

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

August 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 - August 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	\$667,314	(4.3)	\$638,882	1.7	\$628,331
Data/Internet	329,449	0.4	330,902	7.8	306,933
MAN/MME	44,717	(7.2)	41,479	(5.9)	44,075
Miscellaneous	8,833	34.6	11,888	(15.0)	13,990
Total Operating Revenues	1,050,313	(2.6)	1,023,151	3.0	993,329
<u>Operating Expense</u>					
Operation	709,867	(6.6)	662,788	(1.2)	670,763
Maintenance	75,668	11.3	84,193	21.7	69,199
Depreciation	199,083	(2.0)	195,032	(0.3)	195,673
Amortization	—	—	—	—	64,428
Total Operating Expenses	984,618	(4.3)	942,013	(5.8)	1,000,063
Operating Income (Loss)	65,695	23.5	81,138	-13.0X	(6,734)
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	6,864	1.7	6,982	(28.4)	9,755
Interest Expense	(115,200)	0.4	(115,670)	(3.7)	(120,139)
Net Nonoperating Expense	(108,336)	0.3	(108,688)	(1.5)	(110,384)
Net Loss before Capital Contributions	(42,641)	(35.4)	(27,550)	(76.5)	(117,118)
Capital Contributions	—	—	771	33.4	578
Change in Net Position	(\$42,641)		(\$26,779)		(\$116,540)
Beginning Net Position	(23,793,458)		(23,645,484)		(22,985,754)
Ending Net Position	(\$23,836,099)		(\$23,672,263)		(\$23,102,294)
Net Loss to Operating Revenue	(4.1)		(2.7)		(11.8)
Debt Service Coverage on Bank Debt	2.96		3.09		2.87
Debt Service Coverage on Electric Utility Debt	1.73		1.84		1.65

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - August 2013

	<u>Budget</u> <u>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	\$5,238,158	(1.4)	\$5,167,138	1.7	\$5,082,644
Data/Internet	2,584,820	1.2	2,616,059	7.6	2,430,778
MAN/MME	357,739	(10.0)	321,799	(0.3)	322,647
Miscellaneous	70,520	14.7	80,880	7.2	75,420
Total Operating Revenues	8,251,237	(0.8)	8,185,876	3.5	7,911,489
<u>Operating Expense</u>					
Operation	5,577,098	(3.5)	5,379,926	2.5	5,250,203
Maintenance	597,146	(4.7)	568,877	10.8	513,274
Depreciation	1,592,665	(2.0)	1,560,256	(0.3)	1,565,384
Amortization	---	---	---	---	515,424
Total Operating Expenses	7,766,909	(3.3)	7,509,059	(4.3)	7,844,285
Operating Income	484,328	39.7	676,817	9.1X	67,204
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	55,367	(1.5)	54,542	(27.0)	74,675
Interest Expense	(921,600)	0.4	(925,362)	(3.8)	(961,431)
Net Nonoperating Expense	(866,233)	0.5	(870,820)	(1.8)	(886,756)
Net Loss before Capital Contributions	(381,905)	(49.2)	(194,003)	(76.3)	(819,552)
Capital Contributions	30,000	(80.2)	5,934	99.9	2,968
Change in Net Position	(351,905)		(188,069)		(816,584)
Beginning Net Position	(23,484,194)		(23,484,194)		(22,285,710)
Ending Net Position	(\$23,836,099)		(\$23,672,263)		(\$23,102,294)
Net Loss to Operating Revenue	(4.6)		(2.4)		(10.4)
Debt Service Coverage on Bank Debt	2.91		3.12		3.03
Debt Service Coverage on Electric Utility Debt	1.68		1.87		1.79

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

ASSETS

	<u>2013</u>	<u>2012</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	<u>\$20</u>	<u>\$6</u>
Total Restricted Current Assets	<u>20</u>	<u>6</u>
<u>Unrestricted</u>		
Cash - interest bearing	1,736,466	2,483,900
Investments	3,612,091	3,027,000
Receivables:		
Consumer Accounts	1,171,954	1,141,560
Interest	53,058	75,192
Inventories	293,816	307,250
Prepaid Expenses	<u>123,133</u>	<u>78,458</u>
Total Unrestricted Current Assets	<u>6,990,518</u>	<u>7,113,360</u>
Total Current Assets	<u>6,990,538</u>	<u>7,113,366</u>
Property and Equipment:		
At Cost	32,119,411	31,314,495
Less Accumulated Depreciation	<u>22,681,003</u>	<u>20,741,123</u>
Net Property and Equipment	<u>9,438,408</u>	<u>10,573,372</u>
Other Assets:		
Unamortized Cost of Issuing Debt	--	4,798
Total Other Assets	--	4,798
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$7,730,912 in 2013 and \$7,473,201 in 2012	---	257,712
TOTAL ASSETS	<u>\$16,428,946</u>	<u>\$17,949,248</u>

Muscatine Power and Water - Communications Utility
Statements of Net Position
August 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>23,500</u>	<u>30,711</u>
Total Restricted Current Liabilities	<u>983,500</u>	<u>945,711</u>
<u>Unrestricted</u>		
Accrued Interest	207,840	207,840
Accounts Payable	436,823	462,959
Pension Provision	30,549	206,780
Health & Dental Insurance Provision	30,858	34,889
Intercompanies	---	16,701
Accrued Payroll	96,096	93,219
Accrued Vacation	144,630	116,369
Accrued Property Taxes	18,116	25,229
Deferred Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	<u>122,714</u>	<u>119,651</u>
Total Unrestricted Current Liabilities	<u>1,105,126</u>	<u>1,301,137</u>
Total Current Liabilities	<u>2,088,626</u>	<u>2,246,848</u>
Non-Current Liabilities:		
Health & Dental Insurance Provision	321,285	144,932
Post-Employment Health Benefit Provision	36,485	27,449
Deferred Revenue - Dark Fiber Lease	287,813	305,313
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>38,012,583</u>	<u>38,804,694</u>
Net Position:		
Net Investment in Capital Assets	6,438,408	6,927,104
Unrestricted	<u>(30,110,671)</u>	<u>(30,029,398)</u>
Total Net Position	<u>(23,672,263)</u>	<u>(23,102,294)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$16,428,946</u>	<u>\$17,949,248</u>

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

	<u>Current Month</u>	<u>Year-To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$981,619	\$7,919,588
Advertising sales	21,224	179,913
Sale of digital equipment	---	420
Miscellaneous sources	5,922	44,029
Cash paid to/for:		
Suppliers	(405,576)	(3,591,448)
Employees payroll, taxes and benefits	<u>(257,970)</u>	<u>(2,245,482)</u>
Net cash flows from operating activities	<u>345,219</u>	<u>2,307,020</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(59,463)	(831,176)
Loan principal payments	---	(915,000)
Loan interest payments	---	(1,409,546)
Net cash flows from capital and related financing activities	<u>(59,463)</u>	<u>(3,155,722)</u>
Cash flows from investing activities:		
Interest received on investments	90	113,888
Accrued interest purchased	---	(193)
Amortization/accretion of investments	71	546
Mark to Market	18	548
Net cash flows from investing activities	<u>179</u>	<u>114,789</u>
Net increase (decrease) in cash and investments	<u>285,935</u>	<u>(733,913)</u>
Cash and investments at beginning of period	<u>5,062,642</u>	<u>6,082,490</u>
Cash and investments at end of period	<u><u>\$5,348,577</u></u>	<u><u>\$5,348,577</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
August 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	\$81,138	\$676,817
Noncash items in operating income:		
Converter/modem write-off	2,230	16,849
Depreciation of utility plant	195,032	1,560,256
Changes in assets and liabilities:		
Consumer accounts receivable	(9,591)	6,861
Inventories	19,120	31,421
Prepaid and deferred expenses	15,270	(57,678)
Accounts payable	(7,421)	(14,047)
Pension provision	21,367	30,549
Health & dental insurance provision	(17,395)	32,033
Other post-employment benefit provision	4,580	11,483
Deferred Revenue	(1,458)	(11,666)
Intercompany payable	---	(8,719)
Accrued payroll	21,854	36,888
Accrued vacation	(781)	19,426
Accrued property taxes	479	4,759
Miscellaneous accrued expenses	<u>20,795</u>	<u>(28,212)</u>
Net cash flows from operating activities	<u><u>\$345,219</u></u>	<u><u>\$2,307,020</u></u>

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
CATV			
Program Acquisition Expense	\$360,016	\$335,426	\$338,720
Promotional Expense	1,584	702	1,717
Electricity Expense	2,500	2,423	2,540
Pole Attachment Expense	2,250	2,250	2,167
Changes of Service	1,021	1,485	803
Underground Line Expense	2,649	3,008	4,341
Ad Insertion - Marketing/Production	6,401	5,663	6,453
Miscellaneous CATV Expense	19,004	16,394	16,536
Vehicle Expense	5,760	4,486	5,465
Maintenance:			
Fiber	1,605	1,192	1,087
Coax	1,977	745	567
Drops	2,895	4,953	2,659
Conduit System	846	1,694	537
Headend	22,923	25,004	23,926
Line Equipment	3,666	10,344	1,853
Converters	5,659	5,488	4,499
Ad Insertion	5,064	3,352	4,138
Vacation, Holiday, Sick Leave	4,317	6,928	3,771
Property Taxes	1,318	316	1,188
Depreciation	145,759	144,995	146,724
Amortization	---	---	48,321
 Total CATV	 597,214	 576,848	 618,012
 Data/Internet			
Data/Internet Access Charges	25,813	24,964	31,349
Promotional Expense	1,584	655	1,644
Electricity Expense	83	86	87
Pole Attachment Expense	83	83	75
Changes of Service	438	2,010	344
Customer Wireless Equipment Expense	683	---	3,187
Underground Line Expense	90	103	148
Miscellaneous Data/Internet Expense	9,642	13,113	11,328
Vehicle Expense	814	546	665
Maintenance:			
Fiber	56	42	38
Coax	67	25	20
Drops	99	169	91
Conduit System	30	59	19
Headend	14,109	20,748	16,706
Line Equipment	125	353	449
Modems	4,550	5,039	5,801
Vacation, Holiday, Sick Leave	3,034	1,695	2,443
Property Taxes	46	11	41
Depreciation	21,966	20,798	20,183
Amortization	---	---	16,107
 Total Data/Internet	 \$83,312	 \$90,499	 \$110,725

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
CATV			
Program Acquisition Expense	\$2,835,329	\$2,801,009	\$2,751,845
Promotional Expense	13,145	5,328	8,189
Electricity Expense	20,000	19,613	19,631
Pole Attachment Expense	18,000	18,000	17,233
Changes of Service	7,702	9,369	7,770
Underground Line Expense	20,983	17,044	17,768
Ad Insertion - Marketing/Production	50,939	44,529	49,444
Miscellaneous CATV Expense	145,858	147,683	123,262
Vehicle Expense	46,459	43,585	43,562
Maintenance:			
Fiber	12,349	4,981	6,659
Coax	15,151	6,783	9,370
Drops	22,651	19,363	15,240
Conduit System	6,292	8,100	4,160
Headend	182,441	152,995	173,496
Line Equipment	28,024	38,501	28,406
Converters	44,147	44,185	38,927
Ad Insertion	40,230	27,501	34,734
Vacation, Holiday, Sick Leave	42,488	58,875	36,796
Property Taxes	10,541	7,536	9,504
Depreciation	1,166,073	1,159,960	1,173,792
Amortization	---	---	386,568
 Total CATV	 4,728,802	 4,634,940	 4,956,356
 Data/Internet			
Data/Internet Access Charges	211,404	202,540	233,287
Promotional Expense	13,145	5,094	7,637
Electricity Expense	667	673	670
Pole Attachment Expense	667	667	597
Changes of Service	3,301	5,389	3,330
Customer Wireless Equipment Expense	5,324	8,979	17,430
Underground Line Expense	716	582	606
Miscellaneous Data/Internet Expense	75,769	81,931	82,918
Vehicle Expense	6,512	5,299	5,299
Maintenance:			
Fiber	431	167	232
Coax	517	232	322
Drops	773	665	526
Conduit System	219	283	145
Headend	113,836	193,955	102,064
Line Equipment	956	1,011	1,341
Modems	34,802	30,612	32,539
Vacation, Holiday, Sick Leave	29,756	23,414	26,712
Property Taxes	371	265	328
Depreciation	175,731	166,384	161,464
Amortization	---	---	128,856
 Total Data/Internet	 \$674,897	 \$728,142	 \$806,303

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

	<u>Budget</u> <u>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	51	348
Maintenance:			
Fiber	774	575	524
Conduit System	408	817	259
MAN/MME Equipment	7,614	1,101	1,867
Vacation, Holiday, Sick Leave	307	414	87
Property Taxes	636	152	573
Depreciation	<u>22,135</u>	<u>20,963</u>	<u>20,341</u>
Total MAN/MME	<u>33,208</u>	<u>25,115</u>	<u>25,041</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>6,732</u>	<u>3,446</u>	<u>4,953</u>
<u>Consumer Accounts</u>			
Supervision	2,501	2,926	2,990
Consumer Records and Collections	38,749	45,347	40,004
Uncollectible Accounts Expense	2,952	2,952	2,871
Vacation, Holiday, Sick Leave	<u>3,359</u>	<u>3,456</u>	<u>3,762</u>
Total Consumer Accounts	<u>47,561</u>	<u>54,681</u>	<u>49,627</u>
<u>Administrative and General</u>			
Administrative and General Salaries	57,042	56,530	56,996
Office Supplies and Expense	4,409	3,373	4,266
Outside Services Employed	20,177	7,967	4,876
Property Insurance	1,050	1,040	971
Casualty Ins, Injuries & Damages	5,422	2,880	9,049
Employee Pensions and Benefits	83,959	78,394	76,625
Fringe Benefits Charges to Construction	(5,982)	(5,002)	(8,910)
Rents	8,938	8,938	8,727
Miscellaneous General Expense	22,610	20,824	20,905
Maintenance of General Plant	3,201	2,493	4,159
Vacation, Holiday, Sick Leave	6,542	5,711	5,616
Depreciation	<u>9,223</u>	<u>8,276</u>	<u>8,425</u>
Total Administrative and General	<u>216,591</u>	<u>191,424</u>	<u>191,705</u>
Total Operating Expenses	<u>\$984,618</u>	<u>\$942,013</u>	<u>\$1,000,063</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$8,333	\$8,333	\$8,285
Tools Expense	2,333	346	698
Maintenance:			
Fiber	5,959	2,316	3,213
Conduit System	3,036	3,909	2,007
MAN/MME Equipment	60,128	12,252	30,714
Vacation, Holiday, Sick Leave	2,829	4,272	980
Property Taxes	5,089	3,636	4,584
Depreciation	<u>177,079</u>	<u>167,704</u>	<u>162,728</u>
Total MAN/MME	<u>264,786</u>	<u>202,768</u>	<u>213,209</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>70,504</u>	<u>19,204</u>	<u>42,225</u>
<u>Consumer Accounts</u>			
Supervision	19,443	21,718	20,846
Consumer Records and Collections	310,530	327,888	291,992
Uncollectible Accounts Expense	23,617	23,616	22,966
Vacation, Holiday, Sick Leave	<u>32,930</u>	<u>37,481</u>	<u>37,636</u>
Total Consumer Accounts	<u>386,520</u>	<u>410,703</u>	<u>373,440</u>
<u>Administrative and General</u>			
Administrative and General Salaries	447,654	454,234	414,267
Office Supplies and Expense	37,032	32,642	37,749
Outside Services Employed	107,717	55,925	58,865
Property Insurance	7,872	8,113	7,282
Casualty Ins, Injuries & Damages	43,377	34,173	52,365
Employee Pensions and Benefits	680,371	654,698	619,340
Fringe Benefits Charges to Construction	(45,288)	(45,538)	(56,154)
Rents	71,504	71,504	69,816
Miscellaneous General Expense	128,491	87,905	95,144
Maintenance of General Plant	25,204	21,066	29,179
Vacation, Holiday, Sick Leave	63,684	72,372	57,499
Depreciation	<u>73,782</u>	<u>66,208</u>	<u>67,400</u>
Total Administrative and General	<u>1,641,400</u>	<u>1,513,302</u>	<u>1,452,752</u>
Total Operating Expenses	<u>\$7,766,909</u>	<u>\$7,509,059</u>	<u>\$7,844,285</u>

Muscatine Power and Water - Communications Utility
Statistical Data
August 2013

<u>Services</u>	<u>Budget</u> <u>Estimate</u>	% Increase (Decrease)		% Increase (Decrease) ^{fn1}	<u>Fr. Last Yr.</u>	<u>Last Year</u> ^{fn1}
		<u>From Budget</u>	<u>This Year</u>			
CATV						
Residential	7,182	(4.2)	6,880	(4.0)	7,170	
Commercial/Hospitality	164	(2.4)	160	(4.8)	168	
Total CATV	<u>7,346</u>	(4.2)	<u>7,040</u>	(4.1)	<u>7,338</u>	
Bulk Equivalent Services	357	---	373	---	375	
Bulk Master Services	21	---	22	---	21	
Internet						
Residential	7,097	(4.2)	6,799	1.6	6,692	
Commercial	453	3.8	470	0.2	469	
Total Internet	<u>7,550</u>	(3.7)	<u>7,269</u>	1.5	<u>7,161</u>	
MAN/MME	<u>56</u>	0.0	<u>56</u>	9.8	<u>51</u>	

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