

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

August 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 - August 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	\$554,981	7.8	\$598,447	1.5	\$589,381
Data/Internet	403,398	5.8	426,922	7.6	396,906
MAN/MME	54,109	(1.2)	53,438	16.9	45,719
Miscellaneous	11,078	2.1	11,308	(25.5)	15,178
Total Operating Revenues	<u>1,023,566</u>	6.5	<u>1,090,115</u>	4.1	<u>1,047,184</u>
<u>Operating Expense</u>					
Operation	679,744	1.9	692,350	6.9	647,863
Maintenance	80,580	(1.8)	79,134	9.0	72,581
Depreciation	151,785	(9.3)	137,647	(16.4)	164,703
Total Operating Expenses	<u>912,109</u>	(0.3)	<u>909,131</u>	2.7	<u>885,147</u>
Operating Income	<u>111,457</u>	62.4	<u>180,984</u>	11.7	<u>162,037</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	1,220	1.2X	2,668	(34.6)	4,077
Interest Expense	(8,221)	---	(8,220)	(92.7)	(111,910)
Net Nonoperating Expense	<u>(7,001)</u>	(20.7)	<u>(5,552)</u>	(94.9)	<u>(107,833)</u>
Net Income before Capital Contributions	104,456	67.9	175,432	2.2X	54,204
Capital Contributions	1,000	72.2	1,722	7.6	1,601
Write Off - Loan from Electric	---	---	---	---	---
Change in Net Position	105,456		177,154		55,805
Beginning Net Position	<u>3,096,008</u>		<u>3,316,497</u>		<u>(23,311,743)</u>
Ending Net Position	<u>\$3,201,464</u>		<u>\$3,493,651</u>		<u>(\$23,255,938)</u>
Net Income to Operating Revenue	10.2		16.1		5.2
Debt Service Coverage on Bank Debt	2.93		3.56		3.61
Debt Service Coverage on Electric Utility Debt	3.97		5.26		2.30

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

	<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>
<u>Operating Revenue</u>					
CATV	\$4,440,837	6.1	\$4,709,766	(3.1)	\$4,862,171
Data/Internet	3,214,480	3.7	3,334,663	6.5	3,131,104
MAN/MME	431,605	(5.8)	406,538	15.6	351,809
Miscellaneous	88,480	7.1	94,752	(1.1)	95,801
Total Operating Revenues	8,175,402	4.5	8,545,719	1.2	8,440,885
<u>Operating Expense</u>					
Operation	5,465,561	3.3	5,645,544	6.4	5,306,473
Maintenance	638,470	(6.0)	600,256	(4.7)	629,542
Depreciation	1,214,274	(3.4)	1,173,032	(11.0)	1,317,624
Total Operating Expenses	7,318,305	1.4	7,418,832	2.3	7,253,639
Operating Income	857,097	31.5	1,126,887	(5.1)	1,187,246
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	9,892	1.2X	21,664	(31.0)	31,380
Interest Expense	(65,768)	---	(65,763)	(92.7)	(895,282)
Net Nonoperating Expense	(55,876)	(21.1)	(44,099)	(94.9)	(863,902)
Net Income before Capital Contributions	801,221	35.1	1,082,788	2.3X	323,344
Capital Contributions	8,000	1.3X	18,620	(23.3)	24,272
Write Off - Loan from Electric	25,327,000	---	25,327,000	---	---
Change in Net Position	26,136,221		26,428,408		347,616
Beginning Net Position	(22,934,757)		(22,934,757)		(23,603,554)
Ending Net Position	\$3,201,464		\$3,493,651		(\$23,255,938)
Net Income (Loss) to Operating Revenue	9.8		12.7		3.8
Debt Service Coverage on Bank Debt	2.88		3.21		3.46
Debt Service Coverage on Electric Utility Debt	3.87		4.55		2.17

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

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$6,037,449	\$3,588,535
Investments	780,711	2,152,000
Receivables:		
Consumer Accounts	1,230,750	1,222,241
Interest	21,145	29,735
Inventories	196,348	221,596
Prepaid Expenses	<u>144,381</u>	<u>123,076</u>
Total Unrestricted Current Assets	<u>8,410,784</u>	<u>7,337,183</u>
<u>Restricted Assets</u>		
Cash - interest bearing	<u>32</u>	<u>27</u>
Total Restricted Current Assets	<u>32</u>	<u>27</u>
Total Current Assets	<u>8,410,816</u>	<u>7,337,210</u>
Property and Equipment:		
At Cost	33,142,529	32,683,776
Less Accumulated Depreciation	<u>25,453,990</u>	<u>24,110,759</u>
Net Property and Equipment	<u>7,688,539</u>	<u>8,573,017</u>
TOTAL ASSETS	<u><u>\$16,099,355</u></u>	<u><u>\$15,910,227</u></u>

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

LIABILITIES AND NET POSITION

	<u>2015</u>	<u>2014</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accrued Interest	\$8,334	\$207,840
Accounts Payable	484,655	417,061
Pension Provision	151,788	145,718
Health & Dental Insurance Provision	47,710	37,700
Accrued Payroll	117,801	101,815
Accrued Vacation	143,692	145,051
Accrued Property Taxes	14,389	15,068
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	103,424	95,985
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	1,089,293	1,183,738
	<hr/>	<hr/>
<u>Payable from Restricted Assets</u>		
Notes Payable:		
Banks	1,035,000	1,005,000
Electric Utility	476,665	---
Accrued Interest	8,107	15,980
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Total Payable from Restricted Assets	1,519,772	1,020,980
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Total Current Liabilities	2,609,065	2,204,718
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	155,785	263,500
Post-Employment Health Benefit Provision	64,706	65,634
Unearned Revenue - Dark Fiber Lease	252,813	270,313
Notes Payable:		
Banks	---	1,035,000
Electric Utility	9,523,335	35,327,000
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Total Non-Current Liabilities	9,996,639	36,961,447
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Net Position:		
Net Investment in Capital Assets	6,176,874	6,533,017
Unrestricted	(2,683,223)	(29,788,955)
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Total Net Position	3,493,651	(23,255,938)
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TOTAL LIABILITIES AND NET POSITION	<u>\$16,099,355</u>	<u>\$15,910,227</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,010,905	\$9,262,567
Advertising sales	38,273	272,729
Miscellaneous sources	12,951	161,354
Cash paid to/for:		
Suppliers	(380,257)	(4,959,859)
Employees payroll, taxes and benefits	(343,173)	(2,265,723)
Net cash flows from operating activities	<u>338,699</u>	<u>2,471,068</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(92,837)	(506,142)
Loan principal payments	---	(1,005,000)
Loan interest payments	---	(720,784)
Net cash flows from capital and related financing activities	<u>(92,837)</u>	<u>(2,231,926)</u>
Cash flows from investing activities:		
Interest received on investments	201	31,536
Mark to Market	---	---
Net cash flows from investing activities	<u>201</u>	<u>31,536</u>
Net increase in cash and investments	<u>246,063</u>	<u>270,678</u>
Cash and investments at beginning of period	<u>6,572,129</u>	<u>6,547,514</u>
Cash and investments at end of period	<u><u>\$6,818,192</u></u>	<u><u>\$6,818,192</u></u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$180,984	\$1,126,887
Noncash items in operating income:		
Converter/modem write-off	11,368	23,458
Depreciation of utility plant	137,647	1,173,032
Changes in assets and liabilities:		
Consumer accounts receivable	(14,851)	76,785
Inventories	19,706	44,627
Prepaid and deferred expenses	27,570	(72,809)
Accounts payable	17,848	4,800
Pension provision	(37,947)	151,788
Health & dental insurance provision	(12,906)	(87,897)
Other post-employment benefit provision	(15,824)	(6,345)
Unearned revenue	(1,458)	(22,846)
Accrued payroll	11,652	41,566
Accrued vacation	(2,687)	6,765
Accrued property taxes	1,028	3,684
Miscellaneous accrued expenses	16,569	7,573
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Net cash flows from operating activities	<u>\$338,699</u>	<u>\$2,471,068</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$333,531	\$351,865	\$313,381
Promotional Expense	1,583	550	625
Electricity Expense	2,583	2,681	2,630
Pole Attachment Expense	2,350	2,350	2,292
Changes of Service	1,509	1,102	1,546
Underground Line Expense	2,381	2,550	2,922
Ad Insertion - Marketing/Production	6,797	8,144	7,392
Miscellaneous CATV Expense	14,566	23,800	18,778
Vehicle Expense	5,907	3,735	4,683
Maintenance:			
Fiber	1,094	1,589	620
Coax	2,015	1,796	632
Drops	2,239	1,379	1,397
Conduit System	1,371	3,390	1,706
Headend	21,949	16,854	19,067
Line Equipment	4,980	3,301	3,912
Converters	6,548	3,069	3,657
Ad Insertion	3,788	4,056	4,276
Vacation, Holiday, Sick Leave	4,324	3,855	3,747
Property Taxes	677	677	733
Depreciation	95,080	81,657	111,937
Total CATV	515,272	518,400	505,933
<u>Data/Internet</u>			
Data/Internet Access Charges	23,437	26,115	25,779
Promotional Expense	1,583	616	651
Electricity Expense	87	92	90
Pole Attachment Expense	83	83	83
Changes of Service	75	472	662
Customer Wireless Equipment Expense	289	635	27
Underground Line Expense	81	87	100
Miscellaneous Data/Internet Expense	2,446	4,192	3,656
Vehicle Expense	844	457	569
Maintenance:			
Fiber	38	56	22
Coax	69	61	22
Drops	76	47	48
Conduit System	48	118	60
Headend	16,993	28,963	22,601
Line Equipment	218	118	133
Modems	5,133	5,695	4,731
Vacation, Holiday, Sick Leave	2,058	2,373	1,278
Property Taxes	24	24	26
Depreciation	24,402	24,511	23,680
Total Data/Internet	77,984	94,715	\$84,218

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$2,697,578	\$2,874,168	\$2,687,978
Promotional Expense	6,314	4,160	4,427
Electricity Expense	20,667	22,551	20,183
Pole Attachment Expense	18,800	18,800	18,333
Changes of Service	11,494	8,767	11,027
Underground Line Expense	18,809	21,027	18,683
Ad Insertion - Marketing/Production	53,843	62,026	50,077
Miscellaneous CATV Expense	111,788	116,623	86,868
Vehicle Expense	47,676	30,842	43,729
Maintenance:			
Fiber	8,358	5,862	9,493
Coax	15,333	8,578	10,533
Drops	17,349	11,435	13,297
Conduit System	9,652	12,190	10,596
Headend	175,193	142,031	155,369
Line Equipment	38,274	28,391	36,133
Converters	51,142	24,624	31,838
Ad Insertion	30,305	31,511	34,606
Vacation, Holiday, Sick Leave	42,157	43,281	36,271
Property Taxes	5,413	5,413	5,868
Depreciation	760,644	736,942	895,496
Total CATV	4,140,789	4,209,222	4,180,805
<u>Data/Internet</u>			
Data/Internet Access Charges	187,492	202,360	207,174
Promotional Expense	6,314	4,542	4,614
Electricity Expense	697	768	689
Pole Attachment Expense	667	667	667
Changes of Service	576	3,757	4,726
Customer Wireless Equipment Expense	2,264	1,332	230
Underground Line Expense	642	718	637
Miscellaneous Data/Internet Expense	19,192	23,405	20,982
Vehicle Expense	6,754	3,737	5,319
Maintenance:			
Fiber	292	205	1,258
Coax	523	293	360
Drops	592	390	455
Conduit System	337	425	370
Headend	137,260	206,882	218,686
Line Equipment	1,690	1,015	1,233
Modems	39,403	60,479	31,466
Vacation, Holiday, Sick Leave	20,406	22,676	14,710
Property Taxes	195	195	205
Depreciation	195,211	196,088	189,440
Total Data/Internet	\$620,507	\$729,934	\$703,221

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - August 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	92	249
Maintenance:			
Fiber	528	767	299
Conduit System	661	1,636	823
MAN/MME Equipment	8,923	3,392	6,132
Vacation, Holiday, Sick Leave	414	163	528
Property Taxes	327	327	354
Depreciation	21,655	22,555	20,425
Total MAN/MME	33,935	30,065	29,910
<u>Customer Service Expense</u>			
Customer Information Expense	4,717	1,676	3,651
<u>Consumer Accounts</u>			
Supervision	2,743	3,096	2,720
Consumer Records and Collections	43,139	41,856	42,681
Uncollectible Accounts Expense	1,796	1,796	3,627
Vacation, Holiday, Sick Leave	3,726	2,258	4,182
Total Consumer Accounts	51,404	49,006	53,210
<u>Administrative and General</u>			
Administrative and General Salaries	77,450	77,253	73,514
Office Supplies and Expense	4,427	3,858	4,290
Outside Services Employed	7,415	19,388	5,180
Property Insurance	1,282	1,172	1,186
Casualty Ins, Injuries & Damages	6,228	3,910	4,022
Employee Pensions and Benefits	85,604	67,740	77,424
Fringe Benefits Charges to Construction	(6,293)	(5,073)	(5,901)
Rents	9,482	9,482	9,206
Miscellaneous General Expense	19,619	19,100	22,485
Maintenance of General Plant	3,909	2,847	2,443
Vacation, Holiday, Sick Leave	9,028	6,668	5,715
Depreciation	10,646	8,924	8,661
Total Administrative and General	228,797	215,269	208,225
Total Operating Expenses	\$912,109	\$909,131	\$885,147

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN/MME</u>			
Pole Attachment Expense	\$9,067	\$9,067	\$8,800
Tools Expense	2,333	1,739	3,539
Maintenance:			
Fiber	4,033	2,882	4,581
Conduit System	4,657	5,882	5,113
MAN/MME Equipment	70,406	28,350	38,840
Vacation, Holiday, Sick Leave	4,141	3,406	4,306
Property Taxes	2,617	2,616	2,831
Depreciation	173,253	170,720	163,400
Total MAN/MME	270,507	224,662	231,410
<u>Customer Service Expense</u>			
Customer Information Expense	47,392	30,605	19,249
<u>Consumer Accounts</u>			
Supervision	21,323	22,716	21,211
Consumer Records and Collections	339,754	336,017	328,851
Uncollectible Accounts Expense	14,370	14,370	29,013
Vacation, Holiday, Sick Leave	36,548	37,005	40,816
Total Consumer Accounts	411,995	410,108	419,891
<u>Administrative and General</u>			
Administrative and General Salaries	606,036	579,736	573,341
Office Supplies and Expense	37,355	40,640	36,445
Outside Services Employed	70,814	135,748	71,843
Property Insurance	10,154	9,419	9,052
Casualty Ins, Injuries & Damages	50,451	60,956	50,750
Employee Pensions and Benefits	693,852	653,361	675,198
Fringe Benefits Charges to Construction	(48,166)	(34,844)	(49,942)
Rents	75,859	75,859	73,649
Miscellaneous General Expense	124,252	108,415	90,675
Maintenance of General Plant	33,671	28,831	25,315
Vacation, Holiday, Sick Leave	87,671	86,898	73,449
Depreciation	85,166	69,282	69,288
Total Administrative and General	1,827,115	1,814,301	1,699,063
Total Operating Expenses	\$7,318,305	\$7,418,832	\$7,253,639

Muscatine Power and Water - Communications Utility
Statistical Data
August 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	5,866	0.4	5,887	(5.0)	6,194
Commercial/Hospitality	<u>162</u>	1.9	<u>165</u>	1.9	<u>162</u>
Total CATV	<u>6,028</u>	0.4	<u>6,052</u>	(4.8)	<u>6,356</u>
Bulk Equivalent Services	<u>368</u>	1.1	<u>372</u>	(0.8)	<u>375</u>
Bulk Master Services	<u>22</u>	---	<u>22</u>	(4.3)	<u>23</u>
<u>Internet</u>					
Residential	7,106	2.3	7,269	4.9	6,927
Commercial	<u>439</u>	11.6	<u>490</u>	5.8	<u>463</u>
Total Internet	<u>7,545</u>	2.8	<u>7,759</u>	5.0	<u>7,390</u>
<u>MAN/MME</u>	<u>73</u>	11.0	<u>81</u>	17.4	<u>69</u>

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