

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

May 2015

**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 - May 2015

	<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	\$568,424	9.4	\$622,027	2.1	\$609,356
Data/Internet	403,978	4.4	421,937	6.6	395,769
MAN/MME	54,109	(5.6)	51,059	14.9	44,449
Miscellaneous	<u>11,054</u>	(3.0)	<u>10,724</u>	0.4	<u>10,681</u>
Total Operating Revenues	<u>1,037,565</u>	6.6	<u>1,105,747</u>	4.3	<u>1,060,255</u>
<u>Operating Expense</u>					
Operation	681,262	4.4	711,349	9.1	651,882
Maintenance	79,669	(14.6)	68,026	(15.9)	80,878
Depreciation	<u>151,784</u>	(6.3)	<u>142,226</u>	(13.6)	<u>164,703</u>
Total Operating Expenses	<u>912,715</u>	1.0	<u>921,601</u>	2.7	<u>897,463</u>
Operating Income	<u>124,850</u>	47.5	<u>184,146</u>	13.1	<u>162,792</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	1,135	1.4X	2,701	(33.7)	4,073
Interest Expense	<u>(8,221)</u>	---	<u>(8,220)</u>	(92.7)	<u>(111,910)</u>
Net Nonoperating Expense	<u>(7,086)</u>	(22.1)	<u>(5,519)</u>	(94.9)	<u>(107,837)</u>
Net Income before Capital Contributions	117,764	51.7	178,627	2.3X	54,955
Capital Contributions	1,000	74.6	1,746	22.8	1,422
Write Off - Loan from Electric	<u>---</u>	---	<u>---</u>	---	<u>---</u>
Change in Net Position	118,764		180,373		56,377
Beginning Net Position	<u>2,754,657</u>		<u>2,870,221</u>		<u>(23,485,328)</u>
Ending Net Position	<u>\$2,873,421</u>		<u>\$3,050,594</u>		<u>(\$23,428,951)</u>
Net Income to Operating Revenue	11.4		16.2		5.2
Debt Service Coverage on Bank Debt	3.08		3.64		3.61
Debt Service Coverage on Electric Utility Debt	4.27		5.44		2.31

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - May 2015

	<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	\$2,764,858	5.8	\$2,924,229	(5.9)	\$3,106,941
Data/Internet	2,004,316	2.6	2,057,006	5.8	1,944,170
MAN/MME	269,278	(7.4)	249,274	15.0	216,833
Miscellaneous	<u>55,270</u>	6.4	<u>58,798</u>	1.8	<u>57,772</u>
Total Operating Revenues	<u>5,093,722</u>	3.8	<u>5,289,307</u>	(0.7)	<u>5,325,716</u>
<u>Operating Expense</u>					
Operation	3,426,494	3.7	3,553,489	4.3	3,407,591
Maintenance	397,342	(11.3)	352,282	(8.6)	385,331
Depreciation	<u>758,921</u>	(6.3)	<u>711,130</u>	(13.6)	<u>823,515</u>
Total Operating Expenses	<u>4,582,757</u>	0.7	<u>4,616,901</u>	0.0	<u>4,616,437</u>
Operating Income	<u>510,965</u>	31.6	<u>672,406</u>	(5.2)	<u>709,279</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	6,318	1.2X	13,617	(29.3)	19,261
Interest Expense	<u>(41,105)</u>	---	<u>(41,102)</u>	(92.7)	<u>(559,550)</u>
Net Nonoperating Expense	<u>(34,787)</u>	(21.0)	<u>(27,485)</u>	(94.9)	<u>(540,289)</u>
Net Income before Capital Contributions	476,178	35.4	644,921	2.8X	168,990
Capital Contributions	5,000	1.7X	13,430	1.4X	5,613
Write Off - Loan from Electric	<u>25,327,000</u>	---	<u>25,327,000</u>	---	<u>---</u>
Change in Net Position	25,808,178		25,985,351		174,603
Beginning Net Position	<u>(22,934,757)</u>		<u>(22,934,757)</u>		<u>(23,603,554)</u>
Ending Net Position	<u>\$2,873,421</u>		<u>\$3,050,594</u>		<u>(\$23,428,951)</u>
Net Income (Loss) to Operating Revenue	9.4		12.2		3.2
Debt Service Coverage on Bank Debt	2.83		3.09		3.38
Debt Service Coverage on Electric Utility Debt	3.76		4.31		2.10

Muscatine Power and Water - Communications Utility
Statements of Net Position
May 2015

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$5,170,316	\$3,432,435
Investments	780,711	2,152,000
Receivables:		
Consumer Accounts	1,295,406	1,223,815
Interest	13,781	18,129
Inventories	230,590	251,156
Prepaid Expenses	212,424	205,334
	<u>7,703,228</u>	<u>7,282,869</u>
Total Unrestricted Current Assets		
<u>Restricted Assets</u>		
Cash - interest bearing	<u>32</u>	<u>20</u>
Total Restricted Current Assets	<u>32</u>	<u>20</u>
Total Current Assets	<u>7,703,260</u>	<u>7,282,889</u>
Property and Equipment:		
At Cost	33,056,538	32,516,941
Less Accumulated Depreciation	<u>25,103,332</u>	<u>23,748,523</u>
Net Property and Equipment	<u>7,953,206</u>	<u>8,768,418</u>
TOTAL ASSETS	<u><u>\$15,656,466</u></u>	<u><u>\$16,051,307</u></u>

Muscatine Power and Water - Communications Utility
Statements of Net Position
May 2015

LIABILITIES AND NET POSITION

	<u>2015</u>	<u>2014</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accrued Interest	\$20,835	\$519,600
Accounts Payable	506,239	411,337
Pension Provision	135,525	138,495
Health & Dental Insurance Provision	47,710	37,700
Accrued Payroll	50,792	50,102
Accrued Vacation	153,013	150,210
Accrued Property Taxes	11,305	11,729
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	108,151	131,461
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	1,051,070	1,468,134
<u>Payable from Restricted Assets</u>		
Notes Payable:		
Banks	1,035,000	1,005,000
Electric Utility	476,665	---
Accrued Interest	20,267	39,950
	<hr/>	<hr/>
Total Payable from Restricted Assets	1,531,932	1,044,950
	<hr/>	<hr/>
Total Current Liabilities	2,583,002	2,513,084
Non-Current Liabilities:		
Health & Dental Insurance Provision	164,525	268,914
Post-Employment Health Benefit Provision	77,822	61,572
Unearned Revenue - Dark Fiber Lease	257,188	274,688
Notes Payable:		
Banks	---	1,035,000
Electric Utility	9,523,335	35,327,000
	<hr/>	<hr/>
Total Non-Current Liabilities	10,022,870	36,967,174
Net Position:		
Net Investment in Capital Assets	6,441,541	6,728,418
Unrestricted	(3,390,947)	(30,157,369)
	<hr/>	<hr/>
Total Net Position	3,050,594	(23,428,951)
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TOTAL LIABILITIES AND NET POSITION	<u>\$15,656,466</u>	<u>\$16,051,307</u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
May 2015

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$999,274	\$4,976,846
Advertising sales	31,400	178,730
Miscellaneous sources	9,364	121,003
Cash paid to/for:		
Suppliers	(392,555)	(2,535,362)
Employees payroll, taxes and benefits	(252,472)	(1,386,637)
Net cash flows from operating activities	<u>395,011</u>	<u>1,354,580</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(52,154)	(305,426)
Loan principal payments	---	(1,005,000)
Loan interest payments	---	(671,462)
Net cash flows from capital and related financing activities	<u>(52,154)</u>	<u>(1,981,888)</u>
Cash flows from investing activities:		
Interest received on investments	1,649	30,853
Mark to Market	---	---
Net cash flows from investing activities	<u>1,649</u>	<u>30,853</u>
Net increase (decrease) in cash and investments	<u>344,506</u>	<u>(596,455)</u>
Cash and investments at beginning of period	<u>5,606,553</u>	<u>6,547,514</u>
Cash and investments at end of period	<u><u>\$5,951,059</u></u>	<u><u>\$5,951,059</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
May 2015

	<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	\$184,146	\$672,406
Noncash items in operating income:		
Converter/modem write-off	2,306	4,815
Depreciation of utility plant	142,226	711,130
Changes in assets and liabilities:		
Consumer accounts receivable	(58,184)	12,129
Inventories	2,136	10,385
Prepaid and deferred expenses	19,822	(140,852)
Accounts payable	46,721	36,355
Pension provision	27,105	135,525
Health & dental insurance provision	(15,780)	(79,157)
Other post-employment benefit provision	1,354	6,771
Unearned revenue	(1,458)	(18,471)
Accrued payroll	11,314	(25,443)
Accrued vacation	1,251	16,086
Accrued property taxes	1,028	600
Miscellaneous accrued expenses	31,024	12,301
	<u>395,011</u>	<u>1,354,580</u>
Net cash flows from operating activities	<u>\$395,011</u>	<u>\$1,354,580</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - May 2015

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$336,109	\$360,544	\$326,752
Promotional Expense	533	387	488
Electricity Expense	2,583	1,822	2,516
Pole Attachment Expense	2,350	2,350	2,292
Changes of Service	1,414	954	1,495
Underground Line Expense	2,336	2,918	2,640
Ad Insertion - Marketing/Production	6,708	7,056	6,127
Miscellaneous CATV Expense	14,036	13,763	8,725
Vehicle Expense	5,990	3,439	6,218
Maintenance:			
Fiber	1,022	8	492
Coax	1,967	570	1,508
Drops	2,273	1,375	2,218
Conduit System	1,345	1,991	2,326
Headend	21,644	18,137	21,592
Line Equipment	4,792	3,720	3,910
Converters	6,355	1,955	3,383
Ad Insertion	3,805	3,822	4,283
Vacation, Holiday, Sick Leave	6,260	5,525	6,033
Property Taxes	677	677	733
Depreciation	95,080	88,602	111,937
Total CATV	517,279	519,615	515,668
<u>Data/Internet</u>			
Data/Internet Access Charges	23,436	26,856	26,123
Promotional Expense	533	433	454
Electricity Expense	87	62	86
Pole Attachment Expense	83	83	83
Changes of Service	71	409	641
Customer Wireless Equipment Expense	281	---	---
Underground Line Expense	80	100	90
Miscellaneous Data/Internet Expense	2,374	2,652	2,389
Vehicle Expense	844	418	758
Maintenance:			
Fiber	36	1	17
Coax	67	19	52
Drops	78	47	76
Conduit System	47	70	81
Headend	16,711	24,046	22,641
Line Equipment	212	133	133
Modems	5,001	6,288	3,917
Vacation, Holiday, Sick Leave	3,066	2,793	1,967
Property Taxes	24	24	26
Depreciation	24,401	24,511	23,680
Total Data/Internet	77,432	88,945	\$83,214

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - May 2015

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$1,695,301	\$1,816,494	\$1,765,874
Promotional Expense	2,665	2,541	2,878
Electricity Expense	12,917	13,702	12,508
Pole Attachment Expense	11,750	11,750	11,458
Changes of Service	7,065	5,309	5,767
Underground Line Expense	11,711	11,883	9,294
Ad Insertion - Marketing/Production	33,542	33,109	30,806
Miscellaneous CATV Expense	69,349	61,973	48,536
Vehicle Expense	29,870	17,492	26,708
Maintenance:			
Fiber	5,147	2,844	6,478
Coax	9,468	5,151	6,426
Drops	10,589	6,302	6,679
Conduit System	5,564	5,815	4,046
Headend	109,190	90,039	99,208
Line Equipment	23,486	17,856	23,725
Converters	31,672	14,633	18,265
Ad Insertion	18,958	22,676	21,862
Vacation, Holiday, Sick Leave	27,192	27,911	20,387
Property Taxes	3,383	3,383	3,667
Depreciation	475,402	443,010	559,685
Total CATV	2,594,221	2,613,873	2,684,257
<u>Data/Internet</u>			
Data/Internet Access Charges	117,182	123,912	129,832
Promotional Expense	2,665	2,846	2,988
Electricity Expense	435	466	427
Pole Attachment Expense	417	417	417
Changes of Service	356	2,275	2,471
Customer Wireless Equipment Expense	1,404	696	---
Underground Line Expense	400	406	317
Miscellaneous Data/Internet Expense	11,868	12,120	12,107
Vehicle Expense	4,221	2,120	3,243
Maintenance:			
Fiber	180	99	1,152
Coax	323	176	220
Drops	361	215	229
Conduit System	194	203	141
Headend	86,234	113,137	135,683
Line Equipment	1,042	638	810
Modems	24,172	32,352	16,576
Vacation, Holiday, Sick Leave	13,195	13,107	9,554
Property Taxes	122	122	128
Depreciation	122,007	122,555	118,400
Total Data/Internet	\$386,778	\$427,862	\$434,695

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - May 2015

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$1,133	\$1,133	\$1,100
Tools Expense	292	31	409
Maintenance:			
Fiber	493	4	237
Conduit System	649	961	1,122
MAN/MME Equipment	8,828	2,472	9,627
Vacation, Holiday, Sick Leave	634	295	684
Property Taxes	327	327	354
Depreciation	21,657	20,611	20,425
Total MAN/MME	34,013	25,834	33,958
<u>Customer Service Expense</u>			
Customer Information Expense	5,290	10,454	3,080
<u>Consumer Accounts</u>			
Supervision	2,616	2,147	2,525
Consumer Records and Collections	42,150	40,064	39,929
Uncollectible Accounts Expense	1,796	1,796	3,627
Vacation, Holiday, Sick Leave	5,450	4,647	5,896
Total Consumer Accounts	52,012	48,654	51,977
<u>Administrative and General</u>			
Administrative and General Salaries	75,191	67,870	68,821
Office Supplies and Expense	5,050	5,644	4,438
Outside Services Employed	7,415	17,483	9,727
Property Insurance	1,282	1,172	1,187
Casualty Ins, Injuries & Damages	6,228	16,998	7,926
Employee Pensions and Benefits	87,766	81,858	86,954
Fringe Benefits Charges to Construction	(6,187)	(4,240)	(7,856)
Rents	9,482	9,482	9,206
Miscellaneous General Expense	12,509	8,759	6,481
Maintenance of General Plant	4,344	2,407	3,263
Vacation, Holiday, Sick Leave	12,963	12,164	10,758
Depreciation	10,646	8,502	8,661
Total Administrative and General	226,689	228,099	209,566
Total Operating Expenses	\$912,715	\$921,601	\$897,463

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - May 2015

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$5,667	\$5,667	\$5,500
Tools Expense	1,458	1,437	684
Maintenance:			
Fiber	2,484	1,426	3,126
Conduit System	2,685	2,806	1,952
MAN/MME Equipment	43,800	17,774	22,903
Vacation, Holiday, Sick Leave	2,672	2,669	2,505
Property Taxes	1,635	1,635	1,770
Depreciation	108,283	103,055	102,125
Total MAN/MME	<u>168,684</u>	<u>136,469</u>	<u>140,565</u>
<u>Customer Service Expense</u>			
Customer Information Expense	<u>24,783</u>	<u>25,281</u>	<u>10,492</u>
<u>Consumer Accounts</u>			
Supervision	13,222	13,815	12,487
Consumer Records and Collections	211,369	205,153	204,123
Uncollectible Accounts Expense	8,981	8,981	18,133
Vacation, Holiday, Sick Leave	23,595	24,552	26,738
Total Consumer Accounts	<u>257,167</u>	<u>252,501</u>	<u>261,481</u>
<u>Administrative and General</u>			
Administrative and General Salaries	375,880	355,216	358,210
Office Supplies and Expense	23,956	27,817	21,474
Outside Services Employed	46,679	102,087	48,134
Property Insurance	6,308	5,904	5,493
Casualty Ins, Injuries & Damages	31,558	47,227	35,856
Employee Pensions and Benefits	436,946	418,112	441,127
Fringe Benefits Charges to Construction	(29,425)	(20,810)	(33,851)
Rents	47,412	47,412	46,031
Miscellaneous General Expense	80,299	58,417	55,985
Maintenance of General Plant	21,793	18,140	15,850
Vacation, Holiday, Sick Leave	56,489	58,883	47,333
Depreciation	53,229	42,510	43,305
Total Administrative and General	<u>1,151,124</u>	<u>1,160,915</u>	<u>1,084,947</u>
Total Operating Expenses	<u><u>\$4,582,757</u></u>	<u><u>\$4,616,901</u></u>	<u><u>\$4,616,437</u></u>

Muscatine Power and Water - Communications Utility
Statistical Data
May 2015

<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	5,982	0.2	5,996	(6.4)	6,404
Commercial/Hospitality	<u>160</u>	3.1	<u>165</u>	1.9	<u>162</u>
Total CATV	<u>6,142</u>	0.3	<u>6,161</u>	(6.2)	<u>6,566</u>
Bulk Equivalent Services	<u>368</u>	3.3	<u>380</u>	1.3	<u>375</u>
Bulk Master Services	<u>22</u>	---	<u>22</u>	(4.3)	<u>23</u>
<u>Internet</u>					
Residential	7,124	1.3	7,219	4.0	6,942
Commercial	<u>438</u>	10.5	<u>484</u>	4.5	<u>463</u>
Total Internet	<u>7,562</u>	1.9	<u>7,703</u>	4.0	<u>7,405</u>
<u>MAN/MME</u>	<u>73</u>	9.6	<u>80</u>	19.4	<u>67</u>

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