

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

August 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 - August 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>
<u>Operating Revenue</u>					
CATV	\$581,200	1.1	\$587,335	(1.9)	\$598,447
Data/Internet	445,694	4.4	465,510	9.0	426,922
MME	51,000	1.4	51,724	(3.2)	53,438
Miscellaneous	11,370	(5.5)	10,740	(5.0)	11,308
Total Operating Revenues	<u>1,089,264</u>	2.4	<u>1,115,309</u>	2.3	<u>1,090,115</u>
<u>Operating Expense</u>					
Operation	717,053	0.3	719,478	3.9	692,350
Maintenance	83,925	(3.7)	80,813	2.1	79,134
Depreciation	148,771	(6.3)	139,329	1.2	137,647
Total Operating Expenses	<u>949,749</u>	(1.1)	<u>939,620</u>	3.4	<u>909,131</u>
Operating Income	<u>139,515</u>	25.9	<u>175,689</u>	(2.9)	<u>180,984</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	899	1.9X	2,603	(2.4)	2,668
Interest Expense	<u>(27,718)</u>	(85.7)	<u>(3,968)</u>	(51.7)	<u>(8,220)</u>
Net Nonoperating Expense	<u>(26,819)</u>	(94.9)	<u>(1,365)</u>	(75.4)	<u>(5,552)</u>
Net Income before Capital Contributions	112,696	54.7	174,324	(0.6)	175,432
Capital Contributions	2,000	(17.6)	1,649	(4.2)	1,722
Write Off - Loan from Electric	<u>---</u>	---	<u>---</u>	---	<u>---</u>
Change in Net Position	114,696		175,973		177,154
Beginning Net Position	<u>4,306,553</u>		<u>4,693,408</u>		<u>3,316,497</u>
Ending Net Position	<u>\$4,421,249</u>		<u>\$4,869,381</u>		<u>\$3,493,651</u>
Net Income to Operating Revenue	10.4		15.6		16.1
Debt Service Coverage on Bank Debt	5.93		---		3.56
Debt Service Coverage on Electric Utility Debt	5.69		7.24		5.26

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - August 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>
<u>Operating Revenue</u>					
CATV	\$4,640,201	1.3	\$4,700,816	(0.2)	\$4,709,766
Data/Internet	3,543,179	2.9	3,646,353	9.3	3,334,663
MME	408,000	3.8	423,537	4.2	406,538
Miscellaneous	90,809	(4.5)	86,722	(8.5)	94,752
Total Operating Revenues	<u>8,682,189</u>	2.0	<u>8,857,428</u>	3.6	<u>8,545,719</u>
<u>Operating Expense</u>					
Operation	5,696,423	0.4	5,720,270	1.3	5,645,544
Maintenance	661,890	(4.0)	635,091	5.8	600,256
Depreciation	1,190,164	(6.3)	1,114,632	(5.0)	1,173,032
Total Operating Expenses	<u>7,548,477</u>	(1.0)	<u>7,469,993</u>	0.7	<u>7,418,832</u>
Operating Income	<u>1,133,712</u>	22.4	<u>1,387,435</u>	23.1	<u>1,126,887</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	8,486	70.0	14,428	(33.4)	21,664
Interest Expense	<u>(221,744)</u>	(85.7)	<u>(31,744)</u>	(51.7)	<u>(65,763)</u>
Net Nonoperating Expense	<u>(213,258)</u>	(91.9)	<u>(17,316)</u>	(60.7)	<u>(44,099)</u>
Net Income before Capital Contributions	920,454	48.9	1,370,119	26.5	1,082,788
Capital Contributions	16,000	(9.6)	14,467	(22.3)	18,620
Write Off - Loan from Electric	---	---	---	---	25,327,000
Change in Net Position	936,454		1,384,586		26,428,408
Beginning Net Position	<u>3,484,795</u>		<u>3,484,795</u>		<u>(22,934,757)</u>
Ending Net Position	<u>\$4,421,249</u>		<u>\$4,869,381</u>		<u>\$3,493,651</u>
Net Income (Loss) to Operating Revenue	10.6		15.5		12.7
Debt Service Coverage on Bank Debt	5.79		---		3.21
Debt Service Coverage on Electric Utility Debt	5.52		7.17		4.55

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

ASSETS

	<u>2016</u>	<u>2015</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$3,685,159	\$6,037,449
Investments	4,000,000	780,711
Receivables:		
Consumer Accounts	1,266,360	1,230,750
Interest	12,766	21,145
Inventories	161,835	196,348
Prepaid Expenses	164,403	144,381
	<hr/>	<hr/>
Total Unrestricted Current Assets	9,290,523	8,410,784
<u>Restricted Assets</u>		
Cash - interest bearing	6	32
	<hr/>	<hr/>
Total Restricted Current Assets	6	32
Total Current Assets	<hr/>	<hr/>
	9,290,529	8,410,816
Property and Equipment:		
At Cost	34,269,139	33,142,529
Less Accumulated Depreciation	26,775,139	25,453,990
	<hr/>	<hr/>
Net Property and Equipment	7,494,000	7,688,539
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	510,733	---
	<hr/>	<hr/>
Total Deferred Outflows of Resources - Pension	1,024,422	---
TOTAL ASSETS	<hr/> <hr/>	<hr/> <hr/>
	\$17,808,951	\$16,099,355

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

LIABILITIES AND NET POSITION

	<u>2016</u>	<u>2015</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accrued Interest	7,936	\$8,334
Accounts Payable	774,015	484,655
Pension Provision	---	151,788
Health & Dental Insurance Provision	53,060	47,710
Retained Percentage on Contracts	671	---
Accrued Payroll	31,824	117,801
Accrued Vacation	172,859	143,692
Accrued Property Taxes	8,820	14,389
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	134,105	103,424
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	1,200,790	1,089,293
<u>Payable from Restricted Assets</u>		
Notes Payable:		
Banks	---	1,035,000
Electric Utility	479,048	476,665
Accrued Interest	---	8,107
	<hr/>	<hr/>
Total Payable from Restricted Assets	479,048	1,519,772
Total Current Liabilities	<hr/>	<hr/>
	1,679,838	2,609,065
Non-Current Liabilities:		
Health & Dental Insurance Provision	111,708	155,785
Post-Employment Health Benefit Provision	68,075	64,706
Unearned Revenue - Dark Fiber Lease	235,313	252,813
Net Pension Liability	1,698,983	---
Notes Payable:		
Electric Utility	9,044,287	9,523,335
	<hr/>	<hr/>
Total Non-Current Liabilities	11,158,366	9,996,639
Deferred Inflows of Resources - Pension	<hr/>	<hr/>
	101,366	---
Net Position:		
Net Investment in Capital Assets	7,014,952	6,176,874
Restricted	1,024,422	---
Unrestricted	(3,169,993)	(2,683,223)
	<hr/>	<hr/>
Total Net Position	4,869,381	3,493,651
TOTAL LIABILITIES AND NET POSITION	<hr/>	<hr/>
	\$17,808,951	\$16,099,355

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,120,945	\$8,571,790
Advertising sales	31,538	331,110
Miscellaneous sources	10,828	86,899
Cash paid to/for:		
Suppliers	(436,849)	(3,586,829)
Employees payroll, taxes and benefits	(402,798)	(2,569,340)
Net cash flows from operating activities	<u>323,664</u>	<u>2,833,630</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(70,846)	(1,099,567)
Loan principal payments	---	---
Loan interest payments	---	(23,808)
Net cash flows from capital and related financing activities	<u>(70,846)</u>	<u>(1,123,375)</u>
Cash flows from investing activities:		
Interest received on investments	183	16,520
Mark to Market	---	---
Net cash flows from investing activities	<u>183</u>	<u>16,520</u>
Net increase in cash and investments	<u>253,001</u>	<u>1,726,775</u>
Cash and investments at beginning of period	<u>7,432,164</u>	<u>5,958,390</u>
Cash and investments at end of period	<u><u>\$7,685,165</u></u>	<u><u>\$7,685,165</u></u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$175,689	\$1,387,435
Noncash items in operating income:		
Converter/modem write-off	5,426	23,703
Depreciation of utility plant	139,329	1,114,632
Change in deferred inflows of resources - pension	---	---
Change in deferred outflows of resources - pension	(43,772)	(175,090)
Changes in assets and liabilities:		
Consumer accounts receivable	47,187	70,572
Inventories	(10,933)	37,991
Prepaid and deferred expenses	23,755	(32,277)
Accounts payable	15,891	288,113
Net pension liability	28,103	224,823
Health & dental insurance provision	1,367	(32,529)
Other post-employment benefit provision	421	3,369
Unearned revenue	(1,458)	(12,364)
Retained percentage on contracts	---	671
Accrued payroll	(70,558)	(61,975)
Accrued vacation	(941)	19,460
Accrued property taxes	630	1,260
Miscellaneous accrued expenses	13,528	(24,164)
	<u>\$323,664</u>	<u>\$2,833,630</u>
Net cash flows from operating activities	<u>\$323,664</u>	<u>\$2,833,630</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense (751-758)	\$351,893	\$351,137	\$351,865
Promotional Expense (960)	1,584	610	550
Electricity Expense (736)	2,417	2,570	2,681
Pole Attachment Expense (715)	1,967	1,967	2,350
Changes of Service (742)	1,036	1,018	1,102
Underground Line Expense (743)	2,468	2,675	2,550
Ad Insertion - Marketing/Production (964, 965)	8,116	6,217	8,144
Miscellaneous CATV Expense (710, 738, 739)	13,861	14,989	23,800
Vehicle Expense (760)	5,972	2,686	3,735
Maintenance:			
Fiber (711)	982	6	1,589
Coax (712)	1,282	698	1,796
Drops (713)	1,827	2,939	1,379
Conduit System (714)	1,241	1,338	3,390
Headend (721-725)	20,978	16,918	16,854
Line Equipment (731-735)	4,736	3,003	3,301
Converters (741)	5,435	1,713	3,069
Ad Insertion (966)	3,037	5,435	4,056
Vacation, Holiday, Sick Leave (799)	4,442	3,802	3,855
Property Taxes (794)	596	365	677
Depreciation (793)	89,240	82,721	81,657
Total CATV	523,110	502,807	518,400
<u>Data/Internet</u>			
Data/Internet Access Charges (851-853)	25,575	29,241	26,115
Promotional Expense (961)	1,584	646	616
Electricity Expense (836)	433	330	92
Pole Attachment Expense (837)	346	346	83
Changes of Service (842)	183	180	472
Customer Wireless Equipment Expense (846)	300	---	635
Underground Line Expense (843)	112	472	87
Miscellaneous Data/Internet Expense (839, 844, 848)	4,717	8,077	4,192
Vehicle Expense (860)	844	322	457
Maintenance:			
Fiber (811)	169	1	56
Coax (813)	226	123	61
Drops (814)	323	519	47
Conduit System (816)	153	235	118
Headend (820, 821)	25,633	35,933	28,963
Line Equipment (831-835)	862	530	118
Modems (841)	4,853	4,473	5,695
Vacation, Holiday, Sick Leave (879)	2,190	1,693	2,373
Property Taxes (894)	105	65	24
Depreciation (893)	24,808	25,111	24,511
Total Data/Internet	93,416	108,297	94,715

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense (751-758)	\$2,862,663	\$2,848,058	\$2,874,168
Promotional Expense (960)	6,319	5,435	4,160
Electricity Expense (736)	19,333	19,194	22,551
Pole Attachment Expense (715)	15,739	15,736	18,800
Changes of Service (742)	7,813	11,516	8,767
Underground Line Expense (743)	19,544	16,773	21,027
Ad Insertion - Marketing/Production (964, 965)	64,699	52,346	62,026
Miscellaneous CATV Expense (710, 738, 739)	106,087	125,274	116,623
Vehicle Expense (760)	48,211	41,658	30,842
Maintenance:			
Fiber (711)	7,289	7,243	5,862
Coax (712)	9,494	6,326	8,578
Drops (713)	13,956	16,982	11,435
Conduit System (714)	8,534	6,936	12,190
Headend (721-725)	166,173	139,409	142,031
Line Equipment (731-735)	35,360	41,199	28,391
Converters (741)	42,334	16,298	24,624
Ad Insertion (966)	24,244	39,533	31,511
Vacation, Holiday, Sick Leave (799)	42,982	39,931	43,281
Property Taxes (794)	4,765	2,921	5,413
Depreciation (793)	713,917	661,768	736,942
Total CATV	<u>4,219,456</u>	<u>4,114,536</u>	<u>4,209,222</u>
<u>Data/Internet</u>			
Data/Internet Access Charges (851-853)	204,600	211,661	202,360
Promotional Expense (961)	6,319	5,763	4,542
Electricity Expense (836)	3,467	3,128	768
Pole Attachment Expense (837)	2,768	2,768	667
Changes of Service (842)	1,379	2,032	3,757
Customer Wireless Equipment Expense (846)	2,313	---	1,332
Underground Line Expense (843)	893	2,960	718
Miscellaneous Data/Internet Expense (839, 844, 848)	35,220	52,708	23,405
Vehicle Expense (860)	6,754	5,051	3,737
Maintenance:			
Fiber (811)	1,258	1,274	205
Coax (813)	1,675	1,116	293
Drops (814)	2,463	2,997	390
Conduit System (816)	1,095	1,220	425
Headend (820, 821)	202,729	238,233	206,882
Line Equipment (831-835)	6,454	6,988	1,015
Modems (841)	37,783	41,937	60,479
Vacation, Holiday, Sick Leave (879)	21,299	20,468	22,676
Property Taxes (894)	843	517	195
Depreciation (893)	198,462	200,888	196,088
Total Data/Internet	<u>737,774</u>	<u>801,709</u>	<u>729,934</u>

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

	Budget		
	<u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MME</u>			
Pole Attachment Expense (838)	\$1,079	\$1,179	\$1,133
Tools Expense (845)	208	112	92
Maintenance:			
Fiber (812)	542	3	767
Conduit System (817)	654	734	1,636
MME Equipment (818, 819)	5,997	3,233	3,392
Vacation, Holiday, Sick Leave (899)	258	176	163
Property Taxes (896)	327	200	327
Depreciation (840)	24,851	21,854	22,555
	<hr/>	<hr/>	<hr/>
Total MAN/MME	33,916	27,491	30,065
<u>Customer Service Expense</u>			
Customer Information Expense (909)	2,037	1,706	1,676
	<hr/>	<hr/>	<hr/>
<u>Consumer Accounts</u>			
Supervision (901)	2,723	3,098	3,096
Consumer Records and Collections (903)	45,864	48,716	41,856
Uncollectible Accounts Expense (904)	1,518	1,519	1,796
Vacation, Holiday, Sick Leave (906)	4,129	5,334	2,258
	<hr/>	<hr/>	<hr/>
Total Consumer Accounts	54,234	58,667	49,006
<u>Administrative and General</u>			
Administrative and General Salaries (920)	77,895	82,674	77,253
Office Supplies and Expense (921)	4,299	3,408	3,858
Outside Services Employed (923)	6,887	5,480	19,388
Property Insurance (924)	1,302	1,132	1,172
Casualty Ins, Injuries & Damages (925)	6,067	8,538	3,910
Employee Pensions and Benefits (926)	87,111	86,231	67,740
Fringe Benefits Charges to Construction (927)	(6,005)	(8,529)	(5,073)
Rents (931)	9,375	9,375	9,482
Miscellaneous General Expense (930)	31,245	29,815	19,100
Maintenance of General Plant (932)	4,995	2,979	2,847
Vacation, Holiday, Sick Leave (936)	9,993	9,906	6,668
Depreciation (933)	9,872	9,643	8,924
	<hr/>	<hr/>	<hr/>
Total Administrative and General	243,036	240,652	215,269
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	<u>\$949,749</u>	<u>\$939,620</u>	<u>\$909,131</u>

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MME</u>			
Pole Attachment Expense (838)	\$8,629	\$9,232	\$9,067
Tools Expense (845)	1,667	605	1,739
Maintenance:			
Fiber (812)	4,020	3,971	2,882
Conduit System (817)	4,517	3,803	5,882
MME Equipment (818, 819)	47,903	31,660	28,350
Vacation, Holiday, Sick Leave (899)	2,617	2,243	3,406
Property Taxes (896)	2,616	1,602	2,616
Depreciation (840)	198,806	174,832	170,720
Total MAN/MME	<u>270,775</u>	<u>227,948</u>	<u>224,662</u>
<u>Customer Service Expense</u>			
Customer Information Expense (909)	<u>26,325</u>	<u>13,631</u>	<u>30,605</u>
<u>Consumer Accounts</u>			
Supervision (901)	21,306	22,038	22,716
Consumer Records and Collections (903)	366,824	357,498	336,017
Uncollectible Accounts Expense (904)	12,148	12,152	14,370
Vacation, Holiday, Sick Leave (906)	40,356	41,550	37,005
Total Consumer Accounts	<u>440,634</u>	<u>433,238</u>	<u>410,108</u>
<u>Administrative and General</u>			
Administrative and General Salaries (920)	609,147	618,419	579,736
Office Supplies and Expense (921)	39,216	28,875	40,640
Outside Services Employed (923)	60,048	78,681	135,748
Property Insurance (924)	10,208	9,177	9,419
Casualty Ins, Injuries & Damages (925)	49,137	104,976	60,956
Employee Pensions and Benefits (926)	701,794	702,389	653,361
Fringe Benefits Charges to Construction (927)	(46,457)	(41,333)	(34,844)
Rents (931)	75,000	75,000	75,859
Miscellaneous General Expense (930)	135,234	107,135	108,415
Maintenance of General Plant (932)	44,609	27,966	28,831
Vacation, Holiday, Sick Leave (936)	96,598	90,502	86,898
Depreciation (933)	78,979	77,144	69,282
Total Administrative and General	<u>1,853,513</u>	<u>1,878,931</u>	<u>1,814,301</u>
Total Operating Expenses	<u>\$7,548,477</u>	<u>\$7,469,993</u>	<u>\$7,418,832</u>

Muscatine Power and Water - Communications Utility
Statistical Data
August 2016

<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	5,597	(0.4)	5,573	(5.3)	5,887
Commercial/Hospitality	<u>155</u>	3.2	<u>160</u>	(3.0)	<u>165</u>
Total CATV	<u><u>5,752</u></u>	(0.3)	<u><u>5,733</u></u>	(5.3)	<u><u>6,052</u></u>
Bulk Equivalent Services	<u>368</u>	(3.3)	<u>356</u>	(4.3)	<u>372</u>
Bulk Master Services	<u>24</u>	(8.3)	<u>22</u>	---	<u>22</u>
<u>Internet</u>					
Residential	7,526	2.0	7,679	5.6	7,269
Commercial	<u>441</u>	13.4	<u>500</u>	6.8	<u>468</u>
Total Internet	<u><u>7,967</u></u>	2.7	<u><u>8,179</u></u>	5.7	<u><u>7,737</u></u>
<u>MME</u>	<u><u>80</u></u>	2.5	<u><u>82</u></u>	1.2	<u><u>81</u></u>

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