

**Muscatine Power and Water**

**Communications Utility**

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

**July 2016**



**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 - July 2016**

	<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>
<b><u>Operating Revenue</u></b>					
CATV	\$584,152	1.2	\$591,343	0.1	\$590,718
Data/Internet	444,988	4.1	463,348	8.6	426,591
MME	51,000	4.4	53,246	1.9	52,245
Miscellaneous	11,370	(1.2)	11,235	(19.1)	13,884
<b>Total Operating Revenues</b>	<u>1,091,510</u>	2.5	<u>1,119,172</u>	3.3	<u>1,083,438</u>
<b><u>Operating Expense</u></b>					
Operation	712,183	(1.1)	704,103	1.0	697,225
Maintenance	85,014	(10.9)	75,788	(8.2)	82,558
Depreciation	148,771	(6.3)	139,329	1.2	137,647
<b>Total Operating Expenses</b>	<u>945,968</u>	(2.8)	<u>919,220</u>	0.2	<u>917,430</u>
<b>Operating Income</b>	<u>145,542</u>	37.4	<u>199,952</u>	20.4	<u>166,008</u>
<b><u>Nonoperating Revenue (Expense)</u></b>					
Interest Income	942	1.7X	2,569	(4.8)	2,699
Interest Expense	(27,718)	(85.7)	(3,968)	(51.7)	(8,220)
<b>Net Nonoperating Expense</b>	<u>(26,776)</u>	(94.8)	<u>(1,399)</u>	(74.7)	<u>(5,521)</u>
<b>Net Income before Capital Contributions</b>	118,766	67.2	198,553	23.7	160,487
Capital Contributions	2,000	(15.3)	1,694	(1.6)	1,722
Write Off - Loan from Electric	---	---	---	---	---
<b>Change in Net Position</b>	120,766		200,247		162,209
<b>Beginning Net Position</b>	<u>4,185,787</u>		<u>4,493,161</u>		<u>3,154,288</u>
<b>Ending Net Position</b>	<u>\$4,306,553</u>		<u>\$4,693,408</u>		<u>\$3,316,497</u>
Net Income to Operating Revenue	10.9		17.7		14.8
Debt Service Coverage on Bank Debt	5.83		---		3.39
Debt Service Coverage on Electric Utility Debt	5.57		7.79		4.92

**Muscatine Power and Water - Communications Utility**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Calendar Year-to-Date - July 2016**

	<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	\$4,059,001	1.3	\$4,113,482	0.1	\$4,111,319
Data/Internet	3,097,485	2.7	3,180,842	9.4	2,907,741
MME	357,000	4.1	371,813	5.3	353,100
Miscellaneous	79,440	(4.4)	75,982	(8.9)	83,445
Total Operating Revenues	<u>7,592,926</u>	2.0	<u>7,742,119</u>	3.8	<u>7,455,605</u>
<b><u>Operating Expense</u></b>					
Operation	4,979,373	0.4	5,000,791	1.0	4,953,194
Maintenance	577,964	(4.1)	554,279	6.4	521,123
Depreciation	1,041,392	(6.3)	975,303	(5.8)	1,035,385
Total Operating Expenses	<u>6,598,729</u>	(1.0)	<u>6,530,373</u>	0.3	<u>6,509,702</u>
Operating Income	<u>994,197</u>	21.9	<u>1,211,746</u>	28.1	<u>945,903</u>
<b><u>Nonoperating Revenue (Expense)</u></b>					
Interest Income	7,587	55.9	11,825	(37.8)	18,996
Interest Expense	(194,026)	(85.7)	(27,776)	(51.7)	(57,543)
Net Nonoperating Expense	<u>(186,439)</u>	(91.4)	<u>(15,951)</u>	(58.6)	<u>(38,547)</u>
<b>Net Income before Capital Contributions</b>	807,758	48.0	1,195,795	31.8	907,356
Capital Contributions	14,000	(8.4)	12,818	(24.1)	16,898
Write Off - Loan from Electric	---	---	---	---	25,327,000
<b>Change in Net Position</b>	821,758		1,208,613		26,251,254
<b>Beginning Net Position</b>	<u>3,484,795</u>		<u>3,484,795</u>		<u>(22,934,757)</u>
<b>Ending Net Position</b>	<u>\$4,306,553</u>		<u>\$4,693,408</u>		<u>\$3,316,497</u>
Net Income (Loss) to Operating Revenue	10.6		15.5		12.2
Debt Service Coverage on Bank Debt	5.77		---		3.16
Debt Service Coverage on Electric Utility Debt	5.50		7.16		4.45

**Muscatine Power and Water - Communications Utility**  
**Statements of Net Position**  
**July 2016**

**ASSETS**

	<u>2016</u>	<u>2015</u>
<b>Current Assets:</b>		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$3,432,158	\$5,791,386
Investments	4,000,000	780,711
Receivables:		
Consumer Accounts	1,313,547	1,215,899
Interest	10,346	18,677
Inventories	150,902	216,054
Prepaid Expenses	188,158	171,951
	<u>9,095,111</u>	<u>8,194,678</u>
<b>Total Unrestricted Current Assets</b>		
<u>Restricted Assets</u>		
Cash - interest bearing	<u>6</u>	<u>32</u>
	<u>6</u>	<u>32</u>
<b>Total Restricted Current Assets</b>		
	<u>9,095,117</u>	<u>8,194,710</u>
<b>Total Current Assets</b>		
<b>Property and Equipment:</b>		
At Cost	34,223,466	33,105,668
Less Accumulated Depreciation	<u>26,678,900</u>	<u>25,356,387</u>
<b>Net Property and Equipment</b>	<u>7,544,566</u>	<u>7,749,281</u>
<b>Deferred Outflows of Resources - Pension</b>		
Changes of Assumptions	425,212	---
Difference between projected and actual earnings on pension plan	88,477	---
Contributions subsequent to measurement date	<u>466,961</u>	<u>---</u>
<b>Total Deferred Outflows of Resources - Pension</b>	<u>980,650</u>	<u>---</u>
<b>TOTAL ASSETS</b>	<u><u>\$17,620,333</u></u>	<u><u>\$15,943,991</u></u>

**Muscatine Power and Water - Communications Utility**  
**Statements of Net Position**  
**July 2016**

**LIABILITIES AND NET POSITION**

	<u>2016</u>	<u>2015</u>
<b>Current Liabilities:</b>		
<b><u>Payable from Unrestricted Assets</u></b>		
Accrued Interest	3,968	\$4,167
Accounts Payable	736,430	473,093
Pension Provision	---	189,735
Health & Dental Insurance Provision	53,060	47,710
Retained Percentage on Contracts	671	---
Accrued Payroll	102,382	106,149
Accrued Vacation	173,800	146,379
Accrued Property Taxes	8,190	13,361
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	120,577	86,855
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	1,216,578	1,084,949
	<hr/>	<hr/>
<b><u>Payable from Restricted Assets</u></b>		
Notes Payable:		
Banks	---	1,035,000
Electric Utility	479,048	476,665
Accrued Interest	---	4,053
	<hr/>	<hr/>
Total Payable from Restricted Assets	479,048	1,515,718
	<hr/>	<hr/>
Total Current Liabilities	1,695,626	2,600,667
	<hr/>	<hr/>
<b>Non-Current Liabilities:</b>		
Health & Dental Insurance Provision	110,341	168,691
Post-Employment Health Benefit Provision	67,654	80,530
Unearned Revenue - Dark Fiber Lease	236,771	254,271
Net Pension Liability	1,670,880	---
Notes Payable:		
Electric Utility	9,044,287	9,523,335
	<hr/>	<hr/>
Total Non-Current Liabilities	11,129,933	10,026,827
	<hr/>	<hr/>
<b>Deferred Inflows of Resources - Pension</b>	101,366	---
	<hr/>	<hr/>
<b>Net Position:</b>		
Net Investment in Capital Assets	7,065,518	6,237,616
Restricted	980,650	---
Unrestricted	(3,352,760)	(2,921,119)
	<hr/>	<hr/>
Total Net Position	4,693,408	3,316,497
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$17,620,333</u>	<u>\$15,943,991</u>

**Muscatine Power and Water - Communications Utility**  
**Statements of Cash Flows**  
**July 2016**

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,035,740	\$7,450,845
Advertising sales	33,412	299,572
Miscellaneous sources	9,429	76,072
Cash paid to/for:		
Suppliers	(349,299)	(3,149,981)
Employees payroll, taxes and benefits	(306,238)	(2,166,542)
Net cash flows from operating activities	<u>423,044</u>	<u>2,509,966</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(184,120)	(1,028,721)
Loan principal payments	---	---
Loan interest payments	---	(23,808)
Net cash flows from capital and related financing activities	<u>(184,120)</u>	<u>(1,052,529)</u>
Cash flows from investing activities:		
Interest received on investments	230	16,337
Mark to Market	---	---
Net cash flows from investing activities	<u>230</u>	<u>16,337</u>
Net increase in cash and investments	<u>239,154</u>	<u>1,473,774</u>
Cash and investments at beginning of period	<u>7,193,010</u>	<u>5,958,390</u>
Cash and investments at end of period	<u><u>\$7,432,164</u></u>	<u><u>\$7,432,164</u></u>

**Muscatine Power and Water - Communications Utility**  
**Statements of Cash Flows**  
**July 2016**

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$199,952	\$1,211,746
Noncash items in operating income:		
Converter/modem write-off	---	18,277
Depreciation of utility plant	139,329	975,303
Change in deferred inflows of resources - pension	---	---
Change in deferred outflows of resources - pension	(43,773)	(131,318)
Changes in assets and liabilities:		
Consumer accounts receivable	(37,574)	23,385
Inventories	6,103	48,924
Prepaid and deferred expenses	22,838	(56,032)
Accounts payable	107,920	272,223
Net pension liability	28,103	196,720
Health & dental insurance provision	14,362	(33,896)
Other post-employment benefit provision	421	2,948
Unearned revenue	(1,458)	(10,906)
Retained percentage on contracts	370	671
Accrued payroll	12,410	8,583
Accrued vacation	2,561	20,401
Accrued property taxes	630	630
Miscellaneous accrued expenses	(29,150)	(37,693)
	<u>\$423,044</u>	<u>\$2,509,966</u>
Net cash flows from operating activities	<u>\$423,044</u>	<u>\$2,509,966</u>

**Muscatine Power and Water - Communications Utility**  
**Summary of Expenses**  
**Current Month - July 2016**

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b>CATV</b>			
Program Acquisition Expense (751-758)	\$353,503	\$351,567	\$351,105
Promotional Expense (960)	1,034	1,070	649
Electricity Expense (736)	2,417	2,392	2,679
Pole Attachment Expense (715)	1,967	1,967	2,350
Changes of Service (742)	971	1,463	1,060
Underground Line Expense (743)	2,468	2,490	2,999
Ad Insertion - Marketing/Production (964, 965)	8,130	6,894	6,233
Miscellaneous CATV Expense (710, 738, 739)	13,619	15,530	17,644
Vehicle Expense (760)	6,063	6,545	4,208
Maintenance:			
Fiber (711)	982	1,315	1,106
Coax (712)	1,368	1,832	748
Drops (713)	1,874	1,384	1,208
Conduit System (714)	1,241	1,124	1,741
Headend (721-725)	21,053	15,965	17,817
Line Equipment (731-735)	4,480	5,899	3,509
Converters (741)	5,425	2,078	3,255
Ad Insertion (966)	3,037	4,035	(4,327)
Vacation, Holiday, Sick Leave (799)	6,522	6,665	7,203
Property Taxes (794)	596	365	677
Depreciation (793)	89,240	82,721	81,657
<b>Total CATV</b>	<b>525,990</b>	<b>513,301</b>	<b>503,521</b>
<b>Data/Internet</b>			
Data/Internet Access Charges (851-853)	25,575	25,741	26,229
Promotional Expense (961)	1,034	1,106	635
Electricity Expense (836)	433	422	92
Pole Attachment Expense (837)	346	346	83
Changes of Service (842)	171	258	454
Customer Wireless Equipment Expense (846)	300	---	---
Underground Line Expense (843)	113	440	102
Miscellaneous Data/Internet Expense (839, 844, 848)	4,516	4,509	2,652
Vehicle Expense (860)	844	798	507
Maintenance:			
Fiber (811)	170	231	39
Coax (813)	241	323	26
Drops (814)	331	244	41
Conduit System (816)	153	198	61
Headend (820, 821)	25,590	27,102	31,475
Line Equipment (831-835)	817	759	126
Modems (841)	4,908	4,725	16,684
Vacation, Holiday, Sick Leave (879)	3,252	2,979	4,816
Property Taxes (894)	105	65	24
Depreciation (893)	24,808	25,111	24,511
<b>Total Data/Internet</b>	<b>93,707</b>	<b>95,357</b>	<b>108,557</b>

**Muscatine Power and Water - Communications Utility**  
**Summary of Expenses**  
**Calendar Year-to-Date - July 2016**

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>CATV</u></b>			
Program Acquisition Expense (751-758)	\$2,510,770	\$2,496,922	\$2,522,303
Promotional Expense (960)	4,736	4,825	3,610
Electricity Expense (736)	16,917	16,624	19,870
Pole Attachment Expense (715)	13,771	13,769	16,450
Changes of Service (742)	6,777	10,497	7,665
Underground Line Expense (743)	17,076	14,098	18,478
Ad Insertion - Marketing/Production (964, 965)	56,583	46,129	53,882
Miscellaneous CATV Expense (710, 738, 739)	92,226	110,285	92,823
Vehicle Expense (760)	42,239	38,972	27,107
Maintenance:			
Fiber (711)	6,307	7,237	4,273
Coax (712)	8,212	5,628	6,782
Drops (713)	12,129	14,043	10,056
Conduit System (714)	7,292	5,598	8,800
Headend (721-725)	145,196	122,491	125,177
Line Equipment (731-735)	30,623	38,197	25,090
Converters (741)	36,898	14,585	21,555
Ad Insertion (966)	21,208	34,098	27,455
Vacation, Holiday, Sick Leave (799)	38,539	36,128	39,425
Property Taxes (794)	4,170	2,556	4,737
Depreciation (793)	624,677	579,047	655,285
<b>Total CATV</b>	<b>3,696,346</b>	<b>3,611,729</b>	<b>3,690,823</b>
<b><u>Data/Internet</u></b>			
Data/Internet Access Charges (851-853)	179,025	182,420	176,245
Promotional Expense (961)	4,736	5,117	3,926
Electricity Expense (836)	3,033	2,798	676
Pole Attachment Expense (837)	2,422	2,422	583
Changes of Service (842)	1,196	1,852	3,285
Customer Wireless Equipment Expense (846)	2,013	---	696
Underground Line Expense (843)	780	2,488	631
Miscellaneous Data/Internet Expense (839, 844, 848)	30,504	44,631	19,213
Vehicle Expense (860)	5,910	4,729	3,281
Maintenance:			
Fiber (811)	1,089	1,273	149
Coax (813)	1,449	993	232
Drops (814)	2,140	2,478	343
Conduit System (816)	941	984	307
Headend (820, 821)	177,096	202,300	177,920
Line Equipment (831-835)	5,592	6,458	896
Modems (841)	32,931	37,465	54,784
Vacation, Holiday, Sick Leave (879)	19,109	18,775	20,303
Property Taxes (894)	738	452	171
Depreciation (893)	173,654	175,777	171,577
<b>Total Data/Internet</b>	<b>\$644,358</b>	<b>\$693,412</b>	<b>\$635,218</b>

**Muscatine Power and Water - Communications Utility**  
**Summary of Expenses**  
**Current Month - July 2016**

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>MME</u></b>			
Pole Attachment Expense (838)	\$1,079	\$1,179	\$1,133
Tools Expense (845)	208	7	206
Maintenance:			
Fiber (812)	541	721	534
Conduit System (817)	654	616	840
MME Equipment (818, 819)	6,168	3,128	3,917
Vacation, Holiday, Sick Leave (899)	411	375	379
Property Taxes (896)	327	200	327
Depreciation (840)	24,851	21,854	22,555
Total MAN/MME	<u>34,239</u>	<u>28,080</u>	<u>29,891</u>
<b><u>Customer Service Expense</u></b>			
Customer Information Expense (909)	<u>3,205</u>	<u>1,465</u>	<u>3,689</u>
<b><u>Consumer Accounts</u></b>			
Supervision (901)	2,723	2,799	2,654
Consumer Records and Collections (903)	45,871	42,711	43,608
Uncollectible Accounts Expense (904)	1,519	1,519	1,796
Vacation, Holiday, Sick Leave (906)	6,176	6,038	6,788
Total Consumer Accounts	<u>56,289</u>	<u>53,067</u>	<u>54,846</u>
<b><u>Administrative and General</u></b>			
Administrative and General Salaries (920)	77,936	72,521	74,639
Office Supplies and Expense (921)	4,345	3,222	3,628
Outside Services Employed (923)	7,605	14,812	5,303
Property Insurance (924)	1,302	1,132	1,172
Casualty Ins, Injuries & Damages (925)	6,307	9,283	5,762
Employee Pensions and Benefits (926)	87,546	83,529	84,454
Fringe Benefits Charges to Construction (927)	(6,023)	(5,040)	(5,490)
Rents (931)	9,375	9,375	9,483
Miscellaneous General Expense (930)	13,601	11,467	11,979
Maintenance of General Plant (932)	5,981	4,109	3,758
Vacation, Holiday, Sick Leave (936)	14,691	13,897	13,314
Depreciation (933)	9,872	9,643	8,924
Total Administrative and General	<u>232,538</u>	<u>227,950</u>	<u>216,926</u>
Total Operating Expenses	<u><u>\$945,968</u></u>	<u><u>\$919,220</u></u>	<u><u>\$917,430</u></u>

**Muscatine Power and Water - Communications Utility**  
**Summary of Expenses**  
**Calendar Year-to-Date - July 2016**

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<b><u>MME</u></b>			
Pole Attachment Expense (838)	\$7,551	\$8,053	\$7,933
Tools Expense (845)	1,458	494	1,647
Maintenance:			
Fiber (812)	3,479	3,968	2,115
Conduit System (817)	3,863	3,069	4,247
MME Equipment (818, 819)	41,905	28,427	24,958
Vacation, Holiday, Sick Leave (899)	2,359	2,067	3,243
Property Taxes (896)	2,290	1,402	2,290
Depreciation (840)	173,955	152,978	148,165
<b>Total MAN/MME</b>	<b>236,860</b>	<b>200,458</b>	<b>194,598</b>
<b><u>Customer Service Expense</u></b>			
Customer Information Expense (909)	24,288	11,925	28,929
<b><u>Consumer Accounts</u></b>			
Supervision (901)	18,583	18,940	19,619
Consumer Records and Collections (903)	320,960	308,782	294,162
Uncollectible Accounts Expense (904)	10,630	10,633	12,574
Vacation, Holiday, Sick Leave (906)	36,227	36,215	34,747
<b>Total Consumer Accounts</b>	<b>386,400</b>	<b>374,570</b>	<b>361,102</b>
<b><u>Administrative and General</u></b>			
Administrative and General Salaries (920)	531,252	535,745	502,483
Office Supplies and Expense (921)	34,917	25,466	36,782
Outside Services Employed (923)	53,161	73,201	116,360
Property Insurance (924)	8,907	8,044	8,247
Casualty Ins, Injuries & Damages (925)	43,070	96,438	57,046
Employee Pensions and Benefits (926)	614,683	616,159	585,621
Fringe Benefits Charges to Construction (927)	(40,452)	(32,803)	(29,771)
Rents (931)	65,625	65,625	66,377
Miscellaneous General Expense (930)	103,989	77,320	89,315
Maintenance of General Plant (932)	39,614	24,987	25,984
Vacation, Holiday, Sick Leave (936)	86,605	80,596	80,230
Depreciation (933)	69,106	67,501	60,358
<b>Total Administrative and General</b>	<b>1,610,477</b>	<b>1,638,279</b>	<b>1,599,032</b>
<b>Total Operating Expenses</b>	<b>\$6,598,729</b>	<b>\$6,530,373</b>	<b>\$6,509,702</b>

**Muscatine Power and Water - Communications Utility**  
**Statistical Data**  
**July 2016**

	<u>Budget</u> <u>Estimate</u>	<u>% Increase</u> <u>(Decrease)</u> <u>From Budget</u>	<u>This Year</u> <sup>fn1</sup>	<u>% Increase</u> <u>(Decrease)</u> <u>Fr. Last Yr.</u>	<u>Last Year</u> <sup>fn1</sup>
<b><u>Services</u></b>					
<b><u>CATV</u></b>					
Residential	5,626	(0.5)	5,596	(5.2)	5,905
Commercial/Hospitality	<u>155</u>	1.9	<u>158</u>	(4.8)	<u>166</u>
Total CATV	<u><u>5,781</u></u>	(0.5)	<u><u>5,754</u></u>	(5.2)	<u><u>6,071</u></u>
Bulk Equivalent Services	<u>368</u>	(3.3)	<u>356</u>	(6.3)	<u>380</u>
Bulk Master Services	<u>24</u>	(8.3)	<u>22</u>	---	<u>22</u>
<b><u>Internet</u></b>					
Residential	7,512	1.8	7,644	5.4	7,249
Commercial	<u>441</u>	12.2	<u>495</u>	5.5	<u>469</u>
Total Internet	<u><u>7,953</u></u>	2.3	<u><u>8,139</u></u>	5.5	<u><u>7,718</u></u>
<b><u>MME</u></b>	<u><u>80</u></u>	---	<u><u>80</u></u>	---	<u><u>80</u></u>

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