

Muscatine Power and Water
Communications Utility
Operating Statements and Balance Sheets
February 2011

**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 - February 2011

	<u>Current Month</u>		<u>This Year</u>	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>			
<u>Operating Revenue</u>					
CATV	\$644,666	(2.9)	\$625,764	6.0	\$590,128
Data/Internet	278,332	1.3	281,979	2.0	276,489
MAN	30,002	(5.0)	28,500	2.5	27,810
Miscellaneous	9,428	(13.2)	8,188	17.3	6,979
Total Operating Revenues	962,428	(1.9)	944,431	4.8	901,406
<u>Operating Expense</u>					
Operation	643,111	(5.7)	606,523	0.4	603,880
Maintenance	79,072	(24.2)	59,923	(7.7)	64,903
Depreciation	200,409	(1.0)	198,323	3.8	191,147
Amortization	64,428	---	64,428	---	64,428
Total Operating Expenses	987,020	(5.9)	929,197	0.5	924,358
Operating Income (Loss)	(24,592)	---	15,234	---	(22,952)
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	13,047	(12.6)	11,404	---	254
Interest Expense	(122,720)	0.4	(123,176)	14.2	(107,854)
Net Nonoperating Expense	(109,673)	1.9	(111,772)	3.9	(107,600)
Net Loss before Capital Contributions	(134,265)	(28.1)	(96,538)	(26.1)	(130,552)
Capital Contributions	---	---	13,584	---	---
Change in Net Deficit	(\$134,265)		(\$82,954)		(\$130,552)
Beginning Net Deficit	(21,303,793)		(21,250,128)		(19,715,539)
Ending Net Deficit	(\$21,438,058)		(\$21,333,082)		(\$19,846,091)
Net Loss to Total Income	(13.8)		(10.1)		(14.5)
Debt Service Coverage on Bank Debt	2.74		3.13		66.96
Debt Service Coverage on Bank and Electric Utility Debt	1.29		1.47		2.17

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Deficit
Calendar Year-to-Date - February 2011

	<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	\$1,286,320	(2.2)	\$1,258,344	7.7	\$1,168,137
Data/Internet	549,474	2.0	560,624	1.9	549,957
MAN	60,004	(5.0)	56,999	2.5	55,619
Miscellaneous	18,857	(13.3)	16,341	16.9	13,984
Total Operating Revenues	1,914,655	(1.2)	1,892,308	5.9	1,787,697
<u>Operating Expense</u>					
Operation	1,291,174	(6.3)	1,209,631	(1.0)	1,221,644
Maintenance	160,830	(19.5)	129,418	(14.2)	150,804
Depreciation	400,817	(1.0)	396,646	3.9	381,744
Amortization	128,856	---	128,856	---	128,856
Total Operating Expenses	1,981,677	(5.9)	1,864,551	(1.0)	1,883,048
Operating Income (Loss)	(67,022)	---	27,757	---	(95,351)
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	26,146	(9.5)	23,672	---	607
Interest Expense	(245,440)	0.4	(246,353)	14.2	(215,709)
Net Nonoperating Expense	(219,294)	1.5	(222,681)	3.5	(215,102)
Net Loss before Capital Contributions	(286,316)	(31.9)	(194,924)	(37.2)	(310,453)
Capital Contributions	---	---	13,584	---	---
Change in Net Deficit	(286,316)		(181,340)		(310,453)
Beginning Net Deficit	(21,151,742)		(21,151,742)		(19,535,638)
Ending Net Deficit	(\$21,438,058)		(\$21,333,082)		(\$19,846,091)
Net Loss to Total Income	(14.8)		(10.2)		(17.4)
Debt Service Coverage on Bank Debt	2.64		3.12		59.78
Debt Service Coverage on Bank and Electric Utility Debt	1.24		1.47		1.94

Muscatine Power and Water - Communications Utility
Statements of Net Assets
February 2011

ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$1	\$1
Total Restricted Current Assets	<u>1</u>	<u>1</u>
<u>Unrestricted</u>		
Cash - interest bearing	341,785	695,427
Investments	4,912,000	487,467
Receivables:		
Consumer Accounts	1,595,295	1,076,963
Interest	30,304	337
Inventories	288,624	304,095
Prepaid Expenses	111,806	108,797
Total Unrestricted Current Assets	<u>7,279,814</u>	<u>2,673,086</u>
Total Current Assets	<u>7,279,815</u>	<u>2,673,087</u>
Property and Equipment:		
At Cost	29,236,708	29,091,469
Less Accumulated Depreciation	<u>17,542,404</u>	<u>16,469,053</u>
Net Property and Equipment	<u>11,694,304</u>	<u>12,622,416</u>
Other Assets:		
Unamortized Cost of Issuing Debt	<u>20,994</u>	<u>26,470</u>
Total Other Assets	<u>20,994</u>	<u>26,470</u>
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$6,313,495 in 2011 and \$5,964,632 in 2010	<u>1,417,417</u>	<u>2,190,554</u>
TOTAL ASSETS	<u><u>\$20,412,530</u></u>	<u><u>\$17,512,527</u></u>

Muscatine Power and Water - Communications Utility
Statements of Net Assets
February 2011

LIABILITIES AND NET DEFICIT

	<u>2011</u>	<u>2010</u>
Current Liabilities:		
<u>Restricted</u>		
Notes Payable - Banks	\$885,000	---
Accrued Interest	37,600	6,956
	<hr/>	<hr/>
Total Restricted Current Liabilities	922,600	6,956
	<hr/>	<hr/>
<u>Unrestricted</u>		
Accrued Interest	207,840	207,840
Accounts Payable	394,186	331,939
Pension Provision	45,896	38,658
Health & Dental Insurance Provision	41,124	35,880
Intercompanies	12,545	17,462
Accrued Payroll	46,842	42,550
Accrued Vacation	114,200	116,698
Accrued Property Taxes	29,246	28,962
Miscellaneous Accrued Expenses	109,111	94,074
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	1,000,990	914,063
	<hr/>	<hr/>
Total Current Liabilities	1,923,590	921,019
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	208,357	222,599
Post-Employment Health Benefit Provision	21,665	---
Deferred Revenue	350,000	---
Notes Payable:		
Banks	3,915,000	888,000
Electric Utility	35,327,000	35,327,000
	<hr/>	<hr/>
Total Non-Current Liabilities	39,822,022	36,437,599
	<hr/>	<hr/>
Net Deficit:		
Invested in capital assets, net of related debt	9,228,668	13,949,961
Restricted	922,600	6,956
Unrestricted	(31,484,350)	(33,803,008)
	<hr/>	<hr/>
Total Net Deficit	(21,333,082)	(19,846,091)
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET DEFICIT	<u>\$20,412,530</u>	<u>\$17,512,527</u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
February 2011

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$848,330	\$1,745,473
Advertising sales	9,897	29,271
Sale of digital converters	239	3,960
Miscellaneous sources	13,584	21,876
Cash paid to/for:		
Suppliers	(477,774)	(902,169)
Employees payroll, taxes and benefits	(214,747)	(451,139)
	179,529	447,272
Cash flows from capital and related financing activities:		
Capital expenditures, net	(92,428)	(276,883)
Loan funds received from banks	---	---
Loan interest payments	---	(651,540)
	(92,428)	(928,423)
Cash flows from investing activities:		
Interest received on investments	25	53
Accrued interest purchased	---	---
Amortization/accretion of investments	---	---
Mark to market	---	---
	25	53
Net cash flows from investing activities	25	53
Net increase (decrease) in cash and investments	87,126	(481,098)
Cash and investments at beginning of period	5,166,658	5,734,884
Cash and investments at end of period	\$5,253,784	\$5,253,786

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
February 2011

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$15,234	\$27,757
Noncash items in operating income:		
Converter/modem write-off	---	---
Depreciation of utility plant	198,323	396,646
Amortization of intangible assets	64,428	128,856
Changes in assets and liabilities:		
Consumer accounts receivable	(495,086)	(492,948)
Inventories	(10,450)	(3,630)
Prepaid and deferred expenses	(9,504)	5,251
Accounts payable	8,619	1,063
Pension provision	22,948	45,896
Health & dental insurance provision	1,716	2,370
Other post-employment benefit provision	433	866
Deferred Revenue	350,000	350,000
Intercompany payable	3,028	(2,959)
Retained percentage on contracts	---	---
Accrued payroll	(418)	6,575
Accrued vacation	3,871	9,152
Accrued property taxes	2,125	4,250
Miscellaneous accrued expenses	24,262	(31,873)
	<hr/>	<hr/>
Net cash flows from operating activities	<u>\$179,529</u>	<u>\$447,272</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - February 2011

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$325,634	\$312,592	\$280,264
Promotional Expense	4,651	1,666	15,204
Electricity Expense	1,318	2,119	2,036
Pole Attachment Expense	2,167	2,167	2,167
Changes of Service	950	1,693	3,458
Underground Line Expense	2,587	869	640
Ad Insertion - Marketing/Production	5,862	5,814	2,851
Miscellaneous CATV Expense	13,722	8,556	9,876
Vehicle Expense	4,934	6,371	4,195
Maintenance:			
Fiber	1,049	---	22
Coax	2,713	813	67
Drops	4,002	795	210
Conduit System	317	---	13
Headend	26,131	21,620	21,422
Line Equipment	3,239	3,437	766
Converters	7,345	5,397	11,248
Ad Insertion	4,053	3,812	3,265
Vacation, Holiday , Sick Leave	5,519	3,277	3,687
Property Taxes	1,400	1,400	1,373
Depreciation	153,818	152,268	149,800
Amortization	48,321	48,321	48,321
Total CATV	619,732	582,987	560,885
<u>Data/Internet</u>			
Data/Internet Access Charges	23,855	24,048	25,785
Promotional Expense	8,231	2,896	4,374
Electricity Expense	45	72	70
Pole Attachment Expense	75	75	75
Changes of Service	407	726	1,482
Customer Wireless Equipment Expense	907	615	(17)
Underground Line Expense	88	30	22
Miscellaneous Data/Internet Expense	9,048	8,503	8,232
Vehicle Expense	542	775	506
Maintenance:			
Fiber	37	---	1
Coax	93	28	2
Drops	136	28	7
Conduit System	11	---	1
Headend	18,055	11,217	17,297
Line Equipment	110	117	26
Modems	4,846	4,532	1,773
Vacation, Holiday, Sick Leave	2,802	2,534	2,913
Property Taxes	49	49	48
Depreciation	21,353	21,599	20,158
Amortization	16,107	16,107	16,107
Total Data/Internet	\$106,797	\$93,951	\$98,862

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - February 2011

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$651,811	\$618,614	\$564,796
Promotional Expense	14,260	3,038	28,728
Electricity Expense	2,637	4,232	4,043
Pole Attachment Expense	4,333	4,333	4,333
Changes of Service	1,936	3,721	8,041
Underground Line Expense	5,140	1,795	967
Ad Insertion - Marketing/Production	11,723	10,774	7,291
Miscellaneous CATV Expense	27,426	22,030	21,893
Vehicle Expense	9,903	11,220	9,033
Maintenance:			
Fiber	2,082	157	1,068
Coax	5,439	1,441	595
Drops	8,068	2,672	1,533
Conduit System	602	29	163
Headend	53,485	40,953	47,386
Line Equipment	6,557	6,718	2,227
Converters	14,664	13,944	29,475
Ad Insertion	8,106	7,792	9,828
Vacation, Holiday, Sick Leave	8,298	6,895	8,470
Property Taxes	2,801	2,801	2,746
Depreciation	307,635	304,536	298,082
Amortization	96,642	96,642	96,642
Total CATV	1,243,548	1,164,337	1,147,340
<u>Data/Internet</u>			
Data/Internet Access Charges	47,710	48,044	51,025
Promotional Expense	15,862	6,594	8,535
Electricity Expense	90	144	138
Pole Attachment Expense	150	150	150
Changes of Service	830	1,595	3,446
Customer Wireless Equipment Expense	1,814	1,351	(1)
Underground Line Expense	175	61	33
Miscellaneous Data/Internet Expense	18,097	17,284	15,252
Vehicle Expense	1,084	1,361	1,093
Maintenance:			
Fiber	73	5	37
Coax	186	50	20
Drops	275	90	52
Conduit System	21	1	6
Headend	37,108	23,076	35,240
Line Equipment	224	210	76
Modems	9,658	8,611	4,890
Vacation, Holiday, Sick Leave	5,581	4,863	7,023
Property Taxes	98	98	96
Depreciation	42,705	43,198	40,314
Amortization	32,214	32,214	32,214
Total Data/Internet	\$213,955	\$189,000	\$199,639

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - February 2011

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$1,042	\$1,042	\$1,042
Tools Expense	417	20	---
Maintenance:			
Fiber	506	---	11
Conduit System	153	---	6
MAN Equipment	2,402	3,663	4,657
Vacation, Holiday, Sick Leave	104	88	123
Property Taxes	676	676	663
Depreciation	16,993	16,892	13,140
Total MAN	22,293	22,381	19,642
<u>Customer Service Expense</u>			
Customer Information Expense	7,941	2,994	7,735
<u>Consumer Accounts</u>			
Supervision	2,326	1,671	1,688
Consumer Records and Collections	38,551	33,142	49,324
Uncollectible Accounts Expense	1,383	714	714
Vacation, Holiday, Sick Leave	3,038	3,903	3,498
Total Consumer Accounts	45,298	39,430	55,224
<u>Administrative and General</u>			
Administrative and General Salaries	52,102	48,346	55,221
Office Supplies and Expense	4,196	5,706	4,421
Outside Services Employed	8,211	8,860	5,344
Property Insurance	855	855	854
Casualty Ins, Injuries & Damages	5,346	4,278	4,908
Employee Pensions and Benefits	74,932	76,095	71,106
Fringe Benefits Charges to Construction	(5,920)	(3,942)	(5,291)
Rents	7,952	7,952	9,553
Miscellaneous General Expense	18,665	20,446	13,493
Maintenance of General Plant	3,874	4,464	4,109
Vacation, Holiday, Sick Leave	6,501	6,830	10,243
Depreciation	8,245	7,564	8,049
Total Administrative and General	184,959	187,454	182,010
Total Operating Expenses	\$987,020	\$929,197	\$924,358

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - February 2011

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense	\$2,083	\$2,083	\$2,083
Tools Expense	833	20	---
Maintenance:			
Fiber	1,005	75	515
Conduit System	291	14	79
MAN Equipment	4,804	9,812	9,314
Vacation, Holiday, Sick Leave	208	175	259
Property Taxes	1,352	1,352	1,325
Depreciation	33,987	33,784	26,280
Total MAN	44,563	47,315	39,855
<u>Customer Service Expense</u>			
Customer Information Expense	18,968	9,782	27,421
<u>Consumer Accounts</u>			
Supervision	4,652	4,371	4,261
Consumer Records and Collections	77,558	70,046	100,183
Uncollectible Accounts Expense	2,767	2,098	1,429
Vacation, Holiday, Sick Leave	6,080	7,548	8,575
Total Consumer Accounts	91,057	84,063	114,448
<u>Administrative and General</u>			
Administrative and General Salaries	104,555	101,101	103,715
Office Supplies and Expense	14,389	10,282	8,215
Outside Services Employed	15,868	13,524	9,700
Property Insurance	1,709	1,709	1,709
Casualty Ins, Injuries & Damages	10,692	8,894	9,493
Employee Pensions and Benefits	153,788	152,663	142,988
Fringe Benefits Charges to Construction	(11,891)	(8,204)	(8,990)
Rents	15,904	15,904	19,106
Miscellaneous General Expense	26,895	31,773	19,159
Maintenance of General Plant	8,182	13,768	8,300
Vacation, Holiday, Sick Leave	13,005	13,512	23,882
Depreciation	16,490	15,128	17,068
Total Administrative and General	369,586	370,054	354,345
Total Operating Expenses	\$1,981,677	\$1,864,551	\$1,883,048

Muscatine Power and Water - Communications Utility
Statistical Data
February 2011

<u>Services</u>	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>	<u>This Year</u> ^{fn1}	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u> ^{fn1}
<u>CATV</u>					
Residential	7,584	(3.5)	7,316	(5.2)	7,714
Commercial/Hospitality	<u>166</u>	6.0	<u>176</u>	(15.0)	<u>207</u>
Total CATV	<u><u>7,750</u></u>	(3.3)	<u><u>7,492</u></u>	(5.4)	<u><u>7,921</u></u>
Bulk Equivalent Services	<u>485</u>	---	<u>485</u>	(1.0)	<u>490</u>
Bulk Master Services	<u><u>25</u></u>	12.0	<u><u>28</u></u>	---	<u><u>28</u></u>
<u>Internet</u>					
Residential	6,275	(0.3)	6,256	2.6	6,098
Commercial	<u>427</u>	9.8	<u>469</u>	(10.0)	<u>521</u>
Total Internet	<u><u>6,702</u></u>	0.3	<u><u>6,725</u></u>	1.6	<u><u>6,619</u></u>
<u>MAN</u>	<u><u>19</u></u>	(10.5)	<u><u>17</u></u>	---	<u><u>17</u></u>

fn1 Number of actual residential and commercial services are per the end of month subscriber report