

Muscatine Power and Water

Electric Utility

Statement of Revenues, Expenses and Changes in Net Position

September 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 - September 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	43,684,200	1.7X	117,429,300	70.4	68,893,740
Less: Plant Use	3,941,280	1.7X	10,464,373	50.6	6,948,166
Net Generation/Wholesale Sales	39,742,920	1.7X	106,964,927	72.7	61,945,574
Wholesale Sales - Wind	3,390,000	16.2	3,937,719	(6.7)	4,219,160
Total Wholesales Sales	43,132,920	1.6X	110,902,646	67.6	66,164,734
<u>Net Capacity Factors</u>					
Unit 9	35.13	1.0X	70.82	36.5	51.90
Unit 8/8A	---	---	84.09	---	---
Unit 7	---	---	2.05	(89.7)	19.82
Total Plant	24.98	1.7X	67.25	74.1	38.63
<u>KWH Distribution</u>					
Residential	9,369,423	5.5	9,880,126	16.1	8,510,160
Commercial I	3,306,369	(16.7)	2,754,476	(15.4)	3,256,566
Commercial II	8,188,431	4.9	8,592,500	7.5	7,992,600
Industrial I	11,538,164	0.6	11,605,300	(1.4)	11,770,580
Industrial II	39,313,895	(2.1)	38,492,195	(1.3)	38,994,316
City Enterprise Funds	399,260	16.2	464,069	18.6	391,197
Water & Communications Utilities	1,530,235	(7.0)	1,422,457	4.5	1,361,492
Native System Sales	73,645,777	(0.6)	73,211,123	1.3	72,276,911
City Lighting	161,912	(18.7)	131,647	(7.7)	142,583
City Buildings	546,082	3.2	563,355	4.1	541,050
Offline Power Plant Usage	390,240	(54.0)	179,518	(69.9)	596,830
Losses & Cycle Billing	(459,580)	(87.7)	(56,716)	-1.0X	1,612,200
Total Native System KWH Distributed	74,284,431	(0.3)	74,028,927	(1.5)	75,169,574
Wind KWH Purchases	3,390,000	16.2	3,937,719	(6.7)	4,219,160
Total Purchased Power KWH	77,674,431	0.4	77,966,646	(1.8)	79,388,734
<u>STEAM SALES - 1,000 lbs</u>	---	---	---	---	---

Muscatine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Calendar Year-to-Date - September 2018

	Budget Estimate	% Increase (Decrease) From Budget	This Year	% Increase (Decrease) Fr. Last Yr.	Last Year
<u>KWH Generated and Sold</u>					
Gross Generation	672,048,516	24.8	838,483,223	28.2	653,954,975
Less: Plant Use	66,980,900	25.7	84,177,673	21.9	69,047,657
Net Generation/Wholesale Sales	605,067,616	24.7	754,305,550	29.0	584,907,318
Wholesale Sales - Wind	36,395,000	3.9	37,810,487	0.9	37,466,800
Total Wholesale Sales	<u>641,462,616</u>	23.5	<u>792,116,037</u>	27.3	<u>622,374,118</u>
<u>Net Capacity Factors</u>					
Unit 9	53.45	18.4	63.28	29.2	48.99
Unit 8/8A	14.78	77.6	26.25	39.9	18.76
Unit 7	9.45	1.2X	20.92	17.6	17.79
Total Plant	41.80	24.7	52.11	30.0	40.07
<u>KWH Distribution</u>					
Residential	78,884,417	7.0	84,404,733	10.8	76,168,283
Commercial I	28,334,740	(7.2)	26,292,316	(7.5)	28,426,116
Commercial II	70,554,147	7.7	75,959,680	10.6	68,691,700
Industrial I	97,707,151	5.5	103,096,980	1.6	101,471,220
Industrial II	337,258,198	3.8	349,961,790	2.8	340,524,575
City Enterprise Funds	4,001,756	(2.8)	3,889,771	(0.4)	3,906,879
Water & Communications Utilities	13,222,079	(2.2)	12,927,975	2.6	12,605,562
Native System Sales	629,962,488	4.2	656,533,245	3.9	631,794,335
City Lighting	1,459,882	(19.5)	1,175,927	(18.3)	1,439,298
City Buildings	5,094,352	8.2	5,514,584	3.4	5,333,679
Offline Power Plant Usage	2,227,440	25.9	2,804,536	(38.0)	4,522,090
Losses & Cycle Billing	17,896,635	0.9	18,059,163	(3.1)	18,641,491
Total Native System KWH Distributed	656,640,797	4.2	684,087,455	3.4	661,730,893
Wind KWH Purchases	36,395,000	3.9	37,810,487	0.9	37,466,800
Total Purchased Power KWH	<u>693,035,797</u>	4.2	<u>721,897,942</u>	3.2	<u>699,197,693</u>
<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>

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

	Budget		% Increase (Decrease) from Budget	% Increase (Decrease) from Last Year		Last Year	Avg. Price	
	Estimate	Avg. Price		This Year	Avg. Price			
Sales of Electricity								
Residential	\$1,061,322	\$ 0.11328	3.3	\$1,095,930	\$ 0.11092	11.7	\$981,557	\$ 0.11534
Commercial I	352,994	0.10676	(16.1)	296,063	0.10748	(15.6)	350,902	0.10775
Commercial II	663,934	0.08108	4.6	694,782	0.08086	3.7	670,148	0.08385
Industrial I	756,139	0.06553	4.1	787,004	0.06781	(2.0)	803,054	0.06823
Industrial II	2,098,037	0.05337	(0.8)	2,080,256	0.05404	(5.4)	2,198,698	0.05639
City Enterprise Funds	30,446	0.07626	28.9	39,245	0.08457	18.3	33,184	0.08483
Water & Communication Utilities	97,675	0.06383	(5.1)	92,702	0.06517	(0.2)	92,843	0.06819
Native System Sales	5,060,547	0.06871	0.5	5,085,982	0.06947	(0.9)	5,130,386	0.07098
Wholesale Sales	1,187,738	0.02754	2.1X	3,632,428	0.03275	54.2	2,354,897	0.03559
Energy Sales	6,248,285		39.5	8,718,410		16.5	7,485,283	
Steam Sales								
	---	---	---	---	---	---	---	---
Other Revenue								
By-Product Revenue	15,880		1.6X	41,834		33.1	31,421	
Miscellaneous Revenue	54,999		33.1	73,206		33.4	54,859	
Total Other Revenue	70,879		62.3	115,040		33.3	86,280	
Operating Revenue	6,319,164		39.8	8,833,450		16.7	7,571,563	
Operating Expense								
Purchased Power	1,768,538	0.02277	37.4	2,429,566	0.03116	1.9	2,384,440	0.03003
Production Fuel	857,312		1.7X	2,335,308		82.3	1,281,088	
Emissions Allowance	---		---	360		31.5X	11	
Operation	2,195,177		(2.9)	2,132,544		15.8	1,841,657	
Maintenance	1,187,798		(45.5)	647,437		(11.4)	730,986	
Depreciation	1,018,680		(5.9)	958,834		6.5	900,005	
Total Operating Expense	7,027,504		21.0	8,504,050		19.1	7,138,187	
Operating Income (Loss)	(708,340)		-1.5X	329,400		(24.0)	433,376	
Nonoperating Revenue (Expense)								
Interest Income	23,378		3.3X	101,458		1.6X	39,007	
Interest Expense	(716)		31.4	(941)		1.1X	(446)	
Total Nonoperating Revenue (Expense)	22,662		3.4X	100,517		1.6X	38,561	
Net Income (Loss) Before Revenue Adjustment	(685,678)		-1.6X	429,917		(8.9)	471,937	
Capital Contributions	---		---	---		---	---	
Change in Net Position	(685,678)		-1.6X	429,917		(8.9)	471,937	
Beginning Net Position	110,975,202			113,396,049			127,687,273	
Ending Net Position	\$110,289,524			\$113,825,966			\$128,159,210	
Net Income (Loss) Before Rev Adj to Op Revenue	(10.9)			4.9			6.2	
Change in Net Position to Operating Revenue	(10.9)			4.9			6.2	

Muscatine Power and Water - Electric Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - September 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	\$8,891,781	\$ 0.11272	3.3	\$9,184,840	\$ 0.10882	7.1	\$8,575,064	\$ 0.11258
Commercial I	2,983,597	0.10530	(8.7)	2,722,763	0.10356	(8.7)	2,982,008	0.10490
Commercial II	5,763,974	0.08170	2.8	5,923,473	0.07798	5.9	5,595,356	0.08146
Industrial I	6,368,605	0.06518	2.6	6,533,335	0.06337	(2.1)	6,674,124	0.06577
Industrial II	18,075,344	0.05359	0.1	18,095,024	0.05171	(3.0)	18,651,292	0.05477
City Enterprise Funds	306,336	0.07655	(4.0)	294,012	0.07559	(3.7)	305,441	0.07818
Water & Communications Utilities	839,848	0.06352	(4.9)	799,107	0.06181	(4.3)	835,223	0.06626
Native System Sales	43,229,485	0.06862	0.7	43,552,554	0.06634	(0.2)	43,618,508	0.06904
Wholesale Sales	19,059,027	0.02971	35.7	25,864,341	0.03265	18.5	21,825,792	0.03507
Energy Sales	62,288,512		11.4	69,416,895		6.1	65,444,300	
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	199,808		74.6	348,772		63.1	213,793	
Miscellaneous Revenue	483,929		10.1	532,588		(7.3)	574,272	
Total Other Revenue	683,737		28.9	881,360		11.8	788,065	
Operating Revenue	66,807,425		10.8	74,026,758		5.4	70,237,483	
Operating Expense								
Purchased Power	17,871,644	0.02579	21.0	21,630,640	0.02996	2.2	21,167,870	0.03027
Production Fuel	14,478,652		20.9	17,506,929		24.6	14,049,601	
Emissions Allowance	4,776		(49.8)	2,399		(55.4)	5,385	
Operation	19,427,527		(2.7)	18,907,081		5.9	17,858,763	
Maintenance	8,643,694		(17.6)	7,124,613		(21.7)	9,093,721	
Depreciation	9,168,114		(5.9)	8,629,507		6.5	8,100,040	
Total Operating Expense	69,594,407		6.0	73,801,170		5.0	70,275,379	
Operating Income (Loss)	(2,786,982)		-1.1X	225,588		-7.0X	(37,896)	
Nonoperating Revenue (Expense)								
Interest Income	187,986		2.8X	714,045		1.9X	249,912	
Interest Expense	(6,441)		34.0	(8,628)		1.0X	(4,253)	
Total Nonoperating Revenue (Expense)	181,545		2.9X	705,417		1.9X	245,659	
Net Income (Loss) Before Revenue Adjustment and Capital Contributions	(2,605,437)		-1.4X	931,005		3.5X	207,763	
Capital Contributions	---		---	---		---	63,483	
Change in Net Position	(2,605,437)		-1.4X	931,005		2.4X	271,246	
Beginning Net Position	112,894,961			112,894,961			127,887,964	
Ending Net Position	\$110,289,524			\$113,825,966			\$128,159,210	
Net Income (Loss) Before Rev Adj to Op Revenue	(3.9)			1.3			0.3	
Change in Net Position to Operating Revenue	(3.9)			1.3			0.4	

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

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash - interest bearing	\$25,184,512	\$36,274,126
Investments	32,007,427	15,550,000
Receivables:		
Consumer Accounts	6,556,206	6,659,766
Refined Coal	3,762,353	2,216,519
Wholesale	1,148,250	327,304
Interest	265,773	94,503
Inventories	5,243,398	5,259,463
Fuel	9,109,495	8,355,039
Prepaid Expenses	859,738	733,515
	<hr/>	<hr/>
Total Current Assets	84,137,152	75,470,235
	<hr/>	<hr/>
Property and Equipment:		
At Cost	434,061,550	429,458,346
Less Accumulated Depreciation	(367,507,444)	357,700,540
	<hr/>	<hr/>
Net Property and Equipment	66,554,106	71,757,806
	<hr/>	<hr/>
Other Assets:		
Note Receivable - Communications Utility	8,562,844	9,044,287
Joint Venture Rights	95,066	93,141
	<hr/>	<hr/>
Total Other Assets	8,657,910	9,137,428
	<hr/>	<hr/>
Deferred Outflows of Resources		
Pension	12,262,929	8,987,024
OPEB	79,020	---
	<hr/>	<hr/>
Total Deferred Outflows of Resources	12,341,949	8,987,024
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$171,691,117</u>	<u>\$165,352,493</u>

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

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2018</u>	<u>2017</u>
Current Liabilities:		
<u>Unrestricted</u>		
Accounts Payable	\$4,684,001	\$3,705,304
Health & Dental Insurance Provision	248,520	271,040
Accrued Payroll	300,349	294,517
Accrued Vacation	1,210,807	1,172,850
Accrued Emission Allowance Expense	10,281	5,385
Consumers' Deposits	835,991	777,362
Retained Percentage on Contracts	---	27,223
Accrued Property Taxes	74,222	73,324
Miscellaneous Accrued Expenses	737,770	746,713
Unearned Revenue	16,277	153,718
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	8,118,218	7,227,436
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	1,216,117	1,112,464
Post-Employment Health Benefit Provision	676,905	425,809
Net Pension Liability	18,566,917	14,761,549
	<hr/>	<hr/>
Total Non-Current Liabilities	20,459,939	16,299,822
	<hr/>	<hr/>
Deferred Inflows of Resources		
Extraordinary O&M	28,032,866	13,032,866
Pension	1,163,568	633,159
OPEB	90,560	---
	<hr/>	<hr/>
Total Deferred Inflows of Resources	29,286,994	13,666,025
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	66,554,106	71,757,806
Unrestricted	47,271,860	56,401,404
	<hr/>	<hr/>
Total Net Position	113,825,966	128,159,210
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$171,691,117</u>	<u>\$165,352,493</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$329,400	\$225,588
Noncash items in operating income:		
Depreciation of electric utility plant	958,834	8,629,507
Amortization of joint venture rights	8,874	84,363
Change in deferred outflows of resources - pension	(320,988)	(1,843,177)
Changes in assets and liabilities:		
Consumer accounts receivable	10,838	(115,165)
Refined coal	(358,500)	(265,034)
Wholesale receivable	(660,576)	(653,584)
Steam sales receivable	---	1,010,795
Inventories	(7,301)	(59,439)
Fuel	479,402	(21,661)
Prepaid expenses	82,690	(227)
Accounts payable	(1,782,094)	(816,355)
Net pension liability	347,624	2,549,892
Health & dental insurance provision	(41,168)	(64,573)
Other post-employment benefit provision	2,608	23,470
Accrued payroll	12,579	(351,164)
Accrued vacation	(7,647)	56,312
Accrued emission allowance expense	359	2,399
Consumers' deposits	11,029	45,898
Retained Percentage	(24,225)	(23,982)
Accrued property taxes	(38,452)	(22,993)
Unearned revenue	(3,529)	10,585
Miscellaneous accrued expenses	6,817	(27,561)
Net cash flows from operating activities	<u>(993,426)</u>	<u>8,373,895</u>
Cash flows from capital financing activities:		
Capital expenditures, net	<u>(1,050,089)</u>	<u>(5,224,629)</u>
Net cash flows from capital and related financing activities	<u>(1,050,089)</u>	<u>(5,224,629)</u>
Cash flows from investing activities:		
Purchase of joint venture rights	(29,210)	(80,880)
Reimbursement of Resco stock	---	---
Interest received on investments	41,486	584,273
Net cash flows from investing activities	<u>12,276</u>	<u>503,393</u>
Net increase (decrease) in cash and investments	<u>(2,031,239)</u>	<u>3,652,659</u>
Cash and investments at beginning of period	<u>\$59,223,178</u>	<u>\$53,539,280</u>
Cash and investments at end of period	<u><u>\$57,191,939</u></u>	<u><u>\$57,191,939</u></u>

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

	<u>This Year</u>	<u>Last Year</u>
Extraordinary Operation & Maintenance Account	<u>\$28,032,866</u>	<u>\$13,167,236</u>
Total Cash and Investments Appropriated for Specific Purposes	<u><u>\$28,032,866</u></u>	<u><u>\$13,167,236</u></u>

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

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Purchased Power</u>	<u>\$1,768,538</u>	28.0	<u>\$2,429,566</u>	27.5	<u>\$2,384,440</u>	31.5
Average price per kWh	\$0.02277		\$0.03116		\$0.03003	
<u>Generation</u>						
Operation Supervision (500)	81,938		78,571		77,409	
Fuel: (501)						
Coal	808,832		2,249,785		1,219,433	
Fuel Oil	---		7,773		27,492	
Gas	---		11,307		(3,080)	
Coal Handling Expense (501-003)	31,471		43,447		26,633	
Landfill Operation Expense (501-925)	17,009		22,996		10,611	
Emissions Allowance Expense (509)	---		360		11	
Steam Expense:						
Boiler (502-004)	107,126		101,635		74,915	
Pollution Control (502-005)	99,739		66,156		39,291	
Electric Expense (505)	89,980		95,757		75,294	
Miscellaneous Steam Power Expense (506)	184,182		99,949		131,688	
Maintenance:						
Supervision (510)	69,245		66,260		69,321	
Structures (511)	62,289		50,819		48,833	
Boiler Plant:						
Boiler (512-006)	134,675		103,204		157,631	
Pollution Control (512-007)	59,504		37,378		44,420	
Electric Plant (513-008)	493,678		23,131		37,421	
System Control (513-009)	19,355		19,719		16,085	
Miscellaneous Steam Plant (514)	53,882		39,714		54,180	
Coal Handling Equipment (516)	55,963		87,834		124,411	
System Control and Load Dispatch (556)	27,759		33,090		23,856	
Vacation, Holiday, Sick Leave (557)	96,418		74,914		88,397	
Depreciation (558)	637,616		641,039		648,814	
Total Generation Expense	<u>\$3,130,661</u>	49.5	<u>\$3,954,838</u>	44.8	<u>\$2,993,063</u>	39.5

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

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Purchased Power</u>	<u>\$17,871,644</u>	26.8	<u>\$21,630,640</u>	29.2	<u>\$21,167,870</u>	30.1
Average price per kWh	\$0.02579		\$0.02996		\$0.03027	
<u>Generation</u>						
Operation Supervision (500)	677,924		724,108		702,895	
Fuel: (501)						
Coal	13,951,508		16,873,033		13,393,910	
Fuel Oil	67,639		55,107		57,007	
Gas	83,284		99,056		121,795	
Coal Handling Expense (501-003)	293,545		336,723		333,956	
Landfill Operation Expense (501-925)	82,676		143,010		142,932	
Emissions Allowance Expense (509)	4,776		2,399		5,385	
Steam Expense:						
Boiler (502-004)	841,454		933,480		799,387	
Pollution Control (502-005)	559,234		478,078		397,652	
Electric Expense (505)	791,232		841,277		766,399	
Miscellaneous Steam Power Expense (506)	2,018,519		1,372,520		1,610,466	
Maintenance:						
Supervision (510)	606,438		674,665		689,707	
Structures (511)	882,747		469,497		549,624	
Boiler Plant:						
Boiler (512-006)	2,194,406		1,706,904		1,632,863	
Pollution Control (512-007)	568,935		428,626		549,910	
Electric Plant (513-008)	998,747		434,913		2,399,064	
System Control (513-009)	182,463		182,652		157,205	
Miscellaneous Steam Plant (514)	453,238		386,060		484,227	
Coal Handling Equipment (516)	564,862		655,291		653,688	
System Control and Load Dispatch (556)	248,754		282,726		223,863	
Vacation, Holiday, Sick Leave (557)	743,606		719,073		763,049	
Depreciation (558)	5,738,540		5,769,353		5,839,328	
Total Generation Expense	<u>\$32,554,528</u>	48.7	<u>\$33,568,551</u>	45.3	<u>\$32,274,311</u>	46.0

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

	Budget Estimate		This Year		Last Year	
<u>Transmission</u>						
Operation Supervision (560)	\$7,888		\$7,652		\$6,686	
Load Dispatching (561)	73,254		73,692		72,566	
Station Expense (562)	12,809		12,540		9,347	
Overhead Line Expense (563)	---		3,833		435	
Transmission of Electricity by Others (565)	125,864		95,995		99,653	
Miscellaneous Transmission Expense (566)	11,315		9,880		9,031	
Maintenance:						
Supervision (568)	2,878		2,221		1,729	
Structures (569)	198		---		---	
Station Equipment (570)	5,881		(2,391)		1,944	
Overhead Lines (571)	15,010		13,854		8,190	
Vacation, Holiday, Sick Leave (575)	13,537		8,685		10,369	
Depreciation (576)	44,388		43,048		31,072	
Tax on Rural Property (577)	5,690		6,478		4,657	
Total Transmission Expense	318,711	5.0	275,486	3.1	255,678	3.4
<u>Distribution</u>						
Operation Supervision (580)	14,961		10,525		10,060	
Load Dispatching (581)	30,442		30,295		32,016	
Station Expense (582)	13,142		7,912		8,108	
Overhead Line Expense (583)	2,743		78		372	
Vehicle Expense (589)	15,418		12,136		13,854	
Underground Line Expense (584)	8,819		6,580		6,663	
Street Lighting (585-418)	2,627		4,879		168	
Signal Expense (585-419)	922		(61)		74	
Meter Expense (586)	9,888		12,024		9,926	
Consumer Installation Expense (587)	545		586		918	
Miscellaneous Distribution Expense (588)	63,740		67,903		61,021	
Maintenance:						
Supervision (590)	11,150		6,998		6,042	
Structures (591)	889		---		---	
Station Equipment (592)	7,611		4,137		10,259	
Overhead Lines (593)	49,992		102,277		42,585	
Underground Lines (594)	19,641		17,134		8,804	
Line Transformers (595)	17,597		16,603		361	
Street Lighting (596-418)	10,231		3,992		7,278	
Signal System (596-419)	4,978		(625)		4,726	
Meters (597)	2,280		3,257		9,884	
Miscellaneous Distribution Plant (598)	2,708		2,478		3,372	
Vacation, Holiday, Sick Leave (599)	38,133		33,346		33,019	
Depreciation (578)	177,226		175,558		172,352	
Tax on Rural Property (579)	1,700		1,935		1,391	
Total Distribution Expense	\$507,383	8.0	\$519,947	5.9	\$443,255	5.9

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

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Transmission</u>						
Operation Supervision (560)	\$69,614		\$70,338		\$65,728	
Load Dispatching (561)	658,625		637,234		588,041	
Station Expense (562)	135,934		110,306		80,104	
Overhead Line Expense (563)	707		18,979		4,227	
Transmission of Electricity by Others (565)	1,132,774		845,278		767,880	
Miscellaneous Transmission Expense (566)	119,516		100,228		114,156	
Maintenance:						
Supervision (568)	25,395		18,685		22,186	
Structures (569)	1,256		---		---	
Station Equipment (570)	45,672		64,186		61,098	
Overhead Lines (571)	140,503		74,577		44,124	
Vacation, Holiday, Sick Leave (575)	102,973		94,868		81,263	
Depreciation (576)	399,488		387,428		279,646	
Tax on Rural Property (577)	51,208		52,090		50,267	
	<hr/>		<hr/>		<hr/>	
Total Transmission Expense	2,883,663	4.3	2,474,197	3.3	2,158,720	3.1
<u>Distribution</u>						
Operation Supervision (580)	132,390		102,330		125,316	
Load Dispatching (581)	269,881		286,311		290,579	
Station Expense (582)	115,856		67,175		73,355	
Overhead Line Expense (583)	39,187		1,035		16,227	
Vehicle Expense (589)	138,857		135,239		125,249	
Underground Line Expense (584)	66,530		46,425		42,493	
Street Lighting (585-418)	23,540		13,728		7,313	
Signal Expense (585-419)	9,674		5,318		1,368	
Meter Expense (586)	89,156		94,662		95,533	
Consumer Installation Expense (587)	5,051		10,022		5,902	
Miscellaneous Distribution Expense (588)	513,538		652,861		595,842	
Maintenance:						
Supervision (590)	99,710		64,661		87,426	
Structures (591)	13,381		---		---	
Station Equipment (592)	75,889		56,444		118,710	
Overhead Lines (593)	484,842		640,078		636,153	
Underground Lines (594)	186,042		188,551		158,524	
Line Transformers (595)	62,963		56,831		33,239	
Street Lighting (596-418)	93,057		122,215		105,878	
Signal System (596-419)	29,723		59,971		40,490	
Meters (597)	23,540		21,017		23,971	
Miscellaneous Distribution Plant (598)	24,375		23,479		24,749	
Vacation, Holiday, Sick Leave (599)	291,688		306,055		305,157	
Depreciation (578)	1,595,037		1,580,019		1,551,169	
Tax on Rural Property (579)	15,295		15,563		15,015	
	<hr/>		<hr/>		<hr/>	
Total Distribution Expense	\$4,399,203	6.6	\$4,549,989	6.1	\$4,479,659	6.4

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

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$2,757		\$653		\$4,048	
Energy Efficiency Rebates (912)	15,560		10,059		10,124	
Electric Ranges/Dryers Maintenance (910)	435		139		65	
Electric Water Heaters Maintenance (911)	155		(17)		32	
	<u>18,907</u>	0.3	<u>10,835</u>	0.1	<u>14,269</u>	0.2
<u>Consumer Accounts</u>						
Meter Reading Expense (902)	10,111		9,788		9,880	
Consumer Records and Collection (901/903)	47,784		42,279		40,536	
Uncollectible Accounts Expense (904)	4,253		4,253		5,623	
Vacation, Holiday, Sick Leave (906)	6,627		5,627		5,313	
	<u>68,776</u>	1.1	<u>61,947</u>	0.7	<u>61,352</u>	0.8
<u>Administrative and General</u>						
Administrative and General Salaries (920)	189,767		176,463		169,171	
Office Supplies and Expenses (921)	18,936		22,027		15,897	
Outside Services Employed (923)	30,764		23,902		25,644	
Property Insurance (924)	58,354		62,067		55,721	
Casualty Ins, Injuries & Damages (925)	47,267		82,555		46,196	
Employee Pensions and Benefits (926)	567,278		671,787		529,113	
Fringe Benefits Charged to Constr. (927)	(30,251)		(24,611)		(45,806)	
Regulatory Commission (928)	8,615		9,300		9,093	
Miscellaneous General Expense (930)	40,528		43,538		30,893	
Maintenance of General Plant (932)	50,165		9,430		35,097	
Maintenance of A/O Center (934)	37,998		40,014		38,416	
Vacation, Holiday, Sick Leave (936)	35,659		35,771		28,928	
Depreciation (933)	159,450		99,190		47,767	
	<u>1,214,528</u>	19.2	<u>1,251,431</u>	14.2	<u>986,130</u>	13.0
Total Operating Expense	<u><u>\$7,027,504</u></u>		<u><u>\$8,504,050</u></u>		<u><u>\$7,138,187</u></u>	
Percent to Operating Revenue		111.2		96.3		94.3

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

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$50,294		\$44,682		\$45,318	
Energy Efficiency Rebates (912)	143,540		101,552		158,613	
Electric Ranges/Dryers Maintenance (910)	4,015		1,586		1,257	
Electric Water Heaters Maintenance (911)	1,436		1,036		541	
	<u>\$199,285</u>	0.3	<u>\$148,856</u>	0.2	<u>\$205,728</u>	0.3
 <u>Consumer Accounts</u>						
Meter Reading Expense (902)	88,540		91,259		87,905	
Consumer Records and Collection (901/903)	417,090		390,511		375,803	
Uncollectible Accounts Expense (904)	38,279		38,277		50,607	
Vacation, Holiday, Sick Leave (906)	50,351		47,063		43,297	
	<u>594,260</u>	0.9	<u>567,109</u>	0.8	<u>557,611</u>	0.8
 <u>Administrative and General</u>						
Administrative and General Salaries (920)	1,674,749		1,648,203		1,567,897	
Office Supplies and Expenses (921)	135,758		144,192		123,078	
Outside Services Employed (923)	416,034		306,902		314,198	
Property Insurance (924)	517,287		539,564		495,662	
Casualty Ins, Injuries & Damages (925)	428,402		416,885		476,864	
Employee Pensions and Benefits (926)	5,053,428		5,648,556		5,010,654	
Fringe Benefits Charged to Constr. (927)	(259,288)		(257,782)		(291,438)	
Regulatory Commission (928)	77,535		48,945		74,266	
Miscellaneous General Expense (930)	456,082		398,208		351,995	
Maintenance of General Plant (932)	390,143		346,947		308,750	
Maintenance of A/O Center (934)	495,368		448,364		312,135	
Vacation, Holiday, Sick Leave (936)	271,277		280,134		257,522	
Depreciation (933)	1,435,049		892,708		429,896	
	<u>11,091,824</u>	16.6	<u>10,861,827</u>	14.7	<u>9,431,480</u>	13.4
 Total Operating Expense	 <u>\$69,594,407</u>		 <u>\$73,801,170</u>		 <u>\$70,275,379</u>	
 Percent to Operating Revenue		 104.2		 99.7		 100.1

Muscatine Power and Water - Electric Utility
Statistical Data
September 2018

Total Fuel Cost
 (To & Including Ash Handling, Gas & Oil)

	<u>Current Month</u>	
	<u>2018</u>	<u>2017</u>
Per Million Btu.	\$1.892	\$1.807
Per Net MW Generated	\$21.96	\$20.79
Net Peak Monthly Demand-KW	140,560	135,890
Date of Peak	9/4	9/20
Hour of Peak	1500	1400

	<u>Calendar Year-To-Date</u>	
	<u>2018</u>	<u>2017</u>
Per Million Btu.	\$1.817	\$1.789
Per Net MW Generated	\$20.93	\$20.34
Net Peak Monthly Demand-KW	145,010	135,890
Date of Peak	6/18	9/20
Hour of Peak	1800	1400

Average Temperature	66.5°	66.4°
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<u>Services</u>	<u>2018</u>	<u>2017</u>
Residential	9,918	9,864
Commercial I	1,358	1,383
Commercial II	145	109
Industrial I	12	11
Industrial II	2	2
City Enterprise Funds	24	24
Water & Communications Utility	36	35
Total	<u>11,495</u>	<u>11,428</u>

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

	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales*	<u>39,742,920</u>		<u>106,964,927</u>		<u>61,945,574</u>	
Wholesale Sales*	<u>\$1,154,177</u>	<u>\$0.02904</u>	<u>\$3,554,973</u>	<u>\$0.03323</u>	<u>\$2,293,663</u>	<u>\$0.03703</u>
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	808,832	0.02035	2,268,865	0.02121	1,239,409	0.02001
Emissions:						
SO ² Allowances-ARP ^{fn1}	---	---	82	---	3	---
SO ² Allowances-CSAPR ^{fn2}	---	---	103	---	7	---
NO _x Allowances ^{fn3}	---	---	38,311	---	19,316	---
Other ^{fn4}	<u>166,158</u>	<u>0.00418</u>	<u>162,080</u>	<u>0.00152</u>	<u>178,138</u>	<u>0.00288</u>
Total Variable Costs	<u>974,990</u>	<u>0.02453</u>	<u>2,469,441</u>	<u>0.02309</u>	<u>1,436,873</u>	<u>0.02320</u>
Gross Margin	<u>\$179,187</u>	<u>\$0.00451</u>	<u>\$1,085,532</u>	<u>\$0.01015</u>	<u>\$856,790</u>	<u>\$0.01383</u>
Percent Gross Margin	15.5%		30.5%		37.4%	

*Wholesale analysis excludes wind. (see next page)

Calendar Year To Date

	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales*	<u>605,067,616</u>		<u>754,305,550</u>		<u>584,907,318</u>	
Wholesale Sales*	<u>\$18,532,569</u>	<u>\$0.03063</u>	<u>\$25,153,924</u>	<u>\$0.03335</u>	<u>\$21,310,132</u>	<u>\$0.03643</u>
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	10,477,685	0.01732	15,156,912	0.02009	11,309,782	0.01934
Emissions:						
SO ² Allowances-ARP ^{fn1}	891	---	205	---	142	---
SO ² Allowances-CSAPR ^{fn2}	879	---	257	---	360	---
NO _x Allowances ^{fn3}	2,996	---	103,827	---	172,725	---
Other ^{fn4}	<u>1,495,419</u>	<u>0.00247</u>	<u>1,483,176</u>	<u>0.00197</u>	<u>1,548,482</u>	<u>0.00265</u>
Total Variable Costs	<u>11,977,870</u>	<u>0.01980</u>	<u>16,744,377</u>	<u>0.02220</u>	<u>13,031,491</u>	<u>0.02228</u>
Gross Margin	<u>\$6,554,699</u>	<u>\$0.01083</u>	<u>\$8,409,547</u>	<u>\$0.01115</u>	<u>\$8,278,641</u>	<u>\$0.01415</u>
Percent Gross Margin	35.4%		33.4%		38.8%	

*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	3.00
NO _x seasonal	1,300.00	190.00	375.00
YTD NO _x annual	500.00	1.50	4.70
YTD NO _x seasonal	1,300.00	229.61	595.41

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 - September 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	<u>3,390,000</u>		<u>3,937,719</u>		<u>4,219,160</u>	
Wholesale Sales	<u>\$33,561</u>	<u>\$0.00990</u>	<u>\$77,455</u>	<u>\$0.01967</u>	<u>\$61,234</u>	<u>\$0.01451</u>
Expense						
Purchased Power kWh	<u>3,390,000</u>		<u>3,937,719</u>		<u>4,219,160</u>	
Purchased Power	<u>\$90,072</u>	<u>0.02657</u>	<u>\$104,679</u>	<u>0.02658</u>	<u>\$109,698</u>	<u>0.02600</u>
Gross Margin/(Loss)	<u>(\$56,511)</u>	<u>(\$0.01667)</u>	<u>(\$27,224)</u>	<u>(\$0.00691)</u>	<u>(\$48,464)</u>	<u>(\$0.01149)</u>
Percent Gross Margin	-168.4%		-35.1%		-79.1%	
RECs Sold	--		--		--	
REC Net Proceeds	\$0	--	\$0	--	\$0	--
Misc Wind Revenues/Charges	\$0		\$0		\$0	
Wind Net Margin/(Loss)	(\$56,511)		(\$27,224)		(\$48,464)	

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	<u>36,395,000</u>		<u>37,810,487</u>		<u>37,466,800</u>	
Wholesale Sales	<u>\$526,458</u>	<u>\$0.01447</u>	<u>\$710,417</u>	<u>\$0.01879</u>	<u>\$515,660</u>	<u>\$0.01376</u>
Expense						
Purchased Power kWh	<u>36,395,000</u>		<u>37,810,487</u>		<u>37,466,800</u>	
Purchased Power	<u>\$967,015</u>	<u>0.02657</u>	<u>\$1,005,240</u>	<u>0.02659</u>	<u>\$974,285</u>	<u>0.02600</u>
Gross Margin/(Loss)	<u>(\$440,557)</u>	<u>(\$0.01210)</u>	<u>(\$294,823)</u>	<u>(\$0.00780)</u>	<u>(\$458,625)</u>	<u>(\$0.01224)</u>
Percent Gross Margin	-83.7%		-41.5%		-88.9%	
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)	(\$440,557)		(\$294,073)		(\$456,750)	

	<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	23,493	24,873
RECs Sold This Period	0	1,000	2,500
Number of RECs on hand	0	55,111	25,811
Market Value per REC	\$0.00	\$0.75	\$0.75
Value of RECs on Hand	\$0.00	\$41,333.25	\$19,358.25

Electric Utility
Review of Operating Results
September 2018

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2018**

	(Unfavorable)/ Favorable Compared to Budget	
Sales of Electricity		
Native System Sales	\$ 323,069	4.2% higher kWhs sold; offset by a 3.3% lower average sales price (\$.06634/kWh versus \$.06862/kWh budgeted)
Wholesale Sales	6,805,314	9.9% higher average sale price (\$.03265/kWh versus \$.02971/kWh), plus 23.5% higher kWhs sold
	<u>7,128,383</u>	
Steam Sales	<u>(106,673)</u>	2.7% lower pounds of steam sold
Other Revenue		
By-Product Revenue	141,408	Fly ash sales higher than budgeted
	16,371	Gypsum sales higher than budgeted
	(8,815)	Slag sales lower than budgeted
Miscellaneous Revenue	(25,109)	Lower job sales, net of expenses
	34,473	Alliant Energy easement, not budgeted
	15,000	Revenue from RECs
	4,959	RESCO patronage dividend, not budgeted
	(6,951)	Lower transmission-related revenue
	9,205	Higher recycling revenue
	14,298	Higher penalty revenue
	2,784	Other miscellaneous variances - net
	<u>197,623</u>	
Operating Expense		
Purchased Power - Native System	(3,720,671)	Average purchase price is 16.2% higher (\$.02996/kwh vs \$.02579/kwh), plus 4.2% higher kWhs purchased
Purchased Power - Wind	(38,325)	3.9% higher kWhs purchased
	<u>(3,758,996)</u>	
Production Fuel	(2,934,185)	23.1% or 109,079 higher number of coal tons burned, offset by a 1.6% lower price/ton
	12,868	Unit 9's lower cost of fuel oil
	(6,651)	Higher Unit 8 natural gas usage
	(9,121)	Higher Unit 7 natural gas usage
	(12,754)	CCR compliance costs were not budgeted
	(27,672)	Higher cost for landfill rock, propane, and diesel fuel
	(82,769)	Higher labor cost
	32,006	Other miscellaneous variances - net
	<u>(3,028,278)</u>	
Emissions Allowance	<u>2,377</u>	Market price lower than assumed
Operation	8,080	Lower gas usage for auxiliary boiler
	(27,101)	Higher cost for bottom ash system chemicals
	110,469	Lower PAC injection system costs
	41,195	Lower cost for wastewater chemicals and analysis
	(122,761)	Higher limestone usage
	10,428	Lower power plant water bills
	19,366	Hydrogen and other electric material expenses lower than budgeted
	17,088	Lower cost for PM2.5 modeling
	202,791	Stack testing not performed
	20,081	Engineering services for CCR rule compliance not expended
	79,915	Lower cost for 316(b) Impingement/Entrainment study
	20,000	ARC flash study update not completed
	17,200	EPA protocol-1 cal. & linearity gasses & demurrage, not expended
	32,664	IDNR fees lower than anticipated
	18,000	ESII training not expended
	12,000	Nuclear source disposal not expended
	23,608	Lower cost for plant safety materials
	15,448	Lower cost for rail car storage and administration fees
	11,117	Lower cost for plant ground maintenance
	(33,100)	Higher cost of MISO operating and administrative fees
	12,580	Inspection, replacement, and painting of pole breakers not expended
	(5,900)	Fencing at Unit 7 substation, not budgeted
	287,496	Lower cost for MISO's multi-value transmission and market efficiency projects
	6,667	Local balancing authority investigation expenses not expended
	36,110	Electric line workers' tools & lean supplies not needed

MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2018

(Unfavorable)/ Favorable Compared to Budget	
10,326	Lower cost for vehicle material expenses
(7,821)	Higher cost for share in MAGIC's operating expenses
(8,588)	Engineering services not budgeted
7,276	Lower marketing costs
41,988	Lower cost for energy efficiency rebates
(6,848)	Higher cost for payment processing fees
(9,023)	Higher cost for computer hardware/software
(15,613)	Higher cost for organizational development consulting
42,533	Succession planning not expended
46,366	Legal services not expended
16,210	CIP compliance consulting not utilized
8,315	Lower cost for web design service
12,150	Refund for 2017's pension plan investment consulting services
(18,011)	Higher cost for employee search services
9,551	Lower cost for coal pile survey
(22,278)	Higher cost for property insurance
(5,828)	Workers compensation claims expense is higher than historical data used for budgeting
17,345	Casualty insurance premiums were expected to increase by 5-7%; instead increased slightly
(748,092)	Pension expense is accrued at a higher amount to approximate GASB 68 effect
125,411	Lower healthcare costs
(8,333)	Higher FICA expense
(8,607)	Higher cost of deferred comp's utility match
8,486	Lower cost of educational reimbursements
22,512	Lower cost for unemployment expenses
(11,340)	Higher cost of GMCCI joint community branding project
(34,020)	Economic development pledge not budgeted
29,918	General CIP expense not expended
14,359	Continuous improvement expenses not incurred
11,885	Financial 2017 Annual Report; Highlights not expended
11,014	Lower cost for employee team expenses
156,136	Less training/travel
(10,676)	Higher cost for gasoline/diesel fuel
(57,342)	Higher cost for temporary labor services
(29,270)	Higher cost for vacation expense
6,992	Lower labor cost
109,922	Other miscellaneous variances - net
<u>520,446</u>	

Maintenance

16,196	Lower cost for contracted insulation replacement & repairs
300,000	Unit 9 roof restoration deferred to 2019
115,940	Other Unit 9 roof repairs not expended
(45,476)	Spray foam and coat Unit 9 Crusher House, not budgeted
(20,141)	Higher cost for backflow preventer valve repair
4,670	Plant building door repairs not needed
95,677	Lower bottom ash system materials expense
(7,837)	Higher fly ash system materials expense
8,516	Lower cost for reverse osmosis materials expenses
(11,141)	Higher cost for 8A reboiler repairs
12,361	Inspection Unit 7 boiler feed pump motor not completed
(13,999)	Unit 7 traveling grate repair not budgeted
(30,655)	Unit 8 vacuum services not budgeted
15,000	Deslag Unit 8 furnace not expended
4,848	Lower cost to explosive-clean Unit 8 boiler
15,000	Unit 8 fly ash vacuum blower rebuild, not completed
27,000	Unit 8 LPAP housing not replaced
56,377	Lower cost for Unit 8 restud/refractory
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
(75,089)	Unit 8 boiler superheat tube alignment clips not budgeted
(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
54,540	Lower cost for Unit 9 routine pulverizer maintenance

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2018**

(Unfavorable)/
 Favorable Compared
 to Budget

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
12,127	Lower cost to rebuild/repair Unit 9 sootblowers
(12,896)	Higher cost of Unit 9 boiler tube repairs/NDE
(47,398)	Higher cost for Unit 9 boiler vent, drain and blowdown valve repairs
22,660	Lower cost for Unit 9 miscellaneous valve repairs
8,000	Replacement of Unit 9 condensate control valve with DVC valve controller not completed
14,658	Lower cost for continuous emission monitoring expenses
18,630	Lower cost for PAC injection system expenses
63,810	Lower cost of miscellaneous precipitator repairs
18,000	Repair of the limestone silo 901 south wall has not begun
8,029	Lower cost of miscellaneous limestone handling equipment repairs
7,206	Lower cost for wastewater equipment maintenance
6,607	Lower cost for scrubber waste equipment repairs
(7,181)	Higher cost for FGD hydroclone repairs/replacements
9,518	Absorber spray pump inspection/repair not completed
6,000	Absorber spray impeller replacement not expended
36,000	Oxidation air compressor 901 rebuild not performed
(56,036)	WFC pump inspection/repairs, not budgeted
(13,682)	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
15,470	Lower cost of miscellaneous FGD equipment repairs
7,200	Unit 9 heat exchangers cleaning not performed
28,000	Unit 9 harmonic noise inspection (HNI) testing not needed
9,243	Unit 8 generator electrical testing not expended
(9,702)	Unit 8 lube oil pump motor repair not budgeted
35,000	Unit 8 turbine layup, not expended
193,000	Unit 7 generator inspection/overhaul postponed to 2019
262,807	Unit 7 turbine inspection/overhaul postponed to 2019
12,115	Generation plant tool expense not expended
(50,714)	Higher cost for rail car maintenance
36,804	Lower cost for dozer maintenance
(119,134)	Higher cost for coal conveyor repairs
50,042	Track maintenance not completed
(16,641)	Inspection of Unit 8 coal crusher hammers not budgeted
35,397	Lower cost for the jointly-owned transmission line maintenance performed by MEC
(56,181)	Higher overhead lines material costs
(22,354)	Higher cost of street lighting repairs
(12,966)	Higher cost of traffic signal repairs
21,322	Lower cost of vehicle maintenance
13,399	Lower cost for two-way radio maintenance
75,000	A/O Center staining/cleaning postponed
(35,000)	Higher cost for asphalt overlay
5,618	Lower cost of gasoline and diesel fuel
14,228	Lower cost for temporary labor services
91,492	Lower labor cost
196,706	Other miscellaneous variances - net
<u>1,519,081</u>	

Depreciation 538,607 Net value of the A&G assets were overestimated for the budget

Nonoperating Revenue (Expense)

Interest Income	526,059	Higher average cash balances
Interest Expense	<u>(2,187)</u>	
	<u>523,872</u>	

Change in Net Position \$ 3,536,442 Total Variance from Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position

Sales of Electricity

Native System Sales

4.2% higher kWhs sold, offset by a 3.3% lower average sales price per kWh (\$.06634/kWh versus \$.06862/kWh budgeted), resulted in \$323,069 higher revenue than projected.

Wholesale Sales

23.5% higher kWhs sold, plus a 9.9% higher average sales price (\$.03265/kWh versus \$.02971/kWh budgeted), resulted in \$6,805,314 higher revenue than projected.

Steam Sales

2.7% lower pounds of steam sold, resulted in \$106,673 lower revenue than projected.

Other Revenue

By-Product Revenue

Gypsum and fly ash sales are \$16,371 and \$141,408 higher than budgeted, respectively. The budget includes \$8,815 for slag sales that has not occurred.

Miscellaneous Revenue

Net job sales and transmission-related revenue are \$25,109 and \$6,951 lower than budget, respectively; recycling and penalty revenue are \$9,205 and \$14,298 higher than budgeted, respectively. Included in revenue is a payment from Alliant Energy for an easement totaling \$34,473, \$15,000 for renewable energy credits, and \$4,959 from RESCO for patronage dividends.

Nonoperating Revenue (Expense)

Interest Income

Interest income is \$526,059 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)

A 16.2% higher average purchase price (\$.02996/kWh versus \$.02579/kWh budgeted), plus 4.2% higher kWhs purchased for native system sales, resulted in \$3,720,671 higher cost. Wind energy kWh purchases were 3.9% or \$38,325 higher than budgeted.

GenerationOperation Supervision – (500)

Total labor expense is \$46,184 higher than budget due to more overtime than expected.

Fuel – Coal – (501-001)

23.1% or 109,079 higher tons of coal burned, offset by a 1.6% lower price/ton, resulted in \$2,934,185 higher coal expense.

Fuel – Fuel Oil – (501-921)

Cost of fuel oil for Unit 9 start-ups is \$12,868 lower than budgeted.

Fuel – Gas – (501-002)

Unit 8's and Unit 7's natural gas usages are higher than budgeted by \$6,651, and \$9,121, respectively.

Coal Handling Expense - (501-003)

Labor expenses are \$63,049 higher than budgeted, respectively; gasoline and diesel fuel expenses are \$14,942 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 \$19,908 higher than budgeted. Other material costs for rock, propane, and diesel fuel, are \$27,672 higher than the budget.

Steam Expense – Boiler – (502-004)

Labor expenses are \$64,655 higher than budgeted. Gas usage for the auxiliary boiler is \$8,080 lower than budgeted. Bottom ash system chemicals are \$27,101 higher than budget due to timing.

Steam Expense – Pollution Control – (502-005)

PAC (powdered activated carbon) injection system costs, wastewater chemicals/analysis, and labor expenses are \$110,469, \$41,195, and \$48,296 lower than budgeted, respectively. Limestone expense is \$122,761 higher than budgeted, due to a survey inventory adjustment that has adjusted the weighted average cost significantly.

Electric Expense – (505)

Labor expense is \$79,839 higher than budget. Power plant water bills are \$10,428 lower than budgeted. Hydrogen and other material expenses are \$19,366 lower than budgeted.

Generation (cont'd)

<u>Miscellaneous Steam Power Expense - (506)</u>	2018 <u>Budget</u>	2018 <u>Actual</u>
Labor	\$627,892	\$595,238
IDNR Title V permit fee	203,750	205,693
PM2.5 modeling	18,000	912
Stack testing	261,600	58,809
RATA testing	44,000	42,423
Engineering services for CCR rule compliance	20,630	549
316(b) cooling water impingement/entrainment study	135,000	55,085
ARC flash study update	20,000	-
EPA protocol-1 cal. & linearity gasses & demurrage	17,200	-
Universal waste recycling/hazardous waste disposal	10,503	4,543
Coal and byproduct analysis	4,000	-
IDNR fees	54,000	21,336
ESC software engineering time/maintenance	13,400	18,517
ESII training	18,000	-
Nuclear source disposal	12,000	-
Plant safety material expenses	114,766	91,158
Plant road and railroad crossing repairs	7,500	6,816
Rail car storage/switching costs/admin fees	94,676	79,228
PMA/PEPSI/Aware maintenance agreements	10,402	7,664
Travel/training	137,755	59,166
Temporary labor services	6,840	24,547
Ground maintenance	39,250	28,133
Membership/subscriptions	10,250	9,577
Gasoline/diesel fuel	10,500	12,382
Other expenses	<u>126,605</u>	<u>50,744</u>
	<u>\$2,018,519</u>	<u>\$1,372,520</u>

Maintenance Supervision – (510)

Plant maintenance and technical departments' labor expenses are \$39,617 and \$30,711 higher than budgeted, respectively.

Generation (cont'd)

<u>Maintenance of Structures - (511)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$209,362	\$198,146
Elevator maintenance	38,540	40,609
Contracted insulation replacement/repair	19,476	3,280
Overhead door maintenance	6,750	2,080
Unit 9 turbine roof restoration	300,000	-
Unit 9 training room airconditioner	-	13,967
Plant roof maintenance	120,000	4,060
Unit 9 miscellaneous piping repairs	-	3,438
Unit 7 sump pump	9,000	5,690
Hoist and crane repairs	-	5,669
Waste oil material dumpster	6,000	1,040
Extend Unit 9 vacuum header to the SH level	26,000	22,531
Spray foam and coat Unit 9 Crusher House	-	45,476
Fire protection panel inspection/repair	17,100	15,719
Backflow preventer inspection/repairs	7,650	27,791
Other expenses	<u>122,869</u>	<u>80,001</u>
	<u>\$882,747</u>	<u>\$469,497</u>

Generation (cont'd)

<u>Maintenance of Boiler Plant - Boiler - (512-006)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$555,252	\$450,249
Bottom ash system materials	143,524	47,847
Fly ash system materials	68,180	76,017
Reverse osmosis system	10,245	1,729
8A reboiler repairs	15,494	26,635
Inspect & clean Unit 7 boiler feed pump motor	14,000	1,639
Unit 7 traveling grate repair	-	13,999
8A stock feeder belt replacement	-	2,693
Unit 8 vacuum services	-	30,655
Deslag Unit 8 furnace	15,000	-
Explosive clean Unit 8 boiler	22,500	17,652
Unit 8 fly ash vacuum blower rebuild	15,000	-
Replace Unit 8 LPAP housing	27,000	-
Unit 8 restud/refractory	600,000	543,623
Unit 8 cyclone repairs	20,000	-
Unit 8 miscellaneous piping repairs	-	7,378
Unit 8 sootblower repairs	6,885	9,962
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 boiler superheat tube alignment clips	-	75,089
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	93,753	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	-	11,498
Rebuild Unit 9 sootblowers	23,625	-
Unit 9 boiler tube repairs/NDE	10,000	22,896
Unit 9 boiler vent, drain and blowdown valve repairs	16,875	64,273
Unit 9 miscellaneous valve repairs	31,500	8,840
Replace Unit 9 condensate control valve with DVC valve controller	8,000	-
Software/plant controls maintenance agreements	33,804	29,236
Other expenses	251,689	147,548
	<u>\$2,194,406</u>	<u>\$1,706,904</u>

Generation (cont'd)

<u>Maintenance of Boiler Plant – Pollution Control - (512-007)</u>	<u>2018</u>	<u>2018</u>
	<u>Budget</u>	<u>Actual</u>
Labor	\$214,491	\$185,223
Continuous emission monitoring expenses	91,655	76,997
PAC (powdered activated carbon) injection system costs	10,116	-8,514
Grit blast & vacuum Unit 8 precipitator & ductwork	16,200	14,317
Miscellaneous precipitator repairs	63,622	-188
Repair the limestone silo 901 south wall	18,000	-
Miscellaneous limestone handling equipment repairs	8,541	512
Wastewater equipment maintenance	10,425	3,219
Scrubber waste equipment repairs	8,847	2,240
FGD hydroclone repairs/replacements	11,250	18,431
Absorber spray pump inspection/repair	14,000	4,482
Absorber spray impeller replacement	6,000	-
Oxidation air compressor 901 rebuild	36,000	-
T901 WFC pump inspection	-	29,796
902 WFC pump motor repair	-	26,240
Quencher pump inspection/replacement/repair	5,000	18,682
Replace recirculating control valve for makeup water tank	-	10,164
Replace regulating valve for makeup water tank	-	8,576
Miscellaneous FGD equipment repairs	53,919	38,449
Other expenses	869	-
	<u>\$568,935</u>	<u>\$428,626</u>

Generation (cont'd)

<u>Maintenance of Electric Plant - (513-008)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$194,712	\$198,661
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	28,750	29,222
Clean Unit 9 heat exchangers	7,200	-
Unit 9 harmonic noise inspection (HNI) testing	28,000	-
Unit 9 miscellaneous plant maintenance	50,283	46,791
Unit 8 switchgear contactors' testing	-	3,053
Unit 8 generator electrical testing	15,000	5,757
Unit 8 lube oil pump motor repair	-	9,702
Clean Unit 8 condenser	2,800	-
Unit 8 turbine layup	35,000	-
8A steam turbine control & stop valve overhaul	31,000	33,741
8A turbine/generator repairs	19,711	17,877
Unit 8 UPS battery replacement	6,000	4,151
Unit 8 MV contactor inspection and test	3,500	-
Unit 8 station battery annual inspection	2,500	-
Unit 8 miscellaneous plant maintenance	6,364	6,658
Unit 7 generator inspection/overhaul	193,000	-
Unit 7 turbine inspection/overhaul	266,000	3,193
Unit 7 miscellaneous plant maintenance	16,262	926
GE, EX-2000, and Mark V service agreement	18,750	10,253
Other expenses	10,215	-
	<u>\$998,747</u>	<u>\$434,913</u>

Maintenance of Miscellaneous Steam Plant – (514)

Labor expense is \$47,100 lower than budgeted. Tools expenses are \$12,115 lower than budgeted; the Spider annual inspection, budgeted at \$5,775, has not been performed.

Generation (cont'd)

<u>Maintenance of Coal Handling Equipment - (516)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$202,858	\$217,450
Rail car maintenance	99,300	150,014
Dozer maintenance	78,825	42,021
Coal conveyor maintenance	32,528	151,662
Lumpbreaker inspection/repair	4,200	2,781
Unit 8 control room PC	3,200	-
Track maintenance	54,000	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	18,794	11,341
Other expenses	<u>66,157</u>	<u>56,263</u>
	<u>\$564,862</u>	<u>\$655,291</u>

<u>System Control and Load Dispatch - (556)</u>	2018	2018
	<u>Budget</u>	<u>Actual</u>
Labor	\$121,255	\$118,278
SCADA Dark Fiber service & BUCC MME services	14,598	14,202
MISO operating & administrative fees	109,747	142,847
MISO & APDA memberships	1,126	1,126
Travel and training	250	3,280
Other expenses	<u>1,778</u>	<u>2,993</u>
	<u>\$248,754</u>	<u>\$282,726</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 \$13,706 and \$7,272 lower than budgeted, respectively.

Station Expense – (562)

Labor expense is \$24,340 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, \$5,900 for fencing at Unit 7 substation, and \$2,843 for a GPC satellite clock.

Overhead Line Expense – (563)

Labor expense is \$18,086 higher than budgeted.

Transmission (cont'd)

Transmission of Electricity by Others – (565)

The cost of MISO's multi-value transmission and market efficiency projects are \$287,496 lower than budgeted.

Miscellaneous Transmission Expense – (566)

The Midwest Municipal Transmission Group membership is \$2,630 lower than budgeted, due to actual costs being allocated monthly. Local balancing authority investigation expenses, budgeted at \$6,667, have not been expended. Labor expense is \$6,016 lower than the budgeted.

Maintenance Supervision – (568)

Labor expense is \$6,710 lower than budgeted primarily due to the Manager, T&D position opening.

Maintenance of Station Equipment – (570)

Labor expense is \$18,752 higher than budgeted. Battery load testing, costing \$5,375, was not budgeted.

Maintenance of Overhead Lines – (571)

Line maintenance performed by MEC for the joint section of Line 104 is \$35,397 lower than budgeted. Other material expenses are \$5,615 lower than budgeted; plus, labor expense is \$24,914 lower than the budget.

Depreciation – (576)

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

Distribution

Operation Supervision – (580)

Labor expense is \$30,060 lower than budgeted due to the Manager, T&D position opening.

Load Dispatching – (581)

System control labor expense is \$19,363 higher than budgeted.

Station Expense – (582)

Substation electricians' labor expense is \$35,136 lower than budgeted; project engineering budgeted \$10,114 labor expense that has not been expended. Material expenses, including lawn care, tools and grease, are \$4,673 lower than budgeted.

Overhead Line Expense – (583)

The budget includes \$33,610 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 \$3,942 and \$10,326 respectively. Gasoline and diesel fuel usage is \$10,650 greater than budgeted.

Distribution (cont'd)

Underground Line Expense – (584)

Outside servicemen have spent less time on locates, resulting in \$23,553 lower labor expense.

Street Lighting – (585-STL)

Less time has been spent on street light repairs, resulting in \$11,560 lower labor expense.

Customer Installation Expense – (587)

The metering department labor expense is \$4,196 higher than budgeted.

Miscellaneous Distribution Expense – (588)

Labor expense is \$89,661 higher than budgeted; the electric line workers' labor makes up \$45,048 or 50% of this total. The share in MAGIC's operating expenses is \$7,821 higher than budgeted due to the implementation of GASB 75, which increased OPEB expense significantly. Engineering services, costing \$8,588, were not budgeted. Temporary labor services, totaling \$38,888, were not budgeted, and travel & training expenses are \$18,818 lower than budgeted.

Maintenance Supervision – (590)

Labor expense is \$35,049 lower than budget primarily due to the Manager, T&D position opening.

Maintenance of Structures – (591)

Labor, budgeted at \$4,281, has not been needed. Repair of HVAC units for \$5,000 and replacement of a portable A/C unit for \$1,400 has not been expended, along with rock, fencing, painting budgeted at \$2,700.

Maintenance of Station Equipment – (592)

Material expenses, including cost to load test substation batteries, are lower than budget by \$1,141. Substation electricians' labor expense is \$10,563 lower than budgeted. The electric line workers budgeted \$7,741 labor to this account that has not been needed.

Maintenance of Overhead Lines – (593)

Labor and material expenses are \$99,055 and \$56,181 higher than the budget, respectively.

Maintenance of Street Lighting – (596-STL)

Labor and material expenses are higher than budgeted by \$6,804 and \$22,354, respectively.

Maintenance of Signal Expense – (596-419)

More than anticipated signal repairs resulted in \$17,282 higher labor and \$12,966 higher material expenses.

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	\$7,366	\$9,124	\$12,764
MP&W Newsletter	2,476	2,364	3,101
Billing services	4,128	838	-
Promotional materials	3,842	337	342
Photo library	2,289	162	1,458
Subtotal - Marketing	20,101	12,825	17,665
<u>Energy Services</u>			
Trees Forever	13,000	13,000	13,000
EE newsletter/email service	5,000	7,389	-
City-owned buildings energy efficiencies	-	-	1,916
Customized energy efficiencies	900	-	-
Customer light bulb exchange program (LED/CFL)	4,500	2,646	2,485
Customer awareness programs	1,500	6,000	4,786
Presentation materials	2,793	-	3,462
Youth education (science fair/poster contest)	2,500	2,315	1,860
Subtotal - Energy Services	30,193	31,350	27,509
Miscellaneous	=	507	144
	\$50,294	\$44,682	\$45,318

<u>Energy Efficiency Rebates - (912)</u>	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Commercial lighting	\$30,600	\$21,278	\$58,705
Compact fluorescent lighting	2,250	1,394	1,770
Air conditioning	22,625	26,550	32,563
Refrigerator	3,465	3,160	2,635
City building improvement	8,100	-	-
Washing machine	2,999	2,650	2,300
Customized energy efficiency	-	20	4,295
Water heater	5,400	2,900	5,200
Geo-thermal	5,400	4,200	7,620
Motor	61,200	38,150	42,250
Dishwasher	1,501	1,250	1,275
	\$143,540	\$101,552	\$158,613

Consumer Accounts

<u>Consumer Records and Collection - (901& 903)</u>	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Labor	\$323,480	\$297,147	\$280,485
Temporary labor services	10,217	7,622	15,291
Postage	21,204	22,813	21,150
Payment processing fees	40,377	47,225	42,309
Collection fees	8,805	6,273	7,599
Integrated voice response service	1,355	1,254	1,391
Travel/training	3,059	2,506	2,146
Gasoline/diesel fuel	2,250	1,115	1,692
Other	6,343	4,556	3,740
	<u>\$417,090</u>	<u>\$390,511</u>	<u>\$375,803</u>

Administrative and GeneralAdministrative & General Salaries – (920)

Labor expense is \$26,546 lower than budgeted primarily due to open positions in the IT department earlier in the year.

<u>Office Supplies - (921)</u>	2018	2018	2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General office supplies/phone	\$36,543	\$40,426	\$37,115
Memberships/subscriptions	16,981	21,000	17,140
Internet/MME	12,466	12,898	11,689
Office furniture	12,566	8,168	6,908
Computer hardware/software	22,149	31,172	16,952
Postage	-	4,712	6,648
Vehicle allowance	10,697	10,769	9,647
Vehicle maintenance	7,050	2,836	2,880
Gasoline/diesel fuel	3,000	2,324	1,463
Other	14,306	9,887	12,636
	<u>\$135,758</u>	<u>\$144,192</u>	<u>\$123,078</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	\$36,450	\$52,063	\$38,354
Succession planning	110-Board	56,700	14,167	-
Legal services	140-Brandy	34,950	10,725	27,010
Environmental legal services	140-Brandy	18,750	-	5,919
Transmission/reliability standards legal services	140-Brandy	15,000	18,709	11,985
Coal & transportation attorney	140-Brandy	3,744	-	-
Bond counsel	140-Brandy	1,125	-	-
Labor attorney	140-Brandy	3,780	424	1,497
CIP compliance consulting	145-Seth	20,000	3,790	6,488
NERC compliance consulting	145-Seth	5,625	7,988	-
Web design service	224-Rick	10,049	1,734	4,213
Insurance advisor	310-Jerry	30,618	30,618	30,618
Financial audit services	320-Cassie	35,235	37,675	29,819
Cost of service study	320-Cassie	-	-	20,812
Coal & transportation consulting	331-Brad	58,500	58,641	45,237
Fuel procurement committee consulting	331-Brad	4,500	-	-
IS department professional services	350-Greg	7,290	4,050	7,625
IS department review	350-Greg	-	-	15,882
509A Actuary	410-Brandy	891	790	790
Benefits consulting	410-Brandy	27,339	25,515	12,068
2017 Pension plan study	410-Brandy	-	(12,150)	-
Employee search services	410-Brandy	32,400	50,411	37,588
Engineering compensation review	410-Brandy	1,215	728	1,175
Career transition support	410-Brandy	-	-	405
MISO consultant	610-Gage	1,873	-	-
Coal pile survey	612-Neal	10,000	449	393
Engineering services	760-Mark	-	575	16,320
		<u>\$416,034</u>	<u>\$306,902</u>	<u>\$314,198</u>

Property Insurance – (924)

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

Injuries and Damages – (925)

Workers compensation claims are \$5,828 higher 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 \$17,345 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	\$1,801,800	\$2,549,892	\$1,760,880
Healthcare costs	1,863,773	1,738,362	1,764,549
FICA	917,164	925,497	917,517
Deferred comp utility match	210,930	219,537	219,922
Dental	71,909	68,724	70,682
Educational reimbursements	21,263	12,777	12,402
LTD insurance	45,250	43,006	43,105
Life insurance	35,283	33,705	34,016
Post-employment health benefit	23,470	23,470	16,090
Recognition dinner	14,426	14,907	14,975
Unemployment expenses	24,300	1,788	128,984
Other expenses	<u>23,860</u>	<u>16,891</u>	<u>27,532</u>
	<u>\$5,053,428</u>	<u>\$5,648,556</u>	<u>\$5,010,654</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)

Less time has been charged to capital projects than projected.

Regulatory Commission – (928)

Iowa Utilities Board assessments for the years ending 6/30/17 and 6/30/18 were lower than anticipated.

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	\$28,717	\$25,245	\$29,791
APPA dues	19,840	25,250	19,311
IUB Iowa Energy Center	35,064	40,266	39,449
IAMU membership	23,696	30,465	28,733
GMCCI joint community branding project/r	8,910	20,250	-
Economic development pledge	-	34,020	25,515
Legal publications	3,951	3,458	3,406
General CIP Expense	30,000	82	-
Continuous Improvement	14,945	586	1,102
Financial Annual Report	12,555	670	4,528
Subscriptions/memberships	22,904	13,566	13,561
Employee team expenses	30,222	19,208	19,963
Training/travel	108,488	55,222	32,720
Safety-related expenses	3,742	3,389	3,401
Labor	34,547	20,210	20,860
Temporary labor services	18,073	38,454	48,667
Board trustee fees	5,468	5,468	5,468
Freight	9,765	9,304	15,772
Other expenses	45,195	53,095	39,748
	<u>\$456,082</u>	<u>\$398,208</u>	<u>\$351,995</u>

Maintenance of General Plant – (932)

Labor expenses associated with the phone equipment is \$8,671 lower than budgeted. Vehicle and radio equipment maintenance is \$21,322 and \$13,399 lower than budgeted, respectively.

Maintenance of A/O Center – (934)

The budget includes \$75,000 for cleaning/re-staining of the A/O Center siding that did not take place. The asphalt overlay was completed in August at \$35,000 over budget. Temporary labor services are lower than budgeted by \$14,228.

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
September 2018**

	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
<u>Consumer Accounts</u>		
Customer Electric Accounts	\$5,818,045	\$5,861,573
Unbilled Revenue	506,558	479,274
Utility loan program	1,611	2,636
Merchandise Accounts	242,136	357,580
Allowance for Doubtful Accounts	(12,144)	(41,297)
	<u>\$6,556,206</u>	<u>\$6,659,766</u>
 <u>Inventories</u>		
Inventory	\$4,909,852	\$4,840,643
Emission Allowance - SO2	121,502	119,970
Emission Allowance - Nox	5,572	3,530
Stores Expense	103,990	36,084
Gas and Diesel Fuel	81,858	122,706
Limestone	20,624	136,530
	<u>\$5,243,398</u>	<u>\$5,259,463</u>
 <u>Prepaid Expenses</u>		
Prepaid insurance	\$467,514	\$430,238
APPA dues	3,837	---
Economic development pledge	---	8,505
GP Strategies	4,125	5,125
IAMU annual dues	17,106	16,292
NERC-quarterly assessment	11,117	11,102
OATI digial certificates	4,875	10,725
SOS International	8,339	12,129
Prepaid maintenance contracts	283,899	212,153
Prepaid travel	48,904	27,547
Other	10,022	(301)
	<u>\$859,738</u>	<u>\$733,515</u>
 <u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$10,000 itemized)</u>		
Communications/Water bills	---	\$37,237
Altorfer - dozer repair	---	20,940
American Electric Power - rail car repairs	---	69,837
Baker Hughes - Mark VIE upgrade	---	54,265
Bank of America - supplies	---	23,747
Brandt Construction - asphalt	125,000	---
Buckskin Mining Company - coal	---	290,855
Burlington Northern - coal transport/railcar rpr	---	---
Canadian Pacific Railway - coal transport	---	65,646
City of Muscatine - wastewater/sanitation/Misissippi Dr project	---	111,876
Cogsdale - business system implementation	28,664	109,745
Cottingham & Butler -workers comp claims	---	18,954
CP Railway - coal transportation	---	---

Fletcher Reinhardt	---	---
GE Energy Services - #9 turbine overhaul	---	48,957
Gerard Chimney Company - #8 water blasting	---	49,957
Heuer Construction - parking lot	---	10,037
IDNR - Title V Fee	178,745	128,404
Irby	21,733	---
Iowa Chicago & Eastern RR - coal transportation	---	38,930
Iowa Utilities Board - assessment	10,845	10,536
Jefferies Refined Coal - refined coal	3,681,145	---
MISO - purch power/trans svc/admin fee	---	2,303,357
Midamerican Energy - joint line maintenance	27,804	11,000
Osmose - pole inspections	16,540	---
Ovivo USA LLC - liners	---	10,339
Rosemount Inc - chambers	---	17,879
South Fork Wind - energy	---	109,698
Tenaska - monthly fee	---	17,500
Tri-City Electric	162,403	---
Van Meter - batteries/conduit/connectors	---	10,446
Woodruff	378,158	---
Visa - travel	---	13,223
Other	52,964	121,939
	<u>\$4,684,001</u>	<u>\$3,705,304</u>

Miscellaneous Accrued Expenses

Interest on Customer Deposits	\$84,733	\$83,217
Sales/Use Tax Collections Payable	85,026	76,898
Payroll Tax Collections Payable	157,404	149,656
Workers' Comp Self Insurance Reserves	308,205	346,139
Employee Payroll Deductions	---	---
Comp Time Payable	40,216	31,269
Employee team bank	62,186	59,534
	<u>\$737,770</u>	<u>\$746,713</u>

Muscatine Power and Water

Water Utility

Statement of Revenues, Expenses and Changes in Net Position

September 2018

**Muscatine Power and Water
Water Utility**

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Muscatine Power and Water - Water Utility
Classification of Water Distribution
Current Month - September 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	714,340	(6.0)	671,269	(7.2)	723,048
Power Plants	33,950	33.9	45,459	63.4	27,821
Residential	40,117	(9.7)	36,242	(16.2)	43,231
Commercial	<u>35,215</u>	(4.6)	<u>33,609</u>	(15.7)	<u>39,850</u>
Total Metered Customers	823,622	(4.5)	786,580	(5.7)	833,950
Rated Customers - Estimate	---	---	---	---	15
City Use, Line Loss, Cycle Billing	<u>49,417</u>	(4.5)	<u>47,196</u>	(5.7)	<u>50,037</u>
Total Water Pumped	<u><u>873,039</u></u>	(4.5)	<u><u>833,774</u></u>	(5.7)	<u><u>884,002</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	6,204,660	0.1	6,210,736	0.1	6,201,441
Power Plants	490,635	(4.0)	470,803	9.1	431,629
Residential	348,412	(5.0)	331,143	(2.4)	339,235
Commercial	<u>280,315</u>	1.5	<u>284,586</u>	(1.3)	<u>288,313</u>
Total Metered Customers	7,324,022	(0.4)	7,297,268	0.5	7,260,618
Rated Customers - Estimate	---	---	41	(67.7)	127
City Use, Line Loss, Cycle Billing	<u>439,441</u>	(0.4)	<u>437,836</u>	0.5	<u>435,637</u>
Total Water Pumped	<u><u>7,763,463</u></u>	(0.4)	<u><u>7,735,145</u></u>	0.5	<u><u>7,696,382</u></u>

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

	Budget		% Increase		% Increase		(Decrease)		% Increase
	Estimate	Avg. Price	(Decrease)	This Year	Avg. Price	Year	from Last	Last Year	Avg. Price
<u>Sales of Water</u>									
Contract Customers	\$305,725	\$ 0.42798	(3.2)	\$295,817	\$ 0.44068	1.2		\$292,423	\$ 0.40443
Power Plants	26,475	0.77983	8.3	28,681	0.63093	23.1		23,300	0.83750
Residential	175,004	4.36234	(1.2)	172,950	4.77209	0.1		172,784	3.99676
Commercial	65,055	1.84738	(12.3)	57,028	1.69681	(8.3)		62,214	1.56120
Water Sales	572,260	0.69481	(3.1)	554,477	0.70492	0.7		550,721	0.66038
<u>Other Revenue</u>									
Penalty Revenue	855		33.7	1,143		(19.0)		1,411	
Merchandise & Job Sales-Net	833		(62.0)	317		(51.9)		658	
Miscellaneous Revenue	826		(33.9)	546		-1.4X		(1,450)	
Total Other Revenue	2,514		(20.2)	2,006		2.2X		619	
Operating Revenue	574,774		(3.2)	556,483		0.9		551,340	
<u>Operating Expense</u>									
Operation	358,781		(8.2)	329,369		(0.8)		331,994	
Maintenance	56,773		18.4	67,209		(20.1)		84,144	
Depreciation	73,911		(3.2)	71,557		11.0		64,466	
Total Operating Expense	489,465		(4.4)	468,135		(2.6)		480,604	
Operating Income	85,309		3.6	88,348		24.9		70,736	
<u>Nonoperating Revenues (Expenses)</u>									
Interest Income	833		11.2X	10,183		37.1		7,426	
Interest Expense	(39,668)		0.0	(39,668)		(0.2)		(39,754)	
Net Nonoperating Revenues (Expenses)	(38,835)		(24.1)	(29,484)		(8.8)		(32,328)	
Net Income (Loss) before Capital Contributions	46,474		26.7	58,864		53.3		38,408	
Capital Contributions	---		---	---		---		---	
Change in Net Position	46,474		26.66	58,864		53.3		38,408	
Beginning Net Position	16,730,265			17,069,027				16,500,999	
Ending Net Position	\$16,776,739			\$17,127,891				\$16,539,407	
Net Income (Loss) to Operating Revenue	8.1			10.6				7.0	
Debt Service Coverage	1.95			2.07				2.81	

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - September 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	\$2,653,896	\$ 0.42773	0.1	\$2,657,654	\$ 0.42791	4.8	\$2,535,624	\$ 0.40888
Power Plants	277,598	0.56579	(3.8)	267,169	0.56747	4.5	255,584	0.59214
Residential	1,539,427	4.41841	(0.4)	1,533,687	4.63149	4.6	1,465,815	4.32094
Commercial	510,879	1.82252	(3.0)	495,533	1.74124	1.3	489,312	1.69716
Water Sales	4,981,801	0.68020	(0.6)	4,954,043	0.67889	4.4	4,746,335	0.65371
Other Revenue								
Penalty Revenue	6,837		37.9	9,426		20.2	7,841	
Merchandise & Job Sales-Net	7,499		44.0	10,799		4.7	10,315	
Miscellaneous Revenue	9,916		(3.1)	9,614		(15.8)	11,414	
Total Other Revenue	24,251		23.0	29,838		0.9	29,570	
Operating Revenue	5,006,053		(0.4)	4,983,882		4.4	4,775,905	
Operating Expense								
Operation	3,126,233		(3.0)	3,031,139		2.4	2,958,789	
Maintenance	680,284		(26.6)	499,384		(40.5)	839,084	
Depreciation	665,202		(3.2)	644,015		11.0	580,112	
Total Operating Expense	4,471,720		(6.6)	4,174,537		(4.6)	4,377,985	
Operating Income	534,333		51.5	809,345		1.0X	397,920	
Nonoperating Revenues (Expenses)								
Interest Income	8,259		9.0X	82,899		4.3X	15,703	
Interest Expense	(357,442)		(0.4)	(355,942)		4.0	(342,309)	
Net Nonoperating Revenues (Expenses)	(349,183)		(21.8)	(273,044)		(16.4)	(326,606)	
Net Income (Loss) before Capital Contributions	185,150		1.9X	536,302		6.5X	71,314	
Capital Contributions	---		---	---		---	---	
Change in Net Position	185,150		1.9X	536,302		6.5X	71,314	
Beginning Net Position	16,591,589			16,591,589			16,468,093	
Ending Net Position	\$16,776,739			\$17,127,891			\$16,539,407	
Net Income (Loss) to Operating Revenue	3.7			10.8			1.5	
Debt Service Coverage	1.64			2.08			5.54	

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

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$571,881	\$553,331
Receivables:		
Consumer Accounts	752,837	763,626
Interest	79	31
Inventories	380,216	344,317
Prepaid Expenses	36,272	38,841
	<hr/>	<hr/>
Total Unrestricted Current Assets	1,741,286	1,700,146
	<hr/>	<hr/>
<u>Restricted Assets</u>		
Cash - interest bearing	5,701,017	8,474,505
	<hr/>	<hr/>
Total Restricted Current Assets	5,701,017	8,474,505
	<hr/>	<hr/>
Total Current Assets	7,442,303	10,174,651
	<hr/>	<hr/>
Non-Current Assets:		
Unamortized debt issuance costs	53,433	57,632
	<hr/>	<hr/>
Property and Equipment:		
At Cost	38,901,674	35,500,797
Less Accumulated Depreciation	11,562,726	11,072,567
	<hr/>	<hr/>
Net Property and Equipment	27,338,947	24,428,230
	<hr/>	<hr/>
Deferred Outflows of Resources		
Pension	880,289	781,422
IPERS	197,472	---
OPEB	10,397	---
	<hr/>	<hr/>
Total Deferred Outflows of Resources	1,088,158	781,422
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$35,922,842</u>	<u>\$35,441,935</u>

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

LIABILITIES AND NET POSITION

	<u>2018</u>	<u>2017</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accounts Payable	\$121,326	\$451,270
Health & Dental Insurance Provision	32,700	31,680
Retained Percentage on Contracts	56,176	51,420
Consumer Advances for Construction	600	90,745
Accrued Payroll	34,001	36,339
Accrued Vacation	149,043	132,537
Accrued Property Taxes	2,426	2,330
Miscellaneous Accrued Expenses	59,801	67,265
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	456,073	863,586
<u>Payable from Restricted Assets</u>		
State Revolving Loan - Current Portion	33,000	32,000
Water Revenue Bonds - Current Portion	375,000	---
Accrued Interest	192,087	147,785
	<hr/>	<hr/>
Total Payable from Restricted Assets	600,087	179,785
	<hr/>	<hr/>
Total Current Liabilities	1,056,160	1,043,371
Non-Current Liabilities:		
State Revolving Loan	35,000	68,000
Water Revenue Bond Series 2017	15,366,735	15,846,184
Health & Dental Insurance Provision	54,349	59,482
Post-Employment Health Benefit Provision	89,108	41,939
Net Pension Liability	1,801,539	1,382,687
Consumer Advances for Construction	197,650	198,569
	<hr/>	<hr/>
Total Non-Current Liabilities	17,544,381	17,596,861
Deferred Inflows of Resources		
Pension	79,730	42,321
IPERS	102,764	219,975
OPEB	11,916	---
	<hr/>	<hr/>
Total Deferred Inflows of Resources	194,410	262,296
Net Position:		
Net Investment in Capital Assets	11,330,962	24,038,916
Restricted	5,508,930	8,326,720
Unrestricted	287,998	(15,826,229)
	<hr/>	<hr/>
Total Net Position	17,127,891	16,539,407
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u>\$35,922,842</u>	<u>\$35,441,935</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$88,348	\$809,345
Noncash item in operating income:		
Depreciation of utility plant	71,557	644,015
Amortization of Debt Discount	350	1,650
Change in deferred outflows of resources - pension	(25,413)	(156,322)
Changes in assets and liabilities:		
Consumer accounts receivable	18,266	(1,798)
Inventories	(24,731)	(25,216)
Prepaid and deferred expenses	3,246	19,750
Accounts payable	(229,048)	(755,618)
Net pension liability	27,465	199,787
Health & dental insurance provision	(7,703)	(27,767)
Other post-employment benefit provision	348	3,130
Retained percentage	(2,094)	(27,340)
Accrued payroll	549	(43,134)
Accrued vacation	1,481	11,361
Accrued property taxes	(1,198)	(680)
Unearned revenue	---	(2,800)
Miscellaneous accrued expenses	(4,528)	(463)
Net cash flows from operating activities	<u>(83,104)</u>	<u>647,899</u>
Cash flows from capital and related financing activities:		
State revolving loan fund principal payments	---	(32,000)
Bond & loan interest payments	---	(288,775)
Capital expenditures, net	(252,797)	(2,316,928)
Net cash flows from capital and related financing activities	<u>(252,797)</u>	<u>(2,637,703)</u>
Cash flows from investing activities:		
Interest received on investments	<u>10,182</u>	<u>82,857</u>
Net cash flows from investing activities	<u>10,182</u>	<u>82,857</u>
Net decrease in cash and investments	<u>(325,719)</u>	<u>(1,906,947)</u>
Cash and investments at beginning of period	<u>\$6,598,617</u>	<u>\$8,179,845</u>
Cash and investments at end of period	<u><u>\$6,272,898</u></u>	<u><u>\$6,272,898</u></u>

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

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision (600)	\$3,615		\$3,499		\$3,465	
Operation Labor and Expenses (601)	787		1,876		1,027	
Miscellaneous Expense (603)	385		430		255	
Maintenance of Wells (614)	---		27,300		---	
Maintenance of Supply Mains (616)	382		---		---	
Depreciation (618)	<u>11,563</u>		<u>9,449</u>		<u>9,525</u>	
Total Source of Supply Expense	<u>16,731</u>	2.9	<u>42,553</u>	7.6	<u>14,272</u>	2.6
 <u>Pumping</u>						
Operation Supervision (620)	3,968		3,326		3,791	
Fuel or Power Purchased (623)	91,515		82,910		83,693	
Pumping Labor and Expenses (624)	5,251		2,964		4,098	
Miscellaneous Expense (626)	316		301		236	
Maintenance of Structures (631)	449		---		---	
Maintenance of Pumping Equipment (632/633)	15,924		25,016		9,156	
Depreciation (634)	<u>6,690</u>		<u>6,240</u>		<u>6,294</u>	
Total Pumping Expense	<u>124,113</u>	21.6	<u>120,757</u>	21.7	<u>107,268</u>	19.5
 <u>Water Treatment</u>						
Operation Supervision (640)	3,622		3,621		3,451	
Chemicals (641)	18,122		15,321		18,078	
Operation Labor and Expenses (642)	14,589		15,413		11,942	
Miscellaneous Expense (643)	1,033		299		756	
Maintenance of Structures (651)	1,097		1,608		30	
Maintenance of Purification Equip. (652)	2,069		(126)		175	
Depreciation (654)	<u>3,443</u>		<u>3,262</u>		<u>3,262</u>	
Total Water Treatment Expense	<u>43,975</u>	7.7	<u>39,398</u>	7.1	<u>37,694</u>	6.8
 <u>Distribution</u>						
Operation Supervision (660)	3,682		3,603		3,610	
Storage Facilities Expense (661)	4,631		6,158		5,805	
Trans. & Distr. Lines Expense (662)	8,876		6,757		13,121	
Meter Expense (663)	9,957		9,516		6,451	
Consumer Installation Expense (664)	10,240		6,783		4,589	
Miscellaneous Expense (665)	16,302		9,938		9,010	
Vehicle Expense (667)	4,539		4,565		4,818	
Maintenance:						
Supervision (670)	5,203		4,709		4,739	
Structures (671)	415		(12)		474	
Reservoirs and Standpipes (672)	249		380		1,063	
Mains (673)	14,884		(4,440)		51,196	
Valves (674)	4,758		4,078		3,349	
Meters (676)	1,916		6,140		1,493	
Hydrants (677)	1,121		(3,439)		7,115	
Miscellaneous Plant (678)	3,242		4,859		2,015	
Vacation, Holiday, Sick Leave (679)	17,760		10,584		15,639	
Depreciation (680)	<u>40,815</u>		<u>39,456</u>		<u>36,184</u>	
Total Distribution Expense	<u>\$148,590</u>	25.9	<u>\$109,634</u>	19.7	<u>\$170,671</u>	31.0

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

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision (600)	\$31,706		\$32,791		\$31,557	
Operation Labor and Expenses (601)	8,147		11,475		9,233	
Miscellaneous Expense (603)	4,350		4,330		6,132	
Maintenance of Wells (614)	120,000		54,600		114,711	
Maintenance of Supply Mains (616)	3,436		51		104	
Depreciation (618)	<u>104,064</u>		<u>85,038</u>		<u>85,728</u>	
 Total Source of Supply Expense	 <u>271,702</u>	 5.4	 <u>188,286</u>	 3.8	 <u>247,465</u>	 5.2
 <u>Pumping</u>						
Operation Supervision (620)	34,890		34,448		35,389	
Fuel or Power Purchased (623)	768,842		709,582		752,370	
Pumping Labor and Expenses (624)	47,009		42,276		40,630	
Miscellaneous Expense (626)	2,845		3,498		2,688	
Maintenance of Structures (631)	4,045		---		272	
Maintenance of Pumping Equipment (632/633)	170,038		61,176		198,918	
Depreciation (634)	<u>60,209</u>		<u>56,163</u>		<u>56,646</u>	
 Total Pumping Expense	 <u>1,087,880</u>	 21.7	 <u>907,142</u>	 18.2	 <u>1,086,913</u>	 22.8
 <u>Water Treatment</u>						
Operation Supervision (640)	31,965		32,552		32,415	
Chemicals (641)	164,915		167,171		161,378	
Operation Labor and Expenses (642)	135,308		143,099		136,594	
Miscellaneous Expense (643)	18,622		20,943		17,004	
Maintenance of Structures (651)	9,865		13,084		8,222	
Maintenance of Purification Equip. (652)	16,906		9,374		24,061	
Depreciation (654)	<u>30,987</u>		<u>29,355</u>		<u>29,355</u>	
 Total Water Treatment Expense	 <u>408,569</u>	 8.2	 <u>415,579</u>	 8.3	 <u>409,029</u>	 8.6
 <u>Distribution</u>						
Operation Supervision (660)	33,135		34,019		33,490	
Storage Facilities Expense (661)	45,036		50,345		49,582	
Trans. & Distr. Lines Expense (662)	48,713		53,300		53,770	
Meter Expense (663)	89,274		86,703		80,794	
Consumer Installation Expense (664)	75,863		51,441		43,347	
Miscellaneous Expense (665)	152,609		138,507		130,714	
Vehicle Expense (667)	41,185		63,337		52,999	
Maintenance:						
Supervision (670)	45,810		44,416		45,780	
Structures (671)	3,538		636		3,269	
Reservoirs and Standpipes (672)	2,241		4,529		16,702	
Mains (673)	146,101		142,755		269,267	
Valves (674)	45,265		56,996		48,189	
Meters (676)	18,941		34,809		9,253	
Hydrants (677)	19,612		11,433		36,847	
Miscellaneous Plant (678)	29,176		33,363		30,806	
Vacation, Holiday, Sick Leave (679)	136,626		119,553		128,992	
Depreciation (680)	<u>367,336</u>		<u>355,102</u>		<u>325,576</u>	
 Total Distribution Expense	 <u>\$1,300,461</u>	 26.0	 <u>\$1,281,244</u>	 25.7	 <u>\$1,359,377</u>	 28.5

Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - September 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	\$236	0.0	\$974	0.2
<u>Consumer Accounts</u>						
Meter Reading Expense (902)	4,245		4,173		4,170	
Consumer Records and Collection (901/903)	19,810		16,588		16,591	
Uncollectible Accounts Expense (904)	811		811		1,104	
Vacation, Holiday, Sick Leave (906)	2,756		1,943		2,138	
Total Consumer Accounts Expense	<u>27,622</u>	4.8	<u>23,516</u>	4.2	<u>24,003</u>	4.4
<u>Administrative and General</u>						
Administrative and General Salaries (920)	22,781		19,831		19,733	
Office Supplies and Expenses (921)	1,709		3,301		2,154	
Outside Services Employed (923)	1,567		1,306		15,907	
Property Insurance (924)	1,843		1,960		1,760	
Casualty Ins, Injuries & Damages (925)	5,011		8,680		4,120	
Employee Pensions and Benefits (926)	67,831		71,982		62,937	
Fringe Benefits Charged to Constr. (927)	(9,255)		(7,061)		(11,174)	
Miscellaneous General Expense (930)	9,052		6,989		7,768	
Rents (931)	6,207		6,207		6,279	
Maintenance of General Plant (932)	5,064		1,135		3,339	
Vacation, Holiday, Sick Leave (936)	4,736		4,560		3,698	
Depreciation (933)	11,401		13,151		9,201	
Total Administrative and General	<u>127,946</u>	22.3	<u>132,041</u>	23.7	<u>125,722</u>	22.8
Total Operating Expense	<u>\$489,465</u>		<u>\$468,135</u>		<u>\$480,604</u>	
Percent to Operating Revenue		85.2		84.1		87.2

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

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$6,678	0.1	\$4,851	0.1	\$6,419	0.1
<u>Consumer Accounts</u>						
Meter Reading Expense (902)	36,929		38,623		37,473	
Consumer Records and Collection (903)	172,931		160,678		152,237	
Uncollectible Accounts Expense (904)	7,299		7,299		9,936	
Vacation, Holiday, Sick Leave (906)	20,956		17,612		18,147	
Total Consumer Accounts Expense	238,115	4.8	224,212	4.5	217,793	4.6
<u>Administrative and General</u>						
Administrative and General Salaries (920)	201,052		193,104		187,013	
Office Supplies and Expenses (921)	15,752		20,157		17,529	
Outside Services Employed (923)	22,884		17,011		27,689	
Property Insurance (924)	16,335		17,039		15,652	
Casualty Ins, Injuries & Damages (925)	45,573		40,180		42,766	
Employee Pensions and Benefits (926)	603,886		624,608		556,834	
Fringe Benefits Charged to Constr. (927)	(83,020)		(83,120)		(78,002)	
Miscellaneous General Expense (930)	95,918		83,776		76,041	
Rents (931)	55,863		55,863		56,513	
Maintenance of General Plant (932)	45,309		32,161		32,683	
Vacation, Holiday, Sick Leave (936)	36,157		34,086		33,464	
Depreciation (933)	102,606		118,356		82,807	
Total Administrative and General	1,158,314	23.1	1,153,222	23.1	1,050,989	22.0
Total Operating Expense	\$4,471,720		\$4,174,537		\$4,377,985	
Percent to Operating Revenue		89.3		83.8		91.7

**Muscatine Power and Water - Water Utility
Statistical Data
Current Month - September 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	0.665	0.705	0.623	0.660
Cost Per 1,000 Gallons	<u>0.561</u>	<u>0.595</u>	<u>0.544</u>	<u>0.576</u>
Margin	<u>0.104</u>	<u>0.110</u>	<u>0.079</u>	<u>0.084</u>
		<u>2018</u>		<u>2017</u>
Maximum Daily Water Pumped (1,000 gallons)		31,798		31,857
Date of Maximum		09/21		09/29

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	0.640	0.679	0.617	0.654
Cost Per 1,000 Gallons	<u>0.540</u>	<u>0.572</u>	<u>0.569</u>	<u>0.603</u>
Margin	<u>0.101</u>	<u>0.107</u>	<u>0.048</u>	<u>0.051</u>
		<u>2018</u>		<u>2017</u>
Maximum Daily Water Pumped (1,000 gallons)		33,398		92,963
Date of Maximum		08/14		08/30

Services

Contract Customers	2	2
Power Plants	2	2
Residential	8,805	8,786
Commercial	<u>1,089</u>	<u>1,083</u>
Total	<u>9,898</u>	<u>9,873</u>

Water Utility
Review of Operating Results
September 2018

**MUSCATINE POWER AND WATER - WATER UTILITY
VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2018**

	(Unfavorable)/ Favorable Compared to Budget	
Sales of Water		
Contract Customers	\$ 7,521	GPC consumption is 0.4% higher than budget, offset by a 0.1% lower billing rate
	(3,764)	Heinz's consumption is 4.2% lower than budgeted, offset by a 2.5% higher billing rate
	(10,430)	Power plants' consumption is 4.0% lower than budgeted offset by a 0.3% higher billing rate
	(5,740)	Residential consumption is 5.0% lower than budgeted offset by a 4.8% higher billing rate
	(15,346)	Commercial consumption is 1.5% higher than budgeted offset by a 4.5% lower billing rate
	<u>(27,759)</u>	
Other Revenue		
Penalty Revenue	2,589	Higher penalty revenue
Merchandise & Job Sales-Net	3,301	Higher job sales revenue
Miscellaneous Revenue	(303)	Other miscellaneous variances
	<u>5,587</u>	
Operating Expense		
Operation	59,260	Fuel/power purchased lower due to 3.4% lower kWh consumed, 4.4% lower cost per kWh, offset by 0.4% lower gallons pumped
	(2,256)	Chemicals expense higher than budgeted due to increased application of phosphate compared to budget offset by 0.4% lower gallons pumped
	(6,968)	Storage facilities materials expense higher than budgeted
	(5,262)	T&D lines materials expense higher than budgeted
	(6,992)	Vehicle fuel usage expense higher than budgeted
	(14,138)	Vehicle materials expense higher than budgeted
	(2,198)	Credit card processing fees higher than budgeted
	(4,217)	Office supplies and expenses higher than budgeted
	3,745	Succession planning expense lower than budgeted
	(1,349)	Organizational development expense higher than budgeted
	5,393	Lower cost of workers compensation
	15,002	Lower health care cost
	(52,715)	Higher pension expense
	17,284	Lower FICA expense
	(4,395)	Higher IPERS expense
	8,153	Lower miscellaneous general travel expenses
	(3,473)	Temporary services expense higher than budgeted
	114,668	Lower labor, sick, personal and vacation expense
	(24,447)	Other miscellaneous variances - net
	<u>95,095</u>	
Maintenance	65,400	Well cleaning began in August, later in the year than budgeted
	87,370	Lower cost of pumping equipment materials due to fewer repairs
	(12,831)	Higher cost of mains materials due to higher concrete repairs
	(9,119)	Higher cost of valves materials due to more repairs
	(8,438)	Higher cost of meter materials due to more repairs at GPC
	6,298	Lower cost of purification equipment materials due to fewer repairs
	12,910	Lower cost of hydrant materials due to fewer repairs
	11,079	Lower cost of maintenance agreements
	1,610	Lower cost of memberships and subscriptions
	4,500	Vehicle fuel usage expense lower than budgeted
	(5,631)	Temporary services expense higher than budgeted
	21,590	Maintenance labor under budget
	6,163	Other miscellaneous variances - net
	<u>180,901</u>	
Depreciation	<u>21,188</u>	
Nonoperating Revenue (Expense)		
Interest Income	74,640	Water bond project fund interest rate higher than budgeted
Interest Expense	1,500	Refund of bond issuance cost overpayment
	<u>76,140</u>	
Change in Net Position	<u>\$ 351,152</u>	Total Variance in Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position

Sales of Water

- Contract customers' water usage is 0.1% higher than budgeted resulting in \$3,758 more revenue. GPC's usage was 0.4% higher than budget offset by a 0.1% lower billing rate, resulting in \$7,521 more revenue. Heinz's usage was 4.2% lower than budget, offset by a 2.5% higher billing rate, resulting in \$3,764 less revenue. Power plants' usage was 4.0% lower than budget, offset slightly by a 0.3% higher billing rate, resulting in \$10,430 less revenue. Residential customers' water usage was 5.0% lower than budgeted, offset by a 4.8% higher billing rate resulting in \$5,740 lower revenue. Commercial customers' water usage was 1.5% higher than budgeted, offset by a 4.5% lower billing rate, resulting in \$15,346 lower revenue.

Nonoperating Revenue (Expense)

- Interest income is \$74,640 higher than budget due to higher rate of return on water bond project fund.

Year-To-Date Summary of Expenses

Source of Supply

Operation Labor and Expenses – (601)

- Water production labor over budget \$3,866.
- Materials expense under budget \$885.

Maintenance of Wells – (614)

- Materials expense under budget \$65,400; well cleaning was budgeted to begin earlier in the year but did not begin until August. To date, 3 have been completed of the 4 budgeted.

Maintenance of Supply Mains – (616)

- Materials expense under budget \$2,550.
- Water production labor under budget \$886.

Depreciation – (618)

- Depreciation under budget \$19,026 primarily due to well 47, 48 and 49 projects not closed at the end of 2017.

PumpingFuel or Purchased Power – (623)

- The cost per kWh was 4.4% 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 lower cost per kWh savings and 0.4% lower gallons pumped than budget, results in \$59,260 lower expense.

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Fuel or Power Purchased	\$ 768,842	\$ 709,582	\$ 752,370
1,000 Gallons Pumped	7,763,465	7,735,150	7,696,382
Cost per 1,000 Gal. Pumped	0.0990	0.0917	0.0978
kWhs Consumed	12,396,301	11,971,640	11,734,053
kWh per 1,000 Gal. Pumped	1.60	1.55	1.52

Pumping Labor and Expenses – (624)

- Water production labor under budget \$4,554.
- Control center labor under budget \$3,539.
- SCADA labor over budget \$1,059.
- Materials expense over budget \$2,392.

Maintenance of Structures – (631)

- Materials expense under budget \$3,750.

Maintenance of Pumping Equipment – (632/633)

- Tech Services labor under budget \$10,598.
- Planning/Scheduling labor under budget \$7,552.
- Water production labor under budget \$7,472.
- SCADA labor under budget \$2,572.
- Distribution department labor over budget \$5,589.
- Materials expense under budget \$87,370 due to fewer repairs. Repairs began in August with the start of well cleaning.

Depreciation – (634)

- Depreciation under budget \$4,046 primarily due to well 47, 48 and 49 projects not closed at the end of 2017.

Water TreatmentChemicals Expense – (641)

- Chemical expense year-to-date is \$2,256 higher than budgeted primarily due to increased application of phosphate and higher gallons pumped compared to budget.

	2018 Budget			2018 Actual			2017 Actual		
1,000 Gal. Pumped	7,763,465			7,735,150			7,696,382		
(lbs)	Units	\$	Per Unit	Units	\$	Per Unit	Units	\$	Per Unit
Chlorine	112,129	\$ 35,074	\$0.313	111,520	\$ 33,839	\$0.303	113,950	\$ 34,314	\$0.301
Hydrofluor o- silic Acid	161,463	\$ 51,668	\$0.320	154,392	\$ 49,438	\$0.320	151,292	\$ 48,876	\$0.323
Phosphate	82,287	\$ 78,173	\$0.950	87,582	\$ 83,894	\$0.958	82,385	\$ 78,188	\$0.949
Total		\$ 164,915			\$167,171			\$161,378	

Operation Labor and Expenses – (642)

- Control center labor under budget \$3,603.
- Water production labor over budget \$10,490.
- Materials expense over budget \$695.

Maintenance of Structures – (651)

- Electricians labor under budget \$2,651.
- Distribution department labor over budget \$3,850.
- Materials expense over budget \$1,990.

Maintenance of Purification Equipment – (652)

- Technical labor under budget \$3,796.
- Electricians labor under budget \$1,677.
- Planning/Scheduling labor over budget \$3,771.
- Materials expense under budget \$6,298 due to fewer equipment repairs.

DistributionStorage Facilities Expense (661)

- Facilities maintenance department labor under budget \$1,329.
- Materials expense over budget \$6,968.

Transmission & Distribution Lines Expense (662)

- Distribution department labor under budget \$1,625.
- Material handling department labor over budget \$929.
- Materials expense over budget \$5,262 primarily due to software training not budgeted.

Customer Installation Expense – (664)

- Outside services department labor under budget \$25,002 due to fewer FTTH locates.
- Materials expense over budget \$1,599.

Distribution (cont'd)Miscellaneous Expense – (665)

- Engineering department labor under budget \$81,478.
- Supply Chain department labor over budget \$13,079.
- Outside services department labor over budget \$13,699.
- Temp services over budget \$8,599.
- Materials expense over budget \$29,782 primarily due to the use of outside engineering services.
- Stores counts/adjustments expense over budget \$2,122.

Vehicle Expense – (667)

- Fuel usage over budget \$8,033.
- Materials expense over budget \$14,138, 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 under budget \$18,347.
- Material handling department labor over budget \$1,190.
- Materials expense over budget \$12,831 due to higher concrete repairs.

Maintenance of Valves – (674)

- Material handling department labor over budget \$1,767.
- Materials expense over budget \$9,119 due to higher valve repairs.

Maintenance of Meters – (676)

- Labor over budget \$7,338.
- Materials expense over budget \$8,438 which is primarily due to higher meter repairs at GPC.

Maintenance of Hydrants – (677)

- Distribution department labor under budget \$1,430.
- Temp services over budget \$5,631.
- Materials expense under budget \$12,910 which is primarily due to fewer hydrant repairs.

Maintenance of Miscellaneous Plant – (678)

- Vehicle maintenance department labor over budget \$4,884.
- Fuel usage under budget \$4,500.
- Materials expense over budget \$1,873.

Vacation, Holiday, Sick Leave – (679)

- Sick leave usage was lower 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	\$ 271	\$ 370	\$ 226
Postage	429	---	---
Promotional Material/Education	1,189	371	125
Media Advertising	3,252	2,955	4,204
Newsletter	1,096	1,003	1,298
Customer Awareness Programs	---	138	141
Presentation Materials	243	---	299
Photo Library	198	14	126
	<u>\$ 6,678</u>	<u>\$ 4,851</u>	<u>\$ 6,419</u>

Consumer AccountsConsumer Records and Collection – (903)

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Labor	\$ 131,375	\$ 120,989	\$ 111,241
Credit Card Processing	9,261	11,459	9,323
Bill Trust Expense	4,275	4,662	4,106
Postage	9,369	10,058	9,133
Temp Services	4,516	3,362	6,604
Fuel	1,350	510	725
Invoice Cloud	1,737	1,723	1,731
Collection Expense	3,849	2,742	3,251
IVR	600	550	552
Other Expenses	<u>6,599</u>	<u>4,623</u>	<u>5,571</u>
	<u>\$ 172,931</u>	<u>\$ 160,678</u>	<u>\$ 152,237</u>

Vacation, Holiday, Sick Leave – (906)

- Sick leave usage was lower than expected.

Administrative and GeneralAdministrative and General Salaries – (920)

- Customer and Employee services department labor under budget \$6,312.
- Supply Chain department labor under budget \$3,684.
- Information Systems department labor under budget \$2,905.
- Marketing and Sales department labor under budget \$1,934.
- Finance and Accounting labor over budget \$3,166.
- Water and Utility services department labor over budget \$3,820.

Office Supplies and Expenses – (921)

- Materials expense over budget \$4,217.

Administrative and General (cont'd)Outside Services Employed – (923)

	Resp Code	2018 Budget	2018 Actual	2017 Actual
Succession Planning	110-Board	\$ 4,900	\$ 1,155	\$---
Consulting Services	120-Sal	---	---	509
Organizational Development	120-Sal	3,150	4,499	2,805
Labor Legal Services	140-Brandy	900	424	---
General Legal Services	140-Brandy	1,400	256	125
Web Graphics	224-Rick	868	265	364
Insurance Advisor	310-Jerry	2,646	2,646	2,646
Bond Services	310-Jerry	---	1,000	---
Audit Services	320-Cassie	3,045	3,256	2,577
Water Cost of Service Study	320-Cassie	---	---	15,383
IS Professional Services	350-Greg	---	350	659
IS Review	350-Greg	---	---	1,373
ACS Services	350-Greg	630	---	---
Comp Reviews-Pete Keller	410-Brandy	105	63	---
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	2,363	2,205	1,043
Career Transition Support	410-Brandy	---	---	35
		\$ 22,884	\$ 17,011	\$ 27,689

Injuries & Damages – (925)

- Workers compensation under budget \$5,393.

Administrative and General (cont'd)Employee Pensions and Benefits – (926)

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Health Care Cost	\$ 248,503	\$ 233,501	\$ 232,163
Pension*	142,650	195,365	124,193
FICA	118,730	101,446	107,787
IPERS	40,269	44,664	42,026
Deferred comp utility match	24,030	23,499	21,992
Life, LTD & ADD	9,491	8,099	7,974
Dental	9,588	9,232	9,300
OPEB	3,129	3,129	2,117
Unemployment	2,100	---	1,023
Other Expenses	<u>5,396</u>	<u>5,673</u>	<u>8,259</u>
	\$ 603,886	\$ 624,608	\$ 556,834

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

Miscellaneous General Expense – (930)

- Distribution department labor under budget \$4,894.
- Water and Utility labor under budget \$2,065.
- Environmental department labor over budget \$2,369.
- Travel expenses under budget \$8,153.
- Memberships & subscriptions under budget \$417.
- Temporary services over budget \$3,416.
- Other miscellaneous materials are under budget \$2,266.

Maintenance of General Plant – (932)

- Maintenance agreements under budget \$11,079.
- Memberships and subscriptions under budget \$1,610.

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
September 2018**

	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
<u>Receivables - Consumer Accounts</u>		
Customer Water Accounts	\$678,106	\$687,744
Unbilled Revenue	71,717	68,790
Utility loan program	2,247	4,833
Merchandise Accounts	6,182	11,207
Allowance for Doubtful Accounts	(5,415)	(8,948)
	<u>\$752,837</u>	<u>\$763,626</u>
<u>Inventories</u>		
Inventory	\$373,961	\$342,265
Stores Expense (a/c 163)	6,255	2,052
	<u>\$380,216</u>	<u>\$344,317</u>
<u>Prepaid Expenses</u>		
Prepaid Insurance	\$20,768	\$19,272
Prepaid Maintenance Contracts	19,384	20,111
Other Prepaid Expenses	(3,880)	(542)
	<u>\$36,272</u>	<u>\$38,841</u>
<u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$2,500 itemized)</u>		
Electric/communications bills	---	\$90,866
Alexander Chemical Corp - chlorine	---	4,824
Calacci Construction - plant expansion	68,899	---
Cahoy Pump Service - well construction	---	140,753
City of Muscatine - Mississippi Dr project	---	74,117
Cogsdale - business system implementation	---	9,484
Core & Main - hydrants & parts	---	7,031
Dave Berg Consulting LLC - prof services	---	5,313
Heuer Construction - concrete repair	---	38,920
Hometown Plumbing & Heating - plumbing svcs	---	16,005
IPERS - pension	---	5,956
Metering & Tech Solutions - encoders	---	16,427
Municipal Supply - valves/shaft assemblies	---	4,967
Utility Equipment - tapping machine/valves/parts	---	8,968
Other	52,427	27,639
	<u>\$121,326</u>	<u>\$451,270</u>
<u>Customer Advances for Construction</u>		
Aspen Villas		
Curry Trucking	---	\$30,815
Lutheran Homes	---	59,640
R.L. Fridley Theaters, Inc	600	290
	<u>\$600</u>	<u>\$90,745</u>
<u>Miscellaneous Accrued Expenses</u>		
Sales/Use/Excise Tax Collections Payable	\$5,498	\$10,681
Payroll Tax Collections Payable	14,551	13,383
Employee Payroll Deductions	2,946	3,222
Workers' Comp Self Insurance Reserves	28,965	32,872
Comp Time Payable	7,841	7,107
	<u>\$59,801</u>	<u>\$67,265</u>

Muscatine Power and Water

Communications Utility

Statement of Revenues, Expenses and Changes in Net Position

September 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 - September 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>					
Video	\$603,797	(3.5)	\$582,695	1.5	\$574,305
Data/Internet	510,811	5.1	536,717	7.5	499,411
Phone	14,682	(92.1)	1,159	---	---
MAN	60,500	13.6	68,737	6.9	64,273
Miscellaneous	11,663	3.4	12,055	9.6	10,997
Total Operating Revenues	<u>1,201,453</u>	(0.0)	<u>1,201,363</u>	4.6	<u>1,148,986</u>
<u>Operating Expense</u>					
Operation	792,760	(1.4)	781,703	6.1	736,576
Maintenance	91,765	(18.3)	74,978	(28.8)	105,339
Depreciation	134,849	(6.0)	126,791	(6.0)	134,926
Total Operating Expenses	<u>1,019,374</u>	(3.5)	<u>983,472</u>	0.7	<u>976,841</u>
Operating Income	<u>182,079</u>	19.7	<u>217,891</u>	26.6	<u>172,145</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	1,155	14.8X	18,262	4.5X	3,338
Interest Expense	<u>(28,151)</u>	(8.1)	<u>(25,879)</u>	5.9X	<u>(3,768)</u>
Net Nonoperating Expense	<u>(26,996)</u>	(71.8)	<u>(7,617)</u>	16.7X	<u>(430)</u>
Net Income before Capital Contributions	155,083	35.6	210,274	22.5	171,715
Capital Contributions	<u>1,365</u>	3.2X	<u>5,697</u>	4.6X	<u>1,018</u>
Change in Net Position	156,448		215,971		172,733
Beginning Net Position	<u>8,430,880</u>		<u>8,932,775</u>		<u>7,241,129</u>
Ending Net Position	<u><u>\$8,587,328</u></u>		<u><u>\$9,148,746</u></u>		<u><u>\$7,413,862</u></u>
Net Income (Loss) to Operating Revenue	12.9		17.5		14.9
Debt Service Coverage on Bank Debt	1.76		2.01		---
Debt Service Coverage on Electric Utility Debt	3.14		4.16		7.07

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - September 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>					
Video	\$5,321,745	(2.6)	\$5,181,518	0.2	\$5,172,228
Data/Internet	4,473,135	4.9	4,691,664	6.5	4,405,231
Phone	76,198	(95.2)	3,641	---	---
MAN	544,500	9.6	596,765	6.3	561,651
Miscellaneous	104,814	(8.5)	95,865	(5.5)	101,444
Total Operating Revenues	<u>10,520,392</u>	0.5	<u>10,569,453</u>	3.2	<u>10,240,554</u>
<u>Operating Expense</u>					
Operation	7,157,147	(3.3)	6,921,396	5.4	6,565,376
Maintenance	823,306	(8.9)	750,323	4.9	715,070
Depreciation	1,213,640	(6.0)	1,141,119	(6.0)	1,214,334
Total Operating Expenses	<u>9,194,093</u>	(4.1)	<u>8,812,838</u>	3.7	<u>8,494,780</u>
Operating Income	<u>1,326,299</u>	32.4	<u>1,756,615</u>	0.6	<u>1,745,774</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	12,876	10.6X	149,684	4.3X	28,354
Interest Expense	(253,361)	2.6	(259,874)	6.7X	(33,916)
Net Nonoperating Expense	<u>(240,485)</u>	(54.2)	<u>(110,190)</u>	18.8X	<u>(5,562)</u>
Net Income before Capital Contributions	1,085,814	51.6	1,646,425	(5.4)	1,740,212
Capital Contributions	12,285	6.6	13,095	8.1	12,115
Change in Net Position	1,098,099		1,659,520		1,752,327
Beginning Net Position	<u>7,489,229</u>		<u>7,489,226</u>		<u>5,661,535</u>
Ending Net Position	<u><u>\$8,587,328</u></u>		<u><u>\$9,148,746</u></u>		<u><u>\$7,413,862</u></u>
Net Income (Loss) to Operating Revenue	10.3		15.6		17.0
Debt Service Coverage on Bank Debt	1.57		1.88		---
Debt Service Coverage on Electric Utility Debt	2.35		3.61		7.57

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

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash - interest bearing	\$5,767,666	\$5,900,208
Investments	5,797,017	---
Receivables:		
Consumer Accounts	1,422,498	1,358,863
Interest	17,252	3,198
Inventories	222,657	115,440
Prepaid Expenses	383,238	236,221
	<u>13,610,328</u>	<u>7,613,930</u>
Property and Equipment:		
At Cost	43,877,333	39,521,789
Less Accumulated Depreciation	28,676,336	28,017,562
	<u>15,200,997</u>	<u>11,504,227</u>
Deferred Outflows of Resources		
Pension	1,912,485	1,395,489
OPEB	14,555	---
	<u>1,927,040</u>	<u>1,395,489</u>
TOTAL ASSETS	<u><u>\$30,738,365</u></u>	<u><u>\$20,513,646</u></u>

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

LIABILITIES AND NET POSITION

	<u>2018</u>	<u>2017</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accrued Interest	\$32,111	11,305
Accounts Payable	336,127	755,266
Health & Dental Insurance Provision	45,780	49,280
Retained Percentage on Contracts	126,205	65,559
Accrued Payroll	57,724	60,445
Accrued Vacation	164,016	185,082
Accrued Property Taxes	4,446	4,440
Unearned Revenue - Dark Fiber Lease	18,500	17,500
Miscellaneous Accrued Expenses	150,028	133,296
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	934,937	1,282,173
<u>Payable from Restricted Assets</u>		
Notes Payable:		
Banks	1,931,155	---
Electric Utility	483,850	481,443
	<hr/>	<hr/>
Total Payable from Restricted Assets	2,415,005	481,443
	<hr/>	<hr/>
Total Current Liabilities	3,349,942	1,763,616
Non-Current Liabilities:		
Health & Dental Insurance Provision	84,176	99,510
Post-Employment Health Benefit Provision	125,064	72,724
Unearned Revenue - Dark Fiber Lease	197,854	216,354
Net Pension Liability	2,886,659	2,287,393
Notes Payable:		
Banks	6,670,291	---
Electric Utility	8,078,994	8,562,844
	<hr/>	<hr/>
Total Non-Current Liabilities	18,043,038	11,238,825
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	6,599,551	11,022,784
Unrestricted	2,549,195	(3,608,922)
	<hr/>	<hr/>
Total Net Position	9,148,746	7,413,862
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u>\$30,738,365</u>	<u>\$20,513,646</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$217,891	\$1,756,615
Noncash items in operating income:		
Converter/modem write-off	---	33,259
Depreciation of utility plant	126,791	1,141,119
Change in deferred outflows of resources	(51,347)	(294,843)
Changes in assets and liabilities:		
Consumer accounts receivable	(89,707)	48,490
Inventories	214,041	(75,128)
Prepaid and deferred expenses	(24,581)	(235,214)
Accounts payable	(459,719)	(636,312)
Net pension liability	56,665	404,722
Health & dental insurance provision	(11,366)	(39,935)
Other post-employment benefit provision	522	4,694
Unearned revenue	(1,459)	(14,125)
Retained percentage on contracts	(3,589)	37,384
Accrued payroll	3,034	(63,995)
Accrued vacation	1,920	(11,574)
Accrued property taxes	(2,842)	(1,474)
Miscellaneous accrued expenses	35,043	29,181
Net cash flows from operating activities	11,297	2,082,864
Cash flows from capital and related financing activities:		
Capital expenditures, net	(1,348,585)	(3,347,506)
Bank loan closing costs	---	(17,500)
Loan principal payments	473,984	(1,398,554)
Loan interest payments	(66,933)	(241,694)
Net cash flows from capital and related financing activities	(941,534)	(5,005,254)
Cash flows from investing activities:		
Interest received on investments	19,773	141,492
Net cash flows from investing activities	19,773	141,492
Net decrease in cash and investments	(910,464)	(2,780,898)
Cash and investments at beginning of period	\$12,475,147	\$14,345,581
Cash and investments at end of period	\$11,564,683	\$11,564,683

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>Video</u>			
Program Acquisition Expense (751-758)	\$374,798	\$367,458	\$353,130
Promotional Expense (960)	4,523	1,297	3,966
Electricity Expense (736)	---	2,437	2,667
Pole Attachment Expense (715)	2,043	2,043	1,967
Changes of Service (742)	1,899	1,414	571
Underground Line Expense (743)	7,627	4,443	4,926
Ad Insertion - Marketing/Production (964, 965)	7,000	4,647	7,305
Miscellaneous Video Expense (710, 738, 739)	23,536	19,714	19,766
Vehicle Expense (760)	5,310	3,967	4,843
Maintenance:			
Fiber (711)	525	3,539	1,586
Coax (712)	1,412	786	1,015
Drops (713)	2,180	4,658	3,112
Conduit System (714)	1,791	124	2,226
Headend (721-725)	29,182	24,308	28,059
Line Equipment (731-735)	1,547	2,218	3,256
Converters (741)	3,875	3,187	2,125
Ad Insertion (966)	5,043	3,637	4,993
Vacation, Holiday, Sick Leave (799)	7,151	6,911	5,282
Property Taxes (794)	314	(92)	(99)
Depreciation (793)	69,399	70,512	76,631
Total Video	549,155	527,208	527,327
<u>Data/Internet</u>			
Data/Internet Access Charges (851-853)	25,112	32,303	26,397
Promotional Expense (961)	4,523	1,267	4,002
Electricity Expense (836)	---	271	346
Pole Attachment Expense (837)	359	359	346
Changes of Service (842)	633	472	190
Customer Wireless Equipment Expense (846)	---	---	240
Underground Line Expense (843)	847	1,481	1,642
Miscellaneous Data/Internet Expense (839, 844, 848)	9,895	7,373	8,868
Vehicle Expense (860)	844	850	587
Maintenance:			
Fiber (811)	219	1,461	661
Coax (813)	471	262	338
Drops (814)	727	1,553	1,037
Conduit System (816)	746	52	928
Headend (820, 821)	28,045	19,378	38,168
Line Equipment (831-835)	428	739	941
Modems (841)	5,673	2,787	3,774
Vacation, Holiday, Sick Leave (879)	3,451	5,028	3,016
Property Taxes (894)	55	(114)	(18)
Depreciation (893)	31,528	28,720	26,898
Total Data/Internet	113,556	104,242	118,361

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>Video</u>			
Program Acquisition Expense (751-758)	\$3,426,117	\$3,375,021	\$3,211,856
Promotional Expense (960)	46,474	26,213	12,292
Electricity Expense (736)	5,808	23,435	22,573
Pole Attachment Expense (715)	18,383	18,383	17,706
Changes of Service (742)	16,503	14,004	10,455
Underground Line Expense (743)	52,782	28,474	31,289
Ad Insertion - Marketing/Production (964, 965)	62,757	57,242	72,177
Miscellaneous Video Expense (710, 738, 739)	209,629	171,732	166,088
Vehicle Expense (760)	47,487	48,442	37,044
Maintenance:			
Fiber (711)	4,790	21,376	5,645
Coax (712)	12,417	9,417	6,830
Drops (713)	19,232	48,093	21,105
Conduit System (714)	15,125	5,051	8,316
Headend (721-725)	261,474	215,668	174,301
Line Equipment (731-735)	15,655	18,621	26,098
Converters (741)	34,778	19,881	21,987
Ad Insertion (966)	45,050	37,334	43,824
Vacation, Holiday, Sick Leave (799)	54,386	47,902	56,587
Property Taxes (794)	2,824	2,420	2,410
Depreciation (793)	624,590	634,608	689,679
Total Video	4,976,261	4,823,317	4,638,262
<u>Data/Internet</u>			
Data/Internet Access Charges (851-853)	226,008	243,482	236,958
Promotional Expense (961)	46,474	26,300	12,394
Electricity Expense (836)	1,025	2,823	3,063
Pole Attachment Expense (837)	3,233	3,233	3,114
Changes of Service (842)	5,501	4,668	3,485
Customer Wireless Equipment Expense (846)	---	---	240
Underground Line Expense (843)	6,336	9,491	9,979
Miscellaneous Data/Internet Expense (839, 844, 848)	89,516	73,685	72,934
Vehicle Expense (860)	7,598	8,448	4,459
Maintenance:			
Fiber (811)	1,996	9,132	2,352
Coax (813)	4,139	3,088	2,277
Drops (814)	6,411	16,031	6,986
Conduit System (816)	6,302	2,104	3,465
Headend (820, 821)	258,381	220,994	269,602
Line Equipment (831-835)	3,715	6,081	7,181
Modems (841)	48,588	25,804	30,311
Vacation, Holiday, Sick Leave (879)	26,019	26,077	23,929
Property Taxes (894)	499	326	424
Depreciation (893)	283,749	258,480	242,082
Total Data/Internet	1,025,490	940,247	935,235

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

	<u>Budget</u> <u>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	460	337
Maintenance:			
Fiber (812)	350	2,338	3,153
Conduit System (817)	1,194	83	1,484
MAN Equipment (818, 819)	2,470	3,082	2,304
Vacation, Holiday, Sick Leave (899)	319	123	427
Property Taxes (896)	172	(99)	(55)
Depreciation (840)	20,579	18,747	22,038
Total MAN	26,412	25,954	30,867
Phone Expenses (880)	6,628	9,000	---
<u>Customer Service Expense</u>			
Customer Information Expense (909)	1,839	1,574	1,445
<u>Consumer Accounts</u>			
Consumer Records and Collections (901/903)	55,400	49,160	56,278
Uncollectible Accounts Expense (904)	1,170	1,170	1,574
Vacation, Holiday, Sick Leave (906)	6,852	6,182	5,679
Total Consumer Accounts	63,422	56,512	63,531
<u>Administrative and General</u>			
Administrative and General Salaries (920)	85,455	77,690	75,455
Office Supplies and Expense (921)	4,054	8,122	4,423
Outside Services Employed (923)	7,336	10,160	16,770
Property Insurance (924)	1,229	1,307	1,173
Casualty Ins, Injuries & Damages (925)	7,484	12,310	6,606
Employee Pensions and Benefits (926)	102,435	119,371	89,614
Fringe Benefits Charges to Construction (927)	(6,032)	(5,856)	(7,907)
Rents (931)	9,844	9,844	9,656
Miscellaneous General Expense (930)	11,859	8,961	10,784
Maintenance of General Plant (932)	5,887	786	6,179
Vacation, Holiday, Sick Leave (936)	15,468	7,475	13,198
Depreciation (933)	13,343	8,812	9,359
Total Administrative and General	258,362	258,982	235,310
Total Operating Expenses	1,019,374	983,472	976,841

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

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense (838)	\$10,079	\$10,979	\$10,608
Tools Expense (845)	1,975	3,345	1,984
Maintenance:			
Fiber (812)	3,192	15,127	5,860
Conduit System (817)	10,082	3,367	5,544
MAN Equipment (818, 819)	22,279	26,086	30,194
Vacation, Holiday, Sick Leave (899)	2,360	2,294	2,468
Property Taxes (896)	1,549	1,277	1,321
Depreciation (840)	185,214	168,723	198,342
Total MAN	236,730	231,198	256,321
Phone Expenses (880)	47,117	36,083	---
<u>Customer Service Expense</u>			
Customer Information Expense (909)	27,442	24,422	14,898
<u>Consumer Accounts</u>			
Consumer Records and Collections (901/903)	489,319	477,636	462,188
Uncollectible Accounts Expense (904)	10,530	10,530	14,166
Vacation, Holiday, Sick Leave (906)	51,797	48,997	46,508
Total Consumer Accounts	551,646	537,163	522,862
<u>Administrative and General</u>			
Administrative and General Salaries (920)	754,902	633,941	708,270
Office Supplies and Expense (921)	36,676	47,970	36,067
Outside Services Employed (923)	83,585	82,383	82,521
Property Insurance (924)	10,890	11,359	10,435
Casualty Ins, Injuries & Damages (925)	67,989	61,921	66,243
Employee Pensions and Benefits (926)	913,016	983,260	831,758
Fringe Benefits Charges to Construction (927)	(53,625)	(50,390)	(59,845)
Rents (931)	88,596	88,596	86,906
Miscellaneous General Expense (930)	140,389	119,636	123,756
Maintenance of General Plant (932)	49,700	47,068	43,192
Vacation, Holiday, Sick Leave (936)	117,202	115,356	113,668
Depreciation (933)	120,087	79,308	84,231
Total Administrative and General	2,329,407	2,220,408	2,127,202
Total Operating Expenses	9,194,093	8,812,838	8,494,780

Muscatine Power and Water - Communications Utility
Statistical Data
September 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>Video</u>					
Residential	5,023	(3.0)	4,870	(5.9)	5,175
Commercial/Hospitality	<u>160</u>	(7.5)	<u>148</u>	(8.1)	<u>161</u>
Total Video	<u><u>5,183</u></u>	(3.2)	<u><u>5,018</u></u>	(6.0)	<u><u>5,336</u></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>Data/Internet</u>					
Residential	8,216	(1.3)	8,108	1.3	8,004
Commercial	<u>546</u>	(9.2)	<u>496</u>	(7.5)	<u>536</u>
Total Data/Internet	<u><u>8,762</u></u>	(1.8)	<u><u>8,604</u></u>	0.7	<u><u>8,540</u></u>
<u>Phone</u>					
Residential	475	(84.0)	76	---	---
Commercial	<u>35</u>	(85.7)	<u>5</u>	---	---
Total Phone	<u><u>510</u></u>	(84.1)	<u><u>81</u></u>	---	---
<u>MAN</u>	<u><u>82</u></u>	4.9	<u><u>86</u></u>	(3.4)	<u><u>89</u></u>

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

Communications Utility
Review of Operating Results
September 2018

**MUSCATINE POWER AND WATER - COMMUNICATIONS UTILITY
VARIANCES FROM BUDGETED NET POSITION -SEPTEMBER 30, 2018**

	(Unfavorable)/ Favorable Compared to Budget	
Operating Revenue		
Video Revenue	\$ 66,169	Higher CATV revenues due to changes in subscriber mix offset by fewer subscribers (5320 actual vs. 5,502 budget).
	(13,251)	Broadcast fee lower than budget, due to less subscribers
	2,382	Lower marketing promotional discounts due to fewer promotional programs offered
	(40,560)	Lower VOD/PPV sales due to fewer subscribers and less buys
	(47,028)	Lower ad sales
	(87,925)	Lower converter rentals due to less subscribers
	<u>(20,014)</u>	Other miscellaneous variances - net
	<u>(140,227)</u>	
Data/Internet Revenue	1,707,921	Higher cable modem revenues due to customers migrating to a higher level of service offset by fewer subscribers (Subscribers = 8,604 actual & 8,762 budget)
	(1,629,274)	Fiber service installs are behind schedule
	86,213	Lower promotional discounts due to fewer promotional programs offered
	44,374	Higher Wi-fi @ Home due to more subscribers
	9,295	Other miscellaneous variances - net
	<u>218,529</u>	
Phone	<u>(72,557)</u>	Service availability was budgeted to begin in February but was not available until late April in addition to fewer subscribers than budgeted (81 actual vs. 510 budget)
MAN	<u>52,265</u>	More customers than budgeted
Miscellaneous Revenue	<u>(8,949)</u>	Other miscellaneous variances - net
Operating Expense		
Operation	51,096	Programming expense under budget
	61,880	Lower temp labor than budgeted, primarily due to DSRs and cable tech areas
	(17,627)	Higher electricity expense than budgeted due to timing of FTTH construction
	(5,467)	Griffin Media Research, not budgeted
	108,644	Fewer cable modems and set-top boxes have been retired than anticipated
	(13,551)	Higher cost of miscellaneous CATV materials expense
	(17,474)	Data/Internet access charges higher than budget
	(4,453)	Higher credit card processing fees
	(17,925)	Miscellaneous office supplies higher than budget
	(2,242)	Data systems labeling logos, not budgeted
	12,613	Telephone expenses less than budgeted
	(2,313)	Organizational development expenses higher than budget
	1,587	Employee search services under budget
	(8,100)	Communications IUB/FCC consulting, not budgeted
	6,301	Succession planning lower than budget
	6,068	Injury and damages claims lower than budget
	136,894	Labor & vacation under budget
	22,031	Lower FICA than budgeted
	(1,658)	Higher deferred comp than budgeted
	23,798	Health care expenses lower than budgeted
	3,600	Lower unemployment expense
	11,034	VoIP management fee and service expenses are lower than budget due to delay in service availability
	(116,497)	Pension expense is over budget due to accruing expense at a higher rate to approximate GASB 68 effects
	(3,388)	IAMU telecom dues, not budgeted
	16,852	Travel and training under budget
	(3,929)	Employment expenses higher than budgeted
	(3,000)	Muscatine Levee flood study, not budgeted
	<u>(9,026)</u>	Other miscellaneous variances - net
	<u>235,748</u>	
Maintenance	35,156	Labor & vacation under budget
	(1,489)	Fiber maintenance materials higher than budget
	8,535	Line equipment maintenance materials lower than budget
	4,302	CATV headend maintenance materials lower than budget
	3,564	Converter maintenance materials lower than budget
	2,697	Internet headend maintenance materials lower than budget
	(1,869)	Fiber maintenance materials higher than budget
	(1,860)	MAN equipment maintenance materials higher than budget
	30,615	Maintenance agreements are lower than budget
	2,760	Memberships and subscriptions are lower than budget
	(7,934)	Temp services are higher than budget
	<u>(1,494)</u>	Other miscellaneous variances - net
	<u>72,983</u>	
Depreciation	<u>72,521</u>	Lower depreciation due to fewer fixed assets purchases in 2017 than anticipated
Nonoperating Revenue (Expense)		
Interest Income	136,808	More interest income due to higher cash balances
Interest Expense	<u>(6,513)</u>	2017 loan fees expensed in 2018
Change in Net Position before Capital Contributions	<u>560,608</u>	
Capital Contributions	<u>810</u>	
Change in Net Position	<u>\$ 561,418</u>	Total Variance from Budgeted Net Position

Statement of Revenues, Expenses and Changes in Net Position

Operating Revenues

Video

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Total Subscribers (incl. Bulk)	5,502	5,320	5,655
Revenue:			
Basic	\$ 117,229	\$ 116,686	\$ 129,601
Select	2,653,854	2,711,591	2,873,541
Preferred	498,200	521,315	519,315
Premium	172,238	166,606	186,342
Bulk	179,451	170,943	183,364
Broadcast fee	626,385	613,134	358,004
PPV	24,370	10,365	26,392
VOD	<u>91,508</u>	<u>64,953</u>	<u>80,487</u>
Subtotal	\$ 4,363,235	\$ 4,375,593	\$ 4,357,046
Set top box rentals	798,443	710,518	724,137
Ad insertion revenue	248,000	200,972	246,305
Other Video revenues	<u>51,850</u>	<u>31,836</u>	<u>42,263</u>
Gross Video revenue	\$ 5,461,528	\$ 5,318,919	\$ 5,369,751
Discounts	<u>(139,783)</u>	<u>(137,401)</u>	<u>(197,523)</u>
Net Video Revenue	<u>\$ 5,321,745</u>	<u>\$ 5,181,518</u>	<u>\$ 5,172,228</u>
Net Monthly Revenue per Subscriber	\$ 107.47	\$ 108.22	\$ 101.63
Year-over-Year Increase		6.5%	

- Broadcast fee revenue is lower than budgeted due to fewer subscribers than budgeted.
- Discounts are less than budgeted due to fewer promotional discounts offered to date.

Data/Internet Revenue

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Customers	8,762	8,604	8,540
Revenue:			
Cable modem	\$ 2,100,669	\$ 3,808,590	\$ 3,954,184
Fiber service	2,040,829	411,555	-
Wi-fi @ Home	180,627	225,001	197,735
Wimax	67,477	69,832	69,734
Modem rentals	230,157	231,394	223,238
Other internet revenues	<u>34,745</u>	<u>40,448</u>	<u>34,274</u>
Gross internet revenues	\$ 4,654,504	\$ 4,786,820	\$ 4,479,165
Discounts	<u>(181,369)</u>	<u>(95,156)</u>	<u>(73,934)</u>
Net internet revenues	<u>\$ 4,473,135</u>	<u>\$ 4,691,664</u>	<u>\$ 4,405,231</u>
Net monthly revenue per subscriber	\$ 56.72	\$ 60.59	\$ 57.32

- 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; installation began in late April for initial customers.

Phone

Phone services were budgeted to be available beginning in February, however the service was not available until April 23. In addition, 510 customers were budgeted, actual customers receiving service are 81. This results in \$72,557 less revenue than budgeted.

MAN

Revenue is \$52,265 higher than budget due to more contracts.

Nonoperating Revenue (Expense)

- Interest income is over budget \$136,808 due to higher than projected cash balances and a higher rate of return.
- Interest expense is higher than budget due to additional 2017 loan fees expensed in 2018.

Year-To-Date Summary of ExpensesVideoProgram 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	\$ 732,191	\$ 770,890	\$ 569,370
Select	2,229,036	2,176,379	2,173,113
Premium	152,936	126,460	142,486
Digital	240,291	249,359	253,859
Pay-per-View	14,835	7,513	19,323
Video on Demand	56,828	44,420	53,705
Total	<u>\$ 3,426,117</u>	<u>\$ 3,375,021</u>	<u>\$ 3,211,856</u>
Total Subscribers (incl. Bulk)	5,502	5,320	5,655
Per Subscriber	\$ 69.19	\$ 70.49	\$ 63.11
Year over Year Increase		11.7%	

Promotional Expense – (960)

- Temp services for DSRs are under budget \$20,553.

Electricity Expense – (736)

- Electricity expense is over budget \$17,627 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 \$24,591 due to fewer requests for locates than anticipated.

Ad Insertion – Marketing/Production (964,965)

- Griffin Media Research \$5,467, not budgeted.
- Labor is under budget \$7,816.
- Mileage under budget \$1,800.
- Telephone expense under budget \$1,125.

Miscellaneous Video Expense (710, 738, 739)

- Labor is over budget \$43,440.
- Fewer boxes have been retired in the amount of \$83,638.
- Temp services of \$11,250 have not been utilized.
- Materials expense is over budget \$13,551, including \$3,399 for a signal meter and \$2,964 for labels.

Maintenance of Fiber (711)

- Labor is over budget \$15,099.
- Materials expense is over budget \$1,489.

Video (cont'd)Maintenance of Drops (713)

- T&D department labor is over budget \$29,991 for directional boring.
- Temp services are over budget \$5,950.
- CATV Tech labor is under budget \$8,000.

Maintenance of Conduit System (714)

- Labor is under budget \$10,484.

Maintenance of Headend (721-725)

- Labor is under budget \$37,121.
- Maintenance agreements are under budget \$4,384.
- Materials expense is under budget \$4,302.

Maintenance of Line Equipment (731-735)

- Labor is over budget \$9,044.
- Maintenance agreements are over budget \$2,458.
- Materials expense is under budget \$8,535.

Maintenance of Converters (741)

- Labor is under budget \$11,332, mainly due to fewer converters being repaired.
- Materials expense is under budget \$3,564.

Maintenance of Ad Insertion – (966)

- Labor is under budget \$8,916.
- Maintenance agreements are under budget \$1,199.

Vacation, Holiday, Sick Leave – (799)

- Sick leave and personal leave are under budget \$1,032.
- Vacation is under budget \$5,452.

Depreciation Expense (793)

Depreciation is higher than budget due to more 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.

Data/InternetData/Internet Access Charges – (851-853)

- NCTC internet subscriber expenses of \$12,029, not budgeted.
- Apogee expenses of \$6,750, not budgeted.
- CenturyLink expenses over budget \$9,054.
- Hurricane expenses under budget \$15,200.
- Tripplite expenses \$2,087, not budgeted.

Promotional Expense – (961)

- Temp services for DSRs are under budget \$20,553.

Data/Internet (cont'd)Underground Line Expense – (843)

- Labor over budget \$2,351.
- Materials over budget \$804.

Miscellaneous Data/Internet Expense – (847)

- Labor is over budget \$13,853.
- Temp services of \$11,250 have not been utilized.
- Fewer modems have been retired in the amount of \$25,006.
- Other miscellaneous materials are over budget \$6,571.

Maintenance of Fiber – (811)

- Labor is over budget \$6,292.
- Materials expense is over budget \$846.

Maintenance of Drops – (814)

- Labor is over budget \$7,827.
- Temp services of \$1,984 were not budgeted.

Maintenance of Conduit System – (816)

- Labor is under budget \$4,369.

Maintenance of Headend – (820, 821)

- Labor is over budget \$6,001.
- Maintenance agreements are under budget by \$40,691.
- Materials expense is under budget by \$2,697.

Maintenance of Modems – (841)

- Labor is under budget 22,784.

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 \$10,065.
- Material expense is over budget \$1,869.

Maintenance of Conduit System – (817)

- Labor is under budget \$6,989.

MAN (Cont'd)Maintenance of MAN Equipment – (818, 819)

- Labor is under budget \$10,999.
- Maintenance agreements over budget \$12,948.
- Materials expense over budget \$1,860.

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.

Phone Expenses – (880)

- Due to the delay in phone service from February to late April, the monthly administrative fee to the service provider and fees for services provided are under budget by \$11,034.

Consumer AccountsCustomer Records and Collections – (901/903)

- Labor is under budget \$13,427.
- Credit card processing fees are \$4,453 more than budget.
- Postage is \$1,329 more than budget.
- Temp services are below budget \$2,314.
- Travel expenses are under budget \$2,970.
- Collection expenses are under budget \$2,211.
- Bill trust expenses are over budget \$1,949.
- Fuel expense is over budget \$984.
- Maintenance agreements are over budget \$762.
- Other miscellaneous materials are under budget \$230.

Administrative & GeneralA&G Salaries – (920)

- Salaries in the Employee Services, Data Systems and Telecommunications departments are under budget by \$13,070, \$63,446, and \$61,436, respectively.
- Salaries in the Finance and Utility Services Delivery departments are over budget by \$5,360 and \$7,321.

Office Supplies and Expense – (921)

- Telephone expense is under budget by \$9,416
- Vehicle allowance is over budget by \$3,528.
- Mileage is under budget by \$1,800.
- Materials expenses are over budget by \$17,925 including Data Systems labeling logos expense of \$2,242 and software expense of \$1,139.

Outside Services – (923)

	Responsibility Code	2018 Budget	2018 Actual	2017 Actual
Succession Planning	110-Sal	\$ 8,400	\$ 2,099	\$ -
Consulting Services	120-Sal	-	-	873
Organizational Development	120-Sal	5,400	7,713	4,809
General Legal Services	140-Brandy	2,400	292	214
Employment Legal Services	140-Brandy	900	-	-
Communications Legal Services	140-Brandy	2,500	4,790	295
MCC Public Access	224-Rick	42,498	42,675	42,105
FTTH Training	224-Rick	-	-	11,260
FTTH Design	224-Rick	-	-	2,653
Web/Graphics Services	224-Rick	1,489	578	2,724
Insurance Advisor	310-Jerry	4,536	4,536	4,536
Audit Fees	320-Cassie	5,220	5,581	4,418
IS Department Review	350-Greg	-	-	2,353
IS Outside Professional Services	350-Greg	1,080	600	1,130
Benefits Consulting	410-Brandy	4,050	3,780	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	180	109	59
Communications Consulting - IUB/FCC	920-Brad	-	8,100	3,013
		<u>\$ 83,585</u>	<u>\$ 82,383</u>	<u>\$ 82,521</u>

Injuries & Damages – (925)

- Insurance premiums under budget \$2,583.
- Claims under budget \$3,485.

Employee Pensions & Benefits – (926)

	2018 Budget	2018 Actual	2017 Actual
Health care cost	\$ 372,755	\$ 348,957	\$ 325,049
Pension	288,225	404,722	274,268
FICA	175,728	153,697	155,580
Deferred compensation	32,040	33,698	32,988
Dental	14,382	13,796	13,020
Life, LTD & ADD	12,654	12,275	14,907
OPEB	4,694	4,694	2,964
Unemployment expense	3,600	-	1,992
Other expenses	8,938	11,421	10,990
	<u>\$ 913,016</u>	<u>\$ 983,260</u>	<u>\$ 831,758</u>

- Pension expense is higher than budgeted due to recording expense to be more in-line with GASB 68.

Administrative & General (cont'd)Miscellaneous General Expense – (930)

- Labor is under budget \$17,247.
- Travel & training are under budget by \$15,810.
- Memberships and subscriptions are over budget \$1,658.
- Temp services are over budget \$4,026.
- Safety expenses are under budget \$1,774.
- Employment expenses are over budget \$3,929.
- Annual report expenses are under budget \$1,761.
- Wellness expenses are under budget \$1,414.
- Employee team expenses are under budget \$1,632.
- IAMU telecom dues totaling \$3,388, not budgeted.
- Muscatine Levee flood study totaling \$3,000, not budgeted.
- Wireless Connections support totaling \$1,500, not budgeted.
- GMCCI Joint Communication Branding project over budget \$3,940.

Vacation, Holiday, Sick Leave – (936)

- Sick leave and personal leave are over budget \$12,719.
- Vacation is under budget \$14,566.

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
September 2018**

<u>Current Assets</u>	<u>2018</u>	<u>2017</u>
<u>Receivables - Consumer Accounts</u>		
Customer Communications Accounts	\$1,277,941	\$1,224,649
Unbilled Revenue	87,178	85,167
Merchandise Accounts	63,176	67,418
Allowance for Doubtful Accounts	(5,797)	(18,371)
	<u>\$1,422,498</u>	<u>\$1,358,863</u>
<u>Inventories</u>		
Inventory	\$217,786	\$114,251
Stores Expense (a/c 163)	4,871	1,189
	<u>\$222,657</u>	<u>\$115,440</u>
<u>Prepaid Expenses</u>		
Prepaid Insurance	\$22,038	\$21,305
Prepaid Maintenance Contracts	164,493	131,401
Muscatine Schools - E-rate customer	201,107	72,091
Griffin Media Research	---	7,517
Travel advances	---	35
Other Prepaid Expenses	(4,400)	3,872
	<u>\$383,238</u>	<u>\$236,221</u>
<u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$2,500 itemized)</u>		
Pole Rental	\$31,696	\$30,528
Anixter - cable	---	4,941
Atlantic Engineering Group - FTTH	---	110,925
Bank fees	2,666	---
Big 10 - programming fee	---	10,109
BillTrust - bill processing	---	3,573
CATV Services Inc - converters	---	14,149
Centurylink - tel/access fees	---	5,593
City of Muscatine - Mississippi Dr project	---	8,160
Cogsdale - business system implementation	4,247	16,259
Comcast Sportsnet Chicago - programming fee	---	22,449
Cottingham & Butler -workers comp claims	---	2,843
Dell Marketing - server	---	6,055
Fox Sports Net Midwest - programming fee	---	22,847
Gray Television - programming fee	---	14,402
Graybar Electric - fiber	---	7,843
Imon - VoIP	4,500	---
Insight Direct - wireless routers	---	10,876
KGCW - programming fee	231,705	116,594
Marshall - programming fee	18,146	---
Muscatine Community College - public access	9,483	14,028
Natl Cable TV Coop - programming fee	---	223,981
Nexstar - programming fee	16,751	29,980
Quality Resource Group Inc - forms	---	5,447
Rovi Guides - programming fee	---	8,646
Tower Distribution - programming fee	---	18,426
Univision - programming fee	---	6,754
Vubiquity - programming fee	5,430	5,909
Other	11,503	33,949
	<u>\$336,127</u>	<u>\$755,266</u>
<u>Miscellaneous Accrued Expenses</u>		
Sales/Use Tax Collections Payable	\$47,003	\$21,520
VoIP Excise Tax	95	---
911 Fee	181	---
Franchise Fees Payable	43,018	44,560
Payroll Tax Collections Payable	16,881	18,660
Workers' Comp Self Insurance Reserves	42,850	48,556
	<u>\$150,028</u>	<u>\$133,296</u>

MUSCATINE POWER AND WATER
REVIEW OF YEAR-TO-DATE OPERATING RESULTS
SEPTEMBER 30, 2018

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2018**

		Items equal to or greater than \$25,000
	(Unfavorable)/ Favorable Compared to Budget	
Sales of Electricity		
Native System Sales	\$ 323,069	4.2% higher kWhs sold; offset by a 3.3% lower average sales price (\$.06634/kWh versus \$.06862/kWh budgeted)
Wholesale Sales	6,805,314	9.9% higher average sale price (\$.03265/kWh versus \$.02971/kWh), plus 23.5% higher kWhs sold
	<u>7,128,383</u>	
Steam Sales	<u>(106,673)</u>	2.7% lower pounds of steam sold
Other Revenue		
By-Product Revenue	141,408	Fly ash sales higher than budgeted
Miscellaneous Revenue	(25,109)	Lower job sales, net of expenses
	34,473	Alliant Energy easement, not budgeted
	46,851	Other miscellaneous variances - net
	<u>197,623</u>	
Operating Expense		
Purchased Power - Native System	(3,720,671)	Average purchase price is 16.2% higher (\$.02996/kwh vs \$.02579/kwh), plus 4.2% higher kWhs purchased
Purchased Power - Wind	(38,325)	3.9% higher kWhs purchased
	<u>(3,758,996)</u>	
Production Fuel	(2,934,185)	23.1% or 109,079 higher number of coal tons burned, offset by a 1.6% lower price/ton
	(27,672)	Higher cost for landfill rock, propane, and diesel fuel
	(82,769)	Higher labor cost
	16,348	Other miscellaneous variances - net
	<u>(3,028,278)</u>	
Emissions Allowance	<u>2,377</u>	Market price lower than assumed
Operation		
	(27,101)	Higher cost for bottom ash system chemicals
	110,469	Lower PAC injection system costs
	41,195	Lower cost for wastewater chemicals and analysis
	(122,761)	Higher limestone usage
	202,791	Stack testing not performed
	79,915	Lower cost for 316(b) Impingement/Entrainment study
	32,664	IDNR fees lower than anticipated
	(33,100)	Higher cost of MISO operating and administrative fees
	287,496	Lower cost for MISO's multi-value transmission and market efficiency projects
	36,110	Electric line workers' tools & lean supplies not needed
	41,988	Lower cost for energy efficiency rebates
	42,533	Succession planning not expended
	46,366	Legal services not expended
	(748,092)	Pension expense is accrued at a higher amount to approximate GASB 68 effect
	125,411	Lower healthcare costs
	(34,020)	Economic development pledge not budgeted
	29,918	General CIP expense not expended
	156,136	Less training/travel
	(57,342)	Higher cost for temporary labor services
	(29,270)	Higher cost for vacation expense
	339,140	Other miscellaneous variances - net
	<u>520,446</u>	
Maintenance		
	300,000	Unit 9 roof restoration deferred to 2019
	115,940	Other Unit 9 roof repairs not expended
	(45,476)	Spray foam and coat Unit 9 Crusher House, not budgeted
	95,677	Lower bottom ash system materials expense
	(30,655)	Unit 8 vacuum services not budgeted
	27,000	Unit 8 LPAP housing not replaced
	56,377	Lower cost for Unit 8 restud/refractory
	35,000	Unit 8 boiler layup not expended
	(75,089)	Unit 8 boiler superheat tube alignment clips not budgeted

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY
 VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2018**

Items equal to or greater than \$25,000

(Unfavorable)/ Favorable Compared to Budget		
	80,000	Unit 9 pulverizer journal rebuild not completed
	54,540	Lower cost for Unit 9 routine pulverizer maintenance
	(47,398)	Higher cost for Unit 9 boiler vent, drain and blowdown valve repairs
	63,810	Lower cost of miscellaneous precipitator repairs
	36,000	Oxidation air compressor 901 rebuild not performed
	(56,036)	WFC pump inspection/repairs, not budgeted
	28,000	Unit 9 harmonic noise inspection (HNI) testing not needed
	35,000	Unit 8 turbine layup, not expended
	193,000	Unit 7 generator inspection/overhaul postponed to 2019
	262,807	Unit 7 turbine inspection/overhaul postponed to 2019
	(50,714)	Higher cost for rail car maintenance
	36,804	Lower cost for dozer maintenance
	(119,134)	Higher cost for coal conveyer repairs
	50,042	Track maintenance not completed
	35,397	Lower cost for the jointly-owned transmission line maintenance performed by MEC
	(56,181)	Higher overhead lines material costs
	75,000	A/O Center staining/cleaning postponed
	(35,000)	Higher cost for asphalt overlay
	91,492	Lower labor cost
	<u>362,878</u>	Other miscellaneous variances - net
	<u>1,519,081</u>	
Depreciation	<u>538,607</u>	Net value of the A&G assets were overestimated for the budget
Nonoperating Revenue (Expense)		
Interest Income	526,059	Higher average cash balances
Interest Expense	<u>(2,187)</u>	
	<u>523,872</u>	
Change in Net Position	<u>\$ 3,536,442</u>	Total Variance from Budgeted Net Position

MUSCATINE POWER AND WATER - WATER UTILITY
VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2018
Items equal to or greater than \$5,000

		(Unfavorable)/ Favorable Compared to Budget	
Sales of Water			
Contract Customers	\$ 7,521		GPC consumption is 0.4% higher than budget, offset by a 0.1% lower billing rate
	(3,764)		Heinz's consumption is 4.2% lower than budgeted, offset by a 2.5% higher billing rate
	(10,430)		Power plants' consumption is 4.0% lower than budgeted offset by a 0.3% higher billing rate
	(5,740)		Residential consumption is 5.0% lower than budgeted offset by a 4.8% higher billing rate
	(15,346)		Commercial consumption is 1.5% higher than budgeted offset by a 4.5% lower billing rate
	<u>(27,759)</u>		
Other Revenue			
Penalty Revenue	2,589		Higher penalty revenue
Merchandise & Job Sales-Net	3,301		Higher job sales revenue
Miscellaneous Revenue	(303)		Other miscellaneous variances
	<u>5,587</u>		
Operating Expense			
Operation	59,260		Fuel/power purchased lower due to 3.4% lower kWh consumed, 4.4% lower cost per kWh, offset by 0.4% lower gallons pumped
	(6,968)		Storage facilities materials expense higher than budgeted
	(5,262)		T&D lines materials expense higher than budgeted
	(6,992)		Vehicle fuel usage expense higher than budgeted
	(14,138)		Vehicle materials expense higher than budgeted
	5,393		Lower cost of workers compensation
	15,002		Lower health care cost
	(52,715)		Higher pension expense
	17,284		Lower FICA expense
	8,153		Lower miscellaneous general travel expenses
	114,668		Lower labor, sick, personal and vacation expense
	(38,590)		Other miscellaneous variances - net
	<u>95,095</u>		
Maintenance	65,400		Well cleaning began in August, later in the year than budgeted
	87,370		Lower cost of pumping equipment materials due to fewer repairs
	(12,831)		Higher cost of mains materials due to higher concrete repairs
	(9,119)		Higher cost of valves materials due to more repairs
	(8,438)		Higher cost of meter materials due to more repairs at GPC
	6,298		Lower cost of purification equipment materials due to fewer repairs
	12,910		Lower cost of hydrant materials due to fewer repairs
	11,079		Lower cost of maintenance agreements
	(5,631)		Temporary services expense higher than budgeted
	21,590		Maintenance labor under budget
	12,273		Other miscellaneous variances - net
	<u>180,901</u>		
Depreciation	<u>21,188</u>		
Nonoperating Revenue (Expense)			
Interest Income	74,640		Water bond project fund interest rate higher than budgeted
Interest Expense	1,500		Refund of bond issuance cost overpayment
	<u>76,140</u>		
Change in Net Position	<u>\$ 351,152</u>		Total Variance in Budgeted Net Position

MUSCATINE POWER AND WATER - COMMUNICATIONS UTILITY
VARIANCES FROM BUDGETED NET POSITION - SEPTEMBER 30, 2018
Items equal or greater than \$5,000

	(Unfavorable)/ Favorable Compared to Budget	
Operating Revenue		
Video Revenue	\$ 66,169	Higher CATV revenues due to changes in subscriber mix offset by fewer subscribers (5320 actual vs. 5,502 budget).
	(13,251)	Broadcast fee lower than budget, due to less subscribers
	(40,560)	Lower VOD/PPV sales due to fewer subscribers and less buys
	(47,028)	Lower ad sales
	(87,925)	Lower converter rentals due to less subscribers
	(17,632)	Other miscellaneous variances - net
	<u>(140,227)</u>	
Data/Internet Revenue	1,707,921	Higher cable modem revenues due to customers migrating to a higher level of service offset by fewer subscribers (Subscribers = 8,604 actual & 8,762 budget)
	(1,629,274)	Fiber service installs are behind schedule
	86,213	Lower promotional discounts due to fewer promotional programs offered
	44,374	Higher Wi-fi @ Home due to more subscribers
	9,295	Other miscellaneous variances - net
	<u>218,529</u>	
Phone	<u>(72,557)</u>	Service availability was budgeted to begin in February but was not available until late April in addition to fewer subscribers than budgeted (81 actual vs. 510 budget)
MAN	<u>52,265</u>	More customers than budgeted
Miscellaneous Revenue	<u>(8,949)</u>	Other miscellaneous variances - net
Operating Expense		
Operation	51,096	Programming expense under budget
	61,880	Lower temp labor than budgeted, primarily due to DSRs and cable tech areas
	(17,627)	Higher electricity expense than budgeted due to timing of FTTH construction
	(5,467)	Griffin Media Research, not budgeted
	108,644	Fewer cable modems and set-top boxes have been retired than anticipated
	(13,551)	Higher cost of miscellaneous CATV materials expense
	(17,474)	Data/Internet access charges higher than budget
	(17,925)	Miscellaneous office supplies higher than budget
	12,613	Telephone expenses less than budgeted
	(8,100)	Communications IUB/FCC consulting, not budgeted
	6,301	Succession planning lower than budget
	6,068	Injury and damages claims lower than budget
	136,894	Labor & vacation under budget
	22,031	Lower FICA than budgeted
	23,798	Health care expenses lower than budgeted
	11,034	VoIP management fee and service expenses are lower than budget due to delay in service availability
	(116,497)	Pension expense is over budget due to accruing expense at a higher rate to approximate GASB 68 effects
	16,852	Travel and training under budget
	(24,822)	Other miscellaneous variances - net
	<u>235,748</u>	
Maintenance	35,156	Labor & vacation under budget
	8,535	Line equipment maintenance materials lower than budget
	30,615	Maintenance agreements are lower than budget
	(7,934)	Temp services are higher than budget
	6,611	Other miscellaneous variances - net
	<u>72,983</u>	
Depreciation	<u>72,521</u>	Lower depreciation due to fewer fixed assets purchases in 2017 than anticipated
Nonoperating Revenue (Expense)		
Interest Income	136,808	More interest income due to higher cash balances
Interest Expense	<u>(6,513)</u>	2017 loan fees expensed in 2018
Change in Net Position before		
Capital Contributions	<u>560,608</u>	
Capital Contributions	<u>810</u>	
Change in Net Position	<u>\$ 561,418</u>	Total Variance from Budgeted Net Position