

Muscatine Power and Water
Communications Utility
Operating Statements and Balance Sheets
November 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 - November 2010

	<u>Current Month</u>				
	<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	\$676,495	(7.3)	\$627,291	10.5	\$567,930
Data/Internet	296,844	(1.4)	292,662	10.4	265,021
MAN	29,192	(2.5)	28,460	2.3	27,810
Miscellaneous	7,077	7.7	7,619	(9.5)	8,420
Total Operating Revenues	1,009,608	(5.3)	956,032	10.0	869,181
<u>Operating Expense</u>					
Operation	636,800	1.8	648,017	6.3	609,891
Maintenance	76,431	17.4	89,744	47.4	60,891
Depreciation	185,391	3.0	190,872	12.1	170,268
Amortization	64,428	---	64,428	---	64,421
Total Operating Expenses	963,050	3.1	993,061	9.7	905,471
Operating Income (Loss)	46,558	---	(37,029)	2.0	(36,290)
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	3,542	(95.1)	175	(79.5)	853
Interest Expense	(108,058)	(0.2)	(107,854)	---	(107,854)
Net Nonoperating Expense	(104,516)	3.0	(107,679)	0.6	(107,001)
Net Loss before Capital Contributions	(57,958)	---	(144,708)	1.0	(143,291)
Capital Contributions	---	---	---	---	---
Change in Net Deficit	(\$57,958)		(\$144,708)		(\$143,291)
Beginning Net Deficit	(20,284,432)		(20,837,336)		(19,184,119)
Ending Net Deficit	(\$20,342,390)		(\$20,982,044)		(\$19,327,410)
Net Loss to Total Income	(5.7)		(15.1)		(16.5)
Debt Service Coverage on Bank Debt	86.23		62.77		57.29
Debt Service Coverage on Bank and Electric Utility Debt	2.79		2.03		1.86

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Deficit
Calendar Year-to-Date - November 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	\$7,206,754	(6.2)	\$6,763,349	10.8	\$6,104,933
Data/Internet	3,227,732	(3.3)	3,122,347	10.2	2,834,138
MAN	321,112	(3.2)	310,746	0.5	309,162
Miscellaneous	77,679	6.9	83,051	0.0	83,090
	<u>10,833,277</u>	(5.1)	<u>10,279,493</u>	10.2	<u>9,331,323</u>
<u>Operating Expense</u>					
Operation	6,894,684	1.0	6,965,128	11.5	6,247,616
Maintenance	845,532	(9.1)	768,679	1.0	761,327
Depreciation	2,039,303	3.0	2,099,592	12.1	1,872,948
Amortization	708,709	---	708,709	---	708,637
	<u>10,488,228</u>	0.5	<u>10,542,108</u>	9.9	<u>9,590,528</u>
Total Operating Expenses					
	<u>10,488,228</u>	0.5	<u>10,542,108</u>	9.9	<u>9,590,528</u>
Operating Income (Loss)	<u>345,049</u>	---	<u>(262,615)</u>	1.3	<u>(259,205)</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	36,842	(92.9)	2,609	(90.2)	26,636
Interest Expense	(1,188,643)	(0.2)	(1,186,400)	---	(1,186,400)
	<u>(1,151,801)</u>	2.8	<u>(1,183,791)</u>	2.1	<u>(1,159,764)</u>
Net Nonoperating Expense					
	<u>(1,151,801)</u>	2.8	<u>(1,183,791)</u>	2.1	<u>(1,159,764)</u>
Net Loss before Capital Contributions	(806,752)	79.3	(1,446,406)	1.9	(1,418,969)
Capital Contributions	---	---	---	---	181,972
Change in Net Deficit	(806,752)		(1,446,406)		(1,236,997)
Beginning Net Deficit	(19,535,638)		(19,535,638)		(18,090,413)
Ending Net Deficit	<u>(\$20,342,390)</u>		<u>(\$20,982,044)</u>		<u>(\$19,327,410)</u>
Net Loss to Total Income	(7.4)		(14.1)		(15.2)
Debt Service Coverage on Bank Debt	81.81		66.68		61.40
Debt Service Coverage on Bank and Electric Utility Debt	2.65		2.16		1.99

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

ASSETS

	<u>2010</u>	<u>2009</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$1	---
Total Restricted Current Assets	1	---
<u>Unrestricted</u>		
Cash - interest bearing	586,601	1,506,062
Investments	999,993	987,000
Receivables:		
Consumer Accounts	1,095,656	1,009,168
Interest	76	5,342
Intercompanies	5,976	---
Inventories	285,881	290,522
Prepaid Pension	18,319	---
Prepaid Expenses	81,550	94,409
Total Unrestricted Current Assets	3,074,052	3,892,503
Total Current Assets	3,074,053	3,892,503
Property and Equipment:		
At Cost	29,990,083	29,190,861
Less Accumulated Depreciation	17,978,800	16,826,238
Net Property and Equipment	12,011,283	12,364,623
Other Assets:		
Unamortized Cost of Issuing Debt	22,363	27,839
Total Other Assets	22,363	27,839
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$6,544,486 in 2010 and \$5,771,355 in 2009	1,610,701	2,383,832
TOTAL ASSETS	<u>\$16,718,400</u>	<u>\$18,668,797</u>

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

LIABILITIES AND NET DEFICIT

	<u>2010</u>	<u>2009</u>
Current Liabilities:		
<u>Restricted</u>		
Accrued Interest	\$17,390	\$17,390
Total Restricted Current Liabilities	17,390	17,390
<u>Unrestricted</u>		
Accrued Interest	519,600	519,600
Accounts Payable	419,109	440,822
Pension Provision	---	172,849
Health & Dental Insurance Provision	35,880	34,580
Intercompanies	---	32,765
Accrued Payroll	16,033	95,179
Accrued Vacation	109,845	112,252
Accrued Property Taxes	22,913	22,711
Miscellaneous Accrued Expenses	100,238	99,869
Total Unrestricted Current Liabilities	1,223,618	1,530,627
Total Current Liabilities	1,241,008	1,548,017
Non-Current Liabilities:		
Health & Dental Insurance Provision	224,070	233,190
Post-Employment Health Benefit Provision	20,366	---
Notes Payable:		
Banks	888,000	888,000
Electric Utility	35,327,000	35,327,000
Total Non-Current Liabilities	36,459,436	36,448,190
Net Deficit:		
Invested in capital assets, net of related debt	12,761,824	13,893,770
Unrestricted	(33,743,868)	(33,221,180)
Total Net Deficit	(20,982,044)	(19,327,410)
TOTAL LIABILITIES AND NET DEFICIT	<u>\$16,718,400</u>	<u>\$18,668,797</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$969,488	\$9,848,754
Advertising sales	50,298	252,915
Sale of digital converters	5,274	93,245
Miscellaneous sources	16,557	128,759
Cash paid to/for:		
Suppliers	(537,765)	(4,869,941)
Employees payroll, taxes and benefits	(327,576)	(2,992,775)
	<hr/>	<hr/>
Net cash flows from operating activities	176,276	2,460,957
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Cash flows from capital and related financing activities:		
Capital expenditures, net	(30,311)	(1,786,738)
Loan interest payments	---	(665,258)
	<hr/>	<hr/>
Net cash flows from capital and related financing activities	(30,311)	(2,451,996)
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest received on investments	122	5,333
Accrued interest purchased	---	(516)
Amortization/accretion of investments	(77)	342
Mark to market	64	(2,225)
	<hr/>	<hr/>
Net cash flows from investing activities	109	2,934
	<hr/>	<hr/>
Net increase in cash and investments	146,074	11,895
	<hr/>	<hr/>
Cash and investments at beginning of period	1,440,520	1,574,699
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Cash and investments at end of period	<u>\$1,586,594</u>	<u>\$1,586,594</u>

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

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Reconciliation of operating loss to net cash flows from operating activities		
Operating loss	(\$37,029)	(\$262,615)
Noncash items in operating income:		
Converter/modem write-off	5,985	12,825
Depreciation of utility plant	190,872	2,099,592
Amortization of intangible assets	64,428	708,709
Changes in assets and liabilities:		
Consumer accounts receivable	32,632	(115,990)
Inventories	8,929	13,466
Prepaid and deferred expenses	1,124	(145,671)
Accounts payable	(25,205)	264,996
Pension provision	18,319	(18,319)
Health & dental insurance provision	1,222	(18,321)
Other post-employment benefit provision	433	20,366
Intercompany payable	(14,472)	(6,807)
Retained percentage on contracts	---	---
Accrued payroll	(66,754)	(18,348)
Accrued vacation	(6,570)	5,582
Accrued property taxes	2,084	(1,882)
Miscellaneous accrued expenses	278	(76,626)
Net cash flows from operating activities	<u>\$176,276</u>	<u>\$2,460,957</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$299,022	\$303,088	\$278,839
Promotional Expense	19,583	17,494	13,528
Electricity Expense	2,166	2,166	2,104
Pole Attachment Expense	2,166	2,684	3,625
Changes of Service	763	1,208	1,236
Underground Line Expense	2,621	1,652	1,749
Ad Insertion - Marketing/Production	12,655	12,315	6,104
Miscellaneous CATV Expense	9,731	14,487	11,875
Vehicle Expense	6,034	4,040	3,870
Maintenance:			
Fiber	908	386	180
Coax	3,487	1,033	(38)
Drops	4,695	3,837	1,910
Conduit System	589	429	341
Headend	15,727	44,488	19,773
Line Equipment	3,664	2,616	1,885
Converters	5,251	6,497	6,109
Ad Insertion	4,577	3,264	2,978
Vacation, Holiday , Sick Leave	7,504	6,222	7,850
Property Taxes	1,373	1,373	1,373
Depreciation	141,947	149,041	125,665
Amortization	48,321	48,321	48,316
Total CATV	592,784	626,641	539,272
<u>Data/Internet</u>			
Data/Internet Access Charges	30,049	27,335	25,802
Promotional Expense	6,666	22,323	8,268
Electricity Expense	74	74	72
Pole Attachment Expense	75	96	126
Changes of Service	327	518	530
Customer Wireless Equipment Expense	974	1,652	4,567
Underground Line Expense	89	56	60
Miscellaneous Data/Internet Expense	8,935	11,398	7,804
Vehicle Expense	659	487	467
Maintenance:			
Fiber	29	13	6
Coax	118	37	(1)
Drops	187	133	65
Conduit System	16	15	12
Headend	22,362	14,350	16,536
Line Equipment	125	89	64
Modems	4,244	3,541	2,542
Vacation, Holiday, Sick Leave	6,174	3,926	5,456
Property Taxes	48	48	48
Depreciation	21,036	20,157	22,188
Amortization	16,107	16,107	16,105
Total Data/Internet	\$118,294	\$122,355	\$110,717

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$3,249,370	\$3,225,996	\$2,951,282
Promotional Expense	215,417	243,933	101,348
Electricity Expense	23,332	23,338	23,262
Pole Attachment Expense	23,833	24,351	23,985
Changes of Service	8,394	17,970	12,156
Underground Line Expense	28,677	23,535	25,567
Ad Insertion - Marketing/Production	110,085	59,088	63,645
Miscellaneous CATV Expense	106,840	156,537	136,778
Vehicle Expense	65,998	48,247	47,136
Maintenance:			
Fiber	9,779	5,857	4,279
Coax	38,377	13,751	25,202
Drops	52,079	30,808	41,629
Conduit System	6,211	3,111	2,896
Headend	172,486	208,600	213,138
Line Equipment	41,143	30,364	26,268
Converters	57,610	92,397	75,352
Ad Insertion	50,360	43,104	35,764
Vacation, Holiday, Sick Leave	52,854	47,205	50,736
Property Taxes	15,102	15,102	13,183
Depreciation	1,561,414	1,639,451	1,382,315
Amortization	531,532	531,532	531,478
Total CATV	6,420,893	6,484,277	5,787,399
<u>Data/Internet</u>			
Data/Internet Access Charges	303,538	278,308	294,889
Promotional Expense	73,334	215,726	55,777
Electricity Expense	794	796	794
Pole Attachment Expense	825	846	836
Changes of Service	3,597	7,701	5,210
Customer Wireless Equipment Expense	10,666	14,306	9,720
Underground Line Expense	979	803	873
Miscellaneous Data/Internet Expense	98,659	96,860	85,929
Vehicle Expense	7,244	5,832	5,738
Maintenance:			
Fiber	308	199	124
Coax	1,294	438	850
Drops	2,067	1,057	1,419
Conduit System	174	109	101
Headend	249,342	180,967	192,387
Line Equipment	1,397	1,033	887
Modems	46,458	41,816	45,511
Vacation, Holiday, Sick Leave	44,190	35,109	50,358
Property Taxes	527	527	459
Depreciation	231,397	221,727	244,068
Amortization	177,177	177,177	177,159
Total Data/Internet	\$1,253,967	\$1,281,337	\$1,173,089

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$1,042	\$1,309	\$1,750
Tools Expense	---	13	183
Maintenance:			
Fiber	481	186	87
Conduit System	220	207	165
MAN Equipment	6,484	4,915	4,891
Vacation, Holiday, Sick Leave	165	138	215
Property Taxes	662	662	663
Depreciation	13,333	13,140	12,974
Total MAN	22,387	20,570	20,928
<u>Customer Service Expense</u>			
Customer Information Expense	8,354	719	15,373
<u>Consumer Accounts</u>			
Supervision	2,368	2,507	2,507
Consumer Records and Collections	36,491	38,065	38,098
Uncollectible Accounts Expense	714	714	250
Vacation, Holiday, Sick Leave	6,562	5,383	6,700
Total Consumer Accounts	46,135	46,669	47,555
<u>Administrative and General</u>			
Administrative and General Salaries	51,887	46,850	46,753
Office Supplies and Expense	4,903	3,593	3,628
Outside Services Employed	5,683	5,030	4,261
Property Insurance	905	854	854
Casualty Ins, Injuries & Damages	5,091	4,601	8,761
Employee Pensions and Benefits	70,815	69,765	61,025
Fringe Benefits Charges to Construction	(5,559)	(3,669)	(3,756)
Rents	9,553	9,553	8,649
Miscellaneous General Expense	7,482	19,225	16,696
Maintenance of General Plant	3,267	3,708	3,386
Vacation, Holiday, Sick Leave	11,994	8,063	11,928
Depreciation	9,075	8,534	9,441
Total Administrative and General	175,096	176,107	171,626
Total Operating Expenses	<u>\$963,050</u>	<u>\$993,061</u>	<u>\$905,471</u>

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$11,458	\$11,725	\$11,580
Tools Expense	---	2,939	2,865
Maintenance:			
Fiber	5,194	6,362	1,715
Conduit System	2,413	1,501	1,398
MAN Equipment	71,363	65,511	53,306
Vacation, Holiday, Sick Leave	1,017	1,368	1,402
Property Taxes	7,288	7,288	6,364
Depreciation	146,667	144,540	142,714
Total MAN	245,400	241,234	221,344
<u>Customer Service Expense</u>			
Customer Information Expense	130,629	87,890	133,520
<u>Consumer Accounts</u>			
Supervision	25,839	27,979	27,479
Consumer Records and Collections	409,279	435,900	405,018
Uncollectible Accounts Expense	7,858	7,858	2,750
Vacation, Holiday, Sick Leave	46,610	44,681	45,138
Total Consumer Accounts	489,586	516,418	480,385
<u>Administrative and General</u>			
Administrative and General Salaries	574,805	582,787	541,332
Office Supplies and Expense	58,970	47,491	45,552
Outside Services Employed	79,787	62,231	68,007
Property Insurance	9,803	9,398	8,925
Casualty Ins, Injuries & Damages	55,938	53,383	58,791
Employee Pensions and Benefits	781,429	782,528	712,340
Fringe Benefits Charges to Construction	(61,144)	(52,243)	(53,896)
Rents	105,083	105,083	95,139
Miscellaneous General Expense	117,917	116,182	90,489
Maintenance of General Plant	37,477	41,694	39,101
Vacation, Holiday, Sick Leave	87,863	88,544	85,160
Depreciation	99,825	93,874	103,851
Total Administrative and General	1,947,753	1,930,952	1,794,791
Total Operating Expenses	\$10,488,228	\$10,542,108	\$9,590,528

Muscatine Power and Water - Communications Utility
Statistical Data
November 2010

Services	Budget Estimate	% Increase (Decrease) From Budget	This Year ^{fn1}	% Increase (Decrease) Fr. Last Yr.	Last Year ^{fn1}
<u>CATV</u>					
Residential	8,128	(8.2)	7,458	(2.8)	7,671
Commercial/Hospitality	<u>142</u>	23.2	<u>175</u>	2.9	<u>170</u>
Total CATV	<u>8,270</u>	(7.7)	<u>7,633</u>	(2.7)	<u>7,841</u>
Bulk Equivalent Services	<u>379</u>	28.0	<u>485</u>	29.7	<u>374</u>
Bulk Master Services	<u>26</u>	7.7	<u>28</u>	3.7	<u>27</u>
<u>Internet</u>					
Residential	6,760	(7.4)	6,258	2.6	6,100
Commercial	<u>503</u>	(7.4)	<u>466</u>	(9.3)	<u>514</u>
Total Internet	<u>7,263</u>	(7.4)	<u>6,724</u>	1.7	<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