

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

October 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 - October 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	\$556,392	7.2	\$596,185	(1.9)	\$608,040
Data/Internet	404,247	7.8	435,650	9.9	396,247
MAN/MME	54,109	(0.9)	53,604	15.6	46,364
Miscellaneous	11,078	28.1	14,195	28.3	11,064
Total Operating Revenues	<u>1,025,826</u>	7.2	<u>1,099,634</u>	3.6	<u>1,061,715</u>
<u>Operating Expense</u>					
Operation	671,484	7.0	718,557	10.8	648,546
Maintenance	82,072	(3.7)	79,032	3.3	76,500
Depreciation	151,784	(9.3)	137,647	(16.4)	164,703
Total Operating Expenses	<u>905,340</u>	3.3	<u>935,236</u>	5.1	<u>889,749</u>
Operating Income	<u>120,486</u>	36.4	<u>164,398</u>	(4.4)	<u>171,966</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	1,278	1.1X	2,699	(33.8)	4,078
Interest Expense	(8,221)	---	(8,220)	(92.7)	(111,910)
Net Nonoperating Expense	<u>(6,943)</u>	(20.5)	<u>(5,521)</u>	(94.9)	<u>(107,832)</u>
Net Income before Capital Contributions	113,543	39.9	158,877	1.5X	64,134
Capital Contributions	1,000	72.2	1,722	-2.1X	(1,538)
Prior Period Adj. GASB 68 Pension	---	---	(726,739)	---	---
Write Off - Loan from Electric	---	---	---	---	---
Change in Net Position	114,543		(566,140)		62,596
Beginning Net Position	<u>3,314,062</u>		<u>3,637,861</u>		<u>(23,170,684)</u>
Ending Net Position	<u>\$3,428,605</u>		<u>\$3,071,721</u>		<u>(\$23,108,088)</u>
Net Income to Operating Revenue	11.1		14.5		6.0
Debt Service Coverage on Bank Debt	3.03		3.37		3.71
Debt Service Coverage on Electric Utility Debt	4.18		4.89		2.40

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - October 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	\$5,557,522	6.2	\$5,903,563	(2.6)	\$6,063,834
Data/Internet	4,022,937	4.4	4,198,857	7.0	3,923,641
MAN/MME	539,822	(4.8)	513,712	15.6	444,238
Miscellaneous	110,637	14.9	127,160	8.4	117,344
Total Operating Revenues	<u>10,230,918</u>	5.0	<u>10,743,292</u>	1.8	<u>10,549,057</u>
<u>Operating Expense</u>					
Operation	6,815,711	4.2	7,099,200	8.1	6,567,187
Maintenance	801,211	(5.2)	759,184	(3.2)	784,213
Depreciation	1,517,843	(4.6)	1,448,326	(12.1)	1,647,030
Total Operating Expenses	<u>9,134,765</u>	1.9	<u>9,306,710</u>	3.4	<u>8,998,430</u>
Operating Income	<u>1,096,153</u>	31.1	<u>1,436,582</u>	(7.4)	<u>1,550,627</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	12,419	1.2X	26,969	(31.6)	39,435
Interest Expense	(82,210)	---	(82,204)	(92.7)	(1,119,102)
Net Nonoperating Expense	<u>(69,791)</u>	(20.9)	<u>(55,235)</u>	(94.9)	<u>(1,079,667)</u>
Net Income before Capital Contributions	1,026,362	34.6	1,381,347	1.9X	470,960
Capital Contributions	10,000	1.5X	24,870	1.5	24,506
Prior Period Adj. GASB 68 Pension	---	---	(726,739)	---	---
Write Off - Loan from Electric	25,327,000	---	25,327,000	---	---
Change in Net Position	26,363,362		26,006,478		495,466
Beginning Net Position	<u>(22,934,757)</u>		<u>(22,934,757)</u>		<u>(23,603,554)</u>
Ending Net Position	<u>\$3,428,605</u>		<u>\$3,071,721</u>		<u>(\$23,108,088)</u>
Net Income (Loss) to Operating Revenue	10.0		12.9		4.5
Debt Service Coverage on Bank Debt	2.91		3.22		3.53
Debt Service Coverage on Electric Utility Debt	3.93		4.58		2.23

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

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$6,416,597	\$3,954,546
Investments	780,711	2,152,000
Receivables:		
Consumer Accounts	1,292,880	1,203,014
Interest	26,027	37,438
Inventories	184,297	235,262
Prepaid Expenses	90,897	77,172
	<u>8,791,409</u>	<u>7,659,432</u>
Total Unrestricted Current Assets		
<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>8,791,441</u>	<u>7,659,459</u>
Property and Equipment:		
At Cost	33,339,207	32,890,169
Less Accumulated Depreciation	<u>25,688,483</u>	<u>24,406,527</u>
Net Property and Equipment	<u>7,650,724</u>	<u>8,483,642</u>
Deferred Outflows of Resources - Pension		
Changes of Assumptions	425,212	---
Difference between projected and actual earnings on pension plan	88,477	---
Contributions subsequent to measurement date	<u>201,386</u>	<u>---</u>
Total Deferred Outflows of Resources - Pension	<u>715,075</u>	<u>---</u>
TOTAL ASSETS	<u><u>\$17,157,240</u></u>	<u><u>\$16,143,101</u></u>

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

LIABILITIES AND NET POSITION

	<u>2015</u>	<u>2014</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accrued Interest	\$16,667	\$415,680
Accounts Payable	626,820	490,550
Pension Provision	---	34,922
Health & Dental Insurance Provision	47,710	37,700
Accrued Payroll	55,481	52,783
Accrued Vacation	151,727	138,529
Accrued Property Taxes	7,096	4,452
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	117,443	63,038
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	1,040,444	1,255,154
	<hr/>	<hr/>
<u>Payable from Restricted Assets</u>		
Notes Payable:		
Banks	1,035,000	1,005,000
Electric Utility	476,665	---
Accrued Interest	16,215	31,960
	<hr/>	<hr/>
Total Payable from Restricted Assets	1,527,880	1,036,960
	<hr/>	<hr/>
Total Current Liabilities	2,568,324	2,292,114
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	159,577	261,336
Post-Employment Health Benefit Provision	64,706	68,343
Unearned Revenue - Dark Fiber Lease	249,896	267,396
Net Pension Liability	1,418,315	---
Notes Payable:		
Banks	---	1,035,000
Electric Utility	9,523,335	35,327,000
	<hr/>	<hr/>
Total Non-Current Liabilities	11,415,829	36,959,075
	<hr/>	<hr/>
Deferred Inflows of Resources - Pension	101,366	---
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	6,139,059	6,443,642
Restricted	715,075	---
Unrestricted	(3,782,413)	(29,551,730)
	<hr/>	<hr/>
Total Net Position	3,071,721	(23,108,088)
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TOTAL LIABILITIES AND NET POSITION	<u>\$17,157,240</u>	<u>\$16,143,101</u>

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

	<u>Current</u> <u>Month</u>	<u>Year-</u> <u>To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,038,054	\$10,202,523
Advertising sales	32,176	340,207
Miscellaneous sources	10,575	184,794
Cash paid to/for:		
Suppliers	(457,419)	(4,716,354)
Employees payroll, taxes and benefits	(345,243)	(3,044,004)
	<hr/>	<hr/>
Net cash flows from operating activities	278,143	2,967,166
Cash flows from capital and related financing activities:		
Capital expenditures, net	(43,604)	(623,514)
Loan principal payments	---	(1,005,000)
Loan interest payments	---	(720,784)
	<hr/>	<hr/>
Net cash flows from capital and related financing activities	(43,604)	(2,349,298)
Cash flows from investing activities:		
Interest received on investments	218	31,958
Mark to Market	---	---
	<hr/>	<hr/>
Net cash flows from investing activities	218	31,958
Net increase in cash and investments	<hr/>	<hr/>
	234,757	649,826
Cash and investments at beginning of period	<hr/>	<hr/>
	6,962,583	6,547,514
Cash and investments at end of period	<hr/> <hr/>	<hr/> <hr/>
	\$7,197,340	\$7,197,340

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
October 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	\$164,398	\$1,436,582
Noncash items in operating income:		
Converter/modem write-off	5,819	29,286
Depreciation of utility plant	137,647	1,448,326
Changes in deferred inflows of resources - pension	101,366	101,366
Changes in assets and liabilities:		
Consumer accounts receivable	(16,214)	14,655
Inventories	9,404	56,678
Prepaid and deferred expenses	30,849	(19,325)
Accounts payable	11,256	27,280
Net pension liability	(137,339)	(23,498)
Health & dental insurance provision	(7,758)	(84,105)
Other post-employment benefit provision	---	(6,345)
Unearned revenue	(1,458)	(25,763)
Accrued payroll	22,655	(20,754)
Accrued vacation	2,614	14,800
Accrued property taxes	231	(3,609)
Miscellaneous accrued expenses	(45,327)	21,592
	<u>\$278,143</u>	<u>\$2,967,166</u>
Net cash flows from operating activities	<u>\$278,143</u>	<u>\$2,967,166</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$333,499	\$349,967	\$321,741
Promotional Expense	534	2,684	890
Electricity Expense	2,583	2,707	2,721
Pole Attachment Expense	2,350	2,350	2,292
Changes of Service	1,461	1,524	1,042
Underground Line Expense	2,336	2,782	2,412
Ad Insertion - Marketing/Production	6,797	8,052	9,691
Miscellaneous CATV Expense	13,992	15,312	10,532
Vehicle Expense	5,907	4,107	4,709
Maintenance:			
Fiber	1,048	190	2,448
Coax	1,866	1,135	173
Drops	2,116	2,324	1,238
Conduit System	1,332	2,791	1,909
Headend	21,811	16,993	18,330
Line Equipment	4,898	2,944	7,316
Converters	6,489	3,345	4,692
Ad Insertion	3,823	8,380	4,002
Vacation, Holiday, Sick Leave	4,324	6,209	4,373
Property Taxes	677	153	734
Depreciation	95,080	81,657	111,937
Total CATV	512,923	515,606	513,182
<u>Data/Internet</u>			
Data/Internet Access Charges	23,437	26,112	31,049
Promotional Expense	534	623	896
Electricity Expense	87	93	93
Pole Attachment Expense	83	83	83
Changes of Service	73	653	447
Customer Wireless Equipment Expense	289	---	48
Underground Line Expense	80	95	82
Miscellaneous Data/Internet Expense	2,424	7,126	3,513
Vehicle Expense	844	502	567
Maintenance:			
Fiber	37	7	77
Coax	64	38	6
Drops	72	79	42
Conduit System	47	98	67
Headend	19,511	24,854	21,576
Line Equipment	215	106	250
Modems	4,979	5,166	3,760
Vacation, Holiday, Sick Leave	2,058	5,070	1,232
Property Taxes	24	5	26
Depreciation	24,401	24,511	23,680
Total Data/Internet	79,259	95,221	\$87,494

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$3,362,419	\$3,573,178	\$3,327,129
Promotional Expense	7,382	7,337	5,896
Electricity Expense	25,833	27,212	25,424
Pole Attachment Expense	23,500	23,500	22,917
Changes of Service	14,362	11,410	13,094
Underground Line Expense	23,527	26,695	23,703
Ad Insertion - Marketing/Production	67,437	77,427	67,264
Miscellaneous CATV Expense	139,829	148,678	105,251
Vehicle Expense	59,578	39,702	52,640
Maintenance:			
Fiber	10,453	6,673	12,751
Coax	19,190	10,937	13,021
Drops	21,729	16,558	15,094
Conduit System	12,315	16,579	13,382
Headend	219,070	175,799	190,405
Line Equipment	48,174	38,736	47,108
Converters	64,121	30,610	39,832
Ad Insertion	37,916	44,071	42,779
Vacation, Holiday, Sick Leave	52,918	55,497	47,458
Property Taxes	6,767	3,097	4,857
Depreciation	950,805	900,256	1,119,370
Total CATV	5,167,325	5,233,952	5,189,375
<u>Data/Internet</u>			
Data/Internet Access Charges	234,365	254,587	263,026
Promotional Expense	7,382	5,686	6,096
Electricity Expense	871	927	868
Pole Attachment Expense	833	833	833
Changes of Service	720	4,890	5,612
Customer Wireless Equipment Expense	2,842	1,074	279
Underground Line Expense	803	911	809
Miscellaneous Data/Internet Expense	24,021	34,251	26,302
Vehicle Expense	8,442	4,820	6,394
Maintenance:			
Fiber	365	233	1,363
Coax	655	372	445
Drops	742	565	516
Conduit System	430	579	467
Headend	173,762	257,857	270,538
Line Equipment	2,124	1,379	1,607
Modems	49,408	73,494	40,334
Vacation, Holiday, Sick Leave	25,619	31,505	17,945
Property Taxes	244	115	169
Depreciation	244,014	245,110	236,800
Total Data/Internet	\$777,642	\$919,188	\$880,403

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - October 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	308	11
Maintenance:			
Fiber	505	92	1,068
Conduit System	643	1,347	921
MAN/MME Equipment	8,774	4,802	4,840
Vacation, Holiday, Sick Leave	397	409	578
Property Taxes	327	74	354
Depreciation	21,657	22,555	20,425
Total MAN/MME	33,728	30,720	29,297
<u>Customer Service Expense</u>			
Customer Information Expense	6,998	14,266	3,706
<u>Consumer Accounts</u>			
Supervision	2,694	2,654	2,290
Consumer Records and Collections	43,108	44,457	44,053
Uncollectible Accounts Expense	1,796	1,796	3,627
Vacation, Holiday, Sick Leave	3,726	3,413	5,293
Total Consumer Accounts	51,324	52,320	55,263
<u>Administrative and General</u>			
Administrative and General Salaries	77,401	85,352	81,118
Office Supplies and Expense	4,473	3,708	8,310
Outside Services Employed	7,415	6,245	5,269
Property Insurance	1,282	1,172	1,186
Casualty Ins, Injuries & Damages	6,438	7,364	4,690
Employee Pensions and Benefits	85,212	86,178	71,731
Fringe Benefits Charges to Construction	(5,960)	(4,611)	(9,320)
Rents	9,482	9,482	9,206
Miscellaneous General Expense	11,826	10,760	9,281
Maintenance of General Plant	3,842	4,341	3,785
Vacation, Holiday, Sick Leave	9,051	8,188	6,890
Depreciation	10,646	8,924	8,661
Total Administrative and General	221,108	227,103	200,807
Total Operating Expenses	\$905,340	\$935,236	\$889,749

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

	Budget Estimate	This Year	Last Year
<u>MAN/MME</u>			
Pole Attachment Expense	\$11,333	\$11,333	\$11,000
Tools Expense	2,917	2,049	3,586
Maintenance:			
Fiber	5,044	3,273	6,040
Conduit System	5,942	8,000	6,457
MAN/MME Equipment	88,108	37,746	48,860
Vacation, Holiday, Sick Leave	5,191	4,376	5,729
Property Taxes	3,271	1,500	2,344
Depreciation	216,567	215,830	204,250
Total MAN/MME	338,373	284,107	288,266
<u>Customer Service Expense</u>			
Customer Information Expense	59,900	47,255	25,065
<u>Consumer Accounts</u>			
Supervision	26,761	27,582	26,454
Consumer Records and Collections	426,015	425,944	413,817
Uncollectible Accounts Expense	17,962	17,963	36,266
Vacation, Holiday, Sick Leave	45,879	45,192	51,744
Total Consumer Accounts	516,617	516,681	528,281
<u>Administrative and General</u>			
Administrative and General Salaries	760,842	742,660	726,824
Office Supplies and Expense	46,385	48,770	49,463
Outside Services Employed	85,644	148,446	83,423
Property Insurance	12,718	11,763	11,425
Casualty Ins, Injuries & Damages	63,117	116,872	52,919
Employee Pensions and Benefits	864,774	824,216	820,081
Fringe Benefits Charges to Construction	(60,445)	(43,996)	(65,917)
Rents	94,823	94,823	92,062
Miscellaneous General Expense	148,842	128,695	105,905
Maintenance of General Plant	41,663	35,723	33,214
Vacation, Holiday, Sick Leave	110,088	110,425	91,031
Depreciation	106,457	87,130	86,610
Total Administrative and General	2,274,908	2,305,527	2,087,040
Total Operating Expenses	\$9,134,765	\$9,306,710	\$8,998,430

Muscatine Power and Water - Communications Utility
Statistical Data
October 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	5,840	0.1	5,846	(5.1)	6,160
Commercial/Hospitality	<u>164</u>	(2.4)	<u>160</u>	(2.4)	<u>164</u>
Total CATV	<u><u>6,004</u></u>	0.0	<u><u>6,006</u></u>	(5.0)	<u><u>6,324</u></u>
Bulk Equivalent Services	<u>368</u>	1.1	<u>372</u>	(0.8)	<u>375</u>
Bulk Master Services	<u><u>22</u></u>	---	<u><u>22</u></u>	(4.3)	<u><u>23</u></u>
<u>Internet</u>					
Residential	7,117	3.1	7,336	5.1	6,978
Commercial	<u>441</u>	12.0	<u>494</u>	6.0	<u>466</u>
Total Internet	<u><u>7,558</u></u>	3.6	<u><u>7,830</u></u>	5.2	<u><u>7,444</u></u>
<u>MAN/MME</u>	<u><u>73</u></u>	12.3	<u><u>82</u></u>	12.3	<u><u>73</u></u>

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