

Muscatine Power and Water

Communications Utility

Operating Statements and Balance Sheets

November 2012

**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 - November 2012

	<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	\$706,463	(8.4)	\$646,942	3.3	\$626,513
Data/Internet	305,198	3.1	314,730	9.1	288,462
MAN/MME	60,018	(47.0)	31,838	(16.2)	38,010
Miscellaneous	8,798	2.5	9,020	(1.5)	9,158
Total Operating Revenues	1,080,477	(7.2)	1,002,530	4.2	962,143
<u>Operating Expense</u>					
Operation	685,637	(2.1)	671,142	12.0	599,149
Maintenance	73,160	(14.0)	62,908	(0.6)	63,309
Depreciation	206,958	(5.5)	195,673	(1.3)	198,323
Amortization	64,428	0.0	64,428	0.0	64,428
Total Operating Expenses	1,030,183	(3.5)	994,151	7.5	925,209
Operating Income	50,294	(83.3)	8,379	(77.3)	36,934
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	11,161	(14.0)	9,599	(19.8)	11,965
Interest Expense	(120,048)	3.2	(123,879)	---	(123,882)
Net Nonoperating Expense	(108,887)	5.0	(114,280)	2.1	(111,917)
Net Loss before Capital Contributions	(58,593)	80.7	(105,901)	41.2	(74,983)
Capital Contributions	---	---	754	2.2X	234
Change in Net Position	(\$58,593)		(\$105,147)		(\$74,749)
Beginning Net Position	(23,095,860)		(23,268,482)		(22,074,633)
Ending Net Position	(\$23,154,453)		(\$23,373,629)		(\$22,149,382)
Net Loss to Total Income	(5.4)		(10.5)		(7.7)
Debt Service Coverage on Bank Debt	3.63		3.04		3.37
Debt Service Coverage on Electric Utility Debt	2.32		1.79		1.59

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - November 2012

	<u>Budget</u> <u>Estimate</u>	<u>% Increase (Decrease)</u> <u>From Budget</u>	<u>This Year</u>	<u>% Increase (Decrease)</u> <u>Fr. Last Yr.</u>	<u>Last Year</u>
<u>Operating Revenue</u>					
CATV	\$7,449,911	(5.3)	\$7,057,675	2.2	\$6,908,160
Data/Internet	3,309,498	1.8	3,368,770	6.4	3,165,023
MAN/MME	591,442	(26.1)	437,042	25.2	349,053
Miscellaneous	<u>96,599</u>	<u>6.1</u>	<u>102,454</u>	<u>7.5</u>	<u>95,287</u>
Total Operating Revenues	<u>11,447,450</u>	<u>(4.2)</u>	<u>10,965,941</u>	<u>4.3</u>	<u>10,517,523</u>
<u>Operating Expense</u>					
Operation	7,346,642	(1.0)	7,276,216	9.3	6,659,636
Maintenance	794,425	(11.9)	699,974	(7.5)	756,679
Depreciation	2,276,552	(5.5)	2,152,403	(1.3)	2,181,553
Amortization	<u>708,708</u>	<u>---</u>	<u>708,709</u>	<u>---</u>	<u>708,709</u>
Total Operating Expenses	<u>11,126,327</u>	<u>(2.6)</u>	<u>10,837,302</u>	<u>5.1</u>	<u>10,306,577</u>
Operating Income	<u>321,123</u>	<u>(59.9)</u>	<u>128,639</u>	<u>(39.0)</u>	<u>210,946</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	130,658	(20.5)	103,926	(22.9)	134,743
Interest Expense	<u>(1,320,523)</u>	<u>0.4</u>	<u>(1,325,587)</u>	<u>(2.4)</u>	<u>(1,357,766)</u>
Net Nonoperating Expense	<u>(1,189,865)</u>	<u>2.7</u>	<u>(1,221,661)</u>	<u>(0.1)</u>	<u>(1,223,023)</u>
Net Loss before Capital Contributions	(868,742)	25.8	(1,093,022)	8.0	(1,012,077)
Capital Contributions	<u>---</u>	<u>---</u>	<u>5,103</u>	<u>(64.7)</u>	<u>14,437</u>
Change in Net Position	(868,742)		(1,087,919)		(997,640)
Beginning Net Position	<u>(22,285,710)</u>		<u>(22,285,710)</u>		<u>(21,151,742)</u>
Ending Net Position	<u>(\$23,154,452)</u>		<u>(\$23,373,629)</u>		<u>(\$22,149,382)</u>
Net Loss to Total Income	(7.5)		(9.9)		(9.5)
Debt Service Coverage on Bank Debt	3.41		3.07		3.18
Debt Service Coverage on Electric Utility Debt	2.13		1.83		1.50

Muscatine Power and Water - Communications Utility
Statement of Net Position
November 2012

ASSETS

	<u>2012</u>	<u>2011</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	<u>\$6</u>	<u>\$5</u>
Total Restricted Current Assets	<u>6</u>	<u>5</u>
<u>Unrestricted</u>		
Cash - interest bearing	2,702,519	2,345,726
Investments	3,027,000	3,948,057
Receivables:		
Consumer Accounts	1,166,273	1,175,682
Interest	103,502	103,770
Inventories	324,866	304,390
Intercompanies	118,002	—
Prepaid Pension	26,120	22,275
Prepaid Expenses	<u>76,556</u>	<u>63,081</u>
Total Unrestricted Current Assets	<u>7,544,838</u>	<u>7,962,981</u>
Total Current Assets	<u>7,544,844</u>	<u>7,962,986</u>
Property and Equipment:		
At Cost	31,514,534	30,448,257
Less Accumulated Depreciation	<u>21,215,984</u>	<u>19,255,232</u>
Net Property and Equipment	<u>10,298,550</u>	<u>11,193,025</u>
Other Assets:		
Unamortized Cost of Issuing Debt	---	10,533
Total Other Assets	---	10,533
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$7,666,485 in 2012 and \$6,893,348 in 2011	<u>64,428</u>	<u>837,565</u>
TOTAL ASSETS	<u>\$17,907,822</u>	<u>\$20,004,109</u>

Muscatine Power and Water - Communications Utility
Statement of Net Position
November 2012

LIABILITIES AND NET DEFICIT

	<u>2012</u>	<u>2011</u>
Current Liabilities:		
<u>Restricted</u>		
Notes Payable - Banks	\$915,000	\$885,000
Accrued Interest	<u>76,712</u>	<u>94,000</u>
Total Restricted Current Liabilities	<u>991,712</u>	<u>979,000</u>
<u>Unrestricted</u>		
Accrued Interest	519,600	519,600
Accounts Payable	488,762	541,030
Health & Dental Insurance Provision	34,889	41,124
Intercompanies	---	8,231
Accrued Payroll	50,571	24,495
Accrued Vacation	123,845	108,639
Accrued Property Taxes	17,756	25,054
Deferred Revenue - Dark Fiber Lease	17,500	16,991
Miscellaneous Accrued Expenses	<u>109,542</u>	<u>114,974</u>
Total Unrestricted Current Liabilities	<u>1,362,465</u>	<u>1,400,138</u>
Total Current Liabilities	<u>2,354,177</u>	<u>2,379,138</u>
Non-Current Liabilities:		
Health & Dental Insurance Provision	274,631	189,077
Post-Employment Health Benefit Provision	24,705	24,329
Deferred Revenue - Dark Fiber Lease	300,938	318,947
Notes Payable:		
Banks	3,000,000	3,915,000
Electric Utility	<u>35,327,000</u>	<u>35,327,000</u>
Total Non-Current Liabilities	<u>38,927,274</u>	<u>39,774,353</u>
Net Position:		
Invested in capital assets, net of related debt	6,452,603	7,250,129
Restricted	---	---
Unrestricted	<u>(29,826,232)</u>	<u>(29,399,511)</u>
Total Net Position	<u>(23,373,629)</u>	<u>(22,149,382)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$17,907,822</u>	<u>\$20,004,109</u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
November 2012

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$932,430	\$10,492,004
Advertising sales	67,847	342,059
Sale of digital converters	---	---
Miscellaneous sources	8,755	93,504
Cash paid to/for:		
Suppliers	(434,963)	(4,886,650)
Employees payroll, taxes and benefits	<u>(353,206)</u>	<u>(3,124,467)</u>
Net cash flows from operating activities	<u>220,863</u>	<u>2,916,450</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(124,378)	(1,430,441)
Loan principal payments	---	(885,000)
Loan interest payments	---	(828,324)
Net cash flows from capital and related financing activities	<u>(124,378)</u>	<u>(3,143,765)</u>
Cash flows from investing activities:		
Interest received on investments	<u>264</u>	<u>104,251</u>
Net cash flows from investing activities	<u>264</u>	<u>104,251</u>
Net increase (decrease) in cash and investments	<u>96,749</u>	<u>(123,064)</u>
Cash and investments at beginning of period	<u>5,632,776</u>	<u>5,852,589</u>
Cash and investments at end of period	<u><u>\$5,729,525</u></u>	<u><u>\$5,729,525</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
November 2012

	<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	\$8,379	\$128,639
Noncash items in operating income:		
Converter/modem write-off	5,556	34,377
Depreciation of utility plant	195,673	2,152,403
Amortization of intangible assets	64,428	708,709
Changes in assets and liabilities:		
Consumer accounts receivable	9,444	5,061
Inventories	15,534	(13,993)
Prepaid and deferred expenses	(30,815)	(18,763)
Accounts payable	(15,340)	7,658
Pension provision	(77,633)	(26,120)
Health & dental insurance provision	140,479	84,652
Other post-employment benefit provision	(3,438)	32
Deferred Revenue	(1,458)	(16,041)
Intercompany payable	(129,731)	(134,014)
Accrued payroll	18,013	8,834
Accrued vacation	5,246	16,383
Accrued property taxes	(4,399)	(3,870)
Miscellaneous accrued expenses	<u>20,925</u>	<u>(17,497)</u>
Net cash flows from operating activities	<u><u>\$220,863</u></u>	<u><u>\$2,916,450</u></u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - November 2012

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
CATV			
Program Acquisition Expense	\$340,414	\$339,439	\$318,101
Promotional Expense	6,138	1,919	1,451
Electricity Expense	2,249	2,438	2,391
Pole Attachment Expense	2,167	3,390	1,394
Changes of Service	1,527	771	636
Underground Line Expense	2,654	2,156	2,028
Ad Insertion - Marketing/Production	10,554	9,231	6,017
Miscellaneous CATV Expense	13,736	20,508	17,444
Vehicle Expense	5,516	5,029	4,294
Maintenance:			
Fiber	1,672	739	363
Coax	1,890	1,056	1,073
Drops	3,499	3,489	2,619
Conduit System	349	1,452	1,457
Headend	24,966	16,931	19,336
Line Equipment	3,181	3,165	1,592
Converters	6,692	6,563	5,601
Ad Insertion	3,880	2,466	2,621
Vacation, Holiday , Sick Leave	8,060	8,620	7,379
Property Taxes	1,187	(2,899)	1,400
Depreciation	156,142	146,724	152,268
Amortization	<u>48,321</u>	<u>48,321</u>	<u>48,321</u>
 Total CATV	 <u>644,794</u>	 <u>621,508</u>	 <u>597,786</u>
 Data/Internet			
Data/Internet Access Charges	33,229	23,801	21,129
Promotional Expense	6,138	1,574	1,431
Electricity Expense	76	83	82
Pole Attachment Expense	75	121	55
Changes of Service	654	330	272
Customer Wireless Equipment Expense	386	928	3,719
Underground Line Expense	91	73	69
Miscellaneous Data/Internet Expense	8,764	13,812	8,329
Vehicle Expense	645	611	520
Maintenance:			
Fiber	58	26	13
Coax	64	36	37
Drops	119	119	91
Conduit System	12	51	51
Headend	16,531	18,335	11,906
Line Equipment	109	108	54
Modems	4,670	3,398	3,483
Vacation, Holiday, Sick Leave	6,726	5,743	5,041
Property Taxes	42	(101)	49
Depreciation	21,946	20,183	21,599
Amortization	<u>16,107</u>	<u>16,107</u>	<u>16,107</u>
 Total Data/Internet	 <u>\$116,442</u>	 <u>\$105,338</u>	 <u>\$94,037</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - November 2012

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$3,696,170	\$3,772,871	\$3,455,784
Promotional Expense	66,517	13,881	32,743
Electricity Expense	24,259	27,072	24,917
Pole Attachment Expense	23,833	24,956	23,061
Changes of Service	16,179	10,370	12,959
Underground Line Expense	28,773	25,889	23,045
Ad Insertion - Marketing/Production	86,938	81,436	66,129
Miscellaneous CATV Expense	149,132	203,281	153,707
Vehicle Expense	60,341	58,040	55,366
Maintenance:			
Fiber	18,088	9,626	18,375
Coax	20,358	11,556	24,255
Drops	38,304	26,086	28,080
Conduit System	3,413	7,233	7,026
Headend	269,915	234,787	238,057
Line Equipment	35,373	37,163	30,902
Converters	72,568	55,201	69,835
Ad Insertion	42,487	45,594	41,853
Vacation, Holiday, Sick Leave	55,706	54,534	47,815
Property Taxes	13,065	8,981	15,404
Depreciation	1,717,565	1,613,964	1,674,948
Amortization	<u>531,531</u>	<u>531,532</u>	<u>531,532</u>
Total CATV	<u>6,970,515</u>	<u>6,854,053</u>	<u>6,575,793</u>
<u>Data/Internet</u>			
Data/Internet Access Charges	328,239	314,815	228,439
Promotional Expense	66,517	12,786	36,403
Electricity Expense	824	924	848
Pole Attachment Expense	825	868	805
Changes of Service	6,934	4,444	5,554
Customer Wireless Equipment Expense	4,608	20,477	12,011
Underground Line Expense	982	884	786
Miscellaneous Data/Internet Expense	94,524	119,974	96,703
Vehicle Expense	7,098	7,062	6,721
Maintenance:			
Fiber	631	336	641
Coax	695	396	574
Drops	1,307	896	965
Conduit System	119	253	245
Headend	177,971	152,462	142,976
Line Equipment	1,207	1,640	1,025
Modems	52,446	43,739	45,962
Vacation, Holiday, Sick Leave	46,598	38,095	33,293
Property Taxes	455	309	538
Depreciation	241,411	222,013	237,589
Amortization	<u>177,177</u>	<u>177,177</u>	<u>177,177</u>
Total Data/Internet	<u>\$1,210,568</u>	<u>\$1,119,550</u>	<u>\$1,029,255</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - November 2012

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$1,042	\$1,652	\$711
Tools Expense	542	208	3
Maintenance:			
Fiber	807	356	175
Conduit System	168	701	703
MAN/MME Equipment	2,088	956	4,693
Vacation, Holiday, Sick Leave	240	231	203
Property Taxes	573	(1,399)	676
Depreciation	<u>20,293</u>	<u>20,341</u>	<u>16,892</u>
Total MAN/MME	<u>25,753</u>	<u>23,046</u>	<u>24,056</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>7,218</u>	<u>6,323</u>	<u>505</u>
<u>Consumer Accounts</u>			
Supervision	2,518	2,447	2,642
Consumer Records and Collections	37,775	37,479	34,060
Uncollectible Accounts Expense	2,871	2,871	1,383
Vacation, Holiday, Sick Leave	<u>6,668</u>	<u>6,795</u>	<u>6,186</u>
Total Consumer Accounts	<u>49,832</u>	<u>49,592</u>	<u>44,271</u>
<u>Administrative and General</u>			
Administrative and General Salaries	55,320	52,041	43,177
Office Supplies and Expense	4,609	4,856	4,664
Outside Services Employed	6,083	5,365	11,557
Property Insurance	977	971	809
Casualty Ins, Injuries & Damages	5,094	6,082	2,219
Employee Pensions and Benefits	77,736	72,093	69,480
Fringe Benefits Charges to Construction	(6,058)	(3,953)	(5,535)
Rents	8,727	8,727	7,952
Miscellaneous General Expense	9,006	16,068	4,836
Maintenance of General Plant	2,405	2,961	7,441
Vacation, Holiday, Sick Leave	13,668	14,708	10,390
Depreciation	<u>8,577</u>	<u>8,425</u>	<u>7,564</u>
Total Administrative and General	<u>186,144</u>	<u>188,344</u>	<u>164,554</u>
Total Operating Expenses	<u><u>\$1,030,183</u></u>	<u><u>\$994,151</u></u>	<u><u>\$925,209</u></u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - November 2012

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$11,458	\$12,020	\$11,128
Tools Expense	5,958	1,296	273
Maintenance:			
Fiber	8,728	4,645	8,965
Conduit System	1,647	3,490	3,391
MAN/MME Equipment	22,429	36,359	42,127
Vacation, Holiday, Sick Leave	1,661	1,442	1,317
Property Taxes	6,303	4,331	7,433
Depreciation	<u>223,223</u>	<u>223,751</u>	<u>185,812</u>
 Total MAN/MME	 <u>281,407</u>	 <u>287,334</u>	 <u>260,446</u>
 <u>Customer Service Expense</u>			
Customer Information Expense	97,424	60,820	62,388
 <u>Consumer Accounts</u>			
Supervision	26,974	27,880	27,723
Consumer Records and Collections	411,738	406,097	385,717
Uncollectible Accounts Expense	31,579	31,579	15,217
Vacation, Holiday, Sick Leave	<u>47,198</u>	<u>52,238</u>	<u>45,363</u>
 Total Consumer Accounts	 <u>517,489</u>	 <u>517,794</u>	 <u>474,020</u>
 <u>Administrative and General</u>			
Administrative and General Salaries	599,127	574,241	514,961
Office Supplies and Expense	55,073	50,206	53,216
Outside Services Employed	76,437	76,557	97,567
Property Insurance	10,239	10,196	9,031
Casualty Ins, Injuries & Damages	56,030	68,860	59,792
Employee Pensions and Benefits	863,832	845,439	805,913
Fringe Benefits Charges to Construction	(62,474)	(59,724)	(53,972)
Rents	95,997	95,997	87,472
Miscellaneous General Expense	136,025	129,301	120,513
Maintenance of General Plant	26,739	28,512	51,425
Vacation, Holiday, Sick Leave	97,546	85,491	75,553
Depreciation	<u>94,353</u>	<u>92,675</u>	<u>83,204</u>
 Total Administrative and General	 <u>2,048,924</u>	 <u>1,997,751</u>	 <u>1,904,675</u>
 Total Operating Expenses	 <u>\$11,126,327</u>	 <u>\$10,837,302</u>	 <u>\$10,306,577</u>

Muscatine Power and Water - Communications Utility
Statistical Data
November 2012

Services	Budget	% Increase (Decrease)	% Increase (Decrease)		
	Estimate	From Budget	This Year ^{fn1}	Fr. Last Yr.	Last Year ^{fn1}
CATV					
Residential	7,492	(4.8)	7,136	(1.1)	7,213
Commercial/Hospitality	160	4.4	167	(2.3)	171
Total CATV	<u><u>7,652</u></u>	(4.6)	<u><u>7,303</u></u>	(1.1)	<u><u>7,384</u></u>
Bulk Equivalent Services	476	0.0	476	(9.7)	527
Bulk Master Services	26	0.0	26	(3.7)	27
Internet					
Residential	6,746	(0.1)	6,739	5.8	6,367
Commercial	452	1.5	459	(0.6)	462
Total Internet	<u><u>7,198</u></u>	0.0	<u><u>7,198</u></u>	5.4	<u><u>6,829</u></u>
MAN/MME	<u><u>49</u></u>	2.0	<u><u>50</u></u>	61.3	<u><u>31</u></u>

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