

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

**December 2013
(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 Position
Current Month - December 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	\$683,726	(4.5)	\$652,884 ^{fn1}	3.6	\$630,108 ^{fn2}
Data/Internet	344,328	11.0	382,231 ^{fn1}	19.0	321,116 ^{fn2}
MAN/MME	44,717	(4.7)	42,611	8.7	39,196
Miscellaneous	8,833	3.0X	35,439	2.9X	9,180
Total Operating Revenues	1,081,604	2.9	1,113,165	11.4	999,600
<u>Operating Expense</u>					
Operation	704,104	(2.2)	688,313	2.4	672,269
Maintenance	74,428	12.2	83,539	29.1	64,711
Depreciation	199,083	(2.0)	195,032	(0.3)	195,673
Amortization	---	---	---	---	64,428
Total Operating Expenses	977,615	(1.1)	966,884	(3.0)	997,081
Operating Income	103,989	40.7	146,281	57.1X	2,519
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	6,800	1.0	6,865	(31.5)	10,025
Interest Expense	(115,200)	0.4	(115,672)	(6.6)	(123,837)
Net Nonoperating Expense	(108,400)	0.4	(108,807)	(4.4)	(113,812)
Net Loss before Capital Contributions	(4,411)	-9.5X	37,474	-1.3X	(111,293)
Capital Contributions	---		890	22.8	725
Change in Net Position	(\$4,411)		\$38,364		(\$110,568)
Beginning Net Position	(23,825,365)		(23,641,918)		(23,373,629)
Ending Net Position	(\$23,829,776)		(\$23,603,554)		(\$23,484,197)
Net Loss to Operating Revenue	(0.4)		3.4		(11.1)
Debt Service Coverage on Bank Debt	3.38		3.79		2.98
Debt Service Coverage on Electric Utility Debt	2.10		2.47		1.74

fn1 Includes an adjustment to unbilled revenue of \$728 and \$3,438 for CATV and Data/Internet customers, respectively.

fn2 Includes an adjustment to unbilled revenues of \$1,672 and \$5,061 for CATV and Data/Internet customers, respectively.

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - December 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	\$7,957,015	(2.7)	\$7,742,366 ^{fn1}	0.7	\$7,687,783 ^{fn2}
Data/Internet	3,951,764	4.5	4,129,326 ^{fn1}	11.9	3,689,887 ^{fn2}
MAN/MME	536,609	(10.4)	480,735	0.9	476,238
Miscellaneous	105,855	37.4	145,448	30.3	111,632
Total Operating Revenues	12,551,243	(0.4)	12,497,875	4.4	11,965,540
<u>Operating Expense</u>					
Operation	8,371,410	(3.2)	8,102,822	1.9	7,948,485
Maintenance	896,898	(1.3)	885,340	15.8	764,685
Depreciation	2,388,997	(2.0)	2,340,384	(0.3)	2,348,076
Amortization	---	---	---	---	773,136
Total Operating Expenses	11,657,305	(2.8)	11,328,546	(4.3)	11,834,382
Operating Income	893,938	30.8	1,169,329	7.9X	131,158
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	82,783	4.7	86,674	(23.9)	113,951
Interest Expense	(1,382,400)	0.4	(1,388,043)	(4.2)	(1,449,424)
Net Nonoperating Expense	(1,299,617)	0.1	(1,301,369)	(2.6)	(1,335,473)
Net Loss before Capital Contributions	(405,679)	(67.5)	(132,040)	(89.0)	(1,204,315)
Capital Contributions	60,100		12,683	1.2X	5,828
Change in Net Position	(345,579)		(119,357)		(1,198,487)
Beginning Net Position	(23,484,197)		(23,484,197)		(22,285,710)
Ending Net Position	(\$23,829,776)		(\$23,603,554)		(\$23,484,197)
Net Loss to Operating Revenue	(3.2)		(1.1)		(10.1)
Debt Service Coverage on Bank Debt	3.06		3.27		3.06
Debt Service Coverage on Electric Utility Debt	1.82		2.00		1.82

fn1 Includes an adjustment to unbilled revenue of \$728 and \$3,438 for CATV and Data/Internet customers, respectively.

fn2 Includes an adjustment to unbilled revenues of \$1,672 and \$5,061 for CATV and Data/Internet customers, respectively.

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

ASSETS

	<u>2013</u>	<u>2012</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	<u>\$20</u>	<u>\$1,007,016</u>
Total Restricted Current Assets	<u>20</u>	<u>1,007,016</u>
<u>Unrestricted</u>		
Cash - interest bearing	3,621,527	2,048,474
Investments	2,612,080	3,027,000
Receivables:		
Consumer Accounts	1,307,259 ^{fn1}	1,178,815 ^{fn2}
Interest	79,756	113,305
Inventories	286,944	325,237
Prepaid Expenses	<u>62,387</u>	<u>65,455</u>
Total Unrestricted Current Assets	<u>7,969,953</u>	<u>6,758,286</u>
Total Current Assets	<u>7,969,973</u>	<u>7,765,302</u>
Property and Equipment:		
At Cost	32,421,909	31,572,896
Less Accumulated Depreciation	<u>23,262,632</u>	<u>21,354,910</u>
Net Property and Equipment	<u>9,159,277</u>	<u>10,217,986</u>
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$7,730,912 in 2013 and \$7,730,912 in 2012	<u>---</u>	<u>---</u>
TOTAL ASSETS	<u><u>\$17,129,250</u></u>	<u><u>\$17,983,288</u></u>

fn1 Includes \$87,355 for unbilled revenues.

fn2 Includes \$83,189 for unbilled revenues.

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

LIABILITIES AND NET POSITION

	<u>2013</u>	<u>2012</u>
Current Liabilities:		
<u>Restricted</u>		
Notes Payable - Banks	\$960,000	\$915,000
Accrued Interest	70,500	92,002
	<hr/>	<hr/>
Total Restricted Current Liabilities	1,030,500	1,007,002
	<hr/>	<hr/>
<u>Unrestricted</u>		
Accrued Interest	623,522	623,522
Accounts Payable	638,400	490,454
Health & Dental Insurance Provision	37,700	30,858
Intercompanies	---	8,719
Accrued Payroll	71,184	59,208
Accrued Vacation	144,244	125,204
Accrued Property Taxes	12,328	13,356
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	161,327	150,929
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Total Unrestricted Current Liabilities	1,706,205	1,519,750
	<hr/>	<hr/>
Total Current Liabilities	2,736,705	2,526,752
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	292,319	289,252
Post-Employment Health Benefit Provision	54,801	25,002
Unearned Revenue - Dark Fiber Lease	281,979	299,479
Notes Payable:		
Banks	2,040,000	3,000,000
Electric Utility	35,327,000	35,327,000
	<hr/>	<hr/>
Total Non-Current Liabilities	37,996,099	38,940,733
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	6,159,277	6,302,986
Unrestricted	(29,762,831)	(29,787,183)
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Total Net Position	(23,603,554)	(23,484,197)
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TOTAL LIABILITIES AND NET POSITION	<u>\$17,129,250</u>	<u>\$17,983,288</u>

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

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,099,403	\$11,969,802
Advertising sales	25,568	286,036
Sale of digital equipment	—	1,210
Miscellaneous sources	11,232	125,725
Cash paid to/for:		
Suppliers	(460,947)	(5,348,529)
Employees payroll, taxes and benefits	(255,531)	(3,531,061)
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Net cash flows from operating activities	419,725	3,503,183
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Cash flows from capital and related financing activities:		
Capital expenditures, net	(111,804)	(1,147,723)
Loan principal payments	---	(915,000)
Loan interest payments	---	(1,409,546)
	<hr/>	<hr/>
Net cash flows from capital and related financing activities	(111,804)	(3,472,269)
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest received on investments	241	119,359
Accrued interest purchased	---	(193)
Amortization/accretion of investments	(18)	529
Mark to Market	(65)	528
	<hr/>	<hr/>
Net cash flows from investing activities	158	120,223
	<hr/>	<hr/>
Net increase in cash and investments	308,079	151,137
	<hr/>	<hr/>
Cash and investments at beginning of period	5,925,548	6,082,490
	<hr/>	<hr/>
Cash and investments at end of period	\$6,233,627	\$6,233,627
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Muscatine Power and Water - Communications Utility
Statements of Cash Flows
December 2013

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$146,281	\$1,169,329
Noncash items in operating income:		
Converter/modem write-off	14,567	39,898
Depreciation of utility plant	195,032	2,340,384
Changes in assets and liabilities:		
Consumer accounts receivable	(3,193)	(128,444)
Inventories	5,404	38,293
Prepaid and deferred expenses	7,711	3,068
Accounts payable	(15,589)	(13,221)
Pension provision	39,271	—
Health & dental insurance provision	(17,021)	9,909
Other post-employment benefit provision	4,579	29,799
Deferred Revenue	(1,459)	(17,500)
Intercompany payable	—	(8,719)
Accrued payroll	18,986	11,976
Accrued vacation	(8,234)	19,040
Accrued property taxes	(34)	(1,029)
Miscellaneous accrued expenses	33,424	10,400
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Net cash flows from operating activities	<u>\$419,725</u>	<u>\$3,503,183</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$355,854	\$339,053	\$347,716
Promotional Expense	1,584	541	1,576
Electricity Expense	2,500	2,588	2,421
Pole Attachment Expense	2,250	1,032	1,918
Changes of Service	1,021	1,204	332
Underground Line Expense	2,615	3,240	1,570
Ad Insertion - Marketing/Production	6,384	7,410	5,390
Miscellaneous CATV Expense	18,326	23,829	19,052
Vehicle Expense	5,760	4,537	8,055
Maintenance:			
Fiber	1,541	743	342
Coax	1,849	1,411	1,194
Drops	2,772	1,147	2,836
Conduit System	812	620	2,373
Headend	22,872	28,772	17,962
Line Equipment	3,412	3,664	1,870
Converters	5,607	6,038	3,903
Ad Insertion	5,048	4,484	5,588
Vacation, Holiday, Sick Leave	8,685	10,153	9,282
Property Taxes	1,318	(22)	(2,899)
Depreciation	145,759	144,995	146,724
Amortization	---	---	48,321
Total CATV	595,969	585,439	625,526
<u>Data/Internet</u>			
Data/Internet Access Charges	27,551	24,876	18,082
Promotional Expense	1,584	547	1,543
Electricity Expense	83	88	83
Pole Attachment Expense	83	(17)	70
Changes of Service	438	516	142
Customer Wireless Equipment Expense	639	---	462
Underground Line Expense	89	111	54
Miscellaneous Data/Internet Expense	9,561	13,215	7,484
Vehicle Expense	814	549	985
Maintenance:			
Fiber	54	26	12
Coax	63	48	41
Drops	95	39	97
Conduit System	28	22	83
Headend	14,033	27,271	20,709
Line Equipment	116	125	64
Modems	4,472	3,243	2,543
Vacation, Holiday, Sick Leave	6,360	4,078	6,155
Property Taxes	46	(1)	(101)
Depreciation	21,966	20,798	20,183
Amortization	---	---	16,107
Total Data/Internet	\$88,075	\$95,534	\$94,798

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$4,264,066	\$4,168,850	\$4,120,587
Promotional Expense	20,017	7,409	15,456
Electricity Expense	30,000	29,808	29,494
Pole Attachment Expense	27,000	27,298	26,875
Changes of Service	11,626	13,821	10,702
Underground Line Expense	31,478	27,693	27,458
Ad Insertion - Marketing/Production	76,476	70,659	86,826
Miscellaneous CATV Expense	219,201	220,549	222,333
Vehicle Expense	69,658	62,493	66,096
Maintenance:			
Fiber	18,562	9,685	9,968
Coax	22,729	17,110	12,750
Drops	33,898	30,303	28,922
Conduit System	9,573	15,189	9,606
Headend	274,525	233,376	252,748
Line Equipment	42,208	54,298	39,034
Converters	66,581	62,147	59,105
Ad Insertion	60,469	44,731	51,182
Vacation, Holiday, Sick Leave	70,682	99,121	63,816
Property Taxes	15,812	7,784	6,081
Depreciation	1,749,109	1,739,940	1,760,688
Amortization	---	---	579,852
Total CATV	7,113,670	6,942,264	7,479,579
<u>Data/Internet</u>			
Data/Internet Access Charges	321,532	305,974	332,896
Promotional Expense	20,017	7,085	14,329
Electricity Expense	1,000	1,017	1,007
Pole Attachment Expense	1,000	953	938
Changes of Service	4,983	7,297	4,587
Customer Wireless Equipment Expense	7,990	9,058	20,940
Underground Line Expense	1,074	945	937
Miscellaneous Data/Internet Expense	114,228	123,354	127,458
Vehicle Expense	9,768	7,591	8,047
Maintenance:			
Fiber	648	332	348
Coax	775	564	437
Drops	1,157	1,038	993
Conduit System	334	530	335
Headend	170,074	307,028	173,171
Line Equipment	1,440	1,550	1,703
Modems	52,445	43,362	46,281
Vacation, Holiday, Sick Leave	50,209	37,745	44,250
Property Taxes	557	274	208
Depreciation	263,597	249,576	242,196
Amortization	---	---	193,284
Total Data/Internet	\$1,022,828	\$1,105,273	\$1,214,345

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$1,042	\$983	\$948
Tools Expense	292	1	182
Maintenance:			
Fiber	744	359	165
Conduit System	391	299	1,145
MAN/MME Equipment	7,388	2,794	1,357
Vacation, Holiday, Sick Leave	528	794	250
Property Taxes	636	(11)	(1,399)
Depreciation	22,135	20,963	20,341
Total MAN/MME	33,156	26,182	22,989
<u>Customer Service Expense</u>			
Customer Information Expense	6,734	10,949	7,425
<u>Consumer Accounts</u>			
Supervision	2,457	1,985	1,767
Consumer Records and Collections	38,760	42,948	34,563
Uncollectible Accounts Expense	2,952	(21,150)	869
Vacation, Holiday, Sick Leave	6,737	7,130	7,027
Total Consumer Accounts	50,906	30,913	44,226
<u>Administrative and General</u>			
Administrative and General Salaries	57,269	52,875	45,341
Office Supplies and Expense	4,355	6,386	3,079
Outside Services Employed	9,064	7,468	7,316
Property Insurance	1,050	1,040	971
Casualty Ins, Injuries & Damages	5,422	15,858	34,898
Employee Pensions and Benefits	84,143	100,664	76,496
Fringe Benefits Charges to Construction	(5,200)	(4,560)	(5,863)
Rents	8,938	8,938	8,727
Miscellaneous General Expense	12,568	4,847	4,950
Maintenance of General Plant	3,131	2,434	2,427
Vacation, Holiday, Sick Leave	12,812	13,641	15,350
Depreciation	9,223	8,276	8,425
Total Administrative and General	202,775	217,867	202,117
Total Operating Expenses	\$977,615	\$966,884	\$997,081

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$12,500	\$13,172	\$12,968
Tools Expense	3,500	396	1,478
Maintenance:			
Fiber	8,957	4,586	4,810
Conduit System	4,619	7,329	4,635
MAN/MME Equipment	90,179	19,052	37,717
Vacation, Holiday, Sick Leave	4,625	7,404	1,692
Property Taxes	7,633	3,756	2,932
Depreciation	265,618	251,556	244,092
Total MAN/MME	397,631	307,251	310,324
<u>Customer Service Expense</u>			
Customer Information Expense	98,798	42,907	68,245
<u>Consumer Accounts</u>			
Supervision	29,360	30,530	29,647
Consumer Records and Collections	465,685	486,985	440,661
Uncollectible Accounts Expense	35,425	11,322	32,448
Vacation, Holiday, Sick Leave	54,810	60,712	59,265
Total Consumer Accounts	585,280	589,549	562,021
<u>Administrative and General</u>			
Administrative and General Salaries	676,219	706,581	619,582
Office Supplies and Expense	55,154	51,136	53,284
Outside Services Employed	140,235	80,341	83,873
Property Insurance	12,072	12,272	11,167
Casualty Ins, Injuries & Damages	65,065	63,937	103,758
Employee Pensions and Benefits	1,016,598	1,029,097	921,935
Fringe Benefits Charges to Construction	(68,083)	(71,516)	(65,587)
Rents	107,256	107,256	104,724
Miscellaneous General Expense	180,664	109,722	134,251
Maintenance of General Plant	37,725	33,130	30,940
Vacation, Holiday, Sick Leave	105,520	120,034	100,841
Depreciation	110,673	99,312	101,100
Total Administrative and General	2,439,098	2,341,302	2,199,868
Total Operating Expenses	\$11,657,305	\$11,328,546	\$11,834,382

Muscatine Power and Water - Communications Utility
Statistical Data
December 2013

	Budget Estimate	% Increase (Decrease) From Budget	This Year ^{fn1}	% Increase (Decrease) Fr. Last Yr.	Last Year ^{fn1}
<u>Services</u>					
<u>CATV</u>					
Residential	7,122	(6.0)	6,696	(5.9)	7,114
Commercial/Hospitality	<u>164</u>	(1.2)	<u>162</u>	(3.0)	<u>167</u>
Total CATV	<u>7,286</u>	(5.9)	<u>6,858</u>	(5.8)	<u>7,281</u>
Bulk Equivalent Services	<u>357</u>	(2.0)	<u>350</u>	(26.5)	<u>476</u>
Bulk Master Services	<u>21</u>	4.8	<u>22</u>	(15.4)	<u>26</u>
<u>Internet</u>					
Residential	7,218	(5.8)	6,800	1.1	6,725
Commercial	<u>454</u>	2.9	<u>467</u>	2.2	<u>457</u>
Total Internet	<u>7,672</u>	(5.3)	<u>7,267</u>	1.2	<u>7,182</u>
<u>MAN/MME</u>	<u>56</u>	7.1	<u>60</u>	20.0	<u>50</u>

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