

**Muscatine Power and Water**

**Communications Utility**

**Statement of Revenues, Expenses and Changes in Net Position**

**October 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 - October 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>
<b><u>Operating Revenue</u></b>					
CATV	\$652,976	(6.9)	\$608,040	(4.8)	\$638,950
Data/Internet	385,381	2.8	396,247	5.0	377,247
MAN/MME	54,903	(15.6)	46,364	9.3	42,436
Miscellaneous	9,031	22.5	11,064	15.2	9,602
<b>Total Operating Revenues</b>	<u>1,102,291</u>	(3.7)	<u>1,061,715</u>	(0.6)	<u>1,068,235</u>
<b><u>Operating Expense</u></b>					
Operation	703,528	(7.8)	648,546	(5.3)	684,604
Maintenance	76,256	0.3	76,500	(12.7)	87,610
Depreciation	170,609	(3.5)	164,703	(15.6)	195,032
<b>Total Operating Expenses</b>	<u>950,393</u>	(6.4)	<u>889,749</u>	(8.0)	<u>967,246</u>
<b>Operating Income</b>	<u>151,898</u>	13.2	<u>171,966</u>	70.3	<u>100,989</u>
<b><u>Nonoperating Revenue (Expense)</u></b>					
Interest Income	3,940	3.5	4,078	(41.1)	6,926
Interest Expense	(111,910)	---	(111,910)	(3.3)	(115,670)
<b>Net Nonoperating Expense</b>	<u>(107,970)</u>	(0.1)	<u>(107,832)</u>	(0.8)	<u>(108,744)</u>
<b>Net Loss before Capital Contributions</b>	43,928	46.0	64,134	-9.3X	(7,755)
<b>Capital Contributions</b>	<u>9,175</u>	-1.2X	<u>(1,538)</u>	-2.9X	<u>796</u>
<b>Change in Net Position</b>	\$53,103		\$62,596		(\$6,959)
<b>Beginning Net Position</b>	<u>(23,674,205)</u>		<u>(23,170,684)</u>		<u>(23,644,792)</u>
<b>Ending Net Position</b>	<u>(\$23,621,102)</u>		<u>(\$23,108,088)</u>		<u>(\$23,651,751)</u>
<b>Net Loss to Operating Revenue</b>	4.0		6.0		(0.7)
<b>Debt Service Coverage on Bank Debt</b>	3.56		3.71		3.30
<b>Debt Service Coverage on Electric Utility Debt</b>	2.26		2.40		2.03

**Muscatine Power and Water - Communications Utility**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Calendar Year-to-Date - October 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>
<b><u>Operating Revenue</u></b>					
CATV	\$6,240,213	(2.8)	\$6,063,834	(6.0)	\$6,453,979
Data/Internet	3,824,943	2.6	3,923,641	16.4	3,370,870
MAN/MME	487,197	(8.8)	444,238	9.4	406,210
Miscellaneous	<u>91,183</u>	28.7	<u>117,344</u>	17.3	<u>100,001</u>
<b>Total Operating Revenues</b>	<u>10,643,536</u>	(0.9)	<u>10,549,057</u>	2.1	<u>10,331,060</u>
<b><u>Operating Expense</u></b>					
Operation	7,122,728	(7.8)	6,567,187	(2.6)	6,743,414
Maintenance	762,830	2.8	784,213	7.6	728,665
Depreciation	<u>1,706,091</u>	(3.5)	<u>1,647,030</u>	(15.6)	<u>1,950,320</u>
<b>Total Operating Expenses</b>	<u>9,591,649</u>	(6.2)	<u>8,998,430</u>	(4.5)	<u>9,422,399</u>
<b>Operating Income</b>	<u>1,051,887</u>	47.4	<u>1,550,627</u>	70.6	<u>908,661</u>
<b><u>Nonoperating Revenue (Expense)</u></b>					
Interest Income	40,490	(2.6)	39,435	(46.0)	72,971
Interest Expense	<u>(1,119,100)</u>	---	<u>(1,119,102)</u>	(3.3)	<u>(1,156,702)</u>
<b>Net Nonoperating Expense</b>	<u>(1,078,610)</u>	0.1	<u>(1,079,667)</u>	(0.4)	<u>(1,083,731)</u>
<b>Net Loss before Capital Contributions</b>	(26,723)	-18.6X	470,960	-3.7X	(175,070)
<b>Capital Contributions</b>	<u>9,175</u>	1.7X	<u>24,506</u>	2.3X	<u>7,513</u>
<b>Change in Net Position</b>	(17,548)		495,466		(167,557)
<b>Beginning Net Position</b>	<u>(23,603,554)</u>		<u>(23,603,554)</u>		<u>(23,484,194)</u>
<b>Ending Net Position</b>	<u>(\$23,621,102)</u>		<u>(\$23,108,088)</u>		<u>(\$23,651,751)</u>
<b>Net Loss to Operating Revenue</b>	(0.3)		4.5		(1.7)
<b>Debt Service Coverage on Bank Debt</b>	3.05		3.53		3.20
<b>Debt Service Coverage on Electric Utility Debt</b>	1.81		2.23		1.94

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

**ASSETS**

	<u>2014</u>	<u>2013</u>
<b>Current Assets:</b>		
<u>Restricted</u>		
Cash - interest bearing	\$27	\$20
Total Restricted Current Assets	<u>27</u>	<u>20</u>
<u>Unrestricted</u>		
Cash - interest bearing	3,954,546	3,132,041
Investments	2,152,000	2,612,105
Receivables:		
Consumer Accounts	1,203,014	1,222,237
Interest	37,438	66,456
Inventories	235,262	287,944
Prepaid Expenses	77,172	82,294
Total Unrestricted Current Assets	<u>7,659,432</u>	<u>7,403,077</u>
Total Current Assets	<u>7,659,459</u>	<u>7,403,097</u>
<b>Property and Equipment:</b>		
At Cost	32,890,169	32,312,894
Less Accumulated Depreciation	<u>24,406,527</u>	<u>23,067,398</u>
Net Property and Equipment	<u>8,483,642</u>	<u>9,245,496</u>
<b>TOTAL ASSETS</b>	<u><u>\$16,143,101</u></u>	<u><u>\$16,648,593</u></u>

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

**LIABILITIES AND NET POSITION**

	<u>2014</u>	<u>2013</u>
<b>Current Liabilities:</b>		
<u>Restricted</u>		
Notes Payable - Banks	\$1,005,000	\$960,000
Accrued Interest	31,960	47,000
	<hr/>	<hr/>
Total Restricted Current Liabilities	1,036,960	1,007,000
	<hr/>	<hr/>
<u>Unrestricted</u>		
Accrued Interest	415,680	415,680
Accounts Payable	490,550	500,594
Pension Provision	34,922	7,380
Health & Dental Insurance Provision	37,700	30,858
Accrued Payroll	52,783	39,797
Accrued Vacation	138,529	148,348
Accrued Property Taxes	4,452	12,396
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	63,038	100,092
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	1,255,154	1,272,645
	<hr/>	<hr/>
Total Current Liabilities	2,292,114	2,279,645
	<hr/>	<hr/>
<b>Non-Current Liabilities:</b>		
Health & Dental Insurance Provision	261,336	323,160
Post-Employment Health Benefit Provision	68,343	45,643
Unearned Revenue - Dark Fiber Lease	267,396	284,896
Notes Payable:		
Banks	1,035,000	2,040,000
Electric Utility	35,327,000	35,327,000
	<hr/>	<hr/>
Total Non-Current Liabilities	36,959,075	38,020,699
	<hr/>	<hr/>
<b>Net Position:</b>		
Net Investment in Capital Assets	6,443,642	6,245,496
Unrestricted	(29,551,730)	(29,897,247)
	<hr/>	<hr/>
Total Net Position	(23,108,088)	(23,651,751)
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<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$16,143,101</u>	<u>\$16,648,593</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
<b>Cash flows from operating activities:</b>		
Cash received from:		
Communications sales	\$999,558	\$10,090,997
Advertising sales	54,329	337,945
Miscellaneous sources	11,853	150,848
Cash paid to/for:		
Suppliers	(423,884)	(4,358,338)
Employees payroll, taxes and benefits	(339,548)	(2,997,681)
	<u>302,308</u>	<u>3,223,771</u>
<b>Cash flows from capital and related financing activities:</b>		
Capital expenditures, net	(91,276)	(1,107,094)
Loan principal payments	---	(960,000)
Loan interest payments	---	(1,365,484)
	<u>(91,276)</u>	<u>(3,432,578)</u>
<b>Cash flows from investing activities:</b>		
Interest received on investments	166	81,824
Amortization/accretion of investments	---	(71)
Mark to Market	---	---
	<u>166</u>	<u>81,753</u>
Net increase (decrease) in cash and investments	<u>211,198</u>	<u>(127,054)</u>
Cash and investments at beginning of period	<u>5,895,375</u>	<u>6,233,627</u>
Cash and investments at end of period	<u><u>\$6,106,573</u></u>	<u><u>\$6,106,573</u></u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$171,966	\$1,550,627
Noncash items in operating income:		
Converter/modem write-off	3,136	16,732
Depreciation of utility plant	164,703	1,647,030
Changes in assets and liabilities:		
Consumer accounts receivable	(3,341)	104,245
Inventories	4,108	51,682
Prepaid and deferred expenses	37,378	(14,785)
Accounts payable	(9,617)	(4,377)
Pension provision	(55,398)	34,922
Health & dental insurance provision	(3,263)	(30,983)
Other post-employment benefit provision	1,354	13,542
Unearned revenue	(1,458)	(14,583)
Intercompany payable	---	---
Accrued payroll	30,727	(18,401)
Accrued vacation	(447)	(5,715)
Accrued property taxes	1,113	(7,876)
Miscellaneous accrued expenses	(38,653)	(98,289)
	<u>\$302,308</u>	<u>\$3,223,771</u>
Net cash flows from operating activities	<u>\$302,308</u>	<u>\$3,223,771</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>CATV</u></b>			
Program Acquisition Expense	\$367,321	\$321,741	\$350,579
Promotional Expense	888	890	557
Electricity Expense	2,667	2,721	2,513
Pole Attachment Expense	2,292	2,292	2,250
Changes of Service	1,371	1,042	1,210
Underground Line Expense	2,562	2,412	2,761
Ad Insertion - Marketing/Production	6,656	9,691	6,115
Miscellaneous CATV Expense	13,675	10,532	15,043
Vehicle Expense	5,928	4,709	5,169
Maintenance:			
Fiber	738	2,448	2,440
Coax	2,277	173	5,548
Drops	2,109	1,238	4,145
Conduit System	799	1,909	2,374
Headend	23,283	18,330	17,541
Line Equipment	4,230	7,316	7,443
Converters	6,208	4,692	4,148
Ad Insertion	4,019	4,002	4,438
Vacation, Holiday, Sick Leave	3,959	4,373	9,107
Property Taxes	733	734	(23)
Depreciation	116,212	111,937	144,995
<b>Total CATV</b>	<b>567,927</b>	<b>513,182</b>	<b>588,353</b>
<b><u>Data/Internet</u></b>			
Data/Internet Access Charges	33,608	31,049	28,769
Promotional Expense	888	896	503
Electricity Expense	100	93	86
Pole Attachment Expense	83	83	83
Changes of Service	68	447	519
Customer Wireless Equipment Expense	268	48	78
Underground Line Expense	87	82	94
Miscellaneous Data/Internet Expense	2,368	3,513	10,192
Vehicle Expense	836	567	626
Maintenance:			
Fiber	26	77	85
Coax	78	6	189
Drops	72	42	142
Conduit System	28	67	83
Headend	15,335	21,576	29,841
Line Equipment	141	250	254
Modems	4,755	3,760	3,160
Vacation, Holiday, Sick Leave	1,853	1,232	2,637
Property Taxes	26	26	(1)
Depreciation	24,382	23,680	20,798
<b>Total Data/Internet</b>	<b>\$85,002</b>	<b>\$87,494</b>	<b>98,138</b>

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

	<b>Budget Estimate</b>	<b>This Year</b>	<b>Last Year</b>
<b><u>CATV</u></b>			
Program Acquisition Expense	\$3,653,078	\$3,327,129	\$3,492,730
Promotional Expense	8,876	5,896	6,410
Electricity Expense	26,667	25,424	24,732
Pole Attachment Expense	22,917	22,917	22,500
Changes of Service	13,454	13,094	11,735
Underground Line Expense	25,688	23,703	22,249
Ad Insertion - Marketing/Production	66,061	67,264	57,184
Miscellaneous CATV Expense	136,670	105,251	179,850
Vehicle Expense	59,778	52,640	53,582
Maintenance:			
Fiber	7,191	12,751	8,093
Coax	23,314	13,021	14,342
Drops	21,628	15,094	26,185
Conduit System	7,779	13,382	12,152
Headend	232,982	190,405	185,570
Line Equipment	41,516	47,108	48,447
Converters	61,331	39,832	51,863
Ad Insertion	39,875	42,779	35,976
Vacation, Holiday, Sick Leave	49,106	47,458	79,543
Property Taxes	7,335	4,857	7,830
Depreciation	1,162,118	1,119,370	1,449,950
<b>Total CATV</b>	<b>5,667,364</b>	<b>5,189,375</b>	<b>5,790,923</b>
<b><u>Data/Internet</u></b>			
Data/Internet Access Charges	318,080	263,026	256,223
Promotional Expense	8,876	6,096	6,075
Electricity Expense	1,000	868	844
Pole Attachment Expense	833	833	833
Changes of Service	689	5,612	6,403
Customer Wireless Equipment Expense	2,634	279	9,058
Underground Line Expense	877	809	759
Miscellaneous Data/Internet Expense	23,457	26,302	101,035
Vehicle Expense	8,357	6,394	6,513
Maintenance:			
Fiber	251	1,363	276
Coax	796	445	470
Drops	738	516	898
Conduit System	272	467	424
Headend	154,291	270,538	252,621
Line Equipment	1,384	1,607	1,350
Modems	46,916	40,334	37,188
Vacation, Holiday, Sick Leave	23,206	17,945	29,365
Property Taxes	256	169	275
Depreciation	243,817	236,800	207,980
<b>Total Data/Internet</b>	<b>\$836,730</b>	<b>\$880,403</b>	<b>\$918,590</b>

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

	<b>Budget Estimate</b>	<b>This Year</b>	<b>Last Year</b>
<b><u>MAN/MME</u></b>			
Pole Attachment Expense	\$1,100	\$1,100	\$1,042
Tools Expense	292	11	10
Maintenance:			
Fiber	356	1,068	1,178
Conduit System	385	921	1,146
MAN/MME Equipment	7,624	4,840	768
Vacation, Holiday, Sick Leave	366	578	876
Property Taxes	354	354	(11)
Depreciation	20,841	20,425	20,963
<b>Total MAN/MME</b>	<b>31,318</b>	<b>29,297</b>	<b>25,972</b>
<b><u>Customer Service Expense</u></b>			
Customer Information Expense	5,962	3,706	2,744
<b><u>Consumer Accounts</u></b>			
Supervision	2,538	2,290	2,090
Consumer Records and Collections	39,650	44,053	38,028
Uncollectible Accounts Expense	3,627	3,627	2,952
Vacation, Holiday, Sick Leave	3,483	5,293	4,037
<b>Total Consumer Accounts</b>	<b>49,298</b>	<b>55,263</b>	<b>47,107</b>
<b><u>Administrative and General</u></b>			
Administrative and General Salaries	72,821	81,118	64,527
Office Supplies and Expense	4,442	8,310	4,479
Outside Services Employed	7,887	5,269	6,590
Property Insurance	1,177	1,186	1,040
Casualty Ins, Injuries & Damages	6,503	4,690	2,915
Employee Pensions and Benefits	81,654	71,731	98,054
Fringe Benefits Charges to Construction	(6,219)	(9,320)	(6,287)
Rents	9,206	9,206	8,938
Miscellaneous General Expense	11,756	9,281	6,549
Maintenance of General Plant	3,793	3,785	2,687
Vacation, Holiday, Sick Leave	8,692	6,890	7,164
Depreciation	9,174	8,661	8,276
<b>Total Administrative and General</b>	<b>210,886</b>	<b>200,807</b>	<b>204,932</b>
<b>Total Operating Expenses</b>	<b>\$950,393</b>	<b>\$889,749</b>	<b>\$967,246</b>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>MAN/MME</u></b>			
Pole Attachment Expense	\$11,000	\$11,000	\$10,417
Tools Expense	2,917	3,586	393
Maintenance:			
Fiber	3,470	6,040	3,817
Conduit System	3,753	6,457	5,864
MAN/MME Equipment	76,644	48,860	15,241
Vacation, Holiday, Sick Leave	4,847	5,729	5,852
Property Taxes	3,539	2,344	3,777
Depreciation	208,414	204,250	209,630
<b>Total MAN/MME</b>	<b>314,584</b>	<b>288,266</b>	<b>254,991</b>
<b><u>Customer Service Expense</u></b>			
Customer Information Expense	79,678	25,065	26,775
<b><u>Consumer Accounts</u></b>			
Supervision	25,197	26,454	26,594
Consumer Records and Collections	400,018	413,817	406,361
Uncollectible Accounts Expense	36,266	36,266	29,520
Vacation, Holiday, Sick Leave	43,143	51,744	46,793
<b>Total Consumer Accounts</b>	<b>504,624</b>	<b>528,281</b>	<b>509,268</b>
<b><u>Administrative and General</u></b>			
Administrative and General Salaries	715,413	726,824	598,846
Office Supplies and Expense	46,507	49,463	41,492
Outside Services Employed	107,719	83,423	67,587
Property Insurance	11,530	11,425	10,192
Casualty Ins, Injuries & Damages	63,468	52,919	41,639
Employee Pensions and Benefits	827,354	820,081	831,775
Fringe Benefits Charges to Construction	(62,241)	(65,917)	(61,150)
Rents	92,062	92,062	89,380
Miscellaneous General Expense	150,487	105,905	98,849
Maintenance of General Plant	38,699	33,214	27,888
Vacation, Holiday, Sick Leave	105,929	91,031	92,594
Depreciation	91,742	86,610	82,760
<b>Total Administrative and General</b>	<b>2,188,669</b>	<b>2,087,040</b>	<b>1,921,852</b>
<b>Total Operating Expenses</b>	<b>\$9,591,649</b>	<b>\$8,998,430</b>	<b>\$9,422,399</b>

**Muscatine Power and Water - Communications Utility**  
**Statistical Data**  
**October 2014**

<u>Services</u>	<u>Budget Estimate</u>	<u>% Increase (Decrease) From Budget</u>	<u>This Year</u> <sup>fn1</sup>	<u>% Increase (Decrease) Fr. Last Yr.</u>	<u>Last Year</u> <sup>fn1</sup>
<u>CATV</u>					
Residential	6,669	(7.6)	6,160	(9.4)	6,800
Commercial/Hospitality	<u>164</u>	0.0	<u>164</u>	1.9	<u>161</u>
Total CATV	<u>6,833</u>	(7.4)	<u>6,324</u>	(9.2)	<u>6,961</u>
Bulk Equivalent Services	<u>359</u>	4.5	<u>375</u>	7.1	<u>350</u>
Bulk Master Services	<u>22</u>	4.5	<u>23</u>	4.5	<u>22</u>
<u>Internet</u>					
Residential	6,996	(0.3)	6,978	2.7	6,793
Commercial	<u>441</u>	5.7	<u>466</u>	(0.9)	<u>470</u>
Total Internet	<u>7,437</u>	0.1	<u>7,444</u>	2.5	<u>7,263</u>
<u>MAN/MME</u>	<u>67</u>	---	<u>73</u>	25.9	<u>58</u>

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