

Muscatine Power and Water
Communications Utility
Operating Statements and Balance Sheets
February 2013

**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 - February 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	\$644,968	0.1	\$645,524	3.5	\$623,786
Data/Internet	319,255	0.4	320,604	7.1	299,257
MAN/MME	44,042	(10.2)	39,546	1.5	38,952
Miscellaneous	<u>8,809</u>	9.4	<u>9,637</u>	6.9	<u>9,015</u>
Total Operating Revenues	<u>1,017,074</u>	(0.2)	<u>1,015,311</u>	4.6	<u>971,010</u>
<u>Operating Expense</u>					
Operation	699,023	(5.3)	661,658	2.2	647,103
Maintenance	72,932	(12.4)	63,902	6.2	60,185
Depreciation	199,084	(2.0)	195,032	(0.3)	195,673
Amortization	<u>---</u>	---	<u>---</u>	---	<u>64,428</u>
Total Operating Expenses	<u>971,039</u>	(5.2)	<u>920,592</u>	(4.8)	<u>967,389</u>
Operating Income	<u>46,035</u>	1.1X	<u>94,719</u>	25.2X	<u>3,621</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	6,961	(10.2)	6,250	(29.6)	8,877
Interest Expense	<u>(115,200)</u>	0.4	<u>(115,670)</u>	(3.8)	<u>(120,182)</u>
Net Nonoperating Expense	<u>(108,239)</u>	1.1	<u>(109,420)</u>	(1.7)	<u>(111,305)</u>
Net Loss before Capital Contributions	(62,204)	(76.4)	(14,701)	(86.3)	(107,684)
Capital Contributions	<u>---</u>	---	<u>725</u>	1.7X	<u>266</u>
Change in Net Position	(\$62,204)		(\$13,976)		(\$107,418)
Beginning Net Position	<u>(23,534,565)</u>		<u>(23,547,698)</u>		<u>(22,385,378)</u>
Ending Net Position	<u>(\$23,596,769)</u>		<u>(\$23,561,674)</u>		<u>(\$22,492,796)</u>
Net Loss to Operating Income	(135.1)		(14.8)		(2,966.5)
Debt Service Coverage on Bank Debt	2.75		3.27		2.98
Debt Service Coverage on Electric Utility Debt	1.54		2.01		1.74

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - February 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	\$1,289,923	0.2	\$1,291,954	2.4	\$1,261,060
Data/Internet	636,114	0.2	637,533	6.7	597,240
MAN/MME	88,085	(10.5)	78,819	1.5	77,638
Miscellaneous	<u>17,617</u>	<u>25.8</u>	<u>22,160</u>	<u>26.8</u>	<u>17,481</u>
Total Operating Revenues	<u>2,031,739</u>	<u>(0.1)</u>	<u>2,030,466</u>	<u>3.9</u>	<u>1,953,419</u>
<u>Operating Expense</u>					
Operation	1,381,149	(1.5)	1,360,660	5.1	1,294,600
Maintenance	148,536	(5.6)	140,281	14.6	122,456
Depreciation	398,167	(2.0)	390,064	(0.3)	391,346
Amortization	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>128,856</u>
Total Operating Expenses	<u>1,927,852</u>	<u>(1.9)</u>	<u>1,891,005</u>	<u>(2.4)</u>	<u>1,937,258</u>
Operating Income	<u>103,887</u>	<u>34.2</u>	<u>139,461</u>	<u>7.6X</u>	<u>16,161</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	13,938	(7.1)	12,949	(23.2)	16,862
Interest Expense	<u>(230,400)</u>	<u>0.4</u>	<u>(231,340)</u>	<u>(3.9)</u>	<u>(240,641)</u>
Net Nonoperating Expense	<u>(216,462)</u>	<u>0.9</u>	<u>(218,391)</u>	<u>(2.4)</u>	<u>(223,779)</u>
Net Loss before Capital Contributions	<u>(112,575)</u>	<u>(29.9)</u>	<u>(78,930)</u>	<u>(62.0)</u>	<u>(207,618)</u>
Capital Contributions	<u>---</u>	<u>---</u>	<u>1,450</u>	<u>1.7X</u>	<u>532</u>
Change in Net Position	<u>(112,575)</u>		<u>(77,480)</u>		<u>(207,086)</u>
Beginning Net Position	<u>(23,484,194)</u>		<u>(23,484,194)</u>		<u>(22,285,710)</u>
Ending Net Position	<u><u>(\$23,596,769)</u></u>		<u><u>(\$23,561,674)</u></u>		<u><u>(\$22,492,796)</u></u>
Net Loss to Operating Income	(108.4)		(55.6)		(1,281.4)
Debt Service Coverage on Bank Debt	2.81		2.98		3.02
Debt Service Coverage on Electric Utility Debt	1.60		1.75		1.78

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

ASSETS

	<u>2013</u>	<u>2012</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$19	\$6
Total Restricted Current Assets	19	6
<u>Unrestricted</u>		
Cash - interest bearing	2,638,997	2,226,558
Investments	2,112,000	3,027,000
Receivables:		
Consumer Accounts	1,258,636	1,176,833
Interest	12,595	17,949
Inventories	322,966	306,905
Prepaid Expenses	220,215	120,913
Total Unrestricted Current Assets	6,565,409	6,876,158
Total Current Assets	6,565,428	6,876,164
Property and Equipment:		
At Cost	31,677,301	30,757,590
Less Accumulated Depreciation	21,724,238	19,858,385
Net Property and Equipment	9,953,063	10,899,205
Other Assets:		
Unamortized Cost of Issuing Debt	---	9,249
Total Other Assets	---	9,249
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$7,730,912 in 2013 and \$7,086,632 in 2012	---	644,280
TOTAL ASSETS	<u><u>\$16,518,491</u></u>	<u><u>\$18,428,898</u></u>

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

LIABILITIES AND NET DEFICIT

	<u>2013</u>	<u>2012</u>
Current Liabilities:		
<u>Restricted</u>		
Notes Payable - Banks	\$960,000	\$915,000
Accrued Interest	23,500	30,754
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Total Restricted Current Liabilities	983,500	945,754
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<u>Unrestricted</u>		
Accrued Interest	207,840	207,840
Accounts Payable	445,951	479,021
Pension Provision	53,625	51,368
Health & Dental Insurance Provision	30,858	34,889
Intercompanies	---	12,222
Accrued Payroll	79,796	65,908
Accrued Vacation	139,851	116,595
Accrued Property Taxes	17,356	25,230
Deferred Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	128,732	103,789
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Total Unrestricted Current Liabilities	1,121,509	1,114,362
	<hr/>	<hr/>
Total Current Liabilities	2,105,009	2,060,116
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Non-Current Liabilities:		
Health & Dental Insurance Provision	285,816	195,148
Post-Employment Health Benefit Provision	25,777	25,367
Deferred Revenue - Dark Fiber Lease	296,563	314,063
Notes Payable:		
Banks	2,040,000	3,000,000
Electric Utility	35,327,000	35,327,000
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Total Non-Current Liabilities	37,975,156	38,861,578
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Net Position:		
Net Investment in Capital Assets	6,953,063	7,645,699
Unrestricted	(30,514,737)	(30,138,495)
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Total Net Position	(23,561,674)	(22,492,796)
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TOTAL LIABILITIES AND NET POSITION	<u>\$16,518,491</u>	<u>\$18,428,898</u>

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

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$920,035	\$1,882,299
Advertising sales	17,679	46,251
Sale of digital equipment	—	420
Miscellaneous sources	3,236	10,907
Cash paid to/for:		
Suppliers	(541,166)	(1,098,050)
Employees payroll, taxes and benefits	(246,763)	(511,547)
Net cash flows from operating activities	<u>153,021</u>	<u>330,280</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(70,459)	(144,889)
Loan principal payments	—	(915,000)
Loan interest payments	—	(715,524)
Net cash flows from capital and related financing activities	<u>(70,459)</u>	<u>(1,775,413)</u>
Cash flows from investing activities:		
Interest received on investments	<u>174</u>	<u>113,659</u>
Net cash flows from investing activities	<u>174</u>	<u>113,659</u>
Net increase (decrease) in cash and investments	<u>82,736</u>	<u>(1,331,474)</u>
Cash and investments at beginning of period	<u>4,668,280</u>	<u>6,082,490</u>
Cash and investments at end of period	<u><u>\$4,751,016</u></u>	<u><u>\$4,751,016</u></u>

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

	<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	\$94,719	\$127,411
Noncash items in operating income:		
Converter/modem write-off	18	2,386
Depreciation of utility plant	195,032	390,064
Changes in assets and liabilities:		
Consumer accounts receivable	(66,251)	(79,821)
Inventories	391	14,321
Prepaid and deferred expenses	5,240	(154,760)
Accounts payable	(110,805)	(25,691)
Pension provision	26,813	53,625
Health & dental insurance provision	(9,257)	(3,436)
Other post-employment benefit provision	388	775
Deferred Revenue	(1,458)	(2,916)
Intercompany payable	---	(8,719)
Accrued payroll	(6,628)	20,588
Accrued vacation	4,153	14,647
Accrued property taxes	2,000	4,000
Miscellaneous accrued expenses	18,666	(22,194)
	<hr/>	<hr/>
Net cash flows from operating activities	<u>\$153,021</u>	<u>\$330,280</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$343,612	\$351,295	\$335,844
Promotional Expense	2,054	448	10
Electricity Expense	2,500	2,382	2,970
Pole Attachment Expense	2,250	2,250	2,167
Changes of Service	958	1,595	1,056
Underground Line Expense	2,637	910	1,214
Ad Insertion - Marketing/Production	6,365	7,021	5,883
Miscellaneous CATV Expense	18,151	18,320	17,027
Vehicle Expense	5,799	3,579	5,376
Maintenance:			
Fiber	1,513	---	132
Coax	1,817	1,457	2,242
Drops	2,688	1,277	1,569
Conduit System	718	268	311
Headend	22,442	16,144	21,832
Line Equipment	3,268	5,461	4,269
Converters	5,451	4,920	4,026
Ad Insertion	5,015	3,543	2,404
Vacation, Holiday, Sick Leave	4,173	4,889	3,493
Property Taxes	1,318	1,318	1,188
Depreciation	145,759	144,995	146,724
Amortization	---	---	48,321
Total CATV	578,488	572,072	608,058
<u>Data/Internet</u>			
Data/Internet Access Charges	18,313	24,349	23,240
Promotional Expense	2,054	394	30
Electricity Expense	83	81	(496)
Pole Attachment Expense	83	83	75
Changes of Service	411	684	452
Customer Wireless Equipment Expense	620	785	1,133
Underground Line Expense	90	31	41
Miscellaneous Data/Internet Expense	9,318	10,809	10,058
Vehicle Expense	814	431	653
Maintenance:			
Fiber	53	---	5
Coax	62	50	79
Drops	92	44	54
Conduit System	25	9	11
Headend	13,734	23,464	14,416
Line Equipment	112	186	131
Modems	4,271	2,911	2,747
Vacation, Holiday, Sick Leave	2,948	2,255	3,224
Property Taxes	46	46	41
Depreciation	21,967	20,798	20,183
Amortization	---	---	16,107
Total Data/Internet	\$75,096	\$87,410	\$92,184

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$696,513	\$705,023	\$680,179
Promotional Expense	3,639	1,987	45
Electricity Expense	5,000	4,825	4,917
Pole Attachment Expense	4,500	4,500	4,233
Changes of Service	1,874	3,111	1,895
Underground Line Expense	5,242	2,180	2,347
Ad Insertion - Marketing/Production	12,729	13,588	12,510
Miscellaneous CATV Expense	36,228	41,928	29,348
Vehicle Expense	11,634	8,768	10,476
Maintenance:			
Fiber	2,993	894	950
Coax	3,708	2,899	3,485
Drops	5,321	2,933	2,354
Conduit System	1,436	534	580
Headend	45,154	41,883	42,954
Line Equipment	6,482	9,277	10,907
Converters	10,875	10,122	9,149
Ad Insertion	10,060	7,715	4,987
Vacation, Holiday, Sick Leave	10,591	13,502	9,102
Property Taxes	2,635	2,635	2,376
Depreciation	291,518	289,990	293,448
Amortization	---	---	96,642
Total CATV	1,168,132	1,168,294	1,222,884
<u>Data/Internet</u>			
Data/Internet Access Charges	36,626	50,685	44,874
Promotional Expense	3,639	1,880	21
Electricity Expense	167	165	168
Pole Attachment Expense	167	167	146
Changes of Service	803	1,333	812
Customer Wireless Equipment Expense	1,241	2,215	5,431
Conduit System	50	19	20
Headend	30,052	47,946	26,260
Line Equipment	221	316	358
Modems	8,498	6,397	5,790
Vacation, Holiday, Sick Leave	7,442	7,270	7,110
Property Taxes	93	93	82
Depreciation	43,933	41,596	40,366
Amortization	---	---	32,214
Total Data/Internet	\$153,828	\$183,008	\$184,405

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

	<u>Budget 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	61	59
Maintenance:			
Fiber	730	---	64
Conduit System	346	129	150
MAN/MME Equipment	7,399	1,543	2,464
Vacation, Holiday, Sick Leave	254	266	94
Property Taxes	636	636	573
Depreciation	22,135	20,963	20,341
Total MAN/MME	32,834	24,640	24,787
<u>Customer Service Expense</u>			
Customer Information Expense	11,171	1,252	8,300
<u>Consumer Accounts</u>			
Supervision	2,385	2,719	2,642
Consumer Records and Collections	43,496	34,901	31,496
Uncollectible Accounts Expense	2,952	2,952	2,871
Vacation, Holiday, Sick Leave	3,266	4,570	4,522
Total Consumer Accounts	52,099	45,142	41,531
<u>Administrative and General</u>			
Administrative and General Salaries	55,443	51,851	49,317
Office Supplies and Expense	4,630	5,265	4,940
Outside Services Employed	24,614	10,680	14,041
Property Insurance	874	971	809
Casualty Ins, Injuries & Damages	5,422	2,231	5,472
Employee Pensions and Benefits	84,763	81,059	76,945
Fringe Benefits Charges to Construction	(5,081)	(4,188)	(4,221)
Rents	8,938	8,938	8,727
Miscellaneous General Expense	22,966	15,621	19,463
Maintenance of General Plant	3,196	2,496	3,279
Vacation, Holiday, Sick Leave	6,363	6,876	5,332
Depreciation	9,223	8,276	8,425
Total Administrative and General	221,351	190,076	192,529
Total Operating Expenses	\$971,039	\$920,592	\$967,389

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$2,083	\$2,083	\$2,035
Tools Expense	583	119	88
Maintenance:			
Fiber	1,444	431	458
Conduit System	693	258	280
MAN/MME Equipment	14,810	3,240	6,265
Vacation, Holiday, Sick Leave	689	854	249
Property Taxes	1,272	1,272	1,146
Depreciation	44,270	41,926	40,682
Total MAN/MME	65,844	50,183	51,203
<u>Customer Service Expense</u>			
Customer Information Expense	17,425	3,797	16,838
<u>Consumer Accounts</u>			
Supervision	4,814	5,573	5,234
Consumer Records and Collections	81,399	76,347	66,634
Uncollectible Accounts Expense	5,904	5,904	5,742
Vacation, Holiday, Sick Leave	8,175	11,022	9,616
Total Consumer Accounts	100,292	98,846	87,226
<u>Administrative and General</u>			
Administrative and General Salaries	111,077	108,575	96,905
Office Supplies and Expense	9,907	9,404	9,363
Outside Services Employed	33,263	16,834	25,097
Property Insurance	1,748	1,942	1,617
Casualty Ins, Injuries & Damages	10,844	5,903	14,019
Employee Pensions and Benefits	171,677	172,786	155,283
Fringe Benefits Charges to Construction	(10,121)	(9,517)	(11,269)
Rents	17,876	17,876	17,454
Miscellaneous General Expense	35,404	20,068	26,991
Maintenance of General Plant	6,327	5,187	7,421
Vacation, Holiday, Sick Leave	15,883	21,267	14,971
Depreciation	18,446	16,552	16,850
Total Administrative and General	422,331	386,877	374,702
Total Operating Expenses	<u>\$1,927,852</u>	<u>\$1,891,005</u>	<u>\$1,937,258</u>

Muscatine Power and Water - Communications Utility
Statistical Data
February 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	7,133	(1.1)	7,054	(1.7)	7,179
Commercial/Hospitality	<u>160</u>	2.5	<u>164</u>	(3.0)	<u>169</u>
Total CATV	<u>7,293</u>	(1.0)	<u>7,218</u>	(1.8)	<u>7,348</u>
Bulk Equivalent Services	<u>357</u>	---	<u>357</u>	---	<u>476</u>
Bulk Master Services	<u>21</u>	---	<u>21</u>	---	<u>26</u>
<u>Internet</u>					
Residential	6,908	(1.6)	6,800	6.0	6,415
Commercial	<u>452</u>	3.1	<u>466</u>	1.1	<u>461</u>
Total Internet	<u>7,360</u>	(1.3)	<u>7,266</u>	5.7	<u>6,876</u>
<u>MAN/MME</u>	<u>56</u>	(8.9)	<u>51</u>	50.0	<u>34</u>

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