

Muscatine Power and Water

Electric Utility

Financial Operating Statements & Balance Sheets

May 2019

**Muscatine Power and Water
Electric Utility**

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Muscatine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Current Month - May 2019

	<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	65,331,979	(40.2)	39,073,088	(53.2)	83,425,752
Less: Plant Use	<u>5,710,572</u>	12.2	<u>6,405,716</u>	(21.2)	<u>8,126,643</u>
Net Generation/Wholesale Sales	59,621,407	(45.2)	32,667,372	(56.6)	75,299,109
Wholesale Sales - Wind	<u>4,150,000</u>	11.4	<u>4,624,804</u>	27.7	<u>3,622,050</u>
Total Wholesale Sales	<u>63,771,407</u>	(41.5)	<u>37,292,176</u>	(52.7)	<u>78,921,159</u>
<u>Net Capacity Factors</u>					
Unit 9	48.83	(46.8)	25.96	(58.1)	62.01
Unit 8/8A	---	---	2.97	---	---
Unit 7	---	---	---	---	18.95
Total Plant	35.06	(45.2)	19.21	(58.1)	45.81
<u>KWH Distribution</u>					
Residential	6,396,490	(2.4)	6,243,986	(12.2)	7,112,735
Commercial I	2,028,982	(0.8)	2,012,021	(19.2)	2,490,086
Commercial II	8,569,043	(12.2)	7,524,340	(11.2)	8,475,820
Industrial I	11,318,980	3.5	11,715,040	3.5	11,317,120
Industrial II	40,482,482	(5.1)	38,426,702	(3.8)	39,924,537
City Enterprise Funds	432,063	34.9	583,007	36.1	428,322
Water & Communications Utilities	<u>1,392,064</u>	(0.4)	<u>1,386,117</u>	0.4	<u>1,380,402</u>
Native System Sales	70,620,104	(3.9)	67,891,213	(4.6)	71,129,022
City Lighting	145,366	(19.8)	116,566	(12.6)	133,420
City Buildings	500,929	(6.8)	466,975	(12.8)	535,332
Offline Power Plant Usage	444,240	(19.2)	358,867	(10.9)	402,778
Losses & Cycle Billing	<u>3,160,050</u>	(14.4)	<u>2,705,751</u>	(30.5)	<u>3,894,557</u>
Total Native System KWH Distributed	74,870,689	(4.4)	71,539,372	(6.0)	76,095,109
Wind KWH Purchases	<u>4,150,000</u>	11.4	<u>4,624,804</u>	27.7	<u>3,622,050</u>
Total Purchased Power KWH	<u>79,020,689</u>	(3.6)	<u>76,164,176</u>	(4.5)	<u>79,717,159</u>
<u>STEAM SALES - 1,000 lbs</u>	<u>---</u>	<u>---</u>	<u>25,071</u>	<u>---</u>	<u>---</u>

Muscatine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Calendar Year-to-Date - May 2019

	<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	380,064,442	(3.3)	367,443,580	(14.7)	430,590,483
Less: Plant Use	<u>40,376,196</u>	14.4	<u>46,209,457</u>	(1.4)	<u>46,887,070</u>
Net Generation/Wholesale Sales	339,688,246	(5.4)	321,234,123	(16.3)	383,703,413
Wholesale Sales - Wind	<u>23,950,000</u>	(8.1)	<u>22,012,926</u>	(6.4)	<u>23,513,006</u>
Total Wholesales Sales	<u>363,638,246</u>	(5.6)	<u>343,247,049</u>	(15.7)	<u>407,216,419</u>
<u>Net Capacity Factors</u>					
Unit 9	49.86	(11.7)	44.05	(22.3)	56.70
Unit 8/8A	27.14	30.3	35.35	15.0	30.75
Unit 7	---	---	4.04	(75.4)	16.45
Total Plant	41.01	(5.4)	38.78	(19.1)	47.92
<u>KWH Distribution</u>					
Residential	38,273,869	2.3	39,138,211	(2.8)	40,273,904
Commercial I	11,208,077	6.4	11,927,217	(13.5)	13,788,444
Commercial II	40,853,038	(7.3)	37,867,120	(5.2)	39,944,000
Industrial I	51,926,861	3.6	53,796,480	3.3	52,064,860
Industrial II	199,907,693	(3.6)	192,669,792	(1.9)	196,457,900
City Enterprise Funds	2,221,494	15.6	2,567,364	26.5	2,030,156
Water & Communications Utilities	<u>6,827,002</u>	3.8	<u>7,088,173</u>	2.2	<u>6,934,054</u>
Native System Sales	351,218,034	(1.8)	345,054,357	(1.8)	351,493,318
City Lighting	688,669	(18.2)	563,066	(14.4)	657,974
City Buildings	2,973,203	(4.0)	2,855,433	(9.0)	3,137,710
Offline Power Plant Usage	670,800	73.5	1,163,519	(31.0)	1,686,487
Losses & Cycle Billing	<u>9,674,257</u>	(0.6)	<u>9,613,748</u>	(5.9)	<u>10,214,829</u>
Total Native System KWH Distributed	365,224,963	(1.6)	359,250,123	(2.2)	367,190,318
Wind KWH Purchases	<u>23,950,000</u>	(8.1)	<u>22,012,926</u>	(6.4)	<u>23,513,006</u>
Total Purchased Power KWH	<u>389,174,963</u>	(2.0)	<u>381,263,049</u>	(2.4)	<u>390,703,324</u>
<u>STEAM SALES - 1,000 lbs</u>	<u>1,008,000</u>	0.8	<u>1,015,892</u>	3.6	<u>980,791</u>

Muscatine Power and Water - Electric Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - May 2019

	<u>Budget Estimate</u>	<u>Avg. Price</u>	<u>% Increase (Decrease) from Budget</u>	<u>This Year</u>	<u>Avg. Price</u>	<u>% Increase (Decrease) from Last Year</u>	<u>Last Year</u>	<u>Avg. Price</u>
<u>Sales of Electricity</u>								
Residential	\$763,584	\$ 0.11938	4.9	\$800,780	\$ 0.12825	(0.8)	\$807,140	\$ 0.11348
Commercial I	224,368	0.11058	5.2	235,951	0.11727	(8.5)	257,801	0.10353
Commercial II	678,230	0.07915	(0.9)	672,171	0.08933	2.1	658,333	0.07767
Industrial I	736,111	0.06503	15.3	848,746	0.07245	19.1	712,580	0.06296
Industrial II	2,158,360	0.05332	7.7	2,324,948	0.06050	16.0	2,003,552	0.05018
City Enterprise Funds	34,001	0.07869	38.4	47,047	0.08070	53.5	30,656	0.07157
Water & Communication Utilities	85,464	0.06139	19.1	101,748	0.07340	21.0	84,109	0.06093
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Native System Sales	4,680,116	0.06627	7.5	5,031,391	0.07411	10.5	4,554,171	0.06403
Wholesale Sales	2,080,521	0.03262	(50.2)	1,036,131	0.02778	(60.7)	2,635,990	0.03340
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Energy Sales	6,760,638		(10.3)	6,067,522		(15.6)	7,190,161	
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Steam Sales	---	---	---	75,225	3.00	---	---	---
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<u>Other Revenue</u>								
By-Product Revenue	23,341		34.3	31,356		(38.9)	51,350	
Miscellaneous Revenue	55,295		13.1	62,531		(27.9)	86,785	
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Total Other Revenue	78,636		19.4	93,887		(32.0)	138,135	
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Operating Revenue	6,839,273		(8.8)	6,236,633		(14.9)	7,328,296	
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<u>Operating Expense</u>								
Purchased Power	2,247,394	0.02844	(12.8)	1,959,001	0.02572	(17.0)	2,360,815	0.02961
Production Fuel	1,452,989		(37.8)	903,118		(43.5)	1,597,482	
Emissions Allowance	---		---	44		1.6X	17	
Operation	2,174,778		(1.1)	2,151,641		(0.7)	2,165,880	
Maintenance	1,246,447		(3.9)	1,197,338		42.5	840,038	
Depreciation	869,891		18.1	1,027,147		7.1	958,835	
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Total Operating Expense	7,991,499		(9.4)	7,238,289		(8.6)	7,923,067	
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Operating Loss	(1,152,226)		(13.1)	(1,001,655)		68.4	(594,771)	
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<u>Nonoperating Revenue (Expense)</u>								
Interest Income	70,101		90.6	133,620		69.5	78,815	
Interest Expense	(1,451)		32.6	(1,924)		94.3	(990)	
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Total Nonoperating Revenue (Expense)	68,650		91.8	131,696		69.2	77,825	
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Net Loss Before Revenue Adjustment	(1,083,576)		(19.7)	(869,959)		68.3	(516,946)	
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Capital Contributions	---		---	---		---	---	
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Change in Net Position	(1,083,576)		(19.7)	(869,959)		68.3	(516,946)	
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Beginning Net Position	105,992,243			107,922,715			114,255,428	
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Prior Period Adj. GASB 18- Landfill	---			---			(1,069,701)	
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Ending Net Position	\$104,908,667			\$107,052,756			\$112,668,781	
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Net Income (Loss) Before Rev Adj to Op Revenue	(15.8)			(14.0)			(7.1)	
Change in Net Position to Operating Revenue	(15.8)			(14.0)			(7.1)	

Muscatine Power and Water - Electric Utility
Statements of Net Position
May 2019

ASSETS

	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash - interest bearing	\$23,161,252	\$32,193,078
Investments	43,589,093	26,800,000
Receivables:		
Consumer Accounts	6,365,492	5,658,496
Refined Coal	1,371,478	2,632,879
Wholesale	5,269	336,830
Steam Sales	75,251	---
Interest	620,584	226,446
Inventories	5,619,370	5,347,532
Fuel	3,467,781	9,734,588
Prepaid Expenses	<u>1,378,428</u>	<u>1,247,794</u>
Total Current Assets	<u>85,653,998</u>	<u>84,177,643</u>
Property and Equipment:		
At Cost	431,640,131	431,012,727
Less Accumulated Depreciation	<u>370,637,611</u>	<u>363,716,339</u>
Net Property and Equipment	<u>61,002,520</u>	<u>67,296,388</u>
Other Assets:		
Note Receivable - Communications Utility	8,078,994	8,562,844
Joint Venture Rights	<u>107,285</u>	<u>101,031</u>
Total Other Assets	<u>8,186,279</u>	<u>8,663,875</u>
Deferred Outflows of Resources		
Pension	7,919,356	11,140,473
OPEB	<u>79,020</u>	<u>79,019</u>
Total Deferred Outflows of Resources	<u>7,998,376</u>	<u>11,219,492</u>
TOTAL ASSETS	<u><u>\$162,841,173</u></u>	<u><u>\$171,357,398</u></u>

Muscatine Power and Water - Electric Utility
Statements of Net Position
May 2019

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2019</u>	<u>2018</u>
Current Liabilities:		
<u>Unrestricted</u>		
Accounts Payable	\$4,733,721	\$5,437,818
Health & Dental Insurance Provision	293,070	248,520
Accrued Payroll	693,728	548,988
Accrued Vacation	1,288,650	1,274,225
Accrued Emission Allowance Expense	15,125	9,874
Consumers' Deposits	882,850	816,692
Retained Percentage on Contracts	---	24,225
Accrued Property Taxes	89,956	88,240
Miscellaneous Accrued Expenses	784,128	732,506
Unearned Revenue	23,475	30,391
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Total Unrestricted Current Liabilities	8,804,703	9,211,479
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Non-Current Liabilities:		
Health & Dental Insurance Provision	1,123,916	1,181,092
Post-Employment Health Benefit Provision	697,911	666,474
Landfill closure and post closure liability	1,580,457	1,069,701
Net Pension Liability	12,368,678	17,272,876
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Total Non-Current Liabilities	15,770,962	20,190,143
	<hr/>	<hr/>
Deferred Inflows of Resources		
Extraordinary O&M	28,032,866	28,032,866
Pension	3,089,325	1,163,568
OPEB	90,561	90,561
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Total Deferred Inflows of Resources	31,212,752	29,286,995
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	61,002,520	67,296,388
Unrestricted	46,050,236	45,372,393
	<hr/>	<hr/>
Total Net Position	107,052,756	112,668,781
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TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$162,841,173</u>	<u>\$171,357,398</u>

Muscatine Power and Water - Electric Utility
Statements of Cash Flows
May 2019

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating loss to net cash flows from operating activities		
Operating loss	(\$1,001,655)	(\$213,667)
Noncash items in operating income:		
Depreciation of electric utility plant	1,027,147	5,135,735
Amortization of joint venture rights	9,812	42,502
Change in deferred outflows of resources	---	(927,801)
Changes in assets and liabilities:		
Consumer accounts receivable	249,957	461,980
Refined coal	1,083,494	343,905
Wholesale receivable	47,663	(605)
Steam sales receivable	900,669	824,984
Inventories	(43,145)	(285,715)
Fuel	(979,320)	3,806,437
Prepaid expenses	168,417	(894,534)
Accounts payable	(188,360)	(1,624,913)
Net pension liability	262,830	1,314,149
Health & dental insurance provision	(20,780)	(142,173)
Other post-employment benefit provision	2,637	13,183
Accrued payroll	227,615	(109,183)
Accrued vacation	(33,250)	56,963
Accrued emission allowance expense	44	2,915
Consumers' deposits	20,919	37,297
Accrued property taxes	7,945	(8,007)
Unearned revenue	23,475	15,908
Miscellaneous accrued expenses	27,578	(57,570)
Net cash flows from operating activities	<u>1,793,692</u>	<u>7,791,791</u>
Cash flows from capital financing activities:		
Sale of Rail cars	---	200,005
Capital expenditures, net	(969,878)	(2,388,577)
Net cash flows from capital and related financing activities	<u>(969,878)</u>	<u>(2,188,572)</u>
Cash flows from investing activities:		
Purchase of joint venture rights	(25,995)	(51,990)
Interest received on investments	90,069	373,693
Net cash flows from investing activities	<u>64,074</u>	<u>321,703</u>
Net increase in cash and investments	<u>887,888</u>	<u>5,924,922</u>
Cash and investments at beginning of period	<u>\$65,862,457</u>	<u>\$60,825,423</u>
Cash and investments at end of period	<u>\$66,750,345</u>	<u>\$66,750,345</u>

**Muscatine Power and Water - Electric Utility
Funds Appropriated for Specific Purposes
May 2019**

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

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - May 2019

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Purchased Power</u>	<u>\$2,247,394</u>	32.9	<u>\$1,959,001</u>	31.4	<u>\$2,360,815</u>	32.2
Average price per kWh	\$0.02844		\$0.02572		\$0.02961	
<u>Generation</u>						
Operation Supervision (500)	79,191		87,467		79,279	
Fuel: (501)						
Coal	1,283,824		844,352		1,547,362	
Fuel Oil	---		1,220		116	
Gas	2,083		10,451		4,766	
Coal Handling Expense (501-003)	34,113		26,981		30,950	
Landfill Operation Expense (501-925)	132,969		20,114		14,288	
Emissions Allowance Expense (509)	---		44		17	
Steam Expense:						
Boiler (502-004)	82,069		134,615		76,651	
Pollution Control (502-005)	32,512		26,388		118,573	
Electric Expense (505)	90,586		86,217		76,051	
Miscellaneous Steam Power Expense (506)	187,077		154,108		182,794	
Maintenance:						
Supervision (510)	68,794		82,671		78,956	
Structures (511)	161,844		77,855		34,022	
Boiler Plant:						
Boiler (512-006)	324,862		393,391		266,397	
Pollution Control (512-007)	85,255		62,248		32,249	
Electric Plant (513-008)	63,597		166,676		80,604	
System Control (513-009)	19,964		18,340		19,369	
Miscellaneous Steam Plant (514)	56,168		67,641		32,849	
Coal Handling Equipment (516)	192,808		103,992		82,744	
System Control and Load Dispatch (556)	27,246		26,805		32,556	
Vacation, Holiday, Sick Leave (557)	97,572		95,663		84,157	
Depreciation (558)	642,982		630,825		641,039	
Total Generation Expense	<u>\$3,665,516</u>	53.6	<u>\$3,118,063</u>	50.0	<u>\$3,515,789</u>	48.0

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - May 2019

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Transmission</u>						
Operation Supervision (560)	\$9,217		\$7,715		\$7,457	
Load Dispatching (561)	75,297		78,683		70,131	
Station Expense (562)	23,957		9,483		21,089	
Overhead Line Expense (563)	---		968		1,142	
Transmission of Electricity by Others (565)	126,060		115,942		94,548	
Miscellaneous Transmission Expense (566)	11,590		11,865		10,544	
Maintenance:						
Supervision (568)	2,847		2,673		2,040	
Structures (569)	209		---		---	
Station Equipment (570)	6,977		18,957		10,031	
Overhead Lines (571)	34,596		13,992		9,647	
Vacation, Holiday, Sick Leave (575)	14,931		15,885		11,951	
Depreciation (576)	46,015		44,433		43,048	
Tax on Rural Property (577)	5,621		5,686		5,690	
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Total Transmission Expense	357,316	5.2	326,282	5.2	287,318	3.9
<u>Distribution</u>						
Operation Supervision (580)	15,036		12,915		11,588	
Load Dispatching (581)	31,674		30,065		31,225	
Station Expense (582)	16,178		9,964		7,643	
Overhead Line Expense (583)	3,596		172		---	
Vehicle Expense (589)	15,416		18,596		16,408	
Underground Line Expense (584)	7,584		4,747		5,572	
Street Lighting (585-418)	2,522		(41)		84	
Signal Expense (585-419)	1,142		133		4,315	
Meter Expense (586)	11,555		8,729		9,247	
Consumer Installation Expense (587)	719		580		123	
Miscellaneous Distribution Expense (588)	62,044		77,826		79,436	
Maintenance:						
Supervision (590)	11,104		9,036		7,387	
Structures (591)	985		---		---	
Station Equipment (592)	10,030		6,299		11,508	
Overhead Lines (593)	49,168		54,646		57,686	
Underground Lines (594)	21,405		14,265		20,721	
Line Transformers (595)	17,610		720		1,852	
Street Lighting (596-418)	16,339		8,512		2,300	
Signal System (596-419)	2,431		7,288		12,255	
Meters (597)	2,498		3,745		2,142	
Miscellaneous Distribution Plant (598)	2,750		1,831		7,514	
Vacation, Holiday, Sick Leave (599)	38,187		45,930		37,006	
Depreciation (578)	180,895		179,112		175,558	
Tax on Rural Property (579)	1,679		1,698		1,700	
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Total Distribution Expense	\$522,547	7.6	\$496,768	8.0	\$503,270	6.9

Muscatine Power and Water - Electric Utility
Summary of Expenses
Current Month - May 2019

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$6,526		\$4,443		\$16,314	
Energy Efficiency Rebates (912)	12,810		---		9,536	
Electric Ranges/Dryers Maintenance (910)	464		154		24	
Electric Water Heaters Maintenance (911)	166		(29)		100	
	<u>19,965</u>	0.3	<u>4,568</u>	0.1	<u>25,974</u>	0.4
<u>Consumer Accounts</u>						
Meter Reading Expense (902)	7,896		10,866		11,673	
Consumer Records and Collection (901/903)	48,348		39,563		45,210	
Uncollectible Accounts Expense (904)	3,811		3,811		4,253	
Vacation, Holiday, Sick Leave (906)	6,754		5,965		5,338	
	<u>66,809</u>	1.0	<u>60,205</u>	1.0	<u>66,474</u>	0.9
<u>Administrative and General</u>						
Administrative and General Salaries (920)	195,413		192,276		194,302	
Office Supplies and Expenses (921)	14,517		14,419		22,074	
Outside Services Employed (923)	23,243		19,141		40,716	
Property Insurance (924)	65,994		76,226		62,067	
Casualty Ins, Injuries & Damages (925)	42,619		37,376		32,769	
Employee Pensions and Benefits (926)	618,657		628,497		596,563	
Fringe Benefits Charged to Constr. (927)	(29,917)		(48,054)		(37,171)	
Regulatory Commission (928)	9,140		6,773		9,213	
Miscellaneous General Expense (930)	41,798		46,881		46,443	
Maintenance of General Plant (932)	55,184		43,799		35,444	
Maintenance of A/O Center (934)	39,021		38,760		32,321	
Vacation, Holiday, Sick Leave (936)	36,282		44,531		29,496	
Depreciation (933)	---		172,778		99,190	
	<u>1,111,951</u>	16.3	<u>1,273,403</u>	20.4	<u>1,163,427</u>	15.9
Total Operating Expense	<u><u>\$7,991,499</u></u>		<u><u>\$7,238,289</u></u>		<u><u>\$7,923,067</u></u>	
Percent to Operating Revenue		116.8		116.1		108.1

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - May 2019

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Purchased Power</u>	<u>\$10,835,072</u>	27.8	<u>\$10,427,090</u>	26.2	<u>\$11,174,276</u>	27.9
Average price per kWh	\$0.02784		\$0.02735		\$0.02860	
 <u>Generation</u>						
Operation Supervision (500)	388,343		416,463		394,839	
Fuel: (501)						
Coal	8,812,572		8,763,145		9,101,053	
Fuel Oil	41,143		46,679		46,104	
Gas	84,704		68,896		74,821	
Coal Handling Expense (501-003)	176,361		309,828		200,329	
Landfill Operation Expense (501-925)	498,511		120,306		75,364	
Emissions Allowance Expense (509)	2,104		2,915		1,992	
Steam Expense:						
Boiler (502-004)	503,829		548,381		509,743	
Pollution Control (502-005)	303,412		189,532		251,922	
Electric Expense (505)	479,656		508,521		471,925	
Miscellaneous Steam Power Expense (506)	999,788		764,730		832,527	
Maintenance:						
Supervision (510)	342,421		380,946		381,274	
Structures (511)	451,581		257,274		244,073	
Boiler Plant:						
Boiler (512-006)	1,141,657		897,275		739,540	
Pollution Control (512-007)	341,471		280,128		237,496	
Electric Plant (513-008)	441,524		696,144		316,556	
System Control (513-009)	103,271		101,809		100,337	
Miscellaneous Steam Plant (514)	289,152		233,189		214,150	
Coal Handling Equipment (516)	466,518		332,899		374,079	
System Control and Load Dispatch (556)	136,307		145,082		152,142	
Vacation, Holiday, Sick Leave (557)	427,710		430,294		418,343	
Depreciation (558)	<u>3,214,909</u>		<u>3,154,123</u>		<u>3,205,196</u>	
 Total Generation Expense	 <u>\$19,646,944</u>	 50.3	 <u>\$18,648,558</u>	 46.8	 <u>\$18,343,805</u>	 45.8

**Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - May 2019**

	<u>Budget Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Transmission</u>						
Operation Supervision (560)	\$46,085		\$43,366		\$35,694	
Load Dispatching (561)	384,911		386,266		358,337	
Station Expense (562)	75,829		54,480		66,580	
Overhead Line Expense (563)	404		17,710		5,344	
Transmission of Electricity by Others (565)	650,300		485,574		441,524	
Miscellaneous Transmission Expense (566)	64,927		59,254		59,748	
Maintenance:						
Supervision (568)	14,235		12,335		9,832	
Structures (569)	697		---		---	
Station Equipment (570)	33,504		41,286		45,246	
Overhead Lines (571)	112,712		74,804		44,884	
Vacation, Holiday, Sick Leave (575)	65,230		55,058		56,208	
Depreciation (576)	230,073		222,163		215,237	
Tax on Rural Property (577)	28,105		28,123		28,542	
	<u>1,707,011</u>	4.4	<u>1,480,418</u>	3.7	<u>1,367,176</u>	3.4
<u>Distribution</u>						
Operation Supervision (580)	75,107		64,731		56,195	
Load Dispatching (581)	158,370		154,560		162,791	
Station Expense (582)	68,327		44,229		33,879	
Overhead Line Expense (583)	18,653		175		957	
Vehicle Expense (589)	77,132		68,942		68,392	
Underground Line Expense (584)	27,262		21,152		20,032	
Street Lighting (585-418)	12,608		2,064		5,234	
Signal Expense (585-419)	6,774		657		4,610	
Meter Expense (586)	58,514		53,817		50,657	
Consumer Installation Expense (587)	3,697		3,766		4,031	
Miscellaneous Distribution Expense (588)	323,140		390,981		366,013	
Maintenance:						
Supervision (590)	55,407		44,797		35,454	
Structures (591)	3,398		---		---	
Station Equipment (592)	51,462		44,919		31,608	
Overhead Lines (593)	283,580		354,095		277,940	
Underground Lines (594)	112,833		75,751		94,840	
Line Transformers (595)	33,927		8,107		10,048	
Street Lighting (596-418)	52,852		20,763		65,657	
Signal System (596-419)	18,591		42,647		24,050	
Meters (597)	14,266		14,225		10,771	
Miscellaneous Distribution Plant (598)	13,750		10,696		14,970	
Vacation, Holiday, Sick Leave (599)	166,639		192,860		178,583	
Depreciation (578)	904,473		895,560		877,788	
Tax on Rural Property (579)	8,395		8,400		8,528	
	<u>\$2,549,157</u>	6.5	<u>\$2,517,893</u>	6.3	<u>\$2,403,028</u>	6.0

Muscatine Power and Water - Electric Utility
Summary of Expenses
Calendar Year-to-Date - May 2019

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$50,209		\$30,761		\$38,506	
Energy Efficiency Rebates (912)	63,050		15,138		75,135	
Electric Ranges/Dryers Maintenance (910)	2,418		1,357		869	
Electric Water Heaters Maintenance (911)	928		336		649	
Total Customer Service Expense	<u>\$116,605</u>	0.3	<u>\$47,593</u>	0.1	<u>\$115,159</u>	0.3
<u>Consumer Accounts</u>						
Meter Reading Expense (902)	45,322		56,532		50,535	
Consumer Records and Collection (901/903)	235,957		214,666		223,186	
Uncollectible Accounts Expense (904)	19,053		19,053		21,265	
Vacation, Holiday, Sick Leave (906)	29,449		26,855		25,778	
Total Consumer Accounts Expense	<u>329,782</u>	0.8	<u>317,106</u>	0.8	<u>320,764</u>	0.8
<u>Administrative and General</u>						
Administrative and General Salaries (920)	977,066		947,610		906,675	
Office Supplies and Expenses (921)	79,295		85,368		80,997	
Outside Services Employed (923)	334,066		195,828		209,514	
Property Insurance (924)	316,815		338,652		291,298	
Casualty Ins, Injuries & Damages (925)	215,790		281,350		201,813	
Employee Pensions and Benefits (926)	3,117,178		3,159,873		3,031,032	
Fringe Benefits Charged to Constr. (927)	(122,192)		(141,712)		(168,863)	
Regulatory Commission (928)	45,700		32,779		42,470	
Miscellaneous General Expense (930)	346,184		242,968		196,144	
Maintenance of General Plant (932)	277,192		188,860		205,949	
Maintenance of A/O Center (934)	186,527		216,706		163,943	
Vacation, Holiday, Sick Leave (936)	158,566		184,968		150,268	
Depreciation (933)	0		863,889		495,949	
Total Administrative and General	<u>5,932,187</u>	15.2	<u>6,597,138</u>	16.6	<u>5,807,189</u>	14.5
Total Operating Expense	<u>\$41,116,758</u>		<u>\$40,035,797</u>		<u>\$39,531,397</u>	
Percent to Operating Revenue		105.4		100.5		98.7

Muscatine Power and Water - Electric Utility
Statistical Data
May 2019

Total Fuel Cost

(To & Including Ash Handling, Gas & Oil)

	<u>Current Month</u>	
	<u>2019</u>	<u>2018</u>
Per Million Btu.	\$2.007	\$1.908
Per Net MW Generated	\$24.95	\$21.97
Net Peak Monthly Demand-KW	119,800	131,920
Date of Peak	5/16	5/31
Hour of Peak	1700	1700

	<u>Calendar Year-To-Date</u>	
	<u>2019</u>	<u>2018</u>
Per Million Btu.	\$1.935	\$1.761
Per Net MW Generated	\$22.09	\$20.21
Net Peak Monthly Demand-KW	119,800	131,920
Date of Peak	5/16	5/31
Hour of Peak	1700	1700
Average Temperature	59.5°	68.7°

<u>Services</u>	<u>2019</u>	<u>2018</u>
Residential	9,919	9,913
Commercial I	1,350	1,361
Commercial II	146	136
Industrial I	12	11
Industrial II	2	2
City Enterprise Funds	24	24
Water & Communications Utility	36	37
Total	<u>11,489</u>	<u>11,484</u>

Muscatine Power and Water - Electric Utility
Wholesale Sales Analysis - Excluding Wind
Current Month - May 2019

	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales*	<u>59,621,407</u>		<u>32,667,372</u>		<u>75,299,109</u>	
Wholesale Sales*	<u>\$2,008,933</u>	<u>\$0.03369</u>	<u>\$982,424</u>	<u>\$0.03007</u>	<u>\$2,563,009</u>	<u>\$0.03404</u>
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	1,282,029	0.02150	758,830	0.02323	1,548,575	0.02057
Emissions:						
SO ² Allowances-ARP ^{fn1}	---	---	2	---	4	---
SO ² Allowances-CSAPR ^{fn2}	---	---	16	---	5	---
NO _x Allowances ^{fn3}	---	---	7,460	0.00983	10,784	---
Other ^{fn4}	<u>194,640</u>	<u>0.00326</u>	<u>194,638</u>	<u>0.00596</u>	<u>166,971</u>	<u>0.00222</u>
Total Variable Costs	<u>1,476,669</u>	<u>0.02477</u>	<u>960,946</u>	<u>0.02942</u>	<u>1,726,339</u>	<u>0.02293</u>
Gross Margin	<u>\$532,264</u>	<u>\$0.00893</u>	<u>\$21,478</u>	<u>\$0.00066</u>	<u>\$836,670</u>	<u>\$0.01111</u>
Percent Gross Margin	26.5%		2.2%		32.6%	

*Wholesale analysis excludes wind. (see next page)

Calendar Year To Date

	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales*	<u>339,688,246</u>		<u>321,234,123</u>		<u>383,703,413</u>	
Wholesale Sales*	<u>\$10,862,262</u>	<u>\$0.03198</u>	<u>\$9,937,613</u>	<u>\$0.03094</u>	<u>\$12,413,951</u>	<u>\$0.03235</u>
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	6,954,770	0.02047	6,591,709	0.02052	7,360,770	0.01918
Emissions:						
SO ² Allowances-ARP ^{fn1}	445	---	130	---	111	0.00000
SO ² Allowances-CSAPR ^{fn2}	764	---	305	---	140	0.00000
NO _x Allowances ^{fn3}	1,196	---	8,426	0.00003	11,367	0.00003
Other ^{fn4}	<u>973,200</u>	<u>0.00286</u>	<u>973,189</u>	<u>0.00303</u>	<u>834,856</u>	<u>0.00218</u>
Total Variable Costs	<u>7,930,375</u>	<u>0.02335</u>	<u>7,573,759</u>	<u>0.02358</u>	<u>8,207,244</u>	<u>0.02139</u>
Gross Margin	<u>\$2,931,887</u>	<u>\$0.00863</u>	<u>\$2,363,854</u>	<u>\$0.00736</u>	<u>\$4,206,707</u>	<u>\$0.01096</u>
Percent Gross Margin	27.0%		23.8%		33.9%	

*Wholesale analysis excludes wind. (see next page)

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

	Budget	2019	2018
fn1 SO ² ARP	\$1.00	\$0.50	\$0.70
YTD SO ² ARP	1.00	0.70	0.70
fn2 SO ² CSAPR	1.00	3.50	0.88
YTD SO ² CSAPR	1.00	1.63	0.88
fn3 NO _x annual	2.00	3.50	1.50
NO _x seasonal	270.00	167.50	175.00
YTD NO _x annual	2.00	2.27	1.50
YTD NO _x seasonal	270.00	167.50	175.00

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

**Muscatine Power and Water - Electric Utility
Wind Sales Analysis
Current Month - May 2019**

	<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>4,150,000</u>		<u>4,624,804</u>		<u>3,622,050</u>	
Wholesale Sales	<u>\$71,588</u>	<u>\$0.01725</u>	<u>\$53,707</u>	<u>\$0.01161</u>	<u>\$72,981</u>	<u>\$0.02015</u>
Expense						
Purchased Power kWh	4,150,000		4,624,804		3,622,050	
Purchased Power	\$112,714	0.02716	\$126,050	0.02726	\$96,238	0.02657
Gross Margin/(Loss)	<u>(\$41,126)</u>	<u>(\$0.00991)</u>	<u>(\$72,343)</u>	<u>(\$0.01564)</u>	<u>(\$23,257)</u>	<u>(\$0.00642)</u>
Percent Gross Margin	-57.4%		-134.7%		-31.9%	
RECs Sold	---		2,500		---	
REC Net Proceeds	\$0		\$1,875		\$0	
Misc Wind Revenues/Charges	\$0		\$0		\$0	
Wind Net Margin/(Loss)	(\$41,126)		(\$70,468)		(\$23,257)	

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>23,950,000</u>		<u>22,012,926</u>		<u>23,513,006</u>	
Wholesale Sales	<u>\$377,918</u>	<u>\$0.01578</u>	<u>\$323,749</u>	<u>\$0.01471</u>	<u>\$427,886</u>	<u>\$0.01820</u>
Expense						
Purchased Power kWh	23,950,000		22,012,926		23,513,006	
Purchased Power	\$650,482	0.02716	\$598,356	0.02718	\$624,741	0.02657
Gross Margin/(Loss)	<u>(\$272,564)</u>	<u>(\$0.01138)</u>	<u>(\$274,607)</u>	<u>(\$0.01247)</u>	<u>(\$196,855)</u>	<u>(\$0.00837)</u>
Percent Gross Margin	-72.1%		-84.8%		-46.0%	
RECs Sold	---		25,000		1,000	
REC Net Proceeds	\$0	---	\$18,750	0.75	\$750	0.75
Misc Wind Revenues/Charges	\$0		\$0		\$0	
Wind Net Margin/(Loss)	(\$272,564)		(\$255,857)		(\$196,105)	

	<u>Budget</u>	<u>This Year</u>	<u>Last Year</u>
RECs at end of Prior Period		53,161	32,618
RECs Added This Period		23,548	15,215
RECs Sold This Period		25,000	1,000
Number of RECs on hand		51,709	46,833
Market Value per REC		\$0.75	\$0.75
Value of RECs on Hand		\$38,781.75	\$35,124.75

Electric Utility
Review of Operating Results
May 2019

MUSCATINE POWER AND WATER - ELECTRIC UTILITY
VARIANCES FROM BUDGETED NET POSITION - MAY 31, 2019

	(Unfavorable)/ Favorable Compared to Budget	
Sales of Electricity		
Native System Sales	\$ 1,766,521	1.8% lower kWhs sold, offset by a 9.4% higher average sales price (\$.07331/kWh versus \$.06700/kWh budgeted)
Wholesale Sales	(978,818)	5.6% lower kWhs sold and a 3.3% lower average sale price (\$.02989/kWh versus \$.03091/kWh)
	<u>787,703</u>	
Steam Sales	<u>9,908</u>	0.8% higher pounds of steam sold
Other Revenue		
By-Product Revenue	(7,015)	Fly ash sales lower than budgeted
	(867)	Gypsum sales lower than budgeted
Miscellaneous Revenue	(15,845)	Lower job sales, net of expenses
	18,322	Revenue from RECs, not budgeted
	<u>6,531</u>	Other miscellaneous variances - net
	<u>1,126</u>	
Operating Expense		
Purchased Power - Native System	355,856	Average purchase price is 1.8% lower (\$.02735/kwh vs \$.02784/kwh) and 1.6% lower kWhs purchased
Purchased Power - Wind	52,126	8.1% lower kWhs purchased
	<u>407,982</u>	
Production Fuel	49,427	2.1% or 6,217 higher number of coal tons burned, offset by a 1.5% lower price/ton
	322,497	Lower cost for phase I landfill partial cover
	17,922	Spraying herbicide for weed control, cost not incurred
	14,500	CCR compliance engineering services cost not incurred
	13,000	CCR federal reports cost not incurred
	12,000	AWQR cost not incurred
	9,559	Lower Unit 8 natural gas usage
	6,249	Lower Unit 7 natural gas usage
	6,000	Landfill site inspection cost not incurred
	5,000	Landfill financial assurance cost not incurred
	(9,472)	Higher coal handling gas and diesel fuel cost
	(130,792)	Higher labor cost
	<u>(11,453)</u>	Other miscellaneous variances - net
	<u>304,437</u>	
Emissions Allowance	<u>(811)</u>	Market price higher than assumed
Operation		
	43,638	Lower PAC injection system costs
	37,011	Lower cost for wastewater chemicals and analysis
	(11,528)	Higher limestone usage
	6,782	Lower cost for power plant water bills
	(35,883)	Higher cost for IDNR Title V permit fee
	8,335	PM2.5 modeling, cost not incurred
	9,779	Lower cost for stack testing
	(17,933)	RATA testing, not budgeted
	(10,701)	Higher cost for engineering services for CCR rule compliance
	75,000	316(b) cooling water impingement/entrainment study, not done
	7,600	EPA protocol-1 cal. & linearity gasses & demurrage, not done
	6,800	Coal and by-product analysis, not done
	10,382	Lower cost for IDNR Non-Title V permit fee
	11,522	Lower cost for plant safety material expenses
	5,251	Lower cost for plant road and railroad crossing repairs
	(18,984)	Higher cost for rail car storage/switching costs/admin fees
	5,725	Lower cost for MISO operating & administrative fees
	164,726	Lower cost for MISO's multi-value transmission and market efficiency projects
	6,503	Lower cost for miscellaneous transmission materials expense
	17,250	Electric line workers' tools & lean supplies not needed; hoist testing, not done
	17,544	Lower cost for share in MAGIC's operating expenses
	(5,220)	Higher cost for fire retardant clothing
	8,653	Lower cost for promotional materials
	8,215	Lower cost for Questline-EE newsletter service and customer awareness programs
	47,912	Lower cost for energy efficiency rebates
	10,142	Lower cost for organizational development consulting
	(15,333)	Succession planning, not budgeted
	25,020	Lower cost for legal services and transmission/reliability standards
	27,473	Lower cost for CIP compliance consulting
	7,731	Lower cost for financial audit services
	13,732	Lower cost for cost of service study
	16,875	Pension study / GASB 67/68 report, cost not incurred

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY
VARIANCES FROM BUDGETED NET POSITION - MAY 31, 2019**

(Unfavorable)/	
Favorable Compared	
<u>to Budget</u>	
24,300	Employee search services, cost not incurred
(8,434)	Director professional counseling, not budgeted
8,100	Engineering compensation review, cost not incurred
8,100	Employee survey, cost not incurred
10,000	Coal pile survey, cost not incurred
(70,825)	Higher cost for worker's compensation claims
5,265	Lower premium cost for casualty insurance
25,148	Lower cost for healthcare
(27,749)	Higher cost for FICA
(35,550)	Higher cost for deferred comp utility match
(12,559)	Higher cost for LTD insurance
8,100	Unemployment, cost not incurred
19,521	More fringe benefits charged to construction & capital projects than projected
12,921	Lower cost for regulatory commission
19,668	Lower cost for employment expenses
34,756	Lower cost for general CIP expenses
5,410	Lower cost for continuous improvement expenses
7,813	Lower cost for employee team expenses
70,996	Lower cost for training/travel
(26,914)	Higher cost for temporary labor services
(25,077)	Higher cost for vacation expense
72,785	Lower labor cost
<u>32,966</u>	<u>Other miscellaneous variances - net</u>
<u>642,758</u>	

Maintenance

11,643	Lower cost for elevator maintenance
5,000	CHMB maintenance and MH building repairs, not done
63,800	A17.3 Code required elevator upgrades (all), not done
84,283	Lower cost for unit 9 turbine roof maintenance
(5,503)	Submersible pump replacement, not budgeted
22,000	Replace SE corner vacuum header, not done
16,500	Units 7,8,9 fire protection panel inspection, not done
(24,049)	Unit 9 extend 8" carbon steel vacuum line, not budgeted
(24,391)	Higher cost for bottom ash system materials
48,496	Lower cost for fly ash system materials
(11,652)	Unit 7 chimney inspection, not budgeted
(6,476)	Unit 7 duct balloon, not budgeted
(41,124)	Unit 7 chain assembly, not budgeted
(25,138)	Higher cost for unit 8 miscellaneous valve repairs
(6,968)	Higher cost for unit 8 sootblower repairs
(29,186)	Higher cost for 8A reboiler repairs
(5,830)	Replace unit 8 injector assembly, not budgeted
6,816	Lower cost for unit 8 waterblast/gritblast furnace
7,847	Lower cost for unit 8 cyclone repairs
(31,562)	Higher cost for unit 8 boiler vacuum services
(10,912)	Replace 8C stockfeeder belt, not budgeted
(5,858)	Replace TG2 branch 1 & 2 modules in I/O cabinet, not budgeted
8,285	Lower cost for rebuild unit 9 sootblowers
(5,375)	Scaffolding and replace insulation for Unit 9 hot reheat Y-block, not budgeted
12,000	Purchase a spare coal feeder GRRD for overhauls, not done
8,000	Inspect & clean 7B condensate pump motor, not done
91,000	Replace 9C mill exhaust discharge VLV body, not done
49,094	Unit 9 boiler scaffolding, over accrued in 2018
(12,427)	Replace 9B precipitator expansion joint, not budgeted
(13,596)	Unit 9 LTSH tube replacement, not budgeted
(6,913)	Replace journal wear liners in 9A pulverizer, not budgeted
(7,418)	Replace journal wear liners in 9C pulverizer, not budgeted
(11,902)	Replace motor in 9D pulverizer, not budgeted
(34,614)	Unit 9 boiler tube shield replacement, not budgeted
(10,600)	Unit 9 boiler tube analysis, not budgeted
29,421	Lower cost for unit 9 update air heater outlet O2 probes
9,375	Unit 9 boiler vent, drain and blowdown valve repairs, not done
9,056	Lower cost for unit 9 miscellaneous valve repairs
52,085	Unit 9 routine pulverizer maintenance, not done
80,000	Unit 9 pulverizer journal rebuilds, not done
15,000	Unit 9 boiler feed PMP evaluation, not done
21,000	Unit 9 reheat spray valve trim replacement, not done
12,354	Lower cost for continuous emission monitoring
10,427	Lower PAC (powdered activated carbon) injection system costs
5,000	Quencher pump impeller replacement, not done
15,000	Process piping repairs, not done
7,500	Stack duct baloon, not done
(8,731)	Repair 300 horsepower motor, not budgeted
6,000	Absorber spray impeller replacement, not done

**MUSCATINE POWER AND WATER - ELECTRIC UTILITY
VARIANCES FROM BUDGETED NET POSITION - MAY 31, 2019**

(Unfavorable)/ Favorable Compared to Budget		
	(7,111)	Absorber spray tower 901 inspection and cleaning, not budgeted
	(10,224)	Replace T-902 A&B valves, not budgeted
	(8,316)	Repair expansion joint for 902 tower, not budgeted
	(5,471)	FGD 902 absorber spray pump discharge expansion joint, not budgeted
	(14,506)	Higher cost for FGD hydroclone repairs/replacements
	8,000	902 WFC motor inspection/repair, not done
	8,000	902 absorber spray pump motor, not done
	14,000	901 booster fan motor clean/inspect/repair, not done
	9,800	WDHFP discharge valves to Clarkson, not done
	(5,165)	Unit 8 repair 2,400 volt auxillary supply breaker, not budgeted
	6,000	Unit 8 UPS battery replacement, not done
	81,769	Lower cost for unit 8 stop valve and CV valve inspection and repair
	8,000	8B CW pump motor inspection and repair, not done
	5,000	Unit 9 replace CV-2 relay, not done
	32,000	Replace Unit 9 screen covers, not done
	(10,914)	Unit 9 PDA online data collection and analysis, not budgeted
	(405,507)	Unit 9 turbine/generator overhaul, not budgeted
	9,800	Unit 9 replace chlorine injection pump, not done
	7,200	Unit 9 clean heat exchangers, not done
	(8,607)	Unit 9 Peerless centrifugal pump, not budgeted
	22,000	Unit 9 auxiliary transformer repairs, hot oil process, not done
	12,436	Lower cost for unit 9 miscellaneous plant maintenance
	(7,921)	Higher cost for unit 9 miscellaneous plant maintenance
	11,026	Lower cost for unit 7 miscellaneous plant maintenance
	28,000	Update air dryer controls, not done
	13,500	Chain fall hoist inspection, not done
	39,977	Lower cost for rail car maintenance
	(45,759)	Higher cost for coal conveyor maintenance
	18,000	Coal silo leak repairs units 7 & 8, not done
	15,000	L conveyor belt, not done
	42,000	RC2 conveyor belt, not done
	5,000	Stammler feeder drag chain conveyor, not done
	15,000	Dust collector bags, not done
	17,500	Radial stacker tire repair, not done
	15,000	Replace 8B crusher hammers, not done
	18,100	9B coal gate replacement, not done
	10,000	DC-14A double flight screw, not done
	(8,423)	Hydromatic sump pump and impeller, not budgeted
	(11,607)	Higher cost for rail unloader maintenance
	23,227	Lower overhead lines materials expense, transmission
	(12,288)	Higher overhead lines materials expense, distribution
	11,762	Lower underground lines materials expense, distribution
	(12,576)	Repair three padmount transformers, not budgeted
	26,413	Returned 15 kV switchgear back into stores, not budgeted
	14,000	Re-gasket and paint two 2,500 kVA transformers, not done
	24,826	Lower street lighting materials expense
	(9,861)	Higher signals materials expense
	63,691	Lower cost for general plant maintenance agreements
	12,682	Lower general plant materials expense
	(6,600)	Replace cabinets in the head end, not budgeted
	(6,172)	Semi-annual HVAC preventative maintenance inspection, not budgeted
	(4,356)	Repair yard gate, not budgeted
	(29,268)	Higher labor cost
	<u>128,062</u>	Other miscellaneous variances - net
	<u>512,874</u>	
Depreciation	<u>(786,280)</u>	Net value of the A&G assets was underestimated for the budget
Nonoperating Revenue (Expense)		
Interest Income	263,085	Higher average cash balances
Interest Expense	<u>(1,993)</u>	
	<u>261,092</u>	
Capital Contributions	<u>3,300</u>	3 transformers for job sale
Change in Net Position	<u>\$ 2,144,089</u>	Total Variance from Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position

Sales of Electricity

Native System Sales

1.8% lower kWhs sold, offset by an 9.4% higher average sales price per kWh (\$.07331/kWh versus \$.06700/kWh budgeted), resulted in \$1,766,521 higher revenue than projected.

Wholesale Sales

5.6% lower kWhs sold and a 3.3% lower average sales price (\$.02989/kWh versus \$.03091/kWh budgeted), resulted in \$978,818 lower revenue than projected.

Steam Sales

0.8% higher pounds of steam sold, resulted in \$9,908 higher revenue than projected.

Other Revenue

By-Product Revenue

Gypsum sales and fly ash sales are \$867 and \$7,015 lower than budgeted respectively, due to the unit 9 outage and colder temperatures.

Miscellaneous Revenue

Net job sales revenue is \$15,845 lower than budget. Transmission-related revenue is \$3,847 higher than budgeted. Recycling revenue is \$1,208 lower than budgeted. Penalty revenue is \$3,912 higher than budgeted. Included in revenue is \$18,322 for renewable energy credits sold that were not budgeted.

Nonoperating Revenue (Expense)

Interest Income

Interest income is \$263,085 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 1.8% lower average purchase price (\$.02735/kWh versus \$.02784/kWh budgeted) and 1.6% lower kWhs purchased for native system sales, resulted in \$355,856 lower cost. Wind energy kWh purchases were 8.1% or \$52,126 lower than budgeted.

Generation

Operation Supervision – (500)

Total labor expense is \$28,119 higher than budget due to more overtime than expected.

Fuel – Coal – (501-001)

2.1% or 6,217 higher tons of coal burned, offset by a 1.5% lower price/ton, resulted in \$49,427 lower coal expense.

Fuel – Fuel Oil – (501-921)

Cost of fuel oil for Unit 9 start-ups is \$4,857 higher than budgeted. Other materials expenses are \$679 higher than budgeted.

Fuel – Gas – (501-002)

Unit 7's natural gas usage is \$6,249 lower than budgeted and unit 8's natural gas usage is \$9,559 lower than budgeted.

Coal Handling Expense - (501-003)

Labor expenses are \$119,837 higher than budgeted. Gasoline and diesel fuel expenses are \$9,472 higher than budgeted. Other materials expenses are \$4,158 higher than budgeted.

Landfill Operation Expense - (501-925)

Labor expenses are \$10,999 higher than budgeted. Phase I landfill partial cover expenses are \$322,497 lower than budgeted due to timing. CCRL groundwater sampling and analysis expenses are \$3,212 lower than budgeted. The budget includes \$17,922 for spraying herbicide to control weeds, \$14,500 for engineering services relating to CCR compliance, \$12,000 for state AWQR, \$13,000 for CCR federal reports, \$6,000 for a landfill site inspection, and \$5,000 for landfill financial assurance; each of these budgeted items has not occurred.

Steam Expense – Boiler – (502-004)

Labor expenses are \$38,856 higher than budgeted. Bottom ash system chemicals are \$1,853 lower than budget due to timing; other materials expenses are \$6,434 higher than budget.

Steam Expense – Pollution Control – (502-005)

PAC (powdered activated carbon) injection system costs, wastewater chemicals/analysis, and labor expenses are \$43,638, \$37,011, and \$42,840 lower than budgeted, respectively. Limestone expense is \$11,528 higher than budgeted.

Electric Expense – (505)

Labor expense is \$33,647 higher than budget. A 9.7% higher average price, offset by 12.5% lower gallons consumed, resulted in \$6,782 lower cost for power plant water bills. Hydrogen and other material expenses are \$2,000 higher than budgeted.

Generation (cont'd)

<u>Miscellaneous Steam Power Expense - (506)</u>	2019	2019
	<u>Budget</u>	<u>Actual</u>
Labor	\$399,869	\$295,746
IDNR Title V permit fee	113,965	149,848
PM2.5 modeling	8,335	-
Stack testing	66,700	56,921
RATA testing	-	17,933
Engineering services for CCR rule compliance	5,000	15,701
316(b) cooling water impingement/entrainment study	75,000	-
EPA protocol-1 cal. & linearity gasses & demurrage	7,600	-
Universal waste recycling/hazardous waste disposal	10,665	7,584
Calibration testing for predictive maintenance tools	2,500	-
Calibration testing for Optalign Transducer	1,200	-
Machine Analyst and Microlog maintenance agreements	5,800	5,115
Units 8/9/FGD industrial gas cylinder lease	-	2,137
Units 8/9 service agreement for aware boiler monitoring software	-	3,180
Coal and by-product analysis	6,800	-
IDNR Non-Title V fees	15,000	4,618
ESC software engineering time/maintenance	13,755	10,285
Plant safety material expenses	62,325	50,803
Plant road and railroad crossing repairs	9,250	3,999
Rail car storage/switching costs/admin fees	46,228	65,212
PEPSI/PMAX/Aware maintenance agreements	3,335	4,664
Travel/training	51,012	26,116
Temporary labor services	24,417	-
Ground maintenance	10,950	9,688
Membership/subscriptions	7,965	4,711
Gasoline/diesel fuel	5,833	8,040
Other expenses	46,284	22,429
	<u>\$999,788</u>	<u>\$764,730</u>

Maintenance Supervision – (510)

Labor expense is \$38,525 higher than budgeted.

Generation (cont'd)

<u>Maintenance of Structures - (511)</u>	2019	2019
	<u>Budget</u>	<u>Actual</u>
Labor	\$118,062	\$108,779
Elevator maintenance	35,063	23,420
Contracted insulation replacement/repair	13,747	10,576
CHMB maintenance and MH building repairs	5,000	-
A17.3 Code required elevator upgrades (all)	63,800	-
Motor for Trane steam heater	-	689
Install walk-thru door in FGD	-	2,619
Unit 9 turbine roof maintenance	100,000	15,717
Submersible pump replacement	-	5,503
Vacuum sumps	-	1,816
Explosion proof receptacle replacement	-	716
Heater	-	1,669
Replace SE corner vacuum header	22,000	-
Annual CO2 tank inspection	1,200	-
Units 7,8,9 fire protection panel inspection	16,500	-
Rental of JLG high boom lift	-	1,168
Replace bent ground bar and clamps for FGD reheater hoist	-	3,577
Unit 9 extend 8" carbon steel vacuum line	-	24,049
Troubleshoot and repair node card on backup drop 72	-	3,048
Backflow preventer inspection/repairs	7,700	3,596
Other expenses	68,509	50,331
	<u>\$451,581</u>	<u>\$257,274</u>

Generation (cont'd)

<u>Maintenance of Boiler Plant - Boiler - (512-006)</u>	2019	2019
	<u>Budget</u>	<u>Actual</u>
Labor	\$359,336	\$332,491
Bottom ash system materials	53,521	77,912
Fly ash system materials	53,646	5,150
Reverse osmosis system	3,333	-
Unit 7 chimney inspection	-	11,652
Update unit 7 sootblower motor starters	5,200	3,859
Unit 7 duct balloon	-	6,476
Unit 7 chain assembly	-	41,124
Unit 8 miscellaneous valve repairs	400	25,538
Unit 8 sootblower repairs	3,825	10,793
8A reboiler repairs	7,271	36,457
Replace unit 8 injector assembly	-	5,830
Unit 8 deslag furnace	15,000	16,120
Unit 8 waterblast/gritblast furnace	22,500	15,684
Unit 8 cyclone repairs	20,000	12,153
Unit 8 boiler vacuum services	15,000	46,562
Unit 8 U-channel tray assemblies	-	4,672
Unit 8 AC unit for SS4 cabinet to prevent overheating	-	3,917
Replace 8C stockfeeder belt	-	10,912
Replace TG2 branch 1 & 2 modules in I/O cabinet	-	5,858
Replace steam drum level guage	-	3,305
Replace & calibrate 8B oxygen probe	-	2,059
Rebuild unit 9 sootblowers	10,415	2,130
Scaffolding and replace insulation for Unit 9 hot reheat Y-block	-	5,375
Purchase a spare coal feeder GRRD for overhauls	12,000	-
Inspect & clean 7B condensate pump motor	8,000	-
Reinforced rubber hose for unit 9 boiler ignitor air system	-	2,658
Replace 9C mill exhaust discharge VLV body	91,000	-
Unit 9 boiler scaffolding *	-	(49,094)
Replace 9B precipitator expansion joint	-	12,427
Clean coal out of 9B plant silo	-	3,445
Unit 9 LTSH tube replacement	-	13,596
Replace journal wear liners in 9A pulverizer	-	6,913
Replace journal wear liners in 9C pulverizer	-	7,418
9C pulverizer mechanical inspection and blade replacement	-	4,598
Replace motor in 9D pulverizer	-	11,902
Replace blades in 9B pulverizer	-	4,589
Unit 9 boiler tube shield replacement	-	34,614
Unit 9 boiler tube analysis	-	10,600
Unit 9 and FGD annual lubrication	-	3,879

Generation (cont'd)

<u>Maintenance of Boiler Plant - Boiler - (512-006) (cont'd)</u>	2019	2019
	<u>Budget</u>	<u>Actual</u>
Unit 9 pulverizer Beck Drive control retrofit	40,000	40,872
Unit 9 update air heater outlet O2 probes	35,000	5,579
Unit 9 boiler vent, drain and blowdown valve repairs	9,375	-
Unit 9 miscellaneous valve repairs	18,750	9,694
Unit 9 routine pulverizer maintenance	52,085	-
Unit 9 pulverizer journal rebuilds	80,000	-
Unit 9 boiler feed PMP evaluation	15,000	-
Unit 9 reheat spray valve trim replacement	21,000	-
Software/plant controls maintenance agreements	23,883	27,513
Other expenses	166,117	60,043
	<u>\$1,141,657</u>	<u>\$897,275</u>

*2018 expense over accrued

Generation (cont'd)

Maintenance of Boiler Plant – Pollution Control - (512-007)	2019	2019
	Budget	Actual
Labor	\$133,246	\$107,475
Continuous emission monitoring expenses	55,414	43,060
PAC (powdered activated carbon) injection system costs	5,625	-4,802
Miscellaneous precipitator repairs	34,015	35,657
Miscellaneous limestone handling equipment repairs	1,667	-
Wastewater equipment maintenance	13,627	9,263
Scrubber waste equipment repairs	2,083	71
Quencher pump impeller replacement	5,000	-
Process piping repairs	15,000	-
Stack duct balloon	7,500	-
Repair motor for 9B reheat condensate return unit pump #1	-	1,997
Repair 300 horsepower motor	-	8,731
Absorber spray impeller replacement	6,000	-
Install deflector in 902 limestone silo	-	4,687
Absorber spray tower 901 inspection and cleaning	-	7,111
Replace T-902 A&B valves	-	10,224
Replace T-901 A&B demister valves	-	2,489
Repair expansion joint for 902 tower	-	8,316
901 waste disposal hydraulic feed pump A inspection	-	2,124
901 waste disposal hydraulic feed pump B inspection	-	3,131
FGD 902 absorber spray pump discharge expansion joint	-	5,471
FGD insulation repair	-	3,529
FGD hydroclone repairs/replacements	6,250	20,756
Install Stackvision client in unit 9 control room	2,100	-
902 WFC motor inspection/repair	8,000	-
902 absorber spray pump motor	8,000	-
901 booster fan motor clean/inspect/repair	14,000	-
WDHFP discharge valves to Clarkson	9,800	-
Other expenses	14,144	10,838
	<u>\$341,471</u>	<u>\$280,128</u>

Generation (cont'd)

<u>Maintenance of Electric Plant - (513-008)</u>	2019	2019
	<u>Budget</u>	<u>Actual</u>
Labor	\$122,124	\$154,169
Unit 8 repair 2,400 volt auxillary supply breaker	-	5,165
Unit 8 UPS battery replacement	6,000	-
Unit 8 stop valve and CV valve inspection and repair	87,000	5,231
8B CW pump motor inspection and repair	8,000	-
Unit 8 station battery annual inspection	2,500	2,119
Unit 8 condenser cleaning	2,800	-
Unit 8A generator minor electrical testing	8,000	6,516
Unit 9 replace CV-2 relay	5,000	-
Unit 9 rebuild two traveling screens	55,000	51,313
Unit 9 replace screen covers	32,000	-
Unit 9 transformer & turbine oil samples	3,700	2,552
Unit 9 PDA online data collection and analysis	-	10,914
Unit 9 turbine/generator overhaul *	-	405,507
Unit 9 replace chlorine injection pump	9,800	-
Unit 9 clean heat exchangers	7,200	-
Unit 9 annual H2 tank inspection with relief valve	2,500	-
Unit 9 Peerless centrifugal pump	-	8,607
Unit 9 auxiliary transformer repairs, hot oil process	22,000	-
Unit 9 miscellaneous plant maintenance	30,375	17,939
Unit 8A miscellaneous plant maintenance	7,291	4,125
Unit 8 miscellaneous plant maintenance	8,084	16,005
Unit 7 miscellaneous plant maintenance	11,234	208
GE, EX-2000, and Mark V service agreement	10,500	5,696
Other expenses	416	78
	<u>\$441,524</u>	<u>\$696,144</u>

*2018 expense not accrued

Maintenance of Miscellaneous Steam Plant – (514)

Materials expenses are lower than budgeted primarily due to \$28,000 budgeted for updating air dryer controls and \$13,500 for chain fall hoist inspection and repair; each of these budgeted items has not occurred. Labor expenses are \$13,973 lower than budgeted. Gasoline and diesel fuel expenses are \$1,458 lower than budgeted.

Generation (cont'd)

<u>Maintenance of Coal Handling Equipment - (516)</u>	2019	2019
	<u>Budget</u>	<u>Actual</u>
Labor	\$116,054	\$134,851
Rail car maintenance	84,792	44,815
Dozer maintenance	33,375	31,747
Coal conveyor maintenance	28,418	74,177
LSCS-1 primary & secondary scrapers	2,500	-
Unit 8 coal crushers & feeders inspection	-	3,036
Coal silo leak repairs units 7 & 8	18,000	-
L conveyor belt	15,000	-
RC2 conveyor belt	42,000	-
Stammler feeder drag chain conveyor	5,000	-
Stammler feeder tail shaft rebuild kit	4,500	-
Dust collector bags	15,000	-
Radial stacker tire repair	17,500	-
Replace 8B crusher hammers	15,000	-
Unit 9 crusher house wash down pump	-	2,879
9B coal gate replacement	18,100	-
PC-1 load chute door inspection	-	1,814
Belt roller/idler replacement	2,000	-
DC14A rotary lock gear reducer replacement	-	1,469
DC-14A double flight screw	10,000	-
Hydromatic sump pump and impeller	-	8,423
Rail unloader maintenance	4,164	15,771
Temporary labor services	18,500	-
Other expenses	<u>16,615</u>	<u>13,918</u>
	<u>\$466,518</u>	<u>\$332,899</u>

<u>System Control and Load Dispatch - (556)</u>	2019	2019
	<u>Budget</u>	<u>Actual</u>
Labor	\$51,977	\$68,349
SCADA Dark Fiber service & BUCC MME services	8,131	7,890
MISO operating & administrative fees	71,665	65,940
MISO & APDA memberships	1,126	1,000
Travel and training	250	257
Other expenses	<u>3,158</u>	<u>1,646</u>
	<u>\$136,307</u>	<u>\$145,082</u>

Depreciation – (558)

At the end of 2018, 80 railcars were sold. This was not anticipated in the budget.

TransmissionStation Expense – (562)

Labor and materials expenses are \$17,183 and \$4,066 lower than budgeted, respectively.

Transmission (cont'd)

Overhead Line Expense – (563)

Labor expense is \$17,306 higher than budgeted.

Transmission of Electricity by Others – (565)

The cost of MISO's multi-value transmission and market efficiency projects are \$164,726 lower than budgeted.

Miscellaneous Transmission Expense – (566)

Materials expenses are \$6,503 lower than budgeted.

Maintenance of Station Equipment – (570)

Labor expense is \$8,264 higher than the budget.

Maintenance of Overhead Lines – (571)

Labor expense is \$14,681 lower than the budget. Materials expenses are \$23,227 lower than budgeted primarily due to \$15,000 budgeted for tree-trimming that did not occur.

Vacation, Holiday, Sick Leave – (575)

Transmission workers' sick leave usage was lower than anticipated.

Depreciation – (576)

Prior year capital additions were less than budgeted resulting in less depreciation than budgeted for 2019.

Distribution

Operation Supervision – (580)

Labor expense is \$10,377 lower than budgeted.

Station Expense – (582)

Labor expense is \$25,124 lower than budgeted.

Overhead Line Expense – (583)

Labor expense is \$1,403 lower than budgeted. The budget includes \$13,500 for electric line workers' tools and tool repairs and \$2,000 for Lean initiative expenses that have not been needed as well as \$1,750 for hoist testing that has not been done.

Vehicle Expense – (589)

Vehicle labor and materials expenses are lower than the budget by \$8,462 and \$2,628 respectively. Gasoline and diesel fuel usage is \$2,900 greater than budgeted.

Underground Line Expense – (584)

Labor and materials expenses are \$3,472 and \$2,639 lower than budgeted, respectively.

Street Lighting – (585-418)

Labor and materials expenses are \$6,732 and \$3,813 lower than budgeted, respectively.

Signal Expense – (585-419)

Labor expense is \$5,595 lower than budgeted.

Distribution (cont'd)Miscellaneous Distribution Expense – (588)

Labor expense is \$37,499 higher than budgeted; the electric line workers' labor makes up \$14,645 or 39.1% of this total. The share in MAGIC's operating expenses is \$17,544 lower than budgeted; other materials expenses are \$11,893 higher than budgeted. Temporary labor services, totaling \$35,812, were not budgeted. Travel and training expenses are \$2,544 lower than budgeted. Fire retardant clothing expenses are \$5,220 higher than budgeted.

Maintenance Supervision – (590)

Labor expense is \$10,610 lower than budgeted.

Maintenance of Station Equipment – (592)

Labor expense is \$10,583 lower than budgeted. Materials expenses are \$4,040 higher than budgeted.

Maintenance of Overhead Lines – (593)

Labor and materials expenses are \$58,227 and \$12,288 higher than budgeted, respectively, due to more repairs.

Maintenance of Underground Lines – (594)

Labor and materials expenses are \$25,319 and \$11,762 lower than budgeted, respectively, due to less repairs.

Maintenance of Line Transformers – (595)

Labor expense is \$1,941 lower than budgeted. Materials expenses are lower than budgeted primarily due to \$12,576, not budgeted, for repairing three padmount transformers, offset by returning a 15-kV switchgear back into stores for \$26,413, also not budgeted. Additionally, \$14,000 to re-gasket and paint two 2500 kVA transformers did not occur. Other miscellaneous materials expenses are \$3,958 higher than budgeted.

Maintenance of Street Lighting – (596-STL)

Labor expenses are \$7,233 lower than budgeted. Materials expenses are \$24,826 lower than budgeted primarily due to \$20,000 budgeted to paint 40 poles not completed and returning decorative streetlights back into stores for \$9,016, offset by \$3,450 for Grandview Avenue foundation design, not budgeted, and more repairs.

Maintenance of Signal Expense – (596-419)

More than anticipated signal repairs resulted in \$14,196 higher labor than budgeted. Materials expenses are \$9,861 higher than budgeted. This includes \$3,301 for a video detection video processing card, \$2,590 for replacing the signal cabinet at the bridge, and \$3,283 for replacing the signal cabinet and output file at Dick Drake Way due to failure; none of these items were budgeted.

Vacation, Holiday, Sick Leave – (599)

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

Depreciation – (578)

Substation, underground, streetlight, and signal system assets were estimated at a higher cost than 2018 year-end actual due to capital projects not being completed.

Customer Service Expense

<u>Customer Information Expense - (909)</u>	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<u>Marketing</u>			
Media advertising	\$6,368	\$3,742	\$5,627
MP&W Newsletter	1,238	1,632	1,552
Billing services	2,293	210	-
Promotional materials	12,134	3,481	290
Photo library	<u>1,677</u>	<u>-</u>	<u>162</u>
Subtotal - Marketing	<u>23,710</u>	<u>9,065</u>	<u>7,631</u>
<u>Energy Services</u>			
Trees Forever	13,000	13,000	13,000
Questline-EE newsletter service and customer awareness programs	8,335	120	13,390
Customized energy efficiencies	500	-	-
Customer light bulb exchange program (LED/CFL)	1,665	1,072	1,749
Youth education (science fair/poster contest)	<u>2,500</u>	<u>2,763</u>	<u>2,315</u>
Subtotal - Energy Services	<u>26,000</u>	<u>16,955</u>	<u>30,454</u>
Miscellaneous	499	4,741	422
	<u>\$50,209</u>	<u>\$30,761</u>	<u>\$38,506</u>

<u>Energy Efficiency Rebates - (912)</u>	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Commercial lighting	\$17,000	\$8,696	\$14,319
Compact fluorescent lighting	1,250	385	1,086
Air conditioning	11,875	3,888	9,945
Refrigerator	1,925	720	2,140
City building improvement	2,500	-	-
Washing machine	1,667	500	2,150
Customized energy efficiency	-	-	20
Water heater	3,000	550	2,500
Geo-thermal	3,000	50	3,900
Motor	20,000	-	38,150
Dishwasher	833	350	925
	<u>\$63,050</u>	<u>\$15,138</u>	<u>\$75,135</u>

Consumer AccountsMeter Reading Expense – (902)

Labor expenses are \$12,447 higher than budgeted. Temporary services are \$1,238 lower than budgeted.

<u>Consumer Records and Collection - (901 & 903)</u>	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Labor	\$182,346	\$169,859	\$164,881
Temporary labor services	5,790	6,882	5,148
Postage	12,016	11,498	13,639
Payment processing fees *	24,647	20,722	32,626
Collection fees	3,785	992	3,465
Integrated voice response service	768	935	620
Travel/training	1,785	417	-
Gasoline/diesel fuel	1,250	599	507
Other	3,571	2,763	2,300
	<u>\$235,957</u>	<u>\$214,666</u>	<u>\$223,186</u>

*Refund of prior fees of \$4,309 received

Administrative and GeneralAdministrative and General Salaries – (920)

Labor expenses are \$29,455 lower than budgeted.

<u>Office Supplies - (921)</u>	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General office supplies/phone	\$19,005	\$19,319	\$22,215
Memberships/subscriptions	7,709	15,041	11,980
Internet/MME	7,345	7,240	7,106
Office furniture	6,965	2,177	5,098
Computer hardware/software	10,370	9,752	19,025
Postage	4,556	167	2,340
Maintenance agreements	-	2,046	-
Vehicle allowance	5,943	5,865	5,943
Vehicle maintenance	4,042	1,332	1,779
Gasoline/diesel fuel	1,667	1,106	1,201
Other	11,694	21,323	4,310
	<u>\$79,295</u>	<u>\$85,368</u>	<u>\$80,997</u>

Administrative and General (cont'd)

<u>Outside Services Employed - (923)</u>	<u>Resp</u>	<u>2019</u>	<u>2019</u>	<u>2018</u>
	<u>Code</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Organizational development consulting	120-Gage	\$16,875	\$6,733	\$37,605
Succession planning	110-Board	-	15,333	-
Legal services	140-Brandy	13,100	104	3,585
Environmental legal services	140-Brandy	6,250	14,430	-
Transmission/reliability standards legal services	140-Brandy	26,250	7,497	18,709
Coal & transportation attorney	140-Brandy	2,080	-	-
Bond counsel	140-Brandy	750	-	-
Labor attorney	140-Brandy	2,100	3,075	-
CIP compliance consulting	145-Seth	30,000	2,527	1,769
NERC compliance consulting	145-Seth	28,750	29,400	2,138
Web design service	224-Rick	1,714	525	1,409
Insurance advisor	310-Jerry	17,010	17,010	17,010
Financial audit services	320-Jerry	40,604	32,873	37,675
Cost of service study	320-Jerry	25,000	11,268	-
Coal & transportation consulting	331-Brad	32,500	31,250	32,500
Fuel procurement committee consulting	331-Brad	3,000	-	-
ACS services	350-Greg	-	-	4,050
509A Actuary	410-Erika	891	790	790
Benefits consulting	410-Erika	18,776	14,175	14,175
Labor attorney	410-Erika	-	404	-
Pension Study / GASB 67/68 Report	410-Erika	16,875	-	(12,150)
Employee search services	410-Erika	24,300	-	49,800
Director professional counseling	410-Erika	-	8,434	-
Engineering compensation review	410-Erika	8,100	-	-
Employee survey	410-Erika	8,100	-	-
MISO consultant	610-Doug	1,041	-	-
Coal pile survey	612-Neal	10,000	-	449
		<u>\$334,066</u>	<u>\$195,828</u>	<u>\$209,514</u>

Property Insurance – (924)

The premium for property insurance was budgeted to increase 7%; the actual year over year increase is 16.3%.

Injuries and Damages – (925)

Workers compensation claims are \$70,825 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 \$5,265 lower expense.

Administrative and General (cont'd)

<u>Employee Pensions and Benefits (926)</u>	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Pension	\$1,314,149	\$1,314,149	\$1,255,851
Healthcare costs	1,003,047	977,899	972,855
FICA	539,557	567,307	523,518
Deferred comp utility match *	117,810	153,360	146,266
Dental	36,500	38,407	38,153
Educational reimbursements	11,813	10,540	9,807
LTD insurance *	24,621	37,180	23,660
Life insurance	19,090	19,346	18,453
Post-employment health benefit	13,183	13,183	13,039
Recognition dinner	14,426	16,544	14,907
Unemployment expenses	8,100	-	1,788
Other expenses	14,883	11,959	12,735
	<u>\$3,117,178</u>	<u>\$3,159,873</u>	<u>\$3,031,032</u>

*Deferred compensation higher than budget due to higher employee contribution in the early months of the year; budget spreads evenly

*LTD premiums increased 50%

Fringe Benefits Charged to Construction – (927)

More time has been charged to capital projects than projected.

Regulatory Commission – (928)

Iowa Utilities Board assessments were lower than budgeted.

Administrative and General (cont'd)

<u>Miscellaneous General Expense (930)</u>	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Employment expenses	\$34,275	\$14,607	\$10,566
APPA dues	15,830	14,502	13,740
IUB Iowa Energy Center	22,815	23,967	22,370
IAMU membership	17,500	17,414	16,780
GMCCI Economic Pledge/Projects	34,020	34,020	-
Legal publications	2,194	4,126	2,219
General CIP Expense	35,000	244	-
Continuous Improvement	8,303	2,893	-
Financial Annual Report	4,455	631	670
Subscriptions/memberships	13,004	11,092	12,485
Employee team expenses	21,303	13,490	13,896
Training/travel	69,132	26,589	38,329
Safety-related expenses	1,736	1,782	1,836
Labor	20,571	13,565	12,054
Temporary labor services	14,112	26,079	20,929
Board trustee fees	3,038	3,038	3,038
Freight	5,425	-	8,712
Other expenses	23,472	34,931	18,520
	<u>\$346,184</u>	<u>\$242,968</u>	<u>\$196,144</u>

Maintenance of General Plant – (932)

Labor expenses are \$1,042 lower than budgeted. Maintenance agreements are \$63,691 lower than budgeted; \$44,838 of this variance is for larger agreements with Microsoft, Advanced Business Systems, SecureWorks, and Champs where expense was either lower than budgeted or budgeted but not incurred due to timing, offset by an agreement with Associated Computer Systems where expense was incurred but not budgeted. Materials expenses are \$12,682 lower than budgeted. Memberships and subscriptions are \$11,070 lower than budgeted.

Maintenance of A/O Center – (934)

Labor expenses are \$10,666 higher than budgeted. Materials expenses are \$23,828 higher than budgeted; \$6,600 of this variance is for cabinets in the head end, \$6,172 is for a semi-annual HVAC preventative maintenance inspection, \$4,356 is for repairing the yard gate, \$2,732 is for installing a new exterior PTZ camera overlooking the north parking lot, and \$1,242 is for servicing the two pond pumps; each of these items were not budgeted. Temporary labor services are \$3,255 lower than budgeted. Lawn care expenses are \$1,060 lower than budgeted.

Vacation, Holiday, Sick Leave – (936)

The A/O Center workers' sick leave usage was higher than anticipated.

Depreciation – (933)

The budget, in error, did not include any depreciation due to the assumption that accumulated depreciation would be higher than the asset values.

Muscatine Power and Water

Water Utility

Financial Operating Statements & Balance Sheets

May 2019

**Muscatine Power and Water
Water Utility**

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Muscatine Power and Water - Water Utility
Classification of Water Distribution
Current Month - May 2019

	<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>Water Distribution - 1,000 Gallons</u>					
Contract Customers	676,192	2.5	692,977	0.2	691,296
Power Plants	28,541	(21.5)	22,391	(30.6)	32,269
Residential	34,810	(6.0)	32,715	(8.7)	35,813
Commercial	<u>29,582</u>	(3.9)	<u>28,430</u>	(6.0)	<u>30,249</u>
Total Metered Customers	769,125	1.0	776,513	(1.7)	789,627
Rated Customers - Estimate	---	---	4	---	4
City Use, Line Loss, Cycle Billing	<u>46,148</u>	1.0	<u>46,591</u>	(1.7)	<u>47,378</u>
Total Water Pumped	<u><u>815,273</u></u>	1.0	<u><u>823,108</u></u>	(1.7)	<u><u>837,009</u></u>

Calendar Year-to-Date

	<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>Water Distribution - 1,000 Gallons</u>					
Contract Customers	3,385,822	(1.0)	3,351,766	(0.3)	3,362,510
Power Plants	316,491	(12.5)	276,791	(8.7)	303,087
Residential	166,868	(2.3)	162,962	(2.3)	166,776
Commercial	<u>132,698</u>	0.7	<u>133,599</u>	(1.5)	<u>135,689</u>
Total Metered Customers	4,001,879	(1.9)	3,925,118	(1.1)	3,968,062
Rated Customers - Estimate	---	---	19	(53.7)	41
City Use, Line Loss, Cycle Billing	<u>240,113</u>	(1.9)	<u>235,507</u>	(1.1)	<u>238,084</u>
Total Water Pumped	<u><u>4,241,992</u></u>	(1.9)	<u><u>4,160,644</u></u>	(1.1)	<u><u>4,206,187</u></u>

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - May 2019

	Budget		% Increase (Decrease) from Budget	This Year	% Increase (Decrease) from Last Year		Last Year	Avg. Price
	Estimate	Avg. Price			Avg. Price	Year		
<u>Sales of Water</u>								
Contract Customers	\$316,350	\$ 0.46784	0.7	\$318,644	\$ 0.45982	6.2	\$300,057	\$ 0.43405
Power Plants	25,961	0.90960	(10.8)	23,161	1.03439	(9.3)	25,544	0.79160
Residential	180,449	5.18383	(1.9)	177,091	5.41314	2.9	172,126	4.80624
Commercial	<u>55,850</u>	1.88797	(1.9)	<u>54,780</u>	1.92684	1.9	<u>53,784</u>	1.77804
Water Sales	<u>578,610</u>	0.75230	(0.9)	<u>573,676</u>	0.73878	4.0	<u>551,511</u>	0.69844
<u>Other Revenue</u>								
Penalty Revenue	1,200		---	1,293		(0.2)	1,295	
Merchandise & Job Sales-Net	500		-1.5X	(252)		80.0	(140)	
Miscellaneous Revenue	<u>2,456</u>		(34.3)	<u>1,614</u>		1.5X	<u>635</u>	
Total Other Revenue	<u>4,156</u>		(36.1)	<u>2,655</u>		48.3	<u>1,790</u>	
Operating Revenue	<u>582,766</u>		(1.1)	<u>576,331</u>		4.2	<u>553,301</u>	
<u>Operating Expense</u>								
Operation	349,993		3.7	362,793		4.6	346,715	
Maintenance	132,842		(61.1)	51,648		(49.2)	101,764	
Depreciation	<u>83,678</u>		(4.3)	<u>80,091</u>		11.9	<u>71,558</u>	
Total Operating Expense	<u>566,513</u>		(12.7)	<u>494,532</u>		(4.9)	<u>520,037</u>	
Operating Income	<u>16,253</u>		4.0X	<u>81,799</u>		1.5X	<u>33,264</u>	
<u>Nonoperating Revenues (Expenses)</u>								
Interest Income	6,894		53.1	10,554		3.2	10,226	
Interest Expense	<u>(39,231)</u>		0.0	<u>(39,231)</u>		(1.3)	<u>(39,754)</u>	
Net Nonoperating Revenues (Expenses)	<u>(32,337)</u>		(11.3)	<u>(28,677)</u>		(2.9)	<u>(29,528)</u>	
Change in Net Position	(16,084)		-4.3X	53,122		13.2X	3,736	
Beginning Net Position	<u>17,395,356</u>			<u>17,366,426</u>			<u>16,762,568</u>	
Ending Net Position	<u>\$17,379,272</u>			<u>\$17,419,548</u>			<u>\$16,766,304</u>	
Net Income (Loss) to Operating Revenue	(2.8)			9.2			0.7	
Debt Service Coverage	1.95			1.41			2.01	

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - May 2019

	Budget		% Increase (Decrease) from Budget	This Year		% Increase (Decrease) from Last Year	Last Year	
	Estimate	Avg. Price		Avg. Price			Avg. Price	
<u>Sales of Water</u>								
Contract Customers	\$1,533,345	\$ 0.45287	(1.2)	\$1,515,580	\$ 0.45217	5.4	\$1,437,679	\$ 0.42756
Power Plants	167,647	0.52971	(4.0)	160,865	0.58118	3.1	156,052	0.51488
Residential	864,018	5.17785	(1.0)	855,328	5.24863	4.9	815,281	4.88848
Commercial	263,884	1.98861	(2.7)	256,779	1.92201	1.0	254,117	1.87279
Water Sales	2,828,894	0.70689	(1.4)	2,788,552	0.71044	4.7	2,663,129	0.67114
<u>Other Revenue</u>								
Penalty Revenue	4,600		(8.2)	4,223		(16.9)	5,081	
Merchandise & Job Sales-Net	6,697		(81.5)	1,239		(78.6)	5,792	
Miscellaneous Revenue	6,682		37.5	9,191		19.4	7,700	
Total Other Revenue	17,979		(18.5)	14,653		(21.1)	18,573	
Operating Revenue	2,846,873		(1.5)	2,803,205		4.5	2,681,702	
<u>Operating Expense</u>								
Operation	1,788,693		0.5	1,797,418		4.9	1,714,113	
Maintenance	371,942		(15.6)	313,935		12.1	280,169	
Depreciation	418,392		(4.3)	400,455		11.9	357,785	
Total Operating Expense	2,579,027		(2.6)	2,511,808		6.8	2,352,067	
Operating Income	267,846		8.8	291,397		(11.6)	329,635	
<u>Nonoperating Revenues (Expenses)</u>								
Interest Income	35,609		47.0	52,334		23.6	42,352	
Interest Expense	(196,157)		0.0	(196,157)		(0.6)	(197,272)	
Net Nonoperating Revenues (Expenses)	(160,548)		(10.4)	(143,823)		(7.2)	(154,920)	
Change in Net Position	107,298		37.5	147,574		(15.5)	174,715	
Beginning Net Position	17,271,974			17,271,974			16,591,589	
Ending Net Position	\$17,379,272			\$17,419,548			\$16,766,304	
Net Income (Loss) to Operating Revenue	3.8			5.3			6.5	
Debt Service Coverage	1.88			1.75			1.87	

Muscatine Power and Water - Water Utility
Statements of Net Position
May 31, 2019

ASSETS

	<u>2019</u>	<u>2018</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$1,363,272	\$673,430
Receivables:		
Consumer Accounts	761,682	718,182
Interest	88	67
Inventories	362,145	352,211
Prepaid Expenses	63,094	61,263
	<u>2,550,281</u>	<u>1,805,153</u>
Total Unrestricted Current Assets		
<u>Restricted Assets</u>		
Cash - interest bearing	4,590,424	6,884,076
	<u>4,590,424</u>	<u>6,884,076</u>
Total Restricted Current Assets		
	<u>7,140,705</u>	<u>8,689,229</u>
Total Current Assets		
Non-Current Assets:		
Unamortized debt issuance costs	50,893	54,832
	<u>50,893</u>	<u>54,832</u>
Property and Equipment:		
At Cost	39,837,380	37,509,881
Less Accumulated Depreciation	11,921,055	11,371,417
	<u>27,916,325</u>	<u>26,138,464</u>
Net Property and Equipment		
Deferred Outflows of Resources		
Pension	573,254	791,423
IPERS	237,547	197,472
OPEB	10,397	10,397
	<u>821,198</u>	<u>999,292</u>
Total Deferred Outflows of Resources		
	<u>821,198</u>	<u>999,292</u>
TOTAL ASSETS	<u>\$35,929,121</u>	<u>\$35,881,817</u>

Muscatine Power and Water - Water Utility
Statements of Net Position
May 31, 2019

LIABILITIES AND NET POSITION

	<u>2019</u>	<u>2018</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accounts Payable	\$469,693	\$375,790
Health & Dental Insurance Provision	40,380	32,700
Retained Percentage on Contracts	56,176	50,669
Consumer Advances for Construction	600	600
Accrued Payroll	79,050	73,220
Accrued Vacation	150,344	153,147
Accrued Property Taxes	3,024	2,118
Miscellaneous Accrued Expenses	81,234	66,485
	<u>880,501</u>	<u>754,729</u>
Total Payable from Unrestricted Assets		
<u>Payable from Restricted Assets</u>		
State Revolving Loan - Current Portion	---	33,000
Water Revenue Bonds - Current Portion	380,000	375,000
Accrued Interest	283,275	287,025
	<u>663,275</u>	<u>695,025</u>
Total Payable from Restricted Assets		
	<u>1,543,776</u>	<u>1,449,754</u>
Total Current Liabilities		
Non-Current Liabilities:		
State Revolving Loan	35,000	35,000
Water Revenue Bond Series 2017	14,918,497	15,401,552
Health & Dental Insurance Provision	21,037	58,496
Post-Employment Health Benefit Provision	92,126	87,717
Net Pension Liability	1,370,315	1,690,325
Consumer Advances for Construction	197,650	198,259
	<u>16,634,625</u>	<u>17,471,349</u>
Total Non-Current Liabilities		
Deferred Inflows of Resources		
Pension	245,846	79,730
IPERS	73,410	102,764
OPEB	11,916	11,916
	<u>331,172</u>	<u>194,410</u>
Total Deferred Inflows of Resources		
Net Position:		
Net Investment in Capital Assets	12,384,578	10,095,053
Restricted	4,307,149	6,597,051
Unrestricted	727,821	74,200
	<u>17,419,548</u>	<u>16,766,304</u>
Total Net Position		
TOTAL LIABILITIES AND NET POSITION	<u><u>\$35,929,121</u></u>	<u><u>\$35,881,817</u></u>

Muscatine Power and Water - Water Utility
Statements of Cash Flows
May 2019

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$81,799	\$291,397
Noncash item in operating income:		
Depreciation of utility plant	80,091	400,455
Change in deferred outflows of resources	---	51,527
Change in deferred inflows of resources	---	(125,554)
Changes in assets and liabilities:		
Consumer accounts receivable	11,069	(6,132)
Inventories	(23,178)	(18,436)
Prepaid and deferred expenses	9,068	(40,793)
Accounts payable	(8,481)	162,696
Net pension liability	20,967	104,834
Health & dental insurance provision	(5,393)	(32,728)
Other post-employment benefit provision	395	1,975
Retained percentage	---	---
Accrued payroll	22,251	(5,912)
Accrued vacation	(4,757)	2,727
Accrued property taxes	275	(179)
Unearned revenue	---	(1,200)
Miscellaneous accrued expenses	997	18,937
	<u>185,103</u>	<u>803,614</u>
Net cash flows from operating activities		
Cash flows from capital and related financing activities:		
State revolving loan fund principal & interest payment	(34,190)	(34,190)
Capital expenditures, net	(177,487)	(667,468)
	<u>(211,677)</u>	<u>(701,658)</u>
Net cash flows from capital and related financing activities		
Cash flows from investing activities:		
Interest received on investments	10,564	52,338
	<u>10,564</u>	<u>52,338</u>
Net cash flows from investing activities		
Net increase (decrease) in cash and investments	<u>(16,010)</u>	<u>154,294</u>
Cash and investments at beginning of period	<u>\$5,969,706</u>	<u>\$5,799,402</u>
Cash and investments at end of period	<u><u>\$5,953,696</u></u>	<u><u>\$5,953,696</u></u>

Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - May 2019

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision (600)	\$3,647		\$3,660		\$3,770	
Operation Labor and Expenses (601)	982		748		963	
Miscellaneous Expense (603)	385		880		1,338	
Maintenance of Wells (614)	40,000		---		---	
Maintenance of Supply Mains (616)	389		253		---	
Depreciation (618)	11,109		10,498		9,449	
Total Source of Supply Expense	56,512	9.7	16,039	2.8	15,520	2.8
 <u>Pumping</u>						
Operation Supervision (620)	3,998		3,489		4,146	
Fuel or Power Purchased (623)	78,100		90,537		75,209	
Pumping Labor and Expenses (624)	4,711		2,999		6,184	
Miscellaneous Expense (626)	283		293		360	
Maintenance of Structures (631)	451		---		---	
Maintenance of Pumping Equipment (632/633)	34,534		1,388		1,886	
Depreciation (634)	6,717		6,497		6,240	
Total Pumping Expense	128,794	22.1	105,203	18.3	94,025	17.0
 <u>Water Treatment</u>						
Operation Supervision (640)	3,634		3,744		3,800	
Chemicals (641)	18,309		17,277		8,799	
Operation Labor and Expenses (642)	15,767		23,390		14,362	
Miscellaneous Expense (643)	137		830		6,823	
Maintenance of Structures (651)	927		1,628		1,465	
Maintenance of Purification Equip. (652)	2,125		611		1,559	
Depreciation (654)	5,446		3,389		3,262	
Total Water Treatment Expense	46,345	8.0	50,869	8.8	40,070	7.2
 <u>Distribution</u>						
Operation Supervision (660)	3,756		3,367		3,993	
Storage Facilities Expense (661)	5,829		7,097		5,630	
Trans. & Distr. Lines Expense (662)	8,431		12,016		8,804	
Meter Expense (663)	11,681		9,405		13,221	
Consumer Installation Expense (664)	8,270		4,644		6,199	
Miscellaneous Expense (665)	13,172		14,895		24,278	
Vehicle Expense (667)	4,871		4,449		3,903	
Maintenance:						
Supervision (670)	5,189		4,767		5,239	
Structures (671)	239		17		49	
Reservoirs and Standpipes (672)	13,017		(90)		1,541	
Mains (673)	15,634		21,161		66,101	
Valves (674)	4,864		5,776		10,792	
Meters (676)	2,587		7,541		4,606	
Hydrants (677)	4,003		1,348		3,334	
Miscellaneous Plant (678)	3,318		3,262		2,122	
Vacation, Holiday, Sick Leave (679)	19,442		18,577		17,541	
Depreciation (680)	43,838		43,665		39,456	
Total Distribution Expense	\$168,141	28.9	\$161,897	28.1	\$216,809	39.2

Muscatine Power and Water - Water Utility
Summary of Expenses
Current Month - May 2019

	<u>Budget Est.</u>		<u>This Year</u>		<u>This Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$753	0.1	\$1,553	0.3	\$648	0.1
<u>Consumer Accounts</u>						
Meter Reading Expense (902)	3,280		4,514		4,972	
Consumer Records and Collection (901/903)	20,033		16,271		18,817	
Uncollectible Accounts Expense (904)	638		638		811	
Vacation, Holiday, Sick Leave (906)	2,803		1,934		2,198	
Total Consumer Accounts Expense	26,754	4.6	23,357	4.1	26,798	4.8
<u>Administrative and General</u>						
Administrative and General Salaries (920)	22,969		21,217		23,597	
Office Supplies and Expenses (921)	1,777		1,792		2,551	
Outside Services Employed (923)	1,108		643		1,641	
Property Insurance (924)	2,379		2,748		1,960	
Casualty Ins, Injuries & Damages (925)	4,263		3,567		3,825	
Employee Pensions and Benefits (926)	75,617		69,388		67,544	
Fringe Benefits Charged to Constr. (927)	(11,789)		(2,163)		(10,216)	
Miscellaneous General Expense (930)	9,752		6,807		8,923	
Rents (931)	6,270		6,270		6,207	
Maintenance of General Plant (932)	5,565		3,986		3,070	
Vacation, Holiday, Sick Leave (936)	4,735		5,317		3,914	
Depreciation (933)	16,568		16,042		13,151	
Total Administrative and General	139,214	23.9	135,614	23.5	126,167	22.8
Total Operating Expense	<u>\$566,513</u>		<u>\$494,532</u>		<u>\$520,037</u>	
Percent to Operating Revenue		97.2		85.8		94.0

Muscatine Power and Water - Water Utility
Summary of Expenses
Calendar Year-to-Date - May 2019

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision (600)	\$18,135		\$19,110		\$18,295	
Operation Labor and Expenses (601)	5,519		3,493		4,398	
Miscellaneous Expense (603)	1,010		2,120		1,374	
Maintenance of Wells (614)	40,000		36,750		---	
Maintenance of Supply Mains (616)	1,671		236		---	
Depreciation (618)	<u>55,544</u>		<u>52,489</u>		<u>47,243</u>	
Total Source of Supply Expense	<u>121,879</u>	4.3	<u>114,198</u>	4.1	<u>71,310</u>	2.7
<u>Pumping</u>						
Operation Supervision (620)	19,814		18,227		20,097	
Fuel or Power Purchased (623)	377,751		437,931		373,158	
Pumping Labor and Expenses (624)	24,634		12,227		30,514	
Miscellaneous Expense (626)	1,417		1,884		1,789	
Maintenance of Structures (631)	1,419		---		---	
Maintenance of Pumping Equipment (632/633)	64,440		58,962		21,052	
Depreciation (634)	<u>33,586</u>		<u>32,486</u>		<u>31,202</u>	
Total Pumping Expense	<u>523,061</u>	18.4	<u>561,717</u>	20.0	<u>477,812</u>	17.8
<u>Water Treatment</u>						
Operation Supervision (640)	18,171		19,109		18,289	
Chemicals (641)	95,385		89,010		93,957	
Operation Labor and Expenses (642)	84,033		112,295		81,245	
Miscellaneous Expense (643)	13,020		11,209		16,717	
Maintenance of Structures (651)	27,644		12,527		6,983	
Maintenance of Purification Equip. (652)	9,720		15,420		6,897	
Depreciation (654)	<u>27,231</u>		<u>16,943</u>		<u>16,308</u>	
Total Water Treatment Expense	<u>275,204</u>	9.7	<u>276,513</u>	9.9	<u>240,396</u>	9.0
<u>Distribution</u>						
Operation Supervision (660)	18,902		16,929		19,429	
Storage Facilities Expense (661)	25,381		32,798		26,703	
Trans. & Distr. Lines Expense (662)	28,116		28,728		37,416	
Meter Expense (663)	58,521		53,669		55,640	
Consumer Installation Expense (664)	32,164		19,320		27,902	
Miscellaneous Expense (665)	85,163		67,217		85,817	
Vehicle Expense (667)	24,545		36,578		38,179	
Maintenance:						
Supervision (670)	25,945		23,432		25,245	
Structures (671)	1,194		78		273	
Reservoirs and Standpipes (672)	13,886		510		1,923	
Mains (673)	91,385		80,809		120,531	
Valves (674)	24,319		28,214		35,947	
Meters (676)	13,407		21,690		21,007	
Hydrants (677)	9,311		3,086		5,311	
Miscellaneous Plant (678)	16,591		13,025		15,970	
Vacation, Holiday, Sick Leave (679)	85,182		68,859		80,063	
Depreciation (680)	<u>219,189</u>		<u>218,327</u>		<u>197,279</u>	
Total Distribution Expense	<u>\$773,201</u>	27.2	<u>\$713,269</u>	25.4	<u>\$794,635</u>	29.6

Muscatine Power and Water - Water Utility
Summary of Expenses
Calendar Year-to-Date - May 2019

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$6,450	0.2	\$5,449	0.2	\$2,420	0.1
<u>Consumer Accounts</u>						
Meter Reading Expense (902)	18,697		24,197		21,358	
Consumer Records and Collection (901/903)	97,658		89,066		92,909	
Uncollectible Accounts Expense (904)	3,188		3,188		4,055	
Vacation, Holiday, Sick Leave (906)	12,230		8,965		10,594	
Total Consumer Accounts Expense	131,773	4.6	125,416	4.5	128,916	4.8
<u>Administrative and General</u>						
Administrative and General Salaries (920)	114,841		105,698		108,939	
Office Supplies and Expenses (921)	9,137		10,133		11,436	
Outside Services Employed (923)	35,052		20,501		10,821	
Property Insurance (924)	11,423		11,377		9,199	
Casualty Ins, Injuries & Damages (925)	21,628		28,445		19,619	
Employee Pensions and Benefits (926)	379,785		349,236		340,988	
Fringe Benefits Charged to Constr. (927)	(48,924)		(19,056)		(45,270)	
Miscellaneous General Expense (930)	58,528		53,724		45,949	
Rents (931)	31,350		31,350		31,035	
Maintenance of General Plant (932)	31,010		19,196		19,030	
Vacation, Holiday, Sick Leave (936)	20,787		24,432		19,079	
Depreciation (933)	82,842		80,210		65,753	
Total Administrative and General	747,459	26.3	715,246	25.5	636,578	23.7
Total Operating Expense	<u>\$2,579,027</u>		<u>\$2,511,808</u>		<u>\$2,352,067</u>	
Percent to Operating Revenue		90.6		89.6		87.7

**Muscatine Power and Water - Water Utility
Statistical Data
Current Month - May 2019**

	<u>2019</u>		<u>2018</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Pumped</u>	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.697	0.739	0.659	0.698
Cost Per 1,000 Gallons	<u>0.601</u>	<u>0.637</u>	<u>0.621</u>	<u>0.659</u>
Margin	<u>0.096</u>	<u>0.102</u>	<u>0.038</u>	<u>0.040</u>
	<u>2019</u>		<u>2018</u>	
Maximum Daily Water Pumped (1,000 gallons)	29,436	30,352		
Date of Maximum	05/21	05/02		

Calendar Year-to-Date

	<u>2019</u>		<u>2018</u>	
	<u>Pumped</u>	<u>Sold</u>	<u>Pumped</u>	<u>Sold</u>
Average Revenue Per 1,000 Gallons	0.670	0.710	0.633	0.671
Cost Per 1,000 Gallons	<u>0.604</u>	<u>0.640</u>	<u>0.559</u>	<u>0.593</u>
Margin	<u>0.067</u>	<u>0.071</u>	<u>0.074</u>	<u>0.078</u>
	<u>2019</u>		<u>2018</u>	
Maximum Daily Water Pumped (1,000 gallons)	30,635	30,352		
Date of Maximum	04/22	05/02		

Services

Contract Customers	2	2
Power Plants	2	2
Residential	8,815	8,798
Commercial	<u>1,077</u>	<u>1,082</u>
Total	<u>9,896</u>	<u>9,884</u>

Water Utility
Review of Operating Results
May 2019

MUSCATINE POWER AND WATER - WATER UTILITY
VARIANCES FROM BUDGETED NET POSITION - May 31, 2019

	(Unfavorable)/ Favorable Compared to <u>Budget</u>	
Sales of Water		
Contract Customers	\$ (14,527)	GPC consumption is 0.4% lower than budget, plus a 0.6% lower billing rate
	(3,238)	Heinz's consumption is 7.8% lower than budgeted, offset by a 5.8% higher billing rate
	(6,782)	Power plants' consumption is 12.5% lower than budgeted, offset by a 9.7% higher billing rate,
	(8,690)	Residential consumption is 2.3% lower than budgeted, offset by a 1.4% higher billing rate
	(7,105)	Commercial consumption is 0.7% higher than budgeted offset by a 3.4% lower billing rate
	<u>(40,342)</u>	
Other Revenue		
Merchandise & Job Sales-Net	(5,458)	Lower job sales revenue
Miscellaneous Revenue	2,132	Posting fees \$1,530 higher
	<u>(3,326)</u>	
Operating Expense		
Operation	1,458	Dehumidifier for West Hill pumping station, not expended
	(60,180)	Higher fuel/power purchased due to a 18.2% higher cost per gallons pumped, offset by 1.9% lower gallons pumped
	6,375	Lower chemicals expense due to fewer gallons pumped compared to budget
	(13,248)	Higher water treatment materials expenses, including \$6,902 for electricity
	(7,661)	Higher electricity expense for storage facilities
	(1,922)	Higher meter expenses
	(8,461)	Professional engineering services, not budgeted
	(11,987)	Higher cost for vehicle operations expenses
	1,001	Lower cost for customer information expenses
	1,758	Lower cost of credit card processing fees, due to receiving \$1,904 refund
	1,235	Lower cost for collection of customer debt
	8,732	Cost of service study
	2,100	Employee search services, not expended
	1,458	GASB report not expended
	(7,280)	Higher workers compensation claims
	6,411	Lower health care cost
	22,890	Lower FICA expense
	(2,461)	Higher cost for gasoline/diesel fuel
	(29,868)	Lower fringe benefits charged to construction, due to timing of capital projects
	2,941	Travel and training lower than budgeted
	1,702	Lower employment expenses
	36,723	Lower labor, sick, personal and vacation expense
	39,559	Other miscellaneous variances - net
	<u>(8,725)</u>	
Maintenance	3,250	Lower cost for Well 35 cleaning and chlorination of Well 40
	1,163	Supply main materials, not expended
	1,419	Well building repairs, fencing at wells, and roof repairs not begun
	(9,661)	Higher cost for Well 32 & 35's pumping equipment repairs and valve purchases vary from budget
	15,139	Lower labor expense for pumping equipment repairs
	8,211	Cost for two exhaust fans at Grandview treatment building, not expended
	8,000	Fresh air heater in fluoride room, not expended
	6,000	Removal of asbestos tiles at the mainfield, not completed
	(3,865)	Higher cost of water treatment structure maintenance, including piping repairs
	(5,866)	Relocating chemical feed pumps at Progress Park treatment building, not budgeted
	12,800	Inspection of East Hill reservoir and Bidwell water tower to be completed in June
	10,576	Lower cost of main repairs due to concrete repairs delayed
	(3,895)	Higher cost for valve repairs
	(8,283)	Higher cost for meter maintenance
	6,225	Lower cost of hydrant repairs
	2,500	Gasoline and diesel fuel is being expensed to operations
	10,096	Lower cost for software/hardware maintenance agreements
	4,198	Other miscellaneous variances - net
	<u>58,007</u>	
Depreciation	<u>17,937</u>	
Nonoperating Revenue (Expense)		
Interest Income	<u>16,725</u>	Higher average cash balances than projected
	<u>16,725</u>	
Change in Net Position	<u>\$ 40,276</u>	Total Variance in Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position

Sales of Water

- Contract customers' water usage is 1.0% lower than budgeted resulting in \$17,765 lower revenue. GPC's usage was 0.4% lower than budget along with a 0.6% lower billing rate, resulting in \$14,527 lower revenue. Heinz's usage was 7.8% lower than budget offset by a 5.8% higher billing rate, resulting in \$3,238 lower revenue.
- Power plants' usage was 12.5% lower than budget, offset by a 9.7% higher billing rate, resulting in \$6,782 lower revenue.
- Residential customers' water usage was 2.3% lower than budgeted, offset by a 1.4% higher billing rate, resulting in \$8,690 lower revenue.
- Commercial customers' water usage was 0.7% higher than budgeted, offset by a 3.4% lower billing rate, resulting in \$7,105 lower revenue.

Other Revenue

- Job sales revenue is \$5,458 lower than budget.
- Posting fees are \$1,530 higher than budgeted.

Nonoperating Revenue (Expense)

- Interest income is \$16,725 higher than budget due to higher cash balances than projected.

Year-To-Date Summary of Expenses

Source of Supply

Operation Labor and Expenses – (601)

- Budget includes \$1,458 for a dehumidifier for West Hill pumping station that has not been expended.
- Labor expense is \$548 lower than budgeted.

Maintenance of Wells – (614)

- Actual expense is for cleaning of Well 35 at \$35,400 and chlorination of Well 40, which is \$3,250 lower than budgeted.

Maintenance of Supply Mains – (616)

- Labor expense is \$272 lower than budgeted.
- Material expenses, budgeted at \$1,163, have not been expended.

Depreciation – (618)

- Depreciation under budget \$3,055 primarily due to well projects not closed at the end of 2018.

PumpingFuel or Purchased Power – (623)

- The cost per kWh was 14.4% higher than budget primarily due to the higher energy adjustment charge, plus the wells required more kWhs than budgeted due to extreme cold weather this past winter, resulting in the need to run wells to prevent freezing. For these reasons, power expense was \$60,180 higher than budgeted.

	2019 Budget	2019 Actual	2018 Actual
Fuel or Power Purchased	\$ 377,751	\$ 437,931	\$ 373,158
1,000 Gallons Pumped	4,241,992	4,160,644	4,206,187
Cost per 1,000 Gal. Pumped	0.0891	0.1053	0.0887
kWhs Consumed	6,319,557	6,402,060	6,388,580
kWh per 1,000 Gal. Pumped	1.49	1.54	1.52

Pumping Labor and Expenses – (624)

- Water production labor under budget \$4,671.
- Water distribution labor greater than budget \$2,116.
- Control center labor budget equals \$9,403; actual labor is not being charged to this account.
- Material expenses are \$864 lower than budgeted.

Maintenance of Structures – (631)

- Budgeted materials of \$1,250 and \$169 labor for well buildings, fencing at the wells, and roof repairs has not been expended.

Maintenance of Pumping Equipment – (632/633)

- Materials expenses over budget by \$9,661, due to timing of valve purchases, and higher cost of repairs. Well 32 and 35's pumping equipment were repaired at costs of \$16,324 and \$21,445, respectively.
- Labor expense is under budget by \$15,139, which includes \$6,016 for the planning & scheduling department, \$6,607 for substation electricians, and \$2,838 for power plant electrician's labor.

Water TreatmentChemicals Expense – (641)

- Chemical expense year-to-date is \$6,375 lower than budgeted primarily due to the lower price of fluoride and lower gallons pumped compared to budget.

	2019 Budget			2019 Actual			2018 Actual		
	Units	\$	Per Unit	Units	\$	Per Unit	Units	\$	Per Unit
1,000 Gal. Pumped	4,241,992			4,160,644			4,206,187		
(lbs)	Units	\$	Per Unit	Units	\$	Per Unit	Units	\$	Per Unit
Chlorine	61,004	\$ 19,082	\$ 0.313	67,250	\$ 20,848	\$ 0.310	61,990	\$ 18,712	\$ 0.302
Hydrofluoro-silic Acid	87,169	\$ 27,894	\$ 0.320	79,143	\$ 21,751	\$ 0.275	84,409	\$ 27,043	\$ 0.320
Phosphate	50,957	\$ 48,409	\$ 0.950	45,935	\$ 46,412	\$ 1.010	50,430	\$ 48,202	\$ 0.956
Total		\$ 95,385			\$ 89,010			\$ 93,957	

Water Treatment (cont'd)Operation Labor and Expenses – (642)

- Water production labor over budget \$13,075; other labor is over budget \$1,939.
- Materials expense over budget \$13,248, including \$6,902 for electricity.

Miscellaneous Expense – (643)

- Water distribution labor is under budget \$1,263.
- Materials expense under budget \$403.

Maintenance of Structures – (651)

- Budget includes \$9,000 for two exhaust fans at Grandview treatment building, \$8,000 to replace fresh air heater in fluoride room, and \$6,000 for removal of asbestos tiles at the main field that have not been expended. One exhaust fan was expended at \$789; other material expenses are \$3,229 higher than budgeted.
- Labor expense is \$3,865 higher than budgeted; plant electricians charged \$1,765 more time to this account than budgeted.

Maintenance of Purification Equipment – (652)

- The water distribution operators charged \$5,866 labor to this account that was not budgeted. The operators relocated chemical feed pumps at Progress Park treatment building away from the new communications fiber installation. Other labor expenses are \$757 higher than budgeted.

Depreciation – (654)

- Depreciation under budget due to the new well field water treatment plant project not completed in 2018.

DistributionStorage Facilities Expense (661)

- Electricity expense over budget \$7,661.

Meter Expense (663)

- Labor expense under budget \$6,774.
- Material expense is \$1,922 over budget

Customer Installation Expense – (664)

- Outside services department labor under budget \$9,855 primarily due to fewer locates.
- Other labor is lower than budget by \$1,495; and material expense is under budget by \$1,494.

Miscellaneous Expense – (665)

- Engineering department labor under budget \$30,901; outside services department's labor is \$6,323 higher than budgeted.
- Professional engineering services, not budgeted, totaled \$8,461.
- Tablets for the water distribution department, budgeted at \$1,000, has not been expended.

Distribution (cont'd)Vehicle Expense – (667)

- Labor under budget \$3,252.
- Gasoline/diesel fuel usage is \$3,051 higher than budgeted.
- Material maintenance costs are \$11,987 higher, including \$4,888 for the dump truck repairs, and \$3,081 for a salt spreader.

Maintenance Supervision – (670)

- The director position included labor expense to this account; actual expenses are allocated only to operation expenses.

Maintenance of Reservoirs & Standpipes – (672)

- The budget includes \$12,800 for the inspection of East Hill reservoir and the Bidwell water tower that will be completed in June at a cost of \$7,500.

Maintenance of Mains – (673)

- Water distribution department labor over budget \$11,376 due to a high number of main breaks repaired at overtime rates.
- Other labor expense over budget \$4,784.
- Materials expense under budget \$26,736 due to lower number of concrete repairs.

Maintenance of Valves – (674)

- Water distribution operators' labor expense is \$3,068 higher than budget.
- Power plant labor, not budgeted, totaled \$967.

Maintenance of Meters – (676)

- Materials expense over budget \$9,232 due to higher cost for remote meter repairs and timing of repairs.
- Labor expense under budget \$949.

Maintenance of Hydrants – (677)

- Water distribution department labor under budget \$1,628.
- Materials expenses under budget \$4,527.

Maintenance of Miscellaneous Plant – (678)

- Vehicle material repairs under budget \$1,901.
- Fuel usage, budgeted at \$2,500, is being charged to vehicle expense (account 667).

Vacation, Holiday, Sick Leave – (679)

- Vacation accrual expense lower by \$24,684, due to departmental expenses being allocated to different accounts compared to budget.
- Sick leave and holiday pay higher than budget by \$8,361.

Customer Service ExpenseCustomer Information Expense – (909)

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Billtrust	\$ 150	\$ 93	\$ 114
Postage	238	-	-
Promotional Material/Education	2,554	1,500	333
Media Advertising	2,816	1,490	1,294
Newsletter	547	679	665
Marketing intern	-	1,634	-
Customer Awareness Programs	-	53	-
Presentation Materials	-	-	-
Photo Library	145	-	14
	<u>\$ 6,450</u>	<u>\$ 5,449</u>	<u>\$ 2,420</u>

Consumer AccountsMeter Reading Expense – (902)

- Labor expense is \$6,236 over budget.
- Temporary labor services are under budget \$531.

Consumer Records and Collection – (901/903)

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Labor	\$ 73,888	\$ 69,018	\$ 67,201
Credit Card/ACH Processing	7,483	5,725	* 9,225
Billtrust Expense	2,423	2,309	2,778
Postage	5,309	5,080	6,004
Temp Services	2,558	2,621	2,274
Fuel	750	276	229
Invoice Cloud	985	1,122	848
Collection Expense	1,673	438	1,506
IVR	339	413	274
Other Expenses	2,250	2,064	2,570
	<u>\$ 97,658</u>	<u>\$ 89,066</u>	<u>\$ 92,909</u>
*Includes \$1,904 refund for prior period fee			

Vacation, Holiday, Sick Leave – (906)

- Sick leave usage was lower than expected by \$2,381.
- Vacation accrual expense is \$884 lower than budgeted.

Administrative and GeneralAdministrative and General Salaries – (920)

- Expense allocation varied from budget for human resources, marketing, water utility's supervision, and system administrators.

Outside Services Employed – (923)

	Resp Code	2019 Budget	2019 Actual	2018 Actual
Succession Planning	110-Board	\$ -	\$ 1,254	\$ -
Organizational Development	120-Sal	1,458	582	3,250
Labor Legal Services	140-Brandy	500	382	-
General Legal Services	140-Brandy	700	269	256
Web Graphics	224-Rick	757	217	122
Insurance Advisor	310-Jerry	1,470	1,470	1,470
Bond Services	310-Jerry	-	-	-
Audit Services	320-Cassie	3,509	2,864	3,256
Water Cost of Service Study	320-Cassie	20,000	11,268	-
IS Professional Services	350-Greg	-	-	350
509A Actuary Service	410-Erika	77	68	68
Compensation Reviews	410-Erika	700	-	-
Employee Search Services	410-Erika	2,100	-	1,874
Director Professional Services	410-Erika	-	729	-
Labor Legal Services	410-Erika	-	173	-
Pension Study/ GASB Rpt	410-Erika	1,458	-	(1,050)
Employee Survey	410-Erika	700	-	-
Benefits Consulting	410-Erika	1,623	1,225	1,225
		<u>\$ 35,052</u>	<u>\$ 20,501</u>	<u>\$ 10,821</u>

Injuries & Damages – (925)

- Workers compensation claims over budget \$7,280.
- Insurance premiums are \$463 under budget.

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

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Health Care Cost	\$ 151,144	\$ 144,733	\$ 129,716
Pension	104,835	104,835	88,573
FICA	68,397	45,507	64,554
IPERS	24,394	24,776	24,989
Deferred comp utility match	13,770	12,226	16,663
Life, LTD & ADD	5,287	4,631	4,961
Dental	5,500	5,690	5,087
OPEB	1,975	1,975	1,739
Other Expenses	4,483	4,863	4,706
	<u>\$ 379,785</u>	<u>\$ 349,236</u>	<u>\$ 340,988</u>

Fringe Benefits Charged to Construction – (927)

- Less time has been charged to capital projects than budgeted.

Miscellaneous General Expense – (930)

- Executives memberships/subscriptions higher than budget by \$1,120.
- Wellness committee expenses under budget \$675.
- Hazardous waste disposal expense is under budget \$1,000.
- Employment expenses under budget \$1,702.
- Labor expense is under budget by \$2,860.
- Temporary labor services are greater than budget by \$1,034.
- Continuous improvement expenses are lower than budget by \$915.

Maintenance of General Plant – (932)

- Maintenance agreements under budget \$10,096.
- Vehicle maintenance subscription, not expended, totaled \$957.

Vacation, Holiday, Sick Leave – (936)

- Sick leave usage was \$1,819 higher than budgeted.
- Vacation accrual \$1,826 higher than the budget.

Depreciation – (654)

- Depreciation under budget due to fewer additions of vehicles, tools, lab and communications equipment in 2018 than anticipated.

Muscatine Power and Water
Communications Utility
Financial Operating Statements & Balance Sheets
May 2019

**Muscatine Power and Water
Communications Utility**

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Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - May 2019

	<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	\$589,815	(1.0)	\$583,864	(1.8)	\$594,499
Data/Internet	526,135	5.7	556,363	8.0	515,379
Phone	6,948	(36.7)	4,398	---	199
MAN	67,000	6.1	71,087	8.5	65,517
Miscellaneous	10,740	(58.6)	4,449	(55.7)	10,046
Total Operating Revenues	<u>1,200,638</u>	1.6	<u>1,220,161</u>	2.9	<u>1,185,640</u>
<u>Operating Expense</u>					
Operation	811,140	(2.9)	787,382	1.1	778,686
Maintenance	105,609	13.3	119,661	41.0	84,878
Depreciation	103,637	(3.5)	99,966	(21.2)	126,791
Total Operating Expenses	<u>1,020,386</u>	(1.3)	<u>1,007,009</u>	1.7	<u>990,355</u>
Operating Income	<u>180,252</u>	18.3	<u>213,152</u>	9.1	<u>195,285</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	8,930	1.3X	20,143	16.8	17,245
Interest Expense	<u>(22,155)</u>	0.0	<u>(22,155)</u>	(18.1)	<u>(27,037)</u>
Net Nonoperating Expense	<u>(13,225)</u>	(84.8)	<u>(2,012)</u>	(79.5)	<u>(9,792)</u>
Net Income before Capital Contributions	167,027	26.4	211,140	13.8	185,493
Capital Contributions	<u>600</u>	1.6X	<u>1,554</u>	1.2X	<u>703</u>
Change in Net Position	167,627		212,694		186,196
Beginning Net Position	<u>10,214,442</u>		<u>10,525,932</u>		<u>8,159,626</u>
Ending Net Position	<u>\$10,382,069</u>		<u>\$10,738,626</u>		<u>\$8,345,822</u>
Net Income (Loss) to Operating Revenue	13.9		17.3		15.6
Debt Service Coverage on Bank Debt	1.62		1.85		1.88
Debt Service Coverage on Electric Utility Debt	2.56		3.49		3.62

Muscatine Power and Water - Communications Utility
Statements of Revenues, Expenses, and Changes in Net Position
Calendar Year-to-Date - May 2019

	<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	\$2,865,776	(1.3)	\$2,829,340	(1.5)	\$2,873,197
Data/Internet	2,603,400	4.4	2,717,023	6.6	2,549,410
Phone	23,263	(22.4)	18,041	---	251
MAN	335,000	5.8	354,497	8.4	326,984
Miscellaneous	53,700	(4.8)	51,121	(4.4)	53,464
Total Operating Revenues	<u>5,881,139</u>	1.5	<u>5,970,022</u>	2.9	<u>5,803,306</u>
<u>Operating Expense</u>					
Operation	4,094,599	(4.4)	3,913,189	2.3	3,826,234
Maintenance	528,330	(2.1)	517,167	26.9	407,668
Depreciation	518,185	(3.5)	499,830	(21.2)	633,955
Total Operating Expenses	<u>5,141,114</u>	(4.1)	<u>4,930,186</u>	1.3	<u>4,867,857</u>
Operating Income	<u>740,025</u>	40.5	<u>1,039,836</u>	11.2	<u>935,449</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	50,488	1.0X	101,459	39.3	72,836
Interest Expense	(114,323)	0.0	(114,323)	(26.3)	(155,208)
Net Nonoperating Expense	<u>(63,835)</u>	(79.8)	<u>(12,864)</u>	(84.4)	<u>(82,372)</u>
Net Income before Capital Contributions	676,190	51.9	1,026,972	20.4	853,077
Capital Contributions	<u>3,000</u>	1.9X	<u>8,775</u>	1.5X	<u>3,516</u>
Change in Net Position	679,190		1,035,747		856,593
Beginning Net Position	<u>9,702,879</u>		<u>9,702,879</u>		<u>7,489,229</u>
Ending Net Position	<u>\$10,382,069</u>		<u>\$10,738,626</u>		<u>\$8,345,822</u>
Net Income (Loss) to Operating Revenue	11.5		17.2		14.7
Debt Service Coverage on Bank Debt	1.46		1.82		1.82
Debt Service Coverage on Electric Utility Debt	1.88		3.37		3.38

Muscatine Power and Water - Communications Utility
Statements of Net Position
May 2019

ASSETS

	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash - interest bearing	\$1,100,512	\$9,834,910
Investments	8,913,964	3,764,324
Receivables:		
Consumer Accounts	1,372,163	1,329,015
Interest	18,818	16,335
Inventories	195,839	204,254
Prepaid Expenses	<u>562,085</u>	<u>384,299</u>
Total Current Assets	<u>12,163,381</u>	<u>15,533,137</u>
Property and Equipment:		
At Cost	46,115,128	42,528,987
Less Accumulated Depreciation	<u>28,904,605</u>	<u>28,556,501</u>
Net Property and Equipment	<u>17,210,523</u>	<u>13,972,486</u>
Deferred Outflows of Resources		
Pension	1,251,730	1,732,931
OPEB	<u>14,555</u>	<u>14,555</u>
Total Deferred Outflows of Resources	<u>1,266,285</u>	<u>1,747,486</u>
TOTAL ASSETS	<u><u>\$30,640,189</u></u>	<u><u>\$31,253,109</u></u>

Muscatine Power and Water - Communications Utility
Statements of Net Position
May 2019

LIABILITIES AND NET POSITION

	<u>2019</u>	<u>2018</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accrued Interest	\$54,409	64,778
Accounts Payable	729,084	871,172
Health & Dental Insurance Provision	59,606	45,780
Retained Percentage on Contracts	126,205	123,018
Accrued Payroll	120,815	96,643
Accrued Vacation	160,409	168,457
Accrued Property Taxes	4,651	5,665
Unearned Revenue - Dark Fiber Lease	18,600	17,500
Miscellaneous Accrued Expenses	<u>112,102</u>	<u>114,182</u>
 Total Payable from Unrestricted Assets	 <u>1,385,881</u>	 <u>1,507,195</u>
<u>Payable from Restricted Assets</u>		
Notes Payable:		
Banks	1,959,744	1,902,958
Electric Utility	<u>972,540</u>	<u>483,850</u>
 Total Payable from Restricted Assets	 <u>2,932,284</u>	 <u>2,386,808</u>
 Total Current Liabilities	 <u>4,318,165</u>	 <u>3,894,003</u>
Non-Current Liabilities:		
Health & Dental Insurance Provision	34,765	89,456
Post-Employment Health Benefit Provision	129,430	122,977
Unearned Revenue - Dark Fiber Lease	186,088	204,688
Net Pension Liability	1,931,086	2,677,543
Notes Payable:		
Banks	5,683,219	7,642,987
Electric Utility	<u>7,106,454</u>	<u>8,078,994</u>
 Total Non-Current Liabilities	 <u>15,071,042</u>	 <u>18,816,645</u>
Deferred Inflows of Resources		
Pension	495,674	179,957
OPEB	<u>16,682</u>	<u>16,682</u>
 Total Deferred Inflows of Resources	 <u>512,356</u>	 <u>196,639</u>
Net Position:		
Net Investment in Capital Assets	9,567,560	3,942,691
Unrestricted	<u>1,171,066</u>	<u>4,403,131</u>
 Total Net Position	 <u>10,738,626</u>	 <u>8,345,822</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$30,640,189</u></u>	 <u><u>\$31,253,109</u></u>

Muscatine Power and Water - Communications Utility
Statements of Cash Flows
May 2019

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$213,152	\$1,039,836
Noncash items in operating income:		
Converter/modem write-off	7,709	14,990
Depreciation of utility plant	99,966	499,830
Change in deferred inflows of resources	---	---
Change in deferred outflows of resources	---	(163,799)
Changes in assets and liabilities:		
Consumer accounts receivable	12,283	246,780
Inventories	(1,995)	20,230
Prepaid and deferred expenses	32,839	(427,614)
Accounts payable	(203,802)	(386,721)
Net pension liability	46,391	231,957
Health & dental insurance provision	(7,672)	(46,012)
Other post-employment benefit provision	560	2,802
Unearned revenue	(1,458)	(7,391)
Retained percentage on contracts	---	---
Accrued payroll	34,971	6,247
Accrued vacation	(8,226)	576
Accrued property taxes	423	(1,418)
Miscellaneous accrued expenses	15,391	(34,212)
	240,532	996,081
Net cash flows from operating activities		
Cash flows from capital and related financing activities:		
Capital expenditures, net	(423,439)	(2,157,942)
Loan principal payments	---	(481,002)
Loan interest payments	---	(59,914)
	(423,439)	(2,698,858)
Net cash flows from capital and related financing activities		
Cash flows from investing activities:		
Interest received on investments	20,310	102,073
	20,310	102,073
Net cash flows from investing activities		
Net decrease in cash and investments	(162,597)	(1,600,704)
Cash and investments at beginning of period	\$10,177,073	\$11,615,180
Cash and investments at end of period	\$10,014,476	\$10,014,476

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - May 2019

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>Video</u>			
Program Acquisition Expense (751-758)	\$387,054	\$367,628	\$375,029
Promotional Expense (960)	5,800	1,088	4,488
Electricity Expense (736)	1,106	2,536	3,236
Pole Attachment Expense (715)	2,071	2,071	2,043
Changes of Service (742)	2,724	1,130	2,249
Underground Line Expense (743)	5,726	7,719	3,728
Ad Insertion - Marketing/Production (964, 965)	7,178	3,082	5,714
Miscellaneous Video Expense (710, 738, 739)	17,552	40,914	20,783
Vehicle Expense (760)	5,309	5,326	8,021
Maintenance:			
Fiber (711)	658	5,117	2,477
Coax (712)	1,470	2,657	1,882
Drops (713)	2,657	16,843	7,023
Conduit System (714)	2,142	982	363
Headend (721-725)	28,001	27,650	24,280
Line Equipment (731-735)	2,851	1,425	1,388
Converters (741)	4,517	1,857	2,406
Ad Insertion (966)	4,773	2,727	5,135
Vacation, Holiday, Sick Leave (799)	7,440	6,756	5,695
Property Taxes (794)	237	203	314
Depreciation (793)	56,663	51,588	70,512
Total Video	545,929	549,299	546,766
<u>Data/Internet</u>			
Data/Internet Access Charges (851-853)	28,920	18,705	28,995
Promotional Expense (961)	5,800	1,058	4,524
Electricity Expense (836)	124	286	510
Pole Attachment Expense (837)	364	364	359
Changes of Service (842)	908	377	750
Customer Wireless Equipment Expense (846)	---	---	---
Underground Line Expense (843)	799	2,573	1,242
Miscellaneous Data/Internet Expense (839, 844, 848)	7,619	16,242	8,292
Vehicle Expense (860)	844	1,309	1,064
Maintenance:			
Fiber (811)	274	2,132	1,271
Coax (813)	490	886	627
Drops (814)	886	5,614	2,341
Conduit System (816)	892	409	151
Headend (820, 821)	36,159	32,856	23,146
Line Equipment (831-835)	581	320	449
Modems (841)	6,536	1,714	3,089
Vacation, Holiday, Sick Leave (879)	5,794	4,813	2,613
Property Taxes (894)	99	85	55
Depreciation (893)	26,959	28,019	28,720
Total Data/Internet	124,048	117,762	108,198

Muscatine Power and Water - Communications Utility
Summary of Expenses
Current Month - May 2019

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense (838)	\$1,135	\$1,235	\$1,220
Tools Expense (845)	208	1,066	21
Maintenance:			
Fiber (812)	438	3,412	1,652
Conduit System (817)	2,043	654	242
MAN Equipment (818, 819)	3,093	5,516	2,037
Vacation, Holiday, Sick Leave (899)	402	112	430
Property Taxes (896)	158	135	172
Depreciation (840)	8,468	8,060	18,747
Total MAN	<u>15,945</u>	<u>20,190</u>	<u>24,521</u>
Phone Expenses (880)	<u>7,902</u>	<u>6,700</u>	<u>4,500</u>
<u>Customer Service Expense</u>			
Customer Information Expense (909)	<u>2,940</u>	<u>4,092</u>	<u>2,672</u>
<u>Consumer Accounts</u>			
Customer Records and Collections (901/903)	56,152	46,384	55,959
Uncollectible Accounts Expense (904)	1,110	1,110	1,170
Vacation, Holiday, Sick Leave (906)	6,954	6,450	5,774
Total Consumer Accounts	<u>64,216</u>	<u>53,944</u>	<u>62,903</u>
<u>Administrative and General</u>			
Administrative and General Salaries (920)	74,405	77,760	64,770
Office Supplies and Expense (921)	4,701	3,764	7,509
Outside Services Employed (923)	7,544	6,803	9,173
Property Insurance (924)	1,610	1,859	1,307
Casualty Ins, Injuries & Damages (925)	6,954	5,770	5,829
Employee Pensions and Benefits (926)	120,028	118,213	103,053
Fringe Benefits Charged to Construction (927)	(8,141)	(5,844)	(6,172)
Rents (931)	10,139	10,139	9,844
Miscellaneous General Expense (930)	10,296	8,653	10,848
Maintenance of General Plant (932)	7,148	6,890	4,919
Vacation, Holiday, Sick Leave (936)	13,175	8,716	20,903
Depreciation (933)	11,547	12,299	8,812
Total Administrative and General	<u>259,406</u>	<u>255,022</u>	<u>240,795</u>
Total Operating Expenses	<u><u>\$1,020,386</u></u>	<u><u>\$1,007,009</u></u>	<u><u>\$990,355</u></u>

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - May 2019

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>Video</u>			
Program Acquisition Expense (751-758)	\$1,938,484	\$1,810,234	\$1,892,766
Promotional Expense (960)	26,395	5,119	17,278
Electricity Expense (736)	6,915	11,760	13,508
Pole Attachment Expense (715)	10,354	10,354	10,213
Changes of Service (742)	13,673	6,117	7,779
Underground Line Expense (743)	18,807	17,317	11,689
Ad Insertion - Marketing/Production (964, 965)	36,311	14,634	38,082
Miscellaneous Video Expense (710, 738, 739)	91,175	152,896	98,173
Vehicle Expense (760)	26,460	25,442	26,430
Maintenance:			
Fiber (711)	3,356	24,200	8,414
Coax (712)	7,130	10,507	5,174
Drops (713)	13,150	34,146	21,607
Conduit System (714)	9,886	2,500	1,598
Headend (721-725)	141,245	131,166	122,338
Line Equipment (731-735)	12,548	23,657	11,848
Converters (741)	21,797	12,206	10,386
Ad Insertion (966)	23,866	14,435	23,481
Vacation, Holiday, Sick Leave (799)	32,215	29,798	26,753
Property Taxes (794)	1,185	537	1,570
Depreciation (793)	283,313	257,940	352,560
Total Video	2,718,265	2,594,965	2,701,647
<u>Data/Internet</u>			
Data/Internet Access Charges (851-853)	144,600	126,293	131,601
Promotional Expense (961)	26,395	4,969	17,485
Electricity Expense (836)	775	1,172	1,695
Pole Attachment Expense (837)	1,821	1,821	1,796
Changes of Service (842)	4,558	2,039	2,593
Customer Wireless Equipment Expense (846)	---	---	---
Underground Line Expense (843)	2,865	5,772	3,896
Miscellaneous Data/Internet Expense (839, 844, 848)	38,237	58,953	38,566
Vehicle Expense (860)	4,221	6,351	3,641
Maintenance:			
Fiber (811)	1,399	10,064	3,745
Coax (813)	2,377	3,502	1,725
Drops (814)	4,383	11,382	7,202
Conduit System (816)	4,119	1,042	666
Headend (820, 821)	183,772	149,490	126,608
Line Equipment (831-835)	2,818	7,111	3,826
Modems (841)	31,630	8,275	13,012
Vacation, Holiday, Sick Leave (879)	24,806	21,941	12,004
Property Taxes (894)	495	224	275
Depreciation (893)	134,796	140,095	143,600
Total Data/Internet	614,067	560,496	513,936

Muscatine Power and Water - Communications Utility
Summary of Expenses
Calendar Year-to-Date - May 2019

	<u>Budget Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense (838)	\$5,677	\$6,177	\$6,100
Tools Expense (845)	1,142	4,237	2,129
Maintenance:			
Fiber (812)	2,234	16,102	5,610
Conduit System (817)	8,784	1,666	1,065
MAN Equipment (818, 819)	15,466	26,345	10,863
Vacation, Holiday, Sick Leave (899)	1,734	525	1,737
Property Taxes (896)	790	358	860
Depreciation (840)	42,340	40,300	93,735
Total MAN	<u>78,167</u>	<u>95,710</u>	<u>122,099</u>
Phone Expenses (880)	<u>33,382</u>	<u>29,100</u>	<u>13,583</u>
<u>Customer Service Expense</u>			
Customer Information Expense (909)	<u>24,459</u>	<u>14,818</u>	<u>15,253</u>
<u>Consumer Accounts</u>			
Consumer Records and Collections (901/903)	278,521	264,476	272,100
Uncollectible Accounts Expense (904)	5,550	5,550	5,850
Vacation, Holiday, Sick Leave (906)	<u>30,257</u>	<u>30,869</u>	<u>26,077</u>
Total Consumer Accounts	<u>314,328</u>	<u>300,895</u>	<u>304,027</u>
<u>Administrative and General</u>			
Administrative and General Salaries (920)	380,634	390,219	331,280
Office Supplies and Expense (921)	21,955	23,962	25,866
Outside Services Employed (923)	56,653	52,137	47,580
Property Insurance (924)	7,727	7,638	6,133
Casualty Ins, Injuries & Damages (925)	35,262	45,745	29,999
Employee Pensions and Benefits (926)	604,540	594,910	524,571
Fringe Benefits Charged to Construction (927)	(40,393)	(24,343)	(30,304)
Rents (931)	50,697	50,697	49,220
Miscellaneous General Expense (930)	87,646	63,461	61,083
Maintenance of General Plant (932)	38,370	29,371	28,500
Vacation, Holiday, Sick Leave (936)	57,619	38,910	79,324
Depreciation (933)	<u>57,736</u>	<u>61,495</u>	<u>44,060</u>
Total Administrative and General	<u>1,358,446</u>	<u>1,334,202</u>	<u>1,197,312</u>
Total Operating Expenses	<u><u>\$5,141,114</u></u>	<u><u>\$4,930,186</u></u>	<u><u>\$4,867,857</u></u>

Muscatine Power and Water - Communications Utility
Statistical Data
May 2019

Services	Budget Estimate	% Increase (Decrease) From Budget	This Year ^{fn1}	% Increase (Decrease) Fr. Last Yr.	Last Year
Video					
Residential	4,713	(2.3)	4,605	(7.7)	4,987
Commercial/Hospitality	<u>156</u>	(0.6)	<u>155</u>	(2.5)	<u>159</u>
Total Video	<u>4,869</u>	(2.2)	<u>4,760</u>	(7.5)	<u>5,146</u>
Bulk Equivalent Services	<u>302</u>	(10.9)	<u>269</u>	(10.9)	<u>302</u>
Bulk Master Services	<u>23</u>	0.0	<u>23</u>	(4.2)	<u>24</u>
Data/Internet					
Residential	8,249	0.6	8,296	2.2	8,120
Commercial	<u>551</u>	5.6	<u>582</u>	6.8	<u>545</u>
Total Data/Internet	<u>8,800</u>	0.9	<u>8,878</u>	2.5	<u>8,665</u>
Phone					
Residential	257	(38.1)	159	4.0X	32
Commercial	<u>51</u>	(15.7)	<u>43</u>	9.8X	<u>4</u>
Total Phone	<u>308</u>	(34.4)	<u>202</u>	4.6X	<u>36</u>
MAN	<u>82</u>	4.9	<u>86</u>	---	<u>86</u>

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

Communications Utility
Review of Operating Results
May 2019

MUSCATINE POWER AND WATER - COMMUNICATIONS UTILITY
 VARIANCES FROM BUDGETED NET POSITION - MAY 31, 2019

	(Unfavorable)/ Favorable Compared to <u>Budget</u>	
Operating Revenue		
Video Revenue	\$ (25,170)	Lower CATV revenues due to changes in subscriber mix offset by fewer subscribers (5,029 actual vs. 5,171 budget).
	22,176	Broadcast fee higher than budget due to bulk broadcast fee not budgeted
	762	Lower marketing promotional discounts due to more promotional programs offered
	(16,408)	Lower VOD/PPV sales due to fewer subscribers and less buys
	(40,417)	Lower ad sales
	18,230	higher converter rental revenue
	4,391	Other miscellaneous variances - net
	<u>(36,436)</u>	
Data/Internet Revenue	191,684	Higher cable modem revenues due to customers migrating to a higher level of service offset by fewer subscribers (Subscribers = 8,878 actual & 8,800 budget)
	(134,459)	Fiber service installs are behind schedule
	31,229	Lower promotional discounts due to fewer promotional programs offered
	15,275	Higher Wi-fi @ Home due to more subscribers
	9,894	Other miscellaneous variances - net
	<u>113,623</u>	
Phone	<u>(5,222)</u>	More customers than budgeted (202 actual vs. 308 budget)
MAN	<u>19,497</u>	More contracts than budgeted
Miscellaneous Revenue	<u>(2,579)</u>	Other miscellaneous variances - net
Operating Expense		
Operation	56,630	Programming expense credit related to negotiated lower prior year expense
	71,620	Programming expense lower than budget due to fewer subscribers than budget
	18,320	Lower temp labor than budgeted, primarily due to DSRs and cable tech areas
	(4,845)	Higher cost of electricity expense
	(36,623)	Higher cost of miscellaneous video materials expense, primarily stores issues
	(13,199)	Higher cost of miscellaneous data/internet materials expense, primarily stores issues
	(5,823)	More cable modems and set-top boxes have been retired than anticipated
	18,307	Lower cost of Data/Internet access charges
	4,282	Lower cost of long distance phone expenses
	8,432	Lower cost of promotional materials
	4,184	Lower cost of media advertising
	(3,267)	Marketing intern not budgeted
	3,302	Lower credit card processing fees than budgeted, due to fee reimbursement
	(2,673)	Higher cost of records and collections temp labor
	2,468	Lower cost of collection expense
	2,000	FTTH OTT Hardware not purchased yet
	1,503	Lower cost of organizational development
	(2,244)	Higher cost of communications legal services
	3,600	Employee search services, not expended yet
	2,500	Pension study, not expended yet
	1,200	Employee survey, not expended yet
	(1,870)	FTTH support, not budgeted
	(11,294)	Higher cost of workers' compensation claims
	5,736	Lower cost of FICA expense
	43,329	Labor & vacation under budget
	13,135	Health care expenses lower than budgeted
	(5,377)	Higher cost of deferred compensation due to increased employee contributions
	1,157	Lower cost of wellness expenses
	14,778	Travel and training under budget
	(7,858)	Other miscellaneous variances - net
	<u>181,410</u>	
Maintenance	8,312	Labor under budget
	(4,512)	Video fiber maintenance materials higher than budget
	(11,650)	Video drops maintenance materials higher than budget
	1,981	Video headend maintenance materials lower than budget
	(1,861)	Internet fiber maintenance materials higher than budget
	(3,884)	Internet drop maintenance materials higher than budget
	3,462	Internet headend maintenance materials lower than budget
	(518)	Internet line equipment maintenance materials higher than budget
	19,438	Maintenance agreements are lower than budget
	1,640	Memberships and subscriptions are lower than budget
	(2,980)	MAN fiber maintenance materials higher than budget
	2,482	General plant maintenance materials lower than budget
	(747)	Other miscellaneous variances - net
	<u>11,163</u>	

MUSCATINE POWER AND WATER - COMMUNICATIONS UTILITY
VARIANCES FROM BUDGETED NET POSITION - MAY 31, 2019

Depreciation	<u>18,355</u>	Lower depreciation due to fewer fixed assets purchases in 2018 than anticipated
Nonoperating Revenue (Expense)		
Interest Income	<u>50,971</u>	More interest income due to higher cash balances & higher rate of return
Change in Net Position before		
Capital Contributions	<u>350,782</u>	
Capital Contributions	<u>5,775</u>	
Change in Net Position	<u>\$ 356,557</u>	Total Variance from Budgeted Net Position

Statement of Revenues, Expenses and Changes in Net Position

Operating Revenues

Video

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Total Subscribers (incl. Bulk)	5,171	5,029	5,448
Revenue:			
Basic	\$ 62,400	\$ 65,657	\$ 64,270
Select	1,230,526	1,438,014	1,504,383
Preferred	552,885	290,136	281,584
Premium	66,551	85,276	93,409
Bulk	97,660	105,769	96,958
Broadcast fee	344,630	366,806	320,991
PPV	10,486	4,773	5,307
VOD	<u>36,493</u>	<u>25,798</u>	<u>40,365</u>
Subtotal	\$ 2,401,631	\$ 2,382,229	\$ 2,407,267
Set top box rentals	387,898	406,128	394,564
Ad insertion revenue	135,500	95,083	106,040
Other Video revenues	<u>20,000</u>	<u>24,391</u>	<u>17,280</u>
Gross Video revenue	\$ 2,945,029	\$ 2,907,831	\$ 2,925,151
Discounts	<u>(79,253)</u>	<u>(78,491)</u>	<u>(51,954)</u>
Net Video Revenue	<u>\$ 2,865,776</u>	<u>\$ 2,829,340</u>	<u>\$ 2,873,197</u>
Net Monthly Revenue per Subscriber	\$ 110.84	\$ 112.52	\$ 105.48
Year-over-Year Increase		6.7%	

- Broadcast fee revenue is higher than budgeted due to bulk subscriber broadcast fee not budgeted.
- Discounts are lower than budgeted due to fewer promotional discounts offered to date.
- Revenue allocation between select, preferred and premium packages incorrectly budgeted.

Data/Internet Revenue

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Customers	8,800	8,878	8,665
Revenue:			
Cable modem	\$ 1,509,943	\$ 1,701,627	\$ 2,204,879
Fiber service	883,548	749,089	113,641
Wi-fi @ Home	121,239	136,514	122,474
Wimax	34,765	36,478	39,071
Modem rentals	129,306	133,842	127,282
Other internet revenues	<u>22,815</u>	<u>26,460</u>	<u>36,836</u>
Gross internet revenues	\$ 2,701,616	\$ 2,784,010	\$ 2,644,183
Discounts	<u>(98,216)</u>	<u>(66,987)</u>	<u>(94,773)</u>
Net internet revenues	<u>\$ 2,603,400</u>	<u>\$ 2,717,023</u>	<u>\$ 2,549,410</u>
Net monthly revenue per subscriber	\$ 59.17	\$ 61.21	\$ 58.84

- 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.

Phone

Revenue is \$5,222 lower than budget due to 202 customers receiving service compared to the 308 customers budgeted.

MAN

Revenue is \$19,497 higher than budget due to more contracts than budgeted in addition to changes in services received.

Nonoperating Revenue (Expense)

- Interest income is over budget \$50,971 due to higher than projected cash balances and a higher rate of return.

Year-To-Date Summary of ExpensesVideoProgram Acquisition Expense (751-758)

Programming is lower due to lower subscribers than budgeted.

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Basic	\$ 491,565	\$ 427,912	\$ 431,541
Select	1,220,501	1,171,306	1,217,267
Premium	62,678	61,351	71,603
Digital	132,989	125,833	141,188
Pay-per-View	9,027	4,342	3,838
Video on Demand	<u>21,724</u>	<u>19,490</u>	<u>27,329</u>
Total	<u>\$ 1,938,484</u>	<u>\$ 1,810,234</u>	<u>\$ 1,892,766</u>
Total Subscribers (incl. Bulk)	5,171	4,874	5,448
Per Subscriber	\$ 74.98	\$ 74.28	\$ 69.48
Year over Year Increase		6.9%	

- Basic programming includes a credit of \$56,630 for a negotiated lower rate of prior year programming expenses.

Promotional Expense (960)

- Temp services for DSRs are under budget \$13,947.
- Labor is under budget \$5,789.
- Materials expense is under budget \$1,538.

Electricity Expense (736)

- Electricity expense \$4,845 higher than budget due to FTTH project delays.

Changes of Service (742)

- Labor is under budget \$7,556.

Ad Insertion – Marketing/Production (964,965)

- Labor is under budget \$19,812.
- Mileage under budget \$1,000.
- Materials expense under budget \$865.

Miscellaneous Video Expense (710, 738, 739)

- Labor is over budget \$19,189.
- More boxes have been retired than budgeted in the amount of \$4,515.
- Temp labor is over budget \$1,396.
- Materials expense is over budget \$36,623.

Maintenance of Fiber (711)

- Labor is over budget \$16,332.
- Materials expense is over budget \$4,512.

Video cont'dMaintenance of Drops (713)

- Labor is over budget \$9,347.
- Materials expense is over budget \$11,650.

Maintenance of Conduit System (714)

- Labor expense is under budget \$7,795.

Maintenance of Headend (721-725)

- Maintenance agreements are under budget \$6,362.
- Materials expense is under budget \$1,981.
- Labor is under budget \$1,736.

Maintenance of Line Equipment (731-735)

- Labor is over budget \$10,798.
- Materials expense is over budget \$310.

Maintenance of Converters (741)

- Labor is under budget \$9,568.

Maintenance of Ad Insertion (966)

- Labor is under budget \$8,831.
- Maintenance agreements under budget \$599.

Depreciation Expense (793)

Depreciation is lower than budget due to fewer than expected expenditures for fiber coax nodes prior to year-end 2018. This type of equipment has five- and ten-year lives.

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

- Aureon Network Services is under budget \$13,117.
- Hurricane Electric is under budget \$8,000.
- CenturyLink is over budget \$1,561.
- Minnesota VOIP \$1,500 expense not budgeted.

Promotional Expense (961)

- Temp services for DSRs are under budget \$13,947.
- Labor under budget \$5,789.
- Materials expense is under budget \$1,688.

Miscellaneous Data/Internet Expense (847)

- Labor is over budget \$6,212.
- More boxes retired than budgeted in the amount of \$1,308.
- Other miscellaneous materials are over budget \$13,199.

Data/Internet Cont'dMaintenance of Fiber (811)

- Labor is over budget \$6,805.
- Materials expense is over budget \$1,861.

Maintenance of Drops (814)

- Labor is over budget \$3,115.
- Materials expense is over budget \$3,884.

Maintenance of Headend (820, 821)

- Labor is under budget \$10,826.
- Maintenance agreements are under budget by \$19,996.
- Materials expense is under budget by \$3,462.

Maintenance of Line Equipment (831-835)

- Labor is over budget \$3,774.
- Materials expense is over budget by \$518.

Maintenance of Modems (841)

- Labor is under budget \$23,355.

Depreciation (893)

Depreciation is higher than budget due to more modems retired than expected.

MANMaintenance of Fiber (812)

- Labor is over budget \$10,888.
- Materials expense is over budget by \$2,980.

Maintenance of Conduit System – (817)

- Labor is under budget \$7,391.

Maintenance of MAN Equipment – (818-819)

- Maintenance agreements over budget \$12,396.
- Labor expense under budget \$1,516.

PhonePhone Expenses (880)

- Long distance expenses under budget \$4,282.

Customer Service Expense – (909)

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Billtrust	\$ 260	\$ 185	228
Postage	475	---	600
Promotional Material/Education	12,318	3,886	7,103
Media Advertising	10,064	5,880	5,620
Newsletter	1,094	1,442	1,371
Customer Awareness Programs	---	122	---
Marketing Intern	---	3,267	---
Photo Library	248	---	24
Miscellaneous	---	36	307
	<u>\$ 24,459</u>	<u>\$ 14,818</u>	<u>\$ 15,253</u>

Consumer AccountsCustomer Records and Collections – (901/903)

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Labor	\$ 226,619	\$ 219,888	\$ 215,941
Credit Card Processing	11,400	8,098	18,506
Bill Trust Expense	4,845	4,618	5,531
ACH Fees	3,566	3,352	3,160
Postage	10,619	10,161	11,959
Temp Services	5,116	7,789	4,549
Invoice Cloud	1,970	2,244	1,696
Collection Expense	3,345	877	3,062
IVR	678	826	548
Travel & Training	2,274	490	1,728
NOVO Knowledge Base	750	---	---
FTTH OTT Hardware	2,000	---	---
Other Expenses	5,339	6,330	5,421
	<u>\$ 278,521</u>	<u>\$ 264,673</u>	<u>\$ 272,101</u>

Administrative & GeneralA&G Salaries – (920)

- Salaries in the Employee Services, System Admin and Telecommunications departments are under budget by \$14,224, \$4,658 and \$32,958 respectively.
- Salaries in the Marketing, Cable Tech and Utility Services Delivery departments are over budget by \$47,043, \$4,206 and \$12,733.

Administrative & General (cont'd)Outside Services – (923)

	Responsibility Code	2019 Budget	2019 Actual	2018 Actual
Succession Planning	110-Sal	\$ -	\$ 2,272	\$ -
Organizational Development	120-Sal	2,500	997	5,571
Employment Legal Services	140-Brandy	500	543	-
Communications Legal Services	140-Brandy	3,700	5,944	1,178
MCC Public Access	224-Rick	23,990	24,000	23,708
Web/Graphics Services	224-Rick	1,514	463	291
Insurance Advisor	310-Jerry	2,520	2,520	2,520
Audit Fees	320-Cassie	6,015	5,561	5,581
ACS Services	350-Greg	-	-	600
Director Professional Counseling	410-Erika	-	1,250	-
Benefits Consulting	410-Erika	2,782	2,100	2,100
Employee Search Services	410-Erika	3,600	-	3,214
Pension Study/GASB 67/68	410-Erika	2,500	-	(1,800)
Compensation Review	410-Erika	1,200	-	-
509A Actuary	410-Erika	132	117	117
Employee Survey	410-Erika	1,200	-	-
FTTH Support	920-Brad	-	1,870	-
Communications Consulting - IUB/FCC	920-Brad	4,500	4,500	4,500
		<u>\$ 56,653</u>	<u>\$ 52,137</u>	<u>\$ 47,580</u>

Injuries & Damages – (925)

- Workers compensation claims over budget \$11,294.
- Insurance premiums are \$811 under budget.

Employee Pensions & Benefits – (926)

	2019 Budget	2019 Actual	2018 Actual
Health care cost	\$ 219,846	\$ 206,711	\$ 194,572
Pension	231,957	231,957	195,606
FICA	104,826	99,090	87,004
Deferred compensation	21,420	26,797	22,218
Dental	8,000	8,123	7,631
Life, LTD & ADD	8,225	10,194	6,616
OPEB	2,802	2,802	2,608
Other expenses	7,464	9,236	8,316
	<u>\$ 604,540</u>	<u>\$ 594,910</u>	<u>\$ 524,571</u>

- Deferred compensation higher than budget due to higher employee contributions.
- LTD premiums increased 50%.

Fringe Benefits Charged to Construction – (927)

- Less time has been charged to capital projects than budgeted.

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

- Labor is under budget \$5,522.
- Travel & training are under budget by \$12,995.
- Membership & subscriptions under budget by \$2,029.
- Wellness expenses are under budget by \$1,157.
- Employment expenses are under budget by \$2,602.
- Temp services are over budget \$1,774.

Maintenance of General Plant – (932)

- Maintenance agreements under budget by \$4,877.
- Memberships and subscriptions under budget by \$1,640.
- Material expenses under budget by \$2,482.

Vacation, Holiday, Sick Leave – (936)

- Sick leave and personal leave are under budget \$7,712.
- Vacation is under budget \$10,998.