9,471	5,313
Maintenance of General Plant	3,813	4,736	4,321
Vacation, Holiday, Sick Leave	9,250	6,515	9,181
Depreciation	8,245	7,564	8,534
Total Administrative and General	180,362	180,480	176,052
Total Operating Expenses	<u>\$984,043</u>	<u>\$930,025</u>	<u>\$952,144</u>

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

	<b><u>Budget</u></b> <b><u>Estimate</u></b>	<b><u>This Year</u></b>	<b><u>Last Year</u></b>
<b><u>MAN</u></b>			
Pole Attachment Expense	\$4,167	\$4,167	\$4,167
Tools Expense	1,667	161	409
Maintenance:			
Fiber	2,013	496	770
Conduit System	566	751	534
MAN Equipment	9,821	10,224	10,409
Vacation, Holiday, Sick Leave	475	391	532
Property Taxes	2,703	2,703	2,650
Depreciation	67,974	67,568	52,560
Total MAN	89,386	86,461	72,031
<b><u>Customer Service Expense</u></b>			
Customer Information Expense	33,146	24,045	43,902
<b><u>Consumer Accounts</u></b>			
Supervision	9,303	9,513	9,853
Consumer Records and Collections	154,715	142,392	175,084
Uncollectible Accounts Expense	5,533	5,533	2,857
Vacation, Holiday, Sick Leave	13,731	15,139	17,137
Total Consumer Accounts	183,282	172,577	204,931
<b><u>Administrative and General</u></b>			
Administrative and General Salaries	209,195	204,815	222,014
Office Supplies and Expense	23,530	22,561	16,821
Outside Services Employed	28,708	26,296	22,733
Property Insurance	3,378	3,372	3,417
Casualty Ins, Injuries & Damages	21,384	22,644	18,263
Employee Pensions and Benefits	310,160	304,096	291,615
Fringe Benefits Charges to Construction	(23,825)	(16,425)	(18,958)
Rents	31,808	31,808	38,212
Miscellaneous General Expense	50,342	46,033	31,549
Maintenance of General Plant	15,850	22,275	16,972
Vacation, Holiday, Sick Leave	28,651	26,262	40,369
Depreciation	32,979	30,256	34,136
Total Administrative and General	732,160	723,993	717,143
Total Operating Expenses	\$3,944,477	\$3,740,952	\$3,768,005

**Muscatine Power and Water - Communications Utility**  
**Statistical Data**  
**April 2011**

<b>Services</b>	<b>Budget Estimate</b>	<b>% Increase (Decrease) From Budget</b>	<b>This Year <sup>fn1</sup></b>	<b>% Increase (Decrease) Fr. Last Yr.</b>	<b>Last Year <sup>fn1</sup></b>
<u><b>CATV</b></u>					
Residential	7,584	(2.7)	7,376	(1.3)	7,475
Commercial/Hospitality	<u>168</u>	0.6	<u>169</u>	(7.1)	<u>182</u>
Total CATV	<u>7,752</u>	(2.7)	<u>7,545</u>	(1.5)	<u>7,657</u>
Bulk Equivalent Services	<u>485</u>	---	<u>485</u>	(0.2)	<u>486</u>
Bulk Master Services	<u>25</u>	12.0	<u>28</u>	---	<u>28</u>
<u><b>Internet</b></u>					
Residential	6,355	0.0	6,357	4.3	6,095
Commercial	<u>429</u>	11.2	<u>477</u>	(0.6)	<u>480</u>
Total Internet	<u>6,784</u>	0.7	<u>6,834</u>	3.9	<u>6,575</u>
<u><b>MAN</b></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