

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

March 2013

**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 - March 2013

	<u>Budget Estimate</u>	% Increase (Decrease) From Budget	<u>This Year</u>	% Increase (Decrease) Fr. Last Yr.	<u>Last Year</u>
<u>Operating Revenue</u>					
CATV	\$648,339	0.0	\$648,461	4.0	\$623,756
Data/Internet	321,180	0.7	323,577	7.3	301,516
MAN/MME	44,042	(9.9)	39,673	11.4	35,609
Miscellaneous	8,809	4.8	9,229	10.6	8,346
Total Operating Revenues	1,022,370	(0.1)	1,020,940	5.3	969,227
<u>Operating Expense</u>					
Operation	691,828	(4.1)	663,584	2.8	645,213
Maintenance	74,431	(12.4)	65,203	6.4	61,270
Depreciation	199,084	(2.0)	195,032	(0.3)	195,673
Amortization	---	---	---	---	64,428
Total Operating Expenses	965,343	(4.3)	923,819	(4.4)	966,584
Operating Income	57,027	70.3	97,121	35.7X	2,643
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	6,945	1.6	7,054	(27.5)	9,728
Interest Expense	(115,200)	0.4	(115,670)	(3.8)	(120,182)
Net Nonoperating Expense	(108,255)	0.3	(108,616)	(1.7)	(110,454)
Net Loss before Capital Contributions	(51,228)	(77.6)	(11,495)	(89.3)	(107,811)
Capital Contributions	---	---	725	1.7X	266
Change in Net Position	(\$51,228)		(\$10,770)		(\$107,545)
Beginning Net Position	(23,596,769)		(23,561,674)		(22,492,796)
Ending Net Position	<u>(\$23,647,997)</u>		<u>(\$23,572,444)</u>		<u>(\$22,600,341)</u>
Net Loss to Operating Income	(89.8)		(11.1)		(4,069.1)
Debt Service Coverage on Bank Debt	2.76		3.26		2.98
Debt Service Coverage on Electric Utility Debt	1.55		2.00		1.74

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - March 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	\$1,938,263	0.1	\$1,940,414	2.9	\$1,884,816
Data/Internet	957,293	0.4	961,110	6.9	898,756
MAN/MME	132,127	(10.3)	118,492	4.6	113,247
Miscellaneous	26,426	18.8	31,390	21.5	25,827
Total Operating Revenues	3,054,109	(0.1)	3,051,406	4.4	2,922,646
<u>Operating Expense</u>					
Operation	2,082,980	(2.8)	2,024,248	4.4	1,939,812
Maintenance	222,967	(7.8)	205,480	11.8	183,727
Depreciation	597,248	(2.0)	585,096	(0.3)	587,019
Amortization	---	---	---	---	193,284
Total Operating Expenses	2,903,195	(3.0)	2,814,824	(3.1)	2,903,842
Operating Income	150,914	56.8	236,582	11.6X	18,804
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	20,883	(4.2)	20,003	(24.8)	26,590
Interest Expense	(345,600)	0.4	(347,010)	(3.8)	(360,823)
Net Nonoperating Expense	(324,717)	0.7	(327,007)	(2.2)	(334,233)
Net Loss before Capital Contributions	(173,803)	(48.0)	(90,425)	(71.3)	(315,429)
Capital Contributions	---	---	2,175	1.7X	798
Change in Net Position	(173,803)		(88,250)		(314,631)
Beginning Net Position	(23,484,194)		(23,484,194)		(22,285,710)
Ending Net Position	<u>(\$23,657,997)</u>		<u>(\$23,572,444)</u>		<u>(\$22,600,341)</u>
Net Loss to Operating Income	(115.2)		(37.3)		(1,673.2)
Debt Service Coverage on Bank Debt	2.79		3.07		3.01
Debt Service Coverage on Electric Utility Debt	1.58		1.83		1.77

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

ASSETS

	<u>2013</u>	<u>2012</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	<u>\$19</u>	<u>\$6</u>
Total Restricted Current Assets	<u>19</u>	<u>6</u>
<u>Unrestricted</u>		
Cash - interest bearing	<u>898,803</u>	<u>2,500,969</u>
Investments	<u>4,111,462</u>	<u>3,027,000</u>
Receivables:		
Consumer Accounts	<u>1,277,314</u>	<u>1,126,601</u>
Interest	<u>19,320</u>	<u>27,593</u>
Inventories	<u>322,021</u>	<u>302,324</u>
Prepaid Expenses	<u>203,747</u>	<u>154,766</u>
Total Unrestricted Current Assets	<u>6,832,667</u>	<u>7,139,253</u>
Total Current Assets	<u>6,832,686</u>	<u>7,139,259</u>
Property and Equipment:		
At Cost	<u>31,779,804</u>	<u>31,026,277</u>
Less Accumulated Depreciation	<u>21,880,156</u>	<u>20,058,024</u>
Net Property and Equipment	<u>9,899,648</u>	<u>10,968,253</u>
Receivables:		
Consumer Accounts	<u>1,277,314</u>	<u>1,126,601</u>
Interest	<u>19,320</u>	<u>27,593</u>
Inventories	<u>322,021</u>	<u>302,324</u>
Prepaid Expenses	<u>203,747</u>	<u>154,766</u>
Total Unrestricted Current Assets	<u>6,832,667</u>	<u>7,139,253</u>
Total Current Assets	<u>6,832,686</u>	<u>7,139,259</u>
Property and Equipment:		
At Cost	<u>31,779,804</u>	<u>31,026,277</u>

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

LIABILITIES AND NET DEFICIT

	2013	2012
Current Liabilities:		
<u>Restricted</u>		
Notes Payable - Banks	\$960,000	\$915,000
Accrued Interest	<u>35,250</u>	<u>46,131</u>
Total Restricted Current Liabilities	<u>995,250</u>	<u>961,131</u>
<u>Unrestricted</u>		
Accrued Interest	311,760	311,760
Accounts Payable	482,520	695,255
Pension Provision	80,438	77,052
Health & Dental Insurance Provision	30,858	34,889
Intercompanies	---	9,758
Accrued Payroll	94,608	85,312
Accrued Vacation	142,591	119,396
Accrued Property Taxes	12,678	16,219
Deferred Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	<u>154,066</u>	<u>125,092</u>
Total Unrestricted Current Liabilities	<u>1,327,019</u>	<u>1,492,233</u>
Total Current Liabilities	<u>2,322,269</u>	<u>2,453,364</u>
Non-Current Liabilities:		
Health & Dental Insurance Provision	294,241	177,530
Post-Employment Health Benefit Provision	26,164	25,714
Deferred Revenue - Dark Fiber Lease	295,104	312,604
Notes Payable:		
Banks	2,040,000	3,000,000
Electric Utility	<u>35,327,000</u>	<u>35,327,000</u>
Total Non-Current Liabilities	<u>37,982,509</u>	<u>38,842,848</u>
Net Position:		
Net Investment in Capital Assets	6,899,648	7,648,549
Unrestricted	<u>(30,472,092)</u>	<u>(30,248,890)</u>
Total Net Position	<u>(23,572,444)</u>	<u>(22,600,341)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$16,732,334</u>	<u>\$18,695,871</u>

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

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$970,405	\$2,852,704
Advertising sales	17,649	63,900
Sale of digital equipment	---	420
Miscellaneous sources	10,321	21,228
Cash paid to/for:		
Suppliers	(395,511)	(1,493,561)
Employees payroll, taxes and benefits	<u>(236,088)</u>	<u>(747,635)</u>
Net cash flows from operating activities	<u>366,776</u>	<u>697,056</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(107,838)	(252,727)
Loan principal payments	---	(915,000)
Loan interest payments	---	(715,524)
Net cash flows from capital and related financing activities	<u>(107,838)</u>	<u>(1,883,251)</u>
Cash flows from investing activities:		
Interest received on investments	187	113,846
Mark to Market	<u>143</u>	<u>143</u>
Net cash flows from investing activities	<u>330</u>	<u>113,989</u>
Net increase (decrease) in cash and investments	<u>259,268</u>	<u>(1,072,206)</u>
Cash and investments at beginning of period	<u>4,751,016</u>	<u>6,082,490</u>
Cash and investments at end of period	<u>\$5,010,284</u>	<u>\$5,010,284</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$97,121	\$236,582
Noncash items in operating income:		
Converter/modem write-off	1,958	4,344
Depreciation of utility plant	195,032	585,096
Changes in assets and liabilities:		
Consumer accounts receivable	(18,678)	(98,499)
Inventories	945	3,216
Prepaid and deferred expenses	16,468	(138,292)
Accounts payable	1,557	(24,134)
Pension provision	26,813	80,438
Health & dental insurance provision	8,425	4,989
Other post-employment benefit provision	387	1,162
Deferred Revenue	(1,459)	(4,375)
Intercompany payable	---	(8,719)
Accrued payroll	14,812	35,400
Accrued vacation	2,740	17,387
Accrued property taxes	(4,678)	(678)
Miscellaneous accrued expenses	<u>25,333</u>	<u>3,139</u>
Net cash flows from operating activities	<u><u>\$366,776</u></u>	<u><u>\$697,056</u></u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
CATV			
Program Acquisition Expense	\$354,226	\$354,854	\$345,160
Promotional Expense	1,584	789	900
Electricity Expense	2,500	2,394	2,485
Pole Attachment Expense	2,250	2,250	2,167
Changes of Service	916	807	1,226
Underground Line Expense	2,604	1,165	1,795
Ad Insertion - Marketing/Production	6,349	5,322	7,951
Miscellaneous CATV Expense	18,293	17,702	13,884
Vehicle Expense	5,835	5,402	6,805
Maintenance:			
Fiber	1,554	839	831
Coax	1,896	188	3,501
Drops	2,881	1,055	1,316
Conduit System	728	672	289
Headend	23,015	17,647	22,215
Line Equipment	3,611	2,153	3,898
Converters	5,473	7,765	5,848
Ad Insertion	4,998	3,081	2,542
Vacation, Holiday, Sick Leave	6,346	6,964	3,601
Property Taxes	1,318	1,318	1,188
Depreciation	145,759	144,995	146,724
Amortization	---	---	48,321
 Total CATV	 592,136	 577,362	 622,647
 Data/Internet			
Data/Internet Access Charges	23,313	24,173	31,508
Promotional Expense	1,584	767	940
Electricity Expense	83	82	30
Pole Attachment Expense	83	83	75
Changes of Service	393	346	526
Customer Wireless Equipment Expense	620	1,060	1,576
Underground Line Expense	89	40	61
Miscellaneous Data/Internet Expense	9,464	10,419	9,333
Vehicle Expense	814	657	831
Maintenance:			
Fiber	54	29	29
Coax	65	6	121
Drops	98	36	45
Conduit System	25	24	10
Headend	13,810	22,860	12,643
Line Equipment	123	74	133
Modems	4,296	2,967	3,149
Vacation, Holiday, Sick Leave	4,230	3,562	2,273
Property Taxes	46	46	41
Depreciation	21,967	20,798	20,183
Amortization	---	---	16,107
 Total Data/Internet	 \$81,157	 \$88,029	 \$99,614

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

	Budget <u>Estimate</u>	This Year	Last Year
CATV			
Program Acquisition Expense	\$1,050,739	\$1,059,877	\$1,025,339
Promotional Expense	5,223	2,777	945
Electricity Expense	7,500	7,220	7,402
Pole Attachment Expense	6,750	6,750	6,400
Changes of Service	2,790	3,918	3,122
Underground Line Expense	7,846	3,345	4,142
Ad Insertion - Marketing/Production	19,078	18,910	20,461
Miscellaneous CATV Expense	54,521	59,630	43,232
Vehicle Expense	17,469	14,171	17,280
Maintenance:			
Fiber	4,546	1,732	1,781
Coax	5,604	3,087	6,985
Drops	8,203	3,988	3,670
Conduit System	2,165	1,206	870
Headend	68,169	59,529	65,169
Line Equipment	10,092	11,429	14,805
Converters	16,347	17,887	14,998
Ad Insertion	15,058	10,796	7,529
Vacation, Holiday, Sick Leave	16,938	20,466	12,703
Property Taxes	3,953	3,953	3,564
Depreciation	437,277	434,985	440,172
Amortization	---	---	144,963
 Total CATV	 1,760,268	 1,745,656	 1,845,532
 Data/Internet			
Data/Internet Access Charges	69,939	74,858	76,382
Promotional Expense	5,223	2,647	961
Electricity Expense	250	246	198
Pole Attachment Expense	250	250	222
Changes of Service	1,196	1,679	1,338
Customer Wireless Equipment Expense	1,861	3,276	7,007
Underground Line Expense	268	114	141
Miscellaneous Data/Internet Expense	28,141	31,981	28,498
Vehicle Expense	2,442	1,716	2,101
Maintenance:			
Fiber	159	60	62
Coax	191	105	244
Drops	280	136	128
Conduit System	75	42	30
Headend	43,862	70,807	38,902
Line Equipment	344	390	491
Modems	12,794	9,364	8,939
Vacation, Holiday, Sick Leave	11,672	10,833	9,383
Property Taxes	139	139	123
Depreciation	65,899	62,394	60,549
Amortization	---	---	48,321
 Total Data/Internet	 \$244,985	 \$271,037	 \$284,020

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - March 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	160
Maintenance:			
Fiber	750	405	401
Conduit System	351	324	140
MAN/MME Equipment	7,573	2,047	1,563
Vacation, Holiday, Sick Leave	398	743	92
Property Taxes	636	636	573
Depreciation	<u>22,135</u>	<u>20,963</u>	<u>20,341</u>
Total MAN/MME	<u>33,177</u>	<u>26,221</u>	<u>24,312</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>6,183</u>	<u>2,470</u>	<u>(1,493)</u>
<u>Consumer Accounts</u>			
Supervision	2,429	2,107	2,113
Consumer Records and Collections	37,901	34,619	37,850
Uncollectible Accounts Expense	2,952	2,952	2,871
Vacation, Holiday, Sick Leave	<u>4,908</u>	<u>5,697</u>	<u>3,983</u>
Total Consumer Accounts	<u>48,190</u>	<u>45,375</u>	<u>46,817</u>
<u>Administrative and General</u>			
Administrative and General Salaries	55,690	49,939	51,455
Office Supplies and Expense	4,677	5,341	4,131
Outside Services Employed	10,246	5,129	6,776
Property Insurance	874	971	809
Casualty Ins, Injuries & Damages	5,422	5,123	3,340
Employee Pensions and Benefits	84,673	81,273	78,796
Fringe Benefits Charges to Construction	(5,605)	(5,010)	(4,615)
Rents	8,938	8,938	8,727
Miscellaneous General Expense	17,804	9,002	8,335
Maintenance of General Plant	3,130	3,031	2,596
Vacation, Holiday, Sick Leave	9,428	12,349	5,912
Depreciation	<u>9,223</u>	<u>8,276</u>	<u>8,425</u>
Total Administrative and General	<u>204,500</u>	<u>184,362</u>	<u>174,687</u>
Total Operating Expenses	<u>\$965,343</u>	<u>\$923,819</u>	<u>\$966,584</u>

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$3,125	\$3,125	\$3,077
Tools Expense	875	180	247
Maintenance:			
Fiber	2,194	836	859
Conduit System	1,045	582	420
MAN/MME Equipment	22,382	5,286	7,828
Vacation, Holiday, Sick Leave	1,087	1,597	341
Property Taxes	1,908	1,908	1,719
Depreciation	<u>66,404</u>	<u>62,889</u>	<u>61,023</u>
Total MAN/MME	<u>99,020</u>	<u>76,403</u>	<u>75,514</u>
<u>Customer Service Expense</u>			
Customer Information Expense	23,609	6,267	15,345
<u>Consumer Accounts</u>			
Supervision	7,243	7,680	7,348
Consumer Records and Collections	119,300	110,966	104,483
Uncollectible Accounts Expense	8,856	8,856	8,612
Vacation, Holiday, Sick Leave	<u>13,083</u>	<u>16,719</u>	<u>13,599</u>
Total Consumer Accounts	<u>148,482</u>	<u>144,221</u>	<u>134,042</u>
<u>Administrative and General</u>			
Administrative and General Salaries	166,767	158,514	148,360
Office Supplies and Expense	14,584	14,745	13,494
Outside Services Employed	43,509	21,963	31,873
Property Insurance	2,622	2,914	2,426
Casualty Ins, Injuries & Damages	16,266	11,025	17,359
Employee Pensions and Benefits	256,351	254,059	234,080
Fringe Benefits Charges to Construction	(15,726)	(14,527)	(15,885)
Rents	26,814	26,814	26,181
Miscellaneous General Expense	53,208	29,070	35,326
Maintenance of General Plant	9,457	8,218	10,017
Vacation, Holiday, Sick Leave	25,311	33,617	20,883
Depreciation	<u>27,668</u>	<u>24,828</u>	<u>25,275</u>
Total Administrative and General	<u>626,831</u>	<u>571,240</u>	<u>549,389</u>
Total Operating Expenses	<u>\$2,903,195</u>	<u>\$2,814,824</u>	<u>\$2,903,842</u>

Muscatine Power and Water - Communications Utility
Statistical Data
March 2013

<u>Services</u>	<u>Budget</u> <u>Estimate</u>	<u>% Increase (Decrease)</u> <u>From Budget</u>	<u>This Year</u> ^{fn1}	<u>% Increase (Decrease)</u>				
				<u>Fr. Last Yr.</u>	<u>Last Year</u> ^{fn1}			
CATV								
Residential								
	7,168	(1.2)	7,079	(1.9)	7,216			
Commercial/Hospitality	160	3.8	166	0.0	166			
Total CATV	<u>7,328</u>	(1.1)	<u>7,245</u>	(1.9)	<u>7,382</u>			
Bulk Equivalent Services								
	357	--	373	--	476			
Bulk Master Services	21	--	22	--	26			
Internet								
Residential	6,941	(1.1)	6,866	6.2	6,464			
Commercial	452	2.0	461	0.4	459			
Total Internet	<u>7,393</u>	(0.9)	<u>7,327</u>	5.8	<u>6,923</u>			
MAN/MME	<u>56</u>	(8.9)	<u>51</u>	54.5	<u>33</u>			

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