

Muscatine Power and Water

Electric Utility

Statement of Revenues, Expenses and Changes in Net Position

May 2018

**Muscatine Power and Water
Electric Utility**

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Muscatine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Current Month - May 2018

	Budget Estimate	% Increase (Decrease) From Budget	This Year	% Increase (Decrease) Fr. Last Yr.	Last Year
<u>KWH Generated and Sold</u>					
Gross Generation	64,486,200	29.4	83,425,752	8.5	76,875,426
Less: Plant Use	<u>5,818,080</u>	39.7	<u>8,126,643</u>	7.8	<u>7,537,243</u>
Net Generation/Wholesale Sales	58,668,120	28.3	75,299,109	8.6	69,338,183
Wholesale Sales - Wind	<u>4,680,000</u>	(22.6)	<u>3,622,050</u>	(22.6)	<u>4,680,907</u>
Total Wholesale Sales	<u><u>63,348,120</u></u>	24.6	<u><u>78,921,159</u></u>	6.6	<u><u>74,019,090</u></u>
<u>Net Capacity Factors</u>					
Unit 9	50.18	23.6	62.01	6.6	58.19
Unit 8/8A	---	---	---	---	---
Unit 7	---	---	18.95	1.8X	6.76
Total Plant	35.69	28.4	45.81	9.5	41.84
<u>KWH Distribution</u>					
Residential	6,715,638	5.9	7,112,735	14.6	6,206,674
Commercial I	2,660,044	(6.4)	2,490,086	(6.8)	2,671,743
Commercial II	7,793,605	8.8	8,475,820	17.0	7,243,000
Industrial I	10,614,401	6.6	11,317,120	6.9	10,583,000
Industrial II	38,021,774	5.0	39,924,537	2.5	38,964,529
City Enterprise Funds	468,128	(8.5)	428,322	1.5	422,187
Water & Communications Utilities	<u>1,460,535</u>	(5.5)	<u>1,380,402</u>	(0.3)	<u>1,385,151</u>
Native System Sales	67,734,125	5.0	71,129,022	5.4	67,476,284
City Lighting	164,304	(18.8)	133,420	(11.4)	150,512
City Buildings	451,616	18.5	535,332	0.6	531,918
Offline Power Plant Usage	444,240	(9.3)	402,778	(7.7)	436,285
Losses & Cycle Billing	<u>3,180,201</u>	22.5	<u>3,894,557</u>	39.9	<u>2,783,184</u>
Total Native System KWH					
Distributed	71,974,486	5.7	76,095,109	6.6	71,378,183
Wind KWH Purchases	<u>4,680,000</u>	(22.6)	<u>3,622,050</u>	(22.6)	<u>4,680,907</u>
Total Purchased Power KWH	<u><u>76,654,486</u></u>	4.0	<u><u>79,717,159</u></u>	4.8	<u><u>76,059,090</u></u>
<u>STEAM SALES - 1,000 lbs</u>					
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Muscatine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Calendar Year-to-Date - May 2018

	<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>KWH Generated and Sold</u>					
Gross Generation	372,214,680	15.7	430,590,483	25.4	343,468,788
Less: Plant Use	40,337,626	16.2	46,887,070	23.3	38,031,980
Net Generation/Wholesale Sales	331,877,054	15.6	383,703,413	25.6	305,436,808
Wholesale Sales - Wind	24,885,000	(5.5)	23,513,006	(5.5)	24,884,648
Total Wholesales Sales	356,762,054	14.1	407,216,419	23.3	330,321,456
<u>Net Capacity Factors</u>					
Unit 9	50.29	12.7	56.70	33.9	42.33
Unit 8/8A	26.72	15.1	30.75	(9.3)	33.91
Unit 7	4.15	3.0X	16.45	33.8	12.29
Total Plant	41.45	15.6	47.92	26.7	37.82
<u>KWH Distribution</u>					
Residential	37,426,175	7.6	40,273,904	9.7	36,712,820
Commercial I	14,596,799	(5.5)	13,788,444	(5.1)	14,534,947
Commercial II	36,912,984	8.2	39,944,000	10.5	36,159,960
Industrial I	49,690,388	4.8	52,064,860	1.7	51,186,380
Industrial II	210,319,666	(6.6)	196,457,900	2.5	191,611,996
City Enterprise Funds	2,345,466	(13.4)	2,030,156	(8.2)	2,211,278
Water & Communications Utilities	7,100,854	(2.3)	6,934,054	(3.7)	7,202,689
Native System Sales	358,392,332	(1.9)	351,493,318	3.5	339,620,070
City Lighting	821,942	(19.9)	657,974	(19.9)	821,570
City Buildings	2,827,623	11.0	3,137,710	8.8	2,884,401
Offline Power Plant Usage	674,640	1.5X	1,686,487	(38.9)	2,758,374
Losses & Cycle Billing	9,597,116	6.4	10,214,829	26.8	8,052,898
Total Native System KWH Distributed	372,313,653	(1.4)	367,190,318	3.7	354,137,313
Wind KWH Purchases	24,885,000	(5.5)	23,513,006	(5.5)	24,884,648
Total Purchased Power KWH	397,198,653	(1.6)	390,703,324	3.1	379,021,961
<u>STEAM SALES - 1,000 lbs</u>	<u>1,008,000</u>	(2.7)	<u>980,791</u>	(6.3)	<u>1,047,098</u>

Muscatine Power and Water - Electric Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - May 2018

	Budget		% Increase (Decrease) from Budget	This Year	Avg. Price	% Increase (Decrease) from Last Year	Last Year	Avg. Price
	Estimate	Avg. Price						
Sales of Electricity								
Residential	\$792,995	\$ 0.11808	1.8	\$807,140	\$ 0.11348	9.1	\$739,485	\$ 0.11914
Commercial I	282,523	0.10621	(8.8)	257,801	0.10353	(8.4)	281,324	0.10530
Commercial II	631,320	0.08100	4.3	658,333	0.07767	10.7	594,608	0.08209
Industrial I	700,931	0.06604	1.7	712,580	0.06296	1.9	699,107	0.06606
Industrial II	2,030,439	0.05340	(1.3)	2,003,552	0.05018	(4.6)	2,100,568	0.05391
City Enterprise Funds	35,371	0.07556	(13.3)	30,656	0.07157	(10.1)	34,118	0.08081
Water & Communication Utilities	92,989	0.06367	(9.5)	84,109	0.06093	(8.1)	91,490	0.06605
Native System Sales	4,566,568	0.06742	(0.3)	4,554,171	0.06403	0.3	4,540,700	0.06729
Wholesale Sales	1,787,092	0.02821	47.5	2,635,990	0.03340	(1.5)	2,677,421	0.03617
Energy Sales	6,353,660		13.2	7,190,161		(0.4)	7,218,121	
Steam Sales	---	---	---	---	---	---	---	---
Other Revenue								
By-Product Revenue	1,485		33.6X	51,350		68.1	30,554	
Miscellaneous Revenue	54,966		57.9	86,785		(35.9)	135,298	
Total Other Revenue	56,451		1.4X	138,135		(16.7)	165,852	
Operating Revenue	6,410,111		14.3	7,328,296		(0.8)	7,383,973	
Operating Expense								
Purchased Power	1,892,038	0.02468	24.8	2,360,815	0.02961	(0.7)	2,376,743	0.03330
Production Fuel	1,332,234		19.9	1,597,482		11.7	1,430,639	
Emissions Allowance	---		---	17		30.8	13	
Operation	2,149,497		0.8	2,165,880		4.1	2,079,854	
Maintenance	1,666,257		(49.6)	840,038		(23.0)	1,090,607	
Depreciation	1,018,680		(5.9)	958,835		6.5	900,004	
Total Operating Expense	8,058,706		(1.7)	7,923,067		0.6	7,877,860	
Operating Loss	(1,648,595)		(63.9)	(594,771)		20.4	(493,887)	
Nonoperating Revenue (Expense)								
Interest Income	20,942		2.8X	78,815		1.9X	26,999	
Interest Expense	(716)		38.3	(990)		59.2	(622)	
Total Nonoperating Revenue (Expense)	20,226		2.8X	77,825		2.0X	26,377	
Net Loss Before Revenue Adjustment	(1,628,369)		(68.3)	(516,946)		10.6	(467,510)	
Capital Contributions	---		---	---		---	60,621	
Change in Net Position	(1,628,369)		(68.3)	(516,946)		27.0	(406,889)	
Beginning Net Position	112,932,872			114,255,428			126,682,053	
Ending Net Position	\$111,304,503			\$113,738,482			\$126,275,164	
Net Income (Loss) Before Rev Adj to Op Revenue	(25.4)			(7.1)			(6.3)	
Change in Net Position to Operating Revenue	(25.4)			(7.1)			(5.5)	

Muscatine Power and Water - Electric Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - May 2018

	Budget		% Increase (Decrease) from Budget	This Year	% Increase (Decrease) from Last Year		Last Year	Avg. Price
	Estimate	Avg. Price			Avg. Price	Year		
Sales of Electricity								
Residential	\$4,310,507	\$ 0.11517	3.8	\$4,473,835	\$ 0.11109	7.4	\$4,164,559	\$ 0.11344
Commercial I	1,535,074	0.10517	(7.4)	1,422,106	0.10314	(5.3)	1,500,998	0.10327
Commercial II	3,060,183	0.08290	2.3	3,130,507	0.07837	7.1	2,923,113	0.08084
Industrial I	3,279,198	0.06599	1.0	3,312,908	0.06363	(0.4)	3,324,694	0.06495
Industrial II	10,919,794	0.05192	(7.5)	10,105,412	0.05144	(1.0)	10,204,567	0.05326
City Enterprise Funds	178,451	0.07608	(14.9)	151,917	0.07483	(9.0)	166,869	0.07546
Water & Communications Utilities	450,980	0.06351	(6.0)	423,863	0.06113	(8.8)	464,873	0.06454
Native System Sales	23,734,187	0.06622	(3.0)	23,020,548	0.06549	1.2	22,749,673	0.06699
Wholesale Sales	9,752,105	0.02734	31.7	12,841,837	0.03154	7.1	11,991,378	0.03630
Energy Sales	33,486,292		7.1	35,862,385		3.2	34,741,051	
Steam Sales	3,835,176	3.80	(2.8)	3,728,503	3.80	(6.9)	4,005,118	3.82
Other Revenue								
By-Product Revenue	94,233		63.2	153,755		1.2X	69,708	
Miscellaneous Revenue	265,212		12.7	298,836		(11.2)	336,555	
Total Other Revenue	359,445		25.9	452,591		11.4	406,263	
Operating Revenue	37,680,913		6.3	40,043,479		2.3	39,152,432	
Operating Expense								
Purchased Power	9,849,667	0.02480	13.4	11,174,276	0.02860	(3.8)	11,619,220	0.03281
Production Fuel	8,720,609		8.9	9,497,671		12.9	8,409,967	
Emissions Allowance	4,777		(58.3)	1,992		(62.7)	5,336	
Operation	10,894,931		(4.4)	10,420,591		2.7	10,146,634	
Maintenance	4,800,895		(24.1)	3,642,697		(41.7)	6,252,242	
Depreciation	5,093,397		(5.9)	4,794,170		6.5	4,500,021	
Total Operating Expense	39,364,276		0.4	39,531,397		(3.4)	40,933,420	
Operating Income (Loss)	(1,683,363)		-1.3X	512,082		-1.3X	(1,780,988)	
Nonoperating Revenue (Expense)								
Interest Income	96,483		2.5X	336,151		2.1X	107,143	
Interest Expense	(3,578)		31.7	(4,712)		93.3	(2,438)	
Total Nonoperating Revenue (Expense)	92,905		2.6X	331,439		2.2X	104,705	
Net Income (Loss) Before Revenue Adjustment and Capital Contributions	(1,590,458)		-1.5X	843,521		-1.5X	(1,676,283)	
Capital Contributions	---		---	---		---	63,483	
Change in Net Position	(1,590,458)		-1.5X	843,521		-1.5X	(1,612,800)	
Beginning Net Position	112,894,961			112,894,961			127,887,964	
Ending Net Position	\$111,304,503			\$113,738,482			\$126,275,164	
Net Income (Loss) Before Rev Adj to Op Revenue	(4.2)			2.1			(4.3)	
Change in Net Position to Operating Revenue	(4.2)			2.1			(4.1)	

Muscatine Power and Water - Electric Utility
Statements of Net Position
May 2018

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash - interest bearing	\$32,193,078	\$34,477,069
Investments	26,800,000	11,750,000
Receivables:		
Consumer Accounts	5,658,496	5,568,650
Refined Coal	2,632,879	2,416,534
Wholesale	336,830	314,831
Interest	226,446	79,183
Inventories	5,347,532	5,349,130
Fuel	9,734,588	7,561,608
Prepaid Expenses	1,247,794	1,168,517
	<hr/>	<hr/>
Total Current Assets	84,177,643	68,685,522
	<hr/>	<hr/>
Property and Equipment:		
At Cost	431,012,727	427,612,898
Less Accumulated Depreciation	363,716,339	354,214,501
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Net Property and Equipment	67,296,388	73,398,397
	<hr/>	<hr/>
Other Assets:		
Note Receivable - Communications Utility	8,562,844	9,044,287
Note Receivable - Water Utility	---	5,500,000
Joint Venture Rights	101,031	95,290
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Total Other Assets	8,663,875	14,639,577
	<hr/>	<hr/>
Deferred Outflows of Resources		
Pension	11,140,473	8,177,423
OPEB	79,019	---
	<hr/>	<hr/>
Total Deferred Outflows of Resources	11,219,492	8,177,423
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$171,357,398</u>	<u>\$164,900,919</u>

Muscatine Power and Water - Electric Utility
Statements of Net Position
May 2018

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2018</u>	<u>2017</u>
Current Liabilities:		
<u>Unrestricted</u>		
Accounts Payable	\$5,437,818	\$5,827,482
Health & Dental Insurance Provision	248,520	271,040
Accrued Payroll	548,988	483,555
Accrued Vacation	1,274,225	1,275,354
Accrued Emission Allowance Expense	9,874	5,336
Consumers' Deposits	816,692	767,842
Retained Percentage on Contracts	24,225	51,026
Accrued Property Taxes	88,240	89,485
Miscellaneous Accrued Expenses	732,506	815,947
Unearned Revenue	30,391	4,640
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Total Unrestricted Current Liabilities	9,211,479	9,591,707
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	1,181,092	967,940
Post-Employment Health Benefit Provision	666,474	421,148
Net Pension Liability	17,272,876	13,978,935
	<hr/>	<hr/>
Total Non-Current Liabilities	19,120,442	15,368,023
	<hr/>	<hr/>
Deferred Inflows of Resources		
Extraordinary O&M	28,032,866	13,032,866
Pension	1,163,568	633,159
OPEB	90,561	---
	<hr/>	<hr/>
Total Deferred Inflows of Resources	29,286,995	13,666,025
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	67,296,388	73,398,397
Unrestricted	46,442,094	52,876,767
	<hr/>	<hr/>
Total Net Position	113,738,482	126,275,164
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$171,357,398</u>	<u>\$164,900,919</u>

Muscatine Power and Water - Electric Utility
Statements of Cash Flows
May 2018

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Retail electric sales	\$4,591,113	\$23,389,071
MISO sales	1,953,555	12,966,675
Steam sales	956,910	4,738,417
Coal sales	2,773,490	17,186,770
Railcar/facilities leasing	5,849	29,246
By-product sales	33,683	97,520
Miscellaneous sources	340,193	969,478
Cash paid to/for:		
Suppliers	(528,607)	(4,441,399)
MISO purchases/administration fees	(2,333,596)	(10,455,399)
South Fork Wind purchases	(124,225)	(675,620)
Coal purchases	(5,057,219)	(27,036,177)
Employees payroll, taxes and benefits	(1,905,212)	(9,648,382)
Net cash flows from operating activities	<u>705,934</u>	<u>7,120,200</u>
Cash flows from capital financing activities:		
Capital expenditures, net	<u>(484,697)</u>	<u>(1,860,437)</u>
Net cash flows from capital and related financing activities	<u>(484,697)</u>	<u>(1,860,437)</u>
Cash flows from investing activities:		
Purchase of joint venture rights	---	(51,670)
Reimbursement of Resco stock	---	---
Interest received on investments	<u>60,267</u>	<u>245,705</u>
Net cash flows from investing activities	<u>60,267</u>	<u>194,035</u>
Net increase in cash and investments	<u>281,504</u>	<u>5,453,798</u>
Cash and investments at beginning of period	<u>58,711,574</u>	<u>53,539,280</u>
Cash and investments at end of period	<u><u>\$58,993,078</u></u>	<u><u>\$58,993,078</u></u>

Muscatine Power and Water - Electric Utility
Statements of Cash Flows
May 2018

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	(\$594,771)	\$512,082
Noncash items in operating income:		
Depreciation of electric utility plant	958,835	4,794,170
Amortization of joint venture rights	8,442	49,189
Change in deferred outflows of resources - pension	(240,240)	(720,720)
Changes in assets and liabilities:		
Consumer accounts receivable	309,470	782,545
Refined coal	146,460	864,440
Wholesale receivable	(220,467)	157,836
Steam sales receivable	957,308	1,010,795
Inventories	32,389	(163,573)
Fuel	(688,209)	(646,754)
Prepaid expenses	66,765	(392,995)
Accounts payable	(400,648)	(324,399)
Net pension liability	251,170	1,255,851
Health & dental insurance provision	(83,077)	(99,598)
Other post-employment benefit provision	2,608	13,039
Accrued payroll	178,614	(102,525)
Accrued vacation	6,438	119,730
Accrued emission allowance expense	17	1,992
Consumers' deposits	11,820	26,599
Retained Percentage	(6,056)	243
Accrued property taxes	8,045	(8,975)
Unearned revenue	(3,529)	24,699
Miscellaneous accrued expenses	4,550	(33,471)
Net cash flows from operating activities	<u>\$705,934</u>	<u>\$7,120,200</u>

**Muscatine Power and Water - Electric Utility
Funds Appropriated for Specific Purposes
May 2018**

	<u>This Year</u>	<u>Last Year</u>
Extraordinary Operation & Maintenance Account	<u>\$28,032,866</u>	<u>\$13,143,183</u>
Total Cash and Investments Appropriated for Specific Purposes	<u><u>\$28,032,866</u></u>	<u><u>\$13,143,183</u></u>

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - May 2018

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Purchased Power</u>	<u>\$1,892,038</u>	29.5	<u>\$2,360,815</u>	32.2	<u>\$2,376,743</u>	32.2
Average price per kWh	\$0.0263		\$0.0310		\$0.0333	
<u>Generation</u>						
Operation Supervision (500)	75,849		79,279		74,985	
Fuel: (501)						
Coal	1,270,454		1,547,362		1,350,362	
Fuel Oil	20,000		116		2,737	
Gas	2,000		4,766		22,221	
Coal Handling Expense (501-003)	31,781		30,950		28,966	
Landfill Operation Expense (501-925)	7,999		14,288		26,353	
Emissions Allowance Expense (509)	---		17		13	
Steam Expense:						
Boiler (502-004)	74,829		76,651		74,583	
Pollution Control (502-005)	71,931		118,573		32,489	
Electric Expense (505)	85,916		76,051		75,186	
Miscellaneous Steam Power Expense (506)	210,075		182,794		247,220	
Maintenance:						
Supervision (510)	67,690		78,956		74,003	
Structures (511)	197,667		34,022		60,908	
Boiler Plant:						
Boiler (512-006)	865,712		266,397		244,225	
Pollution Control (512-007)	75,304		32,249		70,837	
Electric Plant (513-008)	95,836		80,604		223,027	
System Control (513-009)	18,964		19,369		16,510	
Miscellaneous Steam Plant (514)	47,204		32,849		50,766	
Coal Handling Equipment (516)	67,908		82,744		89,175	
System Control and Load Dispatch (556)	27,608		32,556		25,324	
Vacation, Holiday, Sick Leave (557)	95,152		84,157		87,931	
Depreciation (558)	637,616		641,039		648,814	
Total Generation Expense	<u>\$4,047,495</u>	63.1	<u>\$3,515,789</u>	48.0	<u>\$3,526,635</u>	47.8

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - May 2018

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Purchased Power</u>	<u>\$9,849,667</u>	26.1	<u>\$11,174,276</u>	27.9	<u>\$11,619,220</u>	29.7
Average price per kWh	\$0.0265		\$0.0304		\$0.0328	
<u>Generation</u>						
Operation Supervision (500)	370,280		394,839		389,928	
Fuel: (501)						
Coal	8,381,721		9,101,053		7,964,898	
Fuel Oil	61,139		46,104		28,421	
Gas	79,284		74,821		111,730	
Coal Handling Expense (501-003)	165,757		200,329		233,379	
Landfill Operation Expense (501-925)	32,708		75,364		71,539	
Emissions Allowance Expense (509)	4,777		1,992		5,336	
Steam Expense:						
Boiler (502-004)	484,087		509,743		432,344	
Pollution Control (502-005)	339,545		251,922		166,579	
Electric Expense (505)	435,388		471,925		451,235	
Miscellaneous Steam Power Expense (506)	1,052,998		832,527		982,664	
Maintenance:						
Supervision (510)	332,206		381,274		402,148	
Structures (511)	425,233		244,073		185,813	
Boiler Plant:						
Boiler (512-006)	1,609,775		739,540		1,092,305	
Pollution Control (512-007)	337,582		237,496		383,150	
Electric Plant (513-008)	339,082		316,556		2,321,228	
System Control (513-009)	98,186		100,337		88,589	
Miscellaneous Steam Plant (514)	262,048		214,150		262,190	
Coal Handling Equipment (516)	288,266		374,079		302,522	
System Control and Load Dispatch (556)	138,120		152,142		122,819	
Vacation, Holiday, Sick Leave (557)	417,698		418,343		446,057	
Depreciation (558)	<u>3,188,078</u>		<u>3,205,196</u>		<u>3,244,071</u>	
Total Generation Expense	<u>\$18,843,958</u>	50.0	<u>\$18,343,805</u>	45.8	<u>\$19,688,945</u>	50.3

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - May 2018

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Transmission</u>						
Operation Supervision (560)	\$7,658		\$7,457		\$8,055	
Load Dispatching (561)	71,184		70,131		66,065	
Station Expense (562)	39,334		21,089		10,103	
Overhead Line Expense (563)	---		1,142		186	
Transmission of Electricity by Others (565)	125,864		94,548		84,820	
Miscellaneous Transmission Expense (566)	10,864		10,544		8,992	
Maintenance:						
Supervision (568)	2,794		2,040		2,950	
Structures (569)	198		---		---	
Station Equipment (570)	6,302		10,031		9,160	
Overhead Lines (571)	15,133		9,647		2,659	
Vacation, Holiday, Sick Leave (575)	13,246		11,951		10,062	
Depreciation (576)	44,388		43,048		31,072	
Tax on Rural Property (577)	5,690		5,690		5,690	
	<hr/>		<hr/>		<hr/>	
Total Transmission Expense	342,655	5.3	287,318	3.9	239,814	3.2
<u>Distribution</u>						
Operation Supervision (580)	14,584		11,588		16,567	
Load Dispatching (581)	29,759		31,225		32,992	
Station Expense (582)	15,597		7,643		14,422	
Overhead Line Expense (583)	4,488		---		1,577	
Vehicle Expense (589)	15,409		16,408		14,084	
Underground Line Expense (584)	9,428		5,572		5,632	
Street Lighting (585-418)	2,610		84		504	
Signal Expense (585-419)	920		4,315		293	
Meter Expense (586)	9,870		9,247		8,772	
Consumer Installation Expense (587)	542		123		542	
Miscellaneous Distribution Expense (588)	57,007		79,436		73,648	
Maintenance:						
Supervision (590)	10,966		7,387		11,903	
Structures (591)	955		---		---	
Station Equipment (592)	8,932		11,508		5,971	
Overhead Lines (593)	46,043		57,686		84,228	
Underground Lines (594)	19,967		20,721		39,539	
Line Transformers (595)	17,447		1,852		7,175	
Street Lighting (596-418)	10,201		2,300		10,997	
Signal System (596-419)	2,376		12,255		5,113	
Meters (597)	2,763		2,142		2,117	
Miscellaneous Distribution Plant (598)	2,708		7,514		2,366	
Vacation, Holiday, Sick Leave (599)	37,378		37,006		33,701	
Depreciation (578)	177,226		175,558		172,352	
Tax on Rural Property (579)	1,700		1,700		1,700	
	<hr/>		<hr/>		<hr/>	
Total Distribution Expense	\$498,876	7.8	\$503,270	6.9	\$546,195	7.4

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - May 2018

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Transmission</u>						
Operation Supervision (560)	\$38,291		\$35,694		\$36,280	
Load Dispatching (561)	367,138		358,337		324,779	
Station Expense (562)	88,524		66,580		42,857	
Overhead Line Expense (563)	354		5,344		1,108	
Transmission of Electricity by Others (565)	629,319		441,524		375,211	
Miscellaneous Transmission Expense (566)	69,335		59,748		61,249	
Maintenance:						
Supervision (568)	13,968		9,832		13,669	
Structures (569)	661		---		---	
Station Equipment (570)	32,183		45,246		84,846	
Overhead Lines (571)	75,426		44,884		24,325	
Vacation, Holiday, Sick Leave (575)	57,726		56,208		47,232	
Depreciation (576)	221,937		215,237		155,359	
Tax on Rural Property (577)	28,449		28,542		28,541	
Total Transmission Expense	<u>1,623,311</u>	4.3	<u>1,367,176</u>	3.4	<u>1,195,456</u>	3.1
<u>Distribution</u>						
Operation Supervision (580)	72,707		56,195		75,209	
Load Dispatching (581)	148,797		162,791		162,848	
Station Expense (582)	65,134		33,879		44,697	
Overhead Line Expense (583)	24,218		957		7,983	
Vehicle Expense (589)	77,095		68,392		73,730	
Underground Line Expense (584)	30,729		20,032		18,485	
Street Lighting (585-418)	13,049		5,234		2,339	
Signal Expense (585-419)	5,607		4,610		736	
Meter Expense (586)	49,942		50,657		50,819	
Consumer Installation Expense (587)	2,812		4,031		3,555	
Miscellaneous Distribution Expense (588)	287,718		366,013		351,575	
Maintenance:						
Supervision (590)	54,483		35,454		54,668	
Structures (591)	3,260		---		---	
Station Equipment (592)	51,614		31,608		84,059	
Overhead Lines (593)	264,754		277,940		412,143	
Underground Lines (594)	105,112		94,840		86,877	
Line Transformers (595)	33,035		10,048		23,979	
Street Lighting (596-418)	52,162		65,657		62,479	
Signal System (596-419)	16,907		24,050		12,317	
Meters (597)	13,496		10,771		12,432	
Miscellaneous Distribution Plant (598)	13,542		14,970		15,362	
Vacation, Holiday, Sick Leave (599)	163,515		178,583		187,120	
Depreciation (578)	886,132		877,788		861,760	
Tax on Rural Property (579)	8,497		8,528		8,525	
Total Distribution Expense	<u>\$2,444,317</u>	6.5	<u>\$2,403,028</u>	6.0	<u>\$2,613,697</u>	6.7

**Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - May 2018**

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$10,156		\$16,314		\$8,850	
Energy Efficiency Rebates (912)	15,560		9,536		41,842	
Electric Ranges/Dryers Maintenance (910)	435		24		199	
Electric Water Heaters Maintenance (911)	156		100		32	
	<u>26,307</u>	0.4	<u>25,974</u>	0.4	<u>50,923</u>	0.7
<u>Consumer Accounts</u>						
Supervision (901)	5,590		3,885		3,750	
Meter Reading Expense (902)	9,950		11,673		12,006	
Consumer Records and Collection (903)	41,275		41,325		42,314	
Uncollectible Accounts Expense (904)	4,255		4,253		5,623	
Vacation, Holiday, Sick Leave (906)	6,485		5,338		4,888	
	<u>67,555</u>	1.1	<u>66,474</u>	0.9	<u>68,581</u>	0.9
<u>Administrative and General</u>						
Administrative and General Salaries (920)	184,241		194,302		185,746	
Office Supplies and Expenses (921)	13,447		22,074		13,154	
Outside Services Employed (923)	29,311		40,716		23,229	
Property Insurance (924)	58,354		62,067		55,722	
Casualty Ins, Injuries & Damages (925)	47,267		32,769		56,717	
Employee Pensions and Benefits (926)	559,129		596,563		550,144	
Fringe Benefits Charged to Constr. (927)	(28,273)		(37,171)		(26,504)	
Regulatory Commission (928)	8,615		9,213		8,744	
Miscellaneous General Expense (930)	34,384		46,443		42,988	
Maintenance of General Plant (932)	44,372		35,444		36,811	
Maintenance of A/O Center (934)	38,815		32,321		40,167	
Vacation, Holiday, Sick Leave (936)	34,668		29,496		34,285	
Depreciation (933)	159,450		99,190		47,766	
	<u>1,183,780</u>	18.5	<u>1,163,427</u>	15.9	<u>1,068,969</u>	14.5
Total Operating Expense	<u><u>\$8,058,706</u></u>		<u><u>\$7,923,067</u></u>		<u><u>\$7,877,860</u></u>	
Percent to Operating Revenue		125.7		108.1		106.7

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - May 2018

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$37,212		\$38,506		\$30,378	
Energy Efficiency Rebates (912)	77,800		75,135		104,066	
Electric Ranges/Dryers Maintenance (910)	2,275		869		610	
Electric Water Heaters Maintenance (911)	877		649		226	
	<u>\$118,164</u>	0.3	<u>\$115,159</u>	0.3	<u>\$135,280</u>	0.3
<u>Consumer Accounts</u>						
Supervision (901)	27,953		17,857		16,315	
Meter Reading Expense (902)	48,416		50,535		48,881	
Consumer Records and Collection (903)	201,671		205,329		190,723	
Uncollectible Accounts Expense (904)	21,267		21,265		28,115	
Vacation, Holiday, Sick Leave (906)	28,226		25,778		25,916	
	<u>327,533</u>	0.9	<u>320,764</u>	0.8	<u>309,950</u>	0.8
<u>Administrative and General</u>						
Administrative and General Salaries (920)	921,207		906,675		881,833	
Office Supplies and Expenses (921)	76,388		80,997		65,114	
Outside Services Employed (923)	272,261		209,514		189,547	
Property Insurance (924)	283,872		291,298		272,777	
Casualty Ins, Injuries & Damages (925)	238,335		201,813		269,434	
Employee Pensions and Benefits (926)	2,813,180		3,031,032		2,842,570	
Fringe Benefits Charged to Constr. (927)	(115,566)		(168,863)		(115,727)	
Regulatory Commission (928)	43,075		42,470		36,506	
Miscellaneous General Expense (930)	297,778		196,144		209,588	
Maintenance of General Plant (932)	212,526		205,949		166,517	
Maintenance of A/O Center (934)	165,388		163,943		160,624	
Vacation, Holiday, Sick Leave (936)	151,632		150,268		153,258	
Depreciation (933)	797,250		495,949		238,831	
	<u>6,157,326</u>	16.3	<u>5,807,189</u>	14.5	<u>5,370,872</u>	13.7
Total Operating Expense	<u>\$39,364,276</u>		<u>\$39,531,397</u>		<u>\$40,933,420</u>	
Percent to Operating Revenue		104.5		98.7		104.5

Muscatine Power and Water - Electric Utility
Statistical Data
May 2018

Total Fuel Cost

(To & Including Ash Handling, Gas & Oil)

	<u>Current Month</u>	
	<u>2018</u>	<u>2017</u>
Per Million Btu.	\$1.908	\$1.824
Per Net MW Generated	\$21.97	\$20.76
Net Peak Monthly Demand-KW	131,920	119,590
Date of Peak	5/31	5/16
Hour of Peak	1700	1700

	<u>Calendar Year-To-Date</u>	
	<u>2018</u>	<u>2017</u>
Per Million Btu.	\$1.761	\$1.817
Per Net MW Generated	\$20.21	\$20.38
Net Peak Monthly Demand-KW	131,920	119,590
Date of Peak	5/31	5/16
Hour of Peak	1700	1700
Average Temperature	68.7°	59.8°

<u>Services</u>	<u>2018</u>	<u>2017</u>
Residential	9,913	9,862
Commercial I	1,361	1,379
Commercial II	136	110
Industrial I	11	11
Industrial II	2	2
City Enterprise Funds	24	23
Water & Communications Utility	37	34
	<hr/>	<hr/>
Total	<u>11,484</u>	<u>11,421</u>

Muscatine Power and Water - Electric Utility
Wholesale Sales Analysis - Excluding Wind
Current Month - May 2018

	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales*	58,668,120		75,299,109		69,338,183	
Wholesale Sales*	\$1,725,784	\$0.02942	\$2,563,009	\$0.03404	\$2,612,759	\$0.03768
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	1,288,390	0.02196	1,548,575	0.02057	1,370,945	0.01977
Emissions:						
SO ² Allowances-ARP ^{fn1}	---	---	4	---	3	---
SO ² Allowances-CSAPR ^{fn2}	---	---	5	---	8	---
NO _x Allowances ^{fn3}	---	---	10,784	---	40,161	---
Other ^{fn4}	166,158	0.00283	166,971	0.00222	167,186	0.00241
Total Variable Costs	1,454,548	0.02479	1,726,339	0.02293	1,578,303	0.02276
Gross Margin	\$271,236	\$0.00462	\$836,670	\$0.01111	\$1,034,456	\$0.01492
Percent Gross Margin	15.7%		32.6%		39.6%	

*Wholesale analysis excludes wind. (see next page)

Calendar Year To Date

	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales*	331,877,054		383,703,413		305,436,808	
Wholesale Sales*	\$9,429,808	\$0.02841	\$12,413,951	\$0.03235	\$11,677,402	\$0.03823
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	6,404,998	0.01930	7,360,770	0.01918	5,860,607	0.01919
Emissions:						
SO ² Allowances-ARP ^{fn1}	891	---	111	---	130	---
SO ² Allowances-CSAPR ^{fn2}	879	---	140	---	331	---
NO _x Allowances ^{fn3}	2,996	---	11,367	---	42,161	---
Other ^{fn4}	830,788	0.00250	834,856	0.00218	835,930	0.00274
Total Variable Costs	7,240,552	0.02182	8,207,244	0.02139	6,739,159	0.02206
Gross Margin	\$2,189,256	\$0.00660	\$4,206,707	\$0.01096	\$4,938,243	\$0.01617
Percent Gross Margin	23.2%		33.9%		42.3%	

*Wholesale analysis excludes wind. (see next page)

Allowance costs are based on budgeted and market prices for allowances:

	Budget	2018	2017
fn1 SO ² ARP	\$2.00	\$0.70	\$0.80
YTD SO ² ARP	2.00	0.70	0.79
fn2 SO ² CSAPR	2.00	0.88	2.00
YTD SO ² CSAPR	0.00	0.88	2.00
fn3 NO _x annual	5.00	1.50	3.25
NO _x seasonal	1,300.00	175.00	735.00
YTD NO _x annual	500.00	1.50	5.60
YTD NO _x seasonal	1,300.00	175.00	735.00

fn4 Other includes variable generation O&M, rail car cost, and Title V permit fees. Costs included have been amortized evenly over the year.

**Muscatine Power and Water - Electric Utility
Wind Sales Analysis
Current Month - May 2018**

	<u>Budget</u>	<u>\$/kWh</u>	<u>This Year</u>	<u>\$/kWh</u>	<u>Last Year</u>	<u>\$/kWh</u>
Revenue						
Wholesale kWh Sales	4,680,000		3,622,050		4,680,907	
Wholesale Sales	\$61,308	\$0.01310	\$72,981	\$0.02015	\$64,662	\$0.01381
Expense						
Purchased Power kWh	4,680,000		3,622,050		4,680,907	
Purchased Power	\$124,348	0.02657	\$96,238	0.02657	\$121,704	0.02600
Gross Margin/(Loss)	(\$63,040)	(\$0.01347)	(\$23,257)	(\$0.00642)	(\$57,042)	(\$0.01219)
Percent Gross Margin	-102.8%		-31.9%		-88.2%	
RECs Sold	--		--		--	
REC Net Proceeds	\$0	--	\$0	--	\$0	--
Misc Wind Revenues/Charges	\$0		\$0		\$0	
Wind Net Margin/(Loss)	(\$63,040)		(\$23,257)		(\$57,042)	

Calendar Year To Date

	<u>Budget</u>	<u>\$/kWh</u>	<u>This Year</u>	<u>\$/kWh</u>	<u>Last Year</u>	<u>\$/kWh</u>
Revenue						
Wholesale kWh Sales	24,885,000		23,513,006		24,884,648	
Wholesale Sales	\$322,297	\$0.01295	\$427,886	\$0.01820	\$313,976	\$0.01262
Expense						
Purchased Power kWh	24,885,000		23,513,006		24,884,648	
Purchased Power	\$661,195	0.02657	\$624,741	0.02657	\$647,035	0.02600
Gross Margin/(Loss)	(\$338,898)	(\$0.01362)	(\$196,855)	(\$0.00837)	(\$333,059)	(\$0.01338)
Percent Gross Margin	-105.2%		-46.0%		-106.1%	
RECs Sold	--		1,000		2,500	
REC Net Proceeds	\$0	--	\$750	0.75	\$1,875	0.75
Misc Wind Revenues/Charges	\$0		\$0		\$0	
Wind Net Margin/(Loss)	(\$338,898)		(\$196,105)		(\$331,184)	

	<u>Budget</u>	<u>This Year</u>	<u>Last Year</u>
RECs at end of Prior Period	0	32,618	3,438
RECs Added This Period	0	15,215	54,180
RECs Sold This Period	0	1,000	25,000
Number of RECs on hand	0	46,833	32,618
Market Value per REC	\$0.00	\$0.75	\$0.75
Value of RECs on Hand	\$0.00	\$35,124.75	\$24,463.50

Muscatine Power and Water - Electric Utility
SUPPLEMENTAL STATISTICAL DATA - FOR INTERNAL PURPOSES ONLY
May 2018

Delivered to Wholesale Customers

	<u>Current Month 2018 Budget</u>	<u>Current Month 2018 Actual</u>	<u>Current Month 2017 Actual</u>	<u>Year-To-Date 2018 Budget</u>	<u>Year-To-Date 2018 Actual</u>	<u>Year-To-Date 2017 Actual</u>
Wholesale Sales KWHs	63,348,120	78,921,159	74,019,090	356,762,054	407,216,419	330,321,456
Wholesale Sales	\$1,787,092	\$2,635,990	\$2,677,421	\$9,752,105	\$12,841,837	\$11,991,378
Less:						
Production Fuel	1,332,234	1,597,482	1,430,639	6,635,283	7,660,454	6,187,111
Generation-Other	2,677,692	1,837,252	2,054,471	9,991,238	8,608,045	11,108,294
Transmission	342,655	287,318	239,814	1,623,311	1,367,176	1,195,456
Subtotal	<u>4,352,581</u>	<u>3,722,052</u>	<u>3,724,924</u>	<u>18,249,832</u>	<u>17,635,675</u>	<u>18,490,861</u>
Wholesale Margin	<u>(\$2,565,489)</u>	<u>(\$1,086,062)</u>	<u>(\$1,047,503)</u>	<u>(\$8,497,727)</u>	<u>(\$4,793,838)</u>	<u>(\$6,499,483)</u>

Delivered to Steam Customer

	<u>Current Month 2018 Budget</u>	<u>Current Month 2018 Actual</u>	<u>Current Month 2017 Actual</u>	<u>Year-To-Date 2018 Budget</u>	<u>Year-To-Date 2018 Actual</u>	<u>Year-To-Date 2017 Actual</u>
Steam Sales - 1,000 lbs.	—	—	0	1,008,000	980,791	1,047,098
Steam Sales	—	—	\$0	\$3,835,176	\$3,728,503	\$4,005,118
Less:						
Production Fuel	—	—	0	2,085,326	1,837,217	2,222,856
Generation-Other	37,569	81,056	41,526	132,111	238,089	170,684
Steam Sales Margin	<u>(\$37,569)</u>	<u>(\$81,056)</u>	<u>(\$41,526)</u>	<u>\$1,617,739</u>	<u>\$1,653,197</u>	<u>\$1,611,578</u>

Delivered to Paying Native System Customers

	<u>Current Month 2018 Budget</u>	<u>Current Month 2018 Actual</u>	<u>Current Month 2017 Actual</u>	<u>Year-To-Date 2018 Budget</u>	<u>Year-To-Date 2018 Actual</u>	<u>Year-To-Date 2017 Actual</u>
Native System Sales KWHs	67,734,125	71,129,022	67,476,284	358,392,332	351,493,318	339,620,070
Native System Sales	\$4,566,568	\$4,554,171	\$4,540,700	\$23,734,187	\$23,020,548	\$22,749,673
Less:						
Purchased Power	1,892,038	2,360,815	2,376,743	9,849,667	11,174,276	11,619,220
Distribution	498,876	503,270	546,195	2,444,317	2,403,028	2,613,697
Customer Service	26,307	25,974	50,923	118,164	115,159	135,280
Consumers Accounts	67,555	66,474	68,581	327,533	320,764	309,950
Administrative & General	1,183,780	1,163,427	1,068,969	6,157,326	5,807,189	5,370,872
Subtotal	<u>3,668,556</u>	<u>4,119,960</u>	<u>4,111,411</u>	<u>18,897,007</u>	<u>19,820,416</u>	<u>20,049,019</u>
Native System Margin	898,012	434,211	429,289	4,837,180	3,200,132	2,700,654
Steam Sales Margin	(37,569)	(81,056)	(41,526)	1,617,739	1,653,197	1,611,578
Wholesale Margin	<u>(2,565,489)</u>	<u>(1,086,062)</u>	<u>(1,047,503)</u>	<u>(8,497,727)</u>	<u>(4,793,838)</u>	<u>(6,499,483)</u>
Net Electric Margin	(1,705,046)	(732,906)	(659,739)	(2,042,808)	59,491	(2,187,251)
Other Revenue	56,451	138,135	165,852	359,445	452,591	406,263
Nonoperating Revenue (Expense)	20,226	77,825	26,377	92,905	331,439	104,705
Net Income (Loss) Before Revenue Adjustment and Capital Contributions	<u>(\$1,628,369)</u>	<u>(\$516,946)</u>	<u>(\$467,510)</u>	<u>(\$1,590,458)</u>	<u>\$843,521</u>	<u>(\$1,676,283)</u>

Electric Utility
Review of Operating Results
May 2018

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY
VARIANCES FROM BUDGETED NET POSITION - MAY 31, 2018**

	(Unfavorable)/ Favorable Compared to Budget	
Sales of Electricity		
Native System Sales	\$ (713,639)	1.9% lower kWh's, plus a 1.1% lower average sales price (\$.06549/kWh versus \$.06622/kWh budgeted)
Wholesale Sales	3,089,732	15.4% higher average sale price (\$.03154/kWh versus \$.02734/kWh), plus 14.1% higher kWhs sold
	<u>2,376,093</u>	
Steam Sales	<u>(106,673)</u>	2.7% lower pounds of steam sold
Other Revenue		
By-Product Revenue	54,836	Fly ash sales
	10,043	Gypsum sales
	(5,357)	Slag sales
Miscellaneous Revenue	(11,754)	Lower job sales, net of expenses
	34,473	Alliant Energy easement
	(4,650)	Lower transmission-related revenue
	5,812	Higher recycling revenue
	8,804	Higher penalty revenue
	939	Other miscellaneous variances - net
	<u>93,146</u>	
Operating Expense		
Purchased Power - Native System	(1,361,063)	Average purchase price is 15.3% higher (\$.02860/kwh vs \$.02480/kwh), offset by 1.4% lower kWhs purchased
Purchased Power - Wind	36,454	5.5% lower kWhs purchased
	<u>(1,324,609)</u>	
Production Fuel	(719,332)	12.5% or 35,777 higher number of coal tons burned, offset by a 3.3% lower price/ton
	15,035	Unit 9's lower cost of fuel oil
	8,704	Lower Unit 8 natural gas usage
	(12,754)	CCR compliance costs were not budgeted
	(18,536)	Higher cost for landfill rock, propane, and diesel fuel
	(51,327)	Higher labor cost
	(8,684)	Other miscellaneous variances - net
	<u>(777,062)</u>	
Emissions Allowance	<u>2,785</u>	Market price lower than assumed
Operation	8,813	Lower gas usage for auxiliary boiler
	(4,987)	Unit 9 caustic soda expense, budgeted in July
	76,022	Lower PAC injection system costs
	40,032	Lower cost for wastewater chemicals and analysis
	(50,635)	Higher limestone usage
	(30,724)	Higher cost for IDNR Title V permit fee
	9,088	Lower cost for PM2.5 modeling
	79,752	Stack testing, not performed
	10,911	Engineering services for CCR rule compliance, not expended
	19,915	Lower cost for 316(b) Impingement/entrainment study
	4,000	Coal and byproduct analysis, not expended
	6,664	IDNR fees
	9,921	Lower cost for plant safety materials
	17,573	Lower cost for rail car storage and administration fees
	4,724	Lower cost for plant ground maintenance
	(18,669)	Higher cost of MISO operating and administrative fees
	12,580	Inspection, replacement, painting of pole breakers, not expended
	187,795	Lower cost for MISO's multi-value transmission and market efficiency projects
	4,167	Local balancing authority investigation expenses, not expended
	6,700	Lower cost of tools, grease, lawn care for substations
	22,188	Electric line workers' tools & Lean supplies not needed
	10,014	Lower cost for vehicle material expenses
	(6,665)	Higher cost for share in MAGIC's operating expenses
	(6,609)	Engineering services not budgeted

MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - MAY 31, 2018

(Unfavorable)/
 Favorable Compared
 to Budget

3,696	Lower marketing costs
(4,569)	Higher cost for energy efficiency services
2,665	Lower cost for energy efficiency rebates
(10,150)	Higher cost for payment processing fees
(4,908)	Higher cost for computer hardware/software
(17,355)	Higher cost for organizational development consulting
24,300	Succession planning, not expended
18,736	Legal services not expended
18,231	CIP compliance consulting not utilized
6,421	Lower cost for web design service
12,150	Refund for 2017's pension plan investment consulting services
4,050	Benefits consulting, not expended
(17,400)	Higher cost for employee search services
9,551	Lower cost for coal pile survey
26,878	Workers compensation claims expense is lower than historical data used for budgeting
9,644	Casualty insurance premiums were expected to increase by 5-7%; instead increased only 0.6%
(254,851)	Pension expense is accrued at a higher amount to approximate GASB 68 effect
64,793	Lower healthcare costs
(16,979)	Higher FICA expense
(25,396)	Higher cost of deferred comp's utility match
6,312	Lower unemployment expenses
53,297	Higher fringe benefits charged to capital projects
10,765	Lower cost for employment expenses
8,100	Lower cost of GMCCI joint community branding project, not expended
30,000	General CIP expense, not expended
11,885	Financial 2017 Annual Report; Highlights not expended
10,579	Lower cost for employee team expenses
88,260	Less training/travel
(223,780)	Higher cost for temporary labor services
14,787	Lower cost for vacation expense
(74,257)	Higher labor cost
276,315	Other miscellaneous variances - net
474,340	

Maintenance

7,540	Lower cost for contracted insulation replacement & repairs
150,000	Unit 9 roof restoration, to be completed in September
(22,531)	Extension of Unit 9's vacuum header to the superheater level, not budgeted
26,000	Extend Unit 9 vacuum header to the SH level, not completed
15,542	Fewer fire protection panel inspections/repairs
(20,141)	higher cost for backflow preventer valve repair
22,249	Lower bottom ash system materials expense
13,848	Lower fly ash system materials expense
12,361	Inspection Unit 7 boiler feed pump motor, not completed
(5,179)	Unit 7 traveling grate repair, not budgeted
(35,247)	Unit 8 vacuum services, not budgeted
15,000	Deslag Unit 8 furnace, not expended
4,848	Lower cost to explosive clean Unit 8 boiler
597,944	Unit 8 restud/refractory, not completed
20,000	Unit 8 cyclone repairs, not expended
(7,378)	Cost for Unit 8 miscellaneous piping repairs, not budgeted
12,000	Unit 8 cyclone tubes NDE, not expended
12,000	Unit 8 deaerator NDE, not expended
35,000	Unit 8 boiler layup, not expended
(16,846)	Higher cost for Unit 8 miscellaneous valve repairs
(18,615)	Replace Unit 9 auxiliary steam line, not budgeted
80,000	Unit 9 pulverizer journal rebuild, not completed
6,408	9A Pulverizer motor inspection, not completed
12,872	Lower cost for Unit 9 routine pulverizer maintenance
24,991	Lower cost for Unit 9 miscellaneous piping repairs
(17,729)	Grit blast the finishing superheat on Unit 9 boiler, not budgeted
12,000	Unit 9 reheat spray valve trim replacement not expended
4,752	Lower cost to rebuild/repair Unit 9 sootblowers
(12,896)	Higher cost of Unit 9 boiler tube repairs/NDE
(52,421)	Higher cost for Unit 9 boiler vent, drain and blowdown valve repairs

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - MAY 31, 2018**

(Unfavorable)/ Favorable Compared to Budget		
	8,660	Lower cost for Unit 9 miscellaneous valve repairs
	8,000	Replacement of Unit 9 condensate control valve with DVC valve controller, not completed
	(4,743)	Higher cost for software/plant controls maintenance agreements
	8,201	Lower cost for continuous emission monitoring expenses
	6,885	Lower cost to grit blast & vacuum Unit 8 precipitator & ductwork
	38,173	Lower cost of miscellaneous precipitator repairs
	18,000	Repair of the limestone silo 901 south wall, not begun
	6,250	FGD hydroclone repairs/replacements, not performed
	9,518	Absorber spray pump inspection/repair, not completed
	6,000	Absorber spray impeller replacement, not expended
	(29,796)	T901 WFC pump inspection, not budgeted
	(7,529)	Higher cost for the Quencher pump inspection
	(10,164)	Replace recirculating control valve for makeup water tank, not budgeted
	(8,576)	Replace regulating valve for makeup water tank, not budgeted
	18,869	Lower cost of miscellaneous FGD equipment repairs
	15,000	Unit 8 generator electrical testing, not expended
	35,000	Unit 8 turbine layup, not expended
	(33,741)	8A steam turbine control & stop valve overhaul, budgeted in July
	6,000	Unit 8 UPS battery replacement, not expended
	(35,192)	Higher cost for rail car maintenance
	8,026	Lower cost for dozer maintenance
	(49,974)	Higher cost for coal conveyor repairs
	(16,641)	Inspection of Unit 8 coal crusher hammers, not budgeted
	19,665	Lower cost for the jointly-owned transmission line maintenance performed by MEC
	(14,229)	Higher cost for underground lines material expenses
	14,000	Re-gasket and paint 2500 kVA transformers, not completed
	(13,950)	Higher cost of street lighting repairs
	5,124	Higher cost of traffic signal repairs
	17,651	Lower cost of vehicle maintenance
	3,217	Lower cost of gasoline and diesel fuel
	5,976	Lower cost for temporary labor services
	63,874	Lower labor cost
	184,272	Other miscellaneous variances - net
	1,158,198	
Depreciation	299,227	Net value of the A&G assets were overestimated for the budget
Nonoperating Revenue (Expense)		
Interest Income	239,668	Higher average cash balances
Interest Expense	(1,134)	
	238,534	
Change in Net Position	\$ 2,433,979	Total Variance from Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position**Sales of Electricity****Native System Sales**

1.9% lower kWh's sold, plus a 1.1% lower average sales price per kWh (\$.06549/kWh versus \$.06622/kWh budgeted), resulted in \$713,639 lower revenue.

Wholesale Sales

14.1% higher kWhs sold; plus, a 15.4% higher average sales price (\$.03154/kWh versus \$.02734/kWh budgeted), resulted in \$3,089,732 higher revenue than projected.

Steam Sales

2.7% lower pounds of steam sold, resulted in \$106,674 lower revenue than projected.

Other Revenue**By-Product Revenue**

Gypsum and fly ash sales are \$10,043 and \$54,836 higher than budgeted, respectively. The budget includes \$5,357 for slag sales that has not occurred.

Miscellaneous Revenue

Net job sales and transmission-related revenue are \$11,754 and \$4,650 lower than budget, respectively; recycling and penalty revenue are \$5,812 and \$8,804 higher than budgeted, respectively. Included in revenue is a payment from Alliant Energy for an easement totaling \$34,473.

Nonoperating Revenue (Expense)**Interest Income**

Interest income is \$239,668 higher than budgeted due to higher average cash balances.

Statement of Net Position**Liabilities****Health and Dental Insurance Provision**

Health care claims have been less than premiums accrued. The current portion is based on the third-party administrator's estimate of incurred but unpaid health claims at year end. This estimate is adjusted in December each year.

Summary of Expenses**Purchased Power – (555)**

An 15.3% higher average purchase price (\$.02860/kWh versus \$.02480/kWh budgeted), offset by 1.4% lower kWhs purchased for native system sales, resulted in \$1,361,063 higher cost. Wind energy kWh purchases were 5.5% or \$36,454 lower than budgeted.

Generation

Operation Supervision – (500)

Total labor expense is \$24,560 higher than budget due to more overtime than expected; the operations department makes up 53% or \$13,020 of this variance.

Fuel – Coal – (501-001)

12.5% or 35,777 higher tons of coal burned, offset by a 3.3% lower price/ton, resulted in \$719,332 higher coal expense.

Fuel – Fuel Oil – (501-921)

Cost of fuel oil for Unit 9 start-ups is \$15,035 lower than budgeted.

Fuel – Gas – (501-002)

Unit 8's natural gas usage is lower than budgeted, resulting in \$8,704 lower expense; Unit 7's gas usage is \$4,241 higher.

Coal Handling Expense - (501-003)

Material handling and plant operations labor expenses are \$37,476 and \$3,498 higher than budgeted, respectively; gasoline and diesel fuel expense is \$6,750 lower than budgeted.

Landfill Operation Expense - (501-925)

Actual expenses include \$12,754 for engineering services relating to CCR compliance, which were not budgeted, plus, labor expense is \$11,366 higher than budgeted. Other material costs for rock, propane, and diesel fuel, are \$18,536 higher than the budget.

Steam Expense – Boiler – (502-004)

Labor expenses are \$27,833 higher than budgeted. Unit 9's caustic soda \$4,987 expense was budgeted in July. Gas usage for the auxiliary boiler is \$8,813 lower than budgeted.

Steam Expense – Pollution Control – (502-005)

PAC (powdered activated carbon) injection system costs, wastewater chemicals/analysis, and labor expenses are \$76,022, \$40,032, and \$19,950 lower than budgeted, respectively.

Limestone expense is \$50,635 higher than budgeted, due to a survey inventory adjustment.

Electric Expense – (505)

Labor expense is \$38,342 higher than budget.

Generation (cont'd)

<u>Miscellaneous Steam Power Expense - (506)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$344,955	\$367,098
IDNR Title V permit fee	113,950	144,674
PM2.5 modeling	10,000	912
Stack testing	125,600	45,848
Engineering services for CCR rule compliance	11,460	549
316(b) cooling water impingement/entrainment study	75,000	55,085
Universal waste recycling/hazardous waste disposal	5,835	4,543
Coal and byproduct analysis	4,000	-
IDNR fees	28,000	21,336
ESC software engineering time/maintenance	7,400	10,287
Plant safety material expenses	54,434	44,513
Rail car storage/switching costs/admin fees	53,312	35,739
Travel/training	82,138	32,254
Temporary labor services	1,260	10,995
Ground maintenance	13,050	8,326
Membership/subscriptions	7,825	3,794
Gasoline/diesel fuel	5,833	7,655
Other expenses	108,946	38,919
	<u>\$1,052,998</u>	<u>\$832,527</u>

Maintenance Supervision - (510)

Plant maintenance and technical departments' labor expenses are \$26,521 and \$18,988 higher than budgeted, respectively.

<u>Maintenance of Structures - (511)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$117,781	\$112,375
Elevator maintenance	22,300	20,572
Contracted insulation replacement/repair	10,820	3,280
Overhead door maintenance	3,750	2,080
Unit 9 roof restoration	150,000	-
Extend Unit 9 vacuum header to the SH level	-	22,531
Unit 9 miscellaneous piping repairs	-	3,438
Hoist and crane repairs	-	5,669
Waste oil material dumpster	4,000	-
Extend Unit 9 vacuum header to the SH level	26,000	-
Fire protection panel inspection/repair	17,100	1,558
Backflow preventer inspection/repairs	7,650	27,791
Building door repairs	3,750	-
Other expenses	62,082	44,779
	<u>\$425,233</u>	<u>\$244,073</u>

Generation (cont'd)

<u>Maintenance of Boiler Plant - Boiler - (512-006)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$316,605	\$275,060
Bottom ash system materials	60,200	37,951
Fly ash system materials	48,548	34,700
Reverse osmosis system	4,602	597
8A reboiler repairs	8,608	10,914
Inspect & clean Unit 7 boiler feed pump motor	14,000	1,639
Unit 7 traveling grate repair	-	5,179
8A stock feeder belt replacement	-	2,693
Unit 8 vacuum services	-	35,247
Deslag Unit 8 furnace	15,000	-
Explosive clean Unit 8 boiler	22,500	17,652
Unit 8 restud/refractory	600,000	2,056
Unit 8 cyclone repairs	20,000	-
Unit 8 miscellaneous piping repairs	-	7,378
Unit 8 sootblower repairs	3,825	-
Unit 8 hydroset boiler & feedwater heater safety valves & repair	3,600	-
Unit 8 cyclone tubes NDE	12,000	-
Unit 8 deaerator NDE	12,000	-
Unit 8 boiler layup	35,000	-
Unit 8 miscellaneous valve repairs	240	17,086
Replace Unit 9 auxiliary steam line	-	18,615
Unit 9 pulverizer journal rebuild	80,000	-
9A Pulverizer motor inspection	14,000	7,592
Unit 9 routine pulverizer maintenance	52,085	39,213
Unit 9 miscellaneous piping repairs	40,000	15,009
Grit blast Unit 9 ID fans	3,240	-
Grit blast the finishing superheat on Unit 9 boiler	-	17,729
9A & 9B forced draft fan lubrication	-	2,202
Unit 9 reheat spray valve trim replacement	12,000	-
Unit 9 sootblower repairs	-	8,373
Rebuild Unit 9 sootblowers	13,125	-
Unit 9 boiler tube repairs/NDE	10,000	22,896
Unit 9 boiler vent, drain and blowdown valve repairs	9,375	61,796
Unit 9 miscellaneous valve repairs	17,500	8,840
Replace Unit 9 condensate control valve with DVC valve controller	8,000	-
Software/plant controls maintenance agreements	22,866	27,609
Other expenses	<u>150,855</u>	<u>61,514</u>
	<u>\$1,609,774</u>	<u>\$739,540</u>

Generation (cont'd)

<u>Maintenance of Boiler Plant – Pollution Control - (512-007)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$124,665	\$102,048
Continuous emission monitoring expenses	50,967	42,766
PAC (powdered activated carbon) injection system costs	5,620	1,978
Grit blast & vacuum Unit 8 precipitator & ductwork	16,200	9,315
Miscellaneous precipitator repairs	41,275	3,102
Repair the limestone silo 901 south wall	18,000	-
Miscellaneous limestone handling equipment repairs	4,745	-
Wastewater equipment maintenance	5,792	1,137
Scrubber waste equipment repairs	4,915	517
FGD hydroclone repairs/replacements	6,250	-
Absorber spray pump inspection/repair	14,000	4,482
Absorber spray impeller replacement	6,000	-
T901 WFC pump inspection	-	29,796
Quencher pump inspection/replacement/repair	5,000	12,529
Replace recirculating control valve for makeup water tank	-	10,164
Replace regulating valve for makeup water tank	-	8,576
Miscellaneous FGD equipment repairs	29,955	11,086
Other expenses	4,198	-
	<u>\$337,582</u>	<u>\$237,496</u>

Generation (cont'd)

<u>Maintenance of Electric Plant - (513-008)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$116,221	\$144,052
Rebuild two Unit 9 traveling screens	55,000	56,430
Unit 9 transformer & turbine oil samples	3,700	2,920
Unit 9 circulating water booster pump check valve repair	-	2,496
Rebuild Unit 9 chlorine vacuum regulator	5,000	3,083
Unit 9 auxiliary transformer repairs, hot oil process	28,000	29,222
Unit 9 miscellaneous plant maintenance	26,828	26,321
Unit 8 switchgear contactors' testing	-	3,053
Unit 8 generator electrical testing	15,000	-
Clean Unit 8 condenser	2,800	-
Unit 8 turbine layup	35,000	-
8A steam turbine control & stop valve overhaul	-	33,741
8A turbine/generator repairs	8,766	6,339
Unit 8 UPS battery replacement	6,000	-
Unit 8 MV contactor inspection and test	3,500	-
Unit 8 station battery annual inspection	2,500	-
Unit 8 miscellaneous plant maintenance	8,263	3,603
Unit 7 miscellaneous plant maintenance	9,060	-400
GE, EX-2000, and Mark V service agreement	10,417	5,696
Other expenses	3,028	-
	<u>\$339,082</u>	<u>\$316,556</u>

Maintenance of Miscellaneous Steam Plant – (514)

Labor expense is \$25,547 lower than budgeted. Tools expenses are \$13,070 lower than budgeted; the Spider annual inspection, budgeted at \$5,775, has not been performed.

<u>Maintenance of Coal Handling Equipment - (516)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$113,380	\$134,146
Rail car maintenance	51,300	86,492
Dozer maintenance	43,791	35,765
Coal conveyor maintenance	24,080	74,054
Lumpbreaker inspection/repair	4,200	2,781
Unit 8 control room PC	3,200	-
Track maintenance	-	3,958
Unit 9 DC-14A heat blanket	5,000	-
RC-2 main drive gear reducer leak repair	-	3,160
Inspect Unit 8 coal crusher hammers	-	16,641
Rail unloader maintenance	8,730	7,199
Other expenses	34,585	9,883
	<u>\$288,266</u>	<u>\$374,079</u>

Generation (cont'd)

<u>System Control and Load Dispatch - (556)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$66,676	\$61,585
SCADA Dark Fiber service & BUCC MME services	8,110	7,890
MISO operating & administrative fees	60,245	78,914
MISO & APDA memberships	1,126	1,126
Travel and training	250	328
Other expenses	<u>1,713</u>	<u>2,299</u>
	<u>\$138,120</u>	<u>\$152,142</u>

Depreciation – (558)

The budget assumed we would sell 36 railcars at the end of 2017, which did not occur.

TransmissionLoad Dispatching – (561)

Labor expenses and travel/training expenses are \$7,885 and \$2,751 lower than budgeted, respectively.

Station Expense – (562)

Labor expense is \$11,101 lower than budget. The budget includes \$24,000 to paint the 161 breakers that has not been expended. Expenses include \$11,420 to inspect and replace pole breakers.

Overhead Line Expense – (563)

Labor expense is \$4,612 higher than budgeted.

Transmission of Electricity by Others – (565)

The cost of MISO's multi-value transmission and market efficiency projects are \$187,795 lower than budgeted.

Miscellaneous Transmission Expense – (566)

The Midwest Municipal Transmission Group membership is \$906 lower than budgeted, due to actual costs being allocated monthly. Local balancing authority investigation expenses, budgeted at \$4,167, have not been expended. Project engineering and safety & training labor expenses are \$2,044 and \$2,022 lower than the budgeted, respectively.

Maintenance Supervision – (568)

Labor expense is \$4,137 lower than budgeted primarily due to the Manager, T&D position opening.

Maintenance of Station Equipment – (570)

Labor expense is \$8,608 higher than budgeted. Battery load testing, costing \$5,375, was not budgeted.

Transmission (cont'd)Maintenance of Overhead Lines – (571)

Line maintenance performed by MEC for the joint section of Line 104 is \$19,665 lower than budgeted. Other material expenses are \$5,186 lower than budgeted; plus labor expense is \$5,691 lower than the budget.

Depreciation – (576)

Substation assets were estimated at a higher cost than 2017 year-end actual.

DistributionOperation Supervision – (580)

Labor expense is \$16,512 lower than budgeted due to the Manager, T&D position opening.

Load Dispatching – (581)

System control labor expense is \$15,624 higher than budgeted.

Station Expense – (582)

Substation electricians' labor expense is \$19,360 lower than budgeted; project engineering budgeted \$5,563 labor expense that has not been expended. Material expenses, including lawn care, tools and grease, are \$6,700 lower than budgeted.

Overhead Line Expense – (583)

The budget includes \$19,688 for electric line workers' tools and tool repairs, plus \$2,500 for Lean initiative expenses that have not been needed.

Vehicle Expense – (589)

Vehicle labor and materials expenses are lower than the budget by \$2,346 and \$10,014, respectively. Gasoline and diesel fuel usage is \$3,657 greater than budgeted.

Underground Line Expense – (584)

Dollies for URD cable pulling, budgeted at \$2,000, have not been needed. Outside servicemen have spent less time on locates, resulting in \$8,963 lower labor expense.

Street Lighting – (585-STL)

Less time has been spent on street light repairs, resulting in \$6,919 lower labor expense.

Miscellaneous Distribution Expense – (588)

Labor expense is \$53,975 higher than budgeted; the electric line workers' labor makes up \$28,808 or 53% of this total. The share in MAGIC's operating expenses is \$6,665 higher than budgeted due to the implementation of GASB 75, which increased OPEB expense significantly. Engineering services, costing \$6,609, were not budgeted. Temporary labor services, totaling \$11,282, were not budgeted, and travel & training expenses are \$7,541 lower than budgeted.

Maintenance Supervision – (590)

Labor expense is \$19,030 lower than budget primarily due to the Manager, T&D position opening.

Distribution (cont'd)Maintenance of Structures – (591)

Labor and materials, budgeted at \$2,360 and \$900, respectively, were not needed.

Maintenance of Station Equipment – (592)

Expenses to load test substation batteries are lower than budget by \$2,705. Substation electricians' labor expense is \$11,757 lower than budgeted. The electric line workers budgeted \$4,281 labor to this account that has not been needed.

Maintenance of Underground Lines – (594)

Labor expense is \$24,501 lower, while material expense is \$14,229 higher than budgeted.

Maintenance of Line Transformers – (595)

Less time was spent on line transformer maintenance, resulting in \$9,616 lower labor expense. The budget includes \$14,000 to re-gasket and paint 2500 kVA transformers, which has not been completed.

Maintenance of Street Lighting – (596-STL)

Material expense is higher than budgeted by \$13,950.

Maintenance of Signal Expense – (596-419)

More than anticipated signal repairs resulted in \$2,019 higher labor and \$5,124 higher material expenses.

Maintenance of Meters – (597)

Calibration of meters and other material expenses are \$2,046 lower than budgeted.

Vacation, Holiday, Sick Leave – (599)

The electric line workers' sick leave usage was higher than anticipated.

Depreciation – (578)

Substation assets were estimated at a higher cost than 2017 year-end actual due to capital projects not being completed..

Customer Service Expense

<u>Customer Information Expense - (909)</u>	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>Marketing</u>			
Media advertising	\$5,854	\$5,627	\$4,851
Customer newsletter/bill inserts	1,238	1,552	1,550
Postage	540	-	-
Promotional materials	2,425	290	342
Photo library	<u>1,270</u>	<u>162</u>	<u>810</u>
Subtotal - Marketing	<u>11,327</u>	<u>7,631</u>	<u>7,553</u>
<u>Energy Services</u>			
Trees Forever	13,000	13,000	13,000
Questline-EE newsletter service	5,000	-	-
City-owned buildings energy efficiencies	-	-	1,916
Customized energy efficiencies	500	-	-
Compact fluorescent exchange program	2,500	1,749	1,263
Customer awareness programs	835	13,390	4,786
Presentation materials	1,550	-	-
Science fair/poster contest	<u>2,500</u>	<u>2,315</u>	<u>1,860</u>
Subtotal - Energy Services	<u>25,885</u>	<u>30,454</u>	<u>22,825</u>
Miscellaneous	=	<u>422</u>	=
	<u>\$37,212</u>	<u>\$38,507</u>	<u>\$30,378</u>

<u>Energy Efficiency Rebates - (912)</u>	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Commercial lighting	\$17,000	\$14,319	\$30,756
Compact fluorescent lighting	1,250	1,086	1,022
Air conditioning	10,625	9,945	15,923
Refrigerator	1,925	2,140	1,345
City building improvement	4,500	-	-
Washing machine	1,667	2,150	1,150
Customized energy efficiency	-	20	1,625
Water heater	3,000	2,500	2,200
Geo-thermal	3,000	3,900	6,970
Motor	34,000	38,150	42,250
Dishwasher	833	925	825
	<u>\$77,800</u>	<u>\$75,135</u>	<u>\$104,066</u>

Consumer AccountsSupervision – (901)

Labor expense is \$10,096 lower due to budgeting for an additional temporary manager position.

<u>Consumer Records and Collection - (903)</u>	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Labor	\$149,898	\$147,024	\$137,751
Temporary labor services	5,676	5,148	10,283
Postage	11,780	13,639	11,273
Payment processing fees	22,476	32,626	22,881
Collection fees	4,891	3,465	5,169
Integrated voice response service	753	620	799
Travel/training	1,448	-	44
Gasoline/diesel fuel	1,250	507	762
Other	3,499	2,300	1,761
	<u>\$201,671</u>	<u>\$205,329</u>	<u>\$190,723</u>

Administrative and GeneralAdministrative & General Salaries – (920)

Labor expense is \$14,533 lower than budgeted due to open positions in the IT department.

<u>Office Supplies - (921)</u>	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Phone expense	\$15,509	\$14,854	\$14,642
Memberships/subscriptions	10,136	11,980	10,141
Internet/MME	6,925	7,106	6,494
Office furniture	6,965	5,098	4,483
Computer hardware/software	14,117	19,025	8,189
Postage	-	2,340	2,430
Vehicle allowance	5,943	5,943	5,193
Vehicle maintenance	3,917	1,779	1,574
Gasoline/diesel fuel	1,667	1,201	799
General office supplies	4,794	7,361	3,842
Other	6,415	4,310	7,327
	<u>\$76,388</u>	<u>\$80,997</u>	<u>\$65,114</u>

Administrative and General (cont'd)

<u>Outside Services Employed - (923)</u>	<u>Resp</u>	<u>2018</u>	<u>2018</u>	<u>2017</u>
	<u>Code</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Organizational development consulting	120-Sal	\$20,250	\$37,605	\$16,453
Succession planning	110-Board	24,300	-	-
Legal services	140-Brandy	20,600	3,585	25,450
Environmental legal services	140-Brandy	6,250	-	-
Transmission/reliability standards legal services	140-Brandy	10,000	18,709	8,002
Coal & transportation attorney	140-Brandy	2,080	-	-
Bond counsel	140-Brandy	750	-	-
Labor attorney	140-Brandy	2,100	-	1,497
CIP compliance consulting	145-Seth	20,000	1,769	1,800
NERC compliance consulting	145-Seth	3,750	2,138	-
Web design service	224-Rick	7,830	1,409	1,409
Insurance advisor	310-Jerry	17,010	17,010	17,010
Financial audit services	320-Cassie	35,235	37,675	29,819
Cost of service study	320-Cassie	-	-	20,812
Coal & transportation consulting	331-Brad	32,500	32,500	25,000
Fuel procurement committee consulting	331-Brad	3,000	-	-
IS department professional services	350-Greg	-	-	7,512
IS department review	350-Greg	-	-	15,882
ACS services	350-Greg	4,050	4,050	-
509A Actuary	410-Brandy	891	790	790
Benefits consulting	410-Brandy	18,225	14,175	12,069
2017 Pension plan study	410-Brandy	-	(12,150)	-
Employee search services	410-Brandy	32,400	49,800	-
MISO consultant	610-Gage	1,040	-	-
Coal pile survey	612-Neal	10,000	449	-
Engineering services	760-Mark	-	-	6,042
		<u>\$272,261</u>	<u>\$209,514</u>	<u>\$189,547</u>

Property Insurance – (924)

The premium for property insurance was budgeted to increase 5%; the increase came to 11.4%.

Injuries and Damages – (925)

Workers compensation claims are \$26,878 lower than the budget, which was calculated using 6-years of historical data. The casualty insurance expense budget assumed 5-7% premium increases; actual premium costs increased only slightly resulting in \$9,644 lower expense.

Administrative and General (cont'd)

<u>Employee Pensions and Benefits (926)</u>	<u>2018</u>	<u>2018</u>	<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Pension	\$1,001,000	\$1,255,851	\$978,267
Healthcare costs	1,037,648	972,855	986,813
FICA	506,539	523,518	532,027
Deferred comp utility match	120,870	146,266	140,396
Dental	39,949	38,153	39,521
Educational reimbursements	11,813	9,807	11,054
LTD insurance	25,139	23,660	24,087
Life insurance	19,602	18,453	18,950
Post-employment health benefit	13,039	13,039	11,430
Recognition dinner	14,426	14,907	14,975
Unemployment expenses	8,100	1,788	67,047
Other expenses	15,055	12,735	18,003
	<u>\$2,813,180</u>	<u>\$3,031,032</u>	<u>\$2,842,570</u>

- Pension expense is higher than budgeted due to recording expense to be more in-line with prior years' experience.

Fringe Benefits Charged to Construction – (927)

More time has been charged to capital projects than projected.

Administrative and General (cont'd)

<u>Miscellaneous General Expense (930)</u>	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Employment expenses	\$21,331	\$10,566	\$13,476
APPA dues	12,400	13,740	10,367
IUB Iowa Energy Center	21,915	22,370	21,916
IAMU membership	14,810	16,780	15,699
GMCCI joint community branding project	8,100	-	14,175
Legal publications	2,195	2,219	1,785
General CIP Expense	30,000	-	-
Continuous Improvement	8,303	-	1,102
Financial Annual Report	12,555	670	4,528
Subscriptions/memberships	12,005	12,485	16,826
Employee team expenses	24,475	13,896	15,772
Training/travel	65,143	38,329	21,247
Safety-related expenses	3,586	1,836	1,995
Labor	19,829	12,054	11,579
Temporary labor services	11,390	20,929	29,281
Board trustee fees	3,038	3,038	3,038
Freight	5,425	8,712	8,640
Other expenses	21,278	18,520	18,162
	<u>\$297,778</u>	<u>\$196,144</u>	<u>\$209,588</u>

Depreciation – (933)

The budget did not take into consideration that the composite net A&G assets value would be nearly fully depreciated by the end of 2017.

**Electric Utility
Statement of Net Position Review
May 2018**

	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
<u>Consumer Accounts</u>		
Customer Electric Accounts	\$4,939,591	\$4,902,991
Unbilled Revenue	506,558	479,274
Utility loan program	2,256	---
Merchandise Accounts	226,138	222,532
Allowance for Doubtful Accounts	(16,047)	(36,147)
	<u>\$5,658,496</u>	<u>\$5,568,650</u>
<u>Inventories</u>		
Inventory	\$4,926,056	\$4,960,505
Emission Allowance - SO2	121,502	119,970
Emission Allowance - Nox	5,572	3,530
Stores Expense	81,309	13,285
Gas and Diesel Fuel	125,999	107,839
Limestone	87,094	144,001
	<u>\$5,347,532</u>	<u>\$5,349,130</u>
<u>Prepaid Expenses</u>		
Prepaid insurance	\$841,385	\$778,386
APPA dues	8,153	---
Cottingham & Butler consulting	2,835	---
Economic development pledge	---	19,845
GP Strategies	8,250	10,250
IA Dept Comm Global Warming	17,896	17,533
IAMU annual dues	30,791	29,325
IUB commerce commission assessment	---	3,512
NERC assessment	3,706	3,701
OATI digial certificates	6,825	---
SOS International	10,360	---
Prepaid maintenance contracts	288,031	287,448
Prepaid travel	26,988	17,461
Other	2,574	1,056
	<u>\$1,247,794</u>	<u>\$1,168,517</u>
<u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$10,000 itemized)</u>		
Communications/Water bills	\$39,311	\$38,622
ADA Carbon Solutions	42,435	---
Alliant Energy - gas	5,004	29,850
Allied Valve - valve repair	11,970	---
Alstom -bull ring assembly	---	15,883
Altorfer - power train rebuild	307,309	---
Argo Turboserve - fitting & pipe	15,634	---
Bank of America - supplies	25,215	19,869
Black & Veatch - engineering services	---	27,719
BNSF Railway - coal transport	519,488	---

Brooks Brothers Trailers - pole trailer	---	14,708
Buckskin Mining Company - coal	272,456	284,677
Burlington Northern - coal transport/railcar rpr	---	930,582
Camlin Power Inc - DGA analyzer	---	42,520
Canadian Pacific Railway - coal transport	140,209	130,967
CDW-G - Thinkpads	---	28,818
City of Muscatine - wastewater/sanitation/Misissippi Dr project	130,510	119,543
Cogsdale - business system implementation	62,994	54,820
FE Moran - sprinkler inspection	---	12,680
GE International - #9 turbine overhaul/#7 turbine inspection	---	48,957
HDR Engineering - BTA evaluation	---	24,820
Hedge Above - lawn service	10,680	15,753
Heery - facility design	---	34,181
HR Green Inc - CCR sampling	---	11,032
IDNR - Title V Fee	339,896	422,519
Iowa Chicago & Eastern RR - coal transportation	38,930	38,930
Iowa Utilities Board - assessment	39,141	---
Jefferies Refined Coal - refined coal	2,587,625	2,374,746
Kone - elevator maintenance	---	10,841
MISO - purch power/trans svc/admin fee	116,677	114,649
Midamerican Energy - joint line maintenance	16,219	---
Mitel - phone system	---	13,990
Mitsubishi Power Systems - stem valve	15,690	---
MJ Electric - autotransformer	---	113,085
Mostardi Platt - emission testing	---	68,837
Power Specialties - sodium analyzer	15,313	---
Precision Midwest - GIS equipment	---	58,621
Ragan - #9 boiler srevice	59,602	29,000
Resco - blade assembly/transformers	---	104,345
Rexco Equipment - skid steer	21,620	---
Siemens - vacuum breaker/switches	---	52,249
South Fork Wind - energy	96,238	121,704
Tekran - maintenance agreement	11,819	---
Tempair - dehumidifiers	---	16,735
Tenaska - monthly fee	17,500	---
Traffic Control Corporation - corridor project	---	12,038
Trayer Engineering - switchgear	102,436	---
Van Meter - pole breakers/conduit	16,737	---
Visa - travel	27,309	16,811
WESCO - bushing/fault indicators	16,376	---
W-S Industrial Services - #8 grit blasting/deslagging	44,562	52,144
W-S Specialty Services - clean #8 boiler	16,653	---
Other	270,913	320,237
	<u>\$5,437,818</u>	<u>\$5,827,482</u>

Miscellaneous Accrued Expenses

Interest on Customer Deposits	\$84,400	\$85,776
Sales/Use Tax Collections Payable	52,128	94,969
Payroll Tax Collections Payable	180,761	174,380
Workers' Comp Self Insurance Reserves	304,004	348,016
Employee payroll life insurance payment	(10)	0
Comp Time Payable	51,971	52,287
Employee team bank	59,252	60,519
	<u>\$732,506</u>	<u>\$815,947</u>

Muscatine Power and Water

Water Utility

Statement of Revenues, Expenses and Changes in Net Position

May 2018

**Muscatine Power and Water
Water Utility**

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Muscatine Power and Water - Water Utility
Classification of Water Distribution
Current Month - May 2018

	<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>Water Distribution - 1,000 Gallons</u>					
Contract Customers	680,680	1.6	691,296	1.9	678,259
Power Plants	39,038	(17.3)	32,269	15.9	27,835
Residential	36,018	(0.6)	35,813	3.7	34,521
Commercial	<u>28,729</u>	5.3	<u>30,249</u>	4.4	<u>28,984</u>
Total Metered Customers	784,465	0.7	789,627	2.6	769,599
Rated Customers - Estimate	---	---	4	(73.3)	15
City Use, Line Loss, Cycle Billing	<u>47,068</u>	0.7	<u>47,378</u>	2.6	<u>46,176</u>
Total Water Pumped	<u><u>831,533</u></u>	0.7	<u><u>837,009</u></u>	2.6	<u><u>815,790</u></u>

Calendar Year-to-Date

	<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>Water Distribution - 1,000 Gallons</u>					
Contract Customers	3,284,468	2.4	3,362,510	(0.2)	3,367,842
Power Plants	307,009	(1.3)	303,087	(1.7)	308,485
Residential	174,049	(4.2)	166,776	(0.9)	168,355
Commercial	<u>136,028</u>	(0.2)	<u>135,689</u>	0.9	<u>134,475</u>
Total Metered Customers	3,901,554	1.7	3,968,062	(0.3)	3,979,157
Rated Customers - Estimate	---	---	41	(42.3)	71
City Use, Line Loss, Cycle Billing	<u>234,093</u>	1.7	<u>238,084</u>	(0.3)	<u>238,749</u>
Total Water Pumped	<u><u>4,135,647</u></u>	1.7	<u><u>4,206,187</u></u>	(0.3)	<u><u>4,217,977</u></u>

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - May 2018

	Budget		% Increase (Decrease) from Budget	This Year	% Increase (Decrease) from Last Year		Last Year	Avg. Price
	Estimate	Avg. Price			Avg. Price	Year		
<u>Sales of Water</u>								
Contract Customers	\$298,313	\$ 0.43826	0.6	\$300,057	\$ 0.43405	5.0	\$285,822	\$ 0.42141
Power Plants	27,733	0.71041	(7.9)	25,544	0.79160	3.5	24,686	0.88687
Residential	169,514	4.70637	1.5	172,126	4.80628	6.9	161,057	4.66548
Commercial	53,073	1.84737	1.3	53,784	1.77804	2.4	52,546	1.81293
Water Sales	548,633	0.69937	0.5	551,511	0.69845	5.2	524,111	0.68102
<u>Other Revenue</u>								
Penalty Revenue	855		51.5	1,295		38.5	935	
Merchandise & Job Sales-Net	833		-1.2X	(140)		-1.1X	1,275	
Miscellaneous Revenue	2,174		(70.8)	635		(12.4)	725	
Total Other Revenue	3,862		(53.7)	1,790		(39.0)	2,935	
Operating Revenue	552,495		0.1	553,301		5.0	527,046	
<u>Operating Expense</u>								
Operation	349,571		(0.8)	346,716		(0.3)	347,775	
Maintenance	118,825		(14.4)	101,763		(23.1)	132,374	
Depreciation	73,911		(3.2)	71,558		11.0	64,466	
Total Operating Expense	542,307		(4.1)	520,037		(4.5)	544,615	
Operating Income (Loss)	10,188		2.3X	33,264		-2.9X	(17,569)	
<u>Nonoperating Revenues (Expenses)</u>								
Interest Income	918		10.1X	10,226		125.2X	81	
Interest Expense	(39,754)		0.0	(39,754)		26.8X	(1,429)	
Net Nonoperating Revenues (Expenses)	(38,836)		(24.0)	(29,528)		20.9X	(1,348)	
Net Income (Loss) before Capital Contributions	(28,648)		-1.1X	3,736		-1.2X	(18,917)	
Capital Contributions	---		---	---		---	---	
Change in Net Position	(28,648)		-1.1X	3,736		-1.2X	(18,917)	
Beginning Net Position	16,606,533			16,762,568			16,641,826	
Ending Net Position	\$16,577,885			\$16,766,304			\$16,622,909	
Net Income (Loss) to Operating Revenue	(5.2)			0.7			(3.6)	
Debt Service Coverage	1.04			1.40			11.71	

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - May 2018

	Budget		% Increase (Decrease) from Budget	This Year	% Increase (Decrease) from Last Year		Last Year	Avg. Price
	Estimate	Avg. Price			Avg. Price	Year		
Sales of Water								
Contract Customers	\$1,417,158	\$ 0.43147	1.4	\$1,437,679	\$ 0.42756	4.7	\$1,372,650	\$ 0.40758
Power Plants	160,778	0.52369	(2.9)	156,052	0.51487	(0.7)	157,101	0.50927
Residential	820,806	4.71595	(0.7)	815,281	4.88849	4.8	778,032	4.62138
Commercial	244,329	1.79617	4.0	254,117	1.87278	3.9	244,552	1.81857
Water Sales	2,643,071	0.67744	0.8	2,663,129	0.67114	4.3	2,552,335	0.64143
Other Revenue								
Penalty Revenue	3,418		48.7	5,081		52.8	3,325	
Merchandise & Job Sales-Net	4,167		39.0	5,791		39.3	4,157	
Miscellaneous Revenue	6,618		16.4	7,701		(18.9)	9,492	
Total Other Revenue	14,203		30.8	18,573		9.4	16,974	
Operating Revenue	2,657,274		0.9	2,681,702		4.4	2,569,309	
Operating Expense								
Operation	1,725,762		(0.7)	1,714,112		3.7	1,652,973	
Maintenance	381,691		(26.6)	280,171		(35.3)	432,769	
Depreciation	369,555		(3.2)	357,784		11.0	322,250	
Total Operating Expense	2,477,008		(5.0)	2,352,067		(2.3)	2,407,992	
Operating Income	180,266		82.9	329,635		1.0X	161,317	
Nonoperating Revenues (Expenses)								
Interest Income	4,801		7.8X	42,352		91.7X	457	
Interest Expense	(198,771)		(0.8)	(197,272)		27.4X	(6,958)	
Net Nonoperating Revenues (Expenses)	(193,970)		(20.1)	(154,920)		22.8X	(6,501)	
Net Income (Loss) before Capital Contributions	(13,704)		-13.7X	174,715		12.9	154,816	
Capital Contributions	---		---	---		---	---	
Change in Net Position	(13,704)		-13.7X	174,715		12.9	154,816	
Beginning Net Position	16,591,589			16,591,589			16,468,093	
Ending Net Position	\$16,577,885			\$16,766,304			\$16,622,909	
Net Income (Loss) to Operating Revenue	(0.5)			6.5			6.0	
Debt Service Coverage	1.35			1.78			24.35	

Muscatine Power and Water - Water Utility
Statements of Net Position
May 2018

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$673,430	\$425,955
Receivables:		
Consumer Accounts	718,182	682,728
Interest	67	22
Inventories	352,211	363,594
Prepaid Expenses	61,263	54,045
	<u>1,805,153</u>	<u>1,526,344</u>
<u>Restricted Assets</u>		
Cash - interest bearing	<u>6,884,076</u>	<u>35,300</u>
	<u>6,884,076</u>	<u>35,300</u>
Total Current Assets	<u>8,689,229</u>	<u>1,561,644</u>
Non-Current Assets:		
Unamortized debt issuance costs	54,832	---
Property and Equipment:		
At Cost	37,509,881	33,579,635
Less Accumulated Depreciation	<u>11,371,417</u>	<u>10,946,320</u>
Net Property and Equipment	<u>26,138,464</u>	<u>22,633,315</u>
Deferred Outflows of Resources		
Pension	791,423	610,291
IPERS	197,472	114,030
OPEB	<u>10,397</u>	<u>---</u>
Total Deferred Outflows of Resources	<u>999,292</u>	<u>724,321</u>
TOTAL ASSETS	<u><u>\$35,881,817</u></u>	<u><u>\$24,919,280</u></u>

Muscatine Power and Water - Water Utility
Statements of Net Position
May 2018

LIABILITIES AND NET POSITION

	<u>2018</u>	<u>2017</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accounts Payable	\$375,790	\$422,845
Health & Dental Insurance Provision	32,700	31,680
Retained Percentage on Contracts	50,669	8,456
Consumer Advances for Construction	600	91,105
Accrued Payroll	73,220	60,102
Accrued Vacation	153,147	147,118
Accrued Property Taxes	2,118	1,245
Miscellaneous Accrued Expenses	66,485	64,491
	<u>754,729</u>	<u>827,042</u>
Total Payable from Unrestricted Assets		
<u>Payable from Restricted Assets</u>		
State Revolving Loan - Current Portion	33,000	32,000
Water Revenue Bonds - Current Portion	375,000	---
Accrued Interest	287,025	5,184
	<u>695,025</u>	<u>37,184</u>
Total Payable from Restricted Assets		
Total Current Liabilities		
	<u>1,449,754</u>	<u>864,226</u>
Non-Current Liabilities:		
State Revolving Loan	35,000	68,000
Notes Payable to Electric Utility	---	5,500,000
Water Revenue Bond Series 2017	15,401,552	---
Health & Dental Insurance Provision	58,496	34,261
Post-Employment Health Benefit Provision	87,717	41,325
Net Pension Liability	1,690,325	1,327,491
Consumer Advances for Construction	198,259	198,772
	<u>17,471,349</u>	<u>7,169,849</u>
Total Non-Current Liabilities		
Deferred Inflows of Resources		
Pension	79,730	42,321
IPERS	102,764	219,975
OPEB	11,916	---
	<u>194,410</u>	<u>262,296</u>
Total Deferred Inflows of Resources		
Net Position:		
Net Investment in Capital Assets	10,095,053	22,243,438
Restricted	6,597,051	30,116
Unrestricted	74,200	(5,650,645)
	<u>16,766,304</u>	<u>16,622,909</u>
Total Net Position		
	<u>16,766,304</u>	<u>16,622,909</u>
TOTAL LIABILITIES AND NET POSITION		
	<u>\$35,881,817</u>	<u>\$24,919,280</u>

Muscatine Power and Water - Water Utility
Statements of Cash Flows
May 2018

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Water sales	\$569,921	\$2,676,411
Miscellaneous sources	1,150	24,682
Cash paid to/for:		
Suppliers	(269,600)	(668,358)
Employees payroll, taxes and benefits	(236,300)	(1,177,059)
Net cash flows from operating activities	<u>65,171</u>	<u>855,676</u>
Cash flows from capital and related financing activities:		
State revolving loan fund principal payments	(32,000)	(32,000)
State revolving loan interest payments	(1,750)	(1,750)
Capital expenditures, net	(379,896)	(1,486,588)
Net cash flows from capital and related financing activities	<u>(413,646)</u>	<u>(1,520,338)</u>
Cash flows from investing activities:		
Interest received on investments	<u>10,220</u>	<u>42,323</u>
Net cash flows from investing activities	<u>10,220</u>	<u>42,323</u>
Net decrease in cash and investments	<u>(338,255)</u>	<u>(622,339)</u>
Cash and investments at beginning of period	<u>7,895,761</u>	<u>8,179,845</u>
Cash and investments at end of period	<u><u>\$7,557,506</u></u>	<u><u>\$7,557,506</u></u>

Muscatine Power and Water - Water Utility
Statements of Cash Flows
May 2018

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$33,264	\$329,635
Noncash item in operating income:		
Depreciation of utility plant	71,558	357,784
Amorization of Debt Discount	---	1,500
Change in deferred outflows of resources - pension	(19,020)	(57,060)
Changes in assets and liabilities:		
Consumer accounts receivable	19,994	32,857
Inventories	(29,380)	2,789
Prepaid and deferred expenses	(4,027)	(5,241)
Accounts payable	(44,040)	145,576
Net pension liability	17,714	88,574
Health & dental insurance provision	(13,516)	(23,620)
Other post-employment benefit provision	348	1,739
Retained percentage	2,000	(32,847)
Accrued payroll	28,899	(3,915)
Accrued vacation	2,036	15,465
Accrued property taxes	113	(988)
Unearned revenue	---	(2,800)
Miscellaneous accrued expenses	(772)	6,228
Net cash flows from operating activities	<u>\$65,171</u>	<u>\$855,676</u>

Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - May 2018

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision (600)	\$3,510		\$3,770		\$3,499	
Operation Labor and Expenses (601)	951		963		1,215	
Miscellaneous Expense (603)	385		1,338		986	
Maintenance of Wells (614)	40,000		---		24,022	
Maintenance of Supply Mains (616)	382		---		---	
Depreciation (618)	11,562		9,449		9,525	
Total Source of Supply Expense	56,790	10.3	15,520	2.8	39,247	7.4
 <u>Pumping</u>						
Operation Supervision (620)	3,852		4,146		4,004	
Fuel or Power Purchased (623)	85,165		75,209		82,412	
Pumping Labor and Expenses (624)	5,203		6,184		4,228	
Miscellaneous Expense (626)	316		360		295	
Maintenance of Structures (631)	450		---		---	
Maintenance of Pumping Equipment (632/633)	35,368		1,886		62,616	
Depreciation (634)	6,690		6,240		6,294	
Total Pumping Expense	137,044	24.8	94,025	17.0	159,849	30.3
 <u>Water Treatment</u>						
Operation Supervision (640)	3,516		3,801		3,625	
Chemicals (641)	18,727		8,799		19,024	
Operation Labor and Expenses (642)	13,918		14,362		16,230	
Miscellaneous Expense (643)	1,033		6,823		573	
Maintenance of Structures (651)	1,053		1,464		218	
Maintenance of Purification Equip. (652)	1,876		1,559		4,675	
Depreciation (654)	3,443		3,262		3,262	
Total Water Treatment Expense	43,566	7.9	40,070	7.2	47,607	9.0
 <u>Distribution</u>						
Operation Supervision (660)	3,632		3,993		3,719	
Storage Facilities Expense (661)	5,842		5,630		5,955	
Trans. & Distr. Lines Expense (662)	8,299		8,804		9,951	
Meter Expense (663)	9,977		13,221		9,239	
Consumer Installation Expense (664)	10,027		6,199		5,575	
Miscellaneous Expense (665)	15,823		24,278		19,744	
Vehicle Expense (667)	4,533		3,903		5,920	
Maintenance:						
Supervision (670)	5,030		5,239		5,329	
Structures (671)	415		49		720	
Reservoirs and Standpipes (672)	249		1,541		234	
Mains (673)	15,174		66,101		13,648	
Valves (674)	4,758		10,792		4,885	
Meters (676)	1,949		4,606		2,080	
Hydrants (677)	3,944		3,334		6,681	
Miscellaneous Plant (678)	3,242		2,122		3,126	
Vacation, Holiday, Sick Leave (679)	17,553		17,541		17,491	
Depreciation (680)	40,815		39,456		36,184	
Total Distribution Expense	\$151,262	27.4	\$216,809	39.2	\$150,481	28.6

Muscatine Power and Water - Water Utility
Summary of Expenses
Calendar Year-to-Date - May 2018

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision (600)	\$17,451		\$18,295		\$17,160	
Operation Labor and Expenses (601)	4,934		4,398		3,880	
Miscellaneous Expense (603)	1,010		1,374		2,079	
Maintenance of Wells (614)	100,000		---		66,396	
Maintenance of Supply Mains (616)	1,909		---		---	
Depreciation (618)	57,813		47,243		47,627	
Total Source of Supply Expense	183,117	6.9	71,310	2.7	137,142	5.3
<u>Pumping</u>						
Operation Supervision (620)	19,092		20,098		19,504	
Fuel or Power Purchased (623)	405,573		373,158		417,855	
Pumping Labor and Expenses (624)	26,052		30,514		22,759	
Miscellaneous Expense (626)	1,581		1,789		1,496	
Maintenance of Structures (631)	2,247		---		272	
Maintenance of Pumping Equipment (632/633)	68,022		21,052		145,924	
Depreciation (634)	33,449		31,201		31,470	
Total Pumping Expense	556,016	20.9	477,812	17.8	639,280	24.9
<u>Water Treatment</u>						
Operation Supervision (640)	17,583		18,289		18,002	
Chemicals (641)	91,217		93,957		88,037	
Operation Labor and Expenses (642)	77,329		81,244		77,562	
Miscellaneous Expense (643)	14,490		16,717		12,103	
Maintenance of Structures (651)	5,287		6,983		7,634	
Maintenance of Purification Equip. (652)	8,310		6,898		18,955	
Depreciation (654)	17,215		16,308		16,309	
Total Water Treatment Expense	231,431	8.7	240,396	9.0	238,602	9.3
<u>Distribution</u>						
Operation Supervision (660)	18,278		19,428		18,462	
Storage Facilities Expense (661)	25,748		26,703		25,676	
Trans. & Distr. Lines Expense (662)	27,850		37,416		29,622	
Meter Expense (663)	50,001		55,640		46,443	
Consumer Installation Expense (664)	34,937		27,902		20,237	
Miscellaneous Expense (665)	87,543		85,817		90,024	
Vehicle Expense (667)	22,849		38,179		24,883	
Maintenance:						
Supervision (670)	25,150		25,245		25,834	
Structures (671)	1,877		273		814	
Reservoirs and Standpipes (672)	1,245		1,923		2,111	
Mains (673)	81,560		120,531		90,581	
Valves (674)	26,584		35,947		18,400	
Meters (676)	10,512		21,008		5,142	
Hydrants (677)	7,303		5,311		11,458	
Miscellaneous Plant (678)	16,209		15,970		20,858	
Vacation, Holiday, Sick Leave (679)	76,813		80,063		76,089	
Depreciation (680)	204,075		197,279		180,840	
Total Distribution Expense	\$718,534	27.0	\$794,635	29.6	\$687,474	26.8

Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - May 2018

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$487	0.1	\$648	0.1	\$953	0.2
<u>Consumer Accounts</u>						
Supervision (901)	2,470		1,717		1,619	
Meter Reading Expense (902)	4,138		4,972		5,080	
Consumer Records and Collection (903)	16,996		17,100		16,907	
Uncollectible Accounts Expense (904)	811		811		1,104	
Vacation, Holiday, Sick Leave (906)	2,697		2,198		2,258	
Total Consumer Accounts Expense	<u>27,112</u>	4.9	<u>26,798</u>	4.8	<u>26,968</u>	5.1
<u>Administrative and General</u>						
Administrative and General Salaries (920)	22,118		23,598		22,665	
Office Supplies and Expenses (921)	1,630		2,551		1,870	
Outside Services Employed (923)	1,549		1,640		1,562	
Property Insurance (924)	1,843		1,960		1,760	
Casualty Ins, Injuries & Damages (925)	5,011		3,825		5,231	
Employee Pensions and Benefits (926)	66,909		67,544		63,102	
Fringe Benefits Charged to Constr. (927)	(9,355)		(10,216)		(7,769)	
Miscellaneous General Expense (930)	9,200		8,923		7,193	
Rents (931)	6,207		6,207		6,279	
Maintenance of General Plant (932)	4,935		3,070		4,140	
Vacation, Holiday, Sick Leave (936)	4,598		3,914		4,276	
Depreciation (933)	11,401		13,151		9,201	
Total Administrative and General	<u>126,046</u>	22.8	<u>126,167</u>	22.8	<u>119,510</u>	22.7
Total Operating Expense	<u>\$542,307</u>		<u>\$520,037</u>		<u>\$544,615</u>	
Percent to Operating Revenue		98.2		94.0		103.3

Muscatine Power and Water - Water Utility
Summary of Expenses
Calendar Year-to-Date - May 2018

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$3,820	0.1	\$2,420	0.1	\$2,797	0.1
<u>Consumer Accounts</u>						
Supervision (901)	12,351		7,890		7,046	
Meter Reading Expense (902)	20,228		21,358		20,988	
Consumer Records and Collection (903)	82,936		85,018		77,043	
Uncollectible Accounts Expense (904)	4,055		4,055		5,520	
Vacation, Holiday, Sick Leave (906)	11,747		10,595		11,003	
Total Consumer Accounts Expense	<u>131,317</u>	4.9	<u>128,916</u>	4.8	<u>121,600</u>	4.7
<u>Administrative and General</u>						
Administrative and General Salaries (920)	110,591		108,939		105,470	
Office Supplies and Expenses (921)	8,635		11,436		9,110	
Outside Services Employed (923)	15,044		10,821		8,906	
Property Insurance (924)	8,964		9,199		8,614	
Casualty Ins, Injuries & Damages (925)	25,371		19,619		24,017	
Employee Pensions and Benefits (926)	335,905		340,988		311,678	
Fringe Benefits Charged to Constr. (927)	(41,960)		(45,270)		(41,106)	
Miscellaneous General Expense (930)	56,500		45,949		38,848	
Rents (931)	31,035		31,035		31,396	
Maintenance of General Plant (932)	25,476		19,030		18,390	
Vacation, Holiday, Sick Leave (936)	20,209		19,079		19,770	
Depreciation (933)	57,003		65,753		46,004	
Total Administrative and General	<u>652,773</u>	24.6	<u>636,578</u>	23.7	<u>581,097</u>	22.6
Total Operating Expense	<u>\$2,477,008</u>		<u>\$2,352,067</u>		<u>\$2,407,992</u>	
Percent to Operating Revenue		93.2		87.7		93.7

Muscatine Power and Water - Water Utility
Statistical Data
Current Month - May 2018

	<u>2018</u>		<u>2017</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Pumped</u>	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.659	0.698	0.642	0.681
Cost Per 1,000 Gallons	<u>0.621</u>	<u>0.659</u>	<u>0.668</u>	<u>0.708</u>
Margin	<u>0.038</u>	<u>0.040</u>	<u>(0.025)</u>	<u>(0.027)</u>

	<u>2018</u>	<u>2017</u>
Maximum Daily Water Pumped (1,000 gallons)	30,352	29,256
Date of Maximum	05/02	05/16

Calendar Year-to-Date

	<u>2018</u>		<u>2017</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Pumped</u>	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.633	0.671	0.605	0.641
Cost Per 1,000 Gallons	<u>0.559</u>	<u>0.593</u>	<u>0.571</u>	<u>0.605</u>
Margin	<u>0.074</u>	<u>0.078</u>	<u>0.034</u>	<u>0.036</u>

	<u>2018</u>	<u>2017</u>
Maximum Daily Water Pumped (1,000 gallons)	30,352	30,872
Date of Maximum	05/02	01/11

Services

Contract Customers	2	2
Power Plants	2	2
Residential	8,798	8,776
Commercial	<u>1,082</u>	<u>1,075</u>
Total	<u><u>9,884</u></u>	<u><u>9,855</u></u>

Water Utility
Review of Operating Results
May 2018

**MUSCATINE POWER AND WATER - WATER UTILITY
VARIANCES FROM BUDGETED NET POSITION - MAY 31, 2018**

	(Unfavorable)/ Favorable Compared to Budget	
Sales of Water		
Contract Customers	\$ 26,069	GPC consumption is 3.3% higher than budget, offset by a 1.2% lower billing rate
	(5,548)	Heinz's consumption is 8.8% lower than budgeted, offset by a 4.5% higher billing rate
	(4,726)	Power plants' consumption is 1.3% lower than budgeted with a 1.7% lower billing rate
	(5,525)	Residential consumption is 4.2% lower than budgeted, offset by a 3.7% higher billing rate
	9,788	Commercial consumption is 0.2% lower than budgeted offset by a 4.3% higher billing rate
	<u>20,058</u>	
Other Revenue		
Penalty Revenue	1,663	Higher penalty revenue
Merchandise & Job Sales-Net	1,624	Higher job sales revenue
Miscellaneous Revenue	1,083	Other miscellaneous variances
	<u>4,370</u>	
Operating Expense		
Operation	32,415	Lower fuel/power purchased due to 2.6% lower kWh consumed and 5.5% lower cost per kWh, partially offset by 1.7% more gallons pumped
	(3,119)	Pumping materials expense higher than budgeted
	(2,740)	Higher chemicals expense than budgeted due to more gallons pumped, higher cost of fluoride, and increased application of phosphate compared to budget
	(2,609)	T&D lines materials expense higher than budgeted
	(3,715)	Meter material expense higher than budget
	(3,405)	Higher vehicle fuel usage expense
	(6,811)	Shock block assembly for V69 not budgeted
	(4,214)	DPF filter for V64 not budgeted
	(4,079)	Higher cost of credit card processing fees
	2,100	Succession planning expense less than budgeted
	(1,500)	Organizational development expense more than budgeted
	926	Employee search services less than budgeted
	4,862	Lower cost of workers compensation
	8,637	Lower health care cost
	(9,323)	Higher pension expense
	(2,788)	Higher IPERS expense
	(2,893)	Higher cost of deferred comp utility match
	16,632	Lower labor, sick, personal and vacation expense
	(6,726)	Other miscellaneous variances - net
	<u>11,650</u>	
Maintenance	8,554	Maintenance labor under budget
	100,000	Well cleaning has not begun yet
	34,633	Lower cost of pumping equipment materials due to fewer repairs
	(42,632)	Higher cost of mains materials due to higher concrete repairs
	(9,780)	Higher cost of valves materials due to more repairs
	(6,439)	Higher cost of meter materials due to more repairs at GPC
	5,078	Lower cost of maintenance agreements
	957	Lower cost of memberships and subscriptions
	11,149	Other miscellaneous variances - net
	<u>101,520</u>	
Depreciation	<u>11,771</u>	
Nonoperating Revenue (Expense)		
Interest Income	37,551	Water bond project fund interest rate higher than budgeted
Interest Expense	1,499	Refund of bond issuance cost overpayment
	<u>39,050</u>	
Change in Net Position	<u>\$ 188,419</u>	Total Variance in Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position

Sales of Water

- Contract customers' water usage is 2.4% higher than budgeted offset slightly by lower contract rates resulting in \$20,521 more revenue. GPC's usage was 3.3% higher than budget offset by a 1.2% lower billing rate, resulting in \$26,069 more revenue. Heinz's usage was 8.8% lower than budget, offset by a 4.5% higher billing rate, resulting in \$5,548 less revenue. Power plants' revenue was \$4,726 or 2.9% lower than budget due to a 1.7% lower billing rate and 1.3% lower usage. Residential customers' water usage is 4.2% lower than budgeted, offset by a 3.7% higher billing rate resulting in \$5,525 lower revenue. Commercial customers' water usage is 0.2% lower than budgeted, offset by a 4.3% higher billing rate, resulting in \$9,788 more revenue.

Nonoperating Revenue (Expense)

- Interest income is \$37,551 higher than budget due to higher rate of return on water bond project fund.

Year-To-Date Summary of Expenses

Source of Supply

Maintenance of Wells – (614)

- Materials expense under budget \$100,000; well cleaning is not scheduled to begin until the middle of July.

Depreciation – (618)

- Depreciation under budget primarily due to well 47, 48 and 49 projects not closed at the end of 2017.

Pumping

Fuel or Purchased Power – (623)

- The cost per kWh was 5.5% lower than budget due to efficiencies recognized by not shutting down the wells and having to restart them; instead they are slowed down and left running. The savings is partially offset by 1.7% more gallons pumped than budget, resulting in \$32,415 lower expense.

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Fuel or Power Purchased	\$ 405,573	\$ 373,158	\$ 417,855
1,000 Gallons Pumped	4,135,647	4,206,187	4,217,977
Cost per 1,000 Gal. Pumped	0.0981	0.0887	0.0991
kWhs Consumed	6,562,307	6,388,580	6,673,540
kWh per 1,000 Gal. Pumped	1.59	1.52	1.58

Pumping (cont'd)Pumping Labor and Expenses – (624)

- Materials expense over budget \$3,119 of which \$2,722 is due to purchase of filtration unit.
- Water production labor under budget \$1,226.
- SCADA labor over budget \$1,059.
- Control center labor over budget \$1,431.

Maintenance of Pumping Equipment – (632/633)

- Tech Services labor under budget \$6,449.
- Planning/Scheduling labor under budget \$5,163.
- Water production labor under budget \$2,838.
- SCADA labor under budget \$1,523.
- Distribution department labor over budget \$3,613.
- Material expenses under budget \$34,633 due to fewer repairs. Repairs will begin when well cleaning begins in the middle of July.

Water TreatmentChemicals Expense – (641)

- Chemical expense year-to-date is \$2,740 more than budgeted primarily due to higher gallons pumped, higher price of fluoride, and increased application of phosphate compared to budget. Chemical expense month-to-date for May appears low due to a correcting journal entry that trues up the year-to-date expense amount. In February, there was a CHAMPS stores receipt problem where fluoride inventory units were subtracted but the dollars were not therefore leaving the remaining fluoride units at a higher price. Because of this, fluoride units were being issued and expensed incorrectly at the higher price in months February, March, and April. The error was caught in May and a journal entry for (\$8,285) was entered to correct the over expensed fluoride amount from prior months.

	2018 Budget			2018 Actual			2017 Actual		
1,000 Gal. Pumped	4,135,647			4,206,187			4,217,977		
(lbs)	Units	\$	Per Unit	Units	\$	Per Unit	Units	\$	Per Unit
Chlorine	62,020	\$ 19,400	\$ 0.313	61,990	\$ 18,712	\$ 0.302	62,870	\$ 18,990	\$ 0.302
Hydrofluor o- silic Acid	89,306	\$ 28,578	\$ 0.320	84,409	\$ 27,043	\$ 0.320	85,188	\$ 27,573	\$ 0.324
Phosphate	45,515	\$ 43,239	\$ 0.950	50,430	\$ 48,202	\$ 0.956	43,728	\$ 41,474	\$ 0.948
Total		\$ 91,217			\$ 93,957			\$ 88,037	

Operation Labor and Expenses – (642)

- Water production labor over budget \$2,396.
- Distribution department labor over budget \$904.
- Materials expense over budget \$466.

DistributionTransmission & Distribution Lines Expense (662)

- Distribution department labor over budget \$6,402.
- Material expenses over budget by \$2,609.

Meter Expense – (663)

- Labor over budget \$1,924.
- Material expenses over budget \$3,715 of which \$2,059 is for wire seals.

Customer Installation Expense – (664)

- Outside services department labor under budget \$8,436.
- Distribution department labor over budget \$879.

Vehicle Expense – (667)

- Labor over budget \$515.
- Fuel usage over budget \$3,405.
- Materials expense over budget \$11,411, of which \$6,811 is for a short block assembly for V69 and \$4,214 is for a DPF filter for V64.

Maintenance of Mains – (673)

- Distribution department labor is under budget \$5,323.
- Materials expense over budget \$42,632 due to higher concrete repairs.

Maintenance of Valves – (674)

- Materials expense over budget \$9,780 due to higher valve repairs.

Maintenance of Meters – (676)

- Labor over budget \$4,057.
- Materials expense over budget \$6,439 which is primarily due to meter repairs at GPC.

Vacation, Holiday, Sick Leave – (679)

- Sick leave usage was higher than expected.

Depreciation – (680)

- Depreciation under budget primarily due to water main transmission line and replacement projects not closed in 2017.

Customer Service ExpenseCustomer Information Expense – (909)

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Billtrust	\$ 150	\$ 114	\$ 35
Postage	240	---	---
Promotional Material/Education	828	333	125
Media Advertising	1,809	1,294	1,917
Newsletter	548	665	649
Presentation Materials	135	---	---
Photo Library	110	14	71
	<u>\$ 3,820</u>	<u>\$ 2,420</u>	<u>\$ 2,797</u>

Consumer AccountsSupervision – (901)

- Labor under budget \$4,461.

Consumer Records and Collection – (903)

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Labor	\$ 59,936	\$ 59,311	\$ 54,236
Credit Card Processing	5,146	9,225	5,113
Bill Trust Expense	2,375	2,778	2,190
Postage	5,205	6,004	4,868
Temp Services	2,508	2,274	4,441
Fuel	750	229	327
Invoice Cloud	966	848	931
Collection Expense	2,138	1,506	2,201
IVR	333	274	296
Other Expenses	3,579	2,569	2,440
	<u>\$ 82,936</u>	<u>\$ 85,018</u>	<u>\$ 77,043</u>

Administrative and GeneralOutside Services Employed – (923)

	Resp Code	2018 Budget	2018 Actual	2017 Actual
Succession Planning	110-Board	\$ 2,100	\$---	\$---
Consulting Services	120-Sal	---	---	509
Organizational				
Development	120-Sal	1,750	3,250	913
Labor Legal Services	140-Brandy	500	---	---
General Legal Services	140-Brandy	700	256	81
Web Graphics	224-Rick	676	122	122
Insurance Advisor	310-Jerry	1,470	1,470	1,470
Audit Services	320-Cassie	3,046	3,256	2,576
IS Professional Services	350-Greg	---	350	649
IS Review	350-Greg	---	---	1,373
ACS Services	350-Greg	350	---	---
Pension Study/ GASB Rpt	410-Brandy	---	(1,050)	---
509A Actuary	410-Brandy	77	68	68
Engineering Comp Review	410-Brandy	---	---	102
Employee Search	410-Brandy	2,800	1,874	---
Benefits Consulting	410-Brandy	1,575	1,225	1,043
		\$ 15,044	\$ 10,821	\$ 8,906

Injuries & Damages – (925)

- Workers compensation under budget \$4,862.

Employee Pensions and Benefits – (926)

	2018 Budget	2018 Actual	2017 Actual
Health Care Cost	\$ 138,353	\$ 129,716	\$ 129,842
Pension*	79,250	88,573	68,996
FICA	65,586	64,554	60,236
IPERS	22,201	24,989	21,468
Deferred comp utility match	13,770	16,663	14,040
Life, LTD & ADD	5,272	4,961	4,449
Dental	5,327	5,087	5,200
OPEB	1,739	1,739	1,504
Other Expenses	4,407	4,706	5,943
	\$ 335,905	\$ 340,988	\$ 311,678

*Pension expense is higher than budgeted due to recording expense to be more in-line with prior years' experience.

Fringe Benefits Charged to Construction – (927)

- More time was charged to capital projects through May than projected.

Administrative and General (cont'd)

Miscellaneous General Expense – (930)

- Travel expenses under budget \$3,367.
- Memberships & subscriptions under budget \$1,481.
- Annual report not published yet, \$1,030.
- Wellness Team expenses under budget \$950.
- Other miscellaneous materials are under budget \$3,988.

Maintenance of General Plant – (932)

- Maintenance agreements under budget \$5,078.
- Memberships and subscriptions under budget \$957.

Depreciation – (933)

- Depreciation over budget due to budget not reflecting A&G assets net value almost fully depreciated in 2017.

Water Utility
Statement of Net Position Review
May 2018

	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
<u>Receivables - Consumer Accounts</u>		
Customer Water Accounts	\$643,512	\$612,322
Unbilled Revenue	71,717	68,790
Utility loan program	4,385	2,667
Merchandise Accounts	6,321	5,033
Allowance for Doubtful Accounts	(7,753)	(6,084)
	<u>\$718,182</u>	<u>\$682,728</u>
<u>Inventories</u>		
Inventory	\$347,616	\$362,805
Stores Expense (a/c 163)	4,595	789
	<u>\$352,211</u>	<u>\$363,594</u>
<u>Prepaid Expenses</u>		
Prepaid Insurance	\$40,480	\$37,638
Prepaid Maintenance Contracts	23,727	16,779
Other Prepaid Expenses	(2,944)	(372)
	<u>\$61,263</u>	<u>\$54,045</u>
<u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$2,500 itemized)</u>		
Electric/communications bills	\$82,328	\$89,662
Bank fees	\$2,528	---
Alexander Chemical Corp - chlorine	4,824	4,824
A-L-L Equipment - pump	---	2,632
C&C Contractors - concrete repairs	52,899	---
Cahoy Pump Service - Well 46	---	20,013
City of Muscatine - Mississippi Dr project	120,061	68,932
Cogsdale - business system implementation	5,444	4,738
Core & Main - hydrants/parts	12,145	---
Dixon Engineering - professional services	3,300	---
HD Supply - hydrant/corp stops	---	4,407
HR Green - water treatment plant	---	15,225
Hometown Plumbing	---	38,357
Illowa Investment Inc - blacktop repairs	5,861	---
IPERS - pension	6,797	5,595
Kellor & Kellor - landscaping	---	4,135
Metering & Tech Solutions - encoders/meters	4,168	23,341
Metron-Farnier - antennas	---	3,016
Mitel - phone system	---	6,041
Municipal Supply - valves	4,691	---
Northway - well repair/cleaning	---	76,110
USA Blue Book - leak detector	4,619	---
Utility Equipment - valves/fittings	3,313	---
Watersmith Engineering - professional services	9,718	---
Wendling Quarries - rock/sand	26,944	---
Wilkinson Precast - concrete box	---	4,750
Other	26,150	51,067
	<u>\$375,790</u>	<u>\$422,845</u>
<u>Customer Advances for Construction</u>		
Aspen Villas	---	\$30,815
Curry Trucking	---	59,640
Lutheran Homes	---	650
R.L. Fridley Theaters, Inc	600	---
	<u>\$600</u>	<u>\$91,105</u>
<u>Miscellaneous Accrued Expenses</u>		
Sales/Use Tax Collections Payable	\$7,906	\$8,238
Payroll Tax Collections Payable	18,005	16,185
Employee Payroll Deductions	3,090	2,652
Workers' Comp Self Insurance Reserves	28,487	33,060
Comp Time Payable	8,997	4,356
	<u>\$66,485</u>	<u>\$64,491</u>

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

May 2018

**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 - May 2018

	<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	\$606,273	(3.1)	\$587,755	(0.2)	\$589,076
Data/Internet	500,451	4.3	522,093	5.9	493,026
VoIP	9,397	(97.6)	230	---	---
MAN	60,500	8.3	65,517	6.6	61,474
Miscellaneous	11,637	(13.7)	10,045	(34.6)	15,370
Total Operating Revenues	<u>1,188,258</u>	(0.2)	<u>1,185,640</u>	2.3	<u>1,158,946</u>
<u>Operating Expense</u>					
Operation	793,060	(1.8)	778,686	6.2	733,096
Maintenance	91,628	(7.4)	84,878	5.5	80,420
Depreciation	134,849	(6.0)	126,791	(6.0)	134,926
Total Operating Expenses	<u>1,019,537</u>	(2.9)	<u>990,355</u>	4.4	<u>948,442</u>
Operating Income	<u>168,721</u>	15.7	<u>195,285</u>	(7.2)	<u>210,504</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	1,439	11.0X	17,245	4.1X	3,367
Interest Expense	(28,151)	(4.0)	(27,037)	6.2X	(3,768)
Net Nonoperating Expense	<u>(26,712)</u>	(63.3)	<u>(9,792)</u>	23.4X	<u>(401)</u>
Net Income before Capital Contributions	142,009	30.6	185,493	(11.7)	210,103
Capital Contributions	<u>1,365</u>	(48.5)	<u>703</u>	(72.3)	<u>2,538</u>
Change in Net Position	143,374		186,196		212,641
Beginning Net Position	<u>7,864,821</u>		<u>8,159,626</u>		<u>6,375,557</u>
Ending Net Position	<u>\$8,008,195</u>		<u>\$8,345,822</u>		<u>\$6,588,198</u>
Net Income (Loss) to Operating Revenue	12.0		15.6		18.1
Debt Service Coverage on Bank Debt	1.69		1.88		---
Debt Service Coverage on Electric Utility Debt	2.84		3.62		7.95

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - May 2018

	<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	\$2,912,470	(1.6)	\$2,866,453	0.5	\$2,853,428
Data/Internet	2,463,327	3.8	2,556,123	5.9	2,414,511
VoIP	23,381	(98.8)	282	---	---
MAN	302,500	8.1	326,984	6.1	308,156
Miscellaneous	58,187	(8.1)	53,464	(0.7)	53,839
Total Operating Revenues	<u>5,759,865</u>	0.8	<u>5,803,306</u>	3.1	<u>5,629,934</u>
<u>Operating Expense</u>					
Operation	3,985,635	(4.0)	3,826,234	4.7	3,654,796
Maintenance	454,941	(10.4)	407,668	8.6	375,365
Depreciation	674,245	(6.0)	633,955	(6.0)	674,630
Total Operating Expenses	<u>5,114,821</u>	(4.8)	<u>4,867,857</u>	3.5	<u>4,704,791</u>
Operating Income	<u>645,044</u>	45.0	<u>935,449</u>	1.1	<u>925,143</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	7,853	8.3X	72,836	4.8X	12,666
Interest Expense	(140,756)	10.3	(155,208)	7.2X	(18,842)
Net Nonoperating Expense	<u>(132,903)</u>	(38.0)	<u>(82,372)</u>	12.3X	<u>(6,176)</u>
Net Income before Capital Contributions	512,141	66.6	853,077	(7.2)	918,967
Capital Contributions	6,825	(48.5)	3,516	(54.3)	7,696
Change in Net Position	518,966		856,593		926,663
Beginning Net Position	<u>7,489,229</u>		<u>7,489,229</u>		<u>5,661,535</u>
Ending Net Position	<u>\$8,008,195</u>		<u>\$8,345,822</u>		<u>\$6,588,198</u>
Net Income (Loss) to Operating Revenue	8.9		14.7		16.3
Debt Service Coverage on Bank Debt	1.47		1.82		---
Debt Service Coverage on Electric Utility Debt	1.94		3.38		7.35

Muscatine Power and Water - Communications Utility
Statements of Net Position
May 2018

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash - interest bearing	\$9,834,910	\$8,881,455
Investments	3,764,324	---
Receivables:		
Consumer Accounts	1,329,015	1,316,410
Interest	16,335	3,201
Inventories	204,254	132,804
Prepaid Expenses	384,299	257,942
	<u>15,533,137</u>	<u>10,591,812</u>
Property and Equipment:		
At Cost	42,528,987	35,856,140
Less Accumulated Depreciation	28,556,501	27,617,048
	<u>13,972,486</u>	<u>8,239,092</u>
Deferred Outflows of Resources		
Pension	1,732,931	1,269,389
OPEB	14,555	---
	<u>1,747,486</u>	<u>1,269,389</u>
TOTAL ASSETS	<u><u>\$31,253,109</u></u>	<u><u>\$20,100,293</u></u>

Muscatine Power and Water - Communications Utility
Statements of Net Position
May 2018

LIABILITIES AND NET POSITION

	<u>2018</u>	<u>2017</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accrued Interest	\$64,778	\$18,842
Accounts Payable	871,172	1,339,157
Health & Dental Insurance Provision	45,780	49,280
Retained Percentage on Contracts	123,018	5,235
Accrued Payroll	96,643	82,832
Accrued Vacation	168,457	187,525
Accrued Property Taxes	5,665	5,949
Unearned Revenue - Dark Fiber Lease	17,500	17,500
Miscellaneous Accrued Expenses	114,182	123,421
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	1,507,195	1,829,741
<u>Payable from Restricted Assets</u>		
Notes Payable:		
Banks	1,902,958	---
Electric Utility	483,850	481,443
	<hr/>	<hr/>
Total Payable from Restricted Assets	2,386,808	481,443
	<hr/>	<hr/>
Total Current Liabilities	3,894,003	2,311,184
Non-Current Liabilities:		
Health & Dental Insurance Provision	89,456	81,175
Post-Employment Health Benefit Provision	122,977	71,865
Unearned Revenue - Dark Fiber Lease	204,688	222,188
Net Pension Liability	2,677,543	2,165,496
Notes Payable:		
Banks	7,642,987	---
Electric Utility	8,078,994	8,562,844
	<hr/>	<hr/>
Total Non-Current Liabilities	18,816,645	11,103,568
Deferred Inflows of Resources		
Pension	179,957	97,343
OPEB	16,682	---
	<hr/>	<hr/>
Total Deferred Inflows of Resources	196,639	97,343
Net Position:		
Net Investment in Capital Assets	3,942,691	7,757,649
Unrestricted	4,403,131	(1,169,451)
	<hr/>	<hr/>
Total Net Position	8,345,822	6,588,198
TOTAL LIABILITIES AND NET POSITION	<u>\$31,253,109</u>	<u>\$20,100,293</u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
May 2018

	<u>Current Month</u>	<u>Year- To-Date</u>
Cash flows from operating activities:		
Cash received from:		
Communications sales	\$1,174,801	\$5,660,036
Advertising sales	19,172	133,994
Miscellaneous sources	8,503	51,529
Cash paid to/for:		
Suppliers	(468,287)	(2,654,775)
Employees payroll, taxes and benefits	(338,292)	(1,700,055)
	395,897	1,490,729
Cash flows from capital and related financing activities:		
Capital expenditures, net	(226,157)	(1,744,220)
Bank loan closing costs	---	(17,500)
Loan principal payments	---	(454,055)
Loan interest payments	---	(86,861)
	(226,157)	(2,302,636)
Cash flows from investing activities:		
Interest received on investments	16,179	65,560
	16,179	65,560
Net cash flows from investing activities	16,179	65,560
Net increase (decrease) in cash and investments	185,919	(746,347)
Cash and investments at beginning of period	13,413,315	14,345,581
Cash and investments at end of period	\$13,599,234	\$13,599,234

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
May 2018

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$195,285	\$935,449
Noncash items in operating income:		
Converter/modem write-off	15,478	17,148
Depreciation of utility plant	126,791	633,955
Change in deferred outflows of resources	(38,430)	(115,290)
Changes in assets and liabilities:		
Consumer accounts receivable	13,453	141,973
Inventories	(22,287)	(56,725)
Prepaid and deferred expenses	15,868	(236,275)
Accounts payable	9,311	20,157
Net pension liability	39,121	195,606
Health & dental insurance provision	(19,993)	(34,655)
Other post-employment benefit provision	521	2,607
Unearned revenue	(1,458)	(8,291)
Retained percentage on contracts	10,469	34,197
Accrued payroll	33,795	(25,076)
Accrued vacation	(2,711)	(7,133)
Accrued property taxes	541	(255)
Miscellaneous accrued expenses	20,143	(6,663)
	<hr/>	<hr/>
Net cash flows from operating activities	<u>\$395,897</u>	<u>\$1,490,729</u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - May 2018

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
CATV			
Program Acquisition Expense (751-758)	\$383,516	\$375,029	\$356,466
Promotional Expense (960)	4,697	4,488	830
Electricity Expense (736)	552	3,236	2,560
Pole Attachment Expense (715)	2,043	2,043	1,967
Changes of Service (742)	1,807	2,249	1,079
Underground Line Expense (743)	7,586	3,728	4,612
Ad Insertion - Marketing/Production (964, 965)	6,887	5,714	7,319
Miscellaneous CATV Expense (710, 738, 739)	22,424	20,783	19,756
Vehicle Expense (760)	5,305	8,021	4,271
Maintenance:			
Fiber (711)	511	2,477	402
Coax (712)	1,422	1,882	742
Drops (713)	2,135	7,023	1,226
Conduit System (714)	1,771	363	1,166
Headend (721-725)	28,889	24,280	14,018
Line Equipment (731-735)	2,108	1,388	1,472
Converters (741)	3,984	2,406	2,393
Ad Insertion (966)	4,978	5,135	5,189
Vacation, Holiday, Sick Leave (799)	6,960	5,695	5,203
Property Taxes (794)	314	314	314
Depreciation (793)	69,399	70,512	76,631
Total CATV	557,288	546,766	507,616
Data/Internet			
Data/Internet Access Charges (851-853)	25,112	28,995	26,384
Promotional Expense (961)	4,697	4,524	866
Electricity Expense (836)	98	510	333
Pole Attachment Expense (837)	359	359	346
Changes of Service (842)	602	750	360
Customer Wireless Equipment Expense (846)	---	---	---
Underground Line Expense (843)	845	1,243	1,537
Miscellaneous Data/Internet Expense (839, 844, 848)	10,176	8,292	9,530
Vehicle Expense (860)	844	1,064	513
Maintenance:			
Fiber (811)	213	1,271	168
Coax (813)	474	627	247
Drops (814)	712	2,341	409
Conduit System (816)	738	151	486
Headend (820, 821)	28,283	23,146	31,622
Line Equipment (831-835)	416	449	375
Modems (841)	5,408	3,089	5,126
Vacation, Holiday, Sick Leave (879)	3,352	2,613	2,555
Property Taxes (894)	55	55	55
Depreciation (893)	31,528	28,720	26,898
Total Data/Internet	113,912	108,199	107,810

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - May 2018

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>CATV</u>			
Program Acquisition Expense (751-758)	\$1,915,503	\$1,892,766	\$1,796,998
Promotional Expense (960)	26,460	17,278	5,210
Electricity Expense (736)	5,532	13,508	11,955
Pole Attachment Expense (715)	10,213	10,213	9,837
Changes of Service (742)	9,075	7,779	6,088
Underground Line Expense (743)	22,409	11,689	11,145
Ad Insertion - Marketing/Production (964, 965)	34,844	38,082	33,714
Miscellaneous CATV Expense (710, 738, 739)	115,163	98,173	87,254
Vehicle Expense (760)	26,439	26,430	19,410
Maintenance:			
Fiber (711)	2,628	8,414	2,550
Coax (712)	6,864	5,174	2,770
Drops (713)	10,555	21,607	11,438
Conduit System (714)	7,901	1,598	2,839
Headend (721-725)	144,944	122,338	80,045
Line Equipment (731-735)	8,783	11,848	14,775
Converters (741)	19,033	10,386	14,640
Ad Insertion (966)	24,942	23,481	25,182
Vacation, Holiday, Sick Leave (799)	30,416	26,753	38,125
Property Taxes (794)	1,569	1,570	1,568
Depreciation (793)	346,995	352,560	383,155
Total CATV	2,770,268	2,701,647	2,558,698
<u>Data/Internet</u>			
Data/Internet Access Charges (851-853)	125,560	131,601	131,381
Promotional Expense (961)	26,460	17,485	5,149
Electricity Expense (836)	976	1,695	1,625
Pole Attachment Expense (837)	1,796	1,796	1,730
Changes of Service (842)	3,025	2,593	2,029
Customer Wireless Equipment Expense (846)	---	---	---
Underground Line Expense (843)	2,954	3,896	3,715
Miscellaneous Data/Internet Expense (839, 844, 848)	49,608	38,566	39,213
Vehicle Expense (860)	4,221	3,641	2,331
Maintenance:			
Fiber (811)	1,095	3,745	1,062
Coax (813)	2,288	1,725	923
Drops (814)	3,518	7,202	3,813
Conduit System (816)	3,292	666	1,183
Headend (820, 821)	144,476	126,608	146,416
Line Equipment (831-835)	1,975	3,826	4,085
Modems (841)	26,197	13,012	17,588
Vacation, Holiday, Sick Leave (879)	14,553	12,004	14,108
Property Taxes (894)	277	275	276
Depreciation (893)	157,638	143,600	134,490
Total Data/Internet	569,909	513,936	511,117

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - May 2018

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense (838)	\$1,120	\$1,220	\$1,179
Tools Expense (845)	208	21	24
Maintenance:			
Fiber (812)	341	1,652	268
Conduit System (817)	1,181	242	777
MAN Equipment (818, 819)	2,398	2,037	8,108
Vacation, Holiday, Sick Leave (899)	310	430	226
Property Taxes (896)	172	172	172
Depreciation (840)	20,579	18,747	22,038
Total MAN	<u>26,309</u>	<u>24,521</u>	<u>32,792</u>
VoIP Expenses (880)	<u>5,879</u>	<u>4,500</u>	<u>---</u>
<u>Customer Service Expense</u>			
Customer Information Expense (909)	<u>1,699</u>	<u>2,672</u>	<u>2,285</u>
<u>Consumer Accounts</u>			
Supervision (901)	4,941	3,433	3,153
Consumer Records and Collections (903)	49,240	52,526	48,984
Uncollectible Accounts Expense (904)	1,170	1,170	1,574
Vacation, Holiday, Sick Leave (906)	6,670	5,774	5,368
Total Consumer Accounts	<u>62,021</u>	<u>62,903</u>	<u>59,079</u>
<u>Administrative and General</u>			
Administrative and General Salaries (920)	83,068	64,770	84,438
Office Supplies and Expense (921)	4,454	7,509	3,644
Outside Services Employed (923)	7,306	9,173	7,645
Property Insurance (924)	1,229	1,307	1,173
Casualty Ins, Injuries & Damages (925)	7,484	5,829	8,299
Employee Pensions and Benefits (926)	100,959	103,053	93,590
Fringe Benefits Charges to Construction (927)	(5,908)	(6,173)	(6,307)
Rents (931)	9,844	9,844	9,656
Miscellaneous General Expense (930)	9,990	10,848	7,650
Maintenance of General Plant (932)	5,666	4,919	6,226
Vacation, Holiday, Sick Leave (936)	14,994	20,903	13,487
Depreciation (933)	13,343	8,812	9,359
Total Administrative and General	<u>252,429</u>	<u>240,794</u>	<u>238,860</u>
Total Operating Expenses	<u><u>1,019,537</u></u>	<u><u>990,355</u></u>	<u><u>948,442</u></u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - May 2018

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense (838)	\$5,599	\$6,100	\$5,893
Tools Expense (845)	1,142	2,129	1,032
Maintenance:			
Fiber (812)	1,751	5,610	1,700
Conduit System (817)	5,267	1,065	1,893
MAN Equipment (818, 819)	12,557	10,863	18,513
Vacation, Holiday, Sick Leave (899)	1,323	1,737	1,301
Property Taxes (896)	860	860	860
Depreciation (840)	102,897	93,735	110,190
Total MAN	131,396	122,099	141,382
VoIP Expenses (880)	21,433	13,583	---
<u>Customer Service Expense</u>			
Customer Information Expense (909)	15,449	15,253	6,106
<u>Consumer Accounts</u>			
Supervision (901)	24,703	15,781	13,720
Consumer Records and Collections (903)	246,132	256,319	243,768
Uncollectible Accounts Expense (904)	5,850	5,850	7,870
Vacation, Holiday, Sick Leave (906)	28,991	26,077	28,054
Total Consumer Accounts	305,676	304,027	293,412
<u>Administrative and General</u>			
Administrative and General Salaries (920)	415,447	331,280	391,290
Office Supplies and Expense (921)	20,929	25,866	19,149
Outside Services Employed (923)	51,542	47,580	40,781
Property Insurance (924)	5,976	6,133	5,743
Casualty Ins, Injuries & Damages (925)	37,841	29,999	36,272
Employee Pensions and Benefits (926)	507,099	524,571	467,535
Fringe Benefits Charges to Construction (927)	(29,328)	(30,304)	(31,863)
Rents (931)	49,220	49,220	48,281
Miscellaneous General Expense (930)	82,883	61,083	81,412
Maintenance of General Plant (932)	26,875	28,500	23,950
Vacation, Holiday, Sick Leave (936)	65,491	79,324	64,731
Depreciation (933)	66,715	44,060	46,795
Total Administrative and General	1,300,690	1,197,312	1,194,076
Total Operating Expenses	5,114,821	4,867,857	4,704,791

Muscatine Power and Water - Communications Utility
Statistical Data
May 2018

<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	5,084	(1.9)	4,987	(5.3)	5,266
Commercial/Hospitality	<u>159</u>	(1.9)	<u>156</u>	(3.7)	<u>162</u>
Total CATV	<u>5,243</u>	(1.9)	<u>5,143</u>	(5.3)	<u>5,428</u>
Bulk Equivalent Services	<u>319</u>	(5.3)	<u>302</u>	(5.3)	<u>319</u>
Bulk Master Services	<u>24</u>	---	<u>24</u>	---	<u>24</u>
<u>Internet</u>					
Residential	8,171	(0.6)	8,120	2.4	7,930
Commercial	<u>534</u>	2.1	<u>545</u>	4.0	<u>524</u>
Total Internet	<u>8,705</u>	(0.5)	<u>8,665</u>	2.5	<u>8,454</u>
<u>VoIP</u>					
Residential	307	(89.6)	32	---	---
Commercial	<u>23</u>	(82.6)	<u>4</u>	---	---
Total VoIP	<u>330</u>	(89.1)	<u>36</u>	---	---
<u>MAN</u>	<u>82</u>	4.9	<u>86</u>	---	<u>88</u>

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

Communications Utility
Review of Operating Results
May 2018

**MUSCATINE POWER AND WATER - COMMUNICATIONS UTILITY
VARIANCES FROM BUDGETED NET POSITION - MAY 31, 2018**

	(Unfavorable)/ Favorable Compared to Budget	
Operating Revenue		
CATV Revenue	\$ 27,920	Slightly higher CATV revenues due to changes in subscriber mix offset by fewer subscribers (5,445 actual vs. 5,562 budget).
	6,156	Broadcast fee greater than budget, due to bulk subs omitted from budget calculation
	18,310	Lower marketing promotional discounts due to fewer promotional programs offered
	(26,216)	Lower VOD/PPV sales due to fewer subscribers and less buys
	(27,960)	Lower ad sales
	(33,057)	Lower converter rentals due to less subscribers
	(11,170)	Other miscellaneous variances - net
	<u>(46,017)</u>	
Data/Internet Revenue	768,922	Higher cable modem revenues due to customers migrating to a higher level of service offset by fewer subscribers (Subscribers = 8,665 actual & 8705 budget)
	(721,171)	Fiber service installs are behind schedule
	24,774	Lower promotional discounts due to fewer promotional programs offered
	13,623	Higher Wi-fi @ Home due to more subscribers
	6,648	Other miscellaneous variances - net
	<u>92,796</u>	
VoIP	(23,099)	Service availability was budgeted to begin in February but was not available until late April in addition to fewer subscribers than budgeted (36 actual vs. 330 budget)
MAN	<u>24,484</u>	More customers than budgeted
Miscellaneous Revenue	<u>(4,723)</u>	Other miscellaneous variances - net
Operating Expense		
Operation	22,737	Programming expense under budget
	27,244	Lower temp labor than budgeted, primarily due to DSRs and cable tech areas
	(7,976)	Higher electricity expense than budgeted due to timing of FTTH construction
	63,760	Fewer cable modems and set-top boxes have been retired than anticipated
	(6,810)	Higher cost of miscellaneous CATV materials expense
	(8,214)	Higher credit card processing fees
	1,000	Help desk FTTH OTT hardware not expended yet
	(2,571)	Organizational development expenses higher than budget
	1,614	Communications legal services under budget
	1,587	Employee search services under budget
	6,406	Injury and damages claims lower than budget
	62,094	Labor & vacation under budget
	9,070	Lower FICA than budgeted
	12,958	Health care expenses lower than budgeted
	7,933	VoIP management fee and service expenses are lower than budget due to delay in service availability
	(35,481)	Pension expense is over budget due to accruing expense at a higher rate to approximate GASB 68 effects
	8,407	Travel and training under budget
	(4,357)	Other miscellaneous variances - net
	<u>159,401</u>	
Maintenance	17,504	Lower labor
	5,101	Line equipment maintenance materials lower than budget
	2,222	CATV headend maintenance materials lower than budget
	1,670	Converter maintenance materials lower than budget
	20,744	Maintenance agreements are lower than budget
	1,640	Memberships and subscriptions are lower than budget
	(1,608)	Other miscellaneous variances - net
	<u>47,273</u>	
Depreciation	<u>40,290</u>	Lower depreciation due to fewer fixed assets purchases in 2017 than anticipated
Nonoperating Revenue (Expense)		
Interest Income	64,983	More interest income due to higher cash balances
Interest Expense	<u>(14,452)</u>	Loan fees expensed in 2018
Change in Net Position before Capital Contributions	<u>340,936</u>	
Capital Contributions	<u>(3,309)</u>	
Change in Net Position	<u>\$ 337,627</u>	Total Variance from Budgeted Net Position

Statement of Revenues, Expenses and Changes in Net Position

Operating Revenues

CATV

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Total Subscribers (incl. Bulk)	5,562	5,445	5,747
Revenue:			
Basic	\$ 65,447	\$ 64,270	\$ 77,993
Select	1,476,718	1,504,383	1,634,679
Preferred	275,793	281,584	293,841
Premium	96,809	93,409	108,260
Bulk	97,917	96,958	107,267
Broadcast fee	314,835	320,991	120,184
PPV	17,400	5,307	9,966
VOD	<u>54,488</u>	<u>40,365</u>	<u>49,249</u>
Subtotal	\$ 2,399,407	\$ 2,407,267	\$ 2,401,439
Set top box rentals	427,621	394,564	405,642
Ad insertion revenue	134,000	106,040	133,802
Other CATV revenues	<u>28,450</u>	<u>17,280</u>	<u>23,801</u>
Gross CATV revenue	\$ 2,989,478	\$ 2,925,151	\$ 2,964,684
Discounts	<u>(77,008)</u>	<u>(58,698)</u>	<u>(111,256)</u>
Net CATV Revenue	<u>\$ 2,912,470</u>	<u>\$ 2,866,453</u>	<u>\$ 2,853,428</u>
Net Monthly Revenue per Subscriber	\$ 104.73	\$ 105.29	\$ 99.30
Year-over-Year Increase		6.0%	

- Broadcast fee revenue is higher than budgeted because bulk equivalents were not included in the budgeted calculation.
- Discounts are less than budgeted due to fewer promotional discounts offered to date.

Internet Revenue

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Customers	8,705	8,665	8,454
Revenue:			
Cable modem	\$ 1,435,957	\$ 2,204,879	\$ 2,171,630
Fiber service	834,812	113,641	-
Wi-fi @ Home	108,851	122,474	107,147
Wimax	37,487	39,071	39,793
Modem rentals	127,113	127,282	123,298
Other internet revenues	<u>18,924</u>	<u>23,819</u>	<u>18,936</u>
Gross internet revenues	\$ 2,563,144	\$ 2,631,166	\$ 2,460,804
Discounts	<u>(99,817)</u>	<u>(75,043)</u>	<u>(46,293)</u>
Net internet revenues	<u>\$ 2,463,327</u>	<u>\$ 2,556,123</u>	<u>\$ 2,414,511</u>
Net monthly revenue per subscriber	\$ 56.60	\$ 59.00	\$ 57.12

- Cable modem revenues are higher; although overall residential subs are slightly below budget, there has been a lot of migration from lower speed services (Lite and Turbo) into higher speed services (Nitro, Xtreme50 and Xtreme100) and not as many customers have been converted to Fiber than budgeted.
- Discounts are less than budgeted due to fewer promotional discounts offered to date.
- Fiber was anticipated to be available in August 2017. However, installation began in late April for first customers.

VoIP

Voice services were budgeted to be available beginning in February. However, the service was not available until April 23. In addition, 330 customers were budgeted, actual customers receiving service are 36. This results in \$23,098 less revenue than budgeted.

MAN

Revenue is \$24,484 higher than budget due to more contracts.

Nonoperating Revenue (Expense)

- Interest income is over budget \$64,983 due to higher than projected cash balances and a higher rate of return.
- Interest expense is higher than budget due to additional loan fees expensed in 2018.

Year-To-Date Summary of Expenses**CATV****Program Acquisition Expense (751-758)**

Programming is lower due to lower subscribers than budgeted.

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Basic	\$ 408,465	\$ 431,541	\$ 312,969
Select	1,243,492	1,217,267	1,219,971
Premium	86,072	71,603	81,839
Digital	133,082	141,188	140,942
Pay-per-View	10,500	3,838	7,729
Video on Demand	<u>33,892</u>	<u>27,329</u>	<u>33,548</u>
Total	<u>\$1,915,503</u>	<u>\$1,892,766</u>	<u>\$1,796,998</u>
Total Subscribers (incl. Bulk)	5,562	5,445	5,747
Per Subscriber	\$ 68.88	\$ 69.52	\$ 62.54
Year over Year Increase		11.2%	

Promotional Expense – (960)

- Temp services for DSRs are under budget \$7,845.
- Mileage is under budget \$530.
- Customer support department labor is under budget \$315.
- Help desk labor is under budget \$481.
- Phone expense is under budget \$298.
- Marketing department labor is over budget \$324.

Electricity Expense – (736)

- Electricity expense is over budget \$7,976 due to the fiber project being farther behind than planned, which was anticipated to lower electric consumption.

Underground Line Expense (743)

- Labor is under budget \$9,546 due to fewer requests for locates than anticipated.
- Materials expense is under budget \$1,175.

Ad Insertion – Marketing/Production (964, 965)

- Labor is over budget \$1,686.
- Griffin cable report \$3,417, not budgeted.
- Mileage under budget \$1,000.
- Phone expense under budget \$625.

Miscellaneous CATV Expense (710, 738, 739)

- Labor is over budget \$30,529.
- Fewer boxes have been retired in the amount of \$48,079.
- Temp services of \$6,250 have not been utilized.
- Materials expense is over budget \$6,810, including \$3,399 for a signal meter and \$2,964 for labels.

CATV (cont'd)Maintenance of Fiber (711)

- Labor is over budget \$5,372.

Maintenance of Drops (713)

- T&D department labor is over budget \$11,568 for directional boring.

Maintenance of Conduit System (714)

- Labor is under budget \$6,103.

Maintenance of Headend (721-725)

- Labor is under budget \$14,273.
- Maintenance agreements are under budget \$6,111.
- Materials expense is under budget \$2,222.

Maintenance of Line Equipment (731-735)

- Labor is over budget \$6,800.
- Maintenance agreements are over budget \$1,366.
- Materials expense is under budget \$5,101.

Maintenance of Converters (741)

- Labor is under budget \$6,977, mainly due to fewer converters being repaired.
- Materials expense is under budget \$1,670.

Vacation, Holiday, Sick Leave – (799)

- Sick leave and personal leave are under budget \$704.
- Vacation is under budget \$2,958.

Depreciation Expense (793)

Depreciation is lower than budget due to lower than expected expenditures for digital boxes, headend equipment, and customer drops prior to year-end 2017. This type of equipment has five- and ten-year lives.

InternetData/Internet Access Charges – (851-853)

- NCTC internet subscriber expenses of \$6,683, not budgeted.
- Apogee expenses of \$3,750, not budgeted.
- CenturyLink expenses over budget \$3,228.
- Hurricane expenses under budget \$7,750.

Promotional Expense – (961)

- Temp services for DSRs are under budget \$7,845.
- Labor is under budget \$463.

Internet (cont'd)Miscellaneous Data/Internet Expense – (847)

- Labor is over budget \$9,263.
- Temp services of \$6,250 have not been utilized.
- Fewer modems have been retired in the amount of \$15,681.
- Other miscellaneous materials are over budget \$1,627.

Maintenance of Drops – (814)

- Labor is over budget \$3,651.

Maintenance of Headend – (820, 821)

- Labor is over budget \$6,278.
- Maintenance agreements are under budget by \$24,232.

Maintenance of Modems – (841)

- Labor is under budget \$13,185.

Depreciation – (893)

Depreciation is lower than budget due to lower than expected expenditures for modems, equipment and customer drops prior to year-end 2017. This type of equipment has five- and ten-year lives.

MANMaintenance of Fiber – (812)

- Labor is over budget \$3,581.

Maintenance of Conduit System – (817)

- Labor is under budget \$4,069.

Depreciation – (840)

Depreciation is lower than budget due to lower than expected expenditures for customer drops, equipment and coax prior to year-end 2017. This type of equipment has five- and ten-year lives.

Voice over Internet Protocol Expenses – (880)

- Due to the delay in VoIP service from February to late April, the monthly administrative fee to the service provider and fees for services provided are under budget by \$7,933.

Customer Service ExpenseSupervision – (901)

- Labor is under budget \$8,922 in the CSR area.

Consumer AccountsCustomer Records and Collections – (903)

- Labor is over budget \$4,957.
- Credit card processing fees are \$8,214 higher than budget.
- Fees for customer billing services are over budget \$781.
- Higher postage of \$1,549 than budget was incurred.
- Temp services are below budget \$467.
- Help desk expenses for FTTH OTT hardware hasn't been expended yet for \$1,000.
- Customer support travel expenses are under budget \$1,235.
- Other miscellaneous materials are under budget \$2,612.

Administrative & GeneralA&G Salaries – (920)

- Salaries in the Marketing, Data Tech and Telecommunications departments are under budget by \$15,358, \$34,431, and \$37,622, respectively.
- Salaries in the CATV Tech department are under budget by \$2,974.

Office Supplies and Expense – (921)

- Vehicle allowance is over budget by \$2,000.
- Mileage is under budget by \$1,000.
- Data Systems labeling logos expense of \$2,116, not budgeted.

Outside Services – (923)

	Responsibility Code	2018 Budget	2018 Actual	2017 Actual
Succession Planning	110-Sal	\$ 3,600	\$ -	\$ -
Consulting Services	120-Sal	-	-	873
Organizational Development	120-Sal	3,000	5,571	1,565
General Legal Services	140-Brandy	1,200	292	139
Employment Legal Services	140-Brandy	500	-	-
Communications Legal Services	140-Brandy	2,500	886	-
MCC Public Access	224-Rick	23,610	23,708	23,400
Web/Graphics Services	224-Rick	1,160	292	208
Insurance Advisor	310-Jerry	2,520	2,520	2,520
Audit Fees	320-Cassie	5,220	5,581	4,418
IS Department Review	350-Greg	-	-	2,353
IS Outside Professional Services	350-Greg	600	600	1,113
Benefits Consulting	410-Brandy	2,700	2,100	1,788
Employee Search Services	410-Brandy	4,800	3,213	-
Pension Study/GASB 67/68	410-Brandy	-	(1,800)	-
Engineering Compensation Review	410-Brandy	-	-	174
509A Actuary	410-Brandy	132	117	117
Other Misc HR Expenses	410-Brandy	-	-	-
Communications Consulting - IUB/FCC	920-Brad	-	4,500	2,113
		<u>\$ 51,542</u>	<u>\$ 47,580</u>	<u>\$ 40,781</u>

Administrative & General (cont'd)Injuries & Damages – (925)

- Insurance premiums under budget \$1,437.
- Claims under budget \$6,406.

Employee Pensions & Benefits – (926)

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Health care cost	\$ 207,530	\$ 194,572	\$ 181,781
Pension	160,125	195,606	152,371
FICA	96,074	87,004	85,643
Deferred compensation	18,360	22,218	21,059
Dental	7,990	7,631	7,280
Life, LTD & ADD	7,031	6,616	6,673
OPEB	2,608	2,608	2,105
Unemployment expense	1,200	-	1,992
Other expenses	6,181	8,316	8,631
	<u>\$ 507,099</u>	<u>\$ 524,571</u>	<u>\$ 467,535</u>

- Pension expense is higher than budgeted due to recording expense to be more in-line with prior years' experience.

Miscellaneous General Expense – (930)

- Labor is under budget \$8,391.
- Travel & training are under budget by \$8,767.
- Memberships and subscriptions are under budget \$1,230.
- Safety expenses are under budget \$2,573.
- Other miscellaneous materials are under budget \$839.

Vacation, Holiday, Sick Leave – (936)

- Sick leave and personal leave are over budget \$17,003.
- Vacation is under budget \$3,171.

Depreciation – (933)

Depreciation is lower than budget due to lower than expected expenditures for equipment prior to year-end 2017. This type of equipment has a five-year life.

Communications Utility
Statement of Net Position Review
May 2018

<u>Current Assets</u>	<u>2018</u>	<u>2017</u>
<u>Receivables - Consumer Accounts</u>		
Customer Communications Accounts	\$1,197,912	\$1,162,299
Unbilled Revenue	87,178	85,167
Merchandise Accounts	53,566	86,982
Allowance for Doubtful Accounts	(9,641)	(18,038)
	<u>\$1,329,015</u>	<u>\$1,316,410</u>
<u>Inventories</u>		
Inventory	\$200,596	\$132,330
Stores Expense (a/c 163)	3,658	474
	<u>\$204,254</u>	<u>\$132,804</u>
<u>Prepaid Expenses</u>		
Prepaid Insurance	\$46,012	\$44,623
Prepaid Maintenance Contracts	179,877	177,130
Muscatine Schools - E-rate customer	155,201	36,764
Travel advances	1,365	2,199
Other Prepaid Expenses	3,209	(2,774)
	<u>\$384,299</u>	<u>\$257,942</u>
<u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$2,500 itemized)</u>		
Pole Rental	\$17,609	\$16,960
Advanced Media Technologies - media players	101,650	\$2,612
Anixter - cable	3,280	---
Atlantic Engineering Group - FTTH	68,597	64,762
Bankcard - credit card processing fee	5,056	---
Big 10 - programming fee	9,677	9,671
BillTrust - bill processing	2,956	2,850
CDW-G - wireless equip	---	4,659
Centurylink - tel/access fees	8,096	5,579
City of Muscatine - Mississippi Dr project	5,290	---
Channel Commercial Corp - GS drop enclosure	---	90,427
Cogsdale - business system implementation	9,332	8,121
Comcast Sportsnet Chicago - programming fee	23,376	22,913
DASCOM - FTTH equipment	---	451,411
Fox Sports Net Midwest - programming fee	23,618	23,227
Gray Television - programming fee	21,334	14,650
Graybar Electric - fiber	20,161	92,734
ImOn Communications - VoIP service	4,500	---
Insight Direct - wireless routers	---	5,548
KGCW - programming fee	203,520	116,594
Megahertz - switches	---	52,366
Mitel - phone system	---	15,368
Muscatine Community College - public access	9,483	9,352
Natl Cable TV Coop - programming fee	213,094	214,106
Nexstar - programming fee	35,556	30,495
Pivot Group LLC - customer svc training	---	10,148
Power & Tel - terminals	3,982	---
Primex Manufactureing - demarc boxes	2,523	---
Rovi Guides - programming fee	7,767	8,754
Tower Distribution - programming fee	20,280	15,325
Univision - programming fee	6,885	6,894
Vubiquity - programming fee	4,915	8,193
Wireless Connections - cable	---	4,426
Other	38,635	31,012
	<u>\$871,172</u>	<u>\$1,339,157</u>
<u>Miscellaneous Accrued Expenses</u>		
Sales/Use Tax Collections Payable	\$22,489	\$23,565
VoIP Excise Tax	8	---
911 Fee	21	---
Franchise Fees Payable	29,172	30,337
Payroll Tax Collections Payable	20,280	20,682
Workers' Comp Self Insurance Reserves	42,212	48,837
	<u>\$114,182</u>	<u>\$123,421</u>