

Muscatine Power and Water

Electric Utility

Financial Operating Statements & Balance Sheets

July 2019

**Muscatine Power and Water
Electric Utility**

Table of Contents

	Page
Classification of Electric Energy Distribution.....	1 - 2
Statements of Revenues, Expenses, and Changes in Net Position.....	3 - 4
Statements of Net Position.....	5 - 6
Statements of Cash Flows.....	7
Funds Appropriated for Specific Purposes.....	8
Summary of Expenses.....	9 - 14
Statistical Data.....	15
Wholesale Sales Analysis.....	16
Wind Sales Analysis.....	17

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

	Budget Estimate	% Increase (Decrease) From Budget	This Year	% Increase (Decrease) Fr. Last Yr.	Last Year
<u>KWH Generated and Sold</u>					
Gross Generation	89,265,566	(35.3)	57,717,333	(43.0)	101,175,557
Less: Plant Use	7,678,898	24.0	9,519,094	3.9	9,164,778
Net Generation/Wholesale Sales	81,586,668	(40.9)	48,198,239	(47.6)	92,010,779
Wholesale Sales - Wind	2,700,000	1.3	2,733,957	(13.0)	3,144,117
Total Wholesales Sales	<u>84,286,668</u>	(39.6)	<u>50,932,196</u>	(46.5)	<u>95,154,896</u>
<u>Net Capacity Factors</u>					
Unit 9	64.15	(53.3)	29.97	(59.6)	74.18
Unit 8/8A	---	---	30.34	---	---
Unit 7	21.33	---	11.10	(68.9)	35.72
Total Plant	47.98	(40.9)	28.35	(49.3)	55.97
<u>KWH Distribution</u>					
Residential	11,132,193	11.1	12,365,964	0.7	12,281,347
Commercial I	2,808,069	10.0	3,090,145	(9.5)	3,413,212
Commercial II	9,671,276	0.3	9,702,260	(0.1)	9,709,040
Industrial I	13,274,562	3.9	13,794,960	7.1	12,874,660
Industrial II	38,244,955	(4.1)	36,673,308	(3.3)	37,924,525
City Enterprise Funds	426,876	17.6	501,910	13.5	442,149
Water & Communications Utilities	1,532,920	3.5	1,586,236	3.1	1,539,001
Native System Sales	77,090,851	0.8	77,714,783	(0.6)	78,183,934
City Lighting	142,519	(22.4)	110,658	(13.3)	127,620
City Buildings	642,544	(12.4)	562,704	(10.0)	625,389
Offline Power Plant Usage	388,560	(86.1)	54,022	(82.5)	308,581
Losses & Cycle Billing	2,528,081	13.1	2,860,072	51.5	1,888,255
Total Native System KWH Distributed	80,792,555	0.6	81,302,239	0.2	81,133,779
Wind KWH Purchases	2,700,000	1.3	2,733,957	(13.0)	3,144,117
Total Purchased Power KWH	<u>83,492,555</u>	0.7	<u>84,036,196</u>	(0.3)	<u>84,277,896</u>
<u>STEAM SALES - 1,000 lbs</u>	<u>---</u>	<u>---</u>	<u>262,770</u>	<u>---</u>	<u>---</u>

Muscatine Power and Water - Electric Utility
Classification of Electric Energy/Steam Sales
Calendar Year-to-Date - July 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	550,454,856	(12.5)	481,878,210	(22.0)	617,494,406
Less: Plant Use	55,037,294	17.5	64,657,405	0.3	64,438,177
Net Generation/Wholesale Sales	495,417,562	(15.8)	417,220,805	(24.6)	553,056,229
Wholesale Sales - Wind	30,480,000	(8.3)	27,962,501	(9.0)	30,730,038
Total Wholesale Sales	<u>525,897,562</u>	(15.3)	<u>445,183,306</u>	(23.7)	<u>583,786,267</u>
<u>Net Capacity Factors</u>					
Unit 9	53.43	(25.5)	39.79	(34.0)	60.28
Unit 8/8A	19.33	85.9	35.93	64.1	21.90
Unit 7	5.86	---	4.50	(79.4)	21.88
Total Plant	42.61	(15.8)	35.88	(27.1)	49.20
<u>KWH Distribution</u>					
Residential	57,925,936	2.9	59,578,029	(5.5)	63,028,925
Commercial I	16,461,501	5.8	17,418,157	(14.2)	20,298,979
Commercial II	59,145,764	(7.0)	54,996,120	(5.8)	58,376,660
Industrial I	77,988,116	3.0	80,339,780	3.6	77,580,200
Industrial II	275,953,216	(2.8)	268,160,497	(1.8)	273,181,814
City Enterprise Funds	3,048,444	24.9	3,807,543	29.6	2,937,162
Water & Communications Utilities	9,767,764	3.0	10,062,798	1.9	9,876,902
Native System Sales	500,290,741	(1.2)	494,362,924	(2.2)	505,280,642
City Lighting	976,251	(18.9)	791,756	(14.2)	922,307
City Buildings	4,290,658	(7.0)	3,989,943	(7.8)	4,329,773
Offline Power Plant Usage	1,444,800	(7.8)	1,332,338	(42.0)	2,297,230
Losses & Cycle Billing	16,201,299	(0.1)	16,191,844	3.4	15,658,182
Total Native System KWH Distributed	523,203,749	(1.2)	516,668,805	(2.2)	528,488,134
Wind KWH Purchases	30,480,000	(8.3)	27,962,501	(9.0)	30,730,038
Total Purchased Power KWH	<u>553,683,749</u>	(1.6)	<u>544,631,306</u>	(2.6)	<u>559,218,172</u>
<u>STEAM SALES - 1,000 lbs</u>	<u>1,008,000</u>	49.9	<u>1,510,985</u>	54.1	<u>980,791</u>

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

	Budget		% Increase (Decrease) from Budget	This Year	Avg. Price	% Increase (Decrease) from Last Year	Last Year	Avg. Price
	Estimate	Avg. Price						
<u>Sales of Electricity</u>								
Residential	\$1,204,135	\$ 0.10817	16.5	\$1,403,166	\$ 0.11347	10.3	\$1,271,985	\$ 0.10357
Commercial I	302,380	0.10768	15.2	348,395	0.11274	0.3	347,311	0.10175
Commercial II	733,653	0.07586	9.7	805,065	0.08298	12.4	716,442	0.07379
Industrial I	835,915	0.06297	16.3	972,191	0.07047	23.2	788,908	0.06128
Industrial II	2,041,808	0.05339	9.4	2,232,890	0.06089	16.0	1,924,586	0.05075
City Enterprise Funds	32,672	0.07654	26.5	41,316	0.08232	28.9	32,043	0.07247
Water & Communication Utilities	93,319	0.06088	16.3	108,510	0.06841	15.3	94,133	0.06116
Native System Sales	5,243,882	0.06802	12.7	5,911,533	0.07607	14.2	5,175,408	0.06620
Wholesale Sales	3,134,287	0.03719	(45.4)	1,710,991	0.03359	(50.0)	3,424,736	0.03599
Energy Sales	8,378,169		(9.0)	7,622,524		(11.4)	8,600,144	
Steam Sales	---	---	---	788,374	3.00	---	---	---
<u>Other Revenue</u>								
By-Product Revenue	30,664		6.7	32,705		(37.0)	51,898	
Miscellaneous Revenue	54,521		16.9	63,722		12.1	56,845	
Total Other Revenue	85,185		13.2	96,427		(11.3)	108,743	
Operating Revenue	8,463,354		0.5	8,507,325		(2.3)	8,708,887	
<u>Operating Expense</u>								
Purchased Power	2,797,241	0.03350	(15.8)	2,356,068	0.02804	(16.8)	2,832,251	0.03361
Production Fuel	1,965,377		(19.2)	1,588,679		(11.1)	1,787,914	
Emissions Allowance	---		---	438		22.9X	18	
Operation	2,268,142		14.6	2,599,599		21.0	2,148,421	
Maintenance	858,079		(17.2)	710,670		(1.7)	722,869	
Depreciation	869,891		18.1	1,027,147		7.1	958,834	
Total Operating Expense	8,758,728		(5.4)	8,282,602		(2.0)	8,450,308	
Operating Income (Loss)	(295,375)		-1.8X	224,723		(13.1)	258,579	
<u>Nonoperating Revenue (Expense)</u>								
Interest Income	70,101		2.4	71,771		(22.7)	92,868	
Interest Expense	(1,451)		37.3	(1,992)		79.7	(1,108)	
Total Nonoperating Revenue (Expense)	68,650		1.6	69,779		(24.0)	91,759	
Net Income (Loss) Before Revenue Adjustment	(226,725)		-2.3X	294,501		(15.9)	350,339	
Capital Contributions	---		---	---		---	---	
Change in Net Position	(226,725)		-2.3X	294,501		(15.9)	350,339	
Beginning Net Position	104,274,027			106,972,533			113,020,871	
Prior Period Adj. GASB 18- Landfill	---			---			(1,069,701)	
Ending Net Position	\$104,047,303			\$107,267,035			\$112,301,508	
Net Income (Loss) Before Rev Adj to Op Revenue	(2.7)			3.5			4.0	
Change in Net Position to Operating Revenue	(2.7)			3.5			4.0	

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

	Budget		% Increase (Decrease) from Budget	This Year	Avg. Price	% Increase (Decrease) from Last Year	Last Year	Avg. Price
	Estimate	Avg. Price						
Sales of Electricity								
Residential	\$6,548,403	\$ 0.11305	8.2	\$7,086,359	\$ 0.11894	3.4	\$6,852,866	\$ 0.10873
Commercial I	1,789,666	0.10872	10.3	1,973,325	0.11329	(5.4)	2,086,286	0.10278
Commercial II	4,681,194	0.07915	2.4	4,795,392	0.08720	6.0	4,524,009	0.07750
Industrial I	5,029,500	0.06449	13.9	5,730,107	0.07132	17.3	4,883,240	0.06294
Industrial II	14,779,085	0.05356	8.2	15,987,290	0.05962	14.2	14,001,782	0.05125
City Enterprise Funds	235,880	0.07738	30.9	308,681	0.08107	42.1	217,192	0.07395
Water & Communications Utilities	595,621	0.06098	18.5	705,825	0.07014	16.4	606,454	0.06140
Native System Sales	33,659,350	0.06728	8.7	36,586,980	0.07401	10.3	33,171,829	0.06565
Wholesale Sales	17,014,737	0.03235	(21.4)	13,367,303	0.03003	(29.6)	18,979,932	0.03251
Energy Sales	50,674,087		(1.4)	49,954,282		(4.2)	52,151,761	
Steam Sales	3,870,790	3.84	38.6	5,366,121	3.55	43.9	3,728,503	3.80
Other Revenue								
By-Product Revenue	174,653		(1.9)	171,362		(28.8)	240,555	
Miscellaneous Revenue	375,088		3.8	389,469		(4.4)	407,203	
Total Other Revenue	549,741		2.0	560,831		(13.4)	647,757	
Operating Revenue	55,094,618		1.4	55,881,234		(1.1)	56,528,020	
Operating Expense								
Purchased Power	16,088,457	0.02906	(8.3)	14,752,898	0.02709	(10.8)	16,545,338	0.02959
Production Fuel	13,366,134		(6.4)	12,504,948		(4.3)	13,066,678	
Emissions Allowance	2,104		80.5	3,797		87.7	2,023	
Operation	15,937,685		(2.8)	15,492,889		6.2	14,595,018	
Maintenance	6,703,029		(7.7)	6,185,323		9.8	5,635,076	
Depreciation	6,089,237		18.1	7,190,030		7.1	6,711,839	
Total Operating Expense	58,186,646		(3.5)	56,129,884		(0.8)	56,555,972	
Operating Loss	(3,092,028)		(92.0)	(248,650)		7.9X	(27,951)	
Nonoperating Revenue (Expense)								
Interest Income	490,708		76.6	866,737		69.6	510,979	
Interest Expense	(10,159)		29.3	(13,134)		93.7	(6,779)	
Total Nonoperating Revenue (Expense)	480,549		77.6	853,603		69.3	504,199	
Net Income (Loss) Before Revenue Adjustment and Capital Contributions	(2,611,479)		-1.2X	604,953		27.0	476,248	
Capital Contributions	---		---	3,300		---	---	
Change in Net Position	(2,611,479)		-1.2X	608,253		27.7	476,248	
Beginning Net Position	106,658,781			106,658,781			112,894,961	
Prior Period Adj. GASB 18- Landfill	---			---			(1,069,701)	
Ending Net Position	\$104,047,303			\$107,267,035			\$112,301,508	
Net Income (Loss) Before Rev Adj to Op Revenue	(4.7)			1.1			0.8	
Change in Net Position to Operating Revenue	(4.7)			1.1			0.8	

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

ASSETS

	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash - interest bearing	\$20,069,705	\$27,049,819
Investments	44,654,279	32,007,427
Receivables:		
Consumer Accounts	7,431,885	7,818,128
Refined Coal	2,635,188	3,251,599
Wholesale	6,630	419,504
Steam Sales	788,649	---
Interest	328,632	211,190
Inventories	5,482,837	5,290,712
Fuel	4,401,239	9,837,636
Prepaid Expenses	<u>1,191,016</u>	<u>1,087,169</u>
Total Current Assets	<u>86,990,060</u>	<u>86,973,184</u>
Property and Equipment:		
At Cost	432,974,716	431,959,473
Less Accumulated Depreciation	<u>372,686,103</u>	<u>365,604,830</u>
Net Property and Equipment	<u>60,288,613</u>	<u>66,354,643</u>
Other Assets:		
Note Receivable - Communications Utility	8,078,994	8,562,844
Joint Venture Rights	<u>86,186</u>	<u>86,645</u>
Total Other Assets	<u>8,165,180</u>	<u>8,649,489</u>
Deferred Outflows of Resources		
Pension	8,562,144	11,620,953
OPEB	<u>79,020</u>	<u>79,020</u>
Total Deferred Outflows of Resources	<u>8,641,164</u>	<u>11,699,973</u>
TOTAL ASSETS	<u><u>\$164,085,017</u></u>	<u><u>\$173,677,289</u></u>

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

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2019</u>	<u>2018</u>
Current Liabilities:		
<u>Unrestricted</u>		
Accounts Payable	\$5,171,214	\$7,203,399
Health & Dental Insurance Provision	293,070	248,520
Accrued Payroll	418,800	744,082
Accrued Vacation	1,201,761	1,251,145
Accrued Emission Allowance Expense	16,007	9,905
Consumers' Deposits	913,554	826,068
Retained Percentage on Contracts	---	24,225
Accrued Property Taxes	105,493	104,687
Miscellaneous Accrued Expenses	911,418	725,748
Unearned Revenue	29,999	23,334
	<hr/>	<hr/>
Total Unrestricted Current Liabilities	9,061,316	11,161,113
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	1,071,616	1,314,613
Post-Employment Health Benefit Provision	703,184	671,689
Landfill closure and post closure liability	1,580,457	1,069,701
Net Pension Liability	13,188,657	17,871,670
	<hr/>	<hr/>
Total Non-Current Liabilities	16,543,914	20,927,673
	<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
	<hr/>	<hr/>
Total Deferred Inflows of Resources	31,212,752	29,286,995
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	60,288,613	66,354,643
Unrestricted	46,978,422	45,946,865
	<hr/>	<hr/>
Total Net Position	107,267,035	112,301,508
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$164,085,017</u>	<u>\$173,677,289</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$224,723	(\$248,650)
Noncash items in operating income:		
Depreciation of electric utility plant	1,027,147	7,190,030
Amortization of joint venture rights	12,445	63,601
Change in deferred outflows of resources	(214,263)	(1,570,589)
Changes in assets and liabilities:		
Consumer accounts receivable	(493,418)	(604,413)
Refined coal	(262,815)	(919,805)
Wholesale receivable	(95)	(1,966)
Steam sales receivable	(91,355)	111,586
Inventories	51,193	(149,182)
Fuel	(210,000)	2,872,979
Prepaid expenses	26,562	(707,122)
Accounts payable	(359,418)	(1,187,419)
Net pension liability	409,989	2,134,128
Health & dental insurance provision	(28,667)	(194,473)
Other post-employment benefit provision	2,637	18,456
Accrued payroll	(237,250)	(384,111)
Accrued vacation	(29,812)	(29,926)
Accrued emission allowance expense	438	3,797
Consumers' deposits	4,713	68,001
Accrued property taxes	7,944	7,530
Unearned revenue	(2,608)	22,432
Miscellaneous accrued expenses	131,785	69,720
Net cash flows from operating activities	<u>(30,125)</u>	<u>6,564,603</u>
Cash flows from capital financing activities:		
Sale of Rail cars	---	200,005
Capital expenditures, net	(516,034)	(3,732,849)
Net cash flows from capital and related financing activities	<u>(516,034)</u>	<u>(3,532,844)</u>
Cash flows from investing activities:		
Purchase of joint venture rights	---	(51,990)
Interest received on investments	337,309	918,791
Net cash flows from investing activities	<u>337,309</u>	<u>866,801</u>
Net increase (decrease) in cash and investments	<u>(208,850)</u>	<u>3,898,561</u>
Cash and investments at beginning of period	<u>\$64,932,834</u>	<u>\$60,825,423</u>
Cash and investments at end of period	<u>\$64,723,984</u>	<u>\$64,723,984</u>

**Muscatine Power and Water - Electric Utility
Funds Appropriated for Specific Purposes
July 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>\$28,032,866</u>	<u>\$28,032,866</u>

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

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Purchased Power</u>	<u>\$2,797,241</u>	33.1	<u>\$2,356,068</u>	27.7	<u>\$2,832,251</u>	32.5
Average price per kWh	\$0.03350		\$0.02804		\$0.03361	
<u>Generation</u>						
Operation Supervision (500)	81,445		87,751		79,234	
Fuel: (501)						
Coal	1,768,956		1,528,102		1,736,987	
Fuel Oil	---		245		1,079	
Gas	2,083		11,579		---	
Coal Handling Expense (501-003)	35,369		41,071		32,397	
Landfill Operation Expense (501-925)	158,968		7,682		17,451	
Emissions Allowance Expense (509)	---		438		18	
Steam Expense:						
Boiler (502-004)	109,740		108,326		93,238	
Pollution Control (502-005)	30,471		41,680		74,978	
Electric Expense (505)	91,675		108,564		96,431	
Miscellaneous Steam Power Expense (506)	215,752		213,214		102,146	
Maintenance:						
Supervision (510)	70,826		65,326		75,375	
Structures (511)	86,121		60,276		94,361	
Boiler Plant:						
Boiler (512-006)	146,753		186,644		84,044	
Pollution Control (512-007)	46,315		45,827		27,159	
Electric Plant (513-008)	116,556		30,917		13,002	
System Control (513-009)	20,589		21,366		15,230	
Miscellaneous Steam Plant (514)	46,147		35,989		41,403	
Coal Handling Equipment (516)	83,356		47,865		85,237	
System Control and Load Dispatch (556)	27,308		30,373		34,663	
Vacation, Holiday, Sick Leave (557)	98,867		96,691		114,657	
Depreciation (558)	642,982		630,825		641,039	
Total Generation Expense	<u>\$3,880,279</u>	45.8	<u>\$3,400,751</u>	40.0	<u>\$3,460,131</u>	39.7

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

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Transmission</u>						
Operation Supervision (560)	\$9,494		\$11,244		\$8,776	
Load Dispatching (561)	76,260		76,676		60,368	
Station Expense (562)	12,409		6,638		8,589	
Overhead Line Expense (563)	84		5,111		4,757	
Transmission of Electricity by Others (565)	126,060		114,640		104,582	
Miscellaneous Transmission Expense (566)	12,278		13,083		8,626	
Maintenance:	---		---		---	
Supervision (568)	2,932		3,635		2,352	
Structures (569)	105		---		---	
Station Equipment (570)	2,679		6,037		7,831	
Overhead Lines (571)	36,348		11,148		7,834	
Vacation, Holiday, Sick Leave (575)	15,255		12,427		14,933	
Depreciation (576)	46,015		44,433		43,048	
Tax on Rural Property (577)	5,621		5,686		5,690	
	<u>345,540</u>	4.1	<u>310,758</u>	3.7	<u>277,385</u>	3.2
<u>Distribution</u>						
Operation Supervision (580)	15,487		13,907		11,744	
Load Dispatching (581)	32,421		29,339		36,858	
Station Expense (582)	32,654		4,056		8,627	
Overhead Line Expense (583)	1,851		230		---	
Vehicle Expense (589)	15,425		18,917		17,710	
Underground Line Expense (584)	6,927		5,694		6,527	
Street Lighting (585-418)	2,535		3,665		---	
Signal Expense (585-419)	1,149		535		164	
Meter Expense (586)	11,593		13,192		10,438	
Consumer Installation Expense (587)	755		1,056		1,185	
Miscellaneous Distribution Expense (588)	60,505		79,084		59,770	
Maintenance:						
Supervision (590)	11,070		10,456		7,459	
Structures (591)	5,950		---		---	
Station Equipment (592)	6,035		9,092		9,485	
Overhead Lines (593)	56,638		65,400		88,869	
Underground Lines (594)	21,331		9,536		37,366	
Line Transformers (595)	3,767		4,551		10,877	
Street Lighting (596-418)	6,370		4,276		23,048	
Signal System (596-419)	2,263		4,864		6,994	
Meters (597)	2,558		3,156		2,182	
Miscellaneous Distribution Plant (598)	2,750		2,357		2,745	
Vacation, Holiday, Sick Leave (599)	38,912		45,676		49,210	
Depreciation (578)	180,895		179,112		175,558	
Tax on Rural Property (579)	1,679		1,698		1,700	
	<u>\$521,518</u>	6.2	<u>\$509,849</u>	6.0	<u>\$568,514</u>	6.5

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

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$4,126		\$5,721		\$1,075	
Energy Efficiency Rebates (912)	17,310		10,260		12,876	
Electric Ranges/Dryers Maintenance (910)	464		131		185	
Electric Water Heaters Maintenance (911)	132		---		---	
Total Customer Service Expense	<u>22,032</u>	0.3	<u>16,112</u>	0.2	<u>14,136</u>	0.2
<u>Consumer Accounts</u>						
Meter Reading Expense (902)	8,116		12,142		9,503	
Consumer Records and Collection (901/903)	47,981		50,243		30,366	
Uncollectible Accounts Expense (904)	3,811		3,811		4,253	
Vacation, Holiday, Sick Leave (906)	6,902		6,323		8,269	
Total Consumer Accounts Expense	<u>66,810</u>	0.8	<u>72,519</u>	0.9	<u>52,391</u>	0.6
<u>Administrative and General</u>						
Administrative and General Salaries (920)	201,277		198,092		181,420	
Office Supplies and Expenses (921)	14,639		24,893		11,095	
Outside Services Employed (923)	40,731		14,384		14,483	
Property Insurance (924)	65,994		76,226		62,067	
Casualty Ins, Injuries & Damages (925)	43,967		240,265		30,061	
Employee Pensions and Benefits (926)	619,162		757,945		683,288	
Fringe Benefits Charged to Constr. (927)	(38,541)		(40,467)		(3,879)	
Regulatory Commission (928)	9,140		7,482		9,573	
Miscellaneous General Expense (930)	51,030		40,214		28,163	
Maintenance of General Plant (932)	37,588		39,873		32,411	
Maintenance of A/O Center (934)	43,034		42,079		47,608	
Vacation, Holiday, Sick Leave (936)	37,290		42,783		50,020	
Depreciation (933)	---		172,778		99,190	
Total Administrative and General	<u>1,125,309</u>	13.3	<u>1,616,545</u>	19.0	<u>1,245,500</u>	14.3
Total Operating Expense	<u>\$8,758,728</u>		<u>\$8,282,602</u>		<u>\$8,450,308</u>	
Percent to Operating Revenue		103.5		97.4		97.0

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

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Purchased Power</u>	<u>\$16,088,457</u>	29.2	<u>\$14,752,898</u>	26.4	<u>\$16,545,338</u>	29.3
Average price per kWh	\$0.02906		\$0.02709		\$0.02959	
<u>Generation</u>						
Operation Supervision (500)	545,981		587,232		549,351	
Fuel: (501)						
Coal	12,188,953		11,831,874		12,563,873	
Fuel Oil	47,643		47,833		47,239	
Gas	88,870		96,611		83,107	
Coal Handling Expense (501-003)	244,919		393,485		261,982	
Landfill Operation Expense (501-925)	795,748		135,145		110,478	
Emissions Allowance Expense (509)	2,104		3,797		2,023	
Steam Expense:						
Boiler (502-004)	700,885		751,421		692,896	
Pollution Control (502-005)	363,364		253,522		374,316	
Electric Expense (505)	664,449		711,867		652,742	
Miscellaneous Steam Power Expense (506)	1,453,439		1,066,972		1,094,168	
Maintenance:						
Supervision (510)	482,145		514,731		530,817	
Structures (511)	710,818		505,607		376,527	
Boiler Plant:						
Boiler (512-006)	1,435,792		1,375,975		1,547,125	
Pollution Control (512-007)	433,047		399,175		293,836	
Electric Plant (513-008)	637,408		795,468		382,346	
System Control (513-009)	145,079		142,565		143,308	
Miscellaneous Steam Plant (514)	381,448		305,417		288,617	
Coal Handling Equipment (516)	692,451		486,688		519,741	
System Control and Load Dispatch (556)	193,261		203,752		217,799	
Vacation, Holiday, Sick Leave (557)	594,073		582,977		592,461	
Depreciation (558)	<u>4,500,873</u>		<u>4,415,772</u>		<u>4,487,275</u>	
Total Generation Expense	<u>\$27,302,751</u>	49.6	<u>\$25,607,887</u>	45.8	<u>\$25,812,025</u>	45.7

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

	Budget Estimate		This Year		Last Year	
<u>Transmission</u>						
Operation Supervision (560)	\$64,796		\$60,211		\$53,127	
Load Dispatching (561)	537,480		530,378		493,192	
Station Expense (562)	102,257		68,280		90,061	
Overhead Line Expense (563)	648		26,528		10,912	
Transmission of Electricity by Others (565)	902,420		722,619		647,670	
Miscellaneous Transmission Expense (566)	89,144		80,113		79,710	
Maintenance:	0		0			
Supervision (568)	20,015		18,672		14,134	
Structures (569)	1,011		---		---	
Station Equipment (570)	42,416		61,315		65,517	
Overhead Lines (571)	183,734		145,954		57,718	
Vacation, Holiday, Sick Leave (575)	90,693		76,686		80,467	
Depreciation (576)	322,102		311,029		301,333	
Tax on Rural Property (577)	39,346		39,495		39,922	
	<u>2,396,062</u>	4.3	<u>2,141,280</u>	3.8	<u>1,933,763</u>	3.4
<u>Distribution</u>						
Operation Supervision (580)	105,630		89,176		79,424	
Load Dispatching (581)	222,465		209,699		222,733	
Station Expense (582)	114,838		60,370		52,093	
Overhead Line Expense (583)	24,350		705		957	
Vehicle Expense (589)	108,024		101,624		101,450	
Underground Line Expense (584)	41,073		31,477		32,391	
Street Lighting (585-418)	17,665		5,789		7,191	
Signal Expense (585-419)	9,299		1,278		4,806	
Meter Expense (586)	81,401		73,258		70,502	
Consumer Installation Expense (587)	5,171		5,387		6,707	
Miscellaneous Distribution Expense (588)	442,783		541,869		502,036	
Maintenance:						
Supervision (590)	77,997		63,583		49,919	
Structures (591)	11,732		---		---	
Station Equipment (592)	66,854		65,737		45,215	
Overhead Lines (593)	389,775		516,889		437,653	
Underground Lines (594)	155,533		94,031		158,493	
Line Transformers (595)	42,049		14,755		26,293	
Street Lighting (596-418)	65,562		34,249		100,165	
Signal System (596-419)	25,116		51,174		44,358	
Meters (597)	19,781		21,126		14,917	
Miscellaneous Distribution Plant (598)	19,250		14,700		19,277	
Vacation, Holiday, Sick Leave (599)	231,589		265,489		252,148	
Depreciation (578)	1,266,263		1,253,785		1,228,904	
Tax on Rural Property (579)	11,753		11,797		11,928	
	<u>\$3,555,952</u>	6.5	<u>\$3,527,945</u>	6.3	<u>\$3,469,557</u>	6.1

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

	<u>Budget</u> <u>Estimate</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$59,082		\$43,253		\$41,755	
Energy Efficiency Rebates (912)	93,170		33,995		89,507	
Electric Ranges/Dryers Maintenance (910)	3,345		1,615		1,184	
Electric Water Heaters Maintenance (911)	1,193		474		936	
Total Customer Service Expense	\$156,789	0.3	\$79,337	0.1	\$133,382	0.2
<u>Consumer Accounts</u>						
Meter Reading Expense (902)	61,555		79,072		69,529	
Consumer Records and Collection (901/903)	331,086		303,773		297,810	
Uncollectible Accounts Expense (904)	26,675		26,675		29,771	
Vacation, Holiday, Sick Leave (906)	40,945		37,119		37,260	
Total Consumer Accounts Expense	460,260	0.8	446,638	0.8	434,369	0.8
<u>Administrative and General</u>						
Administrative and General Salaries (920)	1,373,756		1,320,237		1,271,835	
Office Supplies and Expenses (921)	108,819		129,974		105,945	
Outside Services Employed (923)	436,690		235,164		250,804	
Property Insurance (924)	448,802		491,103		415,431	
Casualty Ins, Injuries & Damages (925)	302,376		554,524		275,517	
Employee Pensions and Benefits (926)	4,355,692		4,663,062		4,289,744	
Fringe Benefits Charged to Constr. (927)	(194,641)		(217,478)		(198,489)	
Regulatory Commission (928)	63,980		47,638		61,610	
Miscellaneous General Expense (930)	446,168		325,582		321,336	
Maintenance of General Plant (932)	358,421		256,666		274,715	
Maintenance of A/O Center (934)	305,594		300,846		244,387	
Vacation, Holiday, Sick Leave (936)	220,716		257,137		220,375	
Depreciation (933)	0		1,209,445		694,328	
Total Administrative and General	8,226,374	14.9	9,573,899	17.1	8,227,538	14.6
Total Operating Expense	\$58,186,646		\$56,129,884		\$56,555,972	
Percent to Operating Revenue		105.6		100.4		100.0

Muscatine Power and Water - Electric Utility
Statistical Data
July 2019

	<u>Current Month</u>	
	<u>2019</u>	<u>2018</u>
Total Fuel Cost Per Million Btu.*	\$1.808	\$1.722
Coal Burn Cost Per Million Btu.	\$1.739	\$1.636
Total Fuel Cost Per Net MW Generated*	\$22.40	\$19.84
Coal Burn Cost Per Net MW Generated	\$21.13	\$18.84
Net Peak Monthly Demand-KW	136,780	138,860
Date of Peak	7/2	7/13
Hour of Peak	1800	1800

	<u>Calendar Year-To-Date</u>	
	<u>2019</u>	<u>2018</u>
Total Fuel Cost Per Million Btu.*	\$1.913	\$1.785
Coal Burn Cost Per Million Btu.	\$1.794	\$1.691
Total Fuel Cost Per Net MW Generated*	\$22.07	\$20.59
Coal Burn Cost Per Net MW Generated	\$20.19	\$19.34
Net Peak Monthly Demand-KW	138,590	145,010
Date of Peak	6/27	6/18
Hour of Peak	1500	1800
Average Temperature	77.7°	72.4

<u>Services</u>	<u>2019</u>	<u>2018</u>
Residential	9,905	9,915
Commercial I	1,353	1,359
Commercial II	148	139
Industrial I	12	11
Industrial II	2	2
City Enterprise Funds	24	24
Water & Communications Utility	36	36
Total	<u>11,480</u>	<u>11,486</u>

*Total Fuel Cost includes FERC 501 (All) & FERC 502 (Locations 940/943)

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

	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales*	<u>\$1,586,668</u>		<u>48,198,239</u>		<u>92,010,779</u>	
Wholesale Sales*	<u>\$3,075,562</u>	<u>\$0.03770</u>	<u>\$1,664,918</u>	<u>\$0.03454</u>	<u>\$3,354,410</u>	<u>\$0.03646</u>
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	1,766,894	0.02166	1,030,471	0.02138	1,808,247	0.01965
Emissions:						
SO ² Allowances-ARP ^{fn1}	---	---	2	---	4	---
SO ² Allowances-CSAPR ^{fn2}	---	---	12	---	5	---
NO _x Allowances ^{fn3}	---	---	6,569	0.00637	20,350	---
Other ^{fn4}	<u>194,640</u>	<u>0.00239</u>	<u>194,349</u>	<u>0.00403</u>	<u>162,080</u>	<u>0.00176</u>
Total Variable Costs	<u>1,961,534</u>	<u>0.02404</u>	<u>1,231,403</u>	<u>0.02555</u>	<u>1,990,686</u>	<u>0.02164</u>
Gross Margin	<u>\$1,114,028</u>	<u>\$0.01365</u>	<u>\$433,515</u>	<u>\$0.00899</u>	<u>\$1,363,724</u>	<u>\$0.01482</u>
Percent Gross Margin	36.2%		26.0%		40.7%	

*Wholesale analysis excludes wind. (see next page)

Calendar Year To Date

	Modified Budget	\$/kWh	This Year	\$/kWh	Last Year	\$/kWh
Wholesale kWh Sales*	<u>495,417,562</u>		<u>417,220,805</u>		<u>553,056,229</u>	
Wholesale Sales*	<u>\$16,514,899</u>	<u>\$0.03334</u>	<u>\$12,953,494</u>	<u>\$0.03105</u>	<u>\$18,409,899</u>	<u>\$0.03329</u>
Variable Costs						
Fuel (Coal, Gas & Fuel Oil)	10,327,781	0.02085	8,565,230	0.02053	10,826,883	0.01958
Emissions:						
SO ² Allowances-ARP ^{fn1}	445	---	156	---	119	0.00000
SO ² Allowances-CSAPR ^{fn2}	764	---	487	---	149	0.00000
NO _x Allowances ^{fn3}	1,196	---	30,183	0.00007	45,669	0.00008
Other ^{fn4}	<u>1,362,480</u>	<u>0.00275</u>	<u>1,361,887</u>	<u>0.00326</u>	<u>1,159,016</u>	<u>0.00210</u>
Total Variable Costs	<u>11,692,666</u>	<u>0.02360</u>	<u>9,957,943</u>	<u>0.02387</u>	<u>12,031,836</u>	<u>0.02176</u>
Gross Margin	<u>\$4,822,233</u>	<u>\$0.00973</u>	<u>\$2,995,551</u>	<u>\$0.00718</u>	<u>\$6,378,063</u>	<u>\$0.01153</u>
Percent Gross Margin	29.2%		23.1%		34.6%	

*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	0.64	0.70
fn2 SO ² CSAPR	1.00	3.50	0.88
YTD SO ² CSAPR	1.00	2.17	0.88
fn3 NO _x annual	2.00	3.50	1.50
NO _x seasonal	270.00	147.50	275.00
YTD NO _x annual	2.00	2.75	1.50
YTD NO _x seasonal	270.00	159.63	228.18

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 - July 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>2,700,000</u>		<u>2,733,957</u>		<u>3,144,117</u>	
Wholesale Sales	<u>\$58,725</u>	<u>\$0.02175</u>	<u>\$46,073</u>	<u>\$0.01685</u>	<u>\$70,326</u>	<u>\$0.02237</u>
Expense						
Purchased Power kWh	2,700,000		2,733,957		3,144,117	
Purchased Power	\$73,332	0.02716	\$74,543	0.02727	\$83,539	0.02657
Gross Margin/(Loss)	<u>(\$14,607)</u>	<u>(\$0.00541)</u>	<u>(\$28,470)</u>	<u>(\$0.01041)</u>	<u>(\$13,213)</u>	<u>(\$0.00420)</u>
Percent Gross Margin	-24.9%		-61.8%		-18.8%	
RECs Sold	---		---		---	
REC Net Proceeds	\$0		\$0		\$0	
Misc Wind Revenues/Charges	\$0		\$0		\$0	
Wind Net Margin/(Loss)	<u>(\$14,607)</u>		<u>(\$28,470)</u>		<u>(\$13,213)</u>	

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>30,480,000</u>		<u>27,962,501</u>		<u>30,730,038</u>	
Wholesale Sales	<u>\$499,838</u>	<u>\$0.01640</u>	<u>\$413,809</u>	<u>\$0.01480</u>	<u>\$570,033</u>	<u>\$0.01855</u>
Expense						
Purchased Power kWh	30,480,000		27,962,501		30,730,038	
Purchased Power	\$827,837	0.02716	\$760,390	0.02719	\$817,159	0.02659
Gross Margin/(Loss)	<u>(\$327,999)</u>	<u>(\$0.01076)</u>	<u>(\$346,581)</u>	<u>(\$0.01239)</u>	<u>(\$247,126)</u>	<u>(\$0.00804)</u>
Percent Gross Margin	-65.6%		-83.8%		-43.4%	
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)	<u>(\$327,999)</u>		<u>(\$327,831)</u>		<u>(\$246,376)</u>	

	<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		31,406	19,886
RECs Sold This Period		25,000	1,000
Number of RECs on hand		59,567	51,504
Market Value per REC		\$0.75	\$0.75
Value of RECs on Hand		\$44,675.25	\$38,628.00

Electric Utility
Review of Operating Results
July 2019

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

	(Unfavorable)/ Favorable Compared to Budget	
Sales of Electricity		
Native System Sales	\$ 2,927,630	1.2% lower kWhs sold, offset by a 10.0% higher average sales price (\$.07401/kWh versus \$.06728/kWh budgeted)
Wholesale Sales	<u>(3,647,434)</u> <u>(719,804)</u>	15.3% lower kWhs sold and a 7.2% lower average sale price (\$.03003/kWh versus \$.03235/kWh)
Steam Sales	<u>1,495,331</u>	49.9% higher pounds of steam sold
Other Revenue		
By-Product Revenue	2,349 <u>(5,640)</u>	Fly ash sales higher than budgeted Gypsum sales lower than budgeted
Miscellaneous Revenue	<u>(23,631)</u> 10,586 5,320 18,260 <u>3,846</u> <u>11,090</u>	Lower job sales, net of expenses Higher transmission revenue Revenue from RESCO for patronage dividends Revenue from RECs, not budgeted Other miscellaneous variances - net
Operating Expense		
Purchased Power - Native System	1,268,112	Average purchase price is 6.8% lower (\$.02709/kwh vs \$.02906/kwh) and 1.2% lower kWhs purchased
Purchased Power - Wind	<u>67,447</u> <u>1,335,559</u>	8.3% lower kWhs purchased
Production Fuel	595,416 357,079 20,300 17,922 13,000 12,000 9,223 6,000 5,412 5,000 <u>(5,731)</u> <u>(10,062)</u> <u>(16,964)</u> <u>(152,789)</u> <u>5,379</u> <u>861,185</u>	Lower cost for phase I landfill partial cover 0.9% or 3,434 higher tons of coal burned, offset by a 1.1% lower price/ton CCR compliance engineering services cost not incurred Spraying herbicide for weed control, cost not incurred CCR federal reports cost not incurred AWOR cost not incurred Lower Unit 7 natural gas usage Landfill site inspection cost not incurred Lower cost for CCRL groundwater sampling and analysis Landfill financial assurance cost not incurred Unit 9's higher cost of fuel oil Higher coal handling gas and diesel fuel cost Higher Unit 8 natural gas usage Higher labor cost Other miscellaneous variances - net
Emissions Allowance	<u>(1,693)</u>	Market price higher than assumed
Operation	24,853 <u>(12,294)</u> 31,229 40,838 <u>(11,357)</u> <u>(6,953)</u> <u>(14,791)</u> 11,669 26,721 <u>(17,933)</u> <u>(31,966)</u> 90,002 7,600 6,347 7,500 8,000 30,000 6,800 6,982 7,170 8,951 179,801 8,886 20,000 22,450 20,643 <u>(7,887)</u> <u>(11,109)</u> 8,655 8,203 59,175 <u>(6,250)</u> 6,480 16,892 <u>(15,333)</u> 50,296 26,462 7,731 13,170 8,319 20,250 24,300 <u>(8,434)</u> 40,500	Lower cost for bottom ash system chemicals Higher cost for steam expense boiler miscellaneous materials expense Lower PAC injection system costs Lower cost for wastewater chemicals and analysis Higher limestone usage Higher cost for power plant water bills Higher cost for IDNR Title V permit fee PM2.5 modeling, cost not incurred Lower cost for stack testing RATA testing, not budgeted yet Higher cost for engineering services for CCR rule compliance Lower cost for 316(b) cooling water impingement/entrainment study EPA protocol-1 cal. & linearity gasses & demurrage, not done Lower cost for universal waste recycling/hazardous waste disposal Process hazard analysis support consulting, not done COOP student, cost not incurred Power supply study, cost not incurred yet Coal and by-product analysis, not done Lower cost for IDNR Non-Title V permit fee Lower cost for plant safety materials expense Lower cost for plant road and railroad crossing repairs Lower cost for MISO's multi-value transmission and market efficiency projects Lower cost for miscellaneous transmission materials expense Replacement of Wiggins Road sub-step, not done Electric line workers' tools & lean supplies not needed; hoist testing, not done Lower cost for share in MAGIC's operating expenses Higher cost for other miscellaneous distribution materials expense Higher cost for fire retardant clothing Lower cost for promotional materials Lower cost for Questline-EE newsletter service and customer awareness programs Lower cost for energy efficiency rebates Higher cost for office supplies Lower cost for office furniture Lower cost for organizational development consulting Succession planning, not budgeted Lower cost for legal services and transmission/reliability standards Lower cost for CIP compliance consulting Lower cost for financial audit services Lower cost for cost of service study Lower cost for benefits consulting Pension study / GASB 67/68 report, cost not incurred Employee search services, cost not incurred Director professional counseling, not budgeted Engineering compensation review, cost not incurred

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

(Unfavorable)
 Favorable Compared
 to Budget

8,100	Employee survey, cost not incurred
(259,519)	Higher cost for worker's compensation claims
7,371	Lower premium cost for casualty insurance
(294,319)	Higher cost for pension
39,929	Lower cost for healthcare
(22,068)	Higher cost for FICA
(32,086)	Higher cost for deferred comp utility match
(17,638)	Higher cost for LTD insurance
16,200	Unemployment, cost not incurred
22,837	More fringe benefits charged to construction & capital projects than projected
16,342	Lower cost for regulatory commission
20,778	Lower cost for employment expenses
34,370	Lower cost for general CIP expenses
8,497	Lower cost for continuous improvement expenses
10,448	Lower cost for employee team expenses
7,595	Freight, cost not incurred
101,902	Lower cost for training/travel
(61,743)	Higher cost for temporary labor services
(53,918)	Higher cost for vacation expense
172,233	Lower labor cost
<u>6,914</u>	Other miscellaneous variances - net
<u>444,796</u>	

Maintenance

7,000	CHMB maintenance and MH building repairs, not done
63,800	A17.3 Code required elevator upgrades (all), not done
12,500	Unit 7 roof maintenance, not done
10,000	Unit 8 roof maintenance, not done
33,795	Lower cost for unit 9 roof maintenance
46,767	Lower cost for unit 9 turbine roof maintenance
(5,503)	Submersible pump replacement, not budgeted
22,000	Replace SE corner vacuum header, not done
6,000	Cathodic protection inspection service agreement, not done
(24,049)	Unit 9 extend 8" carbon steel vacuum line, not budgeted
(7,457)	Higher cost for bottom ash system materials
52,304	Lower cost for fly ash system materials
(20,743)	Field service for Ovation domain controller, not budgeted
(11,652)	Unit 7 chimney inspection, not budgeted
(6,476)	Unit 7 duct balloon, not budgeted
(41,124)	Unit 7 chain assembly, not budgeted
(57,647)	Repairs to 7A & 7B traveling grate, not budgeted
(9,831)	Unit 7 replace seals, air, intermediate, not budgeted
(30,465)	Higher cost for unit 8 miscellaneous valve repairs
(5,438)	Higher cost for unit 8 sootblower repairs
(70,867)	Higher cost for 8A reboiler repairs
(59,340)	Unit 8A reboiler NDE examination, not budgeted
(5,830)	Replace unit 8 injector assembly, not budgeted
9,706	Lower cost for unit 8 waterblast/airblast furnace
(22,895)	Higher cost for unit 8 boiler vacuum services
(24,715)	Unit 8 deaerator inspection and repair, not budgeted
(10,912)	Replace 8C stockfeeder belt, not budgeted
(5,858)	Replace TG2 branch 1 & 2 modules in I/O cabinet, not budgeted
12,451	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
13,125	Unit 9 boiler vent, drain and blowdown valve repairs, not done
(9,072)	Higher cost for unit 9 miscellaneous valve repairs
72,919	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
(14,359)	Unit 9 replace stockfeeder gearbox, not budgeted
(48,526)	Unit 9 repair grinding rolls, not budgeted
12,434	Lower cost for continuous emission monitoring
(5,191)	Higher cost for wastewater equipment maintenance
15,000	Process piping repairs, not done
7,500	Stack duct balloon, not done
(8,731)	Repair 300 horsepower motor, not budgeted
6,000	Absorber spray impeller replacement, not done
(16,367)	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
(6,813)	Replace expansion joint, not budgeted
(5,857)	Replace impeller on Roth pump, not budgeted
(5,471)	FGD 902 absorber spray pump discharge expansion joint, not budgeted
(20,828)	Higher cost for FGD hydroclone repairs/replacements
8,000	902 WFC motor inspection/repair, not done

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

(Unfavorable)/ Favorable Compared to Budget		
	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
	45,000	Unit 8 traveling screen chains, not done
	80,000	Unit 8 replace CW river gate, not done
	5,000	Unit 9 replace CV-2 relay, not done
	(32,894)	Unit 9 fabricate four traveling screen covers, not budgeted
	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
	(7,775)	Unit 9 test and analyze bus couplers, not budgeted
	22,000	Unit 9 auxiliary transformer repairs, hot oil process, not done
	16,269	Lower cost for unit 9 miscellaneous plant maintenance
	12,494	Lower cost for unit 8A miscellaneous plant maintenance
	(8,838)	Higher cost for unit 8 miscellaneous plant maintenance
	13,725	Lower cost for unit 7 miscellaneous plant maintenance
	6,801	Lower cost for GE, EX-2000, and Mark V service agreement
	28,000	Update air dryer controls, not done
	13,500	Chain fall hoist inspection, not done
	56,838	Lower cost for rail car maintenance
	49,479	Lower cost for dozer maintenance
	(54,028)	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
	7,437	Lower cost for annual track maintenance
	(10,955)	Higher cost for rail unloader maintenance
	12,443	Lower cost for maintenance of overhead lines materials expense
	8,200	Lower cost for distribution maintenance of structures materials expense
	(32,068)	Replacement of Trayer PMH-9 switchgear at MCC, not budgeted
	(17,922)	Higher cost for overhead lines, distribution, for other materials expense
	17,474	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
	20,307	Lower street lighting materials expense
	(8,119)	Higher signals materials expense
	63,254	Lower cost for general plant maintenance agreements
	21,178	Lower general plant materials expense
	(10,010)	Replace cabinets in the head end, not budgeted
	(9,523)	Abandoning the vault under the driveway, not budgeted
	(6,172)	Semi-annual HVAC preventative maintenance inspection, not budgeted
	(4,356)	Repair yard gate, not budgeted
	5,000	Miscellaneous concrete repairs, cost not incurred
	30,000	Key-scan system maintenance, not done
	7,215	Lower cost for A/O Center lawn care expense
	86,039	Lower labor cost
	<u>137,912</u>	Other miscellaneous variances - net
	<u>517,707</u>	
Depreciation	<u>(1,100,793)</u>	Net value of the A&G assets was underestimated for the budget
Nonoperating Revenue (Expense)		
Interest Income	376,029	Higher average cash balances
Interest Expense	<u>(2,975)</u>	
	<u>373,054</u>	
Capital Contributions	<u>3,300</u>	3 transformers for job sale
Change in Net Position	<u>\$ 3,219,732</u>	Total Variance from Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position

Sales of Electricity

Native System Sales

1.2% lower kWhs sold, offset by a 10.0% higher average sales price per kWh (\$.07401/kWh versus \$.06728/kWh budgeted), resulted in \$2,927,630 higher revenue than projected.

Wholesale Sales

15.3% lower kWhs sold and a 7.2% lower average sales price (\$.03003/kWh versus \$.03235/kWh budgeted), resulted in \$3,647,434 lower revenue than projected.

Steam Sales

49.9% higher pounds of steam sold, resulted in \$1,495,331 higher revenue than projected.

Other Revenue

By-Product Revenue

Gypsum sales are \$5,640 lower than budgeted and fly ash sales are \$2,349 higher than budgeted, due to the unit 9 outage and colder temperatures.

Miscellaneous Revenue

Net job sales revenue is \$23,631 lower than budget. Transmission-related revenue is \$10,586 higher than budgeted. Recycling revenue is \$1,598 lower than budgeted. Penalty revenue is \$4,597 higher than budgeted. Included in revenue is \$18,260 for renewable energy credits sold that were not budgeted, and \$5,320 from RESCO for patronage dividends.

Nonoperating Revenue (Expense)

Interest Income

Interest income is \$376,029 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 6.8% lower average purchase price (\$.02709/kWh versus \$.02906/kWh budgeted) and 1.2% lower kWhs purchased for native system sales, resulted in \$1,268,112 lower cost. Wind energy kWh purchases were 8.3% or \$67,447 lower than budgeted.

Generation

Operation Supervision – (500)

Total labor expense is \$41,252 higher than budget due to more overtime than expected.

Fuel – Coal – (501-001)

0.9% or 3,434 higher tons of coal burned, offset by a 1.1% lower price/ton, resulted in \$357,079 lower coal expense.

Fuel – Fuel Oil – (501-921)

Cost of fuel oil for Unit 9 start-ups is \$5,731 higher than budgeted. Other materials expenses are \$5,703 lower than budgeted.

Fuel – Gas – (501-002)

Unit 7's natural gas usage is \$9,223 lower than budgeted and unit 8's natural gas usage is \$16,964 higher than budgeted.

Coal Handling Expense - (501-003)

Labor expenses are \$136,108 higher than budgeted. Gasoline and diesel fuel expenses are \$10,062 higher than budgeted. Other materials expenses are \$2,396 higher than budgeted.

Landfill Operation Expense - (501-925)

Labor expenses are \$14,617 higher than budgeted. Phase I landfill partial cover expenses are \$595,416 lower than budgeted due to timing. CCRL groundwater sampling and analysis expenses are \$5,412 lower than budgeted. The budget includes \$17,922 for spraying herbicide to control weeds, \$20,300 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 \$61,488 higher than budgeted. Bottom ash system chemicals are \$24,853 lower than budget due to timing; other materials expenses are \$12,294 higher than budget.

Steam Expense – Pollution Control – (502-005)

PAC (powdered activated carbon) injection system costs, wastewater chemicals/analysis, and labor expenses are \$31,229, \$40,838, and \$46,575 lower than budgeted, respectively. Limestone expense is \$11,357 higher than budgeted.

Electric Expense – (505)

Labor expense is \$37,206 higher than budget. A 3.0% lower average price, offset by 6.3% higher gallons consumed, resulted in \$6,953 higher cost for power plant water bills. Hydrogen and other materials expenses are \$3,259 higher than budgeted.

Generation (cont'd)

<u>Miscellaneous Steam Power Expense - (506)</u>	2019	2019
	<u>Budget</u>	<u>Actual</u>
Labor	\$560,075	\$426,796
IDNR Title V permit fee	159,551	174,342
PM2.5 modeling	11,669	-
Stack testing	112,367	85,646
RATA testing	-	17,933
Engineering services for CCR rule compliance	7,000	38,966
316(b) cooling water impingement/entrainment study	105,000	14,998
EPA protocol-1 cal. & linearity gasses & demurrage	7,600	-
Universal waste recycling/hazardous waste disposal	13,931	7,584
Process hazard analysis support consulting	7,500	-
COOP student	8,000	-
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
Power supply study	30,000	-
Coal and by-product analysis	6,800	-
IDNR Non-Title V fees	15,000	8,018
ESC software engineering time/maintenance	19,257	14,399
Plant safety material expenses	84,169	76,999
Plant road and railroad crossing repairs	12,950	3,999
Rail car storage/switching costs/admin fees	64,470	69,123
PEPSI/PMAX/Aware maintenance agreements	9,069	4,664
Travel/training	70,925	28,377
Temporary labor services	36,583	12,866
Ground maintenance	19,750	22,020
Membership/subscriptions	9,205	5,716
Gasoline/diesel fuel	8,167	10,623
Other expenses	64,901	33,471
	<u>\$1,453,439</u>	<u>\$1,066,972</u>

Maintenance Supervision – (510)

Labor expense is \$32,586 higher than budgeted.

Generation (cont'd)

<u>Maintenance of Structures - (511)</u>	2019	2019
	<u>Budget</u>	<u>Actual</u>
Labor	\$164,176	\$148,186
Elevator maintenance	45,088	40,639
Contracted insulation replacement/repair	19,245	18,659
CHMB maintenance and MH building repairs	7,000	-
A17.3 Code required elevator upgrades (all)	63,800	-
Motor for Trane steam heater	-	689
Install walk-thru door in FGD	-	2,619
Unit 7 roof maintenance	12,500	-
Unit 8 roof maintenance	10,000	-
Unit 9 roof maintenance	39,000	5,206
Unit 9 turbine roof maintenance	200,000	153,233
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	-
Cathodic protection inspection service agreement	6,000	-
Units 7,8,9 fire protection panel inspection	16,500	12,680
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
Repair #800 FGD south coiling door	-	3,183
Repair FGD area drain sump float switch	-	2,966
Replace 25HP motor for PRE-39	-	1,712
Backflow preventer inspection/repairs	7,700	3,596
Other expenses	96,609	70,692
	<u>\$710,818</u>	<u>\$505,607</u>

Generation (cont'd)

<u>Maintenance of Boiler Plant - Boiler - (512-006)</u>	2019	2019
	<u>Budget</u>	<u>Actual</u>
Labor	\$498,623	\$429,748
Bottom ash system materials	72,529	79,986
Fly ash system materials	71,304	19,000
Reverse osmosis system	4,667	-
Field service for Ovation domain controller	-	20,743
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
Repairs to 7A & 7B traveling grate	-	57,647
Unit 7 replace seals, air, intermediate	-	9,831
Unit 8 miscellaneous valve repairs	560	31,025
Unit 8 sootblower repairs	5,355	10,793
8A reboiler repairs	10,179	81,046
8A reboiler NDE examination	-	59,340
Replace unit 8 injector assembly	-	5,830
Unit 8 deslag furnace	15,000	16,120
Unit 8 waterblast/gritblast furnace	22,500	12,794
Unit 8 cyclone repairs	20,000	24,706
Unit 8 boiler vacuum services	15,000	37,895
Unit 8 deaerator inspection and repair	-	24,715
Unit 8 boiler tube shields	-	4,922
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	14,581	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

Generation (cont'd)

Maintenance of Boiler Plant - Boiler - (512-006) (cont'd)	2019	2019
	<u>Budget</u>	<u>Actual</u>
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
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	13,125	-
Unit 9 miscellaneous valve repairs	26,250	35,322
Unit 9 routine pulverizer maintenance	72,919	-
Unit 9 pulverizer journal rebuilds	80,000	-
Unit 9 boiler feed PMP evaluation	15,000	-
Unit 9 reheat spray valve trim replacement	21,000	-
Unit 9 service packing gland	-	2,915
Unit 9 replace stockfeeder gearbox	-	14,359
Unit 9 repair grinding rolls	-	48,526
Software/plant controls maintenance agreements	33,437	37,518
Other expenses	232,564	95,858
	<u>\$1,435,792</u>	<u>\$1,375,975</u>

*2018 expense over accrued

Generation (cont'd)

<u>Maintenance of Boiler Plant – Pollution Control - (512-007)</u>	<u>2019</u>	<u>2019</u>
	<u>Budget</u>	<u>Actual</u>
Labor	\$181,972	\$146,733
Continuous emission monitoring expenses	76,740	64,306
PAC (powdered activated carbon) injection system costs	7,875	7,215
Miscellaneous precipitator repairs	38,141	33,759
Miscellaneous limestone handling equipment repairs	2,333	-
Wastewater equipment maintenance	15,277	20,468
Scrubber waste equipment repairs	2,917	268
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	-	16,367
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
Replace flush valve in 902 absorber spray pump	-	2,456
Replace expansion joint	-	6,813
Replace impeller on Roth pump	-	5,857
FGD 902 absorber spray pump discharge expansion joint	-	5,471
FGD insulation repair	-	3,529
FGD hydroclone repairs/replacements	8,750	29,578
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	<u>23,642</u>	<u>14,657</u>
	<u>\$433,047</u>	<u>\$399,175</u>

Generation (cont'd)

<u>Maintenance of Electric Plant - (513-008)</u>	2019	2019
	<u>Budget</u>	<u>Actual</u>
Labor	\$163,948	\$180,245
Unit 7 videoscope rental	-	3,415
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 8 traveling screen chains	45,000	-
Unit 8 flux probe and PDA testing	-	3,793
Unit 8 replace two insulation blankets on turbine	-	2,761
Unit 8 turbine MSV weld repairs	-	4,146
Unit 8 replace CW river gate	80,000	-
Unit 8A generator minor electrical testing	8,000	6,516
Unit 8A flux probe and PDA testing	-	337
Unit 9 replace CV-2 relay	5,000	-
Unit 9 rebuild two traveling screens	55,000	51,313
Unit 9 fabricate four traveling screen covers	-	32,894
Unit 9 replace screen covers	32,000	-
Unit 9 transformer & turbine oil samples	6,200	2,976
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 flux probe and PDA testing	-	3,793
Unit 9 test and analyze bus couplers	-	7,775
Unit 9 test and analyze bus couplers	-	4,433
Unit 9 auxiliary transformer repairs, hot oil process	22,000	-
Unit 9 miscellaneous plant maintenance	42,125	25,856
Unit 8A miscellaneous plant maintenance	10,208	-2,286
Unit 8 miscellaneous plant maintenance	11,117	19,955
Unit 7 miscellaneous plant maintenance	15,728	2,003
GE, EX-2000, and Mark V service agreement	14,700	7,899
Other expenses	582	100
	<u>\$637,408</u>	<u>\$795,468</u>

*2018 expense not accrued

Generation (cont'd)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 \$25,642 lower than budgeted. Gasoline and diesel fuel expenses are \$2,042 lower than budgeted.

<u>Maintenance of Coal Handling Equipment - (516)</u>	2019	2019
	<u>Budget</u>	<u>Actual</u>
Labor	\$162,105	\$173,385
Rail car maintenance	118,708	61,871
Dozer maintenance	106,725	57,246
Coal conveyor maintenance	38,384	92,412
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
Annual track maintenance	54,000	46,563
Rail unloader maintenance	7,291	18,246
Temporary labor services	18,500	-
Other expenses	22,138	19,345
	<u>\$692,451</u>	<u>\$486,688</u>

<u>System Control and Load Dispatch - (556)</u>	2019	2019
	<u>Budget</u>	<u>Actual</u>
Labor	\$73,099	\$91,910
SCADA Dark Fiber service & BUCC MME services	11,384	11,046
MISO operating & administrative fees	100,331	95,402
MISO & APDA memberships	1,126	1,000
Travel and training	2,900	2,676
Other expenses	4,421	1,718
	<u>\$193,261</u>	<u>\$203,752</u>

Generation (cont'd)Vacation, Holiday, Sick Leave – (557)

Generation workers' sick leave usage was lower than anticipated.

Depreciation – (558)

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

TransmissionOperation Supervision – (560)

Labor expense is \$4,585 lower than budgeted.

Load Dispatching – (561)

Labor expense is \$1,939 lower than budgeted. Travel and training expenses are \$2,114 lower than budgeted. Materials expenses are \$3,049 lower than budgeted.

Station Expense – (562)

Labor and materials expenses are \$29,464 and \$4,950 lower than budgeted, respectively.

Overhead Line Expense – (563)

Labor expense is \$25,880 higher than budgeted.

Transmission of Electricity by Others – (565)

The cost of MISO's multi-value transmission and market efficiency projects are \$179,801 lower than budgeted.

Miscellaneous Transmission Expense – (566)

Materials expenses are \$8,886 lower than budgeted.

Maintenance of Station Equipment – (570)

Labor expense is \$14,668 higher than the budget. Materials expenses are \$4,231 higher than budgeted.

Maintenance of Overhead Lines – (571)

Labor expense is \$25,337 lower than the budget. Tree-trimming and vegetation control expense was \$1,274 higher than budgeted. Other materials expenses are \$13,717 lower than budgeted.

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.

DistributionOperation Supervision – (580)

Labor expense is \$16,455 lower than budgeted.

Distribution (cont'd)Load Dispatching – (581)

Labor expense is \$12,506 lower than budgeted.

Station Expense – (582)

Labor expense is \$34,040 lower than budgeted. Materials expenses are lower than budgeted primarily due to \$20,000 budgeted for replacing the sub-step at Wiggins Road which did not occur.

Overhead Line Expense – (583)

Labor expense is \$1,900 lower than budgeted. The budget includes \$18,700 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 is \$15,794 lower than budgeted. Materials expenses are \$1,866 higher than budgeted. Gasoline and diesel fuel usage is \$4,978 greater than budgeted.

Underground Line Expense – (584)

Labor and materials expenses are \$7,165 and \$2,431 lower than budgeted, respectively.

Street Lighting – (585-418)

Labor and materials expenses are \$8,012 and \$3,864 lower than budgeted, respectively.

Signal Expense – (585-419)

Labor expense is \$7,570 lower than budgeted.

Meter Expense – (586)

Labor expense is \$5,681 lower than budgeted. Materials expenses are \$2,462 lower than budgeted.

Miscellaneous Distribution Expense – (588)

Labor expense is \$43,160 higher than budgeted; the electric line workers' labor makes up \$9,501 or 22.0% of this total. The share in MAGIC's operating expenses is \$20,463 lower than budgeted; other materials expenses are \$7,887 higher than budgeted. Temporary labor services, totaling \$60,749, were not budgeted. Travel and training expenses are \$322 lower than budgeted. Fire retardant clothing expenses are \$11,109 higher than budgeted.

Maintenance Supervision – (590)

Labor expense is \$14,414 lower than budgeted.

Maintenance of Structures – (591)

Labor and materials expenses are \$3,532 and \$8,200 lower than budgeted, respectively.

Maintenance of Overhead Lines – (593)

Labor expense is \$77,124 higher than budgeted. Materials expenses are \$49,990 higher than budgeted, primarily due to the preventative replacement of a Trayer PMH-9 switchgear at MCC for \$32,068, not budgeted.

Distribution (cont'd)Maintenance of Underground Lines – (594)

Labor and materials expenses are \$44,027 and \$17,474 lower than budgeted, respectively, due to less repairs.

Maintenance of Line Transformers – (595)

Labor expense is \$3,701 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 \$4,244 higher than budgeted.

Maintenance of Street Lighting – (596-STL)

Labor expenses are \$10,946 lower than budgeted. Materials expenses are \$20,307 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 \$17,939 higher labor than budgeted. Materials expenses are \$8,119 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	\$8,906	\$7,029	\$7,495
MP&W Newsletter	1,858	2,448	2,364
Billing services	3,210	501	-
Promotional materials	15,061	6,406	337
Photo library	2,347	-	162
Subtotal - Marketing	31,382	16,383	10,358
<u>Energy Services</u>			
Trees Forever	13,000	13,000	13,000
Questline-EE newsletter service and customer awareness programs	8,669	466	13,390
Customized energy efficiencies	700	-	-
Customer light bulb exchange program (LED/CFL)	2,331	1,657	2,270
Youth education (science fair/poster contest)	2,500	2,813	2,315
Subtotal - Energy Services	27,200	17,936	30,975
Miscellaneous	500	8,934	422
	\$59,082	\$43,253	\$41,755

<u>Energy Efficiency Rebates - (912)</u>	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Commercial lighting	\$23,800	\$16,771	\$14,319
Compact fluorescent lighting	1,750	477	1,323
Air conditioning	21,525	10,753	22,525
Refrigerator	2,695	1,170	2,620
City building improvement	3,500	-	-
Washing machine	2,333	850	2,400
Customized energy efficiency	-	-	20
Water heater	4,200	1,750	2,900
Geo-thermal	4,200	1,675	4,200
Motor	28,000	-	38,150
Dishwasher	1,167	550	1,050
	\$93,170	\$33,995	\$89,507

Consumer AccountsMeter Reading Expense – (902)

Labor expenses are \$20,083 higher than budgeted. Temporary services are \$2,213 lower than budgeted.

<u>Consumer Records and Collection - (901 & 903)</u>	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Labor	\$256,547	\$233,131	\$227,620
Temporary labor services	8,105	11,236	7,240
Postage	16,822	18,193	15,812
Payment processing fees *	34,506	32,352	36,209
Collection fees	5,299	2,614	5,560
Integrated voice response service	1,075	1,016	918
Travel/training	2,000	449	47
Gasoline/diesel fuel	1,750	864	820
Other	4,982	3,919	3,584
	<u>\$331,086</u>	<u>\$303,773</u>	<u>\$297,810</u>

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

Administrative and GeneralAdministrative and General Salaries – (920)

Labor expenses are \$53,519 lower than budgeted.

<u>Office Supplies - (921)</u>	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General office supplies/phone	\$26,606	\$32,856	\$27,273
Memberships/subscriptions	9,872	20,037	13,158
Internet/MME	10,283	9,931	8,554
Office furniture	8,732	2,252	5,098
Computer hardware/software	14,518	12,675	27,273
Postage	6,379	1,526	4,712
Maintenance agreements	-	6,751	-
Vehicle allowance	8,320	8,290	8,344
Vehicle maintenance	5,658	1,473	2,732
Gasoline/diesel fuel	2,333	1,931	1,779
Other	16,118	32,253	7,022
	<u>\$108,819</u>	<u>\$129,974</u>	<u>\$105,945</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	\$23,625	\$6,733	\$43,131
Succession planning	110-Board	-	15,333	-
Legal services	140-Brandy	21,200	682	6,296
Environmental legal services	140-Brandy	12,500	14,430	-
Transmission/reliability standards legal services	140-Brandy	36,750	7,497	18,709
Coal & transportation attorney	140-Brandy	2,912	-	-
Bond counsel	140-Brandy	750	-	-
Labor attorney	140-Brandy	2,940	3,743	-
CIP compliance consulting	145-Seth	30,000	3,538	2,780
NERC compliance consulting	145-Seth	30,625	30,863	7,463
Web design service	224-Rick	2,307	849	1,734
Insurance advisor	310-Jerry	23,814	23,814	23,814
Financial audit services	320-Diana	40,604	32,873	37,675
Cost of service study	320-Diana	25,000	11,830	-
Coal & transportation consulting	331-Brad	45,500	43,750	45,642
Fuel procurement committee consulting	331-Brad	4,500	-	-
IS department professional services	350-Greg	-	-	4,050
509A Actuary	410-Erika	891	790	790
Benefits consulting	410-Erika	28,164	19,845	19,845
Labor attorney	410-Erika	-	404	-
Pension Study / GASB 67/68 Report	410-Erika	20,250	-	(12,150)
Employee search services	410-Erika	24,300	-	50,000
Director professional counseling	410-Erika	-	8,434	-
Engineering compensation review	410-Erika	40,500	-	-
Employee survey	410-Erika	8,100	-	-
MISO consultant	610-Doug	1,458	-	-
Coal pile survey	612-Neal	10,000	9,757	450
Engineering services	760-Mark	-	-	575
		<u>\$436,690</u>	<u>\$235,164</u>	<u>\$250,804</u>

Property Insurance – (924)

The premium for property insurance was budgeted to increase 7%; the actual year over year increase is 18.2%.

Injuries and Damages – (925)

Workers compensation claims are \$259,519 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 \$7,371 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	\$1,839,809	\$2,134,128	\$1,854,644
Healthcare costs	1,401,116	1,361,186	1,355,032
FICA	755,168	777,236	721,887
Deferred comp utility match *	162,470	194,556	184,685
Dental	51,100	53,757	53,449
Educational reimbursements	16,538	12,492	10,647
LTD insurance *	34,469	52,107	33,187
Life insurance	26,725	27,118	25,941
Post-employment health benefit	18,456	18,456	18,255
Recognition dinner	14,426	16,544	14,907
Unemployment expenses	16,200	-	1,788
Other expenses	19,216	15,482	15,322
	<u>\$4,355,692</u>	<u>\$4,663,062</u>	<u>\$4,289,744</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	\$47,886	\$27,108	\$18,602
APPA dues	22,162	20,394	19,495
IUB Iowa Energy Center	31,941	33,553	31,318
IAMU membership	24,500	24,462	23,623
GMCCI Economic Pledge/Projects	34,020	34,020	54,270
Legal publications	3,071	6,147	3,069
General CIP Expense	35,000	630	-
Continuous Improvement	11,624	3,127	-
Financial Annual Report	4,455	631	670
Subscriptions/memberships	13,660	11,199	12,282
Employee team expenses	24,948	14,500	18,805
Training/travel	96,008	40,384	43,897
Safety-related expenses	2,195	1,954	2,644
Labor	28,285	16,803	15,962
Temporary labor services	24,820	40,775	28,171
Board trustee fees	4,253	4,253	4,253
Freight	7,595	-	9,304
Other expenses	29,746	45,642	34,971
	<u>\$446,168</u>	<u>\$325,582</u>	<u>\$321,336</u>

Maintenance of General Plant – (932)

Labor expenses are \$2,478 lower than budgeted. Maintenance agreements are \$63,254 lower than budgeted; \$37,496 of this variance is for larger agreements with Microsoft, Advanced Business Systems, SecureWorks, and AutoCad where expense was either lower than budgeted or budgeted but not incurred due to timing, offset by agreements with Associated Computer Systems and DLT where expense was incurred but not budgeted. Materials expenses are \$21,178 lower than budgeted. Memberships and subscriptions are \$14,850 lower than budgeted.

Maintenance of A/O Center – (934)

Labor expenses are \$8,996 higher than budgeted. Materials expenses are \$5,507 lower than budgeted; \$10,010 of this variance is for cabinets in the head end, \$9,523 is for abandoning the vault under the driveway, \$6,172 is for a semi-annual HVAC preventative maintenance inspection, \$4,356 is for repairing the yard gate, and \$2,732 is for installing a new exterior PTZ camera overlooking the north parking lot. Each of the aforementioned items were not budgeted and are offset by the following items budgeted but not incurred; \$30,000 is for maintenance of the key-scan system, \$5,000 for miscellaneous concrete repairs, \$2,500 is for maintenance on security cameras, and \$2,500 is for concrete repairs. Temporary labor services are \$1,023 lower than budgeted. Lawn care expenses are \$7,215 lower than budgeted.

Administrative and General (cont'd)

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.

**Electric Utility
Statement of Net Position Review
July 2019**

	<u>2019</u>	<u>2018</u>
<u>Current Assets</u>		
<u>Consumer Accounts</u>		
Customer Electric Accounts	\$6,365,198	\$7,150,711
Unbilled Revenue	539,576	506,558
Utility loan program	---	1,933
Merchandise Accounts	542,778	176,742
Allowance for Doubtful Accounts	(15,667)	(17,816)
	<u>\$7,431,885</u>	<u>\$7,818,128</u>
 <u>Inventories</u>		
Inventory	\$5,045,314	\$4,924,569
Emission Allowance - SO2	122,986	121,502
Emission Allowance - Nox	56,803	5,572
Stores Expense	140,196	95,386
Gas and Diesel Fuel	103,472	105,674
Limestone	14,066	38,009
	<u>\$5,482,837</u>	<u>\$5,290,712</u>
 <u>Prepaid Expenses</u>		
Prepaid Insurance	\$770,042	\$654,449
APPA dues	2,455	9,591
Cottingham & Butler	5,670	
GP Strategies	6,559	6,188
IA Dept Comm Global Warming	9,587	8,948
IAMU annual dues	24,667	23,949
IDNR - Chapter 18 lease	10,588	
Midwest Municipal Transmission Group	4,094	
NERC-quarterly assessment	6,987	7,411
Qualtrics employee survey subscription	6,618	---
OATI digital certificates	---	5,850
SOS International	3,285	9,349
Prepaid maintenance contracts	296,832	285,852
Prepaid travel	28,486	43,043
Other prepaid expenses	15,146	32,539
	<u>\$1,191,016</u>	<u>\$1,087,169</u>
 <u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$10,000 itemized)</u>		
Communications/Water bills	\$50,390	\$38,318
Alliant Energy - gas	11,817	---
Altorfer - power train rebuild	---	7,996
Bank of America - supplies	---	16,991
Black & Veatch - engineering services	---	9,129
BNSF Railway - coal transport	267,389	503,978
Buckskin - coal	136,432	270,664
Canadian Pacific Railway - coal transport	148,388	140,155
City of Muscatine - wastewater/sanitation/Misissippi Dr project	128,141	195,976

Clyde Bergemann	---	7,600
Cogsdale - business system implementation	---	153,760
Cottingham & Butler - wc claim services	15,591	12,187
DLT Solutions	22,753	17,027
Elan - supplies	15,849	---
HDR Engineering	36,045	---
HR Green	---	7,057
Hedge Above - lawn service	---	5,157
IA DNR - Title V Fee	185,175	---
Insight	---	35,318
Iowa Roofing Coatings	---	45,475
Iowa Utilities Board - assessment	23,059	46,377
Jefferies Refined Coal - refined coal	2,589,668	3,197,064
Linwood Mining	---	5,427
Midamerican - line maintenance	82,500	23,170
MISO - purch power/trans svc/admin fee	429,280	139,917
Moran FE Inc	12,680	---
Mostardi Platt - emission testing	46,915	---
Motion Industries - conveyor belts	---	20,351
Motive Rail - rail car storage	---	8,610
Nalco - chemicals	---	3,484
Office Elements	72,935	---
Open Access Technology	11,700	---
Phoenix Services	59,340	---
Power Engineering & Mfg	11,155	---
Ragan - #9 boiler tube shields	---	61,558
Resco - blade assembly/transformers	---	15,059
RIGAS	11,401	---
South Fork Wind - energy	74,543	83,539
S&R Lawncare & Snow Removal	10,735	---
Stover Controls	22,956	---
Tekran	17,225	---
Tenaska - monthly fee	17,500	17,500
TMI Coatings	---	183,879
Visa - travel	---	11,011
WESCO	12,191	---
Woodruff Construction	362,150	---
Other	285,311	1,919,665
	<u>\$5,171,214</u>	<u>\$7,203,399</u>

Miscellaneous Accrued Expenses

Interest on Customer Deposits	\$93,980	\$84,300
Sales/Use Tax Collections Payable	72,724	67,417
Payroll Tax Collections Payable/misc	134,712	195,803
Workers' Comp Self Insurance Reserves	506,864	271,537
Comp Time Payable	38,464	44,993
Employee team bank	64,674	61,698
	<u>\$911,418</u>	<u>\$725,748</u>

Muscatine Power and Water

Water Utility

Financial Operating Statements & Balance Sheets

July 2019

**Muscatine Power and Water
Water Utility**

Table of Contents

	Page
Classification of Water Distribution.....	1
Statements of Revenues, Expenses, and Changes in Net Position.....	2-3
Statements of Net Position.....	4-5
Statements of Cash Flows.....	6
Summary of Expenses.....	7-10
Statistical Data.....	11

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

	<u>Budget</u> <u>Estimate</u>	<u>%Increase</u> <u>(Decrease)</u> <u>From Budget</u>	<u>This</u> <u>Year</u>	<u>%Increase</u> <u>(Decrease)</u> <u>Fr. Last Yr.</u>	<u>Last</u> <u>Year</u>
<u>Water Distribution - 1,000 Gallons</u>					
Contract Customers	689,656	5.2	725,174	0.6	721,136
Power Plants	32,429	1.3X	74,894	74.3	42,967
Residential	40,933	7.4	43,969	(1.7)	44,750
Commercial	<u>35,875</u>	11.1	<u>39,867</u>	(2.7)	<u>40,977</u>
Total Metered Customers	798,893	10.6	883,904	4.0	849,830
Rated Customers - Estimate	---	---	11	---	---
City Use, Line Loss, Cycle Billing	<u>47,934</u>	10.6	<u>53,034</u>	4.0	<u>50,990</u>
Total Water Pumped	<u><u>846,827</u></u>	10.6	<u><u>936,949</u></u>	4.0	<u><u>900,820</u></u>

Calendar Year-to-Date

	<u>Budget</u> <u>Estimate</u>	<u>%Increase</u> <u>(Decrease)</u> <u>From Budget</u>	<u>This</u> <u>Year</u>	<u>%Increase</u> <u>(Decrease)</u> <u>Fr. Last Yr.</u>	<u>Last</u> <u>Year</u>
<u>Water Distribution - 1,000 Gallons</u>					
Contract Customers	4,735,588	0.3	4,751,667	(0.5)	4,774,924
Power Plants	384,486	6.3	408,659	8.9	375,377
Residential	253,404	(4.8)	241,242	(4.2)	251,929
Commercial	<u>205,570</u>	(1.3)	<u>202,860</u>	(4.0)	<u>211,265</u>
Total Metered Customers	5,579,048	0.5	5,604,428	(0.2)	5,613,495
Rated Customers - Estimate	---	---	37	(9.8)	41
City Use, Line Loss, Cycle Billing	<u>334,743</u>	0.5	<u>336,266</u>	(0.2)	<u>336,810</u>
Total Water Pumped	<u><u>5,913,791</u></u>	0.5	<u><u>5,940,731</u></u>	(0.2)	<u><u>5,950,346</u></u>

Muscatine Power and Water - Water Utility
Statements of Revenues, Expenses, and Changes in Net Position
Current Month - July 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	\$319,088	\$ 0.46268	2.2	\$326,025	\$ 0.44958	6.2	\$306,906	\$ 0.42559
Power Plants	26,681	0.82275	35.9	36,261	0.48416	29.9	27,918	0.64975
Residential	189,238	4.62312	2.4	193,855	4.40890	4.8	185,012	4.13435
Commercial	65,579	1.82799	0.7	66,070	1.65726	3.5	63,860	1.55844
Water Sales	600,586	0.75177	3.6	622,211	0.70394	6.6	583,696	0.68684
<u>Other Revenue</u>								
Penalty Revenue	1,200	--	--	1,114		1.0	1,103	
Merchandise & Job Sales-Net	500		79.6	898		(56.7)	2,072	
Miscellaneous Revenue	774		(1.9)	759		-6.1X	(150)	
Total Other Revenue	2,474		12.0	2,771		(8.4)	3,025	
Operating Revenue	603,060		3.6	624,982		6.5	586,721	
<u>Operating Expense</u>								
Operation	358,729		7.7	386,510		21.4	318,390	
Maintenance	130,702		(57.4)	55,665		3.6	53,729	
Depreciation	83,678		(4.3)	80,090		11.9	71,557	
Total Operating Expense	573,109		(8.9)	522,265		17.7	443,676	
Operating Income	29,951		2.4X	102,717		(28.2)	143,045	
<u>Nonoperating Revenues (Expenses)</u>								
Interest Income	6,667		50.3	10,023		1.0	9,922	
Interest Expense	(39,142)		0.0	(39,142)		(1.3)	(39,668)	
Net Nonoperating Revenues (Expenses)	(32,475)		(10.3)	(29,119)		(2.1)	(29,746)	
Change in Net Position	(2,524)		-30.2X	73,598		(35.0)	113,299	
Beginning Net Position	17,407,690			17,472,365			16,818,656	
Ending Net Position	\$17,405,166			\$17,545,963			\$16,931,955	
Net Income (Loss) to Operating Revenue	(0.4)			11.8			19.3	
Debt Service Coverage	1.47			2.33			2.74	

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

ASSETS

	<u>2019</u>	<u>2018</u>
Current Assets:		
<u>Unrestricted Assets</u>		
Cash - interest bearing	\$1,129,355	\$571,725
Receivables:		
Consumer Accounts	809,818	759,758
Interest	77	78
Inventories	344,639	342,453
Prepaid Expenses	61,130	47,646
	<u>2,345,019</u>	<u>1,721,661</u>
<u>Restricted Assets</u>		
Cash - interest bearing	4,481,949	6,265,966
	<u>4,481,949</u>	<u>6,265,966</u>
Total Current Assets	<u>6,826,968</u>	<u>7,987,627</u>
Non-Current Assets:		
Unamortized debt issuance costs	50,280	54,132
	<u>50,280</u>	<u>54,132</u>
Property and Equipment:		
At Cost	40,038,616	38,223,164
Less Accumulated Depreciation	12,076,982	11,422,197
	<u>27,961,634</u>	<u>26,800,967</u>
Deferred Outflows of Resources		
Pension	624,540	829,463
IPERS	237,547	197,472
OPEB	10,397	10,397
	<u>872,484</u>	<u>1,037,332</u>
Total Deferred Outflows of Resources	<u>872,484</u>	<u>1,037,332</u>
TOTAL ASSETS	<u><u>\$35,711,366</u></u>	<u><u>\$35,880,058</u></u>

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

LIABILITIES AND NET POSITION

	<u>2019</u>	<u>2018</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accounts Payable	\$314,621	\$349,433
Health & Dental Insurance Provision	40,380	32,700
Retained Percentage on Contracts	46,576	58,270
Consumer Advances for Construction	600	600
Accrued Payroll	48,179	75,478
Accrued Vacation	133,578	146,528
Accrued Property Taxes	3,574	3,365
Miscellaneous Accrued Expenses	100,657	65,411
	<u>688,165</u>	<u>731,785</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	94,615	96,043
	<u>474,615</u>	<u>504,043</u>
Total Payable from Restricted Assets		
	<u>1,162,780</u>	<u>1,235,828</u>
Total Current Liabilities		
Non-Current Liabilities:		
State Revolving Loan	35,000	35,000
Water Revenue Bond Series 2017	14,901,553	15,384,143
Health & Dental Insurance Provision	8,593	71,818
Post-Employment Health Benefit Provision	92,916	88,412
Net Pension Liability	1,435,739	1,740,233
Consumer Advances for Construction	197,650	198,259
	<u>16,671,451</u>	<u>17,517,865</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	12,446,831	10,774,965
Restricted	4,387,334	6,169,923
Unrestricted	711,798	(12,933)
	<u>17,545,963</u>	<u>16,931,955</u>
Total Net Position		
	<u>\$35,711,366</u>	<u>\$35,880,058</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$35,711,366</u>	<u>\$35,880,058</u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$102,717	\$475,351
Noncash item in operating income:		
Depreciation of utility plant	80,090	560,639
Change in deferred outflows of resources	(17,095)	241
Change in deferred inflows of resources	---	(125,554)
Changes in assets and liabilities:		
Consumer accounts receivable	(24,192)	(54,269)
Inventories	22,522	(930)
Prepaid and deferred expenses	3,974	(38,829)
Accounts payable	(78,334)	7,623
Net pension liability	32,712	170,258
Health & dental insurance provision	(6,669)	(45,172)
Other post-employment benefit provision	395	2,765
Retained percentage	---	(9,600)
Accrued payroll	(26,475)	(36,783)
Accrued vacation	(9,965)	(14,039)
Accrued property taxes	275	371
Unearned revenue	---	(1,200)
Miscellaneous accrued expenses	21,959	38,360
Net cash flows from operating activities	101,914	929,232
Cash flows from capital and related financing activities:		
State revolving loan fund principal & interest payment	---	(34,190)
Water revenue bond interest & principal payments	---	(283,275)
Capital expenditures, net	(100,249)	(872,958)
Net cash flows from capital and related financing activities	(100,249)	(1,190,423)
Cash flows from investing activities:		
Interest received on investments	10,031	73,093
Net cash flows from investing activities	10,031	73,093
Net increase (decrease) in cash and investments	11,696	(188,098)
Cash and investments at beginning of period	\$5,599,608	\$5,799,402
Cash and investments at end of period	\$5,611,304	\$5,611,304

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

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision (600)	\$3,757		\$3,477		\$3,421	
Operation Labor and Expenses (601)	812		594		3,001	
Miscellaneous Expense (603)	385		2,341		568	
Maintenance of Wells (614)	40,000		---		---	
Maintenance of Supply Mains (616)	389		---		---	
Depreciation (618)	11,109		10,498		9,449	
Total Source of Supply Expense	56,452	9.4	16,910	2.7	16,439	2.8
<u>Pumping</u>						
Operation Supervision (620)	4,118		3,308		3,268	
Fuel or Power Purchased (623)	86,871		97,376		84,133	
Pumping Labor and Expenses (624)	5,027		2,114		2,011	
Miscellaneous Expense (626)	283		351		196	
Maintenance of Structures (631)	451		---		---	
Maintenance of Pumping Equipment (632/633)	34,425		5,133		5,247	
Depreciation (634)	6,717		6,497		6,240	
Total Pumping Expense	137,892	22.9	114,779	18.4	101,095	17.2
<u>Water Treatment</u>						
Operation Supervision (640)	3,743		4,139		3,354	
Chemicals (641)	19,048		24,638		19,263	
Operation Labor and Expenses (642)	15,997		16,332		14,643	
Miscellaneous Expense (643)	1,137		1,162		994	
Maintenance of Structures (651)	1,008		595		772	
Maintenance of Purification Equip. (652)	2,335		2,905		446	
Depreciation (654)	5,446		3,388		3,262	
Total Water Treatment Expense	48,714	8.1	53,159	8.5	42,734	7.3
<u>Distribution</u>						
Operation Supervision (660)	3,931		3,557		3,427	
Storage Facilities Expense (661)	4,716		7,765		6,090	
Trans. & Distr. Lines Expense (662)	3,229		1,693		1,975	
Meter Expense (663)	11,736		9,431		5,613	
Consumer Installation Expense (664)	8,506		8,552		6,043	
Miscellaneous Expense (665)	13,421		12,998		16,108	
Vehicle Expense (667)	4,877		3,604		5,153	
Maintenance:						
Supervision (670)	5,367		5,149		4,607	
Structures (671)	239		86		56	
Reservoirs and Standpipes (672)	10,217		18,222		1,309	
Mains (673)	16,158		8,030		27,837	
Valves (674)	4,864		2,930		2,786	
Meters (676)	2,687		2,050		4,002	
Hydrants (677)	4,769		1,495		1,799	
Miscellaneous Plant (678)	3,318		5,601		1,881	
Vacation, Holiday, Sick Leave (679)	19,662		8,235		10,093	
Depreciation (680)	43,838		43,665		39,456	
Total Distribution Expense	\$161,535	26.8	\$143,063	22.9	\$138,235	23.6

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

	<u>Budget Est.</u>		<u>This Year</u>		<u>This Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	<u>\$753</u>	0.1	<u>\$2,347</u>	0.4	<u>\$396</u>	0.1
<u>Consumer Accounts</u>						
Meter Reading Expense (902)	3,346		5,325		3,962	
Consumer Records and Collection (901/903)	19,808		21,051		11,970	
Uncollectible Accounts Expense (904)	638		638		811	
Vacation, Holiday, Sick Leave (906)	<u>2,864</u>		<u>1,227</u>		<u>2,032</u>	
Total Consumer Accounts Expense	<u>26,656</u>	4.4	<u>28,241</u>	4.5	<u>18,775</u>	3.2
<u>Administrative and General</u>						
Administrative and General Salaries (920)	23,658		21,836		19,884	
Office Supplies and Expenses (921)	1,770		2,505		1,634	
Outside Services Employed (923)	2,328		950		682	
Property Insurance (924)	2,380		2,748		1,960	
Casualty Ins, Injuries & Damages (925)	4,420		27,533		2,265	
Employee Pensions and Benefits (926)	75,551		78,629		70,136	
Fringe Benefits Charged to Constr. (927)	(13,088)		(8,672)		(5,191)	
Miscellaneous General Expense (930)	11,901		8,203		8,311	
Rents (931)	6,270		6,270		6,207	
Maintenance of General Plant (932)	4,475		3,469		2,987	
Vacation, Holiday, Sick Leave (936)	4,874		4,253		3,977	
Depreciation (933)	<u>16,568</u>		<u>16,042</u>		<u>13,150</u>	
Total Administrative and General	<u>141,107</u>	23.4	<u>163,766</u>	26.2	<u>126,002</u>	21.5
Total Operating Expense	<u>\$573,109</u>		<u>\$522,265</u>		<u>\$443,676</u>	
Percent to Operating Revenue		95.0		83.6		75.6

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

<u>Source of Supply</u>	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
Operation Supervision (600)	\$25,489		\$25,392		\$25,072	
Operation Labor and Expenses (601)	7,211		4,992		8,309	
Miscellaneous Expense (603)	2,035		4,461		2,947	
Maintenance of Wells (614)	110,000		36,750		---	
Maintenance of Supply Mains (616)	2,461		2,164		51	
Depreciation (618)	<u>77,761</u>		<u>73,485</u>		<u>66,141</u>	
Total Source of Supply Expense	<u>224,957</u>	5.5	<u>147,244</u>	3.7	<u>102,520</u>	2.7
<u>Pumping</u>						
Operation Supervision (620)	27,974		24,191		27,100	
Fuel or Power Purchased (623)	544,132		625,203		536,602	
Pumping Labor and Expenses (624)	34,632		16,088		36,722	
Miscellaneous Expense (626)	1,983		2,602		2,549	
Maintenance of Structures (631)	2,321		---		---	
Maintenance of Pumping Equipment (632/633)	133,886		65,844		28,508	
Depreciation (634)	<u>47,020</u>		<u>45,481</u>		<u>43,682</u>	
Total Pumping Expense	<u>791,948</u>	19.5	<u>779,409</u>	19.4	<u>675,163</u>	17.6
<u>Water Treatment</u>						
Operation Supervision (640)	25,548		26,638		24,956	
Chemicals (641)	132,990		131,557		130,829	
Operation Labor and Expenses (642)	115,845		145,809		112,997	
Miscellaneous Expense (643)	14,293		13,836		19,043	
Maintenance of Structures (651)	29,698		17,986		9,947	
Maintenance of Purification Equip. (652)	14,518		19,803		8,726	
Depreciation (654)	<u>38,124</u>		<u>23,720</u>		<u>22,832</u>	
Total Water Treatment Expense	<u>371,016</u>	9.1	<u>379,349</u>	9.5	<u>329,330</u>	8.6
<u>Distribution</u>						
Operation Supervision (660)	26,530		23,543		26,376	
Storage Facilities Expense (661)	35,238		45,708		38,247	
Trans. & Distr. Lines Expense (662)	34,575		34,413		44,414	
Meter Expense (663)	81,663		71,532		70,748	
Consumer Installation Expense (664)	49,116		32,576		39,657	
Miscellaneous Expense (665)	111,919		97,466		116,908	
Vehicle Expense (667)	34,388		67,446		53,441	
Maintenance:						
Supervision (670)	36,521		33,044		34,603	
Structures (671)	1,672		181		534	
Reservoirs and Standpipes (672)	24,320		18,775		4,062	
Mains (673)	124,576		125,862		192,764	
Valves (674)	33,686		33,457		44,190	
Meters (676)	18,955		25,249		27,087	
Hydrants (677)	18,850		7,534		13,019	
Miscellaneous Plant (678)	23,227		22,228		24,710	
Vacation, Holiday, Sick Leave (679)	118,271		85,901		100,849	
Depreciation (680)	<u>306,865</u>		<u>305,658</u>		<u>276,191</u>	
Total Distribution Expense	<u>\$1,080,372</u>	26.6	<u>\$1,030,573</u>	25.7	<u>\$1,107,800</u>	28.9

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

	<u>Budget Est.</u>		<u>This Year</u>		<u>Last Year</u>	
<u>Customer Service Expense</u>						
Customer Information Expense (909)	\$8,229	0.2	\$10,097	0.3	\$3,721	0.1
<u>Consumer Accounts</u>						
Meter Reading Expense (902)	25,714		34,558		29,458	
Consumer Records and Collection (901/903)	136,986		126,176		123,334	
Uncollectible Accounts Expense (904)	4,463		4,463		5,677	
Vacation, Holiday, Sick Leave (906)	17,005		11,160		13,938	
Total Consumer Accounts Expense	<u>184,168</u>	4.5	<u>176,357</u>	4.4	<u>172,407</u>	4.5
<u>Administrative and General</u>						
Administrative and General Salaries (920)	161,468		146,784		150,818	
Office Supplies and Expenses (921)	13,238		15,517		15,085	
Outside Services Employed (923)	41,289		24,266		13,520	
Property Insurance (924)	16,182		16,873		13,119	
Casualty Ins, Injuries & Damages (925)	30,311		59,228		26,082	
Employee Pensions and Benefits (926)	530,537		506,193		475,559	
Fringe Benefits Charged to Constr. (927)	(75,085)		(36,528)		(61,950)	
Miscellaneous General Expense (930)	88,303		68,909		68,193	
Rents (931)	43,890		43,890		43,449	
Maintenance of General Plant (932)	40,582		25,670		25,347	
Vacation, Holiday, Sick Leave (936)	28,934		31,339		25,646	
Depreciation (933)	115,979		112,295		92,055	
Total Administrative and General	<u>1,035,628</u>	25.5	<u>1,014,436</u>	25.3	<u>886,923</u>	23.1
Total Operating Expense	<u>\$3,696,318</u>		<u>\$3,537,465</u>		<u>\$3,277,864</u>	
Percent to Operating Revenue		91.2		88.2		85.5

Muscatine Power and Water - Water Utility
Statistical Data
Current Month - July 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	0.664	0.704	0.648	0.687
Cost Per 1,000 Gallons	<u>0.557</u>	<u>0.591</u>	<u>0.493</u>	<u>0.522</u>
Margin	<u>0.107</u>	<u>0.113</u>	<u>0.155</u>	<u>0.165</u>
		<u>2019</u>		<u>2018</u>
Maximum Daily Water Pumped (1,000 gallons)		32,291		31,715
Date of Maximum		07/25		07/10

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	0.672	0.712	0.640	0.678
Cost Per 1,000 Gallons	<u>0.595</u>	<u>0.631</u>	<u>0.551</u>	<u>0.584</u>
Margin	<u>0.077</u>	<u>0.081</u>	<u>0.089</u>	<u>0.095</u>
		<u>2019</u>		<u>2018</u>
Maximum Daily Water Pumped (1,000 gallons)		32,291		31,715
Date of Maximum		07/25		07/10

Services

Contract Customers	2	2
Power Plants	2	2
Residential	8,815	8,816
Commercial	<u>1,076</u>	<u>1,086</u>
Total	<u>9,895</u>	<u>9,906</u>

Water Utility
Review of Operating Results
July 2019

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

	(Unfavorable)/ Favorable Compared to <u>Budget</u>	
Sales of Water		
Contract Customers	\$ (10,027)	GPC consumption is 0.6% higher than budget, plus a 1.1% lower billing rate
	1,393	Heinz's consumption is 2.6% lower than budgeted, offset by a 3.5% higher billing rate
	6,953	Power plants' consumption is 6.3% higher than budgeted, offset by a 3.0% lower billing rate.
	(20,549)	Residential consumption is 4.8% lower than budgeted, offset by a 3.3% higher billing rate
	(17,260)	Commercial consumption is 1.3% lower than budgeted plus a 3.1% lower billing rate
	<u>(39,490)</u>	
Other Revenue		
Penalty Revenue	(793)	Timing different than budget
Merchandise & Job Sales-Net	(4,558)	Lower job sales revenue
Miscellaneous Revenue	2,763	Posting fees \$1,690 higher
	<u>(2,588)</u>	
Operating Expense		
Operation	1,458	Dehumidifier for West Hill pumping station, not expended
	(81,071)	Higher fuel/power purchased due to a 14.3% higher cost per gallons pumped, plus 0.5% higher gallons pumped
	1,433	Lower chemicals expense due to the lower price of fluoride
	(16,738)	Higher water treatment materials expenses, including \$9,801 for electricity
	(10,297)	Higher electricity expense for storage facilities
	(12,068)	Professional engineering services, not budgeted
	(34,668)	Higher cost for vehicle operations expenses, including \$22,596 for dump truck repairs
	(3,462)	Marketing intern, not budgeted
	1,552	Lower cost of credit card processing fees, due to receiving \$1,904 refund
	1,187	Lower cost for collection of customer debt
	8,170	Cost of service study
	3,500	Compensation reviews, not expended
	2,100	Employee search services, not expended
	1,750	GASB report not expended
	(29,566)	Higher workers compensation claims
	9,191	Lower health care cost
	(23,490)	Higher pension expense
	34,316	Lower FICA expense
	3,477	Lower deferred compensation utility match
	(3,805)	Higher cost for lawncare
	(3,921)	Higher cost for gasoline/diesel fuel
	(38,557)	Lower fringe benefits charged to construction, due to timing of capital projects
	6,123	Travel and training lower than budgeted
	84,833	Lower labor, sick, personal and vacation expense
	51,570	Other miscellaneous variances - net
	<u>(46,983)</u>	
Maintenance	73,250	Lower cost for well cleaning, due to timing of budgeted expenses
	2,320	Well building repairs, fencing at wells, and roof repairs not begun
	46,955	Lower cost of pumping equipment repairs and valves
	21,087	Lower labor expense for pumping equipment repairs
	5,150	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
	(7,439)	Higher cost of water treatment structure maintenance, including piping repairs
	(6,208)	Relocating chemical feed pumps at Progress Park treatment building, not budgeted
	5,400	Inspection of East Hill reservoir and Bidwell water tower to be completed later this summer
	5,181	Reservoir repairs, not completed
	(1,286)	Higher cost of main repairs/concrete repairs
	(6,294)	Higher cost for meter maintenance
	11,316	Lower cost of hydrant repairs
	3,500	Gasoline and diesel fuel is being expensed to operations
	12,068	Lower cost for software/hardware maintenance agreements
	1,726	Other miscellaneous variances - net
	<u>180,726</u>	
Depreciation	<u>25,110</u>	
Nonoperating Revenue (Expense)		
Interest Income	24,022	Higher average cash balances than projected
	<u>24,022</u>	
Change in Net Position	<u>\$ 140,797</u>	Total Variance in Budgeted Net Position

Statements of Revenues, Expenses and Changes in Net Position

Sales of Water

- Contract customers' average billing rate is 0.7% lower than budget offset by 0.3% higher water usage resulting in \$8,634 lower revenue. GPC's usage was 0.6% higher than budget along with a 1.1% lower billing rate, resulting in \$10,027 lower revenue. Heinz's usage was 2.6% lower than budget offset by a 3.5% higher billing rate, resulting in \$1,393 higher revenue.
- Power plants' usage was 6.3% higher than budget, offset by a 3.0% lower billing rate, resulting in \$6,953 higher revenue.
- Residential customers' water usage was 4.8% lower than budgeted, offset by a 3.3% higher billing rate, resulting in \$20,549 lower revenue.
- Commercial customers' water usage was 1.3% lower than budgeted, plus a 3.1% lower billing rate, resulting in \$17,260 lower revenue.

Other Revenue

- Penalty revenue is \$793 lower than budget.
- Job sales revenue is \$4,558 lower than budget.
- Posting fees are \$1,690 higher than budgeted.

Nonoperating Revenue (Expense)

- Interest income is \$24,022 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 \$868 lower than budgeted.

Miscellaneous Expenses – (603)

- Lawncare expense is \$2,570 higher than budgeted.

Maintenance of Wells – (614)

- The budget includes four well cleanings; actual expense is for cleaning Well 35 at \$35,400 and chlorination of Well 40, resulting in \$73,250 lower expenses.

Depreciation – (618)

- Depreciation under budget \$4,276 primarily due to well projects not closed at the end of 2018.

PumpingOperation Supervision – (620)

- The planning and scheduling department budgeted labor to this account that has not been expended.

Fuel or Purchased Power – (623)

- The cost per kWh was 14.1% higher than budget primarily due to the higher energy adjustment charge, resulting in power expense being \$81,071 higher than budgeted.

	2019 Budget	2019 Actual	2018 Actual
Fuel or Power Purchased	\$ 544,132	\$ 625,203	\$ 536,602
1,000 Gallons Pumped	5,913,791	5,940,731	5,950,346
Cost per 1,000 Gal. Pumped	0.0920	0.1052	0.0902
kWhs Consumed	9,094,286	9,157,020	9,122,340
kWh per 1,000 Gal. Pumped	1.54	1.54	1.53

Pumping Labor and Expenses – (624)

- Water production labor under budget \$6,808.
- Water distribution labor greater than budget \$2,221.
- Control center labor budget equals \$13,205; actual labor is not being charged to this account.
- Material expenses are \$1,169 lower than budgeted.

Maintenance of Structures – (631)

- Budgeted materials of \$2,083 and \$237 labor for well buildings, fencing at the wells, and roof repairs has not been expended.

Maintenance of Pumping Equipment – (632/633)

- Materials expenses under budget by \$46,955, due to timing of valve purchases, and repairs.
- Labor expense is under budget by \$21,087, which includes \$8,485 for the planning & scheduling department, \$9,589 for substation electricians, and \$2,512 for power plant electrician's labor.

Water TreatmentChemicals Expense – (641)

- Chemical expense year-to-date is \$1,433 lower than budgeted primarily due to the lower price of fluoride.

	2019 Budget			2019 Actual			2018 Actual		
	Units	\$	Per Unit	Units	\$	Per Unit	Units	\$	Per Unit
1,000 Gal. Pumped	5,913,791			5,940,731			5,950,346		
(lbs)	Units	\$	Per Unit	Units	\$	Per Unit	Units	\$	Per Unit
Chlorine	85,054	\$ 26,605	\$0.313	97,770	\$ 30,309	\$0.310	87,570	\$ 26,522	\$ 0.303
Hydrofluoro-silic Acid	121,534	\$ 38,891	\$0.320	117,356	\$ 35,890	\$0.306	120,026	\$ 38,441	\$ 0.320
Phosphate	71,046	\$ 67,494	\$0.950	64,230	\$ 65,359	\$1.018	68,928	\$ 65,866	\$ 0.956
Total		\$ 132,990			\$131,557			\$ 130,829	

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

- Water department labor over budget \$20,394; system control budgeted \$7,168 labor expense that has not been needed.
- Materials expense over budget \$16,738, including \$9,801 for electricity.

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 expensed at \$3,850; other material expenses are \$3,980 higher than budgeted.
- Labor expense is \$3,459 higher than budgeted; plant electricians charged \$1,625 more time to this account than budgeted.

Maintenance of Purification Equipment – (652)

- The water distribution operators charged \$6,208 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 departments' labor expenses are \$1,086 lower than budgeted.

Depreciation – (654)

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

DistributionOperation Supervision (660)

- A percent of the director position labor expense equal to \$3,089 was budgeted, however actual expense has not been allocated to this account.

Storage Facilities Expense (661)

- Electricity expense over budget \$10,297.
- Facilities maintenance labor expense is \$1,303 lower than the budget.
- Lawn care is \$1,235 higher than budgeted.

Meter Expense (663)

- Labor expense under budget \$11,101.
- Material expense is \$970 over budget

Customer Installation Expense – (664)

- Outside services department labor under budget \$15,906 primarily due to fewer locates.
- Material expense is lower than budget by \$899.

Miscellaneous Expense – (665)

- Engineering department labor under budget \$36,310; outside services department's labor is \$11,195 higher than budgeted.
- Professional engineering services, not budgeted, totaled \$12,068.

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

- Labor under budget \$6,585.
- Gasoline/diesel fuel usage is \$4,700 higher than budgeted.
- Material maintenance costs are \$34,668 higher, including \$22,596 for the Freightliner dump truck repair, \$4,888 for the dump truck repairs, and \$3,081 for a salt spreader.

Maintenance Supervision – (670)

- The director position budgeted \$3,325 labor expense to this account; actual expenses are primarily allocated 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 this summer at a cost of \$15,300; \$7,400 has been expended through July.
- Reservoir repairs, including site sod removal, pressure washing, and patching in top of structure, were budgeted at \$10,000; \$4,819 has been expended.
- Labor expense is \$5,795 higher than budgeted.

Maintenance of Mains – (673)

- Water distribution department labor is greater than budget by \$4,140 due to a high number of main breaks repaired at overtime rates.
- Other labor expense over budget \$4,523.
- Materials expense under budget \$7,377 due to the lower cost of concrete repairs.

Maintenance of Valves – (674)

- Water distribution operators' labor expense is \$865 higher than budget.
- Power plant labor, not budgeted, totaled \$967.
- Materials for valve repairs are lower than budget by \$2,095.

Maintenance of Meters – (676)

- Materials expense over budget \$7,277 due to higher cost for remote meter repairs and timing of repairs.
- Labor expense under budget \$983.

Maintenance of Hydrants – (677)

- Materials expenses under budget \$12,349.

Maintenance of Miscellaneous Plant – (678)

- Vehicle material repairs greater than budgeted by \$2,278.
- Fuel usage, budgeted at \$3,500, is being charged to vehicle expense (account 667).

Vacation, Holiday, Sick Leave – (679)

- Vacation accrual expense lower by \$39,175, due to departmental expenses being allocated to different accounts compared to budget.
- Sick leave and holiday pay higher than budget by \$6,805.

Customer Service ExpenseCustomer Information Expense – (909)

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Billtrust	\$ 210	\$ 222	\$ 124
Postage	333	-	-
Promotional Material/Education	2,725	2,330	333
Media Advertising	3,937	2,866	2,109
Newsletter	821	1,018	1,003
Marketing intern	-	3,462	-
Customer Awareness Programs	-	199	138
Presentation Materials	-	-	-
Photo Library	203	-	14
	<u>\$ 8,229</u>	<u>\$ 10,097</u>	<u>\$ 3,721</u>

Consumer AccountsMeter Reading Expense – (902)

- Labor expense is \$10,591 over budget.
- Temporary labor services are under budget \$948.

Consumer Records and Collection – (901/903)

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Labor	\$ 103,915	\$ 94,819	\$ 92,741
Credit Card/ACH Processing	10,476	8,924 *	9,243
Billtrust Expense	3,392	3,669	3,231
Postage	7,433	8,039	6,965
Temp Services	3,581	4,786	3,194
Fuel	1,050	399	374
Invoice Cloud	1,854	2,151	1,283
Collection Expense	2,342	1,155	2,427
Other Expenses	2,943	2,234	3,876
	<u>\$ 136,986</u>	<u>\$ 126,176</u>	<u>\$ 123,334</u>
*Includes \$1,904 refund for prior period fee			

Vacation, Holiday, Sick Leave – (906)

- Sick leave usage was lower than expected by \$3,743.
- Vacation accrual expense is \$2,103 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-Gage	2,042	582	3,728
Labor Legal Services	140-Brandy	700	440	-
General Legal Services	140-Brandy	1,400	1,193	256
Web Graphics	224-Rick	1,019	360	265
Insurance Advisor	310-Jerry	2,058	2,058	2,058
Bond Services	310-Jerry	-	1,000	1,000
Audit Services	320-Diana	3,509	2,864	3,256
Water Cost of Service Study	320-Diana	20,000	11,830	-
IS Professional Services	350-Greg	-	-	350
509A Actuary Service	410-Erika	77	68	68
Compensation Reviews	410-Erika	3,500	-	-
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	1,750	-	(1,050)
Employee Survey	410-Erika	700	-	-
Benefits Consulting	410-Erika	2,434	1,715	1,715
		<u>\$ 41,289</u>	<u>\$ 24,266</u>	<u>\$ 13,520</u>

Injuries & Damages – (925)

- Workers compensation claims over budget \$29,566.
- Insurance premiums are \$648 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	\$ 211,127	\$ 201,936	\$ 180,673
Pension	146,769	170,259	135,980
FICA	95,663	61,347	84,154
IPERS	34,063	34,168	32,744
Deferred comp utility match	18,990	15,513	20,739
Life, LTD & ADD	7,399	6,491	6,658
Dental	7,700	7,982	7,127
OPEB	2,766	2,766	2,434
Other Expenses	6,060	5,731	5,050
	<u>\$ 530,537</u>	<u>\$ 506,193</u>	<u>\$ 475,559</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 \$1,046.
- Wellness committee expenses under budget \$733.
- Hazardous waste disposal expense is under budget \$1,000.
- Employment expenses under budget \$1,376.
- Labor expense is under budget by \$7,091.
- Temporary labor services are greater than budget by \$1,379.
- Continuous improvement expenses are lower than budget by \$973.
- Travel and training expenses are \$2,855 lower than budgeted.
- Environmental department budgeted \$7,500 for process hazard analysis support that has not been expended.

Maintenance of General Plant – (932)

- Maintenance agreements under budget \$12,068.
- Vehicle maintenance subscription, not expended, totaled \$1,283.
- Miscellaneous software/hardware repairs are \$1,561 lower than budgeted.

Vacation, Holiday, Sick Leave – (936)

- Sick leave usage was \$1,313 higher than budgeted.
- Vacation accrual \$1,092 higher than the budget.

Depreciation – (654)

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

**Water Utility
Statement of Net Position Review
July 2019**

	<u>2019</u>	<u>2018</u>
<u>Current Assets</u>		
<u>Receivables - Consumer Accounts</u>		
Customer water accounts	\$723,464	\$682,376
Unbilled revenue	78,259	71,717
Utility loan program	2,486	3,316
Merchandise accounts	9,871	10,420
Allowance for doubtful accounts	(4,262)	(8,071)
	<u>\$809,818</u>	<u>\$759,758</u>
 <u>Inventories</u>		
Inventory	\$337,288	\$337,214
Stores expense (a/c 163)	7,351	5,239
	<u>\$344,639</u>	<u>\$342,453</u>
 <u>Prepaid Expenses</u>		
Prepaid insurance	\$37,325	\$30,624
Prepaid maintenance contracts	21,816	18,861
Other prepaid expenses	1,989	(1,839)
	<u>\$61,130</u>	<u>\$47,646</u>
 <u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$2,500 itemized)</u>		
Electric bills	\$106,782	\$94,261
Alexander Chemical Corp - chlorine	4,984	6,280
C&C Contractors	—	72,953
Cahoy Pump Service - well construction	5,153	4,724
Calacci - water plant expansion	17,589	71,277
City of Muscatine - Mississippi Dr project	71,181	102,087
Cogsdale - business system implementation	—	13,288
Core & Main - hydrants	4,297	—
Dixon Engineering - professional services	—	8,400
Elan - supplies	6,835	—
Heuer Construction	17,018	—
IPERS - pension	2,625	2,668
Metering & Tech Solutions - encoders/meters	2,541	7,485
Titan Machinery	3,862	—
Utility Equipment - valves/fittings	6,478	9,468
Vessco	10,737	11,875
Other	54,539	(55,333)
	<u>\$314,621</u>	<u>\$349,433</u>
 <u>Customer Advances for Construction</u>		
R.L. Fridley Theaters, Inc	\$600	\$600
 <u>Miscellaneous Accrued Expenses</u>		
Excise/sales/use tax collections payable	\$15,609	\$12,799
Payroll tax collections payable	16,118	16,343
IPERS payable	7,511	3,283
Workers' comp self insurance reserves	52,119	24,788
Comp time payable	9,300	8,198
	<u>\$100,657</u>	<u>\$65,411</u>

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

**Muscatine Power and Water
Communications Utility**

Table of Contents

	Page
Statements of Revenues, Expenses, and Changes in Net Position.....	1-2
Statements of Net Position.....	3-4
Statements of Cash Flows.....	5
Summary of Expenses.....	6-9
Statistical Data.....	10

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

	<u>Budget</u> <u>Estimate</u>	<u>% Increase</u> <u>(Decrease)</u> <u>From Budget</u>	<u>This</u> <u>Year</u>	<u>% Increase</u> <u>(Decrease)</u> <u>Fr. Last Yr.</u>	<u>Last</u> <u>Year</u>
<u>Operating Revenue</u>					
Video	\$578,672	(1.0)	\$572,716	(1.2)	\$579,838
Data/Internet	530,344	4.8	555,811	4.0	534,588
Phone	9,988	(47.7)	5,228	---	710
MAN	67,000	6.9	71,612	5.2	68,067
Miscellaneous	10,767	(8.5)	9,847	(3.6)	10,214
Total Operating Revenues	<u>1,196,771</u>	1.5	<u>1,215,214</u>	1.8	<u>1,193,417</u>
<u>Operating Expense</u>					
Operation	820,110	4.5	857,369	15.5	742,194
Maintenance	104,843	9.9	115,178	42.1	81,045
Depreciation	103,638	(3.5)	99,966	(21.2)	126,791
Total Operating Expenses	<u>1,028,591</u>	4.3	<u>1,072,513</u>	12.9	<u>950,030</u>
Operating Income	<u>168,180</u>	(15.1)	<u>142,701</u>	(41.4)	<u>243,387</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	7,398	(61.3)	2,861	(84.6)	18,541
Interest Expense	(20,964)	0.0	(20,964)	(19.0)	(25,878)
Net Nonoperating Expense	<u>(13,566)</u>	33.4	<u>(18,103)</u>	1.5X	<u>(7,337)</u>
Net Income before Capital Contributions	154,614	(19.4)	124,598	(47.2)	236,050
Capital Contributions	600	1.0X	1,215	(23.5)	1,589
Change in Net Position	155,214		125,813		237,639
Beginning Net Position	<u>10,560,365</u>		<u>10,983,943</u>		<u>8,530,969</u>
Ending Net Position	<u>\$10,715,579</u>		<u>\$11,109,756</u>		<u>\$8,768,608</u>
Net Income (Loss) to Operating Revenue	12.9		10.3		19.8
Debt Service Coverage on Bank Debt	1.55		1.36		2.16
Debt Service Coverage on Electric Utility Debt	2.25		1.49		4.75

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

	<u>Budget</u> <u>Estimate</u>	<u>% Increase</u> <u>(Decrease)</u> <u>From Budget</u>	<u>This</u> <u>Year</u>	<u>% Increase</u> <u>(Decrease)</u> <u>Fr. Last Yr.</u>	<u>Last</u> <u>Year</u>
<u>Operating Revenue</u>					
Video	\$4,031,022	(1.2)	\$3,982,092	(1.0)	\$4,021,747
Data/Internet	3,662,892	4.5	3,828,499	5.7	3,620,807
Phone	41,457	(31.8)	28,272	---	1,548
MAN	469,000	6.0	497,260	8.0	460,444
Miscellaneous	<u>75,207</u>	(6.0)	<u>70,701</u>	(4.1)	<u>73,749</u>
Total Operating Revenues	<u>8,279,578</u>	1.5	<u>8,406,824</u>	2.8	<u>8,178,295</u>
<u>Operating Expense</u>					
Operation	5,716,796	(2.8)	5,558,596	4.1	5,337,579
Maintenance	737,431	0.1	738,221	26.8	582,210
Depreciation	<u>725,459</u>	(3.5)	<u>699,762</u>	(21.2)	<u>887,537</u>
Total Operating Expenses	<u>7,179,686</u>	(2.6)	<u>6,996,579</u>	2.8	<u>6,807,326</u>
Operating Income	<u>1,099,892</u>	28.2	<u>1,410,245</u>	2.9	<u>1,370,969</u>
<u>Nonoperating Revenue (Expense)</u>					
Interest Income	66,049	1.1X	140,892	27.3	110,718
Interest Expense	(157,443)	0.0	(157,443)	(24.3)	(208,117)
Gain on Sale of Assets	<u>---</u>		<u>1,636</u>		<u>---</u>
Net Nonoperating Expense	<u>(91,394)</u>	(83.7)	<u>(14,915)</u>	(84.7)	<u>(97,399)</u>
Net Income before Capital Contributions	1,008,498	38.4	1,395,330	9.6	1,273,570
Capital Contributions	<u>4,200</u>	1.7X	<u>11,545</u>	98.7	<u>5,809</u>
Change in Net Position	1,012,698		1,406,875		1,279,379
Beginning Net Position	<u>9,702,881</u>		<u>9,702,881</u>		<u>7,489,229</u>
Ending Net Position	<u>\$10,715,579</u>		<u>\$11,109,756</u>		<u>\$8,768,608</u>
Net Income (Loss) to Operating Revenue	12.2		16.6		15.6
Debt Service Coverage on Bank Debt	1.50		1.78		1.88
Debt Service Coverage on Electric Utility Debt	2.05		3.22		3.60

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

ASSETS

	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash - interest bearing	\$1,332,466	\$7,016,802
Investments	7,948,364	5,778,504
Receivables:		
Consumer Accounts	1,674,659	1,327,089
Interest	19,624	17,534
Inventories	204,053	232,992
Prepaid Expenses	<u>224,687</u>	<u>370,643</u>
Total Current Assets	<u>11,403,853</u>	<u>14,743,564</u>
Property and Equipment:		
At Cost	46,871,618	43,076,318
Less Accumulated Depreciation	<u>28,880,900</u>	<u>28,431,687</u>
Net Property and Equipment	<u>17,990,718</u>	<u>14,644,631</u>
Deferred Outflows of Resources		
Pension	1,365,211	1,809,792
OPEB	<u>14,555</u>	<u>14,555</u>
Total Deferred Outflows of Resources	<u>1,379,766</u>	<u>1,824,347</u>
TOTAL ASSETS	<u><u>\$30,774,337</u></u>	<u><u>\$31,212,542</u></u>

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

LIABILITIES AND NET POSITION

	<u>2019</u>	<u>2018</u>
Current Liabilities:		
<u>Payable from Unrestricted Assets</u>		
Accrued Interest	\$20,964	\$47,285
Accounts Payable	903,507	762,630
Health & Dental Insurance Provision	59,606	45,780
Retained Percentage on Contracts	126,205	129,794
Accrued Payroll	85,437	128,008
Accrued Vacation	158,558	163,892
Accrued Property Taxes	5,497	6,747
Unearned Revenue - Dark Fiber Lease	18,600	17,500
Miscellaneous Accrued Expenses	129,901	98,311
	<hr/>	<hr/>
Total Payable from Unrestricted Assets	1,508,275	1,399,947
	<hr/>	<hr/>
<u>Payable from Restricted Assets</u>		
Notes Payable:		
Banks	1,974,197	1,875,198
Electric Utility	972,540	511,610
	<hr/>	<hr/>
Total Payable from Restricted Assets	2,946,737	2,386,808
	<hr/>	<hr/>
Total Current Liabilities	4,455,012	3,786,755
	<hr/>	<hr/>
Non-Current Liabilities:		
Health & Dental Insurance Provision	17,058	109,952
Post-Employment Health Benefit Provision	130,551	124,021
Unearned Revenue - Dark Fiber Lease	183,171	201,771
Net Pension Liability	2,075,762	2,773,330
Notes Payable:		
Banks	5,184,217	7,200,232
Electric Utility	7,106,454	8,051,234
	<hr/>	<hr/>
Total Non-Current Liabilities	14,697,213	18,460,540
	<hr/>	<hr/>
Deferred Inflows of Resources		
Pension	495,674	179,957
OPEB	16,682	16,682
	<hr/>	<hr/>
Total Deferred Inflows of Resources	512,356	196,639
	<hr/>	<hr/>
Net Position:		
Net Investment in Capital Assets	10,832,304	5,569,201
Unrestricted	277,452	3,199,407
	<hr/>	<hr/>
Total Net Position	11,109,756	8,768,608
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$30,774,337</u></u>	<u><u>\$31,212,542</u></u>

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

	<u>Current Month</u>	<u>Year- To-Date</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$142,701	\$1,410,245
Noncash items in operating income:		
Converter/modem write-off	6,351	22,373
Depreciation of utility plant	99,966	699,762
Change in deferred outflows of resources	(37,827)	(277,280)
Changes in assets and liabilities:		
Consumer accounts receivable	(247,471)	(55,716)
Inventories	6,071	12,016
Prepaid and deferred expenses	341,135	(90,216)
Accounts payable	128,077	(212,297)
Net pension liability	72,338	376,633
Health & dental insurance provision	(9,490)	(63,719)
Other post-employment benefit provision	561	3,923
Unearned revenue	(1,459)	(10,308)
Accrued payroll	(42,037)	(29,131)
Accrued vacation	837	(1,275)
Accrued property taxes	423	(572)
Miscellaneous accrued expenses	6,153	(16,413)
Net cash flows from operating activities	466,329	1,768,025
Cash flows from capital and related financing activities:		
Capital expenditures, net	(680,061)	(3,141,045)
Loan principal payments	(9,672)	(965,551)
Loan interest payments	(20,197)	(136,479)
Net cash flows from capital and related financing activities	(709,930)	(4,243,075)
Cash flows from investing activities:		
Interest received on investments	18,304	140,700
Net cash flows from investing activities	18,304	140,700
Net decrease in cash and investments	(225,297)	(2,334,350)
Cash and investments at beginning of period	\$9,506,127	\$11,615,180
Cash and investments at end of period	\$9,280,830	\$9,280,830

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>Video</u>			
Program Acquisition Expense (751-758)	\$378,376	\$356,560	\$371,732
Promotional Expense (960)	7,583	1,020	1,359
Electricity Expense (736)	830	2,497	1,849
Pole Attachment Expense (715)	2,071	2,071	2,043
Changes of Service (742)	2,807	589	1,750
Underground Line Expense (743)	5,767	7,656	3,997
Ad Insertion - Marketing/Production (964, 965)	7,297	3,678	4,393
Miscellaneous Video Expense (710, 738, 739)	19,236	45,567	14,079
Vehicle Expense (760)	5,315	5,881	4,674
Maintenance:			
Fiber (711)	707	6,029	2,993
Coax (712)	1,467	2,977	1,215
Drops (713)	2,732	6,430	7,210
Conduit System (714)	2,250	1,843	617
Headend (721-725)	28,284	29,874	21,746
Line Equipment (731-735)	2,266	2,331	1,228
Converters (741)	4,483	2,183	2,106
Ad Insertion (966)	4,826	4,234	2,660
Vacation, Holiday, Sick Leave (799)	7,645	8,741	7,303
Property Taxes (794)	237	203	314
Depreciation (793)	56,663	51,588	70,512
Total Video	540,842	541,952	523,780
<u>Data/Internet</u>			
Data/Internet Access Charges (851-853)	28,920	11,300	24,921
Promotional Expense (961)	7,583	990	1,329
Electricity Expense (836)	93	275	63
Pole Attachment Expense (837)	364	364	359
Changes of Service (842)	936	196	583
Customer Wireless Equipment Expense (846)	---	---	---
Underground Line Expense (843)	800	2,552	1,332
Miscellaneous Data/Internet Expense (839, 844, 848)	7,875	14,966	5,700
Vehicle Expense (860)	844	1,531	1,024
Maintenance:			
Fiber (811)	295	2,512	1,247
Coax (813)	489	992	405
Drops (814)	911	2,143	2,403
Conduit System (816)	937	768	257
Headend (820, 821)	36,825	33,267	23,090
Line Equipment (831-835)	585	622	409
Modems (841)	6,735	2,126	3,474
Vacation, Holiday, Sick Leave (879)	5,967	6,529	5,227
Property Taxes (894)	99	85	55
Depreciation (893)	26,959	28,019	28,720
Total Data/Internet	127,217	109,237	100,598

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

	<u>Budget 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	616	409
Maintenance:			
Fiber (812)	471	4,020	1,995
Conduit System (817)	2,115	1,229	411
MAN Equipment (818, 819)	3,186	5,823	3,668
Vacation, Holiday, Sick Leave (899)	414	155	127
Property Taxes (896)	158	135	172
Depreciation (840)	8,468	8,060	18,747
Total MAN	<u>16,155</u>	<u>21,273</u>	<u>26,749</u>
Phone Expenses (880)	<u>8,372</u>	<u>6,700</u>	<u>4,500</u>
<u>Customer Service Expense</u>			
Customer Information Expense (909)	<u>2,940</u>	<u>6,011</u>	<u>1,010</u>
<u>Consumer Accounts</u>			
Customer Records and Collections (901/903)	51,145	59,834	39,817
Uncollectible Accounts Expense (904)	1,110	1,110	1,170
Vacation, Holiday, Sick Leave (906)	7,145	7,543	8,119
Total Consumer Accounts	<u>64,515</u>	<u>68,487</u>	<u>49,106</u>
<u>Administrative and General</u>			
Administrative and General Salaries (920)	80,889	80,010	73,251
Office Supplies and Expense (921)	4,189	4,919	4,082
Outside Services Employed (923)	9,635	7,069	6,853
Property Insurance (924)	1,610	1,859	1,307
Casualty Ins, Injuries & Damages (925)	7,199	42,965	4,408
Employee Pensions and Benefits (926)	121,165	142,205	118,169
Fringe Benefits Charged to Construction (927)	(8,475)	(4,934)	(2,342)
Rents (931)	10,139	10,139	9,844
Miscellaneous General Expense (930)	11,808	6,376	5,378
Maintenance of General Plant (932)	5,279	5,775	3,911
Vacation, Holiday, Sick Leave (936)	13,564	10,171	10,615
Depreciation (933)	11,548	12,299	8,811
Total Administrative and General	<u>268,550</u>	<u>318,853</u>	<u>244,287</u>
Total Operating Expenses	<u><u>\$1,028,591</u></u>	<u><u>\$1,072,513</u></u>	<u><u>\$950,030</u></u>

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>Video</u>			
Program Acquisition Expense (751-758)	\$2,699,066	\$2,531,938	\$2,637,771
Promotional Expense (960)	39,777	7,003	22,721
Electricity Expense (736)	8,713	16,794	17,846
Pole Attachment Expense (715)	14,496	14,496	14,298
Changes of Service (742)	19,203	7,149	11,104
Underground Line Expense (743)	30,300	31,304	19,967
Ad Insertion - Marketing/Production (964, 965)	50,905	21,389	48,083
Miscellaneous Video Expense (710, 738, 739)	128,860	238,806	135,738
Vehicle Expense (760)	36,990	36,666	36,751
Maintenance:			
Fiber (711)	4,722	34,700	14,903
Coax (712)	9,999	15,134	7,749
Drops (713)	18,554	47,274	37,107
Conduit System (714)	14,278	4,486	3,490
Headend (721-725)	197,571	188,689	166,202
Line Equipment (731-735)	17,117	28,687	14,664
Converters (741)	30,762	17,052	14,838
Ad Insertion (966)	33,465	21,396	31,036
Vacation, Holiday, Sick Leave (799)	44,808	42,611	37,899
Property Taxes (794)	1,659	943	2,198
Depreciation (793)	396,638	361,116	493,584
Total Video	3,797,883	3,667,633	3,767,949
<u>Data/Internet</u>			
Data/Internet Access Charges (851-853)	202,440	156,276	185,016
Promotional Expense (961)	39,777	6,793	22,868
Electricity Expense (836)	976	1,732	2,037
Pole Attachment Expense (837)	2,549	2,549	2,515
Changes of Service (842)	6,401	2,383	3,701
Customer Wireless Equipment Expense (846)	---	---	---
Underground Line Expense (843)	4,464	10,435	6,656
Miscellaneous Data/Internet Expense (839, 844, 848)	53,623	94,079	57,287
Vehicle Expense (860)	5,910	9,301	5,575
Maintenance:			
Fiber (811)	1,967	14,439	6,448
Coax (813)	3,333	5,045	2,583
Drops (814)	6,185	15,758	12,369
Conduit System (816)	5,949	1,869	1,454
Headend (820, 821)	256,763	216,509	175,160
Line Equipment (831-835)	4,003	8,478	4,762
Modems (841)	44,937	13,805	19,494
Vacation, Holiday, Sick Leave (879)	34,486	31,572	18,969
Property Taxes (894)	693	393	385
Depreciation (893)	188,714	196,133	201,040
Total Data/Internet	863,170	787,549	728,319

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

	<u>Budget</u> <u>Estimate</u>	<u>This Year</u>	<u>Last Year</u>
<u>MAN</u>			
Pole Attachment Expense (838)	\$7,948	\$8,648	\$8,539
Tools Expense (845)	1,558	5,073	2,882
Maintenance:			
Fiber (812)	3,143	23,102	10,832
Conduit System (817)	12,943	2,990	2,327
MAN Equipment (818, 819)	21,745	38,062	19,187
Vacation, Holiday, Sick Leave (899)	2,413	755	2,121
Property Taxes (896)	1,106	629	1,204
Depreciation (840)	59,276	56,420	131,229
Total MAN	<u>110,132</u>	<u>135,679</u>	<u>178,321</u>
Phone Expenses (880)	<u>49,842</u>	<u>42,500</u>	<u>22,583</u>
<u>Customer Service Expense</u>			
Customer Information Expense (909)	<u>31,078</u>	<u>26,032</u>	<u>19,703</u>
<u>Consumer Accounts</u>			
Consumer Records and Collections (901/903)	389,647	370,946	364,286
Uncollectible Accounts Expense (904)	7,770	7,770	8,190
Vacation, Holiday, Sick Leave (906)	42,100	42,350	37,702
Total Consumer Accounts	<u>439,517</u>	<u>421,066</u>	<u>410,178</u>
<u>Administrative and General</u>			
Administrative and General Salaries (920)	535,949	538,347	469,860
Office Supplies and Expense (921)	30,434	33,746	34,938
Outside Services Employed (923)	78,633	65,857	61,817
Property Insurance (924)	10,946	11,357	8,746
Casualty Ins, Injuries & Damages (925)	49,416	93,880	40,892
Employee Pensions and Benefits (926)	845,986	878,128	743,078
Fringe Benefits Charged to Construction (927)	(57,142)	(34,083)	(38,107)
Rents (931)	70,975	70,975	68,908
Miscellaneous General Expense (930)	111,811	77,456	88,485
Maintenance of General Plant (932)	49,995	40,745	37,605
Vacation, Holiday, Sick Leave (936)	80,230	53,619	102,367
Depreciation (933)	80,831	86,093	61,684
Total Administrative and General	<u>1,888,064</u>	<u>1,916,120</u>	<u>1,680,273</u>
Total Operating Expenses	<u><u>\$7,179,686</u></u>	<u><u>\$6,996,579</u></u>	<u><u>\$6,807,326</u></u>

Muscatine Power and Water - Communications Utility
Statistical Data
July 2019

	Budget Estimate	% Increase (Decrease) From Budget	This Year ^{fn1}	% Increase (Decrease) Fr. Last Yr.	Last Year
<u>Services</u>					
<u>Video</u>					
Residential	4,637	(1.9)	4,547	(7.7)	4,927
Commercial/Hospitality	<u>156</u>	(3.2)	<u>151</u>	(3.2)	<u>156</u>
Total Video	<u><u>4,793</u></u>	(2.0)	<u><u>4,698</u></u>	(7.6)	<u><u>5,083</u></u>
Bulk Equivalent Services	<u>302</u>	(15.2)	<u>256</u>	(15.2)	<u>302</u>
Bulk Master Services	<u><u>23</u></u>	(4.3)	<u><u>22</u></u>	(8.3)	<u><u>24</u></u>
<u>Data/Internet</u>					
Residential	8,249	1.2	8,345	2.1	8,176
Commercial	<u>552</u>	5.1	<u>580</u>	8.2	<u>536</u>
Total Data/Internet	<u><u>8,801</u></u>	1.4	<u><u>8,925</u></u>	2.4	<u><u>8,712</u></u>
<u>Phone</u>					
Residential	356	(47.8)	186	3.3X	43
Commercial	<u>64</u>	(9.4)	<u>58</u>	13.5X	<u>4</u>
Total Phone	<u><u>420</u></u>	(41.9)	<u><u>244</u></u>	4.2X	<u><u>47</u></u>
<u>MAN</u>	<u><u>82</u></u>	4.9	<u><u>86</u></u>	---	<u><u>86</u></u>

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

Communications Utility
Review of Operating Results
July 2019

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

	(Unfavorable)/ Favorable Compared to <u>Budget</u>	
Operating Revenue		
Video Revenue	\$ (38,190)	Lower CATV revenues due to changes in subscriber mix offset by fewer subscribers (5370 actual vs. 5746 budget)
	30,748	Broadcast fee higher than budget due to bulk broadcast fee not budgeted
	(166)	Lower marketing promotional discounts due to more promotional programs offered
	(23,620)	Lower VOD/PPV sales due to fewer subscribers and less buys
	(48,675)	Lower ad sales
	27,598	higher converter rental revenue
	3,375	Other miscellaneous variances - net
	<u>(48,930)</u>	
Data/Internet Revenue	382,088	Higher cable modem revenues due to customers migrating to a higher level of service plus higher number of subscribers (Subscribers = 9787 actual & 9769 budget)
	(296,098)	Fiber service installs are behind schedule
	42,741	Lower promotional discounts due to fewer promotional programs offered
	22,492	Higher Wi-fi @ Home due to more subscribers
	14,384	Other miscellaneous variances - net
	<u>165,607</u>	
Phone	<u>(13,185)</u>	Less customers than budgeted (244 actual vs. 420 budget)
MAN	<u>28,260</u>	More contracts than budgeted
Miscellaneous Revenue	<u>(4,506)</u>	Other miscellaneous variances - net
Operating Expense		
Operation	66,068	Programming expense credit related to negotiated lower prior year expense
	101,060	Programming expense lower than budget due to fewer subscribers than budget
	20,235	Lower temp labor than budgeted, primarily due to DSRs and cable tech areas
	(8,081)	Higher cost of electricity expense
	(74,569)	Higher cost of miscellaneous video materials expense, primarily stores issues
	(9,539)	More cable modems and set-top boxes have been retired than anticipated
	46,164	Lower cost of Data/Internet access charges
	7,342	Lower cost of long distance phone expenses
	4,308	Lower cost of promotional materials
	3,928	Lower cost of media advertising
	(6,926)	Marketing intern not budgeted
	2,881	Lower credit card processing fees than budgeted, due to fee reimbursement
	(5,410)	Higher cost of records and collections temp labor
	2,373	Lower cost of collection expense
	2,000	FTTH OTT Hardware not purchased yet
	2,502	Lower cost of organizational development consultant
	(1,072)	Higher cost of communications legal services
	3,600	Employee search services, not expended yet
	3,000	Pension study, not expended yet
	6,000	Compensation review, not expended yet
	1,200	Employee survey, postponed
	(1,870)	FTTH support, not budgeted
	(45,599)	Higher cost of workers' compensation claims
	(73,185)	Higher cost of pension
	70,119	Labor & vacation under budget
	5,030	Health care expenses lower than budgeted
	(6,492)	Higher cost of deferred compensation due to increased employee contributions
	1,248	Lower cost of wellness expenses
	19,937	Travel and training under budget
	21,948	Other miscellaneous variances - net
	<u>158,200</u>	

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

Maintenance	(5,427)	Labor greater than budget
	(5,232)	Video fiber maintenance materials higher than budget
	(11,352)	Video drops maintenance materials higher than budget
	6,120	Video headend maintenance materials lower than budget
	(2,160)	Internet fiber maintenance materials higher than budget
	(3,784)	Internet drop maintenance materials higher than budget
	32,188	Internet headend maintenance materials lower than budget
	16,828	Maintenance agreements are lower than budget
	2,200	Memberships and subscriptions are lower than budget
	(3,462)	MAN fiber maintenance materials higher than budget
	(17,354)	MAN equipment maintenance materials higher than budget
	9,250	General plant maintenance materials lower than budget
	<u>(18,605)</u>	Other miscellaneous variances - net
	<u>(790)</u>	
Depreciation	<u>25,697</u>	Lower depreciation due to fewer fixed assets purchases in 2018 than anticipated
Nonoperating Revenue (Expense)		
Interest Income	74,843	More interest income due to higher cash balances & higher rate of return
Gain on Sale of Assets	<u>1,636</u>	
Change in Net Position before Capital Contributions	<u>386,832</u>	
Capital Contributions	<u>7,345</u>	
Change in Net Position	<u>\$ 394,177</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)	5,746	5,370	5,382
Revenue:			
Basic	\$ 88,062	\$ 92,508	\$ 90,378
Select	1,729,227	2,021,335	2,112,458
Preferred	776,373	408,419	400,570
Premium	93,586	118,974	130,690
Bulk	138,320	146,142	133,951
Broadcast fee	492,215	522,963	467,875
PPV	12,269	5,672	7,151
VOD	<u>50,105</u>	<u>33,082</u>	<u>54,268</u>
Subtotal	\$ 3,380,157	\$ 3,349,095	\$ 3,397,341
Set top box rentals	542,804	570,402	553,120
Ad insertion revenue	191,000	142,325	144,820
Other Video revenues	<u>28,289</u>	<u>31,664</u>	<u>24,823</u>
Gross Video revenue	\$ 4,142,250	\$ 4,093,486	\$ 4,120,104
Discounts	<u>(111,228)</u>	<u>(111,394)</u>	<u>(98,357)</u>
Net Video Revenue	<u>\$ 4,031,022</u>	<u>\$ 3,982,092</u>	<u>\$ 4,021,747</u>
Net Monthly Revenue per Subscriber	\$ 100.22	\$ 105.93	\$ 106.75
Year-over-Year Increase		-0.8%	

- Broadcast fee revenue is higher than budgeted due to bulk subscriber broadcast fee not budgeted.
- 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	9,769	9,787	8,660
Revenue:			
Cable modem	\$ 1,942,485	\$ 2,324,573	\$ 3,026,523
Fiber service	1,425,523	1,129,425	240,075
Wi-fi @ Home	170,405	192,897	173,076
Wimax	48,671	51,171	54,376
Modem rentals	181,326	188,485	179,102
Other internet revenues	<u>32,276</u>	<u>37,001</u>	<u>32,559</u>
Gross internet revenues	\$ 3,800,686	\$ 3,923,552	\$ 3,705,711
Discounts	<u>(137,794)</u>	<u>(95,053)</u>	<u>(84,904)</u>
Net internet revenues	<u>\$ 3,662,892</u>	<u>\$ 3,828,499</u>	<u>\$ 3,620,807</u>
Net monthly revenue per subscriber	\$ 62.49	\$ 65.20	\$ 59.73

- 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 \$13,185 lower than budget due to 244 customers receiving service compared to the 420 customers budgeted.

MAN

Revenue is \$28,260 higher than budget due to more contracts than budgeted in addition to changes in services received.

Nonoperating Revenue (Expense)

- Interest income is over budget \$74,843 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 7% less subscribers than budgeted.

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Basic	\$ 685,344	\$ 578,397	\$ 602,249
Select	1,700,592	1,662,307	1,698,114
Premium	87,490	85,281	99,458
Digital	185,199	175,036	196,439
Pay-per-View	10,636	5,121	5,205
Video on Demand	<u>29,805</u>	<u>25,796</u>	<u>36,306</u>
Total	<u>\$ 2,699,066</u>	<u>\$ 2,531,938</u>	<u>\$ 2,637,771</u>
Total Subscribers (incl. Bulk)	5,746	5,370	5,382
Per Subscriber	\$ 67.10	\$ 67.36	\$ 70.02
Year over Year Increase		-3.8%	

- Basic programming includes a credit of \$66,068 for a negotiated lower rate of prior year programming expenses.

Promotional Expense (960)

- Under budget \$32,774; Temp services for DSRs are under budget \$22,193.
- Labor is under budget \$8,710; Materials expense is under budget \$1,870.

Electricity Expense (736)

- Electricity expense \$8,081 higher than budget due to FTTH project delays.

Changes of Service (742)

- Labor is under budget \$12,054.

Ad Insertion – Marketing/Production (964,965)

- Under budget \$29,516; Labor is under budget \$27,002.

Miscellaneous Video Expense (710, 738, 739)

- Over budget \$109,945
- Materials over budget \$74,569; Labor is over budget \$32,754;
- Temp labor is over budget \$7,089
- More boxes have been retired than budgeted in the amount of \$3,615.

Maintenance of Fiber (711)

- Over budget \$29,978; Labor over budget \$24,755; Materials over budget \$5,232.

Maintenance of Coax (712)

- Over budget \$5,135; Labor over budget \$5,679

Video cont'dMaintenance of Drops (713)

- Over budget \$28,720; Labor over budget \$17,368, material over budget \$11,351.

Maintenance of Conduit System (714)

- Under budget \$9,792; Labor under budget \$9,795.

Maintenance of Headend (721-725)

- Under budget \$8,883; maintenance agreements under budget \$5,005.

Maintenance of Line Equipment (731-735)

- Over budget \$11,570; labor over budget \$12,036.

Maintenance of Converters (741)

- Under budget \$13,709; labor under budget \$13,102.

Maintenance of Ad Insertion (966)

- Under budget \$12,069; labor under budget \$12,415

Depreciation Expense (793)

Depreciation is under budget \$35,522 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): under budget \$46,164

- Aureon Network Services is under budget \$25,219.
- Hurricane Electric is under budget \$11,200.

Promotional Expense (961)

- Under budget \$32,984; Temp services for DSRs under budget \$22,193

Changes of Service (842)

- Labor under budget \$4,018

Underground Line Expense (843)

- Labor over budget \$6,417.

Maintenance of Fiber (811)

- Labor is over budget \$10,311

Maintenance of Drops (814)

- Labor is over budget \$5,661.

Maintenance of Conduit System (816)

- Labor is under budget \$4,081.

Maintenance of Headend (820, 821)

- Under budget \$40,254
- Maintenance agreements under budget \$27,198; Labor under budget \$8,066.

Maintenance of Line Equipment (831-835)

- Labor over budget \$4,258.

Maintenance of Modems (841)

- Labor under budget \$31,132.

Depreciation (893)

Depreciation is higher than budget \$7,419 due to more modems retired than expected.

MANTools Expense (845)

- Materials expense over budget by \$3,514.

Maintenance of Fiber (812)

- Over budget \$19,959; Labor over budget \$18,390.

Maintenance of Conduit System – (817)

- Labor is under budget \$9,339.

Maintenance of MAN Equipment – (818-819)

- Maintenance agreements over budget \$17,354.

PhonePhone Expenses (880)

- Long distance expenses under budget \$7,342.

Customer Service Expense – (909)

- Under budget \$5,046

Customer Records and Collections – (901/903)

- Under budget \$18,701; labor under budget \$5,046

Administrative & GeneralA&G Salaries – (920)

- Salaries in the Employee Services, System Admin and Telecommunications departments are under budget by \$17,250, \$5,589 and \$37,933 respectively.
- Salaries in the Marketing, Cable Tech and Utility Services Delivery departments are over budget by \$52,517, \$4,268 and \$12,240.

Outside Services – (923)

- Under budget \$7,945

Injuries & Damages – (925)

- Over budget \$44,464

Employee Pensions & Benefits – (926)

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
Health care cost	\$ 307,094	\$ 302,064	\$ 271,008
Pension	324,740	397,925	291,392
FICA	147,899	145,746	119,948
Deferred compensation	29,540	36,032	28,123
Dental	11,200	11,935	10,690
Life, LTD & ADD	11,514	15,135	9,362
OPEB	3,922	3,922	3,651
Other expenses	10,077	12,350	8,904
	<u>\$ 845,986</u>	<u>\$ 925,109</u>	<u>\$ 743,078</u>

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

Fringe Benefits Charged to Construction – (927)

- Under budget \$23,059; Less time has been charged to capital projects than budgeted.

Miscellaneous General Expense – (930)

- Under budget \$21,493
- Labor under budget \$5,277; Travel & training under budget \$13,843.

Maintenance of General Plant – (932)

- Over budget \$723;
- Maintenance agreements under budget \$4,779, Memberships under budget \$2,200

Vacation, Holiday, Sick Leave – (936)

- Under budget \$9,865

Depreciation – (933)

- Over budget \$32,739 due to more computer retirements than expected.

**Communications Utility
Statement of Net Position Review
July 2019**

<u>Current Assets</u>	<u>2019</u>	<u>2018</u>
<u>Receivables - Consumer Accounts</u>		
Customer Communications Accounts	\$1,249,604	\$1,188,096
Unbilled Revenue	95,990	87,178
Muscatine Schools - E-rate customer	320,347	---
Merchandise Accounts	17,802	60,825
Allowance for Doubtful Accounts	(9,084)	(9,010)
	<u>\$1,674,659</u>	<u>\$1,327,089</u>
<u>Inventories</u>		
Inventory	\$197,722	\$228,390
Stores Expense (a/c 163)	6,331	4,602
	<u>\$204,053</u>	<u>\$232,992</u>
<u>Prepaid Expenses</u>		
Prepaid Insurance	\$40,230	\$34,025
Prepaid Maintenance Contracts	177,486	152,383
Muscatine Schools - E-rate customer	---	179,179
Travel advances	1,611	1,365
Other Prepaid Expenses	6,971	3,691
	<u>\$224,687</u>	<u>\$370,643</u>
<u>Current Liabilities</u>		
<u>Accounts Payable (amounts over \$2,500 itemized)</u>		
Pole Rental	\$29,735	\$21,130
Accedian Networks	7,761	---
Argonaut Quality Systems	25,900	---
Atlantic Engineering Group - FTTH	156,239	94,152
Big 10 - programming fee	9,237	9,546
BillTrust - bill processing	3,228	---
Champlin Solutions	14,400	---
City of Muscatine - Mississippi Dr project	---	5,290
Cogsdale - business system implementation	---	22,779
Comcast Sportsnet Chicago - programming fee	22,037	23,084
Core & Main	---	5,118
Cottingham & Butler - wc claim services	2,835	---
DLT Solutions	3,371	---
EIS, Inc Genuine Cable Group	29,960	---
Elan - supplies	7,981	---
Finley Engineering	12,025	---
Fox Sports Net Midwest - programming fee	22,287	23,306
Gray Television - programming fee	21,262	21,143
Graybar Electric - fiber	27,156	---
Imon - VoIP	6,700	4,500
Insight Direct - wireless routers	48,576	---
Iphotonix LLC - terminals	---	87,628
KGCW - programming fee	10,895	220,516
Marshall KLJB	18,275	---

Mincer Ford	40,643	---
MP Nexlevel - equipment installation	46,156	38,180
Muscatine Community College - public access	4,800	---
Natl Cable TV Coop - programming fee	210,022	210,708
Nexstar - programming fee	---	35,238
Power & Tel - terminals	22,072	12,177
Rovi Guides - programming fee	5,095	8,279
Terry-Durin	2,769	---
Tower Distribution - programming fee	19,793	20,092
Univision - programming fee	6,578	6,802
Vubiquity - programming fee	3,576	5,154
Woodruff Construction	---	6,379
Other	62,143	(112,192)

\$903,507

\$762,630

Miscellaneous Accrued Expenses

Sales/Use/Excise Tax Collections Payable	\$11,538	\$24,900
Franchise Fees Payable	11,506	14,437
Payroll Tax Collections Payable	24,098	21,694
IPERS payable	1,145	---
Workers' Comp Self Insurance Reserves	78,302	37,280
Comp Time Payable	3,312	---

\$129,901

\$98,311