

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

May 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 - May 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	\$619,167	(1.6)	\$609,356	(6.1)	\$648,616
Data/Internet	383,886	3.1	395,769	18.3	334,417
MAN/MME	46,070	(3.5)	44,449	10.8	40,109
Miscellaneous	9,006	18.6	10,681	16.5	9,171
Total Operating Revenues	<u>1,058,129</u>	0.2	<u>1,060,255</u>	2.7	<u>1,032,313</u>
<u>Operating Expense</u>					
Operation	712,374	(8.5)	651,882	(5.0)	685,967
Maintenance	75,662	6.9	80,878	12.8	71,710
Depreciation	<u>170,609</u>	(3.5)	<u>164,703</u>	(15.6)	<u>195,032</u>
Total Operating Expenses	<u>958,645</u>	(6.4)	<u>897,463</u>	(5.8)	<u>952,709</u>
Operating Income	<u>99,484</u>	63.6	<u>162,792</u>	1.0X	<u>79,604</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	4,020	1.3	4,073	(41.2)	6,926
Interest Expense	<u>(111,910)</u>	0.0	<u>(111,910)</u>	(3.3)	<u>(115,670)</u>
Net Nonoperating Expense	<u>(107,890)</u>	(0.0)	<u>(107,837)</u>	(0.8)	<u>(108,744)</u>
Net Loss before Capital Contributions	(8,406)	-7.5X	54,955	-2.9X	(29,140)
Capital Contributions	<u>---</u>		<u>1,422</u>	93.7	<u>734</u>
Change in Net Position	(\$8,406)		\$56,377		(\$28,406)
Beginning Net Position	<u>(23,648,669)</u>		<u>(23,485,328)</u>		<u>(23,609,169)</u>
Ending Net Position	<u>(\$23,657,075)</u>		<u>(\$23,428,951)</u>		<u>(\$23,637,575)</u>
Net Loss to Operating Revenue	(0.8)		5.2		(2.8)
Debt Service Coverage on Bank Debt	2.99		3.61		3.07
Debt Service Coverage on Electric Utility Debt	1.75		2.31		1.83

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - May 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	\$3,087,572	0.6	\$3,106,941	(4.1)	\$3,239,872
Data/Internet	1,902,829	2.2	1,944,170	19.7	1,624,688
MAN/MME	239,182	(9.3)	216,833	9.1	198,710
Miscellaneous	<u>46,051</u>	25.5	<u>57,772</u>	17.5	<u>49,157</u>
Total Operating Revenues	<u>5,275,634</u>	0.9	<u>5,325,716</u>	4.2	<u>5,112,427</u>
<u>Operating Expense</u>					
Operation	3,558,448	(4.2)	3,407,591	0.0	3,407,454
Maintenance	378,740	1.7	385,331	12.6	342,124
Depreciation	<u>853,046</u>	(3.5)	<u>823,515</u>	(15.6)	<u>975,160</u>
Total Operating Expenses	<u>4,790,234</u>	(3.6)	<u>4,616,437</u>	(2.3)	<u>4,724,738</u>
Operating Income	<u>485,400</u>	46.1	<u>709,279</u>	83.0	<u>387,689</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	20,629	(6.6)	19,261	(42.7)	33,636
Interest Expense	<u>(559,550)</u>	0.0	<u>(559,550)</u>	(3.3)	<u>(578,350)</u>
Net Nonoperating Expense	<u>(538,921)</u>	0.3	<u>(540,289)</u>	(0.8)	<u>(544,714)</u>
Net Loss before Capital Contributions	(53,521)	-4.2X	168,990	-2.1X	(157,025)
Capital Contributions	<u>---</u>		<u>5,613</u>	54.0	<u>3,644</u>
Change in Net Position	(53,521)		174,603		(153,381)
Beginning Net Position	<u>(23,603,554)</u>		<u>(23,603,554)</u>		<u>(23,484,194)</u>
Ending Net Position	<u><u>(\$23,657,075)</u></u>		<u><u>(\$23,428,951)</u></u>		<u><u>(\$23,637,575)</u></u>
Net Loss to Operating Revenue	(1.0)		3.2		(3.1)
Debt Service Coverage on Bank Debt	2.96		3.38		3.04
Debt Service Coverage on Electric Utility Debt	1.73		2.10		1.80

Muscatine Power and Water - Communications Utility
Statements of Net Position
May 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	3,432,435	800,894
Investments	2,152,000	4,611,774
Receivables:		
Consumer Accounts	1,223,815	1,180,155
Interest	18,129	32,862
Inventories	251,156	290,748
Prepaid Expenses	<u>205,334</u>	<u>157,880</u>
Total Unrestricted Current Assets	<u>7,282,869</u>	<u>7,074,313</u>
Total Current Assets	<u>7,282,889</u>	<u>7,074,332</u>
Property and Equipment:		
At Cost	32,516,941	31,970,278
Less Accumulated Depreciation	<u>23,748,523</u>	<u>22,211,975</u>
Net Property and Equipment	<u>8,768,418</u>	<u>9,758,303</u>
TOTAL ASSETS	<u><u>\$16,051,307</u></u>	<u><u>\$16,832,635</u></u>

Muscatine Power and Water - Communications Utility
Statements of Net Position
May 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	<u>39,950</u>	<u>58,750</u>
Total Restricted Current Liabilities	<u>1,044,950</u>	<u>1,018,750</u>
<u>Unrestricted</u>		
Accrued Interest	519,600	519,600
Accounts Payable	411,337	476,833
Pension Provision	138,495	54,157
Health & Dental Insurance Provision	37,700	30,858
Accrued Payroll	50,102	49,542
Accrued Vacation	150,210	148,161
Accrued Property Taxes	11,729	16,679
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	<u>131,461</u>	<u>127,663</u>
Total Unrestricted Current Liabilities	<u>1,468,134</u>	<u>1,440,993</u>
Total Current Liabilities	<u>2,513,084</u>	<u>2,459,743</u>
Non-Current Liabilities:		
Health & Dental Insurance Provision	268,914	324,340
Post-Employment Health Benefit Provision	61,572	26,939
Unearned Revenue - Dark Fiber Lease	274,688	292,188
Notes Payable:		
Banks	1,035,000	2,040,000
Electric Utility	<u>35,327,000</u>	<u>35,327,000</u>
Total Non-Current Liabilities	<u>36,967,174</u>	<u>38,010,467</u>
Net Position:		
Net Investment in Capital Assets	6,728,418	6,758,303
Unrestricted	<u>(30,157,369)</u>	<u>(30,395,878)</u>
Total Net Position	<u>(23,428,951)</u>	<u>(23,637,575)</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$16,051,307</u></u>	 <u><u>\$16,832,635</u></u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,019,992	\$5,125,687
Advertising sales	26,557	158,078
Miscellaneous sources	9,064	70,119
Cash paid to/for:		
Suppliers	(520,584)	(2,392,640)
Employees payroll, taxes and benefits	(272,184)	(1,420,208)
Net cash flows from operating activities	<u>262,845</u>	<u>1,541,036</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(70,001)	(617,074)
Loan principal payments	---	(960,000)
Loan interest payments	---	(694,022)
Net cash flows from capital and related financing activities	<u>(70,001)</u>	<u>(2,271,096)</u>
Cash flows from investing activities:		
Interest received on investments	394	80,959
Amortization/accretion of investments	---	(71)
Mark to Market	---	---
Net cash flows from investing activities	<u>394</u>	<u>80,888</u>
Net increase (decrease) in cash and investments	<u>193,238</u>	<u>(649,172)</u>
Cash and investments at beginning of period	<u>5,391,217</u>	<u>6,233,627</u>
Cash and investments at end of period	<u><u>\$5,584,455</u></u>	<u><u>\$5,584,455</u></u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$162,792	\$709,279
Noncash items in operating income:		
Converter/modem write-off	604	5,079
Depreciation of utility plant	164,703	823,515
Changes in assets and liabilities:		
Consumer accounts receivable	1,356	83,444
Inventories	14,704	35,788
Prepaid and deferred expenses	563	(142,947)
Accounts payable	(135,565)	(42,112)
Pension provision	27,699	138,495
Health & dental insurance provision	(10,348)	(23,405)
Other post-employment benefit provision	1,354	6,771
Unearned revenue	(1,458)	(7,291)
Intercompany payable	(58)	—
Accrued payroll	20,141	(21,082)
Accrued vacation	477	5,966
Accrued property taxes	1,113	(599)
Miscellaneous accrued expenses	14,768	(29,865)
Net cash flows from operating activities	<u>\$262,845</u>	<u>\$1,541,036</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$365,570	\$326,752	\$351,332
Promotional Expense	887	488	409
Electricity Expense	2,667	2,516	2,528
Pole Attachment Expense	2,292	2,292	2,250
Changes of Service	1,325	1,495	1,006
Underground Line Expense	2,586	2,640	2,968
Ad Insertion - Marketing/Production	6,572	6,127	5,796
Miscellaneous CATV Expense	13,683	8,725	19,591
Vehicle Expense	6,009	6,218	5,852
Maintenance:			
Fiber	685	492	1,431
Coax	2,379	1,508	1,052
Drops	2,259	2,218	2,274
Conduit System	812	2,326	1,695
Headend	23,173	21,592	15,425
Line Equipment	4,128	3,910	4,395
Converters	6,078	3,383	6,645
Ad Insertion	4,000	4,283	3,399
Vacation, Holiday, Sick Leave	5,862	6,033	7,617
Property Taxes	733	733	1,318
Depreciation	116,212	111,937	144,995
Total CATV	567,912	515,668	581,978
<u>Data/Internet</u>			
Data/Internet Access Charges	30,608	26,123	26,395
Promotional Expense	887	454	415
Electricity Expense	100	86	86
Pole Attachment Expense	83	83	83
Changes of Service	68	641	431
Customer Wireless Equipment Expense	260	—	2,151
Underground Line Expense	88	90	101
Miscellaneous Data/Internet Expense	2,318	2,389	8,688
Vehicle Expense	836	758	711
Maintenance:			
Fiber	24	17	44
Coax	81	52	36
Drops	77	76	78
Conduit System	28	81	59
Headend	15,069	22,641	25,613
Line Equipment	138	133	150
Modems	4,724	3,917	3,058
Vacation, Holiday, Sick Leave	2,788	1,967	3,808
Property Taxes	26	26	46
Depreciation	24,382	23,680	20,798
Total Data/Internet	\$82,585	\$83,214	92,751

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$1,826,542	\$1,765,874	\$1,773,426
Promotional Expense	4,438	2,878	3,759
Electricity Expense	13,333	12,508	12,260
Pole Attachment Expense	11,458	11,458	11,250
Changes of Service	6,608	5,767	5,897
Underground Line Expense	12,852	9,294	8,731
Ad Insertion - Marketing/Production	32,865	30,806	28,943
Miscellaneous CATV Expense	67,835	48,536	105,051
Vehicle Expense	29,967	26,708	26,663
Maintenance:			
Fiber	3,495	6,478	3,370
Coax	11,548	6,426	4,679
Drops	10,548	6,679	8,294
Conduit System	3,698	4,046	3,673
Headend	115,779	99,208	90,794
Line Equipment	20,178	23,725	22,390
Converters	30,287	18,265	29,936
Ad Insertion	19,935	21,862	16,995
Vacation, Holiday, Sick Leave	25,278	20,387	32,275
Property Taxes	3,668	3,667	6,588
Depreciation	581,059	559,685	724,975
Total CATV	2,831,371	2,684,257	2,919,949
<u>Data/Internet</u>			
Data/Internet Access Charges	153,040	129,832	128,092
Promotional Expense	4,438	2,988	3,594
Electricity Expense	500	427	418
Pole Attachment Expense	417	417	417
Changes of Service	341	2,471	2,527
Customer Wireless Equipment Expense	1,301	—	7,477
Underground Line Expense	439	317	298
Miscellaneous Data/Internet Expense	11,592	12,107	54,480
Vehicle Expense	4,178	3,243	3,234
Maintenance:			
Fiber	122	1,152	111
Coax	394	220	160
Drops	360	229	283
Conduit System	129	141	128
Headend	77,560	135,683	118,816
Line Equipment	672	810	764
Modems	22,913	16,576	15,901
Vacation, Holiday, Sick Leave	11,956	9,554	16,670
Property Taxes	128	128	232
Depreciation	121,909	118,400	103,990
Total Data/Internet	\$412,389	\$434,695	\$457,592

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - May 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	409	78
Maintenance:			
Fiber	331	237	602
Conduit System	392	1,122	818
MAN/MME Equipment	7,685	9,627	1,760
Vacation, Holiday, Sick Leave	596	684	700
Property Taxes	354	354	636
Depreciation	20,841	20,425	20,963
Total MAN/MME	31,591	33,958	26,599
<u>Customer Service Expense</u>			
Customer Information Expense	6,154	3,080	4,544
<u>Consumer Accounts</u>			
Supervision	2,461	2,525	2,855
Consumer Records and Collections	39,848	39,929	45,318
Uncollectible Accounts Expense	3,627	3,627	2,952
Vacation, Holiday, Sick Leave	5,145	5,896	4,881
Total Consumer Accounts	51,081	51,977	56,006
<u>Administrative and General</u>			
Administrative and General Salaries	70,654	68,821	59,084
Office Supplies and Expense	4,527	4,438	3,618
Outside Services Employed	11,487	9,727	6,862
Property Insurance	1,177	1,187	1,040
Casualty Ins, Injuries & Damages	6,263	7,926	6,176
Employee Pensions and Benefits	83,979	86,954	83,340
Fringe Benefits Charges to Construction	(6,438)	(7,856)	(5,104)
Rents	9,206	9,206	8,938
Miscellaneous General Expense	13,205	6,481	6,270
Maintenance of General Plant	3,599	3,263	3,176
Vacation, Holiday, Sick Leave	12,489	10,758	9,155
Depreciation	9,174	8,661	8,276
Total Administrative and General	219,322	209,566	190,831
Total Operating Expenses	\$958,645	\$897,463	\$952,709

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$5,500	\$5,500	\$5,208
Tools Expense	1,458	684	258
Maintenance:			
Fiber	1,687	3,126	1,538
Conduit System	1,784	1,952	1,772
MAN/MME Equipment	38,098	22,903	8,405
Vacation, Holiday, Sick Leave	2,498	2,505	2,732
Property Taxes	1,770	1,770	3,181
Depreciation	104,207	102,125	104,815
Total MAN/MME	157,002	140,565	127,909
<u>Customer Service Expense</u>			
Customer Information Expense	35,712	10,492	11,862
<u>Consumer Accounts</u>			
Supervision	12,444	12,487	13,491
Consumer Records and Collections	198,273	204,123	203,385
Uncollectible Accounts Expense	18,133	18,133	14,760
Vacation, Holiday, Sick Leave	22,201	26,738	25,083
Total Consumer Accounts	251,051	261,481	256,719
<u>Administrative and General</u>			
Administrative and General Salaries	353,332	358,210	275,714
Office Supplies and Expense	23,052	21,474	22,290
Outside Services Employed	57,482	48,134	34,375
Property Insurance	5,646	5,493	4,993
Casualty Ins, Injuries & Damages	31,674	35,856	23,410
Employee Pensions and Benefits	417,659	441,127	422,966
Fringe Benefits Charges to Construction	(29,965)	(33,851)	(27,676)
Rents	46,031	46,031	44,690
Miscellaneous General Expense	78,010	55,985	44,858
Maintenance of General Plant	19,553	15,850	14,115
Vacation, Holiday, Sick Leave	54,364	47,333	49,592
Depreciation	45,871	43,305	41,380
Total Administrative and General	1,102,709	1,084,947	950,707
Total Operating Expenses	\$4,790,234	\$4,616,437	\$4,724,738

Muscatine Power and Water - Communications Utility
Statistical Data
May 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	6,735	(4.9)	6,404	(9.0)	7,034
Commercial/Hospitality	<u>160</u>	1.3	<u>162</u>	(1.8)	<u>165</u>
Total CATV	<u>6,895</u>	(4.8)	<u>6,566</u>	(8.8)	<u>7,199</u>
Bulk Equivalent Services	<u>359</u>	4.5	<u>375</u>	0.5	<u>373</u>
Bulk Master Services	<u>22</u>	4.5	<u>23</u>	4.5	<u>22</u>
<u>Internet</u>					
Residential	6,971	(0.4)	6,942	1.3	6,851
Commercial	<u>438</u>	5.7	<u>463</u>	0.9	<u>459</u>
Total Internet	<u>7,409</u>	(0.1)	<u>7,405</u>	1.3	<u>7,310</u>
<u>MAN/MME</u>	<u>67</u>	---	<u>67</u>	21.8	<u>55</u>

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