

**Muscatine Power and Water**

**Communications Utility**

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

**June 2015**

**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 - June 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>
<b><u>Operating Revenue</u></b>					
CATV	\$560,821	6.3	\$596,373	0.8	\$591,786
Data/Internet	403,613	5.1	424,144	7.5	394,516
MAN/MME	54,109	(4.7)	51,580	15.8	44,526
Miscellaneous	11,053	(2.6)	10,763	(0.6)	10,827
<b>Total Operating Revenues</b>	<u>1,029,596</u>	5.2	<u>1,082,860</u>	4.0	<u>1,041,655</u>
<b><u>Operating Expense</u></b>					
Operation	675,047	4.1	702,479	13.9	616,731
Maintenance	79,441	8.6	86,284	(1.6)	87,729
Depreciation	151,785	22.9	186,608	13.3	164,703
<b>Total Operating Expenses</b>	<u>906,273</u>	7.6	<u>975,371</u>	12.2	<u>869,163</u>
<b>Operating Income</b>	<u>123,323</u>	(12.8)	<u>107,489</u>	(37.7)	<u>172,492</u>
<b><u>Nonoperating Revenue (Expense)</u></b>					
Interest Income	1,163	1.3X	2,679	(32.6)	3,972
Interest Expense	(8,221)	---	(8,220)	(92.7)	(111,912)
<b>Net Nonoperating Expense</b>	<u>(7,058)</u>	(21.5)	<u>(5,541)</u>	(94.9)	<u>(107,940)</u>
<b>Net Income before Capital Contributions</b>	116,265	(12.3)	101,948	57.9	64,552
Capital Contributions	1,000	74.6	1,746	(88.7)	15,462
Write Off - Loan from Electric	---	---	---	---	---
<b>Change in Net Position</b>	117,265		103,694		80,014
<b>Beginning Net Position</b>	<u>2,873,421</u>		<u>3,050,594</u>		<u>(23,428,951)</u>
<b>Ending Net Position</b>	<u>\$2,990,686</u>		<u>\$3,154,288</u>		<u>(\$23,348,937)</u>
<b>Net Income to Operating Revenue</b>	11.3		9.4		6.2
<b>Debt Service Coverage on Bank Debt</b>	3.06		3.29		3.72
<b>Debt Service Coverage on Electric Utility Debt</b>	4.24		4.70		2.40

**Muscatine Power and Water - Communications Utility**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Calendar Year-to-Date - June 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>
<b><u>Operating Revenue</u></b>					
CATV	\$3,325,680	5.9	\$3,520,601	(4.8)	\$3,698,727
Data/Internet	2,407,929	3.0	2,481,150	6.1	2,338,686
MAN/MME	323,387	(7.0)	300,854	15.1	261,359
Miscellaneous	66,322	4.9	69,562	1.4	68,600
<b>Total Operating Revenues</b>	<b>6,123,318</b>	<b>4.1</b>	<b>6,372,167</b>	<b>0.1</b>	<b>6,367,372</b>
<b><u>Operating Expense</u></b>					
Operation	4,101,541	3.8	4,255,970	5.8	4,024,323
Maintenance	476,782	(8.0)	438,563	(7.3)	473,059
Depreciation	910,707	(1.4)	897,738	(9.2)	988,218
<b>Total Operating Expenses</b>	<b>5,489,030</b>	<b>1.9</b>	<b>5,592,271</b>	<b>1.9</b>	<b>5,485,600</b>
<b>Operating Income</b>	<b>634,288</b>	<b>23.0</b>	<b>779,896</b>	<b>(11.6)</b>	<b>881,772</b>
<b><u>Nonoperating Revenue (Expense)</u></b>					
Interest Income	7,481	1.2X	16,297	(29.9)	23,233
Interest Expense	(49,326)	---	(49,323)	(92.7)	(671,462)
<b>Net Nonoperating Expense</b>	<b>(41,845)</b>	<b>(21.1)</b>	<b>(33,026)</b>	<b>(94.9)</b>	<b>(648,229)</b>
<b>Net Income before Capital Contributions</b>	<b>592,443</b>	<b>26.1</b>	<b>746,870</b>	<b>2.2X</b>	<b>233,543</b>
Capital Contributions	6,000	1.5X	15,175	(28.0)	21,074
Write Off - Loan from Electric	25,327,000	---	25,327,000	---	---
<b>Change in Net Position</b>	<b>25,925,443</b>		<b>26,089,045</b>		<b>254,617</b>
<b>Beginning Net Position</b>	<b>(22,934,757)</b>		<b>(22,934,757)</b>		<b>(23,603,554)</b>
<b>Ending Net Position</b>	<b>\$2,990,686</b>		<b>\$3,154,288</b>		<b>(\$23,348,937)</b>
Net Income (Loss) to Operating Revenue	9.7		11.7		3.7
Debt Service Coverage on Bank Debt	2.87		3.13		3.44
Debt Service Coverage on Electric Utility Debt	3.84		4.38		2.15

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

**ASSETS**

	<u>2015</u>	<u>2014</u>
<b>Current Assets:</b>		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$5,564,531	\$3,103,769
Investments	780,711	2,152,000
Receivables:		
Consumer Accounts	1,216,797	1,210,975
Interest	16,203	21,913
Inventories	231,296	241,584
Prepaid Expenses	<u>183,363</u>	<u>182,771</u>
Total Unrestricted Current Assets	<u>7,992,901</u>	<u>6,913,012</u>
<u>Restricted Assets</u>		
Cash - interest bearing	<u>32</u>	<u>671,486</u>
Total Restricted Current Assets	<u>32</u>	<u>671,486</u>
Total Current Assets	<u>7,992,933</u>	<u>7,584,498</u>
<b>Property and Equipment:</b>		
At Cost	33,055,648	32,613,161
Less Accumulated Depreciation	<u>25,253,267</u>	<u>23,869,261</u>
Net Property and Equipment	<u>7,802,381</u>	<u>8,743,900</u>
<b>TOTAL ASSETS</b>	<u><u>\$15,795,314</u></u>	<u><u>\$16,328,398</u></u>

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

**LIABILITIES AND NET POSITION**

	<u>2015</u>	<u>2014</u>
<b>Current Liabilities:</b>		
<b><u>Payable from Unrestricted Assets</u></b>		
Accrued Interest	\$25,000	\$623,522
Accounts Payable	471,767	452,264
Pension Provision	162,630	166,194
Health & Dental Insurance Provision	47,710	37,700
Accrued Payroll	71,893	60,838
Accrued Vacation	147,784	150,371
Accrued Property Taxes	12,333	12,842
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	124,748	147,946
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	1,081,365	1,669,177
<b><u>Payable from Restricted Assets</u></b>		
Notes Payable:		
Banks	1,035,000	1,005,000
Electric Utility	476,665	---
Accrued Interest	24,323	47,940
	<hr/>	<hr/>
Total Payable from Restricted Assets	1,535,988	1,052,940
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Total Current Liabilities	2,617,353	2,722,117
<b>Non-Current Liabilities:</b>		
Health & Dental Insurance Provision	165,433	257,063
Post-Employment Health Benefit Provision	79,176	62,926
Unearned Revenue - Dark Fiber Lease	255,729	273,229
Notes Payable:		
Banks	---	1,035,000
Electric Utility	9,523,335	35,327,000
	<hr/>	<hr/>
Total Non-Current Liabilities	10,023,673	36,955,218
<b>Net Position:</b>		
Net Investment in Capital Assets	6,290,716	6,703,900
Unrestricted	(3,136,428)	(30,052,837)
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Total Net Position	3,154,288	(23,348,937)
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<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$15,795,314</u>	<u>\$16,328,398</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
<b>Cash flows from operating activities:</b>		
Cash received from:		
Communications sales	\$1,107,956	\$6,084,801
Advertising sales	31,632	210,362
Miscellaneous sources	18,317	139,320
Cash paid to/for:		
Suppliers	(457,029)	(2,992,390)
Employees payroll, taxes and benefits	(265,800)	(1,652,437)
Net cash flows from operating activities	435,076	1,789,656
<b>Cash flows from capital and related financing activities:</b>		
Capital expenditures, net	(41,118)	(346,544)
Loan principal payments	---	(1,005,000)
Loan interest payments	---	(671,462)
Net cash flows from capital and related financing activities	(41,118)	(2,023,006)
<b>Cash flows from investing activities:</b>		
Interest received on investments	257	31,110
Mark to Market	---	---
Net cash flows from investing activities	257	31,110
Net increase (decrease) in cash and investments	394,215	(202,240)
Cash and investments at beginning of period	5,951,059	6,547,514
Cash and investments at end of period	\$6,345,274	\$6,345,274

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

	<b><u>Current</u></b> <b><u>Month</u></b>	<b><u>Year-</u></b> <b><u>To-Date</u></b>
<b>Reconciliation of operating income to net cash flows from operating activities</b>		
Operating income	\$107,489	\$779,896
<b>Noncash items in operating income:</b>		
Converter/modem write-off	5,081	9,896
Depreciation of utility plant	186,608	897,738
<b>Changes in assets and liabilities:</b>		
Consumer accounts receivable	78,609	90,738
Inventories	(706)	9,679
Prepaid and deferred expenses	29,061	(111,791)
Accounts payable	(32,472)	3,884
Pension provision	27,105	162,630
Health & dental insurance provision	908	(78,249)
Other post-employment benefit provision	1,354	8,125
Unearned revenue	(1,459)	(19,930)
Accrued payroll	21,101	(4,342)
Accrued vacation	(5,229)	10,857
Accrued property taxes	1,028	1,628
Miscellaneous accrued expenses	16,598	28,897
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Net cash flows from operating activities	<b>\$435,076</b>	<b>\$1,789,656</b>
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**Muscatine Power and Water - Communications Utility**  
**Summary of Expenses**  
**Current Month - June 2015**

	<b>Budget</b>		
	<b>Estimate</b>	<b>This Year</b>	<b>Last Year</b>
<b><u>CATV</u></b>			
Program Acquisition Expense	\$334,586	\$354,705	326,947
Promotional Expense	1,033	419	486
Electricity Expense	2,583	3,489	2,900
Pole Attachment Expense	2,350	2,350	2,290
Changes of Service	1,466	1,296	1,301
Underground Line Expense	2,336	3,595	3,710
Ad Insertion - Marketing/Production	6,708	14,540	13,971
Miscellaneous CATV Expense	13,713	13,207	11,386
Vehicle Expense	5,904	5,407	5,394
Maintenance:			
Fiber	1,022	322	1,401
Coax	1,857	883	1,035
Drops	2,217	2,546	1,966
Conduit System	1,308	1,244	2,760
Headend	21,768	17,321	18,023
Line Equipment	4,916	3,725	3,715
Converters	6,411	3,667	1,990
Ad Insertion	3,771	9,107	4,370
Vacation, Holiday, Sick Leave	4,204	4,311	4,427
Property Taxes	677	677	734
Depreciation	95,081	130,618	111,937
<b>Total CATV</b>	<b>513,911</b>	<b>573,429</b>	<b>487,807</b>
<b><u>Data/Internet</u></b>			
Data/Internet Access Charges	23,437	26,104	25,784
Promotional Expense	1,033	445	510
Electricity Expense	87	119	86
Pole Attachment Expense	83	83	83
Changes of Service	73	556	1,025
Customer Wireless Equipment Expense	281	---	43
Underground Line Expense	80	123	110
Miscellaneous Data/Internet Expense	2,363	4,441	3,659
Vehicle Expense	844	653	722
Maintenance:			
Fiber	36	11	49
Coax	63	30	36
Drops	76	87	67
Conduit System	46	44	96
Headend	17,081	33,308	33,153
Line Equipment	216	133	127
Modems	4,966	5,748	6,180
Vacation, Holiday, Sick Leave	1,999	2,380	1,294
Property Taxes	24	24	25
Depreciation	24,401	24,511	23,680
<b>Total Data/Internet</b>	<b>77,189</b>	<b>98,800</b>	<b>\$96,731</b>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>CATV</u></b>			
Program Acquisition Expense	\$2,029,887	\$2,171,199	\$2,061,921
Promotional Expense	3,698	2,961	3,364
Electricity Expense	15,500	17,190	15,039
Pole Attachment Expense	14,100	14,100	13,750
Changes of Service	8,531	6,606	8,158
Underground Line Expense	14,047	15,479	12,525
Ad Insertion - Marketing/Production	40,250	47,649	37,277
Miscellaneous CATV Expense	83,062	75,179	61,621
Vehicle Expense	35,774	22,899	32,601
Maintenance:			
Fiber	6,170	3,166	7,882
Coax	11,326	6,034	7,461
Drops	12,805	8,848	8,645
Conduit System	6,872	7,059	6,806
Headend	130,958	107,360	117,230
Line Equipment	28,402	21,581	27,441
Converters	38,083	18,300	23,264
Ad Insertion	22,728	31,782	26,241
Vacation, Holiday, Sick Leave	31,395	32,222	24,815
Property Taxes	4,060	4,060	4,401
Depreciation	570,483	573,628	671,622
<b>Total CATV</b>	<b>3,108,131</b>	<b>3,187,302</b>	<b>3,172,064</b>
<b><u>Data/Internet</u></b>			
Data/Internet Access Charges	140,619	150,017	155,616
Promotional Expense	3,698	3,291	3,500
Electricity Expense	522	585	513
Pole Attachment Expense	500	500	500
Changes of Service	429	2,831	3,496
Customer Wireless Equipment Expense	1,685	696	43
Underground Line Expense	479	528	428
Miscellaneous Data/Internet Expense	14,232	16,561	15,766
Vehicle Expense	5,065	2,774	3,964
Maintenance:			
Fiber	215	110	1,202
Coax	386	206	255
Drops	437	302	296
Conduit System	240	246	238
Headend	103,315	146,444	168,836
Line Equipment	1,258	771	936
Modems	29,138	38,100	22,755
Vacation, Holiday, Sick Leave	15,193	15,487	10,848
Property Taxes	147	147	154
Depreciation	146,409	147,066	142,080
<b>Total Data/Internet</b>	<b>\$463,967</b>	<b>\$526,662</b>	<b>\$531,426</b>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>MAN/MME</u></b>			
Pole Attachment Expense	\$1,133	\$1,133	\$1,100
Tools Expense	292	5	2,020
Maintenance:			
Fiber	493	155	677
Conduit System	631	600	1,332
MAN/MME Equipment	8,744	3,267	4,573
Vacation, Holiday, Sick Leave	385	195	414
Property Taxes	327	327	354
Depreciation	21,657	22,555	20,425
<b>Total MAN/MME</b>	<b>33,662</b>	<b>28,237</b>	<b>30,895</b>
<b><u>Customer Service Expense</u></b>			
Customer Information Expense	14,597	(41)	2,252
<b><u>Consumer Accounts</u></b>			
Supervision	2,663	3,149	2,926
Consumer Records and Collections	42,166	45,401	40,454
Uncollectible Accounts Expense	1,796	1,796	3,627
Vacation, Holiday, Sick Leave	3,623	3,408	3,768
<b>Total Consumer Accounts</b>	<b>50,248</b>	<b>53,754</b>	<b>50,775</b>
<b><u>Administrative and General</u></b>			
Administrative and General Salaries	75,208	72,628	68,885
Office Supplies and Expense	4,504	5,337	4,120
Outside Services Employed	7,415	8,970	12,153
Property Insurance	1,282	1,172	1,187
Casualty Ins, Injuries & Damages	6,228	4,057	4,680
Employee Pensions and Benefits	84,930	83,055	77,781
Fringe Benefits Charges to Construction	(6,129)	(3,472)	(4,660)
Rents	9,482	9,483	9,206
Miscellaneous General Expense	10,491	18,919	7,793
Maintenance of General Plant	3,819	4,086	3,158
Vacation, Holiday, Sick Leave	8,790	8,033	7,739
Depreciation	10,646	8,924	8,661
<b>Total Administrative and General</b>	<b>216,666</b>	<b>221,192</b>	<b>200,703</b>
<b>Total Operating Expenses</b>	<b>\$906,273</b>	<b>\$975,371</b>	<b>\$869,163</b>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>MAN/MME</u></b>			
Pole Attachment Expense	\$6,800	\$6,800	\$6,600
Tools Expense	1,750	1,442	2,704
Maintenance:			
Fiber	2,977	1,581	3,803
Conduit System	3,316	3,406	3,284
MAN/MME Equipment	52,544	21,041	27,476
Vacation, Holiday, Sick Leave	3,057	2,864	2,919
Property Taxes	1,963	1,962	2,124
Depreciation	129,940	125,610	122,550
<b>Total MAN/MME</b>	<b>202,347</b>	<b>164,706</b>	<b>171,460</b>
<b><u>Customer Service Expense</u></b>			
Customer Information Expense	39,380	25,240	12,744
<b><u>Consumer Accounts</u></b>			
Supervision	15,885	16,965	15,413
Consumer Records and Collections	253,535	250,553	244,577
Uncollectible Accounts Expense	10,778	10,778	21,760
Vacation, Holiday, Sick Leave	27,218	27,960	30,506
<b>Total Consumer Accounts</b>	<b>307,416</b>	<b>306,256</b>	<b>312,256</b>
<b><u>Administrative and General</u></b>			
Administrative and General Salaries	451,088	427,844	427,095
Office Supplies and Expense	28,460	33,154	25,595
Outside Services Employed	54,094	111,057	60,287
Property Insurance	7,590	7,075	6,679
Casualty Ins, Injuries & Damages	37,786	51,284	40,536
Employee Pensions and Benefits	521,875	501,167	518,908
Fringe Benefits Charges to Construction	(35,554)	(24,282)	(38,510)
Rents	56,894	56,894	55,237
Miscellaneous General Expense	90,790	77,336	63,777
Maintenance of General Plant	25,612	22,226	19,008
Vacation, Holiday, Sick Leave	65,279	66,916	55,072
Depreciation	63,875	51,434	51,966
<b>Total Administrative and General</b>	<b>1,367,789</b>	<b>1,382,105</b>	<b>1,285,650</b>
<b>Total Operating Expenses</b>	<b>\$5,489,030</b>	<b>\$5,592,271</b>	<b>\$5,485,600</b>

**Muscatine Power and Water - Communications Utility**  
**Statistical Data**  
**June 2015**

<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	5,950	(0.2)	5,939	(6.0)	6,317
Commercial/Hospitality	<u>161</u>	3.1	<u>166</u>	0.6	<u>165</u>
Total CATV	<u>6,111</u>	(0.1)	<u>6,105</u>	(5.8)	<u>6,482</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	7,114	1.6	7,228	4.1	6,945
Commercial	<u>439</u>	10.3	<u>484</u>	3.6	<u>467</u>
Total Internet	<u>7,553</u>	2.1	<u>7,712</u>	4.0	<u>7,412</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