

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

November 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 - November 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	\$680,926	(6.7)	\$635,502	(1.8)	\$646,942
Data/Internet	342,566	9.8	376,224	19.5	314,730
MAN/MME	44,717	(28.6)	31,915	0.2	31,838
Miscellaneous	8,833	13.3	10,006	10.9	9,020
Total Operating Revenues	<u>1,077,042</u>	(2.2)	<u>1,053,647</u>	5.1	<u>1,002,530</u>
<u>Operating Expense</u>					
Operation	703,005	(4.5)	671,097	(0.0)	671,142
Maintenance	74,895	(2.4)	73,134	16.3	62,908
Depreciation	199,083	(2.0)	195,032	(0.3)	195,673
Amortization	---	---	---	---	64,428
Total Operating Expenses	<u>976,983</u>	(3.9)	<u>939,263</u>	(5.5)	<u>994,151</u>
Operating Income	<u>100,059</u>	14.3	<u>114,384</u>	12.7X	<u>8,379</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	6,816	0.3	6,839	(28.8)	9,599
Interest Expense	(115,200)	0.4	(115,670)	(6.6)	(123,879)
Net Nonoperating Expense	<u>(108,384)</u>	0.4	<u>(108,831)</u>	(4.8)	<u>(114,280)</u>
Net Loss before Capital Contributions	(8,325)	-1.7X	5,553	-1.1X	(105,901)
Capital Contributions	<u>30,100</u>		<u>4,280</u>	4.7X	<u>754</u>
Change in Net Position	\$21,775		\$9,833		(\$105,147)
Beginning Net Position	<u>(23,847,140)</u>		<u>(23,651,751)</u>		<u>(23,268,482)</u>
Ending Net Position	<u>(\$23,825,365)</u>		<u>(\$23,641,918)</u>		<u>(\$23,373,629)</u>
Net Loss to Operating Revenue	(0.8)		0.5		(10.6)
Debt Service Coverage on Bank Debt	3.44		3.45		3.04
Debt Service Coverage on Electric Utility Debt	2.15		2.16		1.79

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

	<u>Budget</u> <u>Estimate</u>	<u>% Increase</u> <u>(Decrease)</u> <u>From Budget</u>	<u>This</u> <u>Year</u>	<u>% Increase</u> <u>(Decrease)</u> <u>Fr. Last Yr.</u>	<u>Last</u> <u>Year</u>
<u>Operating Revenue</u>					
CATV	\$7,273,289	(2.5)	\$7,089,481	0.5	\$7,057,675
Data/Internet	3,607,436	3.9	3,747,094	11.2	3,368,770
MAN/MME	491,892	(10.9)	438,124	0.2	437,042
Miscellaneous	97,019	13.4	110,009	7.4	102,454
Total Operating Revenues	11,469,636	(0.7)	11,384,708	3.8	10,965,941
<u>Operating Expense</u>					
Operation	7,667,307	(3.3)	7,414,513	1.9	7,276,216
Maintenance	822,470	(2.5)	801,797	14.5	699,974
Depreciation	2,189,913	(2.0)	2,145,352	(0.3)	2,152,403
Amortization	---	---	---	---	708,709
Total Operating Expenses	10,679,690	(3.0)	10,361,662	(4.4)	10,837,302
Operating Income	789,946	29.5	1,023,046	7.0X	128,639
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	75,983	5.0	79,809	(23.2)	103,926
Interest Expense	(1,267,200)	0.4	(1,272,372)	(4.0)	(1,325,587)
Net Nonoperating Expense	(1,191,217)	0.1	(1,192,563)	(2.4)	(1,221,661)
Net Loss before Capital Contributions	(401,271)	(57.8)	(169,517)	(84.5)	(1,093,022)
Capital Contributions	60,100		11,793	1.3X	5,103
Change in Net Position	(341,171)		(157,724)		(1,087,919)
Beginning Net Position	(23,484,194)		(23,484,194)		(22,285,710)
Ending Net Position	(\$23,825,365)		(\$23,641,918)		(\$23,373,629)
Net Loss to Operating Revenue	(3.5)		(1.5)		(10.0)
Debt Service Coverage on Bank Debt	3.04		3.22		3.07
Debt Service Coverage on Electric Utility Debt	1.80		1.96		1.83

Muscatine Power and Water - Communications Utility
Statements of Net Position
November 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	3,313,383	2,702,519
Investments	2,612,145	3,027,000
Receivables:		
Consumer Accounts	1,304,066	1,166,273
Interest	73,050	103,502
Inventories	292,348	324,866
Intercompanies	---	118,002
Prepaid Pension	39,271	26,120
Prepaid Expenses	70,098	76,556
Total Unrestricted Current Assets	<u>7,704,361</u>	<u>7,544,838</u>
Total Current Assets	<u>7,704,381</u>	<u>7,544,844</u>
Property and Equipment:		
At Cost	32,351,275	31,514,534
Less Accumulated Depreciation	<u>23,236,626</u>	<u>21,215,984</u>
Net Property and Equipment	<u>9,114,649</u>	<u>10,298,550</u>
Intangible Assets:		
Intangible Assets - Less Accumulated Amortization of \$7,730,912 in 2013 and \$7,602,057 in 2012	<u>---</u>	<u>64,428</u>
TOTAL ASSETS	<u><u>\$16,819,030</u></u>	<u><u>\$17,907,822</u></u>

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

LIABILITIES AND NET POSITION

	<u>2013</u>	<u>2012</u>
Current Liabilities:		
<u>Restricted</u>		
Notes Payable - Banks	\$960,000	\$915,000
Accrued Interest	58,750	76,712
	<hr/>	<hr/>
Total Restricted Current Liabilities	1,018,750	991,712
	<hr/>	<hr/>
<u>Unrestricted</u>		
Accrued Interest	519,600	519,600
Accounts Payable	512,456	488,762
Health & Dental Insurance Provision	30,858	34,889
Intercompanies	---	---
Accrued Payroll	52,198	50,571
Accrued Vacation	152,478	123,845
Accrued Property Taxes	12,362	17,756
Deferred Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	127,904	109,542
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Total Unrestricted Current Liabilities	1,425,356	1,362,465
	<hr/>	<hr/>
Total Current Liabilities	2,444,106	2,354,177
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	316,182	274,631
Post-Employment Health Benefit Provision	50,222	24,705
Deferred Revenue - Dark Fiber Lease	283,438	300,938
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	38,016,842	38,927,274
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	6,114,649	6,452,603
Unrestricted	(29,756,567)	(29,826,232)
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Total Net Position	(23,641,918)	(23,373,629)
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TOTAL LIABILITIES AND NET POSITION	<u><u>\$16,819,030</u></u>	<u><u>\$17,907,822</u></u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$931,531	\$10,870,398
Advertising sales	28,860	260,468
Sale of digital equipment	---	1,210
Miscellaneous sources	1,148	114,493
Cash paid to/for:		
Suppliers	(388,681)	(4,887,581)
Employees payroll, taxes and benefits	(325,194)	(3,275,530)
	247,664	3,083,458
Cash flows from capital and related financing activities:		
Capital expenditures, net	(66,527)	(1,035,919)
Loan principal payments	---	(915,000)
Loan interest payments	---	(1,409,546)
	(66,527)	(3,360,465)
Cash flows from investing activities:		
Interest received on investments	223	119,118
Accrued interest purchased	---	(193)
Amortization/accretion of investments	(18)	547
Mark to Market	40	593
	245	120,065
Net increase (decrease) in cash and investments	181,382	(156,942)
Cash and investments at beginning of period	5,744,166	6,082,490
Cash and investments at end of period	\$5,925,548	\$5,925,548

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
November 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	\$114,384	\$1,023,046
Noncash items in operating income:		
Converter/modem write-off	2,940	25,331
Depreciation of utility plant	195,032	2,145,352
Changes in assets and liabilities:		
Consumer accounts receivable	(81,829)	(125,251)
Inventories	(4,404)	32,889
Prepaid and deferred expenses	12,196	(4,643)
Accounts payable	15,544	2,368
Pension provision	(46,651)	(39,271)
Health & dental insurance provision	(6,978)	26,930
Other post-employment benefit provision	4,579	25,220
Deferred Revenue	(1,458)	(16,041)
Intercompany payable	---	(8,719)
Accrued payroll	12,401	(7,010)
Accrued vacation	4,130	27,274
Accrued property taxes	(34)	(995)
Miscellaneous accrued expenses	27,812	(23,022)
	<u>\$247,664</u>	<u>\$3,083,458</u>
Net cash flows from operating activities	<u>\$247,664</u>	<u>\$3,083,458</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$357,058	\$337,067	\$339,439
Promotional Expense	1,584	458	1,919
Electricity Expense	2,500	2,488	2,438
Pole Attachment Expense	2,250	3,765	3,390
Changes of Service	957	882	771
Underground Line Expense	2,649	2,204	2,156
Ad Insertion - Marketing/Production	6,384	6,065	9,231
Miscellaneous CATV Expense	18,217	16,871	20,508
Vehicle Expense	5,839	4,374	5,029
Maintenance:			
Fiber	1,575	849	739
Coax	1,926	1,356	1,056
Drops	2,769	2,971	3,489
Conduit System	846	2,417	1,452
Headend	23,096	19,034	16,931
Line Equipment	3,456	2,187	3,165
Converters	5,610	4,246	6,563
Ad Insertion	5,048	4,270	2,466
Vacation, Holiday, Sick Leave	8,650	9,425	8,620
Property Taxes	1,318	(23)	(2,899)
Depreciation	145,759	144,995	146,724
Amortization	---	---	48,321
Total CATV	597,491	565,901	621,508
<u>Data/Internet</u>			
Data/Internet Access Charges	27,551	24,874	23,801
Promotional Expense	1,584	464	1,574
Electricity Expense	83	85	83
Pole Attachment Expense	83	136	121
Changes of Service	410	378	330
Customer Wireless Equipment Expense	639	---	928
Underground Line Expense	90	75	73
Miscellaneous Data/Internet Expense	9,640	9,104	13,812
Vehicle Expense	814	529	611
Maintenance:			
Fiber	55	30	26
Coax	66	46	36
Drops	95	101	119
Conduit System	30	84	51
Headend	14,069	27,135	18,335
Line Equipment	118	75	108
Modems	4,317	2,932	3,398
Vacation, Holiday, Sick Leave	6,284	4,303	5,743
Property Taxes	46	(1)	(101)
Depreciation	21,966	20,798	20,183
Amortization	---	---	16,107
Total Data/Internet	\$87,940	\$91,148	\$105,338

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$3,908,212	\$3,829,797	\$3,772,871
Promotional Expense	18,433	6,868	13,881
Electricity Expense	27,500	27,220	27,072
Pole Attachment Expense	24,750	26,265	24,956
Changes of Service	10,605	12,617	10,370
Underground Line Expense	28,863	24,453	25,889
Ad Insertion - Marketing/Production	70,092	63,249	81,436
Miscellaneous CATV Expense	200,876	196,720	203,281
Vehicle Expense	63,898	57,957	58,040
Maintenance:			
Fiber	17,020	8,942	9,626
Coax	20,880	15,698	11,556
Drops	31,126	29,156	26,086
Conduit System	8,761	14,569	7,233
Headend	251,652	204,604	234,787
Line Equipment	38,796	50,634	37,163
Converters	60,975	56,109	55,201
Ad Insertion	55,421	40,246	45,594
Vacation, Holiday, Sick Leave	61,997	88,968	54,534
Property Taxes	14,494	7,807	8,981
Depreciation	1,603,350	1,594,945	1,613,964
Amortization	---	---	531,532
Total CATV	6,517,701	6,356,824	6,854,053
<u>Data/Internet</u>			
Data/Internet Access Charges	293,981	281,097	314,815
Promotional Expense	18,433	6,539	12,786
Electricity Expense	917	929	924
Pole Attachment Expense	917	970	868
Changes of Service	4,545	6,781	4,444
Customer Wireless Equipment Expense	7,351	9,058	20,477
Underground Line Expense	985	834	884
Miscellaneous Data/Internet Expense	104,667	110,139	119,974
Vehicle Expense	8,954	7,042	7,062
Maintenance:			
Fiber	594	306	336
Coax	712	516	396
Drops	1,062	999	896
Conduit System	306	508	253
Headend	156,041	279,757	152,462
Line Equipment	1,324	1,425	1,640
Modems	47,974	40,119	43,739
Vacation, Holiday, Sick Leave	43,850	33,668	38,095
Property Taxes	510	274	309
Depreciation	241,630	228,778	222,013
Amortization	---	---	177,177
Total Data/Internet	\$934,753	\$1,009,739	\$1,119,550

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$1,042	\$1,773	\$1,652
Tools Expense	291	2	208
Maintenance:			
Fiber	760	410	356
Conduit System	408	1,167	701
MAN/MME Equipment	7,521	1,017	956
Vacation, Holiday, Sick Leave	528	758	231
Property Taxes	636	(11)	(1,399)
Depreciation	22,135	20,963	20,341
Total MAN/MME	33,321	26,079	23,046
<u>Customer Service Expense</u>			
Customer Information Expense	6,164	5,183	6,323
<u>Consumer Accounts</u>			
Supervision	2,501	1,951	2,447
Consumer Records and Collections	38,818	37,677	37,479
Uncollectible Accounts Expense	2,952	2,952	2,871
Vacation, Holiday, Sick Leave	6,737	6,789	6,795
Total Consumer Accounts	51,008	49,369	49,592
<u>Administrative and General</u>			
Administrative and General Salaries	56,984	54,860	52,041
Office Supplies and Expense	4,638	3,257	4,856
Outside Services Employed	7,834	5,286	5,365
Property Insurance	1,050	1,040	971
Casualty Ins, Injuries & Damages	5,422	6,440	6,082
Employee Pensions and Benefits	84,096	96,658	72,093
Fringe Benefits Charges to Construction	(5,883)	(5,805)	(3,953)
Rents	8,938	8,938	8,727
Miscellaneous General Expense	12,836	6,026	16,068
Maintenance of General Plant	3,130	2,807	2,961
Vacation, Holiday, Sick Leave	12,791	13,800	14,708
Depreciation	9,223	8,276	8,425
Total Administrative and General	201,059	201,583	188,344
Total Operating Expenses	\$976,983	\$939,263	\$994,151

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$11,458	\$12,190	\$12,020
Tools Expense	3,208	396	1,296
Maintenance:			
Fiber	8,213	4,227	4,645
Conduit System	4,228	7,030	3,490
MAN/MME Equipment	82,790	16,257	36,359
Vacation, Holiday, Sick Leave	4,098	6,610	1,442
Property Taxes	6,997	3,767	4,331
Depreciation	243,483	230,593	223,751
Total MAN/MME	364,475	281,070	287,334
<u>Customer Service Expense</u>			
Customer Information Expense	92,064	31,958	60,820
<u>Consumer Accounts</u>			
Supervision	26,903	28,545	27,880
Consumer Records and Collections	426,925	444,037	406,097
Uncollectible Accounts Expense	32,473	32,472	31,579
Vacation, Holiday, Sick Leave	48,074	53,582	52,238
Total Consumer Accounts	534,375	558,636	517,794
<u>Administrative and General</u>			
Administrative and General Salaries	618,950	653,706	574,241
Office Supplies and Expense	50,798	44,749	50,206
Outside Services Employed	131,171	72,873	76,557
Property Insurance	11,022	11,232	10,196
Casualty Ins, Injuries & Damages	59,643	48,079	68,860
Employee Pensions and Benefits	932,455	928,433	845,439
Fringe Benefits Charges to Construction	(62,883)	(66,955)	(59,724)
Rents	98,318	98,318	95,997
Miscellaneous General Expense	168,096	104,875	129,301
Maintenance of General Plant	34,595	30,695	28,512
Vacation, Holiday, Sick Leave	92,707	106,394	85,491
Depreciation	101,450	91,036	92,675
Total Administrative and General	2,236,322	2,123,435	1,997,751
Total Operating Expenses	\$10,679,690	\$10,361,662	\$10,837,302

Muscatine Power and Water - Communications Utility
Statistical Data
November 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	7,150	(5.8)	6,734	(6.0)	7,163
Commercial/Hospitality	<u>164</u>	(0.6)	<u>163</u>	(2.4)	<u>167</u>
Total CATV	<u>7,314</u>	(5.7)	<u>6,897</u>	(5.9)	<u>7,330</u>
Bulk Equivalent Services	<u>357</u>	(2.0)	<u>350</u>	(26.5)	<u>476</u>
Bulk Master Services	<u>21</u>	4.8	<u>22</u>	(15.4)	<u>26</u>
<u>Internet</u>					
Residential	7,187	(5.6)	6,783	0.7	6,739
Commercial	<u>454</u>	3.5	<u>470</u>	2.4	<u>459</u>
Total Internet	<u>7,641</u>	(5.1)	<u>7,253</u>	0.8	<u>7,198</u>
<u>MAN/MME</u>	<u>56</u>	7.1	<u>60</u>	20.0	<u>50</u>

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