

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

**December 2015
(Unaudited)**

**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 - December 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	\$576,310	3.6	\$596,979 ^{fn1}	3.3	\$577,847 ^{fn2}
Data/Internet	404,702	10.4	446,606 ^{fn1}	10.2	405,267 ^{fn2}
MME	54,109	(0.7)	53,704	9.9	48,864
Miscellaneous	11,078	12.3	12,446	(4.4)	13,024
Total Operating Revenues	1,046,199	6.1	1,109,735	6.2	1,045,002
<u>Operating Expense</u>					
Operation	687,991	(2.1)	673,549	7.1	628,888
Maintenance	79,402	(3.1)	76,960	(11.3)	86,746
Depreciation	151,784	(9.3)	137,647	(16.4)	164,703
Total Operating Expenses	919,177	(3.4)	888,156	0.9	880,337
Operating Income	127,022	74.4	221,579	34.6	164,665
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	1,335	(4.2)	1,279	(68.7)	4,084
Interest Expense	(8,221)	---	(8,220)	(92.7)	(111,912)
Net Nonoperating Expense	(6,886)	0.8	(6,941)	(93.6)	(107,828)
Net Income before Capital Contributions	120,136	78.7	214,638	2.8X	56,837
Capital Contributions	1,000	72.2	1,722	(97.2)	61,517
Prior Period Adj. GASB 68 Pension	---	---	---	---	---
Write Off - Loan from Electric	---	---	---	---	---
Change in Net Position	121,136		216,360		118,354
Beginning Net Position	3,535,467		3,268,435		(23,053,111)
Ending Net Position	\$3,656,603		\$3,484,795		(\$22,934,757)
Net Income to Operating Revenue	11.5		19.3		5.4
Debt Service Coverage on Bank Debt	3.10		3.99		3.63
Debt Service Coverage on Electric Utility Debt	4.33		6.16		2.33

^{fn1} Includes an adjustment to unbilled revenues of (\$4,130) and \$6,060 for CATV and Data/Internet customers, respectively.

^{fn2} Includes an adjustment to unbilled revenues of (\$4,401) and \$1,355 for CATV and Data/Internet customers, respectively.

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - December 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	\$6,694,202	6.3	\$7,119,120 ^{fn1}	(1.7)	\$7,241,405 ^{fn2}
Data/Internet	4,832,054	5.2	5,081,240 ^{fn1}	7.5	4,728,903 ^{fn2}
MME	648,040	(4.0)	621,821	15.0	540,781
Miscellaneous	132,794	13.5	150,705	4.1	144,721
Total Operating Revenues	12,307,090	5.4	12,972,886	2.5	12,655,810
<u>Operating Expense</u>					
Operation	8,188,383	3.6	8,484,654	7.8	7,874,369
Maintenance	961,343	(5.8)	905,780	(3.1)	934,770
Depreciation	1,821,412	(5.4)	1,723,620	(12.8)	1,977,355
Total Operating Expenses	10,971,138	1.3	11,114,054	3.0	10,786,494
Operating Income	1,335,952	39.1	1,858,832	(0.6)	1,869,316
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	15,060	1.0X	30,789	(35.2)	47,484
Interest Expense	(98,652)	---	(98,645)	(92.7)	(1,342,923)
Net Nonoperating Expense	(83,592)	(18.8)	(67,856)	(94.8)	(1,295,439)
Net Income before Capital Contributions	1,252,360	43.0	1,790,976	2.1X	573,877
Capital Contributions	12,000	1.4X	28,315	(70.2)	94,920
Prior Period Adj. GASB 68 Pension	---	---	(726,739)	---	---
Write Off - Loan from Electric	25,327,000	---	25,327,000	---	---
Change in Net Position	26,591,360		26,419,552		668,797
Beginning Net Position	(22,934,757)		(22,934,757)		(23,603,554)
Ending Net Position	\$3,656,603		\$3,484,795		(\$22,934,757)
Net Income (Loss) to Operating Revenue	10.2		13.8		4.5
Debt Service Coverage on Bank Debt	2.93		3.33		3.54
Debt Service Coverage on Electric Utility Debt	3.97		4.80		2.24

^{fn1} Includes an adjustment to unbilled revenues of (\$4,130) and \$6,060 for CATV and Data/Internet customers, respectively.

^{fn2} Includes an adjustment to unbilled revenues of (\$4,401) and \$1,355 for CATV and Data/Internet customers, respectively.

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

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$5,162,994	\$2,704,916
Investments	795,390	2,166,123
Receivables:		
Consumer Accounts	1,336,932 ^{fn1}	1,307,535 ^{fn2}
Interest	14,858	31,016
Inventories	199,826	240,975
Prepaid Expenses	132,126	71,572
	<hr/>	<hr/>
Total Unrestricted Current Assets	7,642,126	6,522,137
	<hr/>	<hr/>
<u>Restricted Assets</u>		
Cash - interest bearing	6	1,676,475
	<hr/>	<hr/>
Total Restricted Current Assets	6	1,676,475
	<hr/>	<hr/>
Total Current Assets	7,642,132	8,198,612
	<hr/>	<hr/>
Property and Equipment:		
At Cost	33,367,866	32,845,627
Less Accumulated Depreciation	25,845,345	24,471,481
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Net Property and Equipment	7,522,521	8,374,146
	<hr/>	<hr/>
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	335,643	---
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Total Deferred Outflows of Resources - Pension	849,332	---
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$16,013,985</u>	<u>\$16,572,758</u>

^{fn1} Includes \$86,239 for unbilled revenues.

^{fn2} Includes \$84,310 for unbilled revenues.

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

LIABILITIES AND NET POSITION

	<u>2015</u>	<u>2014</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accrued Interest	\$0	\$623,522
Accounts Payable	490,120	493,735
Health & Dental Insurance Provision	47,710	47,710
Accrued Payroll	93,799	76,235
Accrued Vacation	153,399	136,927
Accrued Property Taxes	7,560	10,705
Unearned Revenue - Dark Fiber Lease/CATV Advertising	18,198	28,680
Miscellaneous Accrued Expenses	158,271	95,849
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	969,057	1,513,363
<u>Payable from Restricted Assets</u>		
Notes Payable:		
Banks	---	1,005,000
Electric Utility	---	---
Accrued Interest	---	47,940
	<hr/>	<hr/>
Total Payable from Restricted Assets	---	1,052,940
	<hr/>	<hr/>
Total Current Liabilities	969,057	2,566,303
Non-Current Liabilities:		
Health & Dental Insurance Provision	149,587	243,682
Post-Employment Health Benefit Provision	64,706	71,051
Unearned Revenue - Dark Fiber Lease	246,979	264,479
Net Pension Liability	1,474,160	---
Notes Payable:		
Banks	---	1,035,000
Electric Utility	9,523,335	35,327,000
	<hr/>	<hr/>
Total Non-Current Liabilities	11,458,767	36,941,212
	<hr/>	<hr/>
Deferred Inflows of Resources - Pension	101,366	---
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	7,522,521	6,334,146
Restricted	849,332	---
Unrestricted	(4,887,058)	(29,268,903)
	<hr/>	<hr/>
Total Net Position	3,484,795	(22,934,757)
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u>\$16,013,985</u>	<u>\$16,572,758</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,037,407	\$12,254,048
Advertising sales	42,662	439,341
Miscellaneous sources	19,720	213,153
Cash paid to/for:		
Suppliers	(562,007)	(5,657,731)
Employees payroll, taxes and benefits	(328,298)	(3,718,711)
Net cash flows from operating activities	<u>209,484</u>	<u>3,530,100</u>
Cash flows from capital and related financing activities:		
Capital expenditures, net	(43,946)	(879,399)
Loan principal payments	(1,511,665)	(2,516,665)
Loan interest payments	(49,323)	(770,107)
Net cash flows from capital and related financing activities	<u>(1,604,934)</u>	<u>(4,166,171)</u>
Cash flows from investing activities:		
Interest received on investments	14,854	46,947
Mark to Market	---	---
Net cash flows from investing activities	<u>14,854</u>	<u>46,947</u>
Net decrease in cash and investments	<u>(1,380,596)</u>	<u>(589,124)</u>
Cash and investments at beginning of period	<u>7,338,986</u>	<u>6,547,514</u>
Cash and investments at end of period	<u><u>\$5,958,390</u></u>	<u><u>\$5,958,390</u></u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$221,579	\$1,858,832
Noncash items in operating income:		
Converter/modem write-off	4,151	36,644
Depreciation of utility plant	137,647	1,723,620
Changes in deferred outflows of resources - pension	(67,128)	(134,257)
Changes in deferred inflows of resources - pension	---	101,366
Changes in assets and liabilities:		
Consumer accounts receivable	(7,797)	(29,397)
Inventories	(1,290)	41,149
Prepaid and deferred expenses	(55,942)	(60,554)
Accounts payable	(86,128)	(4,541)
Net pension liability	27,921	32,347
Health & dental insurance provision	6,989	(94,095)
Other post-employment benefit provision	---	(6,345)
Unearned revenue	(761)	(27,982)
Accrued payroll	26,384	17,564
Accrued vacation	(4,003)	16,472
Accrued property taxes	232	(3,145)
Miscellaneous accrued expenses	7,630	62,422
	<hr/>	<hr/>
Net cash flows from operating activities	<u>\$209,484</u>	<u>\$3,530,100</u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$333,393	\$347,817	\$329,338
Promotional Expense	534	481	591
Electricity Expense	2,583	3,447	2,647
Pole Attachment Expense	2,350	3,851	3,138
Changes of Service	1,509	1,379	956
Underground Line Expense	2,336	2,272	1,686
Ad Insertion - Marketing/Production	6,797	8,305	6,832
Miscellaneous CATV Expense	13,919	13,534	11,986
Vehicle Expense	5,907	3,763	2,680
Maintenance:			
Fiber	1,055	516	370
Coax	1,866	434	409
Drops	2,097	1,132	143
Conduit System	1,070	583	1,293
Headend	21,915	15,544	29,511
Line Equipment	4,675	3,259	4,887
Converters	6,489	3,394	5,850
Ad Insertion	3,788	5,223	6,405
Vacation, Holiday, Sick Leave	8,552	8,761	9,514
Property Taxes	677	153	395
Depreciation	95,080	81,657	111,937
Total CATV	516,592	505,505	530,568
<u>Data/Internet</u>			
Data/Internet Access Charges	23,437	26,119	15,542
Promotional Expense	534	517	1,103
Electricity Expense	87	118	90
Pole Attachment Expense	83	134	93
Changes of Service	75	591	410
Customer Wireless Equipment Expense	289	---	---
Underground Line Expense	80	78	58
Miscellaneous Data/Internet Expense	2,361	4,304	4,135
Vehicle Expense	844	450	317
Maintenance:			
Fiber	37	18	13
Coax	64	15	14
Drops	72	39	5
Conduit System	37	20	45
Headend	16,952	32,001	24,413
Line Equipment	207	92	167
Modems	4,942	4,622	3,062
Vacation, Holiday, Sick Leave	4,253	5,103	3,082
Property Taxes	24	5	14
Depreciation	24,401	24,511	23,680
Total Data/Internet	78,779	98,737	76,243

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

	Budget		
	<u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense	\$4,025,771	\$4,272,935	\$3,979,009
Promotional Expense	8,450	8,280	7,211
Electricity Expense	31,000	33,355	30,691
Pole Attachment Expense	28,200	28,334	27,622
Changes of Service	17,278	13,749	14,705
Underground Line Expense	28,200	31,322	27,329
Ad Insertion - Marketing/Production	81,030	95,719	83,468
Miscellaneous CATV Expense	167,589	175,881	125,855
Vehicle Expense	71,480	47,783	61,288
Maintenance:			
Fiber	12,603	8,028	14,579
Coax	23,012	11,802	14,364
Drops	25,922	19,401	16,329
Conduit System	14,755	19,246	17,735
Headend	263,093	206,897	234,648
Line Equipment	57,574	46,220	56,755
Converters	77,100	37,334	49,100
Ad Insertion	45,492	52,326	51,456
Vacation, Holiday, Sick Leave	70,021	71,955	66,341
Property Taxes	8,120	3,403	5,985
Depreciation	1,140,966	1,063,570	1,343,244
Total CATV	6,197,656	6,247,540	6,227,714
<u>Data/Internet</u>			
Data/Internet Access Charges	281,238	308,799	314,074
Promotional Expense	8,450	6,681	7,909
Electricity Expense	1,045	1,136	1,047
Pole Attachment Expense	1,000	989	964
Changes of Service	866	5,893	6,302
Customer Wireless Equipment Expense	3,421	1,323	278
Underground Line Expense	962	1,068	933
Miscellaneous Data/Internet Expense	28,786	41,609	32,073
Vehicle Expense	10,131	5,798	7,437
Maintenance:			
Fiber	440	280	1,427
Coax	785	402	491
Drops	885	662	558
Conduit System	515	672	619
Headend	207,705	316,061	313,220
Line Equipment	2,541	1,621	1,936
Modems	59,266	77,385	46,108
Vacation, Holiday, Sick Leave	34,124	41,881	23,784
Property Taxes	293	126	209
Depreciation	292,817	294,132	285,079
Total Data/Internet	\$935,270	\$1,106,518	\$1,044,448

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MME</u>			
Pole Attachment Expense	\$1,133	\$1,858	\$1,543
Tools Expense	291	14	30
Maintenance:			
Fiber	509	249	178
Conduit System	516	282	624
MME Equipment	8,664	3,776	6,229
Vacation, Holiday, Sick Leave	909	492	799
Property Taxes	327	74	191
Depreciation	21,657	22,555	20,425
Total MAN/MME	34,006	29,300	30,019
<u>Customer Service Expense</u>			
Customer Information Expense	4,544	6,051	7,126
<u>Consumer Accounts</u>			
Supervision	2,695	2,507	2,291
Consumer Records and Collections	43,083	46,853	44,913
Uncollectible Accounts Expense	1,796	(31,728)	(23,113)
Vacation, Holiday, Sick Leave	7,484	7,370	6,411
Total Consumer Accounts	55,058	25,002	30,502
<u>Administrative and General</u>			
Administrative and General Salaries	77,491	71,279	67,807
Office Supplies and Expense	4,315	4,272	7,516
Outside Services Employed	8,979	8,496	8,839
Property Insurance	1,282	1,172	1,187
Casualty Ins, Injuries & Damages	6,228	5,428	3,773
Employee Pensions and Benefits	85,937	82,605	84,891
Fringe Benefits Charges to Construction	(5,932)	(4,436)	(8,252)
Rents	9,482	9,482	9,206
Miscellaneous General Expense	9,642	9,147	3,433
Maintenance of General Plant	4,447	5,761	3,128
Vacation, Holiday, Sick Leave	17,681	21,431	15,690
Depreciation	10,646	8,924	8,661
Total Administrative and General	230,198	223,561	205,879
Total Operating Expenses	\$919,177	\$888,156	\$880,337

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MME</u>			
Pole Attachment Expense	\$13,600	\$13,672	\$13,329
Tools Expense	3,500	2,127	3,678
Maintenance:			
Fiber	6,082	3,927	6,922
Conduit System	7,120	9,287	8,558
MME Equipment	105,587	48,872	59,629
Vacation, Holiday, Sick Leave	7,008	5,356	7,479
Property Taxes	3,925	1,647	2,888
Depreciation	259,880	260,940	245,100
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Total MAN/MME	406,702	345,828	347,583
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<u>Customer Service Expense</u>			
Customer Information Expense	68,974	56,996	33,262
	<hr/>	<hr/>	<hr/>
<u>Consumer Accounts</u>			
Supervision	32,199	32,890	31,322
Consumer Records and Collections	512,227	515,364	497,055
Uncollectible Accounts Expense	21,555	(11,969)	16,779
Vacation, Holiday, Sick Leave	60,847	59,623	66,132
	<hr/>	<hr/>	<hr/>
Total Consumer Accounts	626,828	595,908	611,288
	<hr/>	<hr/>	<hr/>
<u>Administrative and General</u>			
Administrative and General Salaries	915,728	883,294	857,511
Office Supplies and Expense	55,121	58,739	61,804
Outside Services Employed	103,388	162,386	107,442
Property Insurance	15,282	14,107	13,798
Casualty Ins, Injuries & Damages	75,572	141,483	71,690
Employee Pensions and Benefits	1,036,556	989,498	988,603
Fringe Benefits Charges to Construction	(72,566)	(52,596)	(79,380)
Rents	113,788	113,788	110,474
Miscellaneous General Expense	168,795	149,320	123,783
Maintenance of General Plant	50,866	45,357	40,336
Vacation, Holiday, Sick Leave	145,429	150,910	122,206
Depreciation	127,749	104,978	103,932
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Total Administrative and General	2,735,708	2,761,264	2,522,199
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Total Operating Expenses	<u>\$10,971,138</u>	<u>\$11,114,054</u>	<u>\$10,786,494</u>

Muscatine Power and Water - Communications Utility
Statistical Data
December 2015

Services	Budget Estimate	% Increase (Decrease) From Budget	This Year ^{fn1}	% Increase (Decrease) Fr. Last Yr.	Last Year ^{fn1}
<u>CATV</u>					
Residential	5,756	0.3	5,774	(5.1)	6,086
Commercial/Hospitality	<u>164</u>	(2.4)	<u>160</u>	(2.4)	<u>164</u>
Total CATV	<u><u>5,920</u></u>	0.2	<u><u>5,934</u></u>	(5.1)	<u><u>6,250</u></u>
Bulk Equivalent Services	<u>368</u>	1.1	<u>372</u>	(4.4)	<u>389</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	7,122	3.7	7,386	5.5	7,000
Commercial	<u>441</u>	13.2	<u>499</u>	6.2	<u>470</u>
Total Internet	<u><u>7,563</u></u>	4.3	<u><u>7,885</u></u>	5.6	<u><u>7,470</u></u>
<u>MME</u>	<u><u>73</u></u>	12.3	<u><u>82</u></u>	5.1	<u><u>78</u></u>

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