

Muscatine Power and Water

Communications Utility

Operating Statements and Balance Sheets

October 2010

**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 - October 2010

<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	\$671,495	3.3	\$693,447	25.5	\$552,543
Data/Internet	296,844	(1.6)	292,199	9.1	267,840
MAN	29,192	(1.3)	28,800	3.5	27,824
Miscellaneous	<u>7,075</u>	21.2	<u>8,575</u>	(15.7)	<u>10,166</u>
Total Operating Revenues	<u>1,004,606</u>	1.8	<u>1,023,021</u>	19.2	<u>858,373</u>
<u>Operating Expense</u>					
Operation	622,209	1.7	632,563	11.8	565,998
Maintenance	76,582	(21.9)	59,827	(13.6)	69,228
Depreciation	185,391	3.0	190,872	12.1	170,268
Amortization	<u>64,428</u>	---	<u>64,428</u>	---	<u>64,421</u>
Total Operating Expenses	<u>948,610</u>	(0.1)	<u>947,690</u>	8.9	<u>869,915</u>
Operating Income (Loss)	<u>55,996</u>	34.5	<u>75,331</u>	(752.7)	<u>(11,542)</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	3,503	(94.8)	182	(79.1)	870
Interest Expense	<u>(108,058)</u>	(0.2)	<u>(107,854)</u>	---	<u>(107,854)</u>
Net Nonoperating Expense	<u>(104,555)</u>	3.0	<u>(107,672)</u>	0.6	<u>(106,984)</u>
Net Loss before Capital Contributions	<u>(48,559)</u>	(33.4)	<u>(32,341)</u>	(72.7)	<u>(118,526)</u>
Capital Contributions	---	---	---	---	---
Change in Net Deficit	<u>(\$48,559)</u>		<u>(\$32,341)</u>		<u>(\$118,526)</u>
Beginning Net Deficit	<u>(20,235,864)</u>		<u>(20,804,995)</u>		<u>(19,065,593)</u>
Ending Net Deficit	<u>(\$20,284,423)</u>		<u>(\$20,837,336)</u>		<u>(\$19,184,119)</u>
Net Loss to Total Income	(4.8)		(3.2)		(13.8)
Debt Service Coverage on Bank Debt	88.94		95.07		64.41
Debt Service Coverage on Bank and Electric Utility Debt	2.88		3.08		2.09

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Deficit
Calendar Year-to-Date - October 2010

<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>
<u>Operating Revenue</u>					
CATV	\$6,530,259	(6.0)	\$6,136,058	10.8	\$5,537,003
Data/Internet	2,930,888	(3.5)	2,829,685	10.1	2,569,117
MAN	291,920	(3.3)	282,287	0.3	281,353
Miscellaneous	<u>70,601</u>	6.8	<u>75,430</u>	1.0	<u>74,668</u>
Total Operating Revenues	<u>9,823,668</u>	(5.1)	<u>9,323,460</u>	10.2	<u>8,462,141</u>
<u>Operating Expense</u>					
Operation	6,257,886	0.9	6,317,113	12.1	5,637,724
Maintenance	769,099	(11.7)	678,933	(3.1)	700,437
Depreciation	1,853,912	3.0	1,908,720	12.1	1,702,680
Amortization	<u>644,281</u>	---	<u>644,281</u>	---	<u>644,216</u>
Total Operating Expenses	<u>9,525,178</u>	0.3	<u>9,549,047</u>	9.9	<u>8,685,057</u>
Operating Income (Loss)	<u>298,490</u>	---	<u>(225,587)</u>	1.2	<u>(222,916)</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	33,300	(92.7)	2,434	(90.6)	25,783
Interest Expense	<u>(1,080,584)</u>	(0.2)	<u>(1,078,545)</u>	---	<u>(1,078,545)</u>
Net Nonoperating Expense	<u>(1,047,284)</u>	2.8	<u>(1,076,111)</u>	2.2	<u>(1,052,762)</u>
Net Loss before Capital Contributions	(748,794)	73.8	(1,301,698)	2.0	(1,275,678)
Capital Contributions	---	---	---	---	<u>181,972</u>
Change in Net Deficit	(748,794)		(1,301,698)		(1,093,706)
Beginning Net Deficit	<u>(19,535,638)</u>		<u>(19,535,638)</u>		<u>(18,090,413)</u>
Ending Net Deficit	<u>(\$20,284,432)</u>		<u>(\$20,837,336)</u>		<u>(\$19,184,119)</u>
Net Loss to Total Income	(7.6)		(14.0)		(15.0)
Debt Service Coverage on Bank Debt	81.37		67.07		61.81
Debt Service Coverage on Bank and Electric Utility Debt	2.64		2.17		2.00

Muscatine Power and Water - Communications Utility
Statements of Net Assets
October 2010

ASSETS

	<u>2010</u>	<u>2009</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	<u>\$1</u>	---
Total Restricted Current Assets	<u>1</u>	---
<u>Unrestricted</u>		
Cash - interest bearing	340,589	1,652,931
Investments	1,099,930	787,000
Receivables:		
Consumer Accounts	1,128,288	934,412
Interest	9	4,591
Inventories	294,810	298,860
Prepaid Pension	36,638	---
Prepaid Expenses	<u>82,674</u>	<u>98,834</u>
Total Unrestricted Current Assets	<u>2,982,938</u>	<u>3,776,628</u>
Total Current Assets	<u>2,982,939</u>	<u>3,776,628</u>
Property and Equipment:		
At Cost	30,147,265	28,972,823
Less Accumulated Depreciation	<u>17,940,969</u>	<u>16,666,486</u>
Net Property and Equipment	<u>12,206,296</u>	<u>12,306,337</u>
Other Assets:		
Unamortized Cost of Issuing Debt	<u>22,819</u>	<u>28,296</u>
Total Other Assets	<u>22,819</u>	<u>28,296</u>
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$6,480,058 in 2010 and \$5,706,934 in 2009	<u>1,675,129</u>	<u>2,448,253</u>
TOTAL ASSETS	<u>\$16,887,183</u>	<u>\$18,559,514</u>

Muscatine Power and Water - Communications Utility
Statements of Net Assets
October 2010

LIABILITIES AND NET DEFICIT

	<u>2010</u>	<u>2009</u>
Current Liabilities:		
<u>Restricted</u>		
Accrued Interest	<u>\$13,912</u>	<u>\$13,912</u>
Total Restricted Current Liabilities	<u>13,912</u>	<u>13,912</u>
<u>Unrestricted</u>		
Accrued Interest	<u>415,680</u>	<u>415,680</u>
Accounts Payable	<u>472,781</u>	<u>391,542</u>
Pension Provision	<u>---</u>	<u>157,136</u>
Health & Dental Insurance Provision	<u>35,880</u>	<u>34,580</u>
Intercompanies	<u>8,496</u>	<u>9,018</u>
Accrued Payroll	<u>82,787</u>	<u>84,719</u>
Accrued Vacation	<u>116,415</u>	<u>105,792</u>
Accrued Property Taxes	<u>20,829</u>	<u>20,627</u>
Miscellaneous Accrued Expenses	<u>99,958</u>	<u>68,369</u>
Total Unrestricted Current Liabilities	<u>1,252,826</u>	<u>1,287,463</u>
Total Current Liabilities	<u>1,266,738</u>	<u>1,301,375</u>
Non-Current Liabilities:		
Health & Dental Insurance Provision	<u>222,848</u>	<u>227,258</u>
Post-Employment Health Benefit Provision	<u>19,933</u>	<u>---</u>
Notes Payable:		
Banks	<u>888,000</u>	<u>888,000</u>
Electric Utility	<u>35,327,000</u>	<u>35,327,000</u>
Total Non-Current Liabilities	<u>36,457,781</u>	<u>36,442,258</u>
Net Deficit:		
Invested in capital assets, net of related debt	<u>13,021,721</u>	<u>13,900,362</u>
Unrestricted	<u>(33,859,057)</u>	<u>(33,084,481)</u>
Total Net Deficit	<u>(20,837,336)</u>	<u>(19,184,119)</u>
TOTAL LIABILITIES AND NET DEFICIT	<u>\$16,887,183</u>	<u>\$18,559,514</u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
October 2010

	Current Month	Year- To-Date
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$866,873	\$8,879,266
Advertising sales	47,591	202,617
Sale of digital converters	6,436	87,972
Miscellaneous sources	12,289	112,202
Cash paid to/for:		
Suppliers	(521,321)	(4,332,178)
Employees payroll, taxes and benefits	<u>(214,784)</u>	<u>(2,665,199)</u>
Net cash flows from operating activities	<u>197,084</u>	<u>2,284,680</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(450,535)	(1,756,427)
Loan interest payments	<u>---</u>	<u>(665,258)</u>
Net cash flows from capital and related financing activities	<u>(450,535)</u>	<u>(2,421,685)</u>
Cash flows from investing activities:		
Interest received on investments	194	5,211
Accrued interest purchased	---	(516)
Amortization/accretion of investments	(89)	420
Mark to market	<u>70</u>	<u>(2,289)</u>
Net cash flows from investing activities	<u>175</u>	<u>2,826</u>
Net decrease in cash and investments	<u>(253,276)</u>	<u>(134,179)</u>
Cash and investments at beginning of period	<u>1,693,796</u>	<u>1,574,699</u>
Cash and investments at end of period	<u>\$1,440,520</u>	<u>\$1,440,520</u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
October 2010

	Current Month	Year- To-Date
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$75,331	(\$225,587)
Noncash items in operating income:		
Converter/modem write-off	---	6,840
Depreciation of utility plant	190,872	1,908,720
Amortization of intangible assets	64,428	644,281
Changes in assets and liabilities:		
Consumer accounts receivable	(96,556)	(148,622)
Inventories	(759)	4,537
Prepaid and deferred expenses	31,733	(146,795)
Accounts payable	13,933	290,201
Pension provision	18,319	(36,638)
Health & dental insurance provision	(19,432)	(19,543)
Other post-employment benefit provision	433	19,933
Intercompany payable	466	7,665
Retained percentage on contracts	---	---
Accrued payroll	5,664	48,406
Accrued vacation	(347)	12,152
Accrued property taxes	2,083	(3,966)
Miscellaneous accrued expenses	<u>(89,084)</u>	<u>(76,904)</u>
Net cash flows from operating activities	<u><u>\$197,084</u></u>	<u><u>\$2,284,680</u></u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - October 2010

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
CATV			
Program Acquisition Expense	\$299,022	\$303,083	\$270,902
Promotional Expense	19,583	25,376	13,542
Electricity Expense	2,166	2,126	2,100
Pole Attachment Expense	2,166	2,167	2,036
Changes of Service	763	978	866
Underground Line Expense	2,582	1,943	2,994
Ad Insertion - Marketing/Production	11,905	4,921	6,511
Miscellaneous CATV Expense	9,731	10,676	15,089
Vehicle Expense	5,959	4,607	3,501
Maintenance:			
Fiber	908	1,143	33
Coax	3,487	1,330	1,450
Drops	4,736	3,123	2,064
Conduit System	589	662	314
Headend	15,693	8,949	19,119
Line Equipment	3,721	4,168	1,646
Converters	5,251	6,511	7,101
Ad Insertion	4,590	4,212	3,146
Vacation, Holiday , Sick Leave	3,545	3,111	3,483
Property Taxes	1,373	1,373	1,373
Depreciation	141,947	149,041	125,665
Amortization	<u>48,321</u>	<u>48,321</u>	<u>48,316</u>
Total CATV	<u>588,038</u>	<u>587,821</u>	<u>531,251</u>
Data/Internet			
Data/Internet Access Charges	30,049	24,969	17,646
Promotional Expense	6,666	31,416	12,677
Electricity Expense	74	73	72
Pole Attachment Expense	75	75	71
Changes of Service	327	419	371
Customer Wireless Equipment Expense	974	465	(334)
Underground Line Expense	88	66	102
Miscellaneous Data/Internet Expense	8,935	7,852	8,876
Vehicle Expense	659	556	420
Maintenance:			
Fiber	29	40	1
Coax	118	46	50
Drops	188	108	70
Conduit System	16	23	11
Headend	22,415	13,733	19,103
Line Equipment	128	139	56
Modems	4,261	4,437	5,602
Vacation, Holiday, Sick Leave	3,019	1,931	3,753
Property Taxes	48	48	48
Depreciation	21,036	20,157	22,188
Amortization	<u>16,107</u>	<u>16,107</u>	<u>16,105</u>
Total Data/Internet	<u>\$115,212</u>	<u>\$122,660</u>	<u>\$106,888</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - October 2010

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$2,950,348	\$2,922,909	\$2,672,443
Promotional Expense	195,834	226,439	87,819
Electricity Expense	21,165	21,172	21,158
Pole Attachment Expense	21,667	21,667	20,360
Changes of Service	7,631	16,762	10,920
Underground Line Expense	26,056	21,882	23,818
Ad Insertion - Marketing/Production	97,431	46,773	57,541
Miscellaneous CATV Expense	97,108	142,051	124,903
Vehicle Expense	59,964	44,207	43,266
Maintenance:			
Fiber	8,871	5,471	4,099
Coax	34,890	12,718	25,240
Drops	47,384	26,971	39,719
Conduit System	5,621	2,682	2,555
Headend	156,759	164,112	193,365
Line Equipment	37,479	27,748	24,383
Converters	52,359	85,900	69,243
Ad Insertion	45,783	39,840	32,786
Vacation, Holiday, Sick Leave	45,350	40,983	42,886
Property Taxes	13,729	13,729	11,810
Depreciation	1,419,468	1,490,410	1,256,650
Amortization	<u>483,211</u>	<u>483,211</u>	<u>483,162</u>
 Total CATV	 <u>5,828,108</u>	 <u>5,857,637</u>	 <u>5,248,126</u>
 <u>Data/Internet</u>			
Data/Internet Access Charges	273,489	250,972	269,087
Promotional Expense	66,668	193,402	47,509
Electricity Expense	720	723	722
Pole Attachment Expense	750	750	710
Changes of Service	3,270	7,184	4,680
Customer Wireless Equipment Expense	9,693	12,655	5,153
Underground Line Expense	889	747	813
Miscellaneous Data/Internet Expense	89,724	85,461	78,125
Vehicle Expense	6,586	5,345	5,271
Maintenance:			
Fiber	279	186	118
Coax	1,176	401	851
Drops	1,881	924	1,354
Conduit System	159	94	89
Headend	226,980	166,617	175,851
Line Equipment	1,272	942	823
Modems	42,214	38,275	42,969
Vacation, Holiday, Sick Leave	38,016	31,183	44,902
Property Taxes	479	479	411
Depreciation	210,361	201,570	221,880
Amortization	<u>161,070</u>	<u>161,070</u>	<u>161,054</u>
 Total Data/Internet	 <u>\$1,135,676</u>	 <u>\$1,158,980</u>	 <u>\$1,062,372</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - October 2010

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$1,042	\$1,042	\$983
Tools Expense	---	171	1,826
Maintenance:			
Fiber	481	552	16
Conduit System	220	320	152
MAN Equipment	6,484	4,909	4,764
Vacation, Holiday, Sick Leave	59	85	89
Property Taxes	663	663	663
Depreciation	<u>13,333</u>	<u>13,140</u>	<u>12,974</u>
Total MAN	<u>22,282</u>	<u>20,882</u>	<u>21,467</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>8,519</u>	<u>6,830</u>	<u>6,552</u>
<u>Consumer Accounts</u>			
Supervision	2,368	2,635	2,903
Consumer Records and Collections	36,414	36,430	38,666
Uncollectible Accounts Expense	714	714	250
Vacation, Holiday, Sick Leave	<u>3,153</u>	<u>2,647</u>	<u>3,739</u>
Total Consumer Accounts	<u>42,649</u>	<u>42,426</u>	<u>45,558</u>
<u>Administrative and General</u>			
Administrative and General Salaries	52,209	51,694	52,155
Office Supplies and Expense	5,159	4,877	4,057
Outside Services Employed	7,004	9,290	5,087
Property Insurance	905	854	854
Casualty Ins, Injuries & Damages	5,091	3,167	3,892
Employee Pensions and Benefits	69,788	65,297	61,583
Fringe Benefits Charges to Construction	(5,559)	(4,042)	(5,264)
Rents	9,553	9,553	8,649
Miscellaneous General Expense	9,295	7,276	6,446
Maintenance of General Plant	3,267	5,422	4,530
Vacation, Holiday, Sick Leave	6,123	5,149	6,769
Depreciation	<u>9,075</u>	<u>8,534</u>	<u>9,441</u>
Total Administrative and General	<u>171,910</u>	<u>167,071</u>	<u>158,199</u>
Total Operating Expenses	<u>\$948,610</u>	<u>\$947,690</u>	<u>\$869,915</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - October 2010

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$10,417	\$10,417	\$9,830
Tools Expense	---	2,926	2,682
Maintenance:			
Fiber	4,712	6,176	1,628
Conduit System	2,192	1,294	1,233
MAN Equipment	64,879	60,596	48,415
Vacation, Holiday, Sick Leave	852	1,230	1,188
Property Taxes	6,625	6,625	5,701
Depreciation	<u>133,333</u>	<u>131,400</u>	<u>129,740</u>
Total MAN	<u>223,010</u>	<u>220,664</u>	<u>200,417</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>122,276</u>	<u>87,171</u>	<u>118,147</u>
<u>Consumer Accounts</u>			
Supervision	23,471	25,472	24,972
Consumer Records and Collections	372,789	397,835	366,920
Uncollectible Accounts Expense	7,143	7,143	2,500
Vacation, Holiday, Sick Leave	<u>40,048</u>	<u>39,298</u>	<u>38,438</u>
Total Consumer Accounts	<u>443,451</u>	<u>469,748</u>	<u>432,830</u>
<u>Administrative and General</u>			
Administrative and General Salaries	522,918	535,938	494,580
Office Supplies and Expense	54,068	43,899	41,923
Outside Services Employed	74,103	57,201	63,746
Property Insurance	8,898	8,544	8,070
Casualty Ins, Injuries & Damages	50,847	48,782	50,030
Employee Pensions and Benefits	710,614	712,763	651,315
Fringe Benefits Charges to Construction	(55,585)	(48,574)	(50,140)
Rents	95,530	95,530	86,490
Miscellaneous General Expense	110,435	96,957	73,793
Maintenance of General Plant	34,209	37,986	35,716
Vacation, Holiday, Sick Leave	75,870	80,481	73,232
Depreciation	<u>90,750</u>	<u>85,340</u>	<u>94,410</u>
Total Administrative and General	<u>1,772,657</u>	<u>1,754,847</u>	<u>1,623,165</u>
Total Operating Expenses	<u>\$9,525,178</u>	<u>\$9,549,047</u>	<u>\$8,685,057</u>

Muscatine Power and Water - Communications Utility
Statistical Data
October 2010

<u>Services</u>	<u>Budget</u> <u>Estimate</u>	<u>% Increase</u> <u>(Decrease)</u> <u>From Budget</u>	<u>This Year</u> ^{fn2}	<u>% Increase</u> <u>(Decrease)</u>	
				<u>Fr. Last Yr.</u>	<u>Last Year</u> ^{fn2}
<u>CATV</u>					
Residential	8,128	(7.7)	7,503	(2.2)	7,672 ^{fn1}
Commercial/Hospitality	142	23.2	175	3.6	169
Total CATV	8,270	(7.2)	7,678	(2.1)	7,841
<u>Bulk Equivalent Services</u>	<u>379</u>	<u>27.7</u>	<u>484</u>	<u>29.4</u>	<u>374</u>
<u>Bulk Master Services</u>	<u>26</u>	<u>7.7</u>	<u>28</u>	<u>7.7</u>	<u>26</u>
<u>Internet</u>					
Residential	6,760	(7.3)	6,268	3.3	6,067
Commercial	503	(7.8)	464	(9.6)	513
Total Internet	7,263	(7.3)	6,732	2.3	6,580
<u>MAN</u>	<u>19</u>	<u>(10.5)</u>	<u>17</u>	<u>6.3</u>	<u>16</u>

fn1 Includes 21 services that were converted to bulk agreements in November, 2009.

fn2 Number of actual residential and commercial services are as of the end of month subscriber report