

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

July 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 - July 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	\$560,176	5.5	\$590,718	2.9	\$574,063
Data/Internet	403,154	5.8	426,591	7.9	395,513
MAN/MME	54,109	(3.4)	52,245	16.8	44,730
Miscellaneous	11,078	25.3	13,884	15.5	12,023
Total Operating Revenues	<u>1,028,517</u>	5.3	<u>1,083,438</u>	5.6	<u>1,026,329</u>
<u>Operating Expense</u>					
Operation	684,273	1.9	697,225	9.9	634,288
Maintenance	81,107	1.8	82,558	(1.6)	83,901
Depreciation	151,785	(9.3)	137,647	(16.4)	164,703
Total Operating Expenses	<u>917,165</u>	---	<u>917,430</u>	3.9	<u>882,892</u>
Operating Income	<u>111,352</u>	49.1	<u>166,008</u>	15.7	<u>143,437</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	1,191	1.3X	2,699	(33.7)	4,070
Interest Expense	(8,221)	---	(8,220)	(92.7)	(111,910)
Net Nonoperating Expense	<u>(7,030)</u>	(21.5)	<u>(5,521)</u>	(94.9)	<u>(107,840)</u>
Net Income before Capital Contributions	104,322	53.8	160,487	3.5X	35,597
Capital Contributions	1,000	72.2	1,722	7.8	1,597
Write Off - Loan from Electric	---	---	---	---	---
Change in Net Position	105,322		162,209		37,194
Beginning Net Position	<u>2,990,686</u>		<u>3,154,288</u>		<u>(23,348,937)</u>
Ending Net Position	<u>\$3,096,008</u>		<u>\$3,316,497</u>		<u>(\$23,311,743)</u>
Net Income to Operating Revenue	10.1		14.8		3.5
Debt Service Coverage on Bank Debt	2.93		3.39		3.40
Debt Service Coverage on Electric Utility Debt	3.97		4.92		2.12

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - July 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	\$3,885,856	5.8	\$4,111,319	(3.8)	\$4,272,790
Data/Internet	2,811,082	3.4	2,907,741	6.3	2,734,198
MAN/MME	377,496	(6.5)	353,100	15.4	306,089
Miscellaneous	<u>77,401</u>	7.8	<u>83,445</u>	3.5	<u>80,624</u>
Total Operating Revenues	<u>7,151,835</u>	4.2	<u>7,455,605</u>	0.8	<u>7,393,701</u>
<u>Operating Expense</u>					
Operation	4,785,817	3.5	4,953,194	6.3	4,658,611
Maintenance	557,888	(6.6)	521,123	(6.4)	556,960
Depreciation	<u>1,062,490</u>	(2.6)	<u>1,035,385</u>	(10.2)	<u>1,152,921</u>
Total Operating Expenses	<u>6,406,195</u>	1.6	<u>6,509,702</u>	2.2	<u>6,368,492</u>
Operating Income	<u>745,640</u>	26.9	<u>945,903</u>	(7.7)	<u>1,025,209</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	8,672	1.2X	18,996	(30.4)	27,303
Interest Expense	<u>(57,547)</u>	---	<u>(57,543)</u>	(92.7)	<u>(783,372)</u>
Net Nonoperating Expense	<u>(48,875)</u>	(21.1)	<u>(38,547)</u>	(94.9)	<u>(756,069)</u>
Net Income before Capital Contributions	696,765	30.2	907,356	2.4X	269,140
Capital Contributions	7,000	1.4X	16,898	(25.5)	22,671
Write Off - Loan from Electric	<u>25,327,000</u>	---	<u>25,327,000</u>	---	<u>---</u>
Change in Net Position	26,030,765		26,251,254		291,811
Beginning Net Position	<u>(22,934,757)</u>		<u>(22,934,757)</u>		<u>(23,603,554)</u>
Ending Net Position	<u>\$3,096,008</u>		<u>\$3,316,497</u>		<u>(\$23,311,743)</u>
Net Income (Loss) to Operating Revenue	9.7		12.2		3.6
Debt Service Coverage on Bank Debt	2.87		3.16		3.43
Debt Service Coverage on Electric Utility Debt	3.86		4.45		2.15

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

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$5,791,386	\$3,353,626
Investments	780,711	2,152,000
Receivables:		
Consumer Accounts	1,215,899	1,153,976
Interest	18,677	25,825
Inventories	216,054	225,554
Prepaid Expenses	171,951	148,521
	8,194,678	7,059,502
Total Unrestricted Current Assets		
<u>Restricted Assets</u>		
Cash - interest bearing	32	27
	32	27
Total Restricted Current Assets		
Total Current Assets	8,194,710	7,059,529
Property and Equipment:		
At Cost	33,105,668	32,719,714
Less Accumulated Depreciation	25,356,387	24,032,786
	7,749,281	8,686,928
Net Property and Equipment		
TOTAL ASSETS	\$15,943,991	\$15,746,457

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

LIABILITIES AND NET POSITION

	<u>2015</u>	<u>2014</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accrued Interest	\$4,167	\$103,920
Accounts Payable	473,093	405,502
Intercompany Payable	—	553
Pension Provision	189,735	193,893
Health & Dental Insurance Provision	47,710	37,700
Accrued Payroll	106,149	84,577
Accrued Vacation	146,379	147,459
Accrued Property Taxes	13,361	13,955
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	86,855	81,663
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	1,084,949	1,086,722
	<hr/>	<hr/>
<u>Payable from Restricted Assets</u>		
Notes Payable:		
Banks	1,035,000	1,005,000
Electric Utility	476,665	—
Accrued Interest	4,053	7,990
	<hr/>	<hr/>
Total Payable from Restricted Assets	1,515,718	1,012,990
	<hr/>	<hr/>
Total Current Liabilities	2,600,667	2,099,712
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	168,691	260,437
Post-Employment Health Benefit Provision	80,530	64,280
Unearned Revenue - Dark Fiber Lease	254,271	271,771
Notes Payable:		
Banks	—	1,035,000
Electric Utility	9,523,335	35,327,000
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Total Non-Current Liabilities	10,026,827	36,958,488
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	6,237,616	6,646,928
Unrestricted	(2,921,119)	(29,958,671)
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Total Net Position	3,316,497	(23,311,743)
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u>\$15,943,991</u>	<u>\$15,746,457</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,052,340	\$7,135,530
Advertising sales	24,094	234,456
Miscellaneous sources	9,084	148,403
Cash paid to/for:		
Suppliers	(472,692)	(3,463,471)
Employees payroll, taxes and benefits	(270,113)	(1,922,550)
	342,713	2,132,368
Cash flows from capital and related financing activities:		
Capital expenditures, net	(66,760)	(413,304)
Loan principal payments	---	(1,005,000)
Loan interest payments	(49,323)	(720,784)
	(116,083)	(2,139,088)
Cash flows from investing activities:		
Interest received on investments	225	31,335
Mark to Market	---	---
	225	31,335
Net cash flows from investing activities	225	31,335
Net increase in cash and investments	226,855	24,615
Cash and investments at beginning of period	6,345,274	6,547,514
Cash and investments at end of period	\$6,572,129	\$6,572,129

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$166,008	\$945,903
Noncash items in operating income:		
Converter/modem write-off	2,193	12,090
Depreciation of utility plant	137,647	1,035,385
Changes in assets and liabilities:		
Consumer accounts receivable	898	91,636
Inventories	15,242	24,921
Prepaid and deferred expenses	11,412	(100,379)
Accounts payable	(16,932)	(13,048)
Pension provision	27,105	189,735
Health & dental insurance provision	3,258	(74,991)
Other post-employment benefit provision	1,354	9,479
Unearned revenue	(1,458)	(21,388)
Accrued payroll	34,256	29,914
Accrued vacation	(1,405)	9,452
Accrued property taxes	1,028	2,656
Miscellaneous accrued expenses	(37,893)	(8,997)
	<u>\$342,713</u>	<u>\$2,132,368</u>
Net cash flows from operating activities	<u>\$342,713</u>	<u>\$2,132,368</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$334,160	\$351,105	\$312,676
Promotional Expense	1,033	649	438
Electricity Expense	2,583	2,679	2,514
Pole Attachment Expense	2,350	2,350	2,292
Changes of Service	1,454	1,060	1,323
Underground Line Expense	2,381	2,999	3,237
Ad Insertion - Marketing/Production	6,797	6,233	5,408
Miscellaneous CATV Expense	14,160	17,644	6,469
Vehicle Expense	5,995	4,208	6,444
Maintenance:			
Fiber	1,094	1,106	991
Coax	1,992	748	2,440
Drops	2,305	1,208	3,255
Conduit System	1,409	1,741	2,084
Headend	22,286	17,817	19,071
Line Equipment	4,891	3,509	4,781
Converters	6,512	3,255	4,916
Ad Insertion	3,788	(4,327)	4,089
Vacation, Holiday, Sick Leave	6,438	7,203	7,710
Property Taxes	677	677	734
Depreciation	95,080	81,657	111,937
Total CATV	517,385	503,521	502,809
<u>Data/Internet</u>			
Data/Internet Access Charges	23,437	26,229	25,779
Promotional Expense	1,033	635	464
Electricity Expense	87	92	86
Pole Attachment Expense	83	83	83
Changes of Service	73	454	567
Customer Wireless Equipment Expense	289	---	160
Underground Line Expense	81	102	110
Miscellaneous Data/Internet Expense	2,514	2,652	1,559
Vehicle Expense	844	507	785
Maintenance:			
Fiber	38	39	35
Coax	68	26	83
Drops	79	41	111
Conduit System	49	61	73
Headend	16,952	31,475	27,249
Line Equipment	215	126	163
Modems	5,132	16,684	3,979
Vacation, Holiday, Sick Leave	3,155	4,816	2,584
Property Taxes	24	24	26
Depreciation	24,402	24,511	23,680
Total Data/Internet	78,555	108,557	\$87,576

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$2,364,047	\$2,522,303	\$2,374,597
Promotional Expense	4,731	3,610	3,801
Electricity Expense	18,083	19,870	17,553
Pole Attachment Expense	16,450	16,450	16,042
Changes of Service	9,985	7,665	9,481
Underground Line Expense	16,428	18,478	15,761
Ad Insertion - Marketing/Production	47,047	53,882	42,685
Miscellaneous CATV Expense	97,222	92,823	68,091
Vehicle Expense	41,769	27,107	39,046
Maintenance:			
Fiber	7,264	4,273	8,873
Coax	13,318	6,782	9,901
Drops	15,110	10,056	11,900
Conduit System	8,281	8,800	8,890
Headend	153,244	125,177	136,302
Line Equipment	33,293	25,090	32,221
Converters	44,595	21,555	28,181
Ad Insertion	26,517	27,455	30,329
Vacation, Holiday, Sick Leave	37,833	39,425	32,525
Property Taxes	4,737	4,737	5,135
Depreciation	665,563	655,285	783,559
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Total CATV	3,625,517	3,690,823	3,674,873
 <u>Data/Internet</u>			
Data/Internet Access Charges	164,055	176,245	181,395
Promotional Expense	4,731	3,926	3,963
Electricity Expense	609	676	599
Pole Attachment Expense	583	583	583
Changes of Service	502	3,285	4,063
Customer Wireless Equipment Expense	1,974	696	203
Underground Line Expense	561	631	538
Miscellaneous Data/Internet Expense	16,746	19,213	17,326
Vehicle Expense	5,910	3,281	4,750
Maintenance:			
Fiber	253	149	1,236
Coax	454	232	338
Drops	516	343	407
Conduit System	289	307	310
Headend	120,267	177,920	196,084
Line Equipment	1,472	896	1,100
Modems	34,270	54,784	26,735
Vacation, Holiday, Sick Leave	18,349	20,303	13,433
Property Taxes	171	171	179
Depreciation	170,810	171,577	165,760
	<hr/>	<hr/>	<hr/>
Total Data/Internet	\$542,522	\$635,218	\$619,002

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

<u>MAN/MME</u>	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
Pole Attachment Expense	\$1,133	\$1,133	\$1,100
Tools Expense	292	206	586
Maintenance:			
Fiber	528	534	478
Conduit System	680	840	1,006
MAN/MME Equipment	8,940	3,917	5,232
Vacation, Holiday, Sick Leave	670	379	860
Property Taxes	327	327	354
Depreciation	21,657	22,555	20,425
Total MAN/MME	<u>34,227</u>	<u>29,891</u>	<u>30,041</u>
<u>Customer Service Expense</u>			
Customer Information Expense	3,295	3,689	2,854
<u>Consumer Accounts</u>			
Supervision	2,694	2,654	3,078
Consumer Records and Collections	43,080	43,608	41,593
Uncollectible Accounts Expense	1,796	1,796	3,627
Vacation, Holiday, Sick Leave	5,605	6,788	6,128
Total Consumer Accounts	<u>53,175</u>	<u>54,846</u>	<u>54,426</u>
<u>Administrative and General</u>			
Administrative and General Salaries	77,498	74,639	72,731
Office Supplies and Expense	4,468	3,628	6,560
Outside Services Employed	9,305	5,303	6,375
Property Insurance	1,282	1,172	1,187
Casualty Ins, Injuries & Damages	6,438	5,762	6,192
Employee Pensions and Benefits	86,373	84,454	78,865
Fringe Benefits Charges to Construction	(6,319)	(5,490)	(5,530)
Rents	9,482	9,483	9,206
Miscellaneous General Expense	13,843	11,979	4,412
Maintenance of General Plant	4,149	3,758	3,865
Vacation, Holiday, Sick Leave	13,363	13,314	12,662
Depreciation	10,646	8,924	8,661
Total Administrative and General	<u>230,528</u>	<u>216,926</u>	<u>205,186</u>
Total Operating Expenses	<u><u>\$917,165</u></u>	<u><u>\$917,430</u></u>	<u><u>\$882,892</u></u>

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$7,933	\$7,933	\$7,700
Tools Expense	2,042	1,647	3,290
Maintenance:			
Fiber	3,505	2,115	4,282
Conduit System	3,996	4,247	4,290
MAN/MME Equipment	61,483	24,958	32,708
Vacation, Holiday, Sick Leave	3,727	3,243	3,778
Property Taxes	2,290	2,290	2,478
Depreciation	151,597	148,165	142,975
Total MAN/MME	236,573	194,598	201,501
<u>Customer Service Expense</u>			
Customer Information Expense	42,674	28,929	15,598
<u>Consumer Accounts</u>			
Supervision	18,579	19,619	18,491
Consumer Records and Collections	296,616	294,162	286,171
Uncollectible Accounts Expense	12,574	12,574	25,386
Vacation, Holiday, Sick Leave	32,823	34,747	36,634
Total Consumer Accounts	360,592	361,102	366,682
<u>Administrative and General</u>			
Administrative and General Salaries	528,586	502,483	499,827
Office Supplies and Expense	32,928	36,782	32,155
Outside Services Employed	63,399	116,360	66,662
Property Insurance	8,872	8,247	7,865
Casualty Ins, Injuries & Damages	44,224	57,046	46,728
Employee Pensions and Benefits	608,249	585,621	597,773
Fringe Benefits Charges to Construction	(41,873)	(29,771)	(44,040)
Rents	66,376	66,377	64,443
Miscellaneous General Expense	104,633	89,315	68,189
Maintenance of General Plant	29,761	25,984	22,873
Vacation, Holiday, Sick Leave	78,642	80,230	67,734
Depreciation	74,520	60,358	60,627
Total Administrative and General	1,598,317	1,599,032	1,490,836
Total Operating Expenses	\$6,406,195	\$6,509,702	\$6,368,492

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

Services	Budget Estimate	% Increase (Decrease) From Budget	This Year ^{fn1}	% Increase (Decrease) Fr. Last Yr.	Last Year ^{fn1}
<u>CATV</u>					
Residential	5,914	(0.2)	5,905	(5.4)	6,242
Commercial/Hospitality	<u>162</u>	2.5	<u>166</u>	1.8	<u>163</u>
Total CATV	<u>6,076</u>	(0.1)	<u>6,071</u>	(5.2)	<u>6,405</u>
<u>Bulk Equivalent Services</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	7,103	2.1	7,249	4.4	6,941
Commercial	<u>439</u>	11.8	<u>491</u>	5.1	<u>467</u>
Total Internet	<u>7,542</u>	2.6	<u>7,740</u>	4.5	<u>7,408</u>
<u>MAN/MME</u>					
MAN/MME	<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