

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

March 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 - March 2014

	<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	\$615,020	1.5	\$624,065	(3.8)	\$648,461
Data/Internet	381,041	1.6	387,280	19.7	323,577
MAN/MME	46,070	(6.5)	43,088	8.6	39,673
Miscellaneous	9,006	26.6	11,398	23.5	9,229
Total Operating Revenues	1,051,137	1.4	1,065,831	4.4	1,020,940
<u>Operating Expense</u>					
Operation	705,652	(1.6)	694,693	4.7	663,584
Maintenance	75,716	1.0	76,474	17.3	65,203
Depreciation	170,609	(3.5)	164,703	(15.6)	195,032
Total Operating Expenses	951,977	(1.7)	935,870	1.3	923,819
Operating Income	99,160	31.1	129,961	33.8	97,121
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	4,145	(5.6)	3,914	(44.5)	7,054
Interest Expense	(111,910)	0.0	(111,910)	(3.3)	(115,670)
Net Nonoperating Expense	(107,765)	0.2	(107,996)	(0.6)	(108,616)
Net Loss before Capital Contributions	(8,605)	-3.6X	21,965	-2.9X	(11,495)
Capital Contributions	---		933	28.7	725
Change in Net Position	(\$8,605)		\$22,898		(\$10,770)
Beginning Net Position	(23,640,495)		(23,530,637)		(23,561,674)
Ending Net Position	(\$23,649,100)		(\$23,507,739)		(\$23,572,444)
Net Loss to Operating Revenue	(0.8)		2.1		(1.1)
Debt Service Coverage on Bank Debt	2.99		3.25		3.26
Debt Service Coverage on Electric Utility Debt	1.75		1.99		2.00

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - March 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	\$1,846,742	1.5	\$1,874,912	(3.4)	\$1,940,414
Data/Internet	1,136,209	1.7	1,155,342	20.2	961,110
MAN/MME	138,208	(6.6)	129,034	8.9	118,492
Miscellaneous	<u>28,037</u>	26.8	<u>35,540</u>	13.2	<u>31,390</u>
Total Operating Revenues	<u>3,149,196</u>	1.4	<u>3,194,828</u>	4.7	<u>3,051,406</u>
<u>Operating Expense</u>					
Operation	2,131,955	(3.6)	2,055,476	1.5	2,024,248
Maintenance	227,714	0.1	227,840	10.9	205,480
Depreciation	<u>511,827</u>	(3.5)	<u>494,109</u>	(15.6)	<u>585,096</u>
Total Operating Expenses	<u>2,871,496</u>	(3.3)	<u>2,777,425</u>	(1.3)	<u>2,814,824</u>
Operating Income	<u>277,700</u>	50.3	<u>417,403</u>	76.4	<u>236,582</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	12,484	(8.9)	11,373	(43.1)	20,003
Interest Expense	<u>(335,730)</u>	0.0	<u>(335,730)</u>	(3.3)	<u>(347,010)</u>
Net Nonoperating Expense	<u>(323,246)</u>	0.3	<u>(324,357)</u>	(0.8)	<u>(327,007)</u>
Net Loss before Capital Contributions	(45,546)	-3.0X	93,046	-2.0X	(90,425)
Capital Contributions	<u>---</u>		<u>2,769</u>	27.3	<u>2,175</u>
Change in Net Position	(45,546)		95,815		(88,250)
Beginning Net Position	<u>(23,603,554)</u>		<u>(23,603,554)</u>		<u>(23,484,194)</u>
Ending Net Position	<u>(\$23,649,100)</u>		<u>(\$23,507,739)</u>		<u>(\$23,572,444)</u>
Net Loss to Operating Revenue	(1.5)		2.9		(3.0)
Debt Service Coverage on Bank Debt	2.88		3.35		3.07
Debt Service Coverage on Electric Utility Debt	1.66		2.08		1.83

Muscatine Power and Water - Communications Utility
Statements of Net Position
March 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	3,518,747	898,803
Investments	1,652,040	4,111,462
Receivables:		
Consumer Accounts	1,256,329	1,277,314
Interest	11,044	19,320
Inventories	263,331	322,021
Prepaid Expenses	<u>222,741</u>	<u>203,747</u>
Total Unrestricted Current Assets	<u>6,924,232</u>	<u>6,832,667</u>
Total Current Assets	<u>6,924,252</u>	<u>6,832,686</u>
Property and Equipment:		
At Cost	32,657,631	31,779,804
Less Accumulated Depreciation	<u>23,715,323</u>	<u>21,880,156</u>
Net Property and Equipment	<u>8,942,308</u>	<u>9,899,648</u>
TOTAL ASSETS	<u><u>\$15,866,560</u></u>	<u><u>\$16,732,334</u></u>

Muscatine Power and Water - Communications Utility
Statements of Net Position
March 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	23,970	35,250
	<hr/>	<hr/>
Total Restricted Current Liabilities	1,028,970	995,250
<u>Unrestricted</u>		
Accrued Interest	311,760	311,760
Accounts Payable	508,460	482,520
Pension Provision	83,097	80,438
Health & Dental Insurance Provision	37,700	30,858
Accrued Payroll	110,024	94,608
Accrued Vacation	146,351	142,591
Accrued Property Taxes	9,503	12,678
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	159,016	154,066
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	1,383,411	1,327,019
Total Current Liabilities	<hr/> 2,412,381 <hr/>	<hr/> 2,322,269 <hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	263,450	294,241
Post-Employment Health Benefit Provision	58,864	26,164
Unearned Revenue - Dark Fiber Lease	277,604	295,104
Notes Payable:		
Banks	1,035,000	2,040,000
Electric Utility	35,327,000	35,327,000
	<hr/>	<hr/>
Total Non-Current Liabilities	36,961,918	37,982,509
Net Position:		
Net Investment in Capital Assets	6,902,308	6,899,648
Unrestricted	(30,410,047)	(30,472,092)
	<hr/>	<hr/>
Total Net Position	(23,507,739)	(23,572,444)
TOTAL LIABILITIES AND NET POSITION	<hr/> \$15,866,560 <hr/>	<hr/> \$16,732,334 <hr/>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,078,021	\$3,080,501
Advertising sales	32,188	88,432
Miscellaneous sources	10,712	50,204
Cash paid to/for:		
Suppliers	(408,308)	(1,518,552)
Employees payroll, taxes and benefits	(246,229)	(796,248)
Net cash flows from operating activities	<u>466,384</u>	<u>904,337</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(61,149)	(393,220)
Loan principal payments	---	(960,000)
Loan interest payments	---	(694,022)
Net cash flows from capital and related financing activities	<u>(61,149)</u>	<u>(2,047,242)</u>
Cash flows from investing activities:		
Interest received on investments	186	80,139
Amortization/accretion of investments	(18)	(54)
Mark to Market	---	---
Net cash flows from investing activities	<u>168</u>	<u>80,085</u>
Net increase (decrease) in cash and investments	<u>405,403</u>	<u>(1,062,820)</u>
Cash and investments at beginning of period	<u>4,765,404</u>	<u>6,233,627</u>
Cash and investments at end of period	<u><u>\$5,170,807</u></u>	<u><u>\$5,170,807</u></u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$129,961	\$417,403
Noncash items in operating income:		
Converter/modem write-off	28	2,652
Depreciation of utility plant	164,703	494,109
Changes in assets and liabilities:		
Consumer accounts receivable	73,695	50,930
Inventories	7,190	23,613
Prepaid and deferred expenses	34,830	(160,354)
Accounts payable	(11,265)	(13,744)
Pension provision	27,699	83,097
Health & dental insurance provision	1,491	(28,869)
Other post-employment benefit provision	1,355	4,063
Unearned Revenue	(1,459)	(4,375)
Accrued payroll	12,300	38,840
Accrued vacation	3,855	2,107
Accrued property taxes	(5,051)	(2,825)
Miscellaneous accrued expenses	27,052	(2,310)
	<u>\$466,384</u>	<u>\$904,337</u>
Net cash flows from operating activities	<u>\$466,384</u>	<u>\$904,337</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$364,535	\$359,788	\$354,854
Promotional Expense	888	601	789
Electricity Expense	2,667	2,504	2,394
Pole Attachment Expense	2,292	2,292	2,250
Changes of Service	1,281	1,124	807
Underground Line Expense	2,551	1,674	1,165
Ad Insertion - Marketing/Production	6,573	6,807	5,322
Miscellaneous CATV Expense	13,720	9,210	17,702
Vehicle Expense	6,009	5,349	5,402
Maintenance:			
Fiber	729	774	839
Coax	2,327	497	188
Drops	2,212	1,104	1,055
Conduit System	710	226	672
Headend	23,349	19,444	17,647
Line Equipment	4,222	5,270	2,153
Converters	6,078	2,840	7,765
Ad Insertion	4,044	4,189	3,081
Vacation, Holiday, Sick Leave	4,180	2,579	6,964
Property Taxes	733	733	1,318
Depreciation	116,212	111,937	144,995
Total CATV	565,312	538,942	577,362
<u>Data/Internet</u>			
Data/Internet Access Charges	30,608	25,655	24,173
Promotional Expense	888	667	767
Electricity Expense	100	85	82
Pole Attachment Expense	83	83	83
Changes of Service	67	482	346
Customer Wireless Equipment Expense	260	—	1,060
Underground Line Expense	87	57	40
Miscellaneous Data/Internet Expense	2,408	1,759	10,419
Vehicle Expense	836	649	657
Maintenance:			
Fiber	25	27	29
Coax	79	17	6
Drops	76	38	36
Conduit System	25	8	24
Headend	15,071	30,406	22,860
Line Equipment	141	180	74
Modems	4,610	2,688	2,967
Vacation, Holiday, Sick Leave	1,852	1,641	3,562
Property Taxes	26	26	46
Depreciation	24,382	23,680	20,798
Total Data/Internet	\$81,624	\$88,148	88,029

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$1,093,760	\$1,070,456	\$1,059,877
Promotional Expense	2,663	1,945	2,777
Electricity Expense	8,000	7,484	7,220
Pole Attachment Expense	6,875	6,875	6,750
Changes of Service	3,906	3,396	3,918
Underground Line Expense	7,688	3,812	3,345
Ad Insertion - Marketing/Production	19,720	18,987	18,910
Miscellaneous CATV Expense	40,838	31,715	59,630
Vehicle Expense	17,988	14,755	14,171
Maintenance:			
Fiber	2,064	4,985	1,732
Coax	6,895	2,039	3,087
Drops	6,160	1,930	3,988
Conduit System	2,110	305	1,206
Headend	69,476	58,256	59,529
Line Equipment	11,917	15,608	11,429
Converters	18,079	12,819	17,887
Ad Insertion	11,891	13,168	10,796
Vacation, Holiday, Sick Leave	13,888	8,478	20,466
Property Taxes	2,201	2,200	3,953
Depreciation	348,635	335,811	434,985
Total CATV	1,694,754	1,615,024	1,745,656
<u>Data/Internet</u>			
Data/Internet Access Charges	91,824	76,595	74,858
Promotional Expense	2,663	2,043	2,647
Electricity Expense	300	255	246
Pole Attachment Expense	250	250	250
Changes of Service	203	1,456	1,679
Customer Wireless Equipment Expense	781	---	3,276
Underground Line Expense	262	130	114
Miscellaneous Data/Internet Expense	6,986	6,656	31,981
Vehicle Expense	2,507	1,789	1,716
Maintenance:			
Fiber	72	1,100	60
Coax	235	70	105
Drops	210	66	136
Conduit System	74	11	42
Headend	47,421	85,543	70,807
Line Equipment	397	533	390
Modems	13,576	8,868	9,364
Vacation, Holiday, Sick Leave	6,436	5,597	10,833
Property Taxes	77	77	139
Depreciation	73,145	71,040	62,394
Total Data/Internet	\$247,419	\$262,079	\$271,037

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - March 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	85	61
Maintenance:			
Fiber	352	374	405
Conduit System	343	109	324
MAN/MME Equipment	7,724	5,285	2,047
Vacation, Holiday, Sick Leave	360	368	743
Property Taxes	354	354	636
Depreciation	20,841	20,425	20,963
Total MAN/MME	31,366	28,100	26,221
<u>Customer Service Expense</u>			
Customer Information Expense	5,846	2,457	2,470
<u>Consumer Accounts</u>			
Supervision	2,507	2,856	2,107
Consumer Records and Collections	39,635	40,245	34,619
Uncollectible Accounts Expense	3,627	3,627	2,952
Vacation, Holiday, Sick Leave	3,784	4,435	5,697
Total Consumer Accounts	49,553	51,163	45,375
<u>Administrative and General</u>			
Administrative and General Salaries	70,769	72,654	49,939
Office Supplies and Expense	4,650	6,767	5,341
Outside Services Employed	11,138	8,373	5,129
Property Insurance	1,098	1,040	971
Casualty Ins, Injuries & Damages	6,263	9,936	5,123
Employee Pensions and Benefits	82,101	89,426	81,273
Fringe Benefits Charges to Construction	(6,161)	(6,843)	(5,010)
Rents	9,206	9,206	8,938
Miscellaneous General Expense	17,973	16,100	9,002
Maintenance of General Plant	3,599	2,998	3,031
Vacation, Holiday, Sick Leave	8,466	8,742	12,349
Depreciation	9,174	8,661	8,276
Total Administrative and General	218,276	227,060	184,362
Total Operating Expenses	\$951,977	\$935,870	\$923,819

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$3,300	\$3,300	\$3,125
Tools Expense	875	264	180
Maintenance:			
Fiber	996	2,406	836
Conduit System	1,018	147	582
MAN/MME Equipment	22,806	10,758	5,286
Vacation, Holiday, Sick Leave	1,312	1,332	1,597
Property Taxes	1,062	1,062	1,908
Depreciation	62,524	61,275	62,889
Total MAN/MME	93,893	80,544	76,403
<u>Customer Service Expense</u>			
Customer Information Expense	20,753	5,770	6,267
<u>Consumer Accounts</u>			
Supervision	7,476	8,429	7,680
Consumer Records and Collections	118,761	121,634	110,966
Uncollectible Accounts Expense	10,880	10,880	8,856
Vacation, Holiday, Sick Leave	12,312	15,281	16,719
Total Consumer Accounts	149,429	156,224	144,221
<u>Administrative and General</u>			
Administrative and General Salaries	212,103	216,063	158,514
Office Supplies and Expense	14,173	12,757	14,745
Outside Services Employed	34,508	30,993	21,963
Property Insurance	3,293	3,120	2,914
Casualty Ins, Injuries & Damages	19,028	21,948	11,025
Employee Pensions and Benefits	248,966	260,860	254,059
Fringe Benefits Charges to Construction	(17,250)	(18,225)	(14,527)
Rents	27,619	27,619	26,814
Miscellaneous General Expense	53,583	40,793	29,070
Maintenance of General Plant	12,317	9,228	8,218
Vacation, Holiday, Sick Leave	29,385	26,645	33,617
Depreciation	27,523	25,983	24,828
Total Administrative and General	665,248	657,784	571,240
Total Operating Expenses	\$2,871,496	\$2,777,425	\$2,814,824

Muscatine Power and Water - Communications Utility
Statistical Data
March 2014

<u>Services</u>	<u>Budget</u> <u>Estimate</u>	<u>% Increase</u> <u>(Decrease)</u> <u>From Budget</u>	<u>This Year</u> ^{fn1}	<u>% Increase</u> <u>(Decrease)</u> <u>Fr. Last Yr.</u>	<u>Last Year</u> ^{fn1}
<u>CATV</u>					
Residential	6,731	(1.3)	6,645	(6.1)	7,079
Commercial/Hospitality	<u>160</u>	1.9	<u>163</u>	(1.8)	<u>166</u>
Total CATV	<u>6,891</u>	(1.2)	<u>6,808</u>	(6.0)	<u>7,245</u>
<u>Bulk Equivalent Services</u>					
Bulk Master Services	<u>359</u>	4.5	<u>375</u>	0.5	<u>373</u>
	<u>22</u>	4.5	<u>23</u>	4.5	<u>22</u>
<u>Internet</u>					
Residential	6,918	0.1	6,926	0.9	6,866
Commercial	<u>437</u>	7.1	<u>468</u>	1.5	<u>461</u>
Total Internet	<u>7,355</u>	0.5	<u>7,394</u>	0.9	<u>7,327</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