

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

September 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 - September 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	\$675,483	(4.1)	\$647,891	(1.1)	\$654,963
Data/Internet	339,192	11.3	377,565	21.4	310,887
MAN/MME	44,718	(6.1)	41,975	(2.3)	42,957
Miscellaneous	8,833	7.7	9,517	12.9	8,427
Total Operating Revenues	<u>1,068,226</u>	0.8	<u>1,076,948</u>	5.9	<u>1,017,234</u>
<u>Operating Expense</u>					
Operation	700,235	(3.0)	678,882	1.2	670,987
Maintenance	75,597	(4.5)	72,179	18.1	61,109
Depreciation	199,083	(2.0)	195,032	(0.3)	195,673
Amortization	---	---	---	---	64,428
Total Operating Expenses	<u>974,915</u>	(3.0)	<u>946,093</u>	(4.6)	<u>992,197</u>
Operating Income	<u>93,311</u>	40.2	<u>130,855</u>	4.2X	<u>25,037</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	6,848	68.0	11,503	21.8	9,444
Interest Expense	(115,200)	0.4	(115,670)	(3.7)	(120,139)
Net Nonoperating Expense	<u>(108,352)</u>	(3.9)	<u>(104,167)</u>	(5.9)	<u>(110,695)</u>
Net Loss before Capital Contributions	(15,041)	-2.8X	26,688	-1.3X	(85,658)
Capital Contributions	<u>---</u>	---	<u>783</u>	24.9	<u>627</u>
Change in Net Position	(\$15,041)		\$27,471		(\$85,031)
Beginning Net Position	<u>(23,836,099)</u>		<u>(23,672,263)</u>		<u>(23,102,294)</u>
Ending Net Position	<u>(\$23,851,140)</u>		<u>(\$23,644,792)</u>		<u>(\$23,187,325)</u>
Net Loss to Operating Revenue	(1.4)		2.5		(8.4)
Debt Service Coverage on Bank Debt	3.26		3.68		3.22
Debt Service Coverage on Electric Utility Debt	2.00		2.36		1.95

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - September 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	\$5,913,641	(1.7)	\$5,815,029	1.3	\$5,737,607
Data/Internet	2,924,012	2.4	2,993,624	9.2	2,741,665
MAN/MME	402,457	(9.6)	363,773	(0.5)	365,604
Miscellaneous	<u>79,354</u>	13.9	<u>90,398</u>	7.8	<u>83,846</u>
Total Operating Revenues	<u>9,319,464</u>	(0.6)	<u>9,262,824</u>	3.7	<u>8,928,722</u>
<u>Operating Expense</u>					
Operation	6,277,337	(3.5)	6,058,810	2.3	5,921,188
Maintenance	672,740	(4.7)	641,054	11.6	574,384
Depreciation	1,791,748	(2.0)	1,755,288	(0.3)	1,761,057
Amortization	<u>---</u>	---	<u>---</u>	---	<u>579,852</u>
Total Operating Expenses	<u>8,741,825</u>	(3.3)	<u>8,455,152</u>	(4.3)	<u>8,836,481</u>
Operating Income	<u>577,639</u>	39.8	<u>807,672</u>	7.8X	<u>92,241</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	62,215	6.2	66,045	(21.5)	84,119
Interest Expense	<u>(1,036,800)</u>	0.4	<u>(1,041,032)</u>	(3.7)	<u>(1,081,570)</u>
Net Nonoperating Expense	<u>(974,585)</u>	---	<u>(974,987)</u>	(2.3)	<u>(997,451)</u>
Net Loss before Capital Contributions	(396,946)	(57.8)	(167,315)	(81.5)	(905,210)
Capital Contributions	<u>30,000</u>	(77.6)	<u>6,717</u>	86.8	<u>3,595</u>
Change in Net Position	(366,946)		(160,598)		(901,615)
Beginning Net Position	<u>(23,484,194)</u>		<u>(23,484,194)</u>		<u>(22,285,710)</u>
Ending Net Position	<u>(\$23,851,140)</u>		<u>(\$23,644,792)</u>		<u>(\$23,187,325)</u>
Net Loss to Operating Revenue	(4.3)		(1.8)		(10.1)
Debt Service Coverage on Bank Debt	2.94		3.18		3.05
Debt Service Coverage on Electric Utility Debt	1.72		1.93		1.81

Muscatine Power and Water - Communications Utility
Statements of Net Position
September 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	3,112,222	2,516,481
Investments	2,612,205	3,027,000
Receivables:		
Consumer Accounts	1,239,866	1,236,686
Interest	59,647	84,525
Inventories	305,901	333,896
Prepaid Expenses	<u>103,480</u>	<u>72,885</u>
Total Unrestricted Current Assets	<u>7,433,321</u>	<u>7,271,473</u>
Total Current Assets	<u>7,433,341</u>	<u>7,271,479</u>
Property and Equipment:		
At Cost	32,192,827	31,366,612
Less Accumulated Depreciation	<u>22,897,288</u>	<u>20,880,666</u>
Net Property and Equipment	<u>9,295,539</u>	<u>10,485,946</u>
Other Assets:		
Unamortized Cost of Issuing Debt	<u>---</u>	<u>4,056</u>
Total Other Assets	<u>---</u>	<u>4,056</u>
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$7,730,912 in 2013 and \$7,537,629 in 2012	<u>---</u>	<u>193,284</u>
TOTAL ASSETS	<u><u>\$16,728,880</u></u>	<u><u>\$17,954,765</u></u>

Muscatine Power and Water - Communications Utility
Statements of Net Position
September 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	35,250	46,045
	<hr/>	<hr/>
Total Restricted Current Liabilities	995,250	961,045
	<hr/>	<hr/>
<u>Unrestricted</u>		
Accrued Interest	311,760	311,760
Accounts Payable	521,554	523,906
Pension Provision	51,915	129,147
Health & Dental Insurance Provision	30,858	34,889
Intercompanies	---	9,768
Accrued Payroll	111,768	88,626
Accrued Vacation	153,153	117,414
Accrued Property Taxes	12,431	20,353
Deferred Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	147,086	129,229
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Total Unrestricted Current Liabilities	1,358,025	1,382,592
	<hr/>	<hr/>
Total Current Liabilities	2,353,275	2,343,637
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	325,979	139,803
Post-Employment Health Benefit Provision	41,064	27,796
Deferred Revenue - Dark Fiber Lease	286,354	303,854
Notes Payable:		
Banks	2,040,000	3,000,000
Electric Utility	35,327,000	35,327,000
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Total Non-Current Liabilities	38,020,397	38,798,453
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Net Position:		
Net Investment in Capital Assets	6,295,539	6,774,365
Unrestricted	(29,940,331)	(29,961,690)
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Total Net Position	(23,644,792)	(23,187,325)
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TOTAL LIABILITIES AND NET POSITION	<u>\$16,728,880</u>	<u>\$17,954,765</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$966,988	\$8,886,576
Advertising sales	25,723	205,637
Sale of digital equipment	790	1,210
Miscellaneous sources	69,262	113,292
Cash paid to/for:		
Suppliers	(421,781)	(4,013,231)
Employees payroll, taxes and benefits	(248,761)	(2,494,243)
Net cash flows from operating activities	<u>392,221</u>	<u>2,699,241</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(21,265)	(852,441)
Loan principal payments	---	(915,000)
Loan interest payments	---	(1,409,546)
Net cash flows from capital and related financing activities	<u>(21,265)</u>	<u>(3,176,987)</u>
Cash flows from investing activities:		
Interest received on investments	4,773	118,661
Accrued interest purchased	---	(193)
Amortization/accretion of investments	36	582
Mark to Market	105	653
Net cash flows from investing activities	<u>4,914</u>	<u>119,703</u>
Net increase (decrease) in cash and investments	<u>375,870</u>	<u>(358,043)</u>
Cash and investments at beginning of period	<u>5,348,577</u>	<u>6,082,490</u>
Cash and investments at end of period	<u><u>\$5,724,447</u></u>	<u><u>\$5,724,447</u></u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$130,855	\$807,672
Noncash items in operating income:		
Converter/modem write-off	3,148	19,997
Depreciation of utility plant	195,032	1,755,288
Changes in assets and liabilities:		
Consumer accounts receivable	(67,912)	(61,051)
Inventories	(12,085)	19,336
Prepaid and deferred expenses	19,653	(38,025)
Accounts payable	51,468	37,420
Pension provision	21,366	51,915
Health & dental insurance provision	4,694	36,727
Other post-employment benefit provision	4,579	16,062
Deferred Revenue	(1,459)	(13,125)
Intercompany payable	---	(8,719)
Accrued payroll	15,672	52,560
Accrued vacation	8,523	27,949
Accrued property taxes	(5,685)	(926)
Miscellaneous accrued expenses	24,372	(3,839)
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Net cash flows from operating activities	<u>\$392,221</u>	<u>\$2,699,241</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$357,567	\$341,143	\$338,996
Promotional Expense	2,119	526	1,574
Electricity Expense	2,500	2,605	2,414
Pole Attachment Expense	2,250	2,250	2,167
Changes of Service	957	1,156	968
Underground Line Expense	2,615	2,444	2,421
Ad Insertion - Marketing/Production	6,384	6,540	5,387
Miscellaneous CATV Expense	18,406	17,124	40,382
Vehicle Expense	5,839	4,828	4,209
Maintenance:			
Fiber	1,533	672	1,168
Coax	1,958	2,011	584
Drops	2,918	2,676	3,851
Conduit System	812	1,678	583
Headend	23,300	15,034	25,546
Line Equipment	3,704	2,503	1,958
Converters	5,610	3,530	5,955
Ad Insertion	5,048	4,038	3,990
Vacation, Holiday, Sick Leave	6,542	11,561	5,286
Property Taxes	1,318	316	1,188
Depreciation	145,759	144,995	146,724
Amortization	---	---	48,321
Total CATV	597,139	567,630	643,672
<u>Data/Internet</u>			
Data/Internet Access Charges	27,513	24,913	28,952
Promotional Expense	2,119	478	1,521
Electricity Expense	83	86	82
Pole Attachment Expense	83	83	75
Changes of Service	410	496	415
Customer Wireless Equipment Expense	749	---	1,027
Underground Line Expense	89	83	83
Miscellaneous Data/Internet Expense	9,640	8,912	12,179
Vehicle Expense	814	587	516
Maintenance:			
Fiber	54	24	41
Coax	67	48	20
Drops	100	91	131
Conduit System	28	59	20
Headend	14,068	28,825	15,424
Line Equipment	127	85	67
Modems	4,350	3,416	3,775
Vacation, Holiday, Sick Leave	4,663	3,315	3,412
Property Taxes	46	11	41
Depreciation	21,966	20,798	20,183
Amortization	---	---	16,107
Total Data/Internet	\$86,969	\$92,310	\$104,071

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
CATV			
Program Acquisition Expense	\$3,192,896	\$3,142,151	\$3,090,842
Promotional Expense	15,264	5,854	9,763
Electricity Expense	22,500	22,219	22,045
Pole Attachment Expense	20,250	20,250	19,400
Changes of Service	8,659	10,526	8,738
Underground Line Expense	23,599	19,488	20,189
Ad Insertion - Marketing/Production	57,323	51,068	54,830
Miscellaneous CATV Expense	164,264	164,807	163,645
Vehicle Expense	52,299	48,413	47,771
Maintenance:			
Fiber	13,882	5,653	7,827
Coax	17,109	8,794	9,954
Drops	25,568	22,040	19,091
Conduit System	7,104	9,778	4,743
Headend	205,741	168,029	199,043
Line Equipment	31,727	41,004	30,364
Converters	49,757	47,715	44,882
Ad Insertion	45,278	31,538	38,723
Vacation, Holiday, Sick Leave	49,030	70,436	42,082
Property Taxes	11,859	7,852	10,692
Depreciation	1,311,832	1,304,955	1,320,516
Amortization	---	---	434,889
Total CATV	5,325,941	5,202,570	5,600,029
Data/Internet			
Data/Internet Access Charges	238,917	227,453	262,239
Promotional Expense	15,264	5,572	9,157
Electricity Expense	750	758	752
Pole Attachment Expense	750	750	672
Changes of Service	3,711	5,885	3,745
Customer Wireless Equipment Expense	6,073	8,979	18,457
Underground Line Expense	805	665	689
Miscellaneous Data/Internet Expense	85,409	90,844	95,097
Vehicle Expense	7,326	5,887	5,815
Maintenance:			
Fiber	484	191	273
Coax	584	280	341
Drops	872	756	657
Conduit System	248	341	166
Headend	127,904	222,780	117,488
Line Equipment	1,083	1,096	1,408
Modems	39,152	34,028	36,315
Vacation, Holiday, Sick Leave	34,419	26,729	30,123
Property Taxes	418	276	369
Depreciation	197,698	187,182	181,647
Amortization	---	---	144,963
Total Data/Internet	\$761,867	\$820,452	\$910,373

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - September 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	291	37	---
Maintenance:			
Fiber	740	324	564
Conduit System	392	810	282
MAN/MME Equipment	7,658	2,220	3,300
Vacation, Holiday, Sick Leave	479	703	135
Property Taxes	636	152	573
Depreciation	22,135	20,963	20,341
Total MAN/MME	33,373	26,251	26,237
<u>Customer Service Expense</u>			
Customer Information Expense	8,663	4,827	6,497
<u>Consumer Accounts</u>			
Supervision	2,501	2,787	2,446
Consumer Records and Collections	38,817	40,444	36,235
Uncollectible Accounts Expense	2,952	2,952	2,871
Vacation, Holiday, Sick Leave	5,048	5,275	4,570
Total Consumer Accounts	49,318	51,458	46,122
<u>Administrative and General</u>			
Administrative and General Salaries	57,208	80,085	47,365
Office Supplies and Expense	4,779	4,370	3,537
Outside Services Employed	8,110	5,072	6,647
Property Insurance	1,050	1,040	971
Casualty Ins, Injuries & Damages	5,422	4,551	2,955
Employee Pensions and Benefits	83,805	79,023	73,814
Fringe Benefits Charges to Construction	(6,004)	(9,324)	5,082
Rents	8,938	8,938	8,727
Miscellaneous General Expense	14,092	4,394	6,180
Maintenance of General Plant	3,130	4,135	(6,150)
Vacation, Holiday, Sick Leave	9,700	13,057	8,045
Depreciation	9,223	8,276	8,425
Total Administrative and General	199,453	203,617	165,598
Total Operating Expenses	\$974,915	\$946,093	\$992,197

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

	Budget		
	Estimate	This Year	Last Year
<u>MAN/MME</u>			
Pole Attachment Expense	\$9,375	\$9,375	\$9,327
Tools Expense	2,625	383	698
Maintenance:			
Fiber	6,699	2,640	3,777
Conduit System	3,428	4,718	2,288
MAN/MME Equipment	67,786	14,472	34,015
Vacation, Holiday, Sick Leave	3,308	4,975	1,115
Property Taxes	5,724	3,789	5,157
Depreciation	199,213	188,667	183,069
Total MAN/MME	298,158	229,019	239,446
<u>Customer Service Expense</u>			
Customer Information Expense	79,167	24,031	48,722
<u>Consumer Accounts</u>			
Supervision	21,945	24,504	23,293
Consumer Records and Collections	349,347	368,333	328,227
Uncollectible Accounts Expense	26,569	26,568	25,837
Vacation, Holiday, Sick Leave	37,978	42,756	42,205
Total Consumer Accounts	435,839	462,161	419,562
<u>Administrative and General</u>			
Administrative and General Salaries	504,861	534,319	461,631
Office Supplies and Expense	41,812	37,012	41,287
Outside Services Employed	115,827	60,997	65,511
Property Insurance	8,922	9,153	8,253
Casualty Ins, Injuries & Damages	48,799	38,724	55,320
Employee Pensions and Benefits	764,176	733,721	693,154
Fringe Benefits Charges to Construction	(51,292)	(54,862)	(51,073)
Rents	80,442	80,442	78,543
Miscellaneous General Expense	142,583	92,299	101,325
Maintenance of General Plant	28,334	25,201	23,029
Vacation, Holiday, Sick Leave	73,384	85,429	65,544
Depreciation	83,005	74,484	75,825
Total Administrative and General	1,840,853	1,716,919	1,618,349
Total Operating Expenses	\$8,741,825	\$8,455,152	\$8,836,481

Muscatine Power and Water - Communications Utility
Statistical Data
September 2013

<u>Services</u>	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>	<u>This Year</u> ^{fn1}	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u> ^{fn1}
<u>CATV</u>					
Residential	7,187	(4.9)	6,835	(4.7)	7,170
Commercial/Hospitality	<u>164</u>	(3.7)	<u>158</u>	(6.0)	<u>168</u>
Total CATV	<u><u>7,351</u></u>	(4.9)	<u><u>6,993</u></u>	(4.7)	<u><u>7,338</u></u>
Bulk Equivalent Services	<u>357</u>	---	<u>356</u>	---	<u>476</u>
Bulk Master Services	<u>21</u>	---	<u>22</u>	---	<u>26</u>
<u>Internet</u>					
Residential	7,129	(4.6)	6,802	1.3	6,717
Commercial	<u>454</u>	2.9	<u>467</u>	0.4	<u>465</u>
Total Internet	<u><u>7,583</u></u>	(4.1)	<u><u>7,269</u></u>	1.2	<u><u>7,182</u></u>
<u>MAN/MME</u>	<u><u>56</u></u>	0.0	<u><u>56</u></u>	9.8	<u><u>51</u></u>

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