

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

February 2014

**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 2014

	<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	\$613,722	2.2	\$627,349	(2.8)	\$645,524
Data/Internet	379,114	1.6	384,998	20.1	320,604
MAN/MME	46,070	(6.5)	43,088	9.0	39,546
Miscellaneous	<u>9,516</u>	27.0	<u>12,082</u>	25.4	<u>9,637</u>
Total Operating Revenues	<u>1,048,422</u>	1.8	<u>1,067,517</u>	5.1	<u>1,015,311</u>
<u>Operating Expense</u>					
Operation	713,812	(5.4)	675,209	2.0	661,658
Maintenance	74,004	(4.5)	70,696	10.6	63,902
Depreciation	<u>170,609</u>	(3.5)	<u>164,703</u>	(15.6)	<u>195,032</u>
Total Operating Expenses	<u>958,425</u>	(5.0)	<u>910,608</u>	(1.1)	<u>920,592</u>
Operating Income	<u>89,997</u>	74.3	<u>156,909</u>	65.7	<u>94,719</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	4,161	(16.1)	3,492	(44.1)	6,250
Interest Expense	<u>(111,910)</u>	0.0	<u>(111,910)</u>	(3.3)	<u>(115,670)</u>
Net Nonoperating Expense	<u>(107,749)</u>	0.6	<u>(108,418)</u>	(0.9)	<u>(109,420)</u>
Net Loss before Capital Contributions	<u>(17,752)</u>	-3.7X	<u>48,491</u>	-4.3X	<u>(14,701)</u>
Capital Contributions	<u>---</u>		<u>933</u>	28.7	<u>725</u>
Change in Net Position	<u>(\$17,752)</u>		<u>\$49,424</u>		<u>(\$13,976)</u>
Beginning Net Position	<u>(23,622,743)</u>		<u>(23,580,061)</u>		<u>(23,547,698)</u>
Ending Net Position	<u><u>(\$23,640,495)</u></u>		<u><u>(\$23,530,637)</u></u>		<u><u>(\$23,561,674)</u></u>
Net Loss to Operating Revenue	(1.7)		4.5		(1.5)
Debt Service Coverage on Bank Debt	2.89		3.54		3.23
Debt Service Coverage on Electric Utility Debt	1.67		2.25		1.97

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - February 2014

	Budget Estimate	% Increase (Decrease) From Budget	This Year	% Increase (Decrease) Fr. Last Yr.	Last Year
<u>Operating Revenue</u>					
CATV	\$1,231,721	1.6	\$1,250,847	(3.2)	\$1,291,954
Data/Internet	755,168	1.7	768,062	20.5	637,533
MAN/MME	92,140	(6.7)	85,946	9.0	78,819
Miscellaneous	<u>19,031</u>	26.9	<u>24,141</u>	8.9	<u>22,160</u>
Total Operating Revenues	<u>2,098,060</u>	1.5	<u>2,128,996</u>	4.9	<u>2,030,466</u>
<u>Operating Expense</u>					
Operation	1,426,302	(4.6)	1,360,780	0.0	1,360,660
Maintenance	152,000	(0.4)	151,368	7.9	140,281
Depreciation	<u>341,218</u>	(3.5)	<u>329,406</u>	(15.6)	<u>390,064</u>
Total Operating Expenses	<u>1,919,520</u>	(4.1)	<u>1,841,554</u>	(2.6)	<u>1,891,005</u>
Operating Income	<u>178,540</u>	61.0	<u>287,442</u>	1.1X	<u>139,461</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	8,339	(10.6)	7,459	(42.4)	12,949
Interest Expense	<u>(223,820)</u>	0.0	<u>(223,820)</u>	(3.3)	<u>(231,340)</u>
Net Nonoperating Expense	<u>(215,481)</u>	0.4	<u>(216,361)</u>	(0.9)	<u>(218,391)</u>
Net Loss before Capital Contributions	(36,941)	-2.9X	71,081	-1.9X	(78,930)
Capital Contributions	<u>---</u>		<u>1,836</u>	26.6	<u>1,450</u>
Change in Net Position	(36,941)		72,917		(77,480)
Beginning Net Position	<u>(23,603,554)</u>		<u>(23,603,554)</u>		<u>(23,484,194)</u>
Ending Net Position	<u>(\$23,640,495)</u>		<u>(\$23,530,637)</u>		<u>(\$23,561,674)</u>
Net Loss to Operating Revenue	(1.8)		3.3		(3.9)
Debt Service Coverage on Bank Debt	2.88		3.40		2.96
Debt Service Coverage on Electric Utility Debt	1.66		2.12		1.73

Muscatine Power and Water - Communications Utility
Statements of Net Position
February 2014

ASSETS

	<u>2014</u>	<u>2013</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	<u>\$20</u>	<u>\$19</u>
Total Restricted Current Assets	<u>20</u>	<u>19</u>
<u>Unrestricted</u>		
Cash - interest bearing	3,113,319	2,638,997
Investments	1,652,065	2,112,000
Receivables:		
Consumer Accounts	1,330,024	1,258,636
Interest	7,298	12,595
Inventories	270,521	322,966
Prepaid Expenses	<u>257,571</u>	<u>220,215</u>
Total Unrestricted Current Assets	<u>6,630,798</u>	<u>6,565,409</u>
Total Current Assets	<u>6,630,818</u>	<u>6,565,428</u>
Property and Equipment:		
At Cost	32,535,439	31,677,301
Less Accumulated Depreciation	<u>23,549,337</u>	<u>21,724,238</u>
Net Property and Equipment	<u>8,986,102</u>	<u>9,953,063</u>
TOTAL ASSETS	<u><u>\$15,616,920</u></u>	<u><u>\$16,518,491</u></u>

Muscatine Power and Water - Communications Utility
Statements of Net Position
February 2014

LIABILITIES AND NET POSITION

	<u>2014</u>	<u>2013</u>
Current Liabilities:		
<u>Restricted</u>		
Notes Payable - Banks	\$1,005,000	\$960,000
Accrued Interest	15,980	23,500
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Total Restricted Current Liabilities	1,020,980	983,500
	<hr/>	<hr/>
<u>Unrestricted</u>		
Accrued Interest	207,840	207,840
Accounts Payable	460,870	445,951
Pension Provision	55,398	53,625
Health & Dental Insurance Provision	37,700	30,858
Accrued Payroll	97,724	79,796
Accrued Vacation	142,496	139,851
Accrued Property Taxes	14,554	17,356
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	131,964	128,732
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Total Unrestricted Current Liabilities	1,166,046	1,121,509
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Total Current Liabilities	2,187,026	2,105,009
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	261,959	285,816
Post-Employment Health Benefit Provision	57,509	25,777
Unearned Revenue - Dark Fiber Lease	279,063	296,563
Notes Payable:		
Banks	1,035,000	2,040,000
Electric Utility	35,327,000	35,327,000
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Total Non-Current Liabilities	36,960,531	37,975,156
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Net Position:		
Net Investment in Capital Assets	6,946,102	6,953,063
Unrestricted	(30,476,739)	(30,514,737)
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Total Net Position	(23,530,637)	(23,561,674)
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TOTAL LIABILITIES AND NET POSITION	<u>\$15,616,920</u>	<u>\$16,518,491</u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
February 2014

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$957,363	\$2,002,481
Advertising sales	20,948	56,244
Miscellaneous sources	14,183	39,492
Cash paid to/for:		
Suppliers	(523,602)	(1,110,245)
Employees payroll, taxes and benefits	(273,479)	(550,019)
Net cash flows from operating activities	<u>195,413</u>	<u>437,953</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(216,363)	(332,071)
Loan principal payments	---	(960,000)
Loan interest payments	---	(694,022)
Net cash flows from capital and related financing activities	<u>(216,363)</u>	<u>(1,986,093)</u>
Cash flows from investing activities:		
Interest received on investments	120	79,953
Amortization/accretion of investments	(18)	(36)
Mark to Market	---	---
Net cash flows from investing activities	<u>102</u>	<u>79,917</u>
Net decrease in cash and investments	<u>(20,848)</u>	<u>(1,468,223)</u>
Cash and investments at beginning of period	<u>4,786,252</u>	<u>6,233,627</u>
Cash and investments at end of period	<u><u>\$4,765,404</u></u>	<u><u>\$4,765,404</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
February 2014

	<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	\$156,909	\$287,442
Noncash items in operating income:		
Converter/modem write-off	2,194	2,624
Depreciation of utility plant	164,703	329,406
Changes in assets and liabilities:		
Consumer accounts receivable	(67,807)	(22,765)
Inventories	1,169	16,423
Prepaid and deferred expenses	6,161	(195,184)
Accounts payable	(84,784)	(2,479)
Pension provision	27,699	55,398
Health & dental insurance provision	(24,554)	(30,360)
Other post-employment benefit provision	1,354	2,708
Unearned Revenue	(1,458)	(2,916)
Accrued payroll	(13,394)	26,540
Accrued vacation	6,846	(1,748)
Accrued property taxes	1,113	2,226
Miscellaneous accrued expenses	19,262	(29,362)
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Net cash flows from operating activities	<u>\$195,413</u>	<u>\$437,953</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - February 2014

	Budget		
	<u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$363,766	\$355,315	\$351,295
Promotional Expense	888	497	448
Electricity Expense	2,667	2,474	2,382
Pole Attachment Expense	2,292	2,292	2,250
Changes of Service	1,345	963	1,595
Underground Line Expense	2,586	972	910
Ad Insertion - Marketing/Production	6,573	6,429	7,021
Miscellaneous CATV Expense	13,471	11,153	18,320
Vehicle Expense	5,971	4,639	3,579
Maintenance:			
Fiber	685	1,654	---
Coax	2,242	1,024	1,457
Drops	1,987	523	1,277
Conduit System	700	79	268
Headend	22,913	16,757	16,144
Line Equipment	3,899	4,584	5,461
Converters	5,977	4,523	4,920
Ad Insertion	3,849	4,605	3,543
Vacation, Holiday, Sick Leave	3,846	786	4,889
Property Taxes	733	733	1,318
Depreciation	116,212	111,937	144,995
Total CATV	562,602	531,939	572,072
<u>Data/Internet</u>			
Data/Internet Access Charges	30,608	24,952	24,349
Promotional Expense	888	523	394
Electricity Expense	100	84	81
Pole Attachment Expense	83	83	83
Changes of Service	69	413	684
Customer Wireless Equipment Expense	260	---	785
Underground Line Expense	88	33	31
Miscellaneous Data/Internet Expense	2,282	3,038	10,809
Vehicle Expense	836	560	431
Maintenance:			
Fiber	24	407	---
Coax	76	35	50
Drops	68	18	44
Conduit System	24	3	9
Headend	14,765	26,507	23,464
Line Equipment	130	156	186
Modems	4,431	3,411	2,911
Vacation, Holiday, Sick Leave	1,796	1,291	2,255
Property Taxes	26	26	46
Depreciation	24,382	23,680	20,798
Total Data/Internet	\$80,936	\$85,220	87,410

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - February 2014

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$729,225	\$710,667	\$705,023
Promotional Expense	1,775	1,344	1,987
Electricity Expense	5,333	4,980	4,825
Pole Attachment Expense	4,583	4,583	4,500
Changes of Service	2,626	2,272	3,111
Underground Line Expense	5,137	2,138	2,180
Ad Insertion - Marketing/Production	13,146	12,180	13,588
Miscellaneous CATV Expense	27,118	22,505	41,928
Vehicle Expense	11,979	9,406	8,768
Maintenance:			
Fiber	1,335	4,211	894
Coax	4,569	1,542	2,899
Drops	3,948	827	2,933
Conduit System	1,399	79	534
Headend	46,127	38,812	41,883
Line Equipment	7,695	10,339	9,277
Converters	12,001	9,979	10,122
Ad Insertion	7,848	8,978	7,715
Vacation, Holiday, Sick Leave	9,708	5,899	13,502
Property Taxes	1,467	1,467	2,635
Depreciation	232,424	223,874	289,990
Total CATV	1,129,443	1,076,082	1,168,294
<u>Data/Internet</u>			
Data/Internet Access Charges	61,216	50,941	50,685
Promotional Expense	1,775	1,376	1,880
Electricity Expense	200	170	165
Pole Attachment Expense	167	167	167
Changes of Service	136	974	1,333
Customer Wireless Equipment Expense	520	---	2,215
Underground Line Expense	175	73	74
Miscellaneous Data/Internet Expense	4,578	4,896	21,562
Vehicle Expense	1,671	1,140	1,060
Maintenance:			
Fiber	47	1,073	31
Coax	156	53	99
Drops	135	28	100
Conduit System	49	3	19
Headend	32,350	55,137	47,946
Line Equipment	256	353	316
Modems	8,966	6,180	6,397
Vacation, Holiday, Sick Leave	4,584	3,956	7,270
Property Taxes	51	51	93
Depreciation	48,763	47,360	41,596
Total Data/Internet	\$165,795	\$173,931	\$183,008

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - February 2014

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$1,100	\$1,100	\$1,042
Tools Expense	292	121	61
Maintenance:			
Fiber	331	798	—
Conduit System	338	38	129
MAN/MME Equipment	7,534	2,610	1,543
Vacation, Holiday, Sick Leave	355	212	266
Property Taxes	354	354	636
Depreciation	20,841	20,425	20,963
Total MAN/MME	31,145	25,658	24,640
<u>Customer Service Expense</u>			
Customer Information Expense	9,042	1,348	1,252
<u>Consumer Accounts</u>			
Supervision	2,461	2,647	2,719
Consumer Records and Collections	39,549	38,881	34,901
Uncollectible Accounts Expense	3,627	3,627	2,952
Vacation, Holiday, Sick Leave	3,383	4,027	4,570
Total Consumer Accounts	49,020	49,182	45,142
<u>Administrative and General</u>			
Administrative and General Salaries	70,493	64,017	51,851
Office Supplies and Expense	4,271	3,847	5,265
Outside Services Employed	13,228	12,697	10,680
Property Insurance	1,098	1,040	971
Casualty Ins, Injuries & Damages	6,263	5,905	2,231
Employee Pensions and Benefits	82,576	87,638	81,059
Fringe Benefits Charges to Construction	(5,564)	(4,887)	(4,188)
Rents	9,206	9,206	8,938
Miscellaneous General Expense	22,492	19,189	15,621
Maintenance of General Plant	4,031	2,964	2,496
Vacation, Holiday, Sick Leave	8,412	6,984	6,876
Depreciation	9,174	8,661	8,276
Total Administrative and General	225,680	217,261	190,076
Total Operating Expenses	\$958,425	\$910,608	\$920,592

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - February 2014

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$2,200	\$2,200	\$2,083
Tools Expense	583	179	119
Maintenance:			
Fiber	644	2,032	431
Conduit System	675	38	258
MAN/MME Equipment	15,082	5,473	3,240
Vacation, Holiday, Sick Leave	951	963	854
Property Taxes	708	708	1,272
Depreciation	41,683	40,850	41,926
Total MAN/MME	62,526	52,443	50,183
<u>Customer Service Expense</u>			
Customer Information Expense	14,907	3,313	3,797
<u>Consumer Accounts</u>			
Supervision	4,969	5,573	5,573
Consumer Records and Collections	79,126	81,389	76,347
Uncollectible Accounts Expense	7,253	7,253	5,904
Vacation, Holiday, Sick Leave	8,528	10,846	11,022
Total Consumer Accounts	99,876	105,061	98,846
<u>Administrative and General</u>			
Administrative and General Salaries	141,334	143,409	108,575
Office Supplies and Expense	9,524	5,990	9,404
Outside Services Employed	23,370	22,621	16,834
Property Insurance	2,195	2,080	1,942
Casualty Ins, Injuries & Damages	12,766	12,011	5,903
Employee Pensions and Benefits	166,866	171,434	172,786
Fringe Benefits Charges to Construction	(11,089)	(11,382)	(9,517)
Rents	18,412	18,412	17,876
Miscellaneous General Expense	35,610	24,693	20,068
Maintenance of General Plant	8,718	6,231	5,187
Vacation, Holiday, Sick Leave	20,919	17,903	21,267
Depreciation	18,348	17,322	16,552
Total Administrative and General	446,973	430,724	386,877
Total Operating Expenses	<u>\$1,919,520</u>	<u>\$1,841,554</u>	<u>\$1,891,005</u>

Muscatine Power and Water - Communications Utility
Statistical Data
February 2014

	Budget Estimate	% Increase (Decrease) From Budget	This Year ^{fn1}	% Increase (Decrease) Fr. Last Yr.	Last Year ^{fn1}
<u>Services</u>					
<u>CATV</u>					
Residential	6,717	(1.3)	6,628	(6.0)	7,054
Commercial/Hospitality	<u>160</u>	2.5	<u>164</u>	0.0	<u>164</u>
Total CATV	<u>6,877</u>	(1.2)	<u>6,792</u>	(5.9)	<u>7,218</u>
Bulk Equivalent Services	<u>359</u>	4.5	<u>375</u>	5.0	<u>357</u>
Bulk Master Services	<u>22</u>	4.5	<u>23</u>	9.5	<u>21</u>
<u>Internet</u>					
Residential	6,880	(0.4)	6,855	0.8	6,800
Commercial	<u>437</u>	7.3	<u>469</u>	0.6	<u>466</u>
Total Internet	<u>7,317</u>	0.1	<u>7,324</u>	0.8	<u>7,266</u>
<u>MAN/MME</u>	<u>67</u>	(9.0)	<u>61</u>	19.6	<u>51</u>

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