

Muscatine Power and Water

Communications Utility

Operating Statements and Balance Sheets

April 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 - April 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	\$651,328	(8.7)	\$594,767	6.7	\$557,206
Data/Internet	296,844	(5.6)	280,365	10.1	254,723
MAN	29,192	(6.0)	27,430	4.3	26,300
Miscellaneous	7,051	18.1	8,326	8.0	7,707
Total Operating Revenues	984,415	(7.5)	910,888	7.7	845,936
<u>Operating Expense</u>					
Operation	642,553	(1.8)	631,272	14.0	553,741
Maintenance	76,706	(14.5)	65,572	(21.1)	83,072
Depreciation	185,391	3.0	190,872	12.1	170,268
Amortization	64,428	--	64,428	--	64,421
Total Operating Expenses	969,078	(1.7)	952,144	9.3	871,502
Operating Income (Loss)	15,337	--	(41,256)	61.4	(25,566)
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	3,272	(97.5)	83	(98.0)	4,134
Interest Expense	(108,058)	(0.2)	(107,854)	--	(107,854)
Net Nonoperating Expense	(104,786)	2.8	(107,771)	3.9	(103,720)
Change in Net Deficit	(89,449)	66.6	(149,027)	15.3	(129,286)
Beginning Net Deficit	(19,811,128)		(19,973,390)		(18,436,151)
Ending Net Deficit	(\$19,900,577)		(\$20,122,417)		(\$18,565,437)
Percent To Total Income	(9.1)		(16.4)		(15.2)
Debt Service Coverage on Bank Debt	77.18		61.49		61.74
Debt Service Coverage on Bank and Electric Utility Debt	2.50		1.99		1.99

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

<u>Calendar Year-to-Date</u>					
	<u>Budget</u>	<u>% Increase (Decrease)</u>	<u>This Year</u>	<u>% Increase (Decrease)</u>	<u>Last Year</u>
	<u>Estimate</u>	<u>From Budget</u>		<u>Fr. Last Yr.</u>	
<u>Operating Revenue</u>					
CATV	\$2,556,636	(7.5)	\$2,363,789	7.0	\$2,209,127
Data/Internet	1,149,825	(3.7)	1,107,387	9.9	1,007,743
MAN	116,768	(5.1)	110,859	0.1	110,738
Miscellaneous	<u>28,202</u>	<u>5.1</u>	<u>29,647</u>	<u>(4.0)</u>	<u>30,893</u>
Total Operating Revenues	<u>3,851,431</u>	<u>(6.2)</u>	<u>3,611,682</u>	<u>7.5</u>	<u>3,358,501</u>
<u>Operating Expense</u>					
Operation	2,491,140	(0.8)	2,470,332	11.8	2,209,298
Maintenance	306,583	(9.8)	276,473	2.4	269,862
Depreciation	741,564	3.0	763,488	12.1	681,072
Amortization	<u>257,712</u>	<u>---</u>	<u>257,712</u>	<u>---</u>	<u>257,687</u>
Total Operating Expenses	<u>3,796,999</u>	<u>(0.8)</u>	<u>3,768,005</u>	<u>10.2</u>	<u>3,417,919</u>
Operating Income (Loss)	<u>54,432</u>	<u>---</u>	<u>(156,323)</u>	<u>---</u>	<u>(59,418)</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	12,858	(92.5)	961	(93.9)	15,811
Interest Expense	<u>(432,234)</u>	<u>(0.2)</u>	<u>(431,417)</u>	<u>---</u>	<u>(431,417)</u>
Net Nonoperating Expense	<u>(419,376)</u>	<u>2.6</u>	<u>(430,456)</u>	<u>3.6</u>	<u>(415,606)</u>
Change in Net Deficit	(364,944)	60.8	(586,779)	23.5	(475,024)
Beginning Net Deficit	<u>(19,535,638)</u>		<u>(19,535,638)</u>		<u>(18,090,413)</u>
Ending Net Deficit	<u>(\$19,900,582)</u>		<u>(\$20,122,417)</u>		<u>(\$18,565,437)</u>
Percent To Total Income	(9.4)		(16.2)		(14.1)
Debt Service Coverage on Bank Debt	76.67		62.22		63.86
Debt Service Coverage on Bank and Electric Utility Debt	2.48		2.02		2.05

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

ASSETS

	<u>2010</u>	<u>2009</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	<u>\$1</u>	<u>—</u>
Total Restricted Current Assets	<u>1</u>	<u>—</u>
<u>Unrestricted</u>		
Cash - interest bearing	267,553	457,095
Investments	1,390,407	2,194,000
Receivables:		
Consumer Accounts	1,008,077	940,527
Interest	1,464	42,023
Other	—	5,601
Inventories	297,373	298,225
Prepaid Expenses	<u>93,415</u>	<u>87,057</u>
Total Unrestricted Current Assets	<u>3,058,289</u>	<u>4,024,528</u>
Total Current Assets	<u>3,058,290</u>	<u>4,024,528</u>
Property and Equipment:		
At Cost	29,177,396	28,421,666
Less Accumulated Depreciation	<u>16,834,757</u>	<u>15,916,674</u>
Net Property and Equipment	<u>12,342,639</u>	<u>12,504,992</u>
Other Assets:		
Unamortized Cost of Issuing Debt	<u>25,557</u>	<u>31,034</u>
Total Other Assets	<u>25,557</u>	<u>31,034</u>
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$6,093,489 in 2010 and \$5,320,404 in 2009	<u>2,061,698</u>	<u>2,834,783</u>
TOTAL ASSETS	<u><u>\$17,488,184</u></u>	<u><u>\$19,395,337</u></u>

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

LIABILITIES AND NET DEFICIT

	<u>2010</u>	<u>2009</u>
Current Liabilities:		
<u>Restricted</u>		
Accrued Interest	<u>\$13,912</u>	<u>\$15,651</u>
Total Restricted Current Liabilities	<u>13,912</u>	<u>15,651</u>
<u>Unrestricted</u>		
Accrued Interest	<u>415,680</u>	<u>415,680</u>
Accounts Payable	<u>325,697</u>	<u>712,318</u>
Pension Provision	<u>77,316</u>	<u>60,208</u>
Health & Dental Insurance Provision	<u>35,880</u>	<u>34,580</u>
Intercompanies	<u>4,325</u>	<u>8,930</u>
Retained Percentage on Contracts	<u>---</u>	<u>1,163</u>
Accrued Payroll	<u>86,640</u>	<u>71,903</u>
Accrued Vacation	<u>120,822</u>	<u>115,220</u>
Accrued Property Taxes	<u>20,833</u>	<u>26,332</u>
Miscellaneous Accrued Expenses	<u>73,568</u>	<u>73,550</u>
Total Unrestricted Current Liabilities	<u>1,160,761</u>	<u>1,519,884</u>
Total Current Liabilities	<u>1,174,673</u>	<u>1,535,535</u>
Non-Current Liabilities:		
Health & Dental Insurance Provision	<u>220,928</u>	<u>210,239</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>36,435,928</u>	<u>36,425,239</u>
Net Deficit:		
Invested in capital assets, net of related debt	<u>13,547,371</u>	<u>14,488,285</u>
Restricted	<u>---</u>	<u>---</u>
Unrestricted	<u>(33,669,788)</u>	<u>(33,053,722)</u>
Total Net Deficit	<u>(20,122,417)</u>	<u>(18,565,437)</u>
TOTAL LIABILITIES AND NET DEFICIT	<u><u>\$17,488,184</u></u>	<u><u>\$19,395,337</u></u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$864,845	\$3,466,847
Advertising sales	10,483	66,915
Sale of digital converters	20,501	73,298
Miscellaneous sources	9,351	49,027
Cash paid to/for:		
Suppliers	(456,028)	(1,680,162)
Employees payroll, taxes and benefits	<u>(231,067)</u>	<u>(990,629)</u>
Net cash flows from operating activities	<u>218,085</u>	<u>985,296</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(40,289)	(881,065)
Loan interest payments	<u>---</u>	<u>(20,868)</u>
Net cash flows from capital and related financing activities	<u>(40,289)</u>	<u>(901,933)</u>
Cash flows from investing activities:		
Interest received on investments	515	1,269
Accrued interest purchased	---	(516)
Amortization/accretion of investments	---	--
Mark to market	<u>(536)</u>	<u>(855)</u>
Net cash flows from investing activities	<u>(21)</u>	<u>(102)</u>
Net increase in cash and investments	<u>177,775</u>	<u>83,261</u>
Cash and investments at beginning of period	<u>1,480,185</u>	<u>1,574,699</u>
Cash and investments at end of period	<u>\$1,657,960</u>	<u>\$1,657,960</u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
April 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	(\$41,256)	(\$156,323)
Noncash items in operating income:		
Converter/modem write-off	66	6,686
Depreciation of utility plant	190,872	763,488
Amortization of intangible assets	64,428	257,712
Changes in assets and liabilities:		
Consumer accounts receivable	(17,854)	(28,411)
Inventories	1,601	1,974
Prepaid and deferred expenses	5,039	(8,752)
Accounts payable	42,414	72,372
Pension provision	19,329	77,316
Health & dental insurance provision	(8,108)	(21,463)
Intercompany payable	(14,325)	3,494
Retained percentage on contracts	--	--
Accrued payroll	17,951	52,259
Accrued vacation	3,416	16,559
Accrued property taxes	2,083	(3,962)
Miscellaneous accrued expenses	<u>(47,571)</u>	<u>(47,653)</u>
 Net cash flows from operating activities	 <u>\$218,085</u>	 <u>\$985,296</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
CATV			
Program Acquisition Expense	\$296,198	\$288,570	\$271,234
Promotional Expense	19,584	23,551	6,764
Electricity Expense	2,083	2,172	2,097
Pole Attachment Expense	2,167	2,167	2,036
Changes of Service	763	1,399	891
Underground Line Expense	2,607	2,856	2,701
Ad Insertion - Marketing/Production	8,918	5,606	4,628
Miscellaneous CATV Expense	9,732	20,594	2,803
Vehicle Expense	5,959	3,798	4,126
Maintenance:			
Fiber	908	422	129
Coax	3,512	1,670	7,665
Drops	4,760	3,877	3,998
Conduit System	589	435	408
Headend	15,693	18,613	22,024
Line Equipment	3,730	1,720	5,325
Converters	5,284	7,525	6,407
Ad Insertion	4,590	3,730	2,784
Vacation, Holiday , Sick Leave	5,524	4,789	4,891
Property Taxes	1,373	1,373	1,867
Depreciation	141,947	149,041	125,665
Amortization	48,321	48,321	48,316
 Total CATV	 584,242	 592,229	 526,759
 Data/Internet	 	 	
Data/Internet Access Charges	25,549	25,914	28,473
Promotional Expense	6,668	13,875	1,729
Electricity Expense	71	74	72
Pole Attachment Expense	75	75	71
Changes of Service	327	599	382
Customer Wireless Equipment Expense	974	821	---
Underground Line Expense	89	97	92
Miscellaneous Data/Internet Expense	8,977	8,197	9,679
Vehicle Expense	659	457	505
Maintenance:			
Fiber	29	15	5
Coax	119	58	262
Drops	189	132	137
Conduit System	16	15	14
Headend	22,448	17,110	20,458
Line Equipment	126	59	168
Modems	4,261	4,798	2,888
Vacation, Holiday, Sick Leave	4,597	4,057	3,347
Property Taxes	48	48	65
Depreciation	21,036	20,157	22,188
Amortization	16,107	16,107	16,105
 Total Data/Internet	 \$112,365	 \$112,665	 \$106,640

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
CATV			
Program Acquisition Expense	\$1,166,492	\$1,146,791	\$1,058,430
Promotional Expense	78,336	66,462	24,240
Electricity Expense	8,333	8,315	8,482
Pole Attachment Expense	8,667	8,667	8,144
Changes of Service	3,052	10,559	4,303
Underground Line Expense	10,393	6,583	7,321
Ad Insertion - Marketing/Production	34,145	16,518	23,229
Miscellaneous CATV Expense	38,581	58,905	25,972
Vehicle Expense	23,986	17,107	15,640
Maintenance:			
Fiber	3,422	1,596	2,041
Coax	13,917	3,143	12,386
Drops	18,730	7,088	8,521
Conduit System	2,085	1,108	574
Headend	62,567	82,058	76,378
Line Equipment	14,617	5,712	5,835
Converters	20,856	44,652	31,122
Ad Insertion	18,240	17,049	12,864
Vacation, Holiday, Sick Leave	18,138	17,456	17,204
Property Taxes	5,492	5,492	7,468
Depreciation	567,787	596,164	502,660
Amortization	193,284	193,284	193,265
 Total CATV	 2,311,120	 2,314,709	 2,046,079
 Data/Internet			
Data/Internet Access Charges	102,196	102,728	114,503
Promotional Expense	26,672	26,015	6,593
Electricity Expense	283	284	289
Pole Attachment Expense	300	300	284
Changes of Service	1,308	4,525	1,844
Customer Wireless Equipment Expense	3,851	1,233	1,247
Underground Line Expense	355	225	250
Miscellaneous Data/Internet Expense	35,899	33,218	23,271
Vehicle Expense	2,634	2,065	1,909
Maintenance:			
Fiber	108	56	49
Coax	467	108	423
Drops	746	241	290
Conduit System	63	39	20
Headend	91,782	73,047	75,217
Line Equipment	490	195	220
Modems	16,699	11,696	12,140
Vacation, Holiday, Sick Leave	15,169	14,066	24,448
Property Taxes	192	192	260
Depreciation	84,144	80,628	88,752
Amortization	64,428	64,428	64,422
 Total Data/Internet	 \$447,786	 \$415,289	 \$416,431

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - April 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	---	408	136
Maintenance:			
Fiber	481	204	62
Conduit System	220	210	197
MAN Equipment	6,484	658	4,849
Vacation, Holiday, Sick Leave	112	150	134
Property Taxes	662	662	901
Depreciation	<u>13,333</u>	<u>13,140</u>	<u>12,974</u>
Total MAN	<u>22,334</u>	<u>16,474</u>	<u>20,236</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>20,030</u>	<u>9,000</u>	<u>3,779</u>
<u>Consumer Accounts</u>			
Supervision	2,326	2,700	2,562
Consumer Records and Collections	37,329	37,093	36,351
Uncollectible Accounts Expense	714	714	250
Vacation, Holiday, Sick Leave	<u>4,857</u>	<u>5,217</u>	<u>4,947</u>
Total Consumer Accounts	<u>45,226</u>	<u>45,724</u>	<u>44,110</u>
<u>Administrative and General</u>			
Administrative and General Salaries	52,108	53,698	48,394
Office Supplies and Expense	5,175	3,733	3,766
Outside Services Employed	5,684	5,178	6,225
Property Insurance	905	854	854
Casualty Ins, Injuries & Damages	5,091	5,326	5,459
Employee Pensions and Benefits	72,494	74,873	69,394
Fringe Benefits Charges to Construction	(5,559)	(4,512)	(3,593)
Rents	9,553	9,553	8,649
Miscellaneous General Expense	18,070	5,313	6,679
Maintenance of General Plant	3,267	4,321	5,292
Vacation, Holiday, Sick Leave	9,018	9,181	9,418
Depreciation	<u>9,075</u>	<u>8,534</u>	<u>9,441</u>
Total Administrative and General	<u>184,881</u>	<u>176,052</u>	<u>169,978</u>
Total Operating Expenses	<u>\$969,078</u>	<u>\$952,144</u>	<u>\$871,502</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$4,167	\$4,167	\$3,932
Tools Expense	---	409	282
Maintenance:			
Fiber	1,824	770	677
Conduit System	872	534	277
MAN Equipment	25,972	10,409	19,554
Vacation, Holiday, Sick Leave	341	532	472
Property Taxes	2,650	2,650	3,604
Depreciation	<u>53,333</u>	<u>52,560</u>	<u>51,896</u>
Total MAN	<u>89,159</u>	<u>72,031</u>	<u>80,694</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>51,336</u>	<u>43,902</u>	<u>57,734</u>
<u>Consumer Accounts</u>			
Supervision	9,304	9,853	9,447
Consumer Records and Collections	149,587	175,084	144,862
Uncollectible Accounts Expense	2,857	2,857	1,000
Vacation, Holiday, Sick Leave	<u>16,019</u>	<u>17,137</u>	<u>16,253</u>
Total Consumer Accounts	<u>177,767</u>	<u>204,931</u>	<u>171,562</u>
<u>Administrative and General</u>			
Administrative and General Salaries	208,465	222,014	194,728
Office Supplies and Expense	23,621	16,821	16,286
Outside Services Employed	28,048	22,733	30,389
Property Insurance	3,468	3,417	2,944
Casualty Ins, Injuries & Damages	20,301	18,263	14,661
Employee Pensions and Benefits	287,185	291,615	263,018
Fringe Benefits Charges to Construction	(22,224)	(18,958)	(21,546)
Rents	38,212	38,212	34,596
Miscellaneous General Expense	53,048	31,549	29,068
Maintenance of General Plant	13,126	16,972	11,274
Vacation, Holiday, Sick Leave	30,281	40,369	32,237
Depreciation	<u>36,300</u>	<u>34,136</u>	<u>37,764</u>
Total Administrative and General	<u>719,831</u>	<u>717,143</u>	<u>645,419</u>
Total Operating Expenses	<u>\$3,796,999</u>	<u>\$3,768,005</u>	<u>\$3,417,919</u>

Muscatine Power and Water - Communications Utility
Statistical Data
April 2010

Services	Budget Estimate	% Increase (Decrease)		% Increase (Decrease)	
		From Budget	This Year **	Fr. Last Yr.	Last Year **
CATV					
Residential	8,128	(8.0)	7,475	(4.0)	7,788 *
Commercial/Hospitality	142	28.2	182	4.0	175
Total CATV	8,270	(7.4)	7,657	(3.8)	7,963
Bulk Equivalent Services	379	28.2	486	41.7	343
Bulk Master Services	26	7.7	28	21.7	23
Internet					
Residential	6,760	(9.8)	6,095	3.0	5,918
Commercial	503	(4.6)	480	(2.0)	490
Total Internet	7,263	(9.5)	6,575	2.6	6,408
MAN	19	(10.5)	17	6.3	16

* Includes services that were converted to bulk agreements; 46 in June & 21 in November.

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