

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

July 2014

**Muscatine Power and Water
Communications Utility**

Table of Contents

	Page
Statements of Revenues, Expenses, and Changes in Net Position.....	1-2
Statements of Net Position.....	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 Position
Current Month - July 2014

	<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	\$619,642	(7.4)	\$574,063	(10.5)	\$641,102
Data/Internet	383,996	3.0	395,513	20.1	329,352
MAN/MME	54,903	(18.5)	44,730	9.0	41,052
Miscellaneous	9,031	33.1	12,023	38.1	8,706
Total Operating Revenues	<u>1,067,572</u>	(3.9)	<u>1,026,329</u>	0.6	<u>1,020,212</u>
<u>Operating Expense</u>					
Operation	716,879	(11.5)	634,288	(4.5)	663,980
Maintenance	77,560	8.2	83,901	15.7	72,510
Depreciation	170,609	(3.5)	164,703	(15.6)	195,032
Total Operating Expenses	<u>965,048</u>	(8.5)	<u>882,892</u>	(5.2)	<u>931,522</u>
Operating Income	<u>102,524</u>	39.9	<u>143,437</u>	61.7	<u>88,690</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	3,988	2.1	4,070	(41.7)	6,983
Interest Expense	(111,910)	---	(111,910)	(3.3)	(115,670)
Net Nonoperating Expense	<u>(107,922)</u>	(0.1)	<u>(107,840)</u>	(0.8)	<u>(108,687)</u>
Net Loss before Capital Contributions	(5,398)	-7.6X	35,597	-2.8X	(19,997)
Capital Contributions	---		1,597	1.1X	760
Change in Net Position	(\$5,398)		\$37,194		(\$19,237)
Beginning Net Position	<u>(23,663,770)</u>		<u>(23,348,937)</u>		<u>(23,626,247)</u>
Ending Net Position	<u>(\$23,669,168)</u>		<u>(\$23,311,743)</u>		<u>(\$23,645,484)</u>
Net Loss to Operating Revenue	(0.5)		3.5		(2.0)
Debt Service Coverage on Bank Debt	3.02		3.40		3.17
Debt Service Coverage on Electric Utility Debt	1.78		2.12		1.91

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - July 2014

	<u>Budget</u> <u>Estimate</u>	<u>% Increase</u> <u>(Decrease)</u> <u>From Budget</u>	<u>This</u> <u>Year</u>	<u>% Increase</u> <u>(Decrease)</u> <u>Fr. Last Yr.</u>	<u>Last</u> <u>Year</u>
<u>Operating Revenue</u>					
CATV	\$4,326,298	(1.2)	\$4,272,790	(5.6)	\$4,528,256
Data/Internet	2,670,620	2.4	2,734,198	19.7	2,285,157
MAN/MME	340,155	(10.0)	306,089	9.2	280,320
Miscellaneous	<u>64,089</u>	25.8	<u>80,624</u>	16.9	<u>68,991</u>
Total Operating Revenues	<u>7,401,162</u>	(0.1)	<u>7,393,701</u>	3.2	<u>7,162,724</u>
<u>Operating Expense</u>					
Operation	4,985,468	(6.6)	4,658,611	(1.2)	4,717,140
Maintenance	532,296	4.6	556,960	14.9	484,681
Depreciation	<u>1,194,264</u>	(3.5)	<u>1,152,921</u>	(15.6)	<u>1,365,224</u>
Total Operating Expenses	<u>6,712,028</u>	(5.1)	<u>6,368,492</u>	(3.0)	<u>6,567,045</u>
Operating Income	<u>689,134</u>	48.8	<u>1,025,209</u>	72.1	<u>595,679</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	28,622	(4.6)	27,303	(42.6)	47,560
Interest Expense	<u>(783,370)</u>	---	<u>(783,372)</u>	(3.3)	<u>(809,692)</u>
Net Nonoperating Expense	<u>(754,748)</u>	0.2	<u>(756,069)</u>	(0.8)	<u>(762,132)</u>
Net Loss before Capital Contributions	(65,614)	-5.1X	269,140	-2.6X	(166,453)
Capital Contributions	<u>---</u>		<u>22,671</u>	3.4X	<u>5,163</u>
Change in Net Position	(65,614)		291,811		(161,290)
Beginning Net Position	<u>(23,603,554)</u>		<u>(23,603,554)</u>		<u>(23,484,194)</u>
Ending Net Position	<u>(\$23,669,168)</u>		<u>(\$23,311,743)</u>		<u>(\$23,645,484)</u>
Net Loss to Operating Revenue	(0.9)		3.6		(2.3)
Debt Service Coverage on Bank Debt	2.98		3.43		3.13
Debt Service Coverage on Electric Utility Debt	1.75		2.15		1.88

Muscatine Power and Water - Communications Utility
Statements of Net Position
July 2014

ASSETS

	<u>2014</u>	<u>2013</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$27	\$20
Total Restricted Current Assets	<u>27</u>	<u>20</u>
<u>Unrestricted</u>		
Cash - interest bearing	3,353,626	1,450,549
Investments	2,152,000	3,612,073
Receivables:		
Consumer Accounts	1,153,976	1,162,363
Interest	25,825	46,254
Inventories	225,554	312,936
Prepaid Expenses	148,521	138,403
Total Unrestricted Current Assets	<u>7,059,502</u>	<u>6,722,578</u>
Total Current Assets	<u>7,059,529</u>	<u>6,722,598</u>
Property and Equipment:		
At Cost	32,719,714	32,108,784
Less Accumulated Depreciation	<u>24,032,786</u>	<u>22,528,746</u>
Net Property and Equipment	<u>8,686,928</u>	<u>9,580,038</u>
TOTAL ASSETS	<u><u>\$15,746,457</u></u>	<u><u>\$16,302,636</u></u>

Muscatine Power and Water - Communications Utility
Statements of Net Position
July 2014

LIABILITIES AND NET POSITION

	<u>2014</u>	<u>2013</u>
Current Liabilities:		
<u>Restricted</u>		
Notes Payable - Banks	\$1,005,000	\$960,000
Accrued Interest	7,990	11,750
	<hr/>	<hr/>
Total Restricted Current Liabilities	1,012,990	971,750
	<hr/>	<hr/>
<u>Unrestricted</u>		
Accrued Interest	103,920	103,920
Accounts Payable	405,502	448,846
Intercompany Payable	553	---
Pension Provision	193,893	9,182
Health & Dental Insurance Provision	37,700	30,858
Accrued Payroll	84,577	74,242
Accrued Vacation	147,459	145,411
Accrued Property Taxes	13,955	17,637
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	81,663	101,918
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	1,086,722	949,514
	<hr/>	<hr/>
Total Current Liabilities	2,099,712	1,921,264
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	260,437	338,680
Post-Employment Health Benefit Provision	64,280	31,905
Unearned Revenue - Dark Fiber Lease	271,771	289,271
Notes Payable:		
Banks	1,035,000	2,040,000
Electric Utility	35,327,000	35,327,000
	<hr/>	<hr/>
Total Non-Current Liabilities	36,958,488	38,026,856
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	6,646,928	6,580,038
Unrestricted	(29,958,671)	(30,225,522)
	<hr/>	<hr/>
Total Net Position	(23,311,743)	(23,645,484)
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$15,746,457</u></u>	<u><u>\$16,302,636</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
July 2014

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$878,432	\$7,142,768
Advertising sales	27,146	215,116
Miscellaneous sources	23,521	99,088
Cash paid to/for:		
Suppliers	(277,865)	(3,171,829)
Employees payroll, taxes and benefits	(250,632)	(1,922,582)
Net cash flows from operating activities	400,602	2,362,561
Cash flows from capital and related financing activities:		
Capital expenditures, net	(150,900)	(846,285)
Loan principal payments	---	(960,000)
Loan interest payments	(671,462)	(1,365,484)
Net cash flows from capital and related financing activities	(822,362)	(3,171,769)
Cash flows from investing activities:		
Interest received on investments	158	81,305
Amortization/accretion of investments	---	(71)
Mark to Market	---	---
Net cash flows from investing activities	158	81,234
Net decrease in cash and investments	(421,602)	(727,974)
Cash and investments at beginning of period	5,927,255	6,233,627
Cash and investments at end of period	\$5,505,653	\$5,505,653

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
July 2014

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$143,437	\$1,025,209
Noncash items in operating income:		
Converter/modem write-off	51	6,401
Depreciation of utility plant	164,703	1,152,921
Changes in assets and liabilities:		
Consumer accounts receivable	56,999	153,283
Inventories	16,030	61,390
Prepaid and deferred expenses	34,250	(86,134)
Accounts payable	(2,047)	(50,915)
Pension provision	27,699	193,893
Health & dental insurance provision	3,374	(31,882)
Other post-employment benefit provision	1,354	9,479
Unearned revenue	(1,458)	(10,208)
Intercompany payable	553	553
Accrued payroll	23,739	13,393
Accrued vacation	(2,912)	3,215
Accrued property taxes	1,113	1,627
Miscellaneous accrued expenses	(66,283)	(79,664)
	<u>\$400,602</u>	<u>\$2,362,561</u>
Net cash flows from operating activities	<u>\$400,602</u>	<u>\$2,362,561</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - July 2014

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$364,586	\$312,676	\$344,759
Promotional Expense	888	438	399
Electricity Expense	2,667	2,514	2,519
Pole Attachment Expense	2,292	2,292	2,250
Changes of Service	1,365	1,323	1,040
Underground Line Expense	2,562	3,237	2,666
Ad Insertion - Marketing/Production	6,656	5,408	4,736
Miscellaneous CATV Expense	13,837	6,469	5,545
Vehicle Expense	6,014	6,444	6,641
Maintenance:			
Fiber	752	991	58
Coax	2,398	2,440	710
Drops	2,290	3,255	2,388
Conduit System	872	2,084	2,071
Headend	23,737	19,071	19,087
Line Equipment	4,223	4,781	2,464
Converters	6,231	4,916	5,093
Ad Insertion	3,985	4,089	3,602
Vacation, Holiday, Sick Leave	6,032	7,710	12,644
Property Taxes	733	734	316
Depreciation	116,212	111,937	144,995
Total CATV	568,332	502,809	563,983
<u>Data/Internet</u>			
Data/Internet Access Charges	33,608	25,779	24,591
Promotional Expense	888	464	425
Electricity Expense	100	86	86
Pole Attachment Expense	83	83	83
Changes of Service	70	567	446
Customer Wireless Equipment Expense	268	160	424
Underground Line Expense	87	110	91
Miscellaneous Data/Internet Expense	2,452	1,559	2,047
Vehicle Expense	836	785	812
Maintenance:			
Fiber	26	35	2
Coax	82	83	24
Drops	78	111	82
Conduit System	30	73	72
Headend	15,297	27,249	26,651
Line Equipment	141	163	84
Modems	4,905	3,979	4,213
Vacation, Holiday, Sick Leave	2,874	2,584	3,245
Property Taxes	26	26	11
Depreciation	24,382	23,680	20,798
Total Data/Internet	\$86,233	\$87,576	84,187

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - July 2014

	Budget Estimate	This Year	Last Year
<u>CATV</u>			
Program Acquisition Expense	\$2,555,540	\$2,374,597	\$2,465,582
Promotional Expense	6,213	3,801	4,626
Electricity Expense	18,667	17,553	17,191
Pole Attachment Expense	16,042	16,042	15,750
Changes of Service	9,348	9,481	7,884
Underground Line Expense	17,965	15,761	14,036
Ad Insertion - Marketing/Production	46,093	42,685	38,866
Miscellaneous CATV Expense	95,074	68,091	131,289
Vehicle Expense	41,907	39,046	39,098
Maintenance:			
Fiber	4,963	8,873	3,789
Coax	16,221	9,901	6,038
Drops	15,042	11,900	14,410
Conduit System	5,346	8,890	6,406
Headend	162,755	136,302	127,990
Line Equipment	28,648	32,221	28,157
Converters	42,649	28,181	38,697
Ad Insertion	27,887	30,329	24,149
Vacation, Holiday, Sick Leave	35,156	32,525	51,948
Property Taxes	5,135	5,135	7,220
Depreciation	813,483	783,559	1,014,965
Total CATV	3,964,134	3,674,873	4,058,091
<u>Data/Internet</u>			
Data/Internet Access Charges	217,256	181,395	177,576
Promotional Expense	6,213	3,963	4,440
Electricity Expense	700	599	587
Pole Attachment Expense	583	583	583
Changes of Service	480	4,063	3,379
Customer Wireless Equipment Expense	1,830	203	8,979
Underground Line Expense	613	538	479
Miscellaneous Data/Internet Expense	16,353	17,326	68,818
Vehicle Expense	5,850	4,750	4,754
Maintenance:			
Fiber	173	1,236	126
Coax	554	338	206
Drops	513	407	496
Conduit System	187	310	224
Headend	108,285	196,084	173,206
Line Equipment	955	1,100	658
Modems	32,560	26,735	25,573
Vacation, Holiday, Sick Leave	16,626	13,433	21,719
Property Taxes	179	179	254
Depreciation	170,672	165,760	145,586
Total Data/Internet	\$580,582	\$619,002	\$637,643

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - July 2014

	Budget Estimate	This Year	Last Year
<u>MAN/MME</u>			
Pole Attachment Expense	\$1,100	\$1,100	\$1,042
Tools Expense	292	586	29
Maintenance:			
Fiber	363	478	28
Conduit System	421	1,006	999
MAN/MME Equipment	7,784	5,232	1,039
Vacation, Holiday, Sick Leave	631	860	670
Property Taxes	354	354	152
Depreciation	20,841	20,425	20,963
Total MAN/MME	31,786	30,041	24,922
<u>Customer Service Expense</u>			
Customer Information Expense	6,059	2,854	1,689
<u>Consumer Accounts</u>			
Supervision	2,538	3,078	2,787
Consumer Records and Collections	40,583	41,593	42,056
Uncollectible Accounts Expense	3,626	3,627	2,952
Vacation, Holiday, Sick Leave	5,296	6,128	5,665
Total Consumer Accounts	52,043	54,426	53,460
<u>Administrative and General</u>			
Administrative and General Salaries	72,918	72,731	67,297
Office Supplies and Expense	5,349	6,560	3,988
Outside Services Employed	11,489	6,375	6,065
Property Insurance	1,177	1,187	1,040
Casualty Ins, Injuries & Damages	6,503	6,192	3,705
Employee Pensions and Benefits	82,509	78,865	79,617
Fringe Benefits Charges to Construction	(6,567)	(5,530)	(7,793)
Rents	9,206	9,206	8,938
Miscellaneous General Expense	12,006	4,412	16,349
Maintenance of General Plant	3,945	3,865	3,843
Vacation, Holiday, Sick Leave	12,886	12,662	11,956
Depreciation	9,174	8,661	8,276
Total Administrative and General	220,595	205,186	203,281
Total Operating Expenses	\$965,048	\$882,892	\$931,522

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - July 2014

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$7,700	\$7,700	\$7,292
Tools Expense	2,042	3,290	296
Maintenance:			
Fiber	2,395	4,282	1,740
Conduit System	2,580	4,290	3,091
MAN/MME Equipment	53,485	32,708	11,152
Vacation, Holiday, Sick Leave	3,484	3,778	3,857
Property Taxes	2,477	2,478	3,484
Depreciation	145,890	142,975	146,741
Total MAN/MME	220,053	201,501	177,653
<u>Customer Service Expense</u>			
Customer Information Expense	59,223	15,598	15,757
<u>Consumer Accounts</u>			
Supervision	17,489	18,491	18,792
Consumer Records and Collections	278,488	286,171	282,542
Uncollectible Accounts Expense	25,386	25,386	20,664
Vacation, Holiday, Sick Leave	30,880	36,634	34,024
Total Consumer Accounts	352,243	366,682	356,022
<u>Administrative and General</u>			
Administrative and General Salaries	496,947	499,827	397,704
Office Supplies and Expense	33,030	32,155	29,270
Outside Services Employed	80,458	66,662	47,958
Property Insurance	8,000	7,865	7,073
Casualty Ins, Injuries & Damages	44,440	46,728	31,292
Employee Pensions and Benefits	581,226	597,773	576,305
Fringe Benefits Charges to Construction	(42,915)	(44,040)	(40,537)
Rents	64,443	64,443	62,566
Miscellaneous General Expense	103,167	68,189	67,081
Maintenance of General Plant	27,098	22,873	18,573
Vacation, Holiday, Sick Leave	75,680	67,734	66,662
Depreciation	64,219	60,627	57,932
Total Administrative and General	1,535,793	1,490,836	1,321,879
Total Operating Expenses	\$6,712,028	\$6,368,492	\$6,567,045

Muscatine Power and Water - Communications Utility
Statistical Data
July 2014

Services	Budget Estimate	% Increase (Decrease) From Budget	This Year ^{fn1}	% Increase (Decrease) Fr. Last Yr.	Last Year ^{fn1}
<u>CATV</u>					
Residential	6,683	(6.6)	6,242	(10.0)	6,936
Commercial/Hospitality	<u>162</u>	0.6	<u>163</u>	0.0	<u>163</u>
Total CATV	<u>6,845</u>	(6.4)	<u>6,405</u>	(9.8)	<u>7,099</u>
Bulk Equivalent Services	<u>359</u>	4.5	<u>375</u>	0.5	<u>373</u>
Bulk Master Services	<u>22</u>	4.5	<u>23</u>	4.5	<u>22</u>
<u>Internet</u>					
Residential	6,971	(0.4)	6,941	1.9	6,813
Commercial	<u>439</u>	6.4	<u>467</u>	(0.2)	<u>468</u>
Total Internet	<u>7,410</u>	(0.0)	<u>7,408</u>	1.7	<u>7,281</u>
<u>MAN/MME</u>	<u>67</u>	---	<u>67</u>	19.6	<u>56</u>

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