

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

April 2014

**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 - April 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	\$621,663	0.2	\$622,672	(4.3)	\$650,842
Data/Internet	382,735	2.7	393,059	19.4	329,162
MAN/MME	54,903	(21.0)	43,350	8.1	40,109
Miscellaneous	9,006	28.3	11,555	34.4	8,595
Total Operating Revenues	1,068,307	0.2	1,070,636	4.1	1,028,708
<u>Operating Expense</u>					
Operation	714,121	(1.9)	700,236	0.4	697,240
Maintenance	75,362	1.7	76,612	18.0	64,932
Depreciation	170,609	(3.5)	164,703	(15.6)	195,032
Total Operating Expenses	960,092	(1.9)	941,551	(1.6)	957,204
Operating Income	108,215	19.3	129,085	80.5	71,504
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	4,126	(7.6)	3,814	(43.1)	6,707
Interest Expense	(111,910)	0.0	(111,910)	(3.3)	(115,670)
Net Nonoperating Expense	(107,784)	0.3	(108,096)	(0.8)	(108,963)
Net Loss before Capital Contributions	431	47.7X	20,989	-1.6X	(37,459)
Capital Contributions	---		1,422	93.7	734
Change in Net Position	\$431		\$22,411		(\$36,725)
Beginning Net Position	(23,649,100)		(23,507,739)		(23,572,444)
Ending Net Position	(\$23,648,669)		(\$23,485,328)		(\$23,609,169)
Net Loss to Operating Revenue	0.0		2.0		(3.6)
Debt Service Coverage on Bank Debt	3.08		3.24		2.98
Debt Service Coverage on Electric Utility Debt	1.84		1.98		1.75

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

	<u>Budget</u> <u>Estimate</u>	<u>% Increase (Decrease) Fr. Budget</u>	<u>This Year</u>	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u>
<u>Operating Revenue</u>					
CATV	\$2,468,405	1.2	\$2,497,585	(3.6)	\$2,591,256
Data/Internet	1,518,943	1.9	1,548,401	20.0	1,290,272
MAN/MME	193,112	(10.7)	172,384	8.7	158,601
Miscellaneous	37,045	27.1	47,092	17.8	39,985
Total Operating Revenues	4,217,505	1.1	4,265,462	4.5	4,080,114
<u>Operating Expense</u>					
Operation	2,846,072	(3.2)	2,755,710	1.3	2,721,484
Maintenance	303,080	0.5	304,453	12.6	270,417
Depreciation	682,437	(3.5)	658,812	(15.6)	780,128
Total Operating Expenses	3,831,589	(2.9)	3,718,975	(1.4)	3,772,029
Operating Income	385,916	41.6	546,487	77.4	308,085
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	16,609	(8.6)	15,188	(43.1)	26,710
Interest Expense	(447,640)	0.0	(447,640)	(3.3)	(462,680)
Net Nonoperating Expense	(431,031)	0.3	(432,452)	(0.8)	(435,970)
Net Loss before Capital Contributions	(45,115)	-3.5X	114,035	-1.9X	(127,885)
Capital Contributions	---		4,191	44.0	2,910
Change in Net Position	(45,115)		118,226		(124,975)
Beginning Net Position	(23,603,554)		(23,603,554)		(23,484,194)
Ending Net Position	(\$23,648,669)		(\$23,485,328)		(\$23,609,169)
Net Loss to Operating Revenue	(1.1)		2.7		(3.1)
Debt Service Coverage on Bank Debt	2.96		3.33		3.05
Debt Service Coverage on Electric Utility Debt	1.73		2.05		1.81

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

ASSETS

	<u>2014</u>	<u>2013</u>
Current Assets:		
<u>Restricted</u>		
Cash - interest bearing	\$20	\$19
Total Restricted Current Assets	<u>20</u>	<u>19</u>
<u>Unrestricted</u>		
Cash - interest bearing	4,239,197	513,939
Investments	1,152,000	4,611,741
Receivables:		
Consumer Accounts	1,225,171	1,199,369
Interest	14,449	26,059
Inventories	265,860	304,873
Prepaid Expenses	<u>205,897</u>	<u>175,991</u>
Total Unrestricted Current Assets	<u>7,102,574</u>	<u>6,831,972</u>
Total Current Assets	<u>7,102,594</u>	<u>6,831,991</u>
Property and Equipment:		
At Cost	32,659,399	31,892,432
Less Accumulated Depreciation	<u>23,813,017</u>	<u>22,046,512</u>
Net Property and Equipment	<u>8,846,382</u>	<u>9,845,920</u>
TOTAL ASSETS	<u>\$15,948,976</u>	<u>\$16,677,911</u>

Muscatine Power and Water - Communications Utility
Statements of Net Position
April 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	31,960	47,000
Total Restricted Current Liabilities	<u>1,036,960</u>	<u>1,007,000</u>
<u>Unrestricted</u>		
Accrued Interest	415,680	415,680
Accounts Payable	530,983	427,381
Pension Provision	110,796	107,250
Health & Dental Insurance Provision	37,700	30,858
Intercompanies	58	28
Accrued Payroll	29,961	18,746
Accrued Vacation	149,733	147,452
Accrued Property Taxes	10,616	14,679
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	116,691	112,902
Total Unrestricted Current Liabilities	<u>1,419,718</u>	<u>1,292,476</u>
Total Current Liabilities	<u>2,456,678</u>	<u>2,299,476</u>
Non-Current Liabilities:		
Health & Dental Insurance Provision	279,262	300,406
Post-Employment Health Benefit Provision	60,218	26,552
Unearned Revenue - Dark Fiber Lease	276,146	293,646
Notes Payable:		
Banks	1,035,000	2,040,000
Electric Utility	35,327,000	35,327,000
Total Non-Current Liabilities	<u>36,977,626</u>	<u>37,987,604</u>
Net Position:		
Net Investment in Capital Assets	6,806,382	6,845,920
Unrestricted	(30,291,710)	(30,455,089)
Total Net Position	<u>(23,485,328)</u>	<u>(23,609,169)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$15,948,976</u>	<u>\$16,677,911</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,025,194	\$4,105,696
Advertising sales	43,089	131,520
Miscellaneous sources	10,851	61,055
Cash paid to/for:		
Suppliers	(353,504)	(1,872,056)
Employees payroll, taxes and benefits	<u>(351,777)</u>	<u>(1,148,025)</u>
Net cash flows from operating activities	<u>373,853</u>	<u>1,278,190</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(153,852)	(547,073)
Loan principal payments	---	(960,000)
Loan interest payments	<u>---</u>	<u>(694,022)</u>
Net cash flows from capital and related financing activities	<u>(153,852)</u>	<u>(2,201,095)</u>
Cash flows from investing activities:		
Interest received on investments	426	80,566
Amortization/accretion of investments	(17)	(71)
Mark to Market	<u>---</u>	<u>---</u>
Net cash flows from investing activities	<u>409</u>	<u>80,495</u>
Net increase (decrease) in cash and investments	<u>220,410</u>	<u>(842,410)</u>
Cash and investments at beginning of period	<u>5,170,807</u>	<u>6,233,627</u>
Cash and investments at end of period	<u><u>\$5,391,217</u></u>	<u><u>\$5,391,217</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
April 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	\$129,085	\$546,487
Noncash items in operating income:		
Converter/modem write-off	1,823	4,475
Depreciation of utility plant	164,703	658,812
Changes in assets and liabilities:		
Consumer accounts receivable	31,158	82,088
Inventories	(2,529)	21,084
Prepaid and deferred expenses	16,844	(143,510)
Accounts payable	107,197	93,454
Pension provision	27,699	110,796
Health & dental insurance provision	15,812	(13,057)
Other post-employment benefit provision	1,354	5,417
Unearned revenue	(1,458)	(5,833)
Intercompany payable	58	58
Accrued payroll	(80,063)	(41,223)
Accrued vacation	3,382	5,489
Accrued property taxes	1,113	(1,712)
Miscellaneous accrued expenses	<u>(42,325)</u>	<u>(44,635)</u>
Net cash flows from operating activities	<u>\$373,853</u>	<u>\$1,278,190</u>

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
CATV			
Program Acquisition Expense	\$367,212	\$368,666	\$362,217
Promotional Expense	888	445	573
Electricity Expense	2,667	2,508	2,512
Pole Attachment Expense	2,292	2,292	2,250
Changes of Service	1,376	875	973
Underground Line Expense	2,578	2,842	2,418
Ad Insertion - Marketing/Production	6,573	5,692	4,238
Miscellaneous CATV Expense	13,313	8,096	25,830
Vehicle Expense	5,971	5,735	6,640
Maintenance:			
Fiber	745	1,001	207
Coax	2,273	2,879	540
Drops	2,129	2,530	2,032
Conduit System	776	1,415	771
Headend	23,130	19,360	15,839
Line Equipment	4,134	4,208	6,565
Converters	6,130	2,063	5,404
Ad Insertion	4,044	4,411	2,800
Vacation, Holiday, Sick Leave	5,528	5,876	4,192
Property Taxes	733	734	1,318
Depreciation	<u>116,212</u>	<u>111,937</u>	<u>144,995</u>
Total CATV	<u>568,704</u>	<u>553,565</u>	<u>592,314</u>
Data/Internet			
Data/Internet Access Charges	30,608	27,114	26,839
Promotional Expense	887	491	533
Electricity Expense	100	86	86
Pole Attachment Expense	83	83	83
Changes of Service	70	375	417
Customer Wireless Equipment Expense	260	—	2,050
Underground Line Expense	88	97	83
Miscellaneous Data/Internet Expense	2,288	3,063	13,811
Vehicle Expense	836	695	807
Maintenance:			
Fiber	26	35	7
Coax	77	98	19
Drops	73	88	69
Conduit System	27	49	27
Headend	15,069	27,498	22,397
Line Equipment	138	144	224
Modems	4,614	3,790	3,478
Vacation, Holiday, Sick Leave	2,732	1,990	2,030
Property Taxes	26	26	46
Depreciation	<u>24,382</u>	<u>23,680</u>	<u>20,798</u>
Total Data/Internet	<u>\$82,384</u>	<u>\$89,402</u>	<u>93,804</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
CATV			
Program Acquisition Expense	\$1,460,972	\$1,439,122	\$1,422,094
Promotional Expense	3,550	2,390	3,349
Electricity Expense	10,667	9,992	9,732
Pole Attachment Expense	9,167	9,167	9,000
Changes of Service	5,282	4,271	4,891
Underground Line Expense	10,266	6,654	5,762
Ad Insertion - Marketing/Production	26,293	24,679	23,147
Miscellaneous CATV Expense	54,152	39,811	85,460
Vehicle Expense	23,959	20,490	20,811
Maintenance:			
Fiber	2,810	5,986	1,939
Coax	9,168	4,918	3,627
Drops	8,289	4,461	6,020
Conduit System	2,886	1,720	1,978
Headend	92,606	77,615	75,369
Line Equipment	16,051	19,816	17,995
Converters	24,209	14,882	23,292
Ad Insertion	15,935	17,579	13,596
Vacation, Holiday, Sick Leave	19,416	14,354	24,658
Property Taxes	2,934	2,934	5,271
Depreciation	<u>464,847</u>	<u>447,748</u>	<u>579,980</u>
 Total CATV	 <u>2,263,459</u>	 <u>2,168,589</u>	 <u>2,337,971</u>
 Data/Internet			
Data/Internet Access Charges	122,432	103,710	101,697
Promotional Expense	3,550	2,534	3,179
Electricity Expense	400	341	332
Pole Attachment Expense	333	333	333
Changes of Service	273	1,831	2,096
Customer Wireless Equipment Expense	1,041	—	5,326
Underground Line Expense	350	227	197
Miscellaneous Data/Internet Expense	9,274	9,718	45,792
Vehicle Expense	3,343	2,484	2,523
Maintenance:			
Fiber	98	1,135	68
Coax	313	168	124
Drops	283	154	206
Conduit System	101	60	69
Headend	62,491	113,041	93,203
Line Equipment	535	676	614
Modems	18,190	12,659	12,842
Vacation, Holiday, Sick Leave	9,168	7,587	12,862
Property Taxes	102	102	186
Depreciation	<u>97,527</u>	<u>94,720</u>	<u>83,192</u>
 Total Data/Internet	 <u>\$329,804</u>	 <u>\$351,480</u>	 <u>\$364,841</u>

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

	<u>Budget 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	12	---
Maintenance:			
Fiber	360	483	100
Conduit System	374	683	372
MAN/MME Equipment	7,607	2,518	1,359
Vacation, Holiday, Sick Leave	591	489	435
Property Taxes	354	354	636
Depreciation	<u>20,841</u>	<u>20,425</u>	<u>20,963</u>
Total MAN/MME	<u>31,519</u>	<u>26,063</u>	<u>24,907</u>
<u>Customer Service Expense</u>			
Customer Information Expense	8,804	1,643	1,050
<u>Consumer Accounts</u>			
Supervision	2,508	1,532	2,956
Consumer Records and Collections	39,663	42,561	47,101
Uncollectible Accounts Expense	3,627	3,627	2,952
Vacation, Holiday, Sick Leave	<u>4,744</u>	<u>5,560</u>	<u>3,483</u>
Total Consumer Accounts	<u>50,542</u>	<u>53,280</u>	<u>56,492</u>
<u>Administrative and General</u>			
Administrative and General Salaries	70,576	73,326	58,115
Office Supplies and Expense	4,353	4,279	3,927
Outside Services Employed	11,487	7,414	5,550
Property Insurance	1,177	1,186	1,040
Casualty Ins, Injuries & Damages	6,383	5,982	6,209
Employee Pensions and Benefits	84,713	93,313	85,566
Fringe Benefits Charges to Construction	(6,278)	(7,770)	(8,045)
Rents	9,206	9,206	8,938
Miscellaneous General Expense	11,222	8,711	9,518
Maintenance of General Plant	3,636	3,359	2,722
Vacation, Holiday, Sick Leave	<u>12,490</u>	<u>9,930</u>	<u>6,821</u>
Depreciation	<u>9,174</u>	<u>8,661</u>	<u>8,276</u>
Total Administrative and General	<u>218,139</u>	<u>217,597</u>	<u>188,637</u>
Total Operating Expenses	<u>\$960,092</u>	<u>\$941,550</u>	<u>\$957,204</u>

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

	Budget Estimate	This Year	Last Year
<u>MAN/MME</u>			
Pole Attachment Expense	\$4,400	\$4,400	\$4,167
Tools Expense	1,166	276	180
Maintenance:			
Fiber	1,356	2,889	936
Conduit System	1,392	830	954
MAN/MME Equipment	30,413	13,276	6,645
Vacation, Holiday, Sick Leave	1,902	1,821	2,032
Property Taxes	1,416	1,416	2,544
Depreciation	<u>83,366</u>	<u>81,700</u>	<u>83,852</u>
Total MAN/MME	<u>125,411</u>	<u>106,608</u>	<u>101,310</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>29,557</u>	<u>7,412</u>	<u>7,318</u>
<u>Consumer Accounts</u>			
Supervision	9,983	9,962	10,636
Consumer Records and Collections	158,425	164,194	158,067
Uncollectible Accounts Expense	14,506	14,506	11,808
Vacation, Holiday, Sick Leave	<u>17,056</u>	<u>20,841</u>	<u>20,202</u>
Total Consumer Accounts	<u>199,970</u>	<u>209,503</u>	<u>200,713</u>
<u>Administrative and General</u>			
Administrative and General Salaries	282,678	289,389	216,630
Office Supplies and Expense	18,526	17,036	18,672
Outside Services Employed	45,995	38,407	27,512
Property Insurance	4,470	4,306	3,954
Casualty Ins, Injuries & Damages	25,411	27,930	17,234
Employee Pensions and Benefits	333,679	354,173	339,626
Fringe Benefits Charges to Construction	(23,527)	(25,995)	(22,572)
Rents	36,825	36,825	35,752
Miscellaneous General Expense	64,805	49,504	38,587
Maintenance of General Plant	15,954	12,588	10,940
Vacation, Holiday, Sick Leave	<u>41,875</u>	<u>36,576</u>	<u>40,437</u>
Depreciation	<u>36,697</u>	<u>34,644</u>	<u>33,104</u>
Total Administrative and General	<u>883,388</u>	<u>875,383</u>	<u>759,876</u>
Total Operating Expenses	<u>\$3,831,589</u>	<u>\$3,718,975</u>	<u>\$3,772,029</u>

Muscatine Power and Water - Communications Utility
Statistical Data
April 2014

Services	Budget	% Increase (Decrease)	% Increase (Decrease)		
	<u>Estimate</u>	<u>From Budget</u>	<u>This Year</u> ^{fn1}	<u>Fr. Last Yr.</u>	<u>Last Year</u> ^{fn1}
CATV					
Residential	6,754	(1.6)	6,646	(5.9)	7,059
Commercial/Hospitality	160	1.9	163	(1.2)	165
Total CATV	<u>6,914</u>	<u>(1.5)</u>	<u>6,809</u>	<u>(5.7)</u>	<u>7,224</u>
Bulk Equivalent Services	359	4.5	375	0.5	373
Bulk Master Services	22	4.5	23	4.5	22
Internet					
Residential	6,949	0.4	6,977	1.3	6,885
Commercial	437	6.6	466	1.5	459
Total Internet	<u>7,386</u>	<u>0.8</u>	<u>7,443</u>	<u>1.3</u>	<u>7,344</u>
MAN/MME	<u>67</u>	--	<u>67</u>	31.4	<u>51</u>

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