

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

July 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 - July 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	\$660,841	(3.0)	\$641,102	0.5	\$637,853
Data/Internet	327,706	0.5	329,352	7.0	307,919
MAN/MME	44,717	(8.2)	41,052	(4.4)	42,919
Miscellaneous	<u>8,834</u>	<u>(1.4)</u>	<u>8,706</u>	<u>1.3</u>	<u>8,595</u>
Total Operating Revenues	<u>1,042,098</u>	<u>(2.1)</u>	<u>1,020,212</u>	<u>2.3</u>	<u>997,286</u>
<u>Operating Expense</u>					
Operation	692,484	(4.1)	663,980	2.4	648,633
Maintenance	75,823	(4.4)	72,510	19.8	60,547
Depreciation	199,083	(2.0)	195,032	(0.3)	195,673
Amortization	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>64,428</u>
Total Operating Expenses	<u>967,390</u>	<u>(3.7)</u>	<u>931,522</u>	<u>(3.9)</u>	<u>969,281</u>
Operating Income	<u>74,708</u>	<u>18.7</u>	<u>88,690</u>	<u>2.2X</u>	<u>28,005</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	6,881	1.5	6,983	(28.4)	9,752
Interest Expense	<u>(115,200)</u>	<u>0.4</u>	<u>(115,670)</u>	<u>(3.8)</u>	<u>(120,182)</u>
Net Nonoperating Expense	<u>(108,319)</u>	<u>0.3</u>	<u>(108,687)</u>	<u>(1.6)</u>	<u>(110,430)</u>
Net Loss before Capital Contributions	<u>(33,611)</u>	<u>(40.5)</u>	<u>(19,997)</u>	<u>(75.7)</u>	<u>(82,425)</u>
Capital Contributions	<u>---</u>	<u>---</u>	<u>760</u>	<u>42.3</u>	<u>534</u>
Change in Net Position	<u>(\$33,611)</u>		<u>(\$19,237)</u>		<u>(\$81,891)</u>
Beginning Net Position	<u>(23,759,847)</u>		<u>(23,626,247)</u>		<u>(22,903,863)</u>
Ending Net Position	<u>(\$23,793,458)</u>		<u>(\$23,645,484)</u>		<u>(\$22,985,754)</u>
Net Loss to Operating Revenue	(3.2)		(2.0)		(8.3)
Debt Service Coverage on Bank Debt	3.06		3.17		3.25
Debt Service Coverage on Electric Utility Debt	1.82		1.91		1.98

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - July 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	\$4,570,844	(0.9)	\$4,528,256	1.7	\$4,454,313
Data/Internet	2,255,372	1.3	2,285,157	7.6	2,123,845
MAN/MME	313,022	(10.4)	280,320	0.6	278,572
Miscellaneous	61,686	11.8	68,991	12.3	61,430
Total Operating Revenues	<u>7,200,924</u>	(0.5)	<u>7,162,724</u>	3.5	<u>6,918,160</u>
<u>Operating Expense</u>					
Operation	4,867,229	(3.1)	4,717,140	3.0	4,579,438
Maintenance	521,481	(7.1)	484,681	9.1	444,076
Depreciation	1,393,581	(2.0)	1,365,224	(0.3)	1,369,711
Amortization	—	—	—	—	450,996
Total Operating Expenses	<u>6,782,291</u>	(3.2)	<u>6,567,045</u>	(4.0)	<u>6,844,221</u>
Operating Income	<u>418,633</u>	42.3	<u>595,679</u>	7.1X	<u>73,939</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	48,503	(1.9)	47,560	(26.7)	64,920
Interest Expense	<u>(806,400)</u>	0.4	<u>(809,692)</u>	(3.8)	<u>(841,293)</u>
Net Nonoperating Expense	<u>(757,897)</u>	0.6	<u>(762,132)</u>	(1.8)	<u>(776,373)</u>
Net Loss before Capital Contributions	(339,264)	(50.9)	(166,453)	(76.3)	(702,434)
Capital Contributions	<u>30,000</u>	(82.8)	<u>5,163</u>	1.2X	<u>2,390</u>
Change in Net Position	(309,264)		(161,290)		(700,044)
Beginning Net Position	<u>(23,484,194)</u>		<u>(23,484,194)</u>		<u>(22,285,710)</u>
Ending Net Position	<u>(\$23,793,458)</u>		<u>(\$23,645,484)</u>		<u>(\$22,985,754)</u>
Net Loss to Operating Revenue	(4.7)		(2.3)		(10.2)
Debt Service Coverage on Bank Debt	2.90		3.13		3.06
Debt Service Coverage on Electric Utility Debt	1.68		1.88		1.81

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

ASSETS

	<u>2013</u>	<u>2012</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$20	\$6
Total Restricted Current Assets	<u>20</u>	<u>6</u>
<u>Unrestricted</u>		
Cash - interest bearing	1,450,549	2,227,445
Investments	3,612,073	3,027,000
Receivables:		
Consumer Accounts	1,162,363	1,112,795
Interest	46,254	65,547
Inventories	312,936	337,199
Prepaid Expenses	<u>138,403</u>	<u>90,321</u>
Total Unrestricted Current Assets	<u>6,722,578</u>	<u>6,860,307</u>
Total Current Assets	<u>6,722,598</u>	<u>6,860,313</u>
Property and Equipment:		
At Cost	32,108,784	31,239,128
Less Accumulated Depreciation	<u>22,528,746</u>	<u>20,572,444</u>
Net Property and Equipment	<u>9,580,038</u>	<u>10,666,684</u>
Other Assets:		
Unamortized Cost of Issuing Debt	<u>—</u>	<u>5,540</u>
Total Other Assets	<u>—</u>	<u>5,540</u>
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$7,730,912 in 2013 and \$7,408,772 in 2012	<u>—</u>	<u>322,140</u>
TOTAL ASSETS	<u><u>\$16,302,636</u></u>	<u><u>\$17,854,677</u></u>

Muscatine Power and Water - Communications Utility
Statements of Net Position
July 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	<u>11,750</u>	<u>15,377</u>
Total Restricted Current Liabilities	<u>971,750</u>	<u>930,377</u>
<u>Unrestricted</u>		
Accrued Interest	103,920	103,920
Accounts Payable	448,846	451,702
Pension Provision	9,182	180,660
Health & Dental Insurance Provision	30,858	34,889
Intercompanies	---	11,505
Accrued Payroll	74,242	61,364
Accrued Vacation	145,411	126,343
Accrued Property Taxes	17,637	23,427
Deferred Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	<u>101,918</u>	<u>92,895</u>
Total Unrestricted Current Liabilities	<u>949,514</u>	<u>1,104,205</u>
Total Current Liabilities	<u>1,921,264</u>	<u>2,034,582</u>
Non-Current Liabilities:		
Health & Dental Insurance Provision	338,680	144,976
Post-Employment Health Benefit Provision	31,905	27,102
Deferred Revenue - Dark Fiber Lease	289,271	306,771
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>38,026,856</u>	<u>38,805,849</u>
Net Position:		
Net Investment in Capital Assets	6,580,038	7,086,614
Unrestricted	<u>(30,225,522)</u>	<u>(30,072,368)</u>
Total Net Position	<u>(23,645,484)</u>	<u>(22,985,754)</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$16,302,636</u></u>	<u><u>\$17,854,677</u></u>

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

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,062,417	\$6,937,969
Advertising sales	21,395	158,689
Sale of digital equipment	—	420
Miscellaneous sources	4,975	38,107
Cash paid to/for:		
Suppliers	(486,177)	(3,185,872)
Employees payroll, taxes and benefits	(242,196)	(1,987,513)
Net cash flows from operating activities	<u>360,414</u>	<u>1,961,800</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(189,177)	(771,713)
Loan principal payments	—	(915,000)
Loan interest payments	(694,022)	(1,409,546)
Net cash flows from capital and related financing activities	<u>(883,199)</u>	<u>(3,096,259)</u>
Cash flows from investing activities:		
Interest received on investments	54	113,797
Accrued interest purchased	—	(193)
Amortization/accretion of investments	71	476
Mark to Market	63	531
Net cash flows from investing activities	<u>188</u>	<u>114,611</u>
Net decrease in cash and investments	<u>(522,597)</u>	<u>(1,019,848)</u>
Cash and investments at beginning of period	<u>5,585,239</u>	<u>6,082,490</u>
Cash and investments at end of period	<u><u>\$5,062,642</u></u>	<u><u>\$5,062,642</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
July 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	\$88,690	\$595,679
Noncash items in operating income:		
Converter/modem write-off	1,594	14,619
Depreciation of utility plant	195,032	1,365,224
Changes in assets and liabilities:		
Consumer accounts receivable	80,867	16,452
Inventories	10,115	12,301
Prepaid and deferred expenses	15,155	(72,948)
Accounts payable	(34,665)	(6,626)
Pension provision	21,366	9,182
Health & dental insurance provision	958	49,428
Other post-employment benefit provision	4,579	6,903
Deferred Revenue	(1,458)	(10,208)
Intercompany payable	---	(8,719)
Accrued payroll	24,947	15,034
Accrued vacation	(3,596)	20,207
Accrued property taxes	479	4,280
Miscellaneous accrued expenses	(43,649)	(49,008)
Net cash flows from operating activities	<u>\$360,414</u>	<u>\$1,961,800</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$356,124	\$344,759	\$344,107
Promotional Expense	1,584	399	1,570
Electricity Expense	2,500	2,519	2,479
Pole Attachment Expense	2,250	2,250	2,167
Changes of Service	988	1,040	870
Underground Line Expense	2,615	2,666	2,533
Ad Insertion - Marketing/Production	6,384	4,736	5,582
Miscellaneous CATV Expense	18,377	5,545	13,175
Vehicle Expense	5,839	6,641	4,272
Maintenance:			
Fiber	1,575	58	419
Coax	1,958	710	1,443
Drops	2,956	2,388	1,757
Conduit System	880	2,071	1,443
Headend	23,283	19,087	17,190
Line Equipment	3,628	2,464	2,431
Converters	5,629	5,093	6,028
Ad Insertion	5,048	3,602	4,069
Vacation, Holiday, Sick Leave	6,518	12,644	5,317
Property Taxes	1,318	316	1,188
Depreciation	145,759	144,995	146,724
Amortization	---	---	48,321
Total CATV	595,213	563,983	613,085
<u>Data/Internet</u>			
Data/Internet Access Charges	25,813	24,591	32,177
Promotional Expense	1,585	425	1,570
Electricity Expense	83	86	85
Pole Attachment Expense	83	83	75
Changes of Service	423	446	373
Customer Wireless Equipment Expense	705	424	1,101
Underground Line Expense	89	91	86
Miscellaneous Data/Internet Expense	9,727	2,047	9,609
Vehicle Expense	814	812	519
Maintenance:			
Fiber	55	2	15
Coax	67	24	49
Drops	101	82	60
Conduit System	31	72	50
Headend	14,033	26,651	10,693
Line Equipment	124	84	83
Modems	4,485	4,213	6,098
Vacation, Holiday, Sick Leave	4,625	3,245	4,312
Property Taxes	47	11	41
Depreciation	21,966	20,798	20,183
Amortization	---	---	16,107
Total Data/Internet	\$84,856	\$84,187	\$103,286

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$2,475,313	\$2,465,582	\$2,413,125
Promotional Expense	11,560	4,626	6,472
Electricity Expense	17,500	17,191	17,091
Pole Attachment Expense	15,750	15,750	15,067
Changes of Service	6,681	7,884	6,967
Underground Line Expense	18,334	14,036	13,426
Ad Insertion - Marketing/Production	44,538	38,866	42,990
Miscellaneous CATV Expense	126,854	131,289	106,726
Vehicle Expense	40,699	39,098	38,097
Maintenance:			
Fiber	10,744	3,789	5,572
Coax	13,174	6,038	8,804
Drops	19,756	14,410	12,581
Conduit System	5,447	6,406	3,623
Headend	159,519	127,990	149,570
Line Equipment	24,358	28,157	26,553
Converters	38,488	38,697	34,428
Ad Insertion	35,166	24,149	30,596
Vacation, Holiday, Sick Leave	38,171	51,948	33,025
Property Taxes	9,224	7,220	8,316
Depreciation	1,020,313	1,014,965	1,027,068
Amortization	---	---	338,247
Total CATV	4,131,589	4,058,091	4,338,344
<u>Data/Internet</u>			
Data/Internet Access Charges	185,591	177,576	201,938
Promotional Expense	11,560	4,440	5,993
Electricity Expense	583	587	583
Pole Attachment Expense	583	583	522
Changes of Service	2,863	3,379	2,986
Customer Wireless Equipment Expense	4,641	8,979	14,243
Underground Line Expense	626	479	458
Miscellaneous Data/Internet Expense	66,128	68,818	71,590
Vehicle Expense	5,698	4,754	4,635
Maintenance:			
Fiber	375	126	194
Coax	449	206	302
Drops	674	496	435
Conduit System	190	224	126
Headend	99,728	173,206	85,358
Line Equipment	831	658	892
Modems	30,253	25,573	26,738
Vacation, Holiday, Sick Leave	26,722	21,719	24,268
Property Taxes	325	254	287
Depreciation	153,765	145,586	141,281
Amortization	---	---	112,749
Total Data/Internet	\$591,585	\$637,643	\$695,578

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - July 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	29	—
Maintenance:			
Fiber	760	28	202
Conduit System	424	999	697
MAN/MME Equipment	7,632	1,039	4,299
Vacation, Holiday, Sick Leave	456	670	144
Property Taxes	636	152	573
Depreciation	22,135	20,963	20,341
Total MAN/MME	33,377	24,922	27,298
<u>Customer Service Expense</u>			
Customer Information Expense	6,163	1,689	6,498
<u>Consumer Accounts</u>			
Supervision	2,457	2,787	2,582
Consumer Records and Collections	38,790	42,056	36,358
Uncollectible Accounts Expense	2,952	2,952	2,871
Vacation, Holiday, Sick Leave	5,048	5,665	6,003
Total Consumer Accounts	49,247	53,460	47,814
<u>Administrative and General</u>			
Administrative and General Salaries	57,222	67,297	52,421
Office Supplies and Expense	4,508	3,988	4,835
Outside Services Employed	7,514	6,065	4,768
Property Insurance	1,050	1,040	971
Casualty Ins, Injuries & Damages	5,422	3,705	5,601
Employee Pensions and Benefits	85,006	79,617	76,298
Fringe Benefits Charges to Construction	(6,053)	(7,793)	(8,848)
Rents	8,938	8,938	8,727
Miscellaneous General Expense	12,853	16,349	6,363
Maintenance of General Plant	3,154	3,843	3,521
Vacation, Holiday, Sick Leave	9,697	11,956	8,218
Depreciation	9,223	8,276	8,425
Total Administrative and General	198,534	203,281	171,300
Total Operating Expenses	\$967,390	\$931,522	\$969,281

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$7,292	\$7,292	\$7,243
Tools Expense	2,042	296	350
Maintenance:			
Fiber	5,184	1,740	2,689
Conduit System	2,628	3,091	1,748
MAN/MME Equipment	52,514	11,152	28,847
Vacation, Holiday, Sick Leave	2,522	3,857	893
Property Taxes	4,452	3,484	4,011
Depreciation	154,944	146,741	142,387
Total MAN/MME	231,578	177,653	188,168
<u>Customer Service Expense</u>			
Customer Information Expense	63,771	15,757	37,272
<u>Consumer Accounts</u>			
Supervision	16,942	18,792	17,856
Consumer Records and Collections	271,781	282,542	251,988
Uncollectible Accounts Expense	20,665	20,664	20,096
Vacation, Holiday, Sick Leave	29,571	34,024	33,874
Total Consumer Accounts	338,959	356,022	323,814
<u>Administrative and General</u>			
Administrative and General Salaries	390,612	397,704	357,270
Office Supplies and Expense	32,623	29,270	33,483
Outside Services Employed	87,540	47,958	53,989
Property Insurance	6,822	7,073	6,311
Casualty Ins, Injuries & Damages	37,955	31,292	43,316
Employee Pensions and Benefits	596,412	576,305	542,715
Fringe Benefits Charges to Construction	(39,306)	(40,537)	(47,244)
Rents	62,566	62,566	61,089
Miscellaneous General Expense	105,881	67,081	74,239
Maintenance of General Plant	22,003	18,573	25,020
Vacation, Holiday, Sick Leave	57,142	66,662	51,882
Depreciation	64,559	57,932	58,975
Total Administrative and General	1,424,809	1,321,879	1,261,045
Total Operating Expenses	\$6,782,291	\$6,567,045	\$6,844,221

Muscatine Power and Water - Communications Utility
Statistical Data
July 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	7,198	(3.6)	6,936	(3.4)	7,181
Commercial/Hospitality	<u>164</u>	(0.6)	<u>163</u>	(3.0)	<u>168</u>
Total CATV	<u>7,362</u>	(3.6)	<u>7,099</u>	(3.4)	<u>7,349</u>
Bulk Equivalent Services	<u>357</u>	---	<u>373</u>	---	<u>375</u>
Bulk Master Services	<u>21</u>	---	<u>22</u>	---	<u>21</u>
<u>Internet</u>					
Residential	7,067	(3.6)	6,813	2.5	6,646
Commercial	<u>453</u>	3.3	<u>468</u>	1.5	<u>461</u>
Total Internet	<u>7,520</u>	(3.2)	<u>7,281</u>	2.4	<u>7,107</u>
<u>MAN/MME</u>	<u>56</u>	0.0	<u>56</u>	7.7	<u>52</u>

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