

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

September 2014

**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 - September 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	\$641,589	(7.5)	\$593,622	(8.4)	\$647,891
Data/Internet	384,556	3.1	396,291	5.0	377,565
MAN/MME	46,070	(0.0)	46,065	9.7	41,975
Miscellaneous	9,031	16.0	10,479	10.1	9,517
Total Operating Revenues	1,081,246	(3.2)	1,046,457	(2.8)	1,076,948
<u>Operating Expense</u>					
Operation	716,058	(14.5)	612,166	(9.8)	678,882
Maintenance	77,034	1.5	78,173	8.3	72,179
Depreciation	170,609	(3.5)	164,703	(15.6)	195,032
Total Operating Expenses	963,701	(11.3)	855,042	(9.6)	946,093
Operating Income	117,545	62.8	191,415	46.3	130,855
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	3,956	0.5	3,977	(65.4)	11,503
Interest Expense	(111,910)	---	(111,910)	(3.3)	(115,670)
Net Nonoperating Expense	(107,954)	(0.0)	(107,933)	3.6	(104,167)
Net Loss before Capital Contributions	9,591	7.7X	83,482	2.1X	26,688
Capital Contributions	---		1,772	1.3X	783
Change in Net Position	\$9,591		\$85,254		\$27,471
Beginning Net Position	(23,683,796)		(23,255,938)		(23,672,263)
Ending Net Position	(\$23,674,205)		(\$23,170,684)		(\$23,644,792)
Net Loss to Operating Revenue	0.9		8.0		2.5
Debt Service Coverage on Bank Debt	3.18		3.93		3.68
Debt Service Coverage on Electric Utility Debt	1.93		2.58		2.36

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - September 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	\$5,587,238	(2.4)	\$5,455,793	(6.2)	\$5,815,029
Data/Internet	3,439,562	2.6	3,527,395	17.8	2,993,624
MAN/MME	432,294	(8.0)	397,874	9.4	363,773
Miscellaneous	82,151	29.4	106,281	17.6	90,398
	<u>9,541,245</u>	(0.6)	<u>9,487,343</u>	2.4	<u>9,262,824</u>
<u>Operating Expense</u>					
Operation	6,419,197	(7.8)	5,918,641	(2.3)	6,058,810
Maintenance	686,575	3.1	707,713	10.4	641,054
Depreciation	1,535,484	(3.5)	1,482,327	(15.6)	1,755,288
	<u>8,641,256</u>	(6.2)	<u>8,108,681</u>	(4.1)	<u>8,455,152</u>
Operating Income	<u>899,989</u>	53.2	<u>1,378,662</u>	70.7	<u>807,672</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	36,550	(3.3)	35,356	(46.5)	66,045
Interest Expense	(1,007,190)	---	(1,007,192)	(3.3)	(1,041,032)
	<u>(970,640)</u>	0.1	<u>(971,836)</u>	(0.3)	<u>(974,987)</u>
Net Nonoperating Expense	<u>(970,640)</u>	0.1	<u>(971,836)</u>	(0.3)	<u>(974,987)</u>
Net Loss before Capital Contributions	<u>(70,651)</u>	-6.8X	<u>406,826</u>	-3.4X	<u>(167,315)</u>
Capital Contributions	<u>---</u>		<u>26,044</u>	2.9X	<u>6,717</u>
Change in Net Position	<u>(70,651)</u>		<u>432,870</u>		<u>(160,598)</u>
Beginning Net Position	<u>(23,603,554)</u>		<u>(23,603,554)</u>		<u>(23,484,194)</u>
Ending Net Position	<u>(\$23,674,205)</u>		<u>(\$23,170,684)</u>		<u>(\$23,644,792)</u>
Net Loss to Operating Revenue	(0.7)		4.3		(1.8)
Debt Service Coverage on Bank Debt	2.99		3.51		3.18
Debt Service Coverage on Electric Utility Debt	1.76		2.21		1.93

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

ASSETS

	<u>2014</u>	<u>2013</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	<u>\$27</u>	<u>\$20</u>
Total Restricted Current Assets	<u>27</u>	<u>20</u>
<u>Unrestricted</u>		
Cash - interest bearing	3,743,348	3,112,222
Investments	2,152,000	2,612,205
Receivables:		
Consumer Accounts	1,199,673	1,239,866
Interest	33,526	59,647
Inventories	239,370	305,901
Prepaid Expenses	<u>114,550</u>	<u>103,480</u>
Total Unrestricted Current Assets	<u>7,482,467</u>	<u>7,433,321</u>
Total Current Assets	<u>7,482,494</u>	<u>7,433,341</u>
Property and Equipment:		
At Cost	32,814,270	32,192,827
Less Accumulated Depreciation	<u>24,275,447</u>	<u>22,897,288</u>
Net Property and Equipment	<u>8,538,823</u>	<u>9,295,539</u>
TOTAL ASSETS	<u><u>\$16,021,317</u></u>	<u><u>\$16,728,880</u></u>

Muscatine Power and Water - Communications Utility
Statements of Net Position
September 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	<u>23,970</u>	<u>35,250</u>
Total Restricted Current Liabilities	<u>1,028,970</u>	<u>995,250</u>
<u>Unrestricted</u>		
Accrued Interest	311,760	311,760
Accounts Payable	477,247	521,554
Pension Provision	90,320	51,915
Health & Dental Insurance Provision	37,700	30,858
Accrued Payroll	22,056	111,768
Accrued Vacation	138,976	153,153
Accrued Property Taxes	3,339	12,431
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	<u>101,691</u>	<u>147,086</u>
Total Unrestricted Current Liabilities	<u>1,200,589</u>	<u>1,358,025</u>
Total Current Liabilities	<u>2,229,559</u>	<u>2,353,275</u>
Non-Current Liabilities:		
Health & Dental Insurance Provision	264,599	325,979
Post-Employment Health Benefit Provision	66,989	41,064
Unearned Revenue - Dark Fiber Lease	268,854	286,354
Notes Payable:		
Banks	1,035,000	2,040,000
Electric Utility	<u>35,327,000</u>	<u>35,327,000</u>
Total Non-Current Liabilities	<u>36,962,442</u>	<u>38,020,397</u>
Net Position:		
Net Investment in Capital Assets	6,498,823	6,295,539
Unrestricted	<u>(29,669,507)</u>	<u>(29,940,331)</u>
Total Net Position	<u>(23,170,684)</u>	<u>(23,644,792)</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$16,021,317</u></u>	<u><u>\$16,728,880</u></u>

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

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	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,002,306	\$9,091,438
Advertising sales	37,508	283,616
Miscellaneous sources	28,086	138,995
Cash paid to/for:		
Suppliers	(384,451)	(3,934,454)
Employees payroll, taxes and benefits	(421,793)	(2,658,133)
Net cash flows from operating activities	<u>261,656</u>	<u>2,921,462</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(107,029)	(1,015,817)
Loan principal payments	---	(960,000)
Loan interest payments	---	(1,365,484)
Net cash flows from capital and related financing activities	<u>(107,029)</u>	<u>(3,341,301)</u>
Cash flows from investing activities:		
Interest received on investments	186	81,658
Amortization/accretion of investments	---	(71)
Mark to Market	---	---
Net cash flows from investing activities	<u>186</u>	<u>81,587</u>
Net increase (decrease) in cash and investments	<u>154,813</u>	<u>(338,252)</u>
Cash and investments at beginning of period	<u>5,740,562</u>	<u>6,233,627</u>
Cash and investments at end of period	<u><u>\$5,895,375</u></u>	<u><u>\$5,895,375</u></u>

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

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$191,415	\$1,378,662
Noncash items in operating income:		
Converter/modem write-off	23	13,593
Depreciation of utility plant	164,703	1,482,327
Changes in assets and liabilities:		
Consumer accounts receivable	22,568	107,586
Inventories	(17,774)	47,574
Prepaid and deferred expenses	8,526	(52,163)
Accounts payable	38,455	5,239
Pension provision	(55,398)	90,320
Health & dental insurance provision	1,099	(27,720)
Other post-employment benefit provision	1,355	12,188
Unearned revenue	(1,459)	(13,125)
Intercompany payable	---	---
Accrued payroll	(79,759)	(49,128)
Accrued vacation	(6,075)	(5,268)
Accrued property taxes	(11,729)	(8,989)
Miscellaneous accrued expenses	5,706	(59,634)
Net cash flows from operating activities	<u>\$261,656</u>	<u>\$2,921,462</u>

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$364,556	\$317,409	\$341,143
Promotional Expense	887	580	526
Electricity Expense	2,667	2,520	2,605
Pole Attachment Expense	2,292	2,292	2,250
Changes of Service	1,319	1,025	1,156
Underground Line Expense	2,562	2,607	2,444
Ad Insertion - Marketing/Production	6,656	7,496	6,540
Miscellaneous CATV Expense	13,728	7,850	17,124
Vehicle Expense	6,014	4,202	4,828
Maintenance:			
Fiber	707	810	672
Coax	2,398	2,315	2,011
Drops	2,251	560	2,676
Conduit System	799	876	1,678
Headend	23,581	16,707	15,034
Line Equipment	4,328	3,658	2,503
Converters	6,210	3,301	3,530
Ad Insertion	3,985	4,172	4,038
Vacation, Holiday, Sick Leave	6,032	6,814	11,561
Property Taxes	733	(1,744)	316
Depreciation	116,212	111,937	144,995
Total CATV	567,917	495,387	567,630
<u>Data/Internet</u>			
Data/Internet Access Charges	33,608	24,803	24,913
Promotional Expense	888	586	478
Electricity Expense	100	86	86
Pole Attachment Expense	83	83	83
Changes of Service	68	439	496
Customer Wireless Equipment Expense	268	---	---
Underground Line Expense	87	89	83
Miscellaneous Data/Internet Expense	2,349	1,807	8,912
Vehicle Expense	836	508	587
Maintenance:			
Fiber	25	28	24
Coax	82	79	48
Drops	77	19	91
Conduit System	28	31	59
Headend	15,335	30,276	28,825
Line Equipment	144	124	85
Modems	4,748	5,109	3,416
Vacation, Holiday, Sick Leave	2,874	2,002	3,315
Property Taxes	25	(61)	11
Depreciation	24,382	23,680	20,798
Total Data/Internet	\$86,007	\$89,688	92,310

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

	Budget		
	<u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$3,285,757	\$3,005,387	\$3,142,151
Promotional Expense	7,988	5,006	5,854
Electricity Expense	24,000	22,703	22,219
Pole Attachment Expense	20,625	20,625	20,250
Changes of Service	12,084	12,052	10,526
Underground Line Expense	23,125	21,291	19,488
Ad Insertion - Marketing/Production	59,405	57,573	51,068
Miscellaneous CATV Expense	122,995	94,719	164,807
Vehicle Expense	53,849	47,931	48,413
Maintenance:			
Fiber	6,453	10,303	5,653
Coax	21,037	12,848	8,794
Drops	19,519	13,857	22,040
Conduit System	6,980	11,472	9,778
Headend	209,699	172,075	168,029
Line Equipment	37,286	39,792	41,004
Converters	55,123	35,139	47,715
Ad Insertion	35,856	38,778	31,538
Vacation, Holiday, Sick Leave	45,147	43,085	70,436
Property Taxes	6,602	4,124	7,852
Depreciation	1,045,907	1,007,433	1,304,955
Total CATV	5,099,437	4,676,193	5,202,570
<u>Data/Internet</u>			
Data/Internet Access Charges	284,472	231,977	227,453
Promotional Expense	7,988	5,200	5,572
Electricity Expense	900	775	758
Pole Attachment Expense	750	750	750
Changes of Service	620	5,165	5,885
Customer Wireless Equipment Expense	2,366	230	8,979
Underground Line Expense	789	727	665
Miscellaneous Data/Internet Expense	21,089	22,789	90,844
Vehicle Expense	7,521	5,827	5,887
Maintenance:			
Fiber	226	1,286	191
Coax	718	439	280
Drops	666	474	756
Conduit System	244	400	341
Headend	138,956	248,961	222,780
Line Equipment	1,243	1,358	1,096
Modems	42,161	36,574	34,028
Vacation, Holiday, Sick Leave	21,353	16,713	26,729
Property Taxes	230	144	276
Depreciation	219,436	213,120	187,182
Total Data/Internet	\$751,728	\$792,909	\$820,452

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

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	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$1,100	\$1,100	\$1,042
Tools Expense	292	36	37
Maintenance:			
Fiber	341	391	324
Conduit System	385	423	810
MAN/MME Equipment	7,770	5,180	2,220
Vacation, Holiday, Sick Leave	615	846	703
Property Taxes	354	(842)	152
Depreciation	20,841	20,425	20,963
Total MAN/MME	31,698	27,559	26,251
<u>Customer Service Expense</u>			
Customer Information Expense	8,480	2,110	4,827
<u>Consumer Accounts</u>			
Supervision	2,585	2,953	2,787
Consumer Records and Collections	40,613	40,913	40,444
Uncollectible Accounts Expense	3,627	3,626	2,952
Vacation, Holiday, Sick Leave	5,296	5,635	5,275
Total Consumer Accounts	52,121	53,127	51,458
<u>Administrative and General</u>			
Administrative and General Salaries	72,828	72,364	80,085
Office Supplies and Expense	4,659	4,709	4,370
Outside Services Employed	7,887	6,312	5,072
Property Insurance	1,177	1,186	1,040
Casualty Ins, Injuries & Damages	6,263	(2,521)	4,551
Employee Pensions and Benefits	82,169	73,153	79,023
Fringe Benefits Charges to Construction	(6,567)	(6,655)	(9,324)
Rents	9,206	9,206	8,938
Miscellaneous General Expense	13,953	5,949	4,394
Maintenance of General Plant	3,840	4,114	4,135
Vacation, Holiday, Sick Leave	12,889	10,693	13,057
Depreciation	9,174	8,661	8,276
Total Administrative and General	217,478	187,171	203,617
Total Operating Expenses	\$963,701	\$855,042	\$946,093

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$9,900	\$9,900	\$9,375
Tools Expense	2,625	3,575	383
Maintenance:			
Fiber	3,114	4,972	2,640
Conduit System	3,368	5,536	4,718
MAN/MME Equipment	69,020	44,020	14,472
Vacation, Holiday, Sick Leave	4,481	5,151	4,975
Property Taxes	3,185	1,990	3,789
Depreciation	187,573	183,825	188,667
Total MAN/MME	283,266	258,969	229,019
<u>Customer Service Expense</u>			
Customer Information Expense	73,716	21,359	24,031
<u>Consumer Accounts</u>			
Supervision	22,660	24,164	24,504
Consumer Records and Collections	360,367	369,764	368,333
Uncollectible Accounts Expense	32,639	32,639	26,568
Vacation, Holiday, Sick Leave	39,660	46,451	42,756
Total Consumer Accounts	455,326	473,018	462,161
<u>Administrative and General</u>			
Administrative and General Salaries	642,591	645,705	534,319
Office Supplies and Expense	42,065	41,153	37,012
Outside Services Employed	99,832	78,154	60,997
Property Insurance	10,354	10,239	9,153
Casualty Ins, Injuries & Damages	56,965	48,229	38,724
Employee Pensions and Benefits	745,699	748,350	733,721
Fringe Benefits Charges to Construction	(56,022)	(56,597)	(54,862)
Rents	82,856	82,856	80,442
Miscellaneous General Expense	138,732	96,624	92,299
Maintenance of General Plant	34,906	29,429	25,201
Vacation, Holiday, Sick Leave	97,237	84,142	85,429
Depreciation	82,568	77,949	74,484
Total Administrative and General	1,977,783	1,886,233	1,716,919
Total Operating Expenses	\$8,641,256	\$8,108,681	\$8,455,152

Muscatine Power and Water - Communications Utility
Statistical Data
September 2014

Services	Budget Estimate	% Increase (Decrease) From Budget	This Year ^{fn1}	% Increase (Decrease) Fr. Last Yr.	Last Year ^{fn1}
<u>CATV</u>					
Residential	6,678	(7.3)	6,191	(9.4)	6,835
Commercial/Hospitality	<u>163</u>	0.0	<u>163</u>	3.2	<u>158</u>
Total CATV	<u>6,841</u>	(7.1)	<u>6,354</u>	(9.1)	<u>6,993</u>
Bulk Equivalent Services	<u>359</u>	4.5	<u>375</u>	5.3	<u>356</u>
Bulk Master Services	<u>22</u>	4.5	<u>23</u>	4.5	<u>22</u>
<u>Internet</u>					
Residential	6,983	(0.2)	6,972	2.5	6,802
Commercial	<u>439</u>	6.2	<u>466</u>	(0.2)	<u>467</u>
Total Internet	<u>7,422</u>	0.2	<u>7,438</u>	2.3	<u>7,269</u>
<u>MAN/MME</u>	<u>67</u>	---	<u>71</u>	26.8	<u>56</u>

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