

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

October 2013

**Muscatine Power and Water
Communications Utility**

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Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - October 2013

	<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	\$678,722	(5.9)	\$638,950	(5.1)	\$673,125
Data/Internet	340,858	10.7	377,247	20.8	312,375
MAN/MME	44,717	(5.1)	42,436	7.2	39,601
Miscellaneous	8,833	8.7	9,602	0.1	9,588
Total Operating Revenues	1,073,130	(0.5)	1,068,235	3.2	1,034,689
<u>Operating Expense</u>					
Operation	686,964	(0.3)	684,604	0.1	683,885
Maintenance	74,835	17.1	87,610	39.8	62,683
Depreciation	199,083	(2.0)	195,032	(0.3)	195,673
Amortization	—	—	—	—	64,428
Total Operating Expenses	960,882	0.7	967,246	(3.9)	1,006,669
Operating Income	112,248	(10.0)	100,989	2.6X	28,020
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	6,952	(0.4)	6,926	(32.2)	10,208
Interest Expense	(115,200)	0.4	(115,670)	(3.7)	(120,139)
Net Nonoperating Expense	(108,248)	0.5	(108,744)	(1.1)	(109,931)
Net Loss before Capital Contributions	4,000	-2.9X	(7,755)	(90.5)	(81,911)
Capital Contributions	—	—	796	5.6	754
Change in Net Position	\$4,000		(\$6,959)		(\$81,157)
Beginning Net Position	(23,851,140)		(23,644,792)		(23,187,325)
Ending Net Position	(\$23,847,140)		(\$23,651,751)		(\$23,268,482)
Net Loss to Operating Revenue	0.4		(0.7)		(7.9)
Debt Service Coverage on Bank Debt	3.47		3.30		3.26
Debt Service Coverage on Electric Utility Debt	2.18		2.03		1.99

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - October 2013

	<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	\$6,592,363	(2.1)	\$6,453,979	0.7	\$6,410,733
Data/Internet	3,264,870	3.2	3,370,870	10.4	3,054,040
MAN/MME	447,174	(9.2)	406,210	0.2	405,204
Miscellaneous	88,187	13.4	100,001	7.0	93,434
Total Operating Revenues	10,392,594	(0.6)	10,331,060	3.7	9,963,411
<u>Operating Expense</u>					
Operation	6,964,301	(3.2)	6,743,414	2.1	6,605,073
Maintenance	747,576	(2.5)	728,665	14.4	637,068
Depreciation	1,990,830	(2.0)	1,950,320	(0.3)	1,956,730
Amortization	---	---	---	---	644,280
Total Operating Expenses	9,702,707	(2.9)	9,422,399	(4.3)	9,843,151
Operating Income	689,887	31.7	908,661	6.6X	120,260
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	69,167	5.5	72,971	(22.6)	94,327
Interest Expense	(1,152,000)	0.4	(1,156,702)	(3.7)	(1,201,708)
Net Nonoperating Expense	(1,082,833)	0.1	(1,083,731)	(2.1)	(1,107,381)
Net Loss before Capital Contributions	(392,946)	(55.4)	(175,070)	(82.3)	(987,121)
Capital Contributions	30,000	(75.0)	7,513	72.8	4,349
Change in Net Position	(362,946)		(167,557)		(982,772)
Beginning Net Position	(23,484,194)		(23,484,194)		(22,285,710)
Ending Net Position	(\$23,847,140)		(\$23,651,751)		(\$23,268,482)
Net Loss to Operating Revenue	(3.8)		(1.7)		(9.9)
Debt Service Coverage on Bank Debt	3.00		3.20		3.07
Debt Service Coverage on Electric Utility Debt	1.76		1.94		1.83

Muscatine Power and Water - Communications Utility
Statements of Net Position
October 2013

ASSETS

	<u>2013</u>	<u>2012</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	<u>\$20</u>	<u>\$6</u>
Total Restricted Current Assets	<u>20</u>	<u>6</u>
<u>Unrestricted</u>		
Cash - interest bearing	3,132,041	2,605,770
Investments	2,612,105	3,027,000
Receivables:		
Consumer Accounts	1,222,237	1,175,717
Interest	66,456	94,168
Inventories	287,944	340,400
Prepaid Expenses	<u>82,294</u>	<u>47,051</u>
Total Unrestricted Current Assets	<u>7,403,077</u>	<u>7,290,106</u>
Total Current Assets	<u>7,403,097</u>	<u>7,290,112</u>
Property and Equipment:		
At Cost	32,312,894	31,446,751
Less Accumulated Depreciation	<u>23,067,398</u>	<u>21,075,196</u>
Net Property and Equipment	<u>9,245,496</u>	<u>10,371,555</u>
Other Assets:		
Unamortized Cost of Issuing Debt	---	3,314
Total Other Assets	---	3,314
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$7,730,912 in 2013 and \$7,602,057 in 2012	---	128,856
TOTAL ASSETS	<u>\$16,648,593</u>	<u>\$17,793,837</u>

Muscatine Power and Water - Communications Utility
Statements of Net Position
October 2013

LIABILITIES AND NET POSITION

	2013	2012
Current Liabilities:		
<u>Restricted</u>		
Notes Payable - Banks	\$960,000	\$915,000
Accrued Interest	47,000	61,378
	1,007,000	976,378
Total Restricted Current Liabilities		
<u>Unrestricted</u>		
Accrued Interest	415,680	415,680
Accounts Payable	500,594	501,010
Pension Provision	7,380	51,513
Health & Dental Insurance Provision	30,858	34,889
Intercompanies	---	11,729
Accrued Payroll	39,797	32,558
Accrued Vacation	148,348	118,599
Accrued Property Taxes	12,396	22,155
Deferred Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	100,092	88,617
	1,272,645	1,294,250
Total Unrestricted Current Liabilities		
	2,279,645	2,270,628
Total Current Liabilities		
Non-Current Liabilities:		
Health & Dental Insurance Provision	323,160	134,152
Post-Employment Health Benefit Provision	45,643	28,143
Deferred Revenue - Dark Fiber Lease	284,896	302,396
Notes Payable:		
Banks	2,040,000	3,000,000
Electric Utility	35,327,000	35,327,000
	38,020,699	38,791,691
Total Non-Current Liabilities		
Net Position:		
Net Investment in Capital Assets	6,245,496	6,594,661
Unrestricted	(29,897,247)	(29,863,143)
	(23,651,751)	(23,268,482)
TOTAL LIABILITIES AND NET POSITION	\$16,648,593	\$17,793,837

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
October 2013

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,052,291	\$9,938,867
Advertising sales	25,971	231,608
Sale of digital equipment	---	1,210
Miscellaneous sources	54	113,345
Cash paid to/for:		
Suppliers	(485,670)	(4,498,900)
Employees payroll, taxes and benefits	<u>(456,093)</u>	<u>(2,950,336)</u>
Net cash flows from operating activities	<u>136,553</u>	<u>2,835,794</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(116,951)	(969,392)
Loan principal payments	---	(915,000)
Loan interest payments	<u>---</u>	<u>(1,409,546)</u>
Net cash flows from capital and related financing activities	<u>(116,951)</u>	<u>(3,293,938)</u>
Cash flows from investing activities:		
Interest received on investments	235	118,895
Accrued interest purchased	---	(193)
Amortization/accretion of investments	(18)	565
Mark to Market	<u>(100)</u>	<u>553</u>
Net cash flows from investing activities	<u>117</u>	<u>119,820</u>
Net increase (decrease) in cash and investments	<u>19,719</u>	<u>(338,324)</u>
Cash and investments at beginning of period	<u>5,724,447</u>	<u>6,082,490</u>
Cash and investments at end of period	<u><u>\$5,744,166</u></u>	<u><u>\$5,744,166</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
October 2013

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$100,989	\$908,661
Noncash items in operating income:		
Converter/modem write-off	2,394	22,391
Depreciation of utility plant	195,032	1,950,320
Changes in assets and liabilities:		
Consumer accounts receivable	17,629	(43,422)
Inventories	17,957	37,293
Prepaid and deferred expenses	21,186	(16,839)
Accounts payable	(50,596)	(13,175)
Pension provision	(44,535)	7,380
Health & dental insurance provision	(2,819)	33,908
Other post-employment benefit provision	4,579	20,641
Deferred Revenue	(1,458)	(14,583)
Intercompany payable	---	(8,719)
Accrued payroll	(71,971)	(19,411)
Accrued vacation	(4,805)	23,144
Accrued property taxes	(35)	(961)
Miscellaneous accrued expenses	<u>(46,994)</u>	<u>(50,834)</u>
Net cash flows from operating activities	<u><u>\$136,553</u></u>	<u><u>\$2,835,794</u></u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - October 2013

	Budget <u>Estimate</u>	This Year	Last Year
CATV			
Program Acquisition Expense	\$358,258	\$350,579	\$342,590
Promotional Expense	1,584	557	2,199
Electricity Expense	2,500	2,513	2,589
Pole Attachment Expense	2,250	2,250	2,167
Changes of Service	990	1,210	861
Underground Line Expense	2,615	2,761	3,544
Ad Insertion - Marketing/Production	6,384	6,115	17,375
Miscellaneous CATV Expense	18,394	15,043	19,128
Vehicle Expense	5,760	5,169	5,240
Maintenance:			
Fiber	1,563	2,440	1,061
Coax	1,845	5,548	546
Drops	2,789	4,145	3,506
Conduit System	812	2,374	1,038
Headend	22,815	17,541	18,813
Line Equipment	3,612	7,443	3,634
Converters	5,607	4,148	3,756
Ad Insertion	5,096	4,438	4,405
Vacation, Holiday, Sick Leave	4,317	9,107	3,832
Property Taxes	1,318	(23)	1,188
Depreciation	145,759	144,995	146,724
Amortization	---	---	48,321
Total CATV	594,268	588,353	632,517
Data/Internet			
Data/Internet Access Charges	27,513	28,769	28,775
Promotional Expense	1,585	503	2,055
Electricity Expense	83	86	88
Pole Attachment Expense	83	83	75
Changes of Service	425	519	369
Customer Wireless Equipment Expense	639	78	1,093
Underground Line Expense	89	94	121
Miscellaneous Data/Internet Expense	9,619	10,192	11,066
Vehicle Expense	814	626	635
Maintenance:			
Fiber	55	85	37
Coax	63	189	18
Drops	95	142	120
Conduit System	28	83	36
Headend	14,068	29,841	16,639
Line Equipment	123	254	124
Modems	4,505	3,160	4,026
Vacation, Holiday, Sick Leave	3,147	2,637	2,228
Property Taxes	46	(1)	41
Depreciation	21,966	20,798	20,183
Amortization	---	---	16,107
Total Data/Internet	\$84,946	\$98,138	\$103,836

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - October 2013

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
CATV			
Program Acquisition Expense	\$3,551,154	\$3,492,730	\$3,433,432
Promotional Expense	16,848	6,410	11,962
Electricity Expense	25,000	24,732	24,634
Pole Attachment Expense	22,500	22,500	21,567
Changes of Service	9,649	11,735	9,599
Underground Line Expense	26,214	22,249	23,732
Ad Insertion - Marketing/Production	63,707	57,184	72,205
Miscellaneous CATV Expense	182,659	179,850	182,773
Vehicle Expense	58,059	53,582	53,011
Maintenance:			
Fiber	15,445	8,093	8,887
Coax	18,954	14,342	10,500
Drops	28,357	26,185	22,597
Conduit System	7,915	12,152	5,781
Headend	228,557	185,570	217,856
Line Equipment	35,339	48,447	33,999
Converters	55,364	51,863	48,638
Ad Insertion	50,374	35,976	43,128
Vacation, Holiday, Sick Leave	53,347	79,543	45,915
Property Taxes	13,177	7,830	11,880
Depreciation	1,457,591	1,449,950	1,467,240
Amortization	---	---	483,210
 Total CATV	 5,920,210	 5,790,923	 6,232,546
 Data/Internet			
Data/Internet Access Charges	266,430	256,223	291,014
Promotional Expense	16,848	6,075	11,212
Electricity Expense	833	844	841
Pole Attachment Expense	833	833	746
Changes of Service	4,135	6,403	4,114
Customer Wireless Equipment Expense	6,712	9,058	19,550
Underground Line Expense	895	759	810
Miscellaneous Data/Internet Expense	95,027	101,035	106,163
Vehicle Expense	8,140	6,513	6,450
Maintenance:			
Fiber	539	276	310
Coax	647	470	360
Drops	968	898	777
Conduit System	276	424	202
Headend	141,972	252,621	134,127
Line Equipment	1,206	1,350	1,532
Modems	43,657	37,188	40,340
Vacation, Holiday, Sick Leave	37,566	29,365	32,351
Property Taxes	464	275	410
Depreciation	219,664	207,980	201,830
Amortization	---	---	161,070
 Total Data/Internet	 \$846,812	 \$918,590	 \$1,014,209

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - October 2013

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$1,042	\$1,042	\$1,042
Tools Expense	292	10	391
Maintenance:			
Fiber	754	1,178	512
Conduit System	391	1,146	501
MAN/MME Equipment	7,484	768	1,388
Vacation, Holiday, Sick Leave	261	876	96
Property Taxes	636	(11)	573
Depreciation	<u>22,135</u>	<u>20,963</u>	<u>20,341</u>
 Total MAN/MME	 <u>32,995</u>	 <u>25,972</u>	 <u>24,844</u>
<u>Customer Service Expense</u>			
Customer Information Expense	6,733	2,744	5,774
<u>Consumer Accounts</u>			
Supervision	2,457	2,090	2,141
Consumer Records and Collections	38,760	38,028	40,390
Uncollectible Accounts Expense	2,952	2,952	2,871
Vacation, Holiday, Sick Leave	<u>3,359</u>	<u>4,037</u>	<u>3,237</u>
 Total Consumer Accounts	 <u>47,528</u>	 <u>47,107</u>	 <u>48,639</u>
<u>Administrative and General</u>			
Administrative and General Salaries	57,105	64,527	60,569
Office Supplies and Expense	4,349	4,479	4,064
Outside Services Employed	7,510	6,590	5,681
Property Insurance	1,050	1,040	971
Casualty Ins, Injuries & Damages	5,422	2,915	7,457
Employee Pensions and Benefits	84,183	98,054	80,192
Fringe Benefits Charges to Construction	(5,708)	(6,287)	(4,698)
Rents	8,938	8,938	8,727
Miscellaneous General Expense	12,678	6,549	11,908
Maintenance of General Plant	3,130	2,687	2,523
Vacation, Holiday, Sick Leave	6,532	7,164	5,240
Depreciation	<u>9,223</u>	<u>8,276</u>	<u>8,425</u>
 Total Administrative and General	 <u>194,412</u>	 <u>204,932</u>	 <u>191,059</u>
 Total Operating Expenses	 <u>\$960,882</u>	 <u>\$967,246</u>	 <u>\$1,006,669</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - October 2013

	Budget <u>Estimate</u>	This Year	Last Year
<u>MAN/MME</u>			
Pole Attachment Expense	\$10,417	\$10,417	\$10,368
Tools Expense	2,917	393	1,089
Maintenance:			
Fiber	7,453	3,817	4,289
Conduit System	3,820	5,864	2,790
MAN/MME Equipment	75,269	15,241	35,403
Vacation, Holiday, Sick Leave	3,569	5,852	1,211
Property Taxes	6,361	3,777	5,730
Depreciation	<u>221,348</u>	<u>209,630</u>	<u>203,410</u>
Total MAN/MME	<u>331,154</u>	<u>254,991</u>	<u>264,290</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>85,901</u>	<u>26,775</u>	<u>54,497</u>
<u>Consumer Accounts</u>			
Supervision	24,402	26,594	25,434
Consumer Records and Collections	388,107	406,361	368,617
Uncollectible Accounts Expense	29,521	29,520	28,708
Vacation, Holiday, Sick Leave	<u>41,337</u>	<u>46,793</u>	<u>45,443</u>
Total Consumer Accounts	<u>483,367</u>	<u>509,268</u>	<u>468,202</u>
<u>Administrative and General</u>			
Administrative and General Salaries	561,966	598,846	522,201
Office Supplies and Expense	46,160	41,492	45,350
Outside Services Employed	123,337	67,587	71,192
Property Insurance	9,972	10,192	9,224
Casualty Ins, Injuries & Damages	54,221	41,639	62,777
Employee Pensions and Benefits	848,359	831,775	773,346
Fringe Benefits Charges to Construction	(57,000)	(61,150)	(55,771)
Rents	89,380	89,380	87,270
Miscellaneous General Expense	155,261	98,849	113,233
Maintenance of General Plant	31,464	27,888	25,552
Vacation, Holiday, Sick Leave	79,916	92,594	70,783
Depreciation	<u>92,227</u>	<u>82,760</u>	<u>84,250</u>
Total Administrative and General	<u>2,035,263</u>	<u>1,921,852</u>	<u>1,809,407</u>
Total Operating Expenses	<u>\$9,702,707</u>	<u>\$9,422,399</u>	<u>\$9,843,151</u>

Muscatine Power and Water - Communications Utility
Statistical Data
October 2013

Services	Budget	% Increase (Decrease)	% Increase (Decrease)		
	<u>Estimate</u>	<u>From Budget</u>	<u>This Year</u> ^{fn1}	<u>Fr. Last Yr.</u>	<u>Last Year</u> ^{fn1}
<u>CATV</u>					
Residential	7,177	(5.3)	6,800	(4.9)	7,154
Commercial/Hospitality	164	(1.8)	161	(5.3)	170
Total CATV	<u>7,341</u>	(5.2)	<u>6,961</u>	(5.0)	<u>7,324</u>
<u>Bulk Equivalent Services</u>					
Bulk Master Services	<u>357</u>	—	<u>350</u>	—	<u>476</u>
	<u>21</u>	---	<u>22</u>	---	<u>26</u>
<u>Internet</u>					
Residential	7,157	(5.1)	6,793	1.3	6,706
Commercial	454	3.5	470	2.0	461
Total Internet	<u>7,611</u>	(4.6)	<u>7,263</u>	1.3	<u>7,167</u>
<u>MAN/MME</u>					
	<u>56</u>	3.6	<u>58</u>	13.7	<u>51</u>

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