

Muscatine Power and Water

Communications Utility

Operating Statements and Balance Sheets

January 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 - January 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	\$641,654	(1.4)	\$632,580	11.1	\$569,445
Data/Internet	271,142	2.8	278,645	2.8	270,964
MAN	30,002	(5.0)	28,500	2.5	27,810
Miscellaneous	9,428	(13.5)	8,153	16.4	7,003
Total Operating Revenues	952,226	(0.5)	947,878	8.3	875,222
<u>Operating Expense</u>					
Operation	648,061	(6.9)	603,111	(0.6)	606,698
Maintenance	81,758	(15.0)	69,495	(19.1)	85,899
Depreciation	200,409	(1.0)	198,323	4.1	190,597
Amortization	64,428	---	64,428	---	64,428
Total Operating Expenses	994,656	(6.0)	935,357	(1.3)	947,622
Operating Income (Loss)	(42,430)	---	12,521	---	(72,400)
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	13,099	(6.3)	12,269	---	353
Interest Expense	(122,720)	0.4	(123,176)	14.2	(107,854)
Net Nonoperating Expense	(109,621)	1.2	(110,907)	3.2	(107,501)
Net Loss before Capital Contributions	(152,051)	(35.3)	(98,386)	(45.3)	(179,901)
Capital Contributions	---	---	---	---	---
Change in Net Deficit	(\$152,051)		(\$98,386)		(\$179,901)
Beginning Net Deficit	(21,151,742)		(21,151,742)		(19,535,638)
Ending Net Deficit	(\$21,303,793)		(\$21,250,128)		(\$19,715,539)
Net Loss to Total Income	(15.8)		(10.3)		(20.6)
Debt Service Coverage on Bank Debt	2.54		3.11		52.61
Debt Service Coverage on Bank and Electric Utility Debt	1.20		1.46		1.70

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

ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$1	\$1
Total Restricted Current Assets	1	1
<u>Unrestricted</u>		
Cash - interest bearing	254,657	670,961
Investments	4,912,000	487,467
Receivables:		
Consumer Accounts	1,100,209	1,038,755
Interest	18,925	144
Inventories	278,174	298,016
Prepaid Expenses	102,302	106,606
Total Unrestricted Current Assets	6,666,267	2,601,949
Total Current Assets	6,666,268	2,601,950
Property and Equipment:		
At Cost	29,135,927	28,904,753
Less Accumulated Depreciation	17,348,167	16,278,565
Net Property and Equipment	11,787,760	12,626,188
Other Assets:		
Unamortized Cost of Issuing Debt	21,450	26,927
Total Other Assets	21,450	26,927
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$6,673,342 in 2011 and \$5,900,205 in 2010	1,481,845	2,254,982
TOTAL ASSETS	<u>\$19,957,323</u>	<u>\$17,510,047</u>

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

LIABILITIES AND NET DEFICIT

	<u>2011</u>	<u>2010</u>
Current Liabilities:		
<u>Restricted</u>		
Notes Payable - Banks	\$885,000	---
Accrued Interest	18,800	3,478
	<hr/>	<hr/>
Total Restricted Current Liabilities	903,800	3,478
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<u>Unrestricted</u>		
Accrued Interest	103,920	103,920
Accounts Payable	386,712	359,325
Pension Provision	22,948	19,329
Health & Dental Insurance Provision	41,124	35,880
Intercompanies	9,517	6,857
Accrued Payroll	47,260	47,385
Accrued Vacation	110,329	111,405
Accrued Property Taxes	27,121	26,878
Miscellaneous Accrued Expenses	84,847	70,295
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Total Unrestricted Current Liabilities	833,778	781,274
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Total Current Liabilities	1,737,578	784,752
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	206,641	225,834
Post-Employment Health Benefit Provision	21,232	---
Notes Payable:		
Banks	3,915,000	888,000
Electric Utility	35,327,000	35,327,000
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Total Non-Current Liabilities	39,469,873	36,440,834
	<hr/>	<hr/>
Net Deficit:		
Invested in capital assets, net of related debt	9,381,532	14,025,574
Restricted	903,800	3,478
Unrestricted	(31,535,460)	(33,744,591)
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Total Net Deficit	(21,250,128)	(19,715,539)
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TOTAL LIABILITIES AND NET DEFICIT	<u><u>\$19,957,323</u></u>	<u><u>\$17,510,047</u></u>

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

	<u>Current Month</u>
Cash flows from operating activities:	
Cash received from:	
Communications sales	\$921,297
Advertising sales	19,374
Sale of digital converters	3,721
Miscellaneous sources	8,293
Cash paid to/for:	
Suppliers	(448,552)
Employees payroll, taxes and benefits	(236,392)
	<hr/>
Net cash flows from operating activities	267,741
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Cash flows from capital and related financing activities:	
Capital expenditures, net	(184,455)
Loan funds received from banks	---
Loan interest payments	(651,540)
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Net cash flows from capital and related financing activities	(835,995)
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Cash flows from investing activities:	
Interest received on investments	28
Accrued interest purchased	---
Amortization/accretion of investments	---
Mark to market	---
	<hr/>
Net cash flows from investing activities	28
	<hr/>
Net decrease in cash and investments	(568,226)
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Cash and investments at beginning of period	5,734,884
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Cash and investments at end of period	\$5,166,658
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Muscatine Power and Water - Communications Utility
Statements of Cash Flows
January 2011

	<u>Current Month</u>
Reconciliation of operating income to net cash flows from operating activities	
Operating income	\$12,521
Noncash items in operating income:	
Converter/modem write-off	---
Depreciation of utility plant	198,323
Amortization of intangible assets	64,428
Changes in assets and liabilities:	
Consumer accounts receivable	2,138
Inventories	6,820
Prepaid and deferred expenses	14,755
Accounts payable	(7,556)
Pension provision	22,948
Health & dental insurance provision	654
Other post-employment benefit provision	433
Intercompany payable	(5,987)
Retained percentage on contracts	---
Accrued payroll	6,993
Accrued vacation	5,281
Accrued property taxes	2,125
Miscellaneous accrued expenses	(56,135)
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Net cash flows from operating activities	<u><u>\$267,741</u></u>

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$326,177	\$306,023	\$284,531
Promotional Expense	9,609	1,372	4,959
Electricity Expense	1,318	2,113	2,007
Pole Attachment Expense	2,167	2,167	2,167
Changes of Service	985	2,028	4,583
Underground Line Expense	2,553	926	327
Ad Insertion - Marketing/Production	5,862	4,960	4,440
Miscellaneous CATV Expense	13,704	13,475	12,017
Vehicle Expense	4,969	4,849	4,838
Maintenance:			
Fiber	1,033	157	1,046
Coax	2,726	628	527
Drops	4,065	1,877	1,322
Conduit System	286	29	150
Headend	27,355	19,333	25,964
Line Equipment	3,318	3,281	1,461
Converters	7,320	8,547	18,227
Ad Insertion	4,053	3,980	6,563
Vacation, Holiday , Sick Leave	2,779	3,618	4,783
Property Taxes	1,400	1,400	1,373
Depreciation	153,818	152,268	148,282
Amortization	48,321	48,321	48,321
Total CATV	623,818	581,352	577,888
<u>Data/Internet</u>			
Data/Internet Access Charges	23,855	23,996	25,241
Promotional Expense	7,631	3,697	1,658
Electricity Expense	45	72	68
Pole Attachment Expense	75	75	75
Changes of Service	422	869	1,964
Customer Wireless Equipment Expense	907	737	16
Underground Line Expense	87	32	11
Miscellaneous Data/Internet Expense	9,048	8,782	7,019
Vehicle Expense	542	586	588
Maintenance:			
Fiber	36	6	37
Coax	93	21	18
Drops	139	62	45
Conduit System	10	1	5
Headend	19,053	11,859	17,942
Line Equipment	113	93	50
Modems	4,811	4,079	3,117
Vacation, Holiday, Sick Leave	2,779	2,329	4,110
Property Taxes	49	49	48
Depreciation	21,353	21,599	20,156
Amortization	16,107	16,107	16,107
Total Data/Internet	\$107,155	\$95,051	\$98,275

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$1,042	\$1,042	\$1,042
Tools Expense	417	---	---
Maintenance:			
Fiber	499	75	505
Conduit System	138	14	73
MAN Equipment	2,402	6,149	4,657
Vacation, Holiday, Sick Leave	104	87	136
Property Taxes	676	676	663
Depreciation	16,993	16,892	13,140
Total MAN	22,271	24,935	20,216
<u>Customer Service Expense</u>			
Customer Information Expense	11,027	6,788	19,687
<u>Consumer Accounts</u>			
Supervision	2,326	2,700	2,573
Consumer Records and Collections	39,007	36,903	50,859
Uncollectible Accounts Expense	1,383	1,383	714
Vacation, Holiday, Sick Leave	3,042	3,645	5,077
Total Consumer Accounts	45,758	44,631	59,223
<u>Administrative and General</u>			
Administrative and General Salaries	52,453	52,755	48,494
Office Supplies and Expense	10,193	4,576	3,794
Outside Services Employed	7,657	4,664	4,356
Property Insurance	854	855	854
Casualty Ins, Injuries & Damages	5,346	4,617	4,586
Employee Pensions and Benefits	78,856	76,568	71,881
Fringe Benefits Charges to Construction	(5,971)	(4,263)	(3,699)
Rents	7,952	7,952	9,553
Miscellaneous General Expense	8,230	11,327	5,666
Maintenance of General Plant	4,308	9,304	4,190
Vacation, Holiday, Sick Leave	6,504	6,681	13,639
Depreciation	8,245	7,564	9,019
Total Administrative and General	184,627	182,600	172,333
Total Operating Expenses	\$994,656	\$935,357	\$947,622

Muscatine Power and Water - Communications Utility
Statistical Data
January 2011

	<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>Services</u>					
<u>CATV</u>					
Residential	7,584	(3.6)	7,311	(3.9)	7,605
Commercial/Hospitality	<u>166</u>	6.6	<u>177</u>	(8.8)	<u>194</u>
Total CATV	<u>7,750</u>	(3.4)	<u>7,488</u>	(4.0)	<u>7,799</u>
Bulk Equivalent Services	<u>485</u>	1.0	<u>490</u>	3.6	<u>473</u>
Bulk Master Services	<u>25</u>	---	<u>25</u>	(3.8)	<u>26</u>
<u>Internet</u>					
Residential	6,235	(0.2)	6,221	2.2	6,086
Commercial	<u>427</u>	9.6	<u>468</u>	(11.4)	<u>528</u>
Total Internet	<u>6,662</u>	0.4	<u>6,689</u>	1.1	<u>6,614</u>
<u>MAN</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

Communications Utility
Review of Operating Results
January, 2011

**MUSCATINE POWER AND WATER - COMMUNICATIONS UTILITY
VARIANCES FROM BUDGETED NET DEFICIT - JANUARY 31, 2011**

	(Unfavorable)/ Favorable	
Operating Revenue		
CATV Revenue	\$ (10,379) (7,431) 5,000 2,623 7,879 (6,766) <u>(9,074)</u>	Residential select subscriber revenues lower due to fewer subscribers than budget Lower converter revenues due to fewer of all types of boxes rented; there were fewer boxes per household as well as fewer subscribers than budgeted Fox cable network marketing support fee received not budgeted Ad insertion revenues greater than budgeted Marketing promotional discounts were less than budget Other miscellaneous variances - net
Data/Internet Revenue	2,079 6,195 (771) <u>7,503</u>	Higher residential cable modem revenues due to slightly more subscribers Marketing promotional discounts were less than budget Other miscellaneous variances - net
MAN	<u>(1,502)</u>	Miscellaneous variances - net
Miscellaneous Revenue	<u>(1,275)</u>	Miscellaneous variances - net
Operating Expense		
Operation	12,171 (1,043) 1,432 20,154 2,104 2,305 2,012 4,197 1,035 2,129 1,320 (4,078) (3,097) 4,309 <u>44,950</u>	Amount spent for cable and internet product campaigns is less than budgeted Changes of service CATV labor expense is greater than budget Underground line expense - CATV is lower than budgeted Programming expense lower than budget due to fewer overall subscribers than budgeted and a delay in some programming increases than were anticipated in January Materials in the customer service department for customer records & collections are lower than budget Media advertising is below budget Postage has not been spent Memberships and subscriptions are lower than budget Education reimbursements are below budget Travel expense is below budget Lean training has not yet been incurred Training for Communications department was not budgeted Misc general expense Other miscellaneous variances - net
Maintenance	2,098 2,189 5,672 (3,747) 7,194 (5,890) 4,747 <u>12,263</u>	Less labor & materials have been spent on repairing CATV coax Less labor & materials have been spent on repairing CATV drops CATV headend repair labor has not yet been needed MAN maintenance agreements are more than budget; the budget includes expected decreases in renewals, however the existing agreements are still active Internet headend maintenance agreements are under budget Enhancements to Customer Service work order system was budgeted to be completed last year Other miscellaneous variances - net
Depreciation	<u>2,086</u>	Depreciation is less than budgeted due to fewer fixed assets purchases than anticipated
Nonoperating Revenue (Expense)		
Interest Income	<u>(830)</u>	Lower cash and investment balances due to earning a lower rate of return than budgeted on non-loan-related CD investments (0.17% actual vs 0.50% budgeted)
Interest Expense	<u>(456)</u>	Miscellaneous variances - net
Change in Net Deficit	<u>\$ 53,665</u>	Total Variance from Budgeted Net Deficit

Statement of Revenues, Expenses and Changes in Net Deficit

Operating Revenues

CATV

Residential select subscribers and revenues are below budget by \$10,379. Digital converter revenues are \$7,431 lower than budgeted, due to fewer of all types of boxes being rented than budgeted as well as a delay in the whole home DVR service being available. A marketing support promotional fee was received of \$5,000 in January which was not budgeted. Marketing promotional discounts were less than budgeted by \$7,879. Promotional discounts are recorded as a reduction of gross revenue as follows:

	<u>2011 Budget</u>	<u>2011 Actual</u>	<u>2010 Actual</u>
Gross CATV Revenue	\$661,362	\$644,409	\$578,010
Less: Discounts	<u>-19,708</u>	<u>-11,892</u>	<u>-8,565</u>
Net CATV Revenue	<u>\$641,654</u>	<u>\$632,580</u>	<u>\$569,445</u>
 Gross Data/Internet Revenue	 \$290,850	 \$292,158	 \$273,467
Less: Discounts	<u>-19,708</u>	<u>-13,513</u>	<u>-2,503</u>
Net Data/Internet Revenue	<u>\$271,142</u>	<u>\$278,645</u>	<u>\$270,964</u>

Internet Revenue

Cable modem revenues are higher than budgeted by \$2,079 due to slightly more subscribers than budgeted. Marketing promotional discounts were less than budgeted by \$6,195.

Non-Operating Revenue (Expense)

Interest Income

Interest income is \$830 less than the budget due to earning a lower rate of return than budgeted on non-loan-related CD investments (.17% vs .50% budgeted).

Balance Sheets

Liabilities

Health and Dental Insurance Provision

Health and dental care claims have been less than premiums accrued. The current portion is based on the third party administrator's estimate of incurred but unpaid health claims at year end. This estimate is adjusted annually.

Year-To-Date Summary of Expenses

CATV

Program Acquisition Expense

Programming is lower than budgeted due to having fewer subscribers overall than budgeted, and not fully realizing all programming increases in January that were budgeted.

Promotional Expense

Current year expense is lower than budget due to less spent than budgeted for product campaigns.

Changes of Service

Labor expense for CATV techs is greater than budget by \$1,049 but lower than last year by \$2,309.

Underground Line Expense

Labor expense in the outside service department is lower than budgeted by \$1,432.

Maintenance of Coax

Labor and materials are lower than budget by \$1,090 and \$1,007, respectively.

Maintenance of Drops

Labor and materials are lower than budget by \$739 and \$1,450, respectively.

Maintenance of Headend

Labor is under budget by \$5,672 and less than last year by \$7,776.

Maintenance of Converters

Labor is less than last year by \$9,901; a significant amount of time was spent last year repairing converters in customers' home as a result of the digital transition.

Depreciation

Depreciation is higher than last year due to a large number of CATV digital converters and new headend equipment needed for the digital conversion transition project. Both of these types of equipment have five-year lives.

Data/Internet

Promotional Expense

Current year expense is lower than budget due to less spent for product campaigns.

Maintenance of Headend

Two maintenance agreements have not yet been incurred for equipment, due to the equipment still being under warranty, resulting in the actual expense being lower than budget by \$7,194.

MANMaintenance of MAN

Maintenance agreements are greater than budgeted by \$3,811; the existing agreement was still in effect for January, however, the budget reflects renewal of the agreement at a lower cost.

Customer Service ExpenseCustomer Information Expense

	<u>2011</u> <u>Budget</u>	<u>2011</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Promotion/Education Expense	\$ 4,224	\$ 5,735	\$ 2,311
Media Advertising	3,055	750	8,293
Digital Conversion Expense	---	---	5,123
Postage	2,012	---	426
Other	<u>1,736</u>	<u>303</u>	<u>3,534</u>
Total	<u>11,027</u>	<u>6,788</u>	<u>19,687</u>

Consumer AccountsConsumer Records and Collections

Materials are lower than budget by \$2,293 in the Customer Service department. Salaries and temp services in the Customer Service department are lower due to overtime worked to accommodate higher customer volume related to the digital conversion last year.

Administrative & GeneralOffice Supplies and Expense

Memberships and subscriptions are lower than budgeted by \$4,197.

Outside Services

	<u>2011</u> <u>Budget</u>	<u>2011</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Legal Fees	\$ 507	\$ ---	\$ ---
Lean Training	1,320	---	---
Audit Fees	880	346	---
Insurance Advisor	440	---	---
Other	<u>4,510</u>	<u>4,318</u>	<u>4,356</u>
	<u>\$ 7,657</u>	<u>\$4,664</u>	<u>\$ 4,356</u>

Employee Pensions & Benefits

Education reimbursements are below budget by \$1,035; health insurance is lower than budgeted by \$549.

Administrative & General (cont'd)

Miscellaneous General Expense

Training from Great Lakes Data Systems for \$4,078 for the Communications department was not budgeted. Travel is below budget by \$2,129.

Maintenance of General Plant

The customer service department incurred \$5,890 for enhancements to their work order system; this was expected to have been completed in 2010.

**Communications Utility
Balance Sheet Review
January 2011**

	<u>2011</u>	<u>2010</u>
<u>Current Assets</u>		
<u>Receivables - Consumer Accounts</u>		
Customer Communications Accounts	\$963,833	\$911,245
Unbilled Revenue	87,821	70,175
Merchandise Accounts	54,380	61,671
Allowance for Doubtful Accounts	(5,825)	(4,336)
	<u>\$1,100,209</u>	<u>\$1,038,755</u>
<u>Inventories</u>		
Inventory	\$270,450	\$290,561
Stores Expense (a/c 163)	7,724	7,455
	<u>\$278,174</u>	<u>\$298,016</u>
<u>Prepaid Expenses</u>		
Prepaid Insurance	\$9,505	\$33,198
Unamortized Bond Issue Expense (current portion)	5,476	5,476
Prepaid Maintenance Contracts	32,198	59,449
Other Prepaid Expenses	55,123	8,483
	<u>\$102,302</u>	<u>\$106,606</u>
<u>Current Liabilities</u>		
<u>Accounts Payable</u>		
Electric Bills	\$1,453	\$1,397
Pole Rental	3,283	3,283
American Fiber Svc - splicing	3,400	1,160
Arris Group - yrly maint agreement	—	19,573
Avail-TVN - programming fee	14,169	1,027
Bancard - travel	2,850	138
BBC-America - programming fee	1,157	1,025
Big 10 - programming fee	9,265	9,003
Citrix Online - software	1,081	—
Comcast Sportsnet Chicago - programming fee	19,666	18,282
Cottingham & Butler - workers comp	3,777	690
Crestline Fire	—	4,579
Discovery Communications - programming fee	2,470	3,130
Exfo America - mainframe unit	—	24,096
Fletcher-Reinhardt Co - parts	12,989	8,291
Fox Sports Net Midwest - programming fee	18,870	16,095
Galavision - programming fee	1,512	1,256
General Instrument - quad core machine refund	—	(79,500)

Great Lakes Data Sys - training	4,078	—
Harris Corp - mnthly maint	4,321	1,785
Iowa Workforce Development - unemployment	—	1,276
KWQC - retransmission	4,032	—
Lifetime - programming fee	6,779	3,958
Muscatine Journal - publication	—	8,293
Music Choice - license fee	3,025	3,005
Natl Cable TV Coop - license & digital conversion equip	210,089	195,242
National Geographic - programming fee	531	1,859
Oprah Winfrey Network - programming fee	1,112	—
Pomeroy IT Solutions - switch module	—	7,723
Power & Tel - yrly maint	1,197	111
Quality Resource Group - service forms	—	2,087
Qwest - telephone/access fee	7,146	11,356
RFD TV - programming fee	1,942	—
Rovi Guides - programming fee	—	4,716
SAS Institute - training/software	4,914	—
Seton - labels	—	3,162
Showtime Networks - programming fee	6,336	—
Sycamore Printing - printing	5,869	8,274
Temp Associates - temp svc	62	1,721
Tower Distribution Company - programming fee	1,367	1,380
TVN Entertainment - license fee	—	10,781
Univision - programming fee	2,448	2,342
WHBF-TV Quad Cities - publ svc announ	—	3,000
Wilton & Mediapolis - NCTC credit	—	21,167
Wellmark - mthly health ins	—	19,275
Worldwide Digital - comm equip rpr	1,744	—
WQAD-TV - programming fee	2,881	2,910
Other	20,897	10,377

\$386,712

\$359,325

Miscellaneous Accrued Expenses

Sales/Use Tax Collections Payable	\$46,478	\$42,767
Payroll Tax Collections Payable	12,055	12,147
Workers' Comp Self Insurance Reserves	26,314	15,381
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	\$84,847	\$70,295
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Analysis of Revenue from Digital Boxes

<u>Digital Subs</u>	January	February	March	April	May	June	July	August	September	October	November	December	Total
Budget	7,164	7,164	7,164	7,166	7,166	7,166	7,166	7,166	7,168	7,168	7,168	7,168	
Actual	<u>6,989</u>												
Variance	(175)	(7,164)	(7,164)	(7,166)	(7,166)	(7,166)	(7,166)	(7,166)	(7,168)	(7,168)	(7,168)	(7,168)	

Boxes per HH

Budget	2.87	2.92	2.96	3.00	3.04	3.08	3.13	3.17	3.21	3.25	3.29	3.34	
Actual	2.76	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

Cable Cards @ \$1.00

Budget:

# Cards	75	76	76	77	77	78	78	79	79	80	80	81	
Rev/Card/Mo.	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	
Rev/Month	\$ 75	\$ 76	\$ 76	\$ 77	\$ 77	\$ 78	\$ 78	\$ 79	\$ 79	\$ 80	\$ 80	\$ 81	\$ 936

Actual:

# Cards	76												
Total Budget Revenue	\$ 75	\$ 76	\$ 76	\$ 77	\$ 77	\$ 78	\$ 78	\$ 79	\$ 79	\$ 80	\$ 80	\$ 81	\$ 936
Total Actual Revenue	<u>74</u>												74
Variance	\$ (1)	\$ (76)	\$ (76)	\$ (77)	\$ (77)	\$ (78)	\$ (78)	\$ (79)	\$ (79)	\$ (80)	\$ (80)	\$ (81)	\$ (862)

Adapters @ \$1.25

Budget:

% of Boxes	0.49	0.48	0.48	0.48	0.47	0.47	0.47	0.47	0.46	0.46	0.46	0.45	
# Boxes	10,040	10,115	10,190	10,265	10,340	10,415	10,490	10,565	10,640	10,715	10,790	10,865	
Rev/Box/Mo.	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	
Rev/Month	\$ 12,550	\$ 12,644	\$ 12,738	\$ 12,831	\$ 12,925	\$ 13,019	\$ 13,113	\$ 13,206	\$ 13,300	\$ 13,394	\$ 13,488	\$ 13,581	\$ 156,788

Actual:

# Boxes	9,517												
Total Budget Revenue	\$ 12,550	\$ 12,644	\$ 12,738	\$ 12,831	\$ 12,925	\$ 13,019	\$ 13,113	\$ 13,206	\$ 13,300	\$ 13,394	\$ 13,488	\$ 13,581	\$ 156,788
Total Actual Revenue	<u>13,155</u>												13,155
Variance	\$ 605	\$ (12,644)	\$ (12,738)	\$ (12,831)	\$ (12,925)	\$ (13,019)	\$ (13,113)	\$ (13,206)	\$ (13,300)	\$ (13,394)	\$ (13,488)	\$ (13,581)	\$ (143,632)

Standard Boxes @ \$4.00

Budget:

% of Boxes	0.30	0.30	0.29	0.28	0.27	0.27	0.26	0.25	0.25	0.24	0.24	0.23	
# Boxes	6,260	6,190	6,120	6,051	5,981	5,911	5,841	5,772	5,702	5,632	5,562	5,492	
Rev/Box/Mo.	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	

Analysis of Revenue from Digital Boxes

Rev/Month	January	February	March	April	May	June	July	August	September	October	November	December	Total
	\$ 25,040	\$ 24,760	\$ 24,480	\$ 24,204	\$ 23,924	\$ 23,644	\$ 23,364	\$ 23,088	\$ 22,808	\$ 22,528	\$ 22,248	\$ 21,968	\$ 282,056
Actual:													
# Boxes	6,146												
Total Budget Revenue	\$ 25,040	\$ 24,760	\$ 24,480	\$ 24,204	\$ 23,924	\$ 23,644	\$ 23,364	\$ 23,088	\$ 22,808	\$ 22,528	\$ 22,248	\$ 21,968	\$ 282,056
Total Actual Revenue	25,073												25,073
Variance	\$ 33	\$ (24,760)	\$ (24,480)	\$ (24,204)	\$ (23,924)	\$ (23,644)	\$ (23,364)	\$ (23,088)	\$ (22,808)	\$ (22,528)	\$ (22,248)	\$ (21,968)	\$ (256,983)

HD Only Boxes @ \$6.00

Budget:

	% of Boxes	0.03	0.04	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.12	0.13	0.14	
# Boxes		692	924	1,156	1,388	1,620	1,853	2,085	2,317	2,550	2,782	3,014	3,246	
Rev/Box/Mo.		\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	
Rev/Month		\$ 4,152	\$ 5,544	\$ 6,936	\$ 8,328	\$ 9,720	\$ 11,118	\$ 12,510	\$ 13,902	\$ 15,300	\$ 16,692	\$ 18,084	\$ 19,476	\$ 141,762

Actual:

# Boxes	233												
Total Budget Revenue	\$ 4,152	\$ 5,544	\$ 6,936	\$ 8,328	\$ 9,720	\$ 11,118	\$ 12,510	\$ 13,902	\$ 15,300	\$ 16,692	\$ 18,084	\$ 19,476	\$ 141,762
Total Actual Revenue	939												939
Variance	\$ (3,213)	\$ (5,544)	\$ (6,936)	\$ (8,328)	\$ (9,720)	\$ (11,118)	\$ (12,510)	\$ (13,902)	\$ (15,300)	\$ (16,692)	\$ (18,084)	\$ (19,476)	\$ (140,823)

Advanced Boxes @ \$11.99

Budget:

	% of Boxes	0.17	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	
# Boxes		3,591	3,656	3,721	3,786	3,851	3,916	3,981	4,046	4,111	4,176	4,240	4,305	
Rev/Box/Mo.		\$ 11.99	\$ 11.99	\$ 11.99	\$ 11.99	\$ 11.99	\$ 11.99	\$ 11.99	\$ 11.99	\$ 11.99	\$ 11.99	\$ 11.99	\$ 11.99	
Rev/Month		\$ 43,056	\$ 43,835	\$ 44,615	\$ 45,394	\$ 46,173	\$ 46,953	\$ 47,732	\$ 48,512	\$ 49,291	\$ 50,070	\$ 50,838	\$ 51,617	\$ 568,086

Actual:

# Boxes	3,380												
Total Budget Revenue	\$ 43,056	\$ 43,835	\$ 44,615	\$ 45,394	\$ 46,173	\$ 46,953	\$ 47,732	\$ 48,512	\$ 49,291	\$ 50,070	\$ 50,838	\$ 51,617	\$ 568,086
Total Actual Revenue	40,881												40,881
Variance	\$ (2,175)	\$ (43,835)	\$ (44,615)	\$ (45,394)	\$ (46,173)	\$ (46,953)	\$ (47,732)	\$ (48,512)	\$ (49,291)	\$ (50,070)	\$ (50,838)	\$ (51,617)	\$ (527,205)

Analysis of Revenue from Digital Boxes

Hard Drives @ \$5.00

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Budget:													
# Drives	536	710	884	1,058	1,232	1,406	1,580	1,755	1,930	2,104	2,278	2,452	
Rev/Box/Mo.	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	
Rev/Month	\$ 2,680	\$ 3,550	\$ 4,420	\$ 5,290	\$ 6,160	\$ 7,030	\$ 7,900	\$ 8,775	\$ 9,650	\$ 10,520	\$ 11,390	\$ 12,260	\$ 89,625
Actual:													
# Boxes	-												
 Total Budget Revenue	\$ 2,680	\$ 3,550	\$ 4,420	\$ 5,290	\$ 6,160	\$ 7,030	\$ 7,900	\$ 8,775	\$ 9,650	\$ 10,520	\$ 11,390	\$ 12,260	\$ 89,625
Total Actual Revenue	-												-
Variance	\$ (2,680)	\$ (3,550)	\$ (4,420)	\$ (5,290)	\$ (6,160)	\$ (7,030)	\$ (7,900)	\$ (8,775)	\$ (9,650)	\$ (10,520)	\$ (11,390)	\$ (12,260)	\$ (89,625)

Analysis of Revenue from Digital Boxes

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Total All Boxes													
Budget:													
Cable Cards	75	76	76	77	77	78	78	79	79	80	80	81	
Adapters	10,040	10,115	10,190	10,265	10,340	10,415	10,490	10,565	10,640	10,715	10,790	10,865	
Standard Boxes	6,260	6,190	6,120	6,051	5,981	5,911	5,841	5,772	5,702	5,632	5,562	5,492	
HD Only Boxes	692	924	1,156	1,388	1,620	1,853	2,085	2,317	2,550	2,782	3,014	3,246	
Advanced Boxes	3,591	3,656	3,721	3,786	3,851	3,916	3,981	4,046	4,111	4,176	4,240	4,305	
Hard Drives	536	710	884	1,058	1,232	1,406	1,580	1,755	1,930	2,104	2,278	2,452	
	<u>21,194</u>	<u>21,671</u>	<u>22,147</u>	<u>22,625</u>	<u>23,101</u>	<u>23,579</u>	<u>24,055</u>	<u>24,534</u>	<u>25,012</u>	<u>25,489</u>	<u>25,964</u>	<u>26,441</u>	
Actual:													
Cable Cards	76	-	-	-	-	-	-	-	-	-	-	-	
Adapters	9,517	-	-	-	-	-	-	-	-	-	-	-	
Standard Boxes	6,146	-	-	-	-	-	-	-	-	-	-	-	
HD Only Boxes	233	-	-	-	-	-	-	-	-	-	-	-	
Advanced Boxes	3,380	-	-	-	-	-	-	-	-	-	-	-	
Hard Drives	-	-	-	-	-	-	-	-	-	-	-	-	
	<u>19,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Variance													
Cable Cards	1	(76)	(76)	(77)	(77)	(78)	(78)	(79)	(79)	(80)	(80)	(81)	
Adapters	(523)	(10,115)	(10,190)	(10,265)	(10,340)	(10,415)	(10,490)	(10,565)	(10,640)	(10,715)	(10,790)	(10,865)	
Standard Boxes	(114)	(6,190)	(6,120)	(6,051)	(5,981)	(5,911)	(5,841)	(5,772)	(5,702)	(5,632)	(5,562)	(5,492)	
HD Only Boxes	(459)	(924)	(1,156)	(1,388)	(1,620)	(1,853)	(2,085)	(2,317)	(2,550)	(2,782)	(3,014)	(3,246)	
Advanced Boxes	(211)	(3,656)	(3,721)	(3,786)	(3,851)	(3,916)	(3,981)	(4,046)	(4,111)	(4,176)	(4,240)	(4,305)	
	<u>(1,306)</u>	<u>(20,961)</u>	<u>(21,263)</u>	<u>(21,567)</u>	<u>(21,869)</u>	<u>(22,173)</u>	<u>(22,475)</u>	<u>(22,779)</u>	<u>(23,082)</u>	<u>(23,385)</u>	<u>(23,686)</u>	<u>(23,989)</u>	
Budget:													
Cable Cards	\$ 75	\$ 76	\$ 76	\$ 77	\$ 77	\$ 78	\$ 78	\$ 79	\$ 79	\$ 80	\$ 80	\$ 81	\$ 936
Adapters	12,550	12,644	12,738	12,831	12,925	13,019	13,113	13,206	13,300	13,394	13,488	13,581	156,788
Standard Boxes	25,040	24,760	24,480	24,204	23,924	23,644	23,364	23,088	22,808	22,528	22,248	21,968	282,056
HD Only Boxes	4,152	5,544	6,936	8,328	9,720	11,118	12,510	13,902	15,300	16,692	18,084	19,476	141,762
Advanced Boxes	43,056	43,835	44,615	45,394	46,173	46,953	47,732	48,512	49,291	50,070	50,838	51,617	568,086
Hard Drives	2,680	3,550	4,420	5,290	6,160	7,030	7,900	8,775	9,650	10,520	11,390	12,260	89,625
	<u>\$ 87,553</u>	<u>\$ 86,783</u>	<u>\$ 88,768</u>	<u>\$ 90,757</u>	<u>\$ 92,742</u>	<u>\$ 94,734</u>	<u>\$ 96,719</u>	<u>\$ 98,708</u>	<u>\$ 100,699</u>	<u>\$ 102,684</u>	<u>\$ 104,657</u>	<u>\$ 106,642</u>	<u>\$ 1,151,447</u>
Actual:													
Cable Cards	\$ 74	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74
Adapters	13,155	-	-	-	-	-	-	-	-	-	-	-	13,155
Standard Boxes	25,073	-	-	-	-	-	-	-	-	-	-	-	25,073
HD Only Boxes	939	-	-	-	-	-	-	-	-	-	-	-	939
Advanced Boxes	40,881	-	-	-	-	-	-	-	-	-	-	-	40,881
Hard Drives	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 80,122</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,122</u>

Analysis of Revenue from Digital Boxes

Variance	January	February	March	April	May	June	July	August	September	October	November	December	Total
Cable Cards	\$ (1)												\$ (1)
Adapters	605												605
Standard Boxes	33												33
HD Only Boxes	(3,213)												(3,213)
Advanced Boxes	(2,175)												(2,175)
Hard Drives	(2,680)												(2,680)
	\$ (7,431)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,431)