MYR GROUP INC.
Form 10-Q
October 31, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2018

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 1-08325

MYR GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware	**36-3158643**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1701 Golf Road, Suite 3-1012	
Rolling Meadows, IL	**60008**
(Address of principal executive offices)	(Zip Code)

(847) 290-1891

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o	Smaller reporting company o
	Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of October 26, 2018, there were 16,564,744 outstanding shares of the registrant’s $0.01 par value common stock.

WEBSITE ACCESS TO COMPANY’S REPORTS

MYR Group Inc.’s internet website address is www.myrgroup.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”) will be available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission (“SEC”).

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Throughout this report, references to "MYR Group," the "Company," "we," "us" and "our" refer to MYR Group Inc. and its consolidated subsidiaries, except as otherwise indicated or as the context otherwise requires.

MYR GROUP INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)	September 30, 2018	December 31, 2017
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 300	$ 5,343
Accounts receivable, net of allowances of $564 and $605, respectively	291,583	283,008
Costs and estimated earnings in excess of billings on uncompleted contracts	124,057	78,260
Current portion of receivable for insurance claims in excess of deductibles	5,421	4,221
Refundable income taxes, net	—	391
Other current assets	5,684	8,513
Total current assets	427,045	379,736
Property and equipment, net of accumulated depreciation of $248,339 and $231,391, respectively	161,925	148,084
Goodwill	71,099	46,994
Intangible assets, net of accumulated amortization of $6,166 and $5,183, respectively	19,659	10,852
Receivable for insurance claims in excess of deductibles	16,861	14,295
Investment in joint ventures	1,837	168
Other assets	3,275	3,659
Total assets	$ 701,701	$ 603,788
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 2,941	$ —
Current portion of capital lease obligations	1,110	1,086
Accounts payable	123,980	110,383
Billings in excess of costs and estimated earnings on uncompleted contracts	46,186	28,919
Current portion of accrued self-insurance	14,816	13,138
Income taxes payable, net	3,243	—
Other current liabilities	60,028	35,038
Total current liabilities	252,304	188,564
Deferred income tax liabilities	13,817	13,452
Long-term debt	86,373	78,960
Accrued self-insurance	34,203	32,225
Capital lease obligations, net of current maturities	1,796	2,629
Other liabilities	462	919
Total liabilities	388,955	316,749
Commitments and contingencies		

Stockholders’ equity:		
Preferred stock—$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding at September 30, 2018 and December 31, 2017	—	—
Common stock—$0.01 par value per share; 100,000,000 authorized shares; 16,564,057 and 16,464,757 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	165	163
Additional paid-in capital	147,543	143,934
Accumulated other comprehensive loss	(322)	(299)
Retained earnings	164,085	143,241
MYR Group Inc. share of equity	311,471	287,039
Noncontrolling interest	1,275	—
Total stockholders’ equity	312,746	287,039
Total liabilities and stockholders’ equity	$ 701,701	$ 603,788

The accompanying notes are an integral part of these consolidated financial statements.

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MYR GROUP INC.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(In thousands, except per share data)	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Contract revenues	$399,537	$373,502	$1,084,824	$1,029,816
Contract costs	354,251	338,649	965,155	941,706
Gross profit	45,286	34,853	119,669	88,110
Selling, general and administrative expenses	31,210	23,814	88,658	74,617
Amortization of intangible assets	743	195	979	593
Gain on sale of property and equipment	(804)	(576)	(2,869)	(2,602)
Income from operations	14,137	11,420	32,901	15,502
Other income (expense)				
Interest income	13	—	13	4
Interest expense	(1,014)	(685)	(2,518)	(1,793)
Other, net	(2,294)	(1,413)	(2,020)	212
Income before provision for income taxes	10,842	9,322	28,376	13,925
Income tax expense	2,885	4,177	7,940	6,350
Net income	$7,957	$5,145	$20,436	$7,575
Income per common share:				
—Basic	$0.48	$0.32	$1.24	$0.47
—Diluted	$0.48	$0.31	$1.23	$0.46
Weighted average number of common shares and potential common shares outstanding:				
—Basic	16,492	16,314	16,423	16,263
—Diluted	16,630	16,474	16,580	16,476
Net income	$7,957	$5,145	$20,436	$7,575
Other comprehensive income (loss):				
Foreign currency translation adjustment	(22)	206	(23)	216
Other comprehensive income (loss)	(22)	206	(23)	216
Total comprehensive income	$7,935	$5,351	$20,413	$7,791

The accompanying notes are an integral part of these consolidated financial statements.

MYR GROUP INC.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Nine months ended September 30, 2018	2017
Cash flows from operating activities:		
Net income	$20,436	$7,575
Adjustments to reconcile net income to net cash flows provided by (used in) operating activities:		
Depreciation and amortization of property and equipment	28,151	28,906
Amortization of intangible assets	979	593
Stock-based compensation expense	2,480	3,479
Deferred income taxes	342	(302)
Gain on sale of property and equipment	(2,869)	(2,602)
Other non-cash items	697	1,113
Changes in operating assets and liabilities		
Accounts receivable, net	24,519	(37,059)
Costs and estimated earnings in excess of billings on uncompleted contracts	(35,466)	(36,980)
Receivable for insurance claims in excess of deductibles	(3,766)	(292)
Other assets	2,929	85
Accounts payable	(13,781)	14,803
Billings in excess of costs and estimated earnings on uncompleted contracts	10,918	1,363
Accrued self insurance	3,668	2,626
Other liabilities	19,432	(5,098)
Net cash flows provided by (used in) operating activities	58,669	(21,790)
Cash flows from investing activities:		
Proceeds from sale of property and equipment	3,505	2,802
Cash paid for acquired business	(47,082)	—
Purchases of property and equipment	(39,723)	(24,909)
Net cash flows used in investing activities	(83,300)	(22,107)
Cash flows from financing activities:		
Net borrowings (repayments) under revolving lines of credit	(14,580)	20,427
Borrowings under equipment notes	24,934	—
Payment of principal obligations under capital leases	(809)	(812)
Proceeds from exercise of stock options	1,887	1,147
Repurchase of common shares	(1,043)	(3,058)
Other financing activities	9,223	3,718
Net cash flows provided by financing activities	19,612	21,422
Effect of exchange rate changes on cash	(24)	311
Net decrease in cash and cash equivalents	(5,043)	(22,164)

Cash and cash equivalents:		
Beginning of period	5,343	23,846
End of period	$300	$1,682

The accompanying notes are an integral part of these consolidated financial statements.

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MYR GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. Organization, Business and Basis of Presentation

Organization and Business

MYR Group Inc. (the “Company”) is a holding company of specialty electrical construction service providers and conducts operations through its wholly owned subsidiaries, including: The L. E. Myers Co., a Delaware corporation; Harlan Electric Company, a Michigan corporation; Great Southwestern Construction, Inc., a Colorado corporation; Sturgeon Electric Company, Inc., a Michigan corporation; MYR Transmission Services, Inc., a Delaware corporation; E.S. Boulos Company, a Delaware corporation; High Country Line Construction, Inc., a Nevada corporation; Sturgeon Electric California, LLC, a Delaware limited liability company; GSW Integrated Services, LLC, a Delaware limited liability company; Huen Electric, Inc., a Delaware corporation; MYR Transmission Services Canada, Ltd., a British Columbia corporation; Northern Transmission Services, Ltd., a British Columbia corporation and Western Pacific Enterprises Ltd., a British Columbia corporation.

The Company performs construction services in two business segments: Transmission and Distribution (“T&D”) and Commercial and Industrial (“C&I”). T&D customers include investor-owned utilities, cooperatives, private developers, government-funded utilities, independent power producers, independent transmission companies, industrial facility owners and other contractors. T&D provides a broad range of services, which include design, engineering, procurement, construction, upgrade, maintenance and repair services, with a particular focus on construction, maintenance and repair. The C&I customers include general contractors, commercial and industrial facility owners, local governments and developers in the west, midwest and northeast United States and western Canada. The C&I segment provides services such as the design, installation, maintenance and repair of commercial and industrial wiring, installation of traffic networks and the installation of bridge, roadway and tunnel lighting.

Basis of Presentation

Interim Consolidated Financial Information

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial reporting and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures, normally included in annual financial statements prepared in accordance with U.S. GAAP, have been condensed or omitted pursuant to the rules and regulations of the SEC. The Company believes that the disclosures made are adequate to make the information presented not misleading. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to fairly state the financial position, results of operations, comprehensive income and cash flows with respect to the interim consolidated financial statements, have been included. The consolidated balance sheet as of December 31, 2017 has been derived from the audited financial statements as of that date. The results of operations and comprehensive income are not necessarily indicative of the results for the full year or the results for any future periods. These financial statements should be read in conjunction with the audited financial statements and related notes for the year ended December 31, 2017, included in the Company’s Annual Report on Form 10-K, which was filed with the SEC on March 7, 2018.

Joint Ventures and Noncontrolling Interests

The Company accounts for investments in joint ventures using the proportionate consolidation method for income statement reporting and under the equity method for balance sheet reporting, unless the Company has a controlling interest causing the joint venture to be consolidated with equity owned by other joint venture partners recorded as noncontrolling interests. Under the proportionate consolidation method, joint venture activity is allocated to the appropriate line items found on the consolidated statements of operations in proportion to the percentage of participation the Company has in the joint venture. Under the equity method the net investment in joint ventures is stated as a single item on the consolidated balance sheets. For joint ventures which the Company does not have a controlling interest, the Company’s share of any profits and assets and its share of any losses and liabilities are recognized based on the Company’s stated percentage partnership interest in the joint venture. The Company includes only its percentage ownership of each joint venture in its backlog. The investments in joint ventures are recorded at cost and the carrying amounts are adjusted to recognize the Company’s proportionate share of cumulative income or loss, additional contributions made and dividends and capital distributions received. The Company records the effect of any impairment or any other-than-temporary decrease in the value of the joint venture investment as incurred. See Note 12– Noncontrolling Interests to the Financial Statements for further information related to joint ventures in which the Company has a majority controlling interest.

Foreign Currency

The functional currency for the Company's Canadian operations is the Canadian dollar. Assets and liabilities denominated in Canadian dollars are translated into U.S. dollars at the end-of-period exchange rate. Revenues and expenses are translated using average exchange rates for the periods reported. Equity accounts are translated at historical rates. Cumulative translation adjustments are included as a separate component of accumulated other comprehensive income in shareholders' equity. Foreign currency transaction gains and losses, arising primarily from changes in exchange rates on short-term monetary assets and liabilities, and ineffective long-term monetary assets and liabilities are recorded in the "other income, net" line on the consolidated statements of operations. Foreign currency gains for the nine months ended September 30, 2018 and losses for the nine months ended September 30, 2017, were not significant. Effective foreign currency transaction gains and losses, arising primarily from long-term monetary assets and liabilities, are recorded in the foreign currency translation adjustment line on the consolidated statements of comprehensive income.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. As of September 30, 2018 and December 31, 2017, the Company held its cash in checking accounts or in highly liquid money market funds. The Company's banking arrangements allow the Company to fund outstanding checks when presented to financial institutions for payment. The Company funds all intraday bank balances overdrafts during the same business day. Checks issued and outstanding in excess of bank balance are recorded in accounts payable in the Consolidated Balance Sheets and are reflected as other financing activities in the Consolidated Statements of Cash Flows. As of September 30, 2018 the Company had checks issued and outstanding in excess of our bank balance of $9.2 million. The Company had no checks issued and outstanding in excess of our bank balance as of December 31, 2017.

Accounts Receivable

The Company does not charge interest to its customers and carries its customer receivables at their face amounts, less an allowance for doubtful accounts. Included in accounts receivable are balances billed to customers pursuant to retainage provisions in certain contracts that are due upon completion of the contract and acceptance by the customer, or earlier as provided by the contract. Based on the Company's experience in recent years, the majority of customer balances at each balance sheet date are collected within twelve months. As is common practice in the industry, the Company classifies all accounts receivable, including retainage, as current assets. The contracting cycle for certain long-term contracts may extend beyond one year, and accordingly, collection of retainage on those contracts may extend beyond one year. The Company expects a majority of the retainage recorded at September 30, 2018 to be collected within one year.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. Actual results could differ from those estimates.

The most significant estimates are related to estimates of costs to complete on contracts, pending change orders and claims, shared savings, insurance reserves, income tax reserves, estimates surrounding stock-based compensation, the recoverability of goodwill and intangibles and accounts receivable reserves. The Company estimates a cost accrual every quarter that represents costs incurred but not invoiced for services performed or goods delivered during the period, and estimates revenue from the contract cost portion of this accrual based on current gross margin rates to be consistent with its cost method of revenue recognition.

In the nine months ended September 30, 2018 and September 30, 3017, the Company recognized revenues of $8.8 million and $6.5 million, respectively, related to significant change orders and/or claims that had been included as contract price adjustments on certain contracts which were in the process of being negotiated in the normal course of business.

The percentage of completion method of accounting requires the Company to make estimates about the expected revenue and gross profit on each of its contracts in process. During the three months ended September 30, 2018, changes in estimates pertaining to certain projects decreased consolidated gross margin by 0.6%, which resulted in decreases in operating income of $2.1 million, net income of $1.6 million and diluted earnings per common share of $0.09. During the nine months ended September 30, 2018, changes in estimates pertaining to certain projects decreased consolidated gross margin by 0.4%, which resulted in decreases in operating income of $3.9 million, net income of $2.8 million and diluted earnings per common share of $0.17.

During the three months ended September 30, 2017, changes in estimates pertaining to certain projects decreased consolidated gross margin by 0.9%, which resulted in decreases in operating income of $3.2 million, net income of $1.9 million and diluted earnings per common share of $0.12. During the nine months ended September 30, 2017, changes in estimates pertaining to certain projects decreased consolidated gross margin by 0.7%, which resulted in decreases in operating income of $7.7 million, net income of $4.6 million and diluted earnings per common share of $0.28.

Recent Accounting Pronouncements

Changes to U.S. GAAP are typically established by the Financial Accounting Standards Board ("FASB") in the form of accounting standards updates ("ASUs") to the FASB's Accounting Standards Codification ("ASC"). The Company considers the applicability and impact of all ASUs. The Company, based on its assessment, determined that any recently issued or proposed ASUs not listed below are either not applicable to the Company or adoption will have minimal impact on its consolidated financial statements

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments under this pronouncement changed how an entity recognizes revenue from contracts it enters to transfer goods, services or nonfinancial assets to its customers. These changes created a comprehensive framework for all entities in all industries to apply in the determination of when to recognize revenue, and, therefore, supersede virtually all existing revenue recognition requirements and guidance. This framework is expected to result in less complex guidance in application while providing a consistent and comparable methodology for revenue recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the amendments require expanded disclosure to enable the users of the financial statements to understand the nature, timing and uncertainty of revenue and cash flow arising from contracts with customers. On January 1, 2018, the Company adopted this ASU on a modified retrospective basis. Results for reporting periods beginning after January 1, 2018 are presented under *Revenue from Contracts with Customers (Topic 606)*, while prior period amounts were not adjusted and continue to be reported in accordance with the Company's historical accounting under *Revenue Recognition Topic 605*. See Note 3–Revenue Recognition to the Financial Statements for further information related to the Company's accounting policy and transition disclosures associated with the adoption of this pronouncement.

In January 2017, the FASB issued ASU No. 2017-01*, Business Combinations (Topic 805): Clarifying the Definition of a Business*, which clarified the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The Company adopted this ASU on a prospective basis in January 2018 and there was no effect on the Company's financial position, results of operations or cash flows.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*, which modified existing guidance and intended to reduce the diversity in practice with respect to the accounting for income tax consequences of intra-entity transfers of assets. This update requires entities to immediately recognize the tax consequences on intercompany asset transfers (excluding inventory) at the transaction date, and eliminated the recognition exception within previous guidance. The Company adopted this ASU using a modified retrospective approach in January 2018 and there was no effect on the Company's financial position, results of operations or cash flows.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230)*: *Classification of Certain Cash Receipts and Cash Payments*, which intended to reduce diversity in practice in how eight specific transactions are classified in the statement of cash flows. The Company adopted this ASU on a retrospective basis in January 2018 and there was no effect on the Company's financial position, results of operations or cash flows.

Recently Issued Accounting Pronouncements

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which simplifies the subsequent measurement of goodwill, through the elimination of Step 2 from the goodwill impairment test. Instead, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. The update is effective for any annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The guidance requires application on a prospective basis. The Company does not expect that this pronouncement will have a significant impact on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments under this pronouncement will change the way all leases with durations in excess of one year are treated. Under this guidance, lessees will be required to recognize virtually all leases on the balance sheet as a right-of-use asset and an associated financing lease liability or capital lease liability. The right-of-use asset represents the lessee's right to use, or control the use of, a specified asset for the specified lease term. The lease liability represents the lessee's obligation to make lease payments arising from the lease, measured on a discounted basis. Based on certain characteristics, leases are classified as financing leases or operating leases. Financing lease liabilities, which contain provisions similar to capitalized leases, are amortized like capital leases under current accounting, as amortization expense and interest expense in the statement of operations. Operating lease liabilities are amortized on a straight-line basis over the life of the lease as lease expense in the statement of operations. This update is effective for annual reporting periods, and interim periods within those reporting periods, beginning after December 15, 2018.

The Company continues to evaluate the impact that this pronouncement, and all amendments relating to this pronouncement, will have on its policies and procedures pertaining to its existing and future lease arrangements, disclosure requirements and on the Company's financial statements. The Company has appointed a committee to transition its policies and procedures based on the requirements of this pronouncement and has purchased lease software to support the additional requirements relating to this pronouncement. The Company expects that most existing operating lease commitments that extend beyond twelve months at the time of adoption will be recognized as lease liabilities and right-of-use assets upon adoption. While the Company is still evaluating the requirements of this update, it currently does not expect the adoption to have a material impact on the recognition, measurement or presentation of lease expenses within the Consolidated Statements of Operations and Comprehensive Income or Consolidated Statements of Cash Flows. See Note 9–Lease Obligations to the Financial Statements for further information related to the Company's future minimum lease payments and the timing of those payments.

2. Acquisition

On July 2, 2018, the Company completed the acquisition of substantially all of the assets of Huen Electric, Inc., an electrical contracting firm based in Illinois, Huen Electric New Jersey Inc., an electrical contracting firm based in New Jersey, and Huen New York, Inc., an electrical contracting firm based in New York (collectively, the "Huen Companies"). The Huen Companies will provide a wide range of commercial and industrial electrical construction capabilities under the Company's C&I segment in Illinois, New Jersey and New York. The total consideration paid was approximately $47.1 million, subject to working capital and net asset adjustments, which was funded through borrowings on the line of credit. Total consideration paid may include a portion subject to potential net asset adjustments which are expected to be finalized by the end of 2018. The Company's preliminary estimate of these net asset adjustments was approximately $10.7 million as of the July 2, 2018 closing date and as of September 30, 2018, which will increase the total consideration to be paid, and is recorded in accounts payable on the consolidated balance sheets.

The purchase agreement also includes contingent consideration provisions for margin guarantee adjustments based upon performance subsequent to the acquisition on certain contracts. The contracts are valued at fair value at the acquisition date, causing no margin guarantee estimate. Changes in contract estimates, such as modified costs to complete or change order recognition, will result in changes to these margin guarantee estimates. Changes in contingent consideration, subsequent to the acquisition, related to the margin guarantee adjustments on certain contracts of approximately $2.3 million were recorded in other expense for the three and nine months ended September 30, 2018. Future margin guarantee adjustments, if any, are expected to be recognized through 2019. The Company could also be required to make compensation payments contingent on the successful achievement of certain performance targets and continued employment of certain key executives of the Huen Companies. These payments are recognized as compensation expense in the consolidated statements of operations as incurred. For the three months ended September 30, 2018 the Company recognized $0.2 million of compensation expense associated with these contingent payments.

The results of operations for Huen Companies are included in the Company's consolidated statement of operations and the C&I segment from the date of acquisition. Costs of approximately $0.4 million related to the acquisition were included in selling, general and administrative expenses in the consolidated statement of operations for the nine months ended September 30, 2018.

The following table summarizes the preliminary allocation of the opening balance sheet from the date of acquisition through September 30, 2018:

(in thousands)	(as of acquisition date) July 2, 2018
Consideration paid	$ 47,082
Preliminary estimated net asset adjustments	10,749
Total consideration, net of net asset adjustments	$ 57,831
Accounts receivable, net	$ 33,903
Costs and estimated earnings in excess of billings on uncompleted contracts	10,570
Other current and long term assets	88
Property and equipment	