

**Muscatine Power and Water**

**Communications Utility**

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

**December 2014  
(Unaudited)**

**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 -December 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	\$647,299	(10.7)	\$577,847 <sup>fn1</sup>	(11.5)	\$652,884 <sup>fn2</sup>
Data/Internet	385,602	5.1	405,267 <sup>fn1</sup>	6.0	382,231 <sup>fn2</sup>
MAN/MME	46,070	6.1	48,864	14.7	42,611
Miscellaneous	9,541	36.5	13,024	(63.2)	35,439
Total Operating Revenues	<u>1,088,512</u>	(4.0)	<u>1,045,002</u>	(6.1)	<u>1,113,165</u>
<b><u>Operating Expense</u></b>					
Operation	724,792	(13.2)	628,888	(8.6)	688,313
Maintenance	75,691	14.6	86,746	3.8	83,539
Depreciation	170,609	(3.5)	164,703	(15.6)	195,032
Total Operating Expenses	<u>971,092</u>	(9.3)	<u>880,337</u>	(9.0)	<u>966,884</u>
Operating Income	<u>117,420</u>	40.2	<u>164,665</u>	12.6	<u>146,281</u>
<b><u>Nonoperating Revenue (Expense)</u></b>					
Interest Income	3,907	4.5	4,084	(40.5)	6,865
Interest Expense	<u>(111,910)</u>	---	<u>(111,912)</u>	(3.3)	<u>(115,672)</u>
Net Nonoperating Expense	<u>(108,003)</u>	(0.2)	<u>(107,828)</u>	(0.9)	<u>(108,807)</u>
Net Income before Capital Contributions	9,417	5.0X	56,837	51.7	37,474
Capital Contributions	<u>---</u>	---	<u>61,517</u>	68.1X	<u>890</u>
Change in Net Position	\$9,417		\$118,354		\$38,364
Beginning Net Position	<u>(23,610,895)</u>		<u>(23,053,111)</u>		<u>(23,641,918)</u>
Ending Net Position	<u>(\$23,601,478)</u>		<u>(\$22,934,757)</u>		<u>(\$23,603,554)</u>
Net Income to Operating Revenue	0.9		5.4		3.4
Debt Service Coverage on Bank Debt	3.18		3.63		3.79
Debt Service Coverage on Electric Utility Debt	1.93		2.33		2.47

<sup>fn1</sup> Includes an adjustment to unbilled revenue of (\$4,401) and \$1,355 for CATV and Data/Internet customers, respectively.

<sup>fn2</sup> Includes an adjustment to unbilled revenues of \$728 and \$3,438 for CATV and Data/Internet customers, respectively.

**Muscatine Power and Water - Communications Utility**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Calendar Year-to-Date - December 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	\$7,531,485	(3.9)	\$7,241,405 <sup>fn1</sup>	(6.5)	\$7,742,366 <sup>fn2</sup>
Data/Internet	4,596,290	2.9	4,728,903 <sup>fn1</sup>	14.5	4,129,326 <sup>fn2</sup>
MAN/MME	579,337	(6.7)	540,781	12.5	480,735
Miscellaneous	<u>109,757</u>	<u>31.9</u>	<u>144,721</u>	<u>(0.5)</u>	<u>145,448</u>
Total Operating Revenues	<u>12,816,869</u>	<u>(1.3)</u>	<u>12,655,810</u>	<u>1.3</u>	<u>12,497,875</u>
<b><u>Operating Expense</u></b>					
Operation	8,567,020	(8.1)	7,874,369	(2.8)	8,102,822
Maintenance	915,039	2.2	934,770	5.6	885,340
Depreciation	<u>2,047,310</u>	<u>(3.4)</u>	<u>1,977,355</u>	<u>(15.5)</u>	<u>2,340,384</u>
Total Operating Expenses	<u>11,529,369</u>	<u>(6.4)</u>	<u>10,786,494</u>	<u>(4.8)</u>	<u>11,328,546</u>
Operating Income	<u>1,287,500</u>	<u>45.2</u>	<u>1,869,316</u>	<u>59.9</u>	<u>1,169,329</u>
<b><u>Nonoperating Revenue (Expense)</u></b>					
Interest Income	48,321	(1.7)	47,484	(45.2)	86,674
Interest Expense	<u>(1,342,920)</u>	<u>---</u>	<u>(1,342,923)</u>	<u>(3.3)</u>	<u>(1,388,043)</u>
Net Nonoperating Expense	<u>(1,294,599)</u>	<u>0.1</u>	<u>(1,295,439)</u>	<u>(0.5)</u>	<u>(1,301,369)</u>
Net Income (Loss) before Capital Contributions	(7,099)	-81.8X	573,877	-5.3X	(132,040)
Capital Contributions	<u>9,175</u>	<u>9.3X</u>	<u>94,920</u>	<u>6.5X</u>	<u>12,683</u>
Change in Net Position	2,076		668,797		(119,357)
Beginning Net Position	<u>(23,603,554)</u>		<u>(23,603,554)</u>		<u>(23,484,197)</u>
Ending Net Position	<u>(\$23,601,478)</u>		<u>(\$22,934,757)</u>		<u>(\$23,603,554)</u>
Net Income (Loss) to Operating Revenue	(0.1)		4.5		(1.1)
Debt Service Coverage on Bank Debt	3.07		3.54		3.27
Debt Service Coverage on Electric Utility Debt	1.83		2.24		2.00

<sup>fn1</sup> Includes an adjustment to unbilled revenue of (\$4,401) and \$1,355 for CATV and Data/Internet customers, respectively.

<sup>fn2</sup> Includes an adjustment to unbilled revenues of \$728 and \$3,438 for CATV and Data/Internet customers, respectively.

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

**ASSETS**

	<u><b>2014</b></u>	<u><b>2013</b></u>
<b>Current Assets:</b>		
<u><b>Unrestricted Assets</b></u>		
Cash - interest bearing	2,704,916	3,621,527
Investments	2,166,123	2,612,080
Receivables:		
Consumer Accounts	1,307,535 <sup>fn1</sup>	1,307,259 <sup>fn2</sup>
Interest	31,016	79,756
Inventories	240,975	286,944
Prepaid Expenses	<u>71,572</u>	<u>62,387</u>
Total Unrestricted Current Assets	<u>6,522,137</u>	<u>7,969,953</u>
<u><b>Restricted Assets</b></u>		
Cash - interest bearing	<u>\$1,676,475</u>	<u>\$20</u>
Total Restricted Current Assets	<u>1,676,475</u>	<u>20</u>
Total Current Assets	<u>8,198,612</u>	<u>7,969,973</u>
<b>Property and Equipment:</b>		
At Cost	32,845,627	32,421,909
Less Accumulated Depreciation	<u>24,471,481</u>	<u>23,262,632</u>
Net Property and Equipment	<u>8,374,146</u>	<u>9,159,277</u>
<b>TOTAL ASSETS</b>	<u><u>\$16,572,758</u></u>	<u><u>\$17,129,250</u></u>

<sup>fn1</sup> Includes \$84,310 for unbilled revenues.

<sup>fn2</sup> Includes \$87,355 for unbilled revenues.

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

**LIABILITIES AND NET POSITION**

	<u>2014</u>	<u>2013</u>
<b>Current Liabilities:</b>		
<u>Payable from Unrestricted Assets</u>		
Accrued Interest	623,522	623,522
Accounts Payable	493,735	638,400
Health & Dental Insurance Provision	47,710	37,700
Accrued Payroll	76,235	71,184
Accrued Vacation	136,927	144,244
Accrued Property Taxes	10,705	12,328
Unearned Revenue - Dark Fiber Lease/CATV Advertising	28,680	17,500
Miscellaneous Accrued Expenses	95,849	161,327
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	1,513,363	1,706,205
	<hr/>	<hr/>
<u>Payable from Restricted Assets</u>		
Notes Payable - Banks	\$1,005,000	\$960,000
Accrued Interest	47,940	70,500
	<hr/>	<hr/>
Total Payable from Restricted Assets	1,052,940	1,030,500
	<hr/>	<hr/>
Total Current Liabilities	2,566,303	2,736,705
	<hr/>	<hr/>
<b>Non-Current Liabilities:</b>		
Health & Dental Insurance Provision	243,682	292,319
Post-Employment Health Benefit Provision	71,051	54,801
Unearned Revenue - Dark Fiber Lease	264,479	281,979
Notes Payable:		
Banks	1,035,000	2,040,000
Electric Utility	35,327,000	35,327,000
	<hr/>	<hr/>
Total Non-Current Liabilities	36,941,212	37,996,099
	<hr/>	<hr/>
<b>Net Position:</b>		
Net Investment in Capital Assets	6,334,146	6,159,277
Restricted for Debt Service	1,005,000	960,000
Unrestricted	(30,273,903)	(30,722,831)
	<hr/>	<hr/>
Total Net Position	(22,934,757)	(23,603,554)
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<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$16,572,758</u>	<u>\$17,129,250</u>

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

	<u><b>Current Month</b></u>	<u><b>Year- To-Date</b></u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,144,792	\$12,096,225
Advertising sales	66,995	471,650
Miscellaneous sources	18,765	174,325
Cash paid to/for:		
Suppliers	(537,277)	(5,284,330)
Employees payroll, taxes and benefits	(351,117)	(3,609,394)
	<u>342,158</u>	<u>3,848,476</u>
Net cash flows from operating activities		
	<u>342,158</u>	<u>3,848,476</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(95,881)	(1,305,329)
Loan principal payments	---	(960,000)
Loan interest payments	---	(1,365,484)
	<u>(95,881)</u>	<u>(3,630,813)</u>
Net cash flows from capital and related financing activities		
	<u>(95,881)</u>	<u>(3,630,813)</u>
Cash flows from investing activities:		
Interest received on investments	14,292	96,295
Amortization/accretion of investments	---	(71)
Mark to Market	---	---
	<u>14,292</u>	<u>96,224</u>
Net cash flows from investing activities		
	<u>14,292</u>	<u>96,224</u>
Net increase in cash and investments	<u>260,569</u>	<u>313,887</u>
Cash and investments at beginning of period	<u>6,286,945</u>	<u>6,233,627</u>
Cash and investments at end of period	<u><u>\$6,547,514</u></u>	<u><u>\$6,547,514</u></u>

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

	<b><u>Current</u></b> <b><u>Month</u></b>	<b><u>Year-</u></b> <b><u>To-Date</u></b>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$164,665	\$1,869,316
Noncash items in operating income:		
Converter/modem write-off	19,464	36,337
Depreciation of utility plant	164,703	1,977,355
Changes in assets and liabilities:		
Consumer accounts receivable	20,433	(276)
Inventories	1,652	45,969
Prepaid and deferred expenses	(5,888)	(9,185)
Accounts payable	(5,365)	27,023
Pension provision	(69,790)	---
Health & dental insurance provision	16,689	(38,627)
Other post-employment benefit provision	1,354	16,250
Unearned revenue	9,721	(6,320)
Accrued payroll	22,421	5,051
Accrued vacation	(6,629)	(7,317)
Accrued property taxes	599	(1,623)
Miscellaneous accrued expenses	8,129	(65,477)
Net cash flows from operating activities	<u>\$342,158</u>	<u>\$3,848,476</u>

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

	<b><u>Budget</u></b> <b><u>Estimate</u></b>	<b><u>This Year</u></b>	<b><u>Last Year</u></b>
<b><u>CATV</u></b>			
Program Acquisition Expense	\$367,759	\$329,338	\$339,053
Promotional Expense	887	591	541
Electricity Expense	2,667	2,647	2,588
Pole Attachment Expense	2,292	3,138	1,032
Changes of Service	1,417	956	1,204
Underground Line Expense	2,562	1,686	3,240
Ad Insertion - Marketing/Production	6,656	6,832	7,410
Miscellaneous CATV Expense	13,568	11,986	23,829
Vehicle Expense	5,928	2,680	4,537
Maintenance:			
Fiber	715	370	743
Coax	2,276	409	1,411
Drops	2,091	143	1,147
Conduit System	799	1,293	620
Headend	23,384	29,511	28,772
Line Equipment	4,013	4,887	3,664
Converters	6,208	5,850	6,038
Ad Insertion	3,985	6,405	4,484
Vacation, Holiday, Sick Leave	8,105	9,514	10,153
Property Taxes	733	395	(22)
Depreciation	116,212	111,937	144,995
<b>Total CATV</b>	<b>572,257</b>	<b>530,568</b>	<b>585,439</b>
<b><u>Data/Internet</u></b>			
Data/Internet Access Charges	33,646	15,542	24,876
Promotional Expense	888	1,103	547
Electricity Expense	100	90	88
Pole Attachment Expense	83	93	(17)
Changes of Service	71	410	516
Customer Wireless Equipment Expense	268	---	---
Underground Line Expense	87	58	111
Miscellaneous Data/Internet Expense	2,305	4,135	13,215
Vehicle Expense	836	317	549
Maintenance:			
Fiber	25	13	26
Coax	78	14	48
Drops	71	5	39
Conduit System	28	45	22
Headend	15,317	24,413	27,271
Line Equipment	134	167	125
Modems	4,720	3,062	3,243
Vacation, Holiday, Sick Leave	3,895	3,082	4,078
Property Taxes	26	14	(1)
Depreciation	24,382	23,680	20,798
<b>Total Data/Internet</b>	<b>86,960</b>	<b>76,243</b>	<b>95,534</b>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>CATV</u></b>			
Program Acquisition Expense	\$4,385,024	\$3,979,009	\$4,168,850
Promotional Expense	10,651	7,211	7,409
Electricity Expense	32,000	30,691	29,808
Pole Attachment Expense	27,500	27,622	27,298
Changes of Service	16,190	14,705	13,821
Underground Line Expense	30,848	27,329	27,693
Ad Insertion - Marketing/Production	79,373	83,468	70,659
Miscellaneous CATV Expense	163,729	125,855	220,549
Vehicle Expense	71,720	61,288	62,493
Maintenance:			
Fiber	8,658	14,579	9,685
Coax	27,954	14,364	17,110
Drops	25,807	16,329	30,303
Conduit System	9,413	17,735	15,189
Headend	279,936	234,648	233,376
Line Equipment	49,593	56,755	54,298
Converters	73,750	49,100	62,147
Ad Insertion	47,845	51,456	44,731
Vacation, Holiday, Sick Leave	65,315	66,341	99,121
Property Taxes	8,802	5,985	7,784
Depreciation	1,394,542	1,343,244	1,739,940
<b>Total CATV</b>	<b>6,808,650</b>	<b>6,227,714</b>	<b>6,942,264</b>
<b><u>Data/Internet</u></b>			
Data/Internet Access Charges	385,372	314,074	305,974
Promotional Expense	10,651	7,909	7,085
Electricity Expense	1,200	1,047	1,017
Pole Attachment Expense	1,000	964	953
Changes of Service	829	6,302	7,297
Customer Wireless Equipment Expense	3,171	278	9,058
Underground Line Expense	1,053	933	945
Miscellaneous Data/Internet Expense	28,109	32,073	123,354
Vehicle Expense	10,028	7,437	7,591
Maintenance:			
Fiber	303	1,427	332
Coax	954	491	564
Drops	881	558	1,038
Conduit System	329	619	530
Headend	184,943	313,220	307,028
Line Equipment	1,653	1,936	1,550
Modems	56,279	46,108	43,362
Vacation, Holiday, Sick Leave	30,997	23,784	37,745
Property Taxes	307	209	274
Depreciation	292,581	285,079	249,576
<b>Total Data/Internet</b>	<b>\$1,010,640</b>	<b>\$1,044,448</b>	<b>\$1,105,273</b>

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

	<b><u>Budget Estimate</u></b>	<b><u>This Year</u></b>	<b><u>Last Year</u></b>
<b><u>MAN/MME</u></b>			
Pole Attachment Expense	\$1,100	\$1,543	\$983
Tools Expense	292	30	1
Maintenance:			
Fiber	345	178	359
Conduit System	385	624	299
MAN/MME Equipment	7,518	6,229	2,794
Vacation, Holiday, Sick Leave	863	799	794
Property Taxes	354	191	(11)
Depreciation	20,841	20,425	20,963
Total MAN/MME	31,698	30,019	26,182
<b><u>Customer Service Expense</u></b>			
Customer Information Expense	6,015	7,126	10,949
<b><u>Consumer Accounts</u></b>			
Supervision	2,538	2,291	1,985
Consumer Records and Collections	39,696	44,913	42,948
Uncollectible Accounts Expense	3,627	(23,113)	(21,150)
Vacation, Holiday, Sick Leave	7,108	6,411	7,130
Total Consumer Accounts	52,969	30,502	30,913
<b><u>Administrative and General</u></b>			
Administrative and General Salaries	72,937	67,807	52,875
Office Supplies and Expense	4,316	7,516	6,386
Outside Services Employed	8,751	8,839	7,468
Property Insurance	1,177	1,187	1,040
Casualty Ins, Injuries & Damages	6,263	3,773	15,858
Employee Pensions and Benefits	82,320	84,891	100,664
Fringe Benefits Charges to Construction	(5,761)	(8,252)	(4,560)
Rents	9,206	9,206	8,938
Miscellaneous General Expense	12,125	3,433	4,847
Maintenance of General Plant	3,599	3,128	2,434
Vacation, Holiday, Sick Leave	17,086	15,690	13,641
Depreciation	9,174	8,661	8,276
Total Administrative and General	221,193	205,879	217,867
Total Operating Expenses	\$971,092	\$880,337	\$966,884

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

	<b><u>Budget Estimate</u></b>	<b><u>This Year</u></b>	<b><u>Last Year</u></b>
<b><u>MAN/MME</u></b>			
Pole Attachment Expense	\$13,200	\$13,329	\$13,172
Tools Expense	3,500	3,678	396
Maintenance:			
Fiber	4,178	6,922	4,586
Conduit System	4,542	8,558	7,329
MAN/MME Equipment	91,826	59,629	19,052
Vacation, Holiday, Sick Leave	6,573	7,479	7,404
Property Taxes	4,247	2,888	3,756
Depreciation	250,097	245,100	251,556
<b>Total MAN/MME</b>	<b>378,163</b>	<b>347,583</b>	<b>307,251</b>
<b><u>Customer Service Expense</u></b>			
Customer Information Expense	91,468	33,262	42,907
<b><u>Consumer Accounts</u></b>			
Supervision	30,320	31,322	30,530
Consumer Records and Collections	479,444	497,055	486,985
Uncollectible Accounts Expense	43,519	16,779	11,322
Vacation, Holiday, Sick Leave	57,359	66,132	60,712
<b>Total Consumer Accounts</b>	<b>610,642</b>	<b>611,288</b>	<b>589,549</b>
<b><u>Administrative and General</u></b>			
Administrative and General Salaries	861,089	857,511	706,581
Office Supplies and Expense	55,218	61,804	51,136
Outside Services Employed	124,645	107,442	80,341
Property Insurance	13,884	13,798	12,272
Casualty Ins, Injuries & Damages	75,994	71,690	63,937
Employee Pensions and Benefits	992,025	988,603	1,029,097
Fringe Benefits Charges to Construction	(74,444)	(79,380)	(71,516)
Rents	110,474	110,474	107,256
Miscellaneous General Expense	174,558	123,783	109,722
Maintenance of General Plant	46,195	40,336	33,130
Vacation, Holiday, Sick Leave	140,078	122,206	120,034
Depreciation	110,090	103,932	99,312
<b>Total Administrative and General</b>	<b>2,629,806</b>	<b>2,522,199</b>	<b>2,341,302</b>
<b>Total Operating Expenses</b>	<b>\$11,529,369</b>	<b>\$10,786,494</b>	<b>\$11,328,546</b>

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

	<b><u>Budget Estimate</u></b>	<b><u>% Increase (Decrease) From Budget</u></b>	<b><u>This Year</u></b> <sup>fn1</sup>	<b><u>% Increase (Decrease) Fr. Last Yr.</u></b>	<b><u>Last Year</u></b> <sup>fn1</sup>
<b><u>Services</u></b>					
<b><u>CATV</u></b>					
Residential	6,600	(7.8)	6,086	(9.1)	6,696
Commercial/Hospitality	<u>164</u>	---	<u>164</u>	1.2	<u>162</u>
Total CATV	<u>6,764</u>	(7.6)	<u>6,250</u>	(8.9)	<u>6,858</u>
Bulk Equivalent Services	<u>359</u>	8.4	<u>389</u>	11.1	<u>350</u>
Bulk Master Services	<u>22</u>	4.5	<u>23</u>	4.5	<u>22</u>
<b><u>Internet</u></b>					
Residential	6,995	0.1	7,000	2.9	6,800
Commercial	<u>441</u>	6.6	<u>470</u>	0.6	<u>467</u>
Total Internet	<u>7,436</u>	0.5	<u>7,470</u>	2.8	<u>7,267</u>
<b><u>MAN/MME</u></b>	<u>67</u>	16.4	<u>78</u>	30.0	<u>60</u>

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