

Muscatine Power and Water
Communications Utility
Operating Statements and Balance Sheets
November 2009

**Muscatine Power and Water
Communications Utility**

Table of Contents

	Page
Statements of Revenues, Expenses, and Changes in Net Deficit.....	1 - 2
Balance Sheets.....	3 - 4
Statements of Cash Flows.....	5 - 6
Summary of Expenses.....	7 - 10
Statistical Data.....	11

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Deficit
November 2009

	<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	\$596,175	(4.7)	\$567,930	3.5	\$548,964
Data/Internet	252,629	4.9	265,021	5.5	251,319
MAN	30,176	(7.8)	27,810	(3.2)	28,729
Miscellaneous	6,854	22.8	8,420	---	(45)
Total Operating Revenues	885,834	(1.9)	869,181	4.9	828,967
<u>Operating Expense</u>					
Operation	569,195	7.1	609,891	14.2	534,023
Maintenance	70,653	(13.8)	60,891	8.2	56,276
Depreciation	167,727	1.5	170,268	23.4	137,971
Amortization	64,421	---	64,421	---	64,421
Total Operating Expenses	871,996	3.8	905,471	14.2	792,691
Operating Income (Loss)	13,838	---	(36,290)	---	36,276
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	6,640	(87.2)	853	(83.5)	5,167
Interest Expense	(121,150)	(11.0)	(107,854)	12.8	(95,587)
Other	---	---	---	---	---
Net Nonoperating Expense	(114,510)	(6.6)	(107,001)	18.3	(90,420)
Net Loss before Capital Contributions	(100,672)	42.3	(143,291)	---	(54,144)
Capital Contributions	---	---	---	---	---
Change in Net Deficit	(100,672)		(143,291)		(54,144)
Beginning Net Deficit	(19,397,228)		(19,184,119)		(17,988,672)
Ending Net Deficit	(\$19,497,900)		(\$19,327,410)		(\$18,042,816)
Percent To Total Income	(11.3)		(16.5)		(6.5)
Debt Service Coverage on Bank Debt	15.16		57.29		N/A
Debt Service Coverage on Bank and Electric Utility Debt	2.09		1.86		2.35

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Deficit
November 2009

Calendar Year-to-Date

	<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	\$6,270,159	(2.6)	\$6,104,933	3.6	\$5,894,362
Data/Internet	2,743,885	3.3	2,834,138	5.1	2,697,427
MAN	331,936	(6.9)	309,162	(6.4)	330,204
Miscellaneous	75,118	10.6	83,090	11.8	74,316
Total Operating Revenues	9,421,098	(1.0)	9,331,323	3.7	8,996,309
<u>Operating Expense</u>					
Operation	6,271,059	(0.4)	6,247,616	8.5	5,758,163
Maintenance	771,703	(1.3)	761,327	12.6	676,190
Depreciation	1,845,002	1.5	1,872,948	23.4	1,517,681
Amortization	708,638	---	708,637	---	708,637
Total Operating Expenses	9,596,402	(0.1)	9,590,528	10.7	8,660,671
Operating Income (Loss)	(175,304)	47.9	(259,205)	---	335,638
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	100,463	(73.5)	26,636	(58.4)	63,982
Interest Expense	(1,332,648)	(11.0)	(1,186,400)	3.8	(1,143,121)
Other	---	---	---	---	---
Net Nonoperating Expense	(1,232,185)	(5.9)	(1,159,764)	7.5	(1,079,139)
Net Loss before Capital Contributions	(1,407,489)	0.8	(1,418,969)	90.8	(743,501)
Capital Contributions	---	---	181,972	---	---
Change in Net Deficit	(1,407,489)		(1,236,997)		(743,501)
Beginning Net Deficit	(18,090,413)		(18,090,413)		(17,299,315)
Ending Net Deficit	(\$19,497,902)		(\$19,327,410)		(\$18,042,816)
Percent To Total Income	(14.8)		(15.2)		(8.2)
Debt Service Coverage on Bank Debt	13.52		61.40		N/A
Debt Service Coverage on Bank and Electric Utility Debt	1.87		1.99		2.30

Muscatine Power and Water - Communications Utility
Balance Sheets
November 2009

ASSETS

	<u>2009</u>	<u>2008</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	---	---
Total Restricted Current Assets	---	---
<u>Unrestricted</u>		
Cash - interest bearing	1,506,062	262,540
Investments	987,000	2,028,000
Receivables:		
Consumer Accounts	1,009,168	1,012,451
Interest	5,342	37,809
Intercompanies	---	---
Inventories	290,522	283,891
Prepaid Pension	---	10,431
Prepaid Expenses	94,409	77,089
Total Unrestricted Current Assets	3,892,503	3,712,211
Total Current Assets	3,892,503	3,712,211
Property and Equipment:		
At Cost	29,190,861	27,623,661
Less Accumulated Depreciation	16,826,238	15,362,159
Net Property and Equipment	12,364,623	12,261,502
Other Assets:		
Unamortized Cost of Issuing Debt	27,839	---
Total Other Assets	27,839	---
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$5,771,355 in 2009 and \$4,998,297 in 2008	2,383,832	3,156,890
TOTAL ASSETS	<u><u>\$18,668,797</u></u>	<u><u>\$19,130,603</u></u>

Muscatine Power and Water - Communications Utility
Balance Sheets
November 2009

LIABILITIES AND NET DEFICIT

	<u>2009</u>	<u>2008</u>
Current Liabilities:		
<u>Restricted</u>		
Accrued Interest	\$17,390	---
Total Restricted Current Liabilities	17,390	---
<u>Unrestricted</u>		
Accrued Interest	519,600	519,601
Accounts Payable	440,822	781,093
Pension Provision	172,849	---
Health & Dental Insurance Provision	34,580	33,460
Intercompanies	32,765	945
Retained Percentage on Contracts	---	22
Accrued Payroll	95,179	88,373
Accrued Vacation	112,252	102,405
Accrued Property Taxes	22,711	18,588
Miscellaneous Accrued Expenses	99,869	115,885
Total Unrestricted Current Liabilities	1,530,627	1,660,372
Total Current Liabilities	1,548,017	1,660,372
Non-Current Liabilities:		
Health & Dental Insurance Provision	233,190	186,047
Notes Payable:		
Banks	888,000	---
Electric Utility	35,327,000	35,327,000
Total Non-Current Liabilities	36,448,190	35,513,047
Net Deficit:		
Invested in capital assets, net of related debt	(21,433,230)	(19,908,608)
Restricted	---	---
Unrestricted	2,105,820	1,865,792
Total Net Deficit	(19,327,410)	(18,042,816)
TOTAL LIABILITIES AND NET DEFICIT	<u>\$18,668,797</u>	<u>\$19,130,603</u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
November 2009

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$781,503	\$8,872,100
Advertising sales	21,597	208,438
Sale of digital converters	---	102,204
Miscellaneous sources	5,469	348,850
FEMA	---	7,097
Cash paid to/for:		
Suppliers	(344,569)	(4,340,186)
Employees payroll, taxes and benefits	(190,245)	(2,494,693)
	<hr/>	<hr/>
Net cash flows from operating activities	273,755	2,601,606
	<hr/>	<hr/>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(220,726)	(2,192,547)
Loan interest payments	---	(1,269,651)
	<hr/>	<hr/>
Net cash flows from capital and related financing activities	(220,726)	(3,462,198)
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest received on investments	102	50,354
	<hr/>	<hr/>
Net cash flows from investing activities	102	50,354
	<hr/>	<hr/>
Net increase (decrease) in cash and investments	53,131	(810,238)
	<hr/>	<hr/>
Cash and investments at beginning of period	2,439,931	3,303,300
	<hr/>	<hr/>
Cash and investments at end of period	\$2,493,062	\$2,493,062
	<hr/> <hr/>	<hr/> <hr/>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
November 2009

	<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	(\$36,290)	(\$259,205)
Noncash items in operating income:		
Converter/modem write-off	45	42,463
Depreciation of utility plant	170,268	1,872,948
Amortization of intangible assets	64,421	708,637
Changes in assets and liabilities:		
Consumer accounts receivable	(74,756)	(30,143)
Inventories	8,338	11,352
Prepaid and deferred expenses	4,425	(20,901)
Accounts payable	41,408	(15,932)
Pension provision	15,713	172,849
Health & dental insurance provision	5,932	36,760
Intercompany payable	23,747	44,321
Retained percentage on contracts	---	(22)
Accrued payroll	10,460	70,769
Accrued vacation	6,460	16,467
Accrued property taxes	2,084	(9,095)
Miscellaneous accrued expenses	31,500	(39,662)
Net cash flows from operating activities	<u>\$273,755</u>	<u>\$2,601,606</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - November 2009

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$254,537	\$278,839	\$258,827
Promotional Expense	3,958	13,528	12
Electricity Expense	2,083	2,104	2,135
Pole Attachment Expense	2,167	3,625	3,148
Changes of Service	1,169	1,236	830
Underground Line Expense	2,508	1,749	2,027
Ad Insertion - Marketing/Production	9,727	6,104	11,396
Miscellaneous CATV Expense	8,224	11,875	9,080
Vehicle Expense	5,211	3,870	4,093
Maintenance:			
Fiber	1,146	180	77
Coax	3,623	(38)	1,364
Drops	4,262	1,910	2,538
Conduit System	507	341	199
Headend	12,601	19,773	17,587
Line Equipment	4,597	1,885	1,264
Converters	3,588	6,109	3,854
Ad Insertion	3,854	2,978	4,655
Vacation, Holiday, Sick Leave	7,448	7,850	7,030
Property Taxes	1,867	1,373	1,372
Depreciation	121,574	125,665	92,015
Amortization	48,316	48,316	48,316
Total CATV	502,967	539,272	471,819
<u>Data/Internet</u>			
Data/Internet Access Charges	31,322	25,802	29,416
Promotional Expense	1,458	8,268	---
Electricity Expense	71	72	73
Pole Attachment Expense	75	126	885
Changes of Service	501	530	356
Customer Wireless Equipment Expense	1,170	4,567	(54)
Underground Line Expense	86	60	69
Miscellaneous Data/Internet Expense	7,733	7,804	8,990
Vehicle Expense	618	467	497
Maintenance:			
Fiber	40	6	3
Coax	124	(1)	47
Drops	145	65	99
Conduit System	18	12	7
Headend	21,945	16,536	12,389
Line Equipment	157	64	43
Modems	3,470	2,542	3,229
Vacation, Holiday, Sick Leave	6,190	5,456	5,080
Property Taxes	65	48	48
Depreciation	23,674	22,188	23,508
Amortization	16,105	16,105	16,105
Total Data/Internet	\$114,967	\$110,717	\$100,790

Muscatine Power and Water - Communications Utility
Summary of Expenses
Year-to-Date - November 2009

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$2,834,042	\$2,951,282	\$2,723,849
Promotional Expense	43,542	101,348	1,120
Electricity Expense	22,917	23,262	22,976
Pole Attachment Expense	23,833	23,985	23,249
Changes of Service	12,622	12,156	15,032
Underground Line Expense	27,500	25,567	21,034
Ad Insertion - Marketing/Production	88,730	63,645	89,970
Miscellaneous CATV Expense	90,863	136,778	128,800
Vehicle Expense	61,941	47,136	59,132
Maintenance:			
Fiber	12,419	4,279	9,873
Coax	38,971	25,202	33,172
Drops	46,044	41,629	27,545
Conduit System	5,475	2,896	6,972
Headend	136,254	213,138	144,560
Line Equipment	50,835	26,268	33,169
Converters	38,718	75,352	42,344
Ad Insertion	42,173	35,764	46,738
Vacation, Holiday, Sick Leave	51,476	50,736	46,001
Property Taxes	20,538	13,183	15,094
Depreciation	1,337,311	1,382,315	1,012,165
Amortization	531,478	531,478	531,478
Total CATV	5,517,682	5,787,399	5,034,273
<u>Data/Internet</u>			
Data/Internet Access Charges	331,853	294,889	247,354
Promotional Expense	16,042	55,777	620
Electricity Expense	779	794	738
Pole Attachment Expense	825	836	1,585
Changes of Service	5,410	5,210	6,442
Customer Wireless Equipment Expense	12,725	9,720	6,091
Underground Line Expense	939	873	718
Miscellaneous Data/Internet Expense	84,185	85,929	94,147
Vehicle Expense	6,802	5,738	7,399
Maintenance:			
Fiber	433	124	344
Coax	1,330	850	1,074
Drops	1,571	1,419	977
Conduit System	191	101	243
Headend	238,944	192,387	177,550
Line Equipment	1,735	887	1,581
Modems	37,536	45,511	47,437
Vacation, Holiday, Sick Leave	43,615	50,358	39,056
Property Taxes	714	459	527
Depreciation	260,417	244,068	258,588
Amortization	177,160	177,159	177,159
Total Data/Internet	\$1,223,206	\$1,173,089	\$1,069,630

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - November 2009

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$1,042	\$1,750	\$1,933
Tools Expense	---	183	60
Maintenance:			
Fiber	553	87	37
Conduit System	245	165	96
MAN Equipment	6,963	4,891	4,682
Vacation, Holiday, Sick Leave	251	215	199
Property Taxes	901	663	662
Depreciation	13,035	12,974	13,723
Total MAN	22,990	20,928	21,392
<u>Customer Service Expense</u>			
Customer Information Expense	19,631	15,373	22,429
<u>Consumer Accounts</u>			
Supervision	2,370	2,507	1,537
Consumer Records and Collections	36,823	38,098	28,992
Uncollectible Accounts Expense	250	250	342
Vacation, Holiday, Sick Leave	6,352	6,700	6,850
Total Consumer Accounts	45,795	47,555	37,721
<u>Administrative and General</u>			
Administrative and General Salaries	50,726	46,753	41,029
Office Supplies and Expense	4,789	3,628	4,593
Outside Services Employed	5,677	4,261	4,298
Property Insurance	833	854	697
Casualty Ins, Injuries & Damages	4,486	8,761	(904)
Employee Pensions and Benefits	62,900	61,025	61,585
Fringe Benefits Charges to Construction	(4,501)	(3,756)	(6,427)
Rents	8,649	8,649	7,278
Miscellaneous General Expense	8,034	16,696	3,354
Maintenance of General Plant	2,815	3,386	4,106
Vacation, Holiday, Sick Leave	11,794	11,928	10,206
Depreciation	9,444	9,441	8,725
Total Administrative and General	165,646	171,626	138,540
Total Operating Expenses	<u>\$871,996</u>	<u>\$905,471</u>	<u>\$792,691</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Year-to-Date - November 2009

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$11,458	\$11,580	\$11,633
Tools Expense	---	2,865	1,378
Maintenance:			
Fiber	5,993	1,715	4,759
Conduit System	2,642	1,398	3,364
MAN Equipment	76,486	53,306	59,193
Vacation, Holiday, Sick Leave	1,453	1,402	1,301
Property Taxes	9,912	6,364	7,284
Depreciation	143,390	142,714	150,953
Total MAN	251,334	221,344	239,865
<u>Customer Service Expense</u>			
Customer Information Expense	250,130	133,520	89,542
<u>Consumer Accounts</u>			
Supervision	25,389	27,479	26,721
Consumer Records and Collections	399,567	405,018	351,368
Uncollectible Accounts Expense	2,750	2,750	3,759
Vacation, Holiday, Sick Leave	44,050	45,138	46,370
Total Consumer Accounts	471,756	480,385	428,218
<u>Administrative and General</u>			
Administrative and General Salaries	553,657	541,332	573,373
Office Supplies and Expense	57,088	45,552	46,679
Outside Services Employed	92,472	68,007	60,075
Property Insurance	8,757	8,925	7,621
Casualty Ins, Injuries & Damages	49,284	58,791	53,693
Employee Pensions and Benefits	696,313	712,340	689,513
Fringe Benefits Charges to Construction	(48,660)	(53,896)	(52,649)
Rents	95,139	95,139	80,058
Miscellaneous General Expense	154,251	90,489	121,181
Maintenance of General Plant	33,953	39,101	35,295
Vacation, Holiday, Sick Leave	86,156	85,160	88,329
Depreciation	103,884	103,851	95,975
Total Administrative and General	1,882,294	1,794,791	1,799,143
Total Operating Expenses	\$9,596,402	\$9,590,528	\$8,660,671

Muscatine Power and Water - Communications Utility
Statistical Data
November 2009

<u>Services</u>	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Residential	7,980	7,671	7,942
Commercial	171	170	174
Bulk	16	27	16
Total CATV	<u>8,167</u>	<u>7,868</u>	<u>8,132</u>
 <u>Internet</u>			
Residential	5,791	6,100	5,819
Commercial	523	514	523
Total Internet	<u>6,314</u>	<u>6,614</u>	<u>6,342</u>
 <u>MAN</u>	<u>16</u>	<u>17</u>	<u>17</u>