

Muscatine Power and Water

Communications Utility

Operating Statements and Balance Sheets

**December 2010
(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 Deficit
Current Month - December 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	\$661,495	(4.5)	\$631,922 ^{fn1}	12.5	\$561,595 ^{fn2}
Data/Internet	296,847	(1.0)	293,868 ^{fn1}	9.5	268,494 ^{fn2}
MAN	29,192	(2.4)	28,500	2.5	27,810
Miscellaneous	7,078	(15.1)	6,012	(22.9)	7,794
Total Operating Revenues	994,612	(3.4)	960,302	10.9	865,693
<u>Operating Expense</u>					
Operation	635,231	9.8	697,738	6.3	656,553
Maintenance	76,472	(10.4)	68,552	(9.4)	75,644
Depreciation	185,391	3.0	190,872	12.1	170,268
Amortization	64,428	---	64,428	---	64,421
Total Operating Expenses	961,522	6.2	1,021,590	5.7	966,886
Operating Income (Loss)	33,090	---	(61,288)	(39.4)	(101,193)
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	3,580	84.2	6,596	---	821
Interest Expense	(109,280)	5.2	(115,006)	6.6	(107,856)
Net Nonoperating Expense	(105,700)	2.6	(108,410)	1.3	(107,035)
Net Loss before Capital Contributions	(72,610)	---	(169,698)	(18.5)	(208,228)
Capital Contributions	---	---	---	---	---
Change in Net Deficit	(\$72,610)		(\$169,698)		(\$208,228)
Beginning Net Deficit	(20,342,390)		(20,982,044)		(19,327,410)
Ending Net Deficit	(\$20,415,000)		(\$21,151,742)		(\$19,535,638)
Net Loss to Total Income	(7.3)		(17.6)		(24.0)
Debt Service Coverage on Bank Debt	60.96		42.68		38.62
Debt Service Coverage on Bank and Electric Utility Debt	2.64		1.85		1.25

fn1 Includes an adjustment to unbilled revenues of \$13,111 and \$4,535 for CATV and Data/Internet customers, respectively.

fn2 Includes an adjustment to unbilled revenues of (\$715) and \$2,263 for CATV and Data/Internet customers, respectively.

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

Calendar Year-to-Date

	<u>Budget</u> <u>Estimate</u>	% Increase (Decrease) From Budget	<u>This</u> <u>Year</u>	% Increase (Decrease) Fr. Last Yr.	<u>Last</u> <u>Year</u>
<u>Operating Revenue</u>					
CATV	\$7,868,250	(6.0)	\$7,395,271 ^{fn1}	10.9	\$6,666,528 ^{fn2}
Data/Internet	3,524,579	(3.1)	3,416,215 ^{fn1}	10.1	3,102,631 ^{fn2}
MAN	350,304	(3.2)	339,246	0.7	336,972
Miscellaneous	<u>84,756</u>	5.1	<u>89,063</u>	(2.0)	<u>90,884</u>
Total Operating Revenues	<u>11,827,889</u>	(5.0)	<u>11,239,795</u>	10.2	<u>10,197,015</u>
<u>Operating Expense</u>					
Operation	7,529,916	1.8	7,662,866	11.0	6,904,167
Maintenance	922,003	(9.2)	837,231	0.0	836,972
Depreciation	2,224,694	3.0	2,290,464	12.1	2,043,216
Amortization	<u>773,137</u>	---	<u>773,137</u>	---	<u>773,059</u>
Total Operating Expenses	<u>11,449,750</u>	1.0	<u>11,563,698</u>	9.5	<u>10,557,414</u>
Operating Income (Loss)	<u>378,139</u>	---	<u>(323,903)</u>	(10.1)	<u>(360,399)</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	40,422	(77.2)	9,205	(66.5)	27,458
Interest Expense	<u>(1,297,923)</u>	0.3	<u>(1,301,406)</u>	0.6	<u>(1,294,256)</u>
Net Nonoperating Expense	<u>(1,257,501)</u>	2.8	<u>(1,292,201)</u>	2.0	<u>(1,266,798)</u>
Net Loss before Capital Contributions	(879,362)	83.8	(1,616,104)	(0.7)	(1,627,197)
Capital Contributions	<u>---</u>	---	<u>---</u>	---	<u>181,972</u>
Change in Net Deficit	(879,362)		(1,616,104)		(1,445,225)
Beginning Net Deficit	<u>(19,535,638)</u>		<u>(19,535,638)</u>		<u>(18,090,413)</u>
Ending Net Deficit	<u><u>(\$20,415,000)</u></u>		<u><u>(\$21,151,742)</u></u>		<u><u>(\$19,535,638)</u></u>
Net Loss to Total Income	(7.4)		(14.4)		(15.9)
Debt Service Coverage on Bank Debt	79.53		64.05		59.50
Debt Service Coverage on Bank and Electric Utility Debt	2.65		2.13		1.93

fn1 Includes an adjustment to unbilled revenues of \$13,111 and \$4,535 for CATV and Data/Internet customers, respectively.
 fn2 Includes an adjustment to unbilled revenues of (\$715) and \$2,263 for CATV and Data/Internet customers, respectively.

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

ASSETS

	<u>2010</u>	<u>2009</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$28,019	\$20,868
Total Restricted Current Assets	28,019	20,868
<u>Unrestricted</u>		
Cash - interest bearing	794,865	1,066,831
Investments	4,912,000	487,000
Receivables:		
Consumer Accounts	1,102,347 ^{fn1}	979,666 ^{fn2}
Interest	6,685	402
Inventories	284,994	299,347
Prepaid Expenses	117,057	84,663
Total Unrestricted Current Assets	7,217,948	2,917,909
Total Current Assets	7,245,967	2,938,777
Property and Equipment:		
At Cost	29,105,807	28,646,244
Less Accumulated Depreciation	17,149,844	16,087,958
Net Property and Equipment	11,955,963	12,558,286
Other Assets:		
Unamortized Cost of Issuing Debt	21,906	27,383
Total Other Assets	21,906	27,383
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$6,608,914 in 2010 and \$5,835,777 in 2009	1,546,273	2,319,410
TOTAL ASSETS	<u>\$20,770,109</u>	<u>\$17,843,856</u>

fn1 Includes \$87,821 for unbilled revenues.

fn2 Includes \$70,175 for unbilled revenues.

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

LIABILITIES AND NET DEFICIT

	<u>2010</u>	<u>2009</u>
Current Liabilities:		
<u>Restricted</u>		
Accrued Interest	\$28,019	\$20,868
Total Restricted Current Liabilities	28,019	20,868
<u>Unrestricted</u>		
Accrued Interest	623,521	---
Accounts Payable	548,603	579,863
Health & Dental Insurance Provision	41,124	35,880
Intercompanies	15,504	831
Accrued Payroll	40,267	34,381
Accrued Vacation	105,048	104,263
Accrued Property Taxes	24,996	24,795
Miscellaneous Accrued Expenses	140,983	121,222
Total Unrestricted Current Liabilities	1,540,046	901,235
Total Current Liabilities	1,568,065	922,103
Non-Current Liabilities:		
Health & Dental Insurance Provision	205,987	242,391
Post-Employment Health Benefit Provision	20,799	---
Notes Payable:		
Banks	4,800,000	888,000
Electric Utility	35,327,000	35,327,000
Total Non-Current Liabilities	40,353,786	36,457,391
Net Deficit:		
Invested in capital assets, net of related debt	8,757,637	14,043,423
Unrestricted	(29,909,379)	(33,579,061)
Total Net Deficit	(21,151,742)	(19,535,638)
TOTAL LIABILITIES AND NET DEFICIT	<u>\$20,770,109</u>	<u>\$17,843,856</u>

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

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$918,804	\$10,731,097
Advertising sales	43,638	296,553
Sale of digital converters	4,961	98,206
Miscellaneous sources	12,345	141,104
Cash paid to/for:		
Suppliers	(503,530)	(5,337,009)
Employees payroll, taxes and benefits	(234,678)	(3,227,453)
	<hr/>	<hr/>
Net cash flows from operating activities	241,540	2,702,498
	<hr/>	<hr/>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(5,237)	(1,791,975)
Loan funds received from banks	3,912,000	3,912,000
Loan interest payments	---	(665,258)
	<hr/>	<hr/>
Net cash flows from capital and related financing activities	3,906,763	1,454,767
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest received on investments	(20)	5,313
Accrued interest purchased	---	(516)
Amortization/accretion of investments	---	342
Mark to market	7	(2,219)
	<hr/>	<hr/>
Net cash flows from investing activities	(13)	2,920
	<hr/>	<hr/>
Net increase in cash and investments	4,148,290	4,160,185
	<hr/>	<hr/>
Cash and investments at beginning of period	1,586,594	1,574,699
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Cash and investments at end of period	\$5,734,884	\$5,734,884
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Muscatine Power and Water - Communications Utility
Statements of Cash Flows
December 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	(\$61,288)	(\$323,903)
Noncash items in operating income:		
Converter/modem write-off	---	12,825
Depreciation of utility plant	190,872	2,290,464
Amortization of intangible assets	64,428	773,137
Changes in assets and liabilities:		
Consumer accounts receivable	(6,691)	(122,681)
Inventories	887	14,353
Prepaid and deferred expenses	(35,507)	(181,178)
Accounts payable	(821)	264,175
Pension provision	18,319	---
Health & dental insurance provision	(12,839)	(31,160)
Other post-employment benefit provision	433	20,799
Intercompany payable	21,480	14,673
Retained percentage on contracts	---	---
Accrued payroll	24,234	5,886
Accrued vacation	(4,797)	785
Accrued property taxes	2,083	201
Miscellaneous accrued expenses	40,747	(35,878)
	<hr/>	<hr/>
Net cash flows from operating activities	<u>\$241,540</u>	<u>\$2,702,498</u>

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$299,022	\$309,594	\$274,220
Promotional Expense	19,583	17,323	14,254
Electricity Expense	2,166	2,186	2,098
Pole Attachment Expense	2,166	2,047	2,124
Changes of Service	763	1,541	1,623
Underground Line Expense	2,621	830	979
Ad Insertion - Marketing/Production	10,413	7,121	6,036
Miscellaneous CATV Expense	9,705	12,595	9,293
Vehicle Expense	5,959	4,495	3,563
Maintenance:			
Fiber	977	249	1,244
Coax	3,487	1,197	293
Drops	4,695	573	470
Conduit System	589	223	131
Headend	15,693	18,994	28,157
Line Equipment	3,625	2,210	1,134
Converters	5,221	6,533	12,743
Ad Insertion	4,577	3,813	3,767
Vacation, Holiday , Sick Leave	7,504	8,332	6,353
Property Taxes	1,373	1,373	1,373
Depreciation	141,947	149,041	125,665
Amortization	48,321	48,321	48,316
Total CATV	590,407	598,591	543,836
<u>Data/Internet</u>			
Data/Internet Access Charges	30,049	23,477	25,286
Promotional Expense	6,666	21,051	5,229
Electricity Expense	74	75	72
Pole Attachment Expense	75	75	74
Changes of Service	327	660	695
Customer Wireless Equipment Expense	974	435	(17)
Underground Line Expense	89	28	33
Miscellaneous Data/Internet Expense	8,935	8,391	8,230
Vehicle Expense	659	545	429
Maintenance:			
Fiber	30	9	44
Coax	118	42	10
Drops	187	20	16
Conduit System	16	8	5
Headend	22,415	20,162	12,321
Line Equipment	124	75	39
Modems	4,231	4,289	5,993
Vacation, Holiday, Sick Leave	6,174	5,583	4,630
Property Taxes	48	48	48
Depreciation	21,036	20,157	22,188
Amortization	16,107	16,107	16,105
Total Data/Internet	\$118,334	\$121,237	\$101,430

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$3,548,392	\$3,535,590	\$3,225,502
Promotional Expense	235,000	261,255	115,601
Electricity Expense	25,498	25,524	25,360
Pole Attachment Expense	26,000	26,398	26,109
Changes of Service	9,157	19,511	13,778
Underground Line Expense	31,298	24,364	26,546
Ad Insertion - Marketing/Production	120,499	66,209	69,681
Miscellaneous CATV Expense	116,545	169,132	146,071
Vehicle Expense	71,957	52,743	50,699
Maintenance:			
Fiber	10,756	6,106	5,523
Coax	41,864	14,949	25,496
Drops	56,774	31,381	42,099
Conduit System	6,800	3,334	3,027
Headend	188,179	227,593	241,295
Line Equipment	44,768	32,574	27,402
Converters	62,831	98,930	88,095
Ad Insertion	54,937	46,918	39,530
Vacation, Holiday, Sick Leave	60,358	55,538	57,089
Property Taxes	16,475	16,475	14,556
Depreciation	1,703,361	1,788,492	1,507,980
Amortization	579,853	579,853	579,794
Total CATV	7,011,302	7,082,869	6,331,233
<u>Data/Internet</u>			
Data/Internet Access Charges	333,587	301,784	320,175
Promotional Expense	80,000	236,777	61,007
Electricity Expense	868	871	865
Pole Attachment Expense	900	921	910
Changes of Service	3,924	8,362	5,905
Customer Wireless Equipment Expense	11,640	14,741	9,702
Underground Line Expense	1,068	832	906
Miscellaneous Data/Internet Expense	107,594	105,251	94,159
Vehicle Expense	7,903	6,377	6,168
Maintenance:			
Fiber	338	208	167
Coax	1,412	480	860
Drops	2,254	1,077	1,435
Conduit System	190	116	106
Headend	271,757	201,129	204,708
Line Equipment	1,520	1,108	926
Modems	50,689	46,105	51,504
Vacation, Holiday, Sick Leave	50,364	40,691	54,988
Property Taxes	575	575	507
Depreciation	252,433	241,884	266,256
Amortization	193,284	193,284	193,265
Total Data/Internet	\$1,372,300	\$1,402,573	\$1,274,519

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$1,042	\$1,013	\$1,025
Tools Expense	---	---	---
Maintenance:			
Fiber	515	120	600
Conduit System	220	108	63
MAN Equipment	6,485	4,969	4,741
Vacation, Holiday, Sick Leave	165	222	178
Property Taxes	663	663	663
Depreciation	13,333	13,140	12,974
Total MAN	22,423	20,235	20,244
<u>Customer Service Expense</u>			
Customer Information Expense	8,699	9,061	59,334
<u>Consumer Accounts</u>			
Supervision	2,368	900	2,573
Consumer Records and Collections	36,441	39,269	42,375
Uncollectible Accounts Expense	714	22,191	18,548
Vacation, Holiday, Sick Leave	6,562	7,942	6,665
Total Consumer Accounts	46,085	70,302	70,161
<u>Administrative and General</u>			
Administrative and General Salaries	52,139	48,745	51,275
Office Supplies and Expense	4,865	4,544	5,031
Outside Services Employed	7,034	8,944	7,680
Property Insurance	905	854	854
Casualty Ins, Injuries & Damages	5,091	19,400	8,178
Employee Pensions and Benefits	70,106	73,150	64,541
Fringe Benefits Charges to Construction	(5,559)	(3,963)	(5,174)
Rents	9,553	9,553	8,649
Miscellaneous General Expense	7,079	14,902	7,652
Maintenance of General Plant	3,267	4,958	3,873
Vacation, Holiday, Sick Leave	12,019	12,543	9,881
Depreciation	9,075	8,534	9,441
Total Administrative and General	175,574	202,164	171,881
Total Operating Expenses	\$961,522	\$1,021,590	\$966,886

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$12,500	\$12,738	\$12,605
Tools Expense	---	2,939	2,865
Maintenance:			
Fiber	5,708	6,482	2,315
Conduit System	2,633	1,609	1,461
MAN Equipment	77,849	70,480	58,048
Vacation, Holiday, Sick Leave	1,181	1,590	1,580
Property Taxes	7,950	7,950	7,027
Depreciation	160,000	157,680	155,688
Total MAN	267,821	261,468	241,589
<u>Customer Service Expense</u>			
Customer Information Expense	139,328	96,951	192,854
<u>Consumer Accounts</u>			
Supervision	28,207	28,879	30,052
Consumer Records and Collections	445,720	475,169	447,393
Uncollectible Accounts Expense	8,572	30,048	21,298
Vacation, Holiday, Sick Leave	53,172	52,623	51,803
Total Consumer Accounts	535,671	586,719	550,546
<u>Administrative and General</u>			
Administrative and General Salaries	626,944	631,533	592,607
Office Supplies and Expense	63,836	52,036	50,583
Outside Services Employed	86,821	71,175	75,687
Property Insurance	10,708	10,253	9,779
Casualty Ins, Injuries & Damages	61,029	72,783	66,968
Employee Pensions and Benefits	851,535	855,677	776,881
Fringe Benefits Charges to Construction	(66,703)	(56,207)	(59,069)
Rents	114,636	114,636	103,788
Miscellaneous General Expense	124,996	131,084	98,141
Maintenance of General Plant	40,744	46,652	42,975
Vacation, Holiday, Sick Leave	99,882	101,088	95,041
Depreciation	108,900	102,408	113,292
Total Administrative and General	2,123,328	2,133,118	1,966,673
Total Operating Expenses	\$11,449,750	\$11,563,698	\$10,557,414

Muscatine Power and Water - Communications Utility
Statistical Data
December 2010

	<u>Budget</u> <u>Estimate</u>	% Increase (Decrease) <u>From Budget</u>	<u>This Year</u> ^{fn1}	% Increase (Decrease) <u>Fr. Last Yr.</u>	<u>Last Year</u> ^{fn1}
<u>Services</u>					
<u>CATV</u>					
Residential	8,128	(9.0)	7,396	(3.0)	7,622
Commercial/Hospitality	<u>142</u>	23.9	<u>176</u>	2.9	<u>171</u>
Total CATV	<u>8,270</u>	(8.4)	<u>7,572</u>	(2.8)	<u>7,793</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	(7.9)	6,226	1.7	6,122
Commercial	<u>503</u>	(7.8)	<u>464</u>	(11.1)	<u>522</u>
Total Internet	<u>7,263</u>	(7.9)	<u>6,690</u>	0.7	<u>6,644</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