IMU BOARD OF TRUSTEES OF THE ELECTRIC, WATER AND COMMUNICATIONS UTILITIES

January 24, 2022
5:30 PM
City Hall Council Chambers
Agenda

1. **Call to Order**
2. **Roll Call**
3. **Public Comment**
4. **Consent Agenda:**
   A. Approval of Minutes of the prior board meetings.
5. **Electric Utility Informational Items**
6. **Water Utility Action Items**
   A. Authorization for Warren Water to serve a resident within IMU territory, located at 14694 Kennedy Street.
7. **Water Utility Informational Items**
8. **Communications Utility Action Items**
   A. Resolution setting a public hearing for February 14, 2022 for the Fiber Extension to the Water Resource Recovery Facility Project.
9. **Communications Utility Informational Items**
10. **Combined Electric, Water and Communications Action Items**
    A. Resolution setting a public hearing for February 28, 2022 for the Fiscal Year 23 budget.
11. **Combined Electric, Water and Communications Informational Items**
    A. Audit report presentation.
    B. Discussion on the IMU Mission Statement.
    C. Discussion and direction on the General Manager job description.
    D. Presentation and discussion on capital budgets.
12. **Other Business**
    A. Enter into closed session in accordance with Iowa Code Section 388.9(1) to discuss marketing and pricing strategies and proprietary information of the telecommunications division whose competitive position will be harmed by public

disclosure that is not required of potential or actual competitors and no public purpose is served by such disclosure.

13. Adjourn

INDIANOLA MUNICIPAL UTILITIES
IMU
Electric • Communications • Water

MEMORANDUM

To: IMU Board of Trustees of the Electric, Water and Communications Utilities

From: Jackie Raffety, City Clerk/Asst. Finance Director

Date: January 24, 2022

Subject: Approval of Minutes of the prior board meetings.

Recommendation: Simple motion is in order.

Attachments:
1. 011022 BOT Minutes
2. 01182022 BOT Special Meeting Minutes

INDIANOLA MUNICIPAL UTILITIES

IMU

Electric • Communications • Water

IMU BOARD OF TRUSTEES OF THE ELECTRIC,
WATER AND COMMUNICATIONS UTILITIES

January 10, 2022
5:30 PM
City Hall Council Chambers
Minutes

The Indianola Municipal Utilities Board of Trustees met in regular session at 5:30 p.m. on January 10, 2022 in the City Hall Council Chambers. Chairperson Adam Voigts called the meeting to order and on roll call the following members were present: Forbush, Voigts, Rozga, and Smith. Absent: Richardson.

Chairperson Voigts announced the resignation of Board Member Richardson, effective January 1, 2022.

There were no public comments offered.

Smith moved to approve the Consent Agenda. Rozga seconded it. The financial report was discussed. Question was called for and on voice vote, the Chairperson declared the motion carried unanimously. The consent agenda was as follows:

- Approval of November financials.
- Approval of Claims from December 29, 2021.
- Approval of Claims from January 10, 2022.
- Approval of Minutes of the prior board meetings.

Raki Giannakouros of Sandhill Energy Company provided background information on his company, along with other projects they have done. He discussed a possible solar project in Indianola, which included what each party would be responsible for, the project timeline, and the next steps. The Board requested that IMU General Manager Chris Des Planques provide financial analysis and comparables.

Mike Metcalf, Electric Superintendent, stated the Electric Department is working on repairs and meeting with the City on the Streetscape Project and lighting for North Jefferson Way.

Lou Elbert, Water Superintendent, reported the Water Department employees are working on plant maintenance.

Rozga moved to approve Resolution 2022-001 approving the Communications Utilities Service Policy. Smith seconded it. In discussion, Fiber Superintendent Kurt Ripperger noted the update is primarily to section 5.6. On roll call, the vote was AYES: Forbush, Voigts, Rozga, and Smith. NAYS: None. Whereas the Chairperson declared the motion carried unanimously.

Ripperger informed the Board that the Communications Utility was awarded grant money from the state for fiber line extensions.

Rozga moved to approve Resolution 2022-002 approving a waiver and consenting to any actual, potential, or perceived conflict of interest associated with Ahlers & Cooney, P.C.'s representation of the Indianola Municipal Utilities and the City of Pella regarding the 28E Agreement for a joint transport line. Smith seconded it. In discussion, the Board discussed the advantages of approving the waiver. On roll call, the vote was AYES: Voigts, Rozga, Smith.
NAYS: Forbush. Whereas the Chairperson declared the motion passed.

Resolution 2022-003 approving a 28E Agreement for a joint public improvement project of a fiber transport line between the City of Pella and the Indianola Municipal Utilities was pulled from the agenda.

Smith moved to approve Resolution 2022-004 approving an administrative services agreement between Indianola Municipal Utilities and MissionSquare Retirement. Rozga seconded it. In discussion, GM Des Planques stated the agreement is the same the City has been operating under. Now that IMU is performing their own payroll duties, an agreement between MissionSquare and IMU is necessary. On roll call, the vote was AYES: Forbush, Voigts, Rozga and Smith. NAYS: None. Whereas the Chairperson declared the motion carried unanimously.

Smith moved to approve Resolution 2022-005 approving salaries. Rozga seconded it. On roll call, the vote was AYES: Forbush, Voigts, Rozga and Smith. NAYS: None. Whereas the Chairperson declared the motion carried unanimously.

The selection of 2022 officers was tabled to the February 14, 2022 Board of Trustees meeting on a motion by Rozga and seconded by Smith. Question was called for and on voice vote the motion was passed unanimously.

In combined informational items, GM Des Planques stated he would attend a MEAN meeting; the IMU Board meeting on January 24 will include discussions on the budget; and the draft audit should be given to IMU this week with a presentation scheduled for the next Board meeting. There was also discussion on dates for the next strategic planning session. Finance/HR Director Chris Longer provided the Board with an update on payroll.

In Other Business, Board Members directed GM Des Planques to issue an RFQ for legal services.

Smith moved to adjourn at 7:44 p.m. and Rozga seconded it. Question was called for and on voice vote the Chairperson declared the motion carried unanimously.

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Adam Voigts, Chairperson

ATTEST:

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Jackie Raffety, City Clerk

INDIANOLA MUNICIPAL UTILITIES
IMU
Electric • Communications • Water

**IMU BOARD OF TRUSTEES OF THE ELECTRIC,
WATER AND COMMUNICATIONS UTILITIES**
January 18, 2022
5:30 PM
IMU Customer Service Center
210 West 2nd Avenue Minutes

The Indianola Municipal Utilities Board of Trustees met in special session at 5:30 p.m. on January 18, 2022 in the City Hall Council Chambers. Chairperson Adam Voigts called the meeting to order and on roll call the following members were present: Forbush, Voigts, Rozga, and Smith. Absent: None.

The IMU Board of Trustees and staff reviewed and noted revisions to the 2022-2026 Strategic Plan. The updated plan will be presented to the Board of Trustees at the February 14, 2022 regular meeting.

Smith moved to adjourn at 7:47 p.m. and Rozga seconded it. Question was called for and on voice vote the Chairperson declared the motion carried unanimously.

____
Adam Voigts, Chairperson

ATTEST:

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Jackie Raffety, City Clerk

MEMORANDUM

To: IMU Board of Trustees of the Electric, Water and Communications Utilities

From:

Date: January 24, 2022

Subject: Authorization for Warren Water to serve a resident within IMU territory, located at 14694 Kennedy Street.

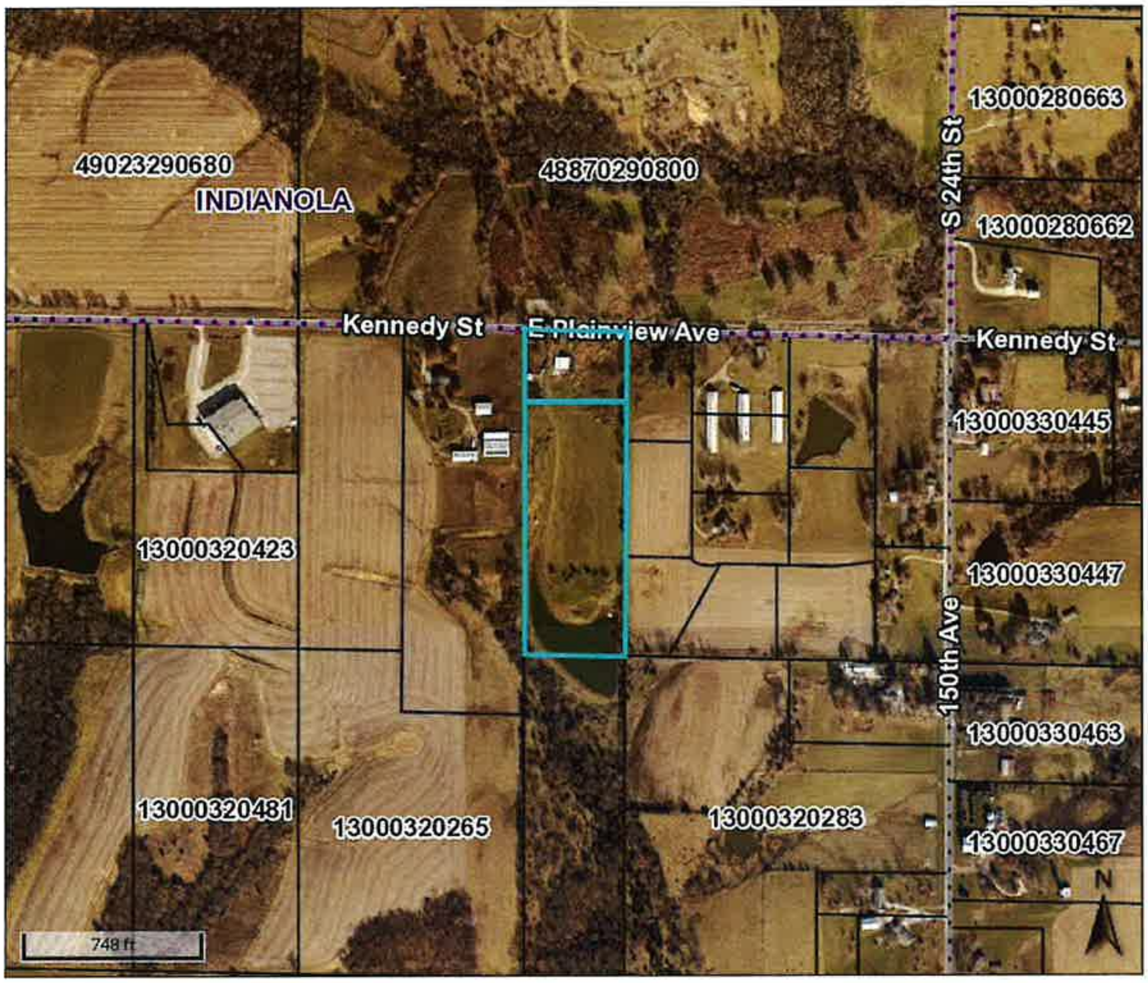
Recommendation: IMU has received a request from a resident at 14694 Kennedy Street to be served by Warren Water District (WWD) although the property is technically within two miles of the IMU service territory. Due to geographical barriers and a 1.0 mile main extension required to serve this customer, Superintendent Lou Elbert is recommending that the Board of Trustees approve a waiver for WWD to serve the property located at 14694 Kennedy Street. A map is included to show the location of the property. Warren Water is already at this location.

Simple motion approving the notification from Warren Water as required by law to service this resident is in order.

Attachments: 1. Map


2ND AVE HWY 92
15TH ST
KENNEDY ST
140TH AVE
1900
14424
14592
1 mile

Beacon™ Warren County, IA



Overview

Legend

Roads
- <all other values>
- Interstate
- Highway
- Ramp
- County Gravel
- County Level B
- County Level C
- City Gravel
- City Street
- Private Street
- Corporate Limits
- Parcels
- Political Township

Major Roads
- County Hwy
- State Hwy
- US Hwy
- Interstate
- Water

Parcel ID 13000320241
Sec/Twp/Rng 32-76-23
Property Address 14694 KENNEDY ST
INDIANOLA
District 13350
Brief Tax Description 32-76-23 E 406' NW NE EX S 5' N 298'
(Note: Not to be used on legal documents)

Alternate ID n/a
Class A
Acreage 11.94

Owner Address KIMBALL, SHAWN
14694 KENNEDY ST
INDIANOLA, IA 50125

Date created: 12/13/2021
Last Data Uploaded: 12/10/2021 11:03:57 PM

Developed by Schneider GEOSPATIAL

INDIANOLA MUNICIPAL UTILITIES

IMU

Electric • Communications • Water

MEMORANDUM

To: IMU Board of Trustees of the Electric, Water and Communications Utilities

From:

Date: January 24, 2022

Subject: Resolution setting a public hearing for February 14, 2022 for the Fiber Extension to the Water Resource Recovery Facility Project.

Recommendation: Roll call is in order.

Attachments:
1. Public Hearing Notice
2. Res 2022- set PH for Fiber Extension Project

NOTICE OF HEARING

NOTICE OF PUBLIC HEARING ON PROPOSED PLANS, SPECIFICATIONS, FORM OF CONTRACT, AND ESTIMATE OF COST FOR THE **Fiber Network Extension to the** Water Resource Recovery Facility project for the Indianola Municipal Utilities.

Public Notice is hereby given that at **5:30 P.M. on the 14th day of February, 2022**, the Indianola Municipal Utilities Board of Trustees will, in the Council Chambers, City Hall, 110 N 1st Street, hold a hearing whereat said Board will resolve to adopt plans, specifications, form of contract and estimate of cost for the construction of the Water Resource Recovery Facility Fiber Expansion project and, at the time, date and place specified above, or at such time, date and place as then may be fixed, to act upon proposals and enter into contract for the construction of said improvements.

The location of the work to be done and the kinds and sizes of materials proposed to be used are as follows:
FIBER NETWORK EXTENSION TO WATER RESOURCE RECOVERY FACILITY
Construction of an optical fiber network which splices into an existing IMU fiber facility and extends the IMU fiber facility to a point outside of the Indianola Water Resource Recovery Facility. IMU will provide all fiber optic cable, handholes and splice cases/trays to complete this project. The bid includes all other materials; conduit, fittings, locate test stations, marker posts, mule tape and other miscellaneous materials necessary for installation and all labor for installation of the support structure and fiber network including splicing and testing to complete the project. Alternately, IMU may elect to complete the installation of the fiber cable, splice cases and fiber splicing using IMU's technical staff. The project consists of a total running line footage of approximately 7,860 feet of HDD type construction. The project is to be completed by April 22, 2022.

At said hearing, the Board of Trustees will consider the proposed plans, specifications, form of contract and estimate of cost for said project, the same now being on file in the City Clerk's Office, City Hall 110 N 1st Street, Indianola, Iowa, reference to which is made for a more detailed and complete description of the proposed improvements, and at said time and place the said Council will also receive and consider any comments/objections to said plans, specifications and form of contract or to the estimated cost of said improvements made by any interested party.

This Notice is given by authority of the Indianola Municipal Utilities Board of Trustees
\s\Jackie Raffety, City Clerk

RESOLUTION 2022-

RESOLUTION SETTING PUBLIC HEARING AND LETTING DATES FOR THE FIBER NETWORK EXTENSTION TO THE WATER RESOURCE RECOVERY FACILITY PROJECT

WHEREAS, the Board of Trustees deems it advisable and necessary to work on the Fiber Extension to the Water Resource Recovery Facility Project ("Project"); and

WHEREAS, the Board of Trustees has caused to be prepared plans, specifications and form of contract together with an estimate of costs which are now on file in the office of the City Clerk and open to the public and the plans, specifications and form of contract are deemed suitable for the public improvements; and

WHEREAS, the plans, specifications and form of contract and estimate of cost may be adopted in a contract for the making of the public improvements, and it is necessary pursuant to Chapter 384, Code of Iowa, as amended, to hold a public hearing and to advertise for bids.

NOW, THEREFORE, BE IT RESOLVED BY THE INDIANOLA MUNICIPAL UTILITIES BOARD OF TRUSTEES:

Section 1: That this Board will meet on February 14, 2022, at 5:30 p.m. in the City Hall Council Chambers, Indianola, Iowa, at which time they will hold a public hearing on the plans and specifications for the aforementioned project. At the hearing, any interested person may appear and file objections to the proposed plans, specifications, form of contract, or estimated cost of the project.

Section 2: That this Board will meet on February 14, 2022, at 5:30 p.m., in the City Hall Council Chambers, Indianola, Iowa, and subsequent to the public hearing on said documents, it will consider all bids filed pursuant to the plans, specifications, form of contract, and cost for the aforementioned project.

Section 3: That the amount of the bid security to accompany each bid shall be in an amount which shall conform to the provisions of the notice to bidders as part of said specifications.

Section 4: Sealed proposals will be received at Indianola Municipal Utilities Customer Service Building, at 210 West 2nd Avenue, Indianola, Iowa until 1:00 p.m. on February 7, 2022. The City Clerk is hereby authorized and directed at 3:00 p.m. on that date to open and tabulate the results of all sealed bids received. The bids will be acted upon by the Board of Trustees at its regular meeting to be held in the Council Chambers of the Indianola Municipal Building, Indianola, Iowa at 5:30 p.m. on February 14, 2022, or at such later time and place as may then be fixed.

Section 5: That the Notice to Bidders shall be posted in a relevant contractor plan room service with statewide circulation, in a relevant construction lead generating service with statewide circulation, and on the City of Indianola's website, which shall be in accordance with the State Code of Iowa. Posting shall be not less than thirteen clear days nor more than forty-five days prior to February 7, 2022, which is hereby fixed as the date for receiving bids.

Section 6: That the City Clerk be and is hereby directed to publish notice of hearing once in the "Indianola Record Herald and Tribune", a legal newspaper, printed wholly in the English language, published at least once weekly and having general circulation in this City. Publication shall be not less than four clear days nor more than twenty days prior to the date hereinafter fixed as the date for a public hearing on the plans, specifications, form of contract and estimate of costs for the project, the hearing to be at 5:30 p.m. on February 14, 2022.

Passed and approved this 24th day of January 2022.

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Adam Voigts, Chairperson

ATTEST:

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Jackie Raffety, City Clerk

INDIANOLA MUNICIPAL UTILITIES

Electric • Communications • Water

MEMORANDUM

To: IMU Board of Trustees of the Electric, Water and Communications Utilities

From:

Date: January 24, 2022

Subject: Resolution setting a public hearing for February 28, 2022 for the Fiscal Year 23 budget.

Recommendation: Roll call is in order.

Attachments: 1. Res 2022- set PH for FY23 budget

Indianola Municipal Utilities

RESOLUTION NO. 2022-

RESOLUTION SETTING TIME AND PLACE FOR A PUBLIC HEARING OF THE INDIANOLA MUNICIPAL UTILITIES BUDGET FOR FISCAL YEAR 2023

WHEREAS, the Indianola Municipal Utilities is required to hold a public hearing concerning IMU's budget for fiscal year July 1, 2022 through June 30, 2023.

NOW, THEREFORE, BE IT RESOLVED BY THE IMU BOARD OF TRUSTEES OF INDIANOLA, IOWA, that a public hearing will be held February 28, 2022 beginning at 5:30 p.m. in the City Hall Council Chambers, 110 N. 1st Street, concerning the IMU's budget for fiscal year 2022/2023, and the City Clerk is directed to publish notice of said meeting in the Indianola Record Herald and Tribune.

PASSED AND APPROVED this 24th day of January 2022.

____
Adam Voigts, Chairperson

ATTEST:

____
Jackie Raffety, City Clerk

INDIANOLA MUNICIPAL UTILITIES
Electric • Communications • Water

MEMORANDUM

To: IMU Board of Trustees of the Electric, Water and Communications Utilities

From:

Date: January 24, 2022

Subject: Audit report presentation.

Recommendation:

Attachments: 1. Audit Report

Indianola Municipal Utilities
Indianola, Iowa

FINANCIAL REPORT

June 30, 2021 and 2020

TABLE OF CONTENTS

Indianola Municipal Utilities
OFFICIALS

Name	Title	Term Expires
Adam Voigts	Chairperson	January 2024
Mike Rozga	Trustee	January 2025
Lesley Forbush	Trustee	January 2022
Deb Richardson	Trustee	July 2026
Lori Smith	Trustee	July 2027
Chris DesPlanques	General Manager	
Chris Longer	Finance and HR Director	

DENMAN
& COMPANY, LLP

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Indianola Municipal Utilities
Indianola, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the business type activities, each major fund, and the aggregate remaining fund information of the Indianola Municipal Utilities (the Utilities), a component unit of the City of Indianola, Iowa, as of and for the years ended June 30, 2021 and 2020, and the related notes to financial statements, which collectively comprise the Utilities' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Utilities' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utilities' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business type activities, each major fund, and the aggregate remaining fund information of the Indianola Municipal Utilities as of June 30, 2021 and 2020, and the respective changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, the schedule of the Utilities' proportionate share of the net pension liability, the schedule of Utilities pension contributions and the schedule of changes in the Utilities total OPEB liability, related ratios and notes on pages 6 through 9 and 39 through 44, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Indianola Municipal Utilities' basic financial statements. The schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of operating expenses is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of operating expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2021, on our consideration of the Utilities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Utilities' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utilities' internal control over financial reporting and compliance.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 31, 2021

Indianola Municipal Utilities
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Indianola Municipal Utilities (the Utilities), we offer readers of Utilities' financial statements this narrative overview and analysis of the financial performance for the fiscal years ended June 30, 2021, 2020 and 2019. We encourage readers to consider this information with Indianola Municipal Utilities' financial statements that follow this section.

FINANCIAL HIGHLIGHTS

Year ended June 30, 2021

- Operating revenues increased by 8.79% to $22,172,646. Increase was driven by an increase in Fiber Telecommunication Utility services.
- Operating expenses increased by 1.81% to $20,179,975 due primarily to an increase in electric utility operating expenses.
- Unrestricted net position increased by $1,276,017 to $13,753,216.

Year ended June 30, 2020

- Operating revenues increased by 3.63% to $20,381,147. Increase was driven by an increase in Fiber Telecommunication Utility services.
- Operating expenses increased by 3.77% to $19,821,338. Increase was driven by an increase in depreciation expense.
- Cash and other current assets increased by 20.08% to $20,826,213
- Unrestricted net position increased by $5,163,413 to $12,477,199.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this management discussion and analysis, the independent auditor's report, and the basic financial statements of the Utilities. The financial statements also include notes that explain in more detail some of the information in the financial statements. Additional supplementary information is also in schedule form and begins after the notes to financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements report information about the Utilities using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term information about its activities. The Statement of Net Position includes all of the Utilities' assets and liabilities and provides information about types and amounts of investments in resources (assets) and the obligations to the Utilities' creditors (liabilities). It also provides the basis for evaluating the Utilities' liquidity, financial flexibility, and overall financial health of the Utilities.

All of the current year and prior year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. These statements measure the success of the Utilities' operations over the past year and can be used to determine whether the organization has covered all its costs through its utility fees and other charges.

The final required financial statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and capital and related financing activities. It also provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

ANALYSIS OF THE UTILITIES FINANCIAL POSITION

Is the Utilities' financial position as a whole better off or worse off as a result of this year's activities? The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the net position of Indianola Municipal Utilities and the changes in them. The Utilities' net position (the difference between assets, deferred outflows of resources liabilities and deferred inflows of resources) is one way to measure the organization's financial health or financial position. Over time, increases or decreases in the Utilities' net position is one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government regulations.

NET POSITION

To begin our analysis, a summary of the Utilities' Statements of Net Position is presented below

Condensed Statements of Net Position

	2021	2020	Change	% Change	2019 (not restated)
Cash and other current assets	$21,593,819	$20,826,213	$ 767,606	3.69%	$17,343,976
Restricted assets	720,901	614,671	106,230	17.28%	1,550,622
Capital assets	51,477,993	52,162,926	(684,933)	-1.31%	51,960,999
Total assets	73,792,713	73,603,810	188,903	0.26%	70,855,597
Deferred outflows of resources	821,957	868,364	(46,407)	-5.34%	594,372
Current liabilities	3,150,209	3,329,385	(179,176)	-5.38%	3,008,487
Noncurrent liabilities	20,162,736	21,332,930	(1,170,194)	-5.49%	19,014,690
Total liabilities	23,312,945	24,662,315	(1,349,370)	-5.47%	22,023,177
Deferred inflows of resources	89,350	271,651	(182,301)	-67.11%	(2,305)
Net position					
Net investment in capital assets	36,526,831	36,231,851	294,980	0.81%	40,649,682
Restricted	932,328	829,158	103,170	12.44%	1,465,629
Unrestricted	13,753,216	12,477,199	1,276,017	10.23%	7,313,786
Total net position	$51,212,375	$49,538,208	$ 1,674,167	3.38%	$49,429,097

The table above shows that net position increased approximately $1,674,000 in 2021. The increase was due to net operating income in electric utility, offset in part from losses in the fiber telecommunications utility. The largest portion of the Utilities' net position is net investment in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. Restricted net position represents resources subject to external restrictions or enabling legislation as to how they may be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, was $13,753,216 as of June 30, 2021.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2021	2020	Change	% Change	2019 (not restated)
Operating revenues					
Utility service sales	$20,273,192	$18,623,723	$1,649,469	8.86%	$17,576,447
Other operating revenues	1,899,454	1,757,424	142,030	8.08%	2,086,695
Total operating revenues	22,172,646	20,381,147	1,791,499	8.79%	19,663,142
Operating expenses					
Operating expense	17,393,987	17,211,154	182,833	1.06%	16,731,064
Depreciation	2,785,988	2,610,184	175,804	6.74%	2,366,096
Total operating expenses	20,179,975	19,821,338	358,637	1.81%	19,097,160
Income from operations	1,992,671	559,809	1,432,862	255.96%	565,982
Nonoperating revenues (expenses)	(736,009)	(711,513)	(24,496)	3.44%	(387,152)
Capital contributions	417,505	361,577	55,928	15.47%	276,630
Change in net position	1,674,167	209,873	1,464,294	697.70%	455,460
Beginning, net position	49,538,208	49,328,335	209,873	0.43%	48,973,637
Ending, net position	$51,212,375	$49,538,208	$1,674,167	3.38%	$49,429,097

While the Statements of Net Position show the change in net position, the Statements of Revenues, Expenses, and Changes in Net Position provide answers as to the nature and source of these changes. Operating revenues increased 8.79% in fiscal year 2021 while operating expenses increased 1.81%. The increase in operating revenues was driven by growth in the Utilities' Fiber Telecommunication services, while the increase in operating expenses was driven primarily by the Electric Utility.

INDIVIDUAL MAJOR FUND ANALYSIS

Electric Utility

The Electric Utility experienced an increase in operating revenues of 2.97% in fiscal year 2021 with corresponding increase in operating expenses of 3.62%. The net position of the Electric Utility increased by approximately $1.1 million in 2021, compared to approximately $1.2 million in the prior year.

Water Utility

Operating revenues of the water utility increased by 15.10% in fiscal year 2021, due to an increase in consumption. Operating expenses of the utility increased by 3.37% from the prior year. The net position of the Water Utility increased by approximately $550,000 in 2021, compared to approximately $123,000 in the prior year.

Fiber Telecommunications Utility

Operating revenues of the fiber telecommunications utility increased by over $900,000 to $3.5 million in the current year, as a result of continued scale-up of this new utility service. Operating expenses decreased, from $3.4 million to $3.2 million in 2021. The Utility reported a net loss of approximately $84,000 in 2021, compared to $1.1 million in the prior year. Management anticipates the Utility will begin to generate net operating margins in future years as more residents utilize the service.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Trustees annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on the total of all four utilities as a whole. There were no budget amendments during 2021.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Following is a summary of the Utilities' capital assets:

	June 30		
	2021	2020	2019 (not restated)
Electric Utility	$32,988,118	$33,600,093	$34,484,079
Water Utility	13,268,732	13,300,840	13,504,968
Fiber Telecommunication Utility	4,908,514	4,913,972	3,971,952
Joint Utility	312,629	348,021	–
	$51,477,993	$52,162,926	$51,960,999

Capital improvements from 2021 included a vehicle storage facility at the Water Utility, installation of fiber customer equipment, and developer contributions of infrastructure additions.

Long-Term Debt

Following is a summary of the Utilities' debt obligations:

	June 30		
	2021	2020	2019 (not restated)
General obligation bonds	$ 190,800	$ 239,600	$ 287,600
Revenue bonds/notes, net of unamortized premiums	7,045,710	7,076,583	7,106,445
Direct borrowings	11,548,000	12,539,000	11,013,671
Installment contract payable	261,582	392,569	268,000
	$19,046,092	$20,247,752	$18,675,716

No new debt obligations were issued by the Utilities during the fiscal year ended June 30, 2021. During the fiscal year ended June 30, 2020, the Utilities drew down on previously issued direct borrowings totaling $2,376,329. Additionally, the Utilities drew an additional $200,000 on a long-term installment contract for the development and implementation of the Utilities' operating system.

S&P Global Ratings has issued a rating of A- on the Utilities' Series 2017C Electric Revenue Capital Loan Notes.

CONTACTING THE UTILITIES' FINANCIAL MANAGEMENT

This financial report is designed to present users with a general overview of Indianola Municipal Utilities' finances and to demonstrate the Utilities' accountability for the funds generated. If you have questions about the report or need additional financial information, please contact the Finance Department, Indianola Municipal Utilities, 210 W 2nd Avenue, Indianola, Iowa 50125.

Indianola Municipal Utilities
STATEMENT OF NET POSITION
June 30, 2021

	Electric Utility	Water Utility	Fiber Telecommunication Utility	Nonmajor enterprise fund Joint Utility	Total
CURRENT ASSETS					
Cash and investments	$11,851,165	$ 2,785,176	$ 90,665	$ 871,970	$15,598,976
Accounts receivable	2,552,681	413,544	70,531	26,493	3,063,249
Due from other governments	319,624	132,561	147,683	139,144	739,012
Prepaid expenses	–	–	29,030	–	29,030
Inventories	1,704,434	59,633	399,485	–	2,163,552
Total current assets	16,427,904	3,390,914	737,394	1,037,607	21,593,819
RESTRICTED ASSETS					
Revenue note and interest sinking funds	588,886	–	132,015	–	720,901
Total restricted assets	588,886	–	132,015	–	720,901
CAPITAL ASSETS	63,591,706	25,757,356	6,857,201	353,920	96,560,183
Less accumulated depreciation and amortization	30,603,588	12,488,624	1,948,687	41,291	45,082,190
Net capital assets	32,988,118	13,268,732	4,908,514	312,629	51,477,993
Total assets	50,004,908	16,659,646	5,777,923	1,350,236	73,792,713
DEFERRED OUTFLOWS OF RESOURCES					
Pension related deferred outflows	266,887	106,966	117,950	111,506	603,309
Deferred outflows of resources from advanced refunding of debt	218,648	–	–	–	218,648
Total deferred outflows of resources	485,535	106,966	117,950	111,506	821,957
CURRENT LIABILITIES					
Accounts payable	896,552	26,747	105,172	1,121	1,029,592
Due to other governments	–	–	–	386,766	386,766
Accrued payroll and employee benefits	112,100	55,734	54,874	41,925	264,633
Accrued interest payable	56,233	358	32,340	–	88,931
General obligation bonds payable, current	–	50,300	–	–	50,300
Direct borrowings, current	796,000	–	403,000	–	1,199,000
Installment contract payable, current	–	–	12,205	118,782	130,987
Total current liabilities	1,860,885	133,139	607,591	548,594	3,150,209
NONCURRENT LIABILITIES					
General obligation bonds payable	–	140,500	–	–	140,500
Revenue notes payable	7,045,710	–	–	–	7,045,710
Direct borrowings	1,775,000	–	8,574,000	–	10,349,000
Installment contract payable	–	–	14,239	116,356	130,595
Net pension liability	869,175	348,358	384,131	363,146	1,964,810
Total OPEB liability	235,395	94,344	104,033	98,349	532,121
Total noncurrent liabilities	9,925,280	583,202	9,076,403	577,851	20,162,736
Total liabilities	11,786,165	716,341	9,683,994	1,126,445	23,312,945
DEFERRED INFLOWS OF RESOURCES					
Pension related deferred inflows	39,526	15,842	17,468	16,514	89,350
Total deferred inflows of resources	39,526	15,842	17,468	16,514	89,350
NET POSITION					
Net investment in capital assets	23,371,408	13,077,932	–	77,491	36,526,831
Restricted					
Debt service	532,653	–	99,675	–	632,328
Economic development	–	–	–	300,000	300,000
Unrestricted	14,760,691	2,956,497	(3,905,264)	(58,708)	13,753,216
Total net position	$38,664,752	$16,034,429	$ (3,805,589)	$ 318,783	$51,212,375

See Notes to Financial Statements.

Indianola Municipal Utilities
STATEMENT OF NET POSITION (continued)
June 30, 2020

	Electric Utility	Water Utility	Fiber Telecommunication Utility	Nonmajor enterprise fund Joint Utility	Total
CURRENT ASSETS					
Cash and investments	$10,745,257	$ 2,339,263	$ 681,093	$ 1,115,299	$14,880,912
Accounts receivable	2,967,590	384,714	89,546	5,240	3,447,090
Due from other governments	200,883	99,001	105,599	66,000	471,483
Prepaid expenses	–	–	30,411	–	30,411
Inventories	1,694,785	68,535	232,997	–	1,996,317
Total current assets	15,608,515	2,891,513	1,139,646	1,186,539	20,826,213
RESTRICTED ASSETS					
Revenue note and interest sinking funds	588,753	–	25,918	–	614,671
Total restricted assets	588,753	–	25,918	–	614,671
CAPITAL ASSETS	62,619,902	25,172,228	6,363,830	353,920	94,509,880
Less accumulated depreciation and amortization	29,019,809	11,871,388	1,449,858	5,899	42,346,954
Net capital assets	33,600,093	13,300,840	4,913,972	348,021	52,162,926
Total assets	49,797,361	16,192,353	6,079,536	1,534,560	73,603,810
DEFERRED OUTFLOWS OF RESOURCES					
Pension related deferred outflows	269,992	112,063	115,595	97,405	595,055
Deferred outflows of resources from advanced refunding of debt	273,309	–	–	–	273,309
Total deferred outflows of resources	543,301	112,063	115,595	97,405	868,364
CURRENT LIABILITIES					
Accounts payable	935,176	49,769	112,519	9,245	1,106,709
Due to other governments	52,377	3,921	–	528,859	585,157
Accrued payroll and employee benefits	97,918	50,114	49,813	38,413	236,258
Customer deposits	54,083	–	–	83,244	137,327
Accrued interest payable	59,595	433	33,119	–	93,147
General obligation bonds payable, current	–	48,800	–	–	48,800
Direct borrowings, current	776,000	–	215,000	–	991,000
Installment contract payable, current	–	–	9,886	121,101	130,987
Total current liabilities	1,975,149	153,037	420,337	780,862	3,329,385
NONCURRENT LIABILITIES					
General obligation bonds payable	–	190,800	–	–	190,800
Revenue notes payable	7,076,583	–	–	–	7,076,583
Direct borrowings	2,571,000	–	8,977,000	–	11,548,000
Installment contract payable	–	–	28,763	232,819	261,582
Net pension liability	761,311	315,990	325,949	274,657	1,677,907
Total OPEB liability	262,281	108,862	112,293	94,622	578,058
Total noncurrent liabilities	10,671,175	615,652	9,444,005	602,098	21,332,930
Total liabilities	12,646,324	768,689	9,864,342	1,382,960	24,662,315
DEFERRED INFLOWS OF RESOURCES					
Pension related deferred inflows	123,255	51,158	52,771	44,467	271,651
Total deferred inflows of resources	123,255	51,158	52,771	44,467	271,651
NET POSITION					
Net investment in capital assets	23,176,510	13,061,240	–	(5,899)	36,231,851
Restricted					
Debt service	529,158	–	–	–	529,158
Economic development	–	–	–	300,000	300,000
Unrestricted	13,865,415	2,423,329	(3,721,982)	(89,563)	12,477,199
Total net position	$37,571,083	$15,484,569	$ (3,721,982)	$ 204,538	$49,538,208

See Notes to Financial Statements.

Indianola Municipal Utilities
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended June 30, 2021

	Electric Utility	Water Utility	Fiber Telecommunication Utility	Nonmajor enterprise fund Joint Utility	Eliminations	Total
OPERATING REVENUES						
Utility service sales	$14,536,497	$ 2,416,419	$ 3,320,276	$ –	$ –	$20,273,192
Capacity contract fees	829,304	–	–	–	–	829,304
Transmission revenue	464,385	–	–	–	–	464,385
Connection fees	43,083	5,935	–	–	–	49,018
Telecommunications advertising	–	–	98,162	–	–	98,162
Other charges for service	77,228	38,286	23,248	1,112,685	(1,034,493)	216,954
Rental income	300,000	60,433	55,127	–	(300,000)	115,560
Miscellaneous	93,582	3,042	20,864	8,583	–	126,071
Total operating revenues	16,344,079	2,524,115	3,517,677	1,121,268	(1,334,493)	22,172,646
OPERATING EXPENSES						
Plant operations and programming	158,268	636,226	2,152,240	–	(300,000)	2,646,734
Plant maintenance	373,520	56,343	–	–	–	429,863
Purchased energy	9,721,116	–	–	–	–	9,721,116
Depreciation	1,583,779	638,519	528,298	35,392	–	2,785,988
Distribution operation	160,656	289,672	–	–	–	450,328
Distribution maintenance	1,026,121	–	–	–	–	1,026,121
Transmission operation and maintenance	7,823	–	–	–	–	7,823
Meter reading	37,686	35,118	–	–	–	72,804
Administrative and general	2,080,507	491,990	529,563	971,631	(1,034,493)	3,039,198
Total operating expenses	15,149,476	2,147,868	3,210,101	1,007,023	(1,334,493)	20,179,975
Income from operations	1,194,603	376,247	307,576	114,245	–	1,992,671
NONOPERATING REVENUES (EXPENSES)						
Interest on investments	19,824	5,282	5,457	–	–	30,563
Gain on disposal of capital assets	–	13,136	–	–	–	13,136
Interest expense	(377,943)	(5,125)	(396,640)	–	–	(779,708)
Total nonoperating revenues (expenses)	(358,119)	13,293	(391,183)	–	–	(736,009)
Income (loss) before contributions and transfers	836,484	389,540	(83,607)	114,245	–	1,256,662
Capital contributions	257,185	160,320	–	–	–	417,505
Change in net position	1,093,669	549,860	(83,607)	114,245	–	1,674,167
NET POSITION, beginning of year	37,571,083	15,484,569	(3,721,982)	204,538	–	49,538,208
NET POSITION, end of year	$38,664,752	$16,034,429	$ (3,805,589)	$ 318,783	$ –	$51,212,375

See Notes to Financial Statements.

Indianola Municipal Utilities
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued)
Year ended June 30, 2020

	Electric Utility	Water Utility	Fiber Telecommunication Utility	Nonmajor enterprise fund Joint Utility	Eliminations	Total
OPERATING REVENUES						
Utility service sales	$14,148,935	$ 2,084,294	$ 2,390,494	$ –	$ –	$18,623,723
Capacity contract fees	664,697	–	–	–	–	664,697
Transmission revenue	466,186	–	–	–	–	466,186
Connection fees	60,768	20,132	–	–	–	80,900
Telecommunications advertising	–	–	35,380	–	–	35,380
Other charges for service	67,104	35,459	2,368	823,606	(760,727)	167,810
Rental income	368,000	50,148	173,811	–	(368,000)	223,959
Miscellaneous	96,563	2,967	15,410	3,552	–	118,492
Total operating revenues	15,872,253	2,193,000	2,617,463	827,158	(1,128,727)	20,381,147
OPERATING EXPENSES						
Plant operations and programming	146,322	597,226	2,506,857	–	(368,000)	2,882,405
Plant maintenance	422,818	47,874	–	–	–	470,692
Purchased energy	9,420,781	–	–	–	–	9,420,781
Depreciation	1,573,060	616,433	414,792	5,899	–	2,610,184
Distribution operation	149,938	235,050	–	–	–	384,988
Distribution maintenance	985,742	–	–	–	–	985,742
Transmission operation and maintenance	11,880	–	–	–	–	11,880
Meter reading	31,718	29,165	–	–	–	60,883
Administrative and general	1,877,508	552,066	486,233	838,703	(760,727)	2,993,783
Total operating expenses	14,619,767	2,077,814	3,407,882	844,602	(1,128,727)	19,821,338
Income (loss) from operations	1,252,486	115,186	(790,419)	(17,444)	–	559,809
NONOPERATING REVENUES (EXPENSES)						
Interest on investments	190,847	39,164	–	1,904	–	231,915
Loss on disposal of capital assets	(16,968)	(170,937)	–	–	–	(187,905)
Interest expense	(393,388)	(9,154)	(352,981)	–	–	(755,523)
Total nonoperating revenues (expenses)	(219,509)	(140,927)	(352,981)	1,904	–	(711,513)
Income (loss) before contributions and transfers	1,032,977	(25,741)	(1,143,400)	(15,540)	–	(151,704)
Capital contributions	205,682	148,910	6,985	–	–	361,577
Change in net position	1,238,659	123,169	(1,136,415)	(15,540)	–	209,873
NET POSITION, beginning of year	36,332,424	15,361,400	(2,585,567)	220,078	–	49,328,335
NET POSITION, end of year	$37,571,083	$15,484,569	$ (3,721,982)	$ 204,538	$ –	$49,538,208

See Notes to Financial Statements.

Indianola Municipal Utilities
STATEMENT OF CASH FLOWS
Year ended June 30, 2021

	Electric Utility	Water Utility	Fiber Telecommunication Utility	Nonmajor enterprise fund Joint Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$16,404,905	$ 2,434,852	$ 3,481,565	$ 77,055	$22,398,377
Cash received from rental activities	300,000	60,433	55,127	–	415,560
Cash paid to suppliers for goods and services	(11,699,666)	(651,984)	(1,953,033)	(542,385)	(14,847,068)
Cash paid to employees for services	(1,428,461)	(681,373)	(713,596)	(693,710)	(3,517,140)
Cash received (paid) for interfund utility services	(587,764)	(234,342)	(212,387)	1,034,493	–
Net cash flows from operating activities	2,989,014	927,586	657,676	(124,547)	4,449,729
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on direct borrowings	(776,000)	–	(215,000)	–	(991,000)
Principal payments on general obligation bonds	–	(48,800)	–	–	(48,800)
Principal payments on installment contract payable	–	–	(12,205)	(118,782)	(130,987)
Interest and other fiscal charges	(412,178)	(5,200)	(397,419)	–	(814,797)
Acquisition of capital assets	(714,619)	(449,846)	(610,052)	–	(1,774,517)
Cash received on sale of capital assets	–	16,891	87,212	–	104,103
Net cash flows from capital and related financing activities	(1,902,797)	(486,955)	(1,147,464)	(118,782)	(3,655,998)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	19,824	5,282	5,457	–	30,563
Net cash flows from investing activities	19,824	5,282	5,457	–	30,563
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,106,041	445,913	(484,331)	(243,329)	824,294
CASH AND CASH EQUIVALENTS					
Beginning	11,334,010	2,339,263	707,011	1,115,299	15,495,583
Ending	$12,440,051	$ 2,785,176	$ 222,680	$ 871,970	$16,319,877
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income	$ 1,194,603	$ 376,247	$ 307,576	$ 114,245	$ 1,992,671
Adjustments to reconcile operating income to net cash flows from operating activities					
Depreciation expense	1,583,779	638,519	528,298	35,392	2,785,988
Changes in assets, deferred outflows, liabilities and deferred inflows of resources					
Accounts receivable	414,909	(28,830)	19,015	(21,253)	383,841
Due from other governments	(118,741)	(33,560)	(42,084)	(73,144)	(267,529)
Prepaid expenses	–	–	1,381	–	1,381
Inventories	(9,649)	8,902	(166,488)	–	(167,235)
Deferred outflows of resources	57,766	5,097	(2,355)	(14,101)	46,407
Accounts payable	(38,624)	(23,022)	(7,347)	(8,124)	(77,117)
Due to other governments	(52,377)	(3,921)	–	(142,093)	(198,391)
Accrued compensation	14,182	5,620	5,061	3,512	28,375
Customer deposits	(54,083)	–	–	(83,244)	(137,327)
Net pension liability	107,864	32,368	58,182	88,489	286,903
Total OPEB liability	(26,886)	(14,518)	(8,260)	3,727	(45,937)
Deferred inflows of resources	(83,729)	(35,316)	(35,303)	(27,953)	(182,301)
Net cash flows from operating activities	$ 2,989,014	$ 927,586	$ 657,676	$ (124,547)	$ 4,449,729

See Notes to Financial Statements.

Indianola Municipal Utilities
STATEMENT OF CASH FLOWS (continued)
Year ended June 30, 2021

	Electric Utility	Water Utility	Fiber Telecommunication Utility	Nonmajor enterprise fund Joint Utility	Total
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON THE STATEMENT OF NET POSITION					
Current assets					
Cash and investments	$11,851,165	$ 2,785,176	$ 90,665	$ 871,970	$15,598,976
Restricted assets – cash and investments					
Revenue note and interest sinking funds	588,886	–	132,015	–	720,901
	$12,440,051	$ 2,785,176	$ 222,680	$ 871,970	$16,319,877
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions from developers and customers	$ 257,185	$ 160,320	$ –	$ –	$ 417,505

See Notes to Financial Statements.

Indianola Municipal Utilities
STATEMENT OF CASH FLOWS (continued)
Year ended June 30, 2020

	Electric Utility	Water Utility	Fiber Telecommunication Utility	Nonmajor enterprise fund Joint Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$15,443,820	$ 2,209,938	$ 2,366,057	$ 673,294	$20,693,109
Cash received from rental activities	368,000	50,148	173,811	–	591,959
Cash paid to suppliers for goods and services	(11,795,815)	(590,869)	(1,932,681)	(199,358)	(14,518,723)
Cash paid to employees for services	(1,395,183)	(663,741)	(659,050)	(585,382)	(3,303,356)
Cash received (paid) for interfund utility services	(397,408)	(181,660)	(181,659)	760,727	–
Net cash flows from operating activities	2,223,414	823,816	(233,522)	649,281	3,462,989
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on direct borrowings	(756,000)	–	(95,000)	–	(851,000)
Principal payments on general obligation bonds	–	(48,000)	–	–	(48,000)
Principal payments on installment contract payable	–	–	(12,205)	–	(12,205)
Principal payments on internal loan	–	(250,917)	–	–	(250,917)
Proceeds from issuance of direct borrowings	–	–	2,376,329	–	2,376,329
Interest and other fiscal charges	(425,159)	(9,221)	(342,315)	–	(776,695)
Acquisition of capital assets	(500,360)	(434,333)	(1,425,942)	–	(2,360,635)
Net cash flows from capital and related financing activities	(1,681,519)	(742,471)	500,867	–	(1,923,123)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interfund loan principal received	250,917	–	–	–	250,917
Interest received	221,630	45,521	651	1,904	269,706
Net cash flows from investing activities	472,547	45,521	651	1,904	520,623
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,014,442	126,866	267,996	651,185	2,060,489
CASH AND CASH EQUIVALENTS					
Beginning	10,319,568	2,212,397	439,015	464,114	13,435,094
Ending	$11,334,010	$ 2,339,263	$ 707,011	$ 1,115,299	$15,495,583
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	$ 1,252,486	$ 115,186	$ (790,419)	$ (17,444)	$ 559,809
Adjustments to reconcile operating income to net cash flows from operating activities					
Depreciation expense	1,573,060	616,433	414,792	5,899	2,610,184
Changes in assets, deferred outflows, liabilities and deferred inflows of resources					
Accounts receivable	(110,844)	67,086	(77,595)	(5,240)	(126,593)
Due from other governments	(17,884)	(11,286)	(32,518)	(6,839)	(68,527)
Prepaid expenses	–	–	(30,411)	–	(30,411)
Inventories	(92,384)	(25,988)	222,237	–	103,865
Deferred outflows of resources	(87,638)	(46,222)	(20,928)	(52,459)	(207,247)
Accounts payable	(649,851)	(831)	(36,520)	5,615	(681,587)
Due to other governments	52,377	3,921	–	528,859	585,157
Accrued compensation	(449)	(7,428)	9,057	(621)	559
Customer deposits	54,083	–	–	83,244	137,327
Net pension liability	92,210	28,253	16,496	47,794	184,753
Total OPEB liability	40,719	35,008	63,056	8,460	147,243
Deferred inflows of resources	117,529	49,684	29,231	52,013	248,457
Net cash flows from operating activities	$ 2,223,414	$ 823,816	$ (233,522)	$ 649,281	$ 3,462,989

See Notes to Financial Statements.

Indianola Municipal Utilities
STATEMENT OF CASH FLOWS (continued)
Year ended June 30, 2020

	Electric Utility	Water Utility	Fiber Telecommunication Utility	Nonmajor enterprise fund Joint Utility	Total
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON THE STATEMENT OF NET POSITION					
Current assets					
Cash and investments	$10,745,257	$ 2,339,263	$ 681,093	$ 1,115,299	$14,880,912
Restricted assets – cash and investments					
Revenue note and interest sinking funds	588,753	–	25,918	–	614,671
	$11,334,010	$ 2,339,263	$ 707,011	$ 1,115,299	$15,495,583
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions from developers and customers	$ 190,077	$ –	$ 171,500	$ –	$ 361,577
Capital asset acquisition financed through installment contract	$ –	$ –	$ –	$ 250,000	$ 250,000

See Notes to Financial Statements.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Indianola Municipal Utilities (the Utilities) was formed in 1973 and is chartered under Iowa Code Section 388. The Utilities is a component unit of the City of Indianola, Iowa and provides electric, water and fiber telecommunication services to the residents of the City. The Utilities is governed by a five member board of trustees who are appointed by the mayor and approved by City Council, each serving staggering six-year terms.

Reporting Entity

For financial reporting purposes, the Utilities has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The Utilities has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Utilities are such that exclusion would cause the Utilities' financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Utilities to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Utilities. The Utilities has no component units which meet the Governmental Accounting Standards Board criteria.

Measurement Focus and Basis of Accounting

The accounting policies of the Utilities conform to accounting principles generally accepted in the United States of America as applicable to governments. The accounting systems of the Utilities are organized on the basis of funds, each of which is considered an accounting entity having a self-balancing set of accounts for recording its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Utilities has no governmental or fiduciary funds.

The Utilities' accounts are organized as enterprise funds. The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expense, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or changes in net position is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Utilities distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Utilities' principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When an expense is incurred which can be paid using either restricted or unrestricted resources, the Utilities' policy is generally to first apply the expense toward restricted resources and then to less-restrictive classifications.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The cash balances of most Utilities funds are pooled and invested. Interest earned is allocated to each fund on the fund's proportionate share of total cash. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

The City of Indianola previously held on behalf of the Utilities funds in excess of operating needs, which are invested based on the City's investment policies. Funds held by the City on behalf of the Utilities as of June 30, 2020 was $1,227,103.

Restricted Assets

Certain assets are required to be segregated from other assets due to various bond indenture agreements. These assets are legally restricted for specific purposes such as debt service.

Accounts Receivable - Customers

Accounts receivable are recorded at the time the service is billed. Unbilled usage for services consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Due from Other Governments

The Utilities participates in the City of Indianola, Iowa's partially self-funded health insurance plan. To self-fund health care expenditures, the Utilities' makes monthly payments to the City's Internal Service Health Pool Fund. The Utilities share of the Health Pool's fund balance at June 30, 2021 and 2020 was $687,342 and $465,036, respectively.

Other amounts due from the City totaled $51,670 and $-0- as of June 30, 2021 and 2020, respectively.

Inventories

Inventories, which consist of fuel oil and supplies, are stated at the lower of cost (average cost basis) or net realizable value. Inventories are recorded as expenses when consumed rather than when purchased.

Capital Assets

Capital assets are accounted for at historical cost or estimated historical cost where historical cost is not available. Contributed capital assets are recorded at estimated fair value at the date of contribution. Depreciation and amortization of all exhaustible capital assets is charged as an expense against operations. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method using these asset lives:

Service territory	20 to 30 years
Generating units	25 years
Transmission system	40 years
Distribution system	10 to 40 years
Plant and buildings	20 to 50 years
Wells and towers	10 to 50 years
Mains, hydrants and meters	20 to 50 years
Computer equipment and software	5 to 15 years
Equipment	5 to 15 years
Vehicles	10 years

The cost of repairs and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation and amortization of assets disposed of are deleted, with any gain or loss recorded in current operations.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Utilities employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. The cost of vacation and sick leave accumulations are recorded as liabilities and expenses. The compensated absences liability, included in accrued payroll and employee benefits, has been computed based on rates of pay in effect at June 30th.

Customer Deposits

Customer deposits consist of amounts paid by customers in advance of their utility service charges and will be applied to future utility services.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Total OPEB Liability

For purposes of measuring the total OPEB liability, information has been determined based on the Utilities' actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period and deferred outflows from debt refunding.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the statements of net position consists of the unamortized items related to the Utilities' pension plan.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

Net position is presented in the following three components:

Net investment in Capital Assets

Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization and reduced by liabilities that are attributable to the acquisition, construction, or improvement of those assets.

Restricted

This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted

Unrestricted net position has no externally imposed restrictions on use.

Accounting Estimates and Assumptions

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Budgetary Information

In accordance with the Code of Iowa, the Board of Trustees annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing statutorily prescribed procedures. During 2020, there was one amendment to the budget. There were no amendments to the budget in 2021.

NOTE 2 CASH AND INVESTMENTS

The Utilities' deposits in banks are entirely covered by federal depository insurance or the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Utilities is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest Rate Risk

The Utilities' investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in instruments with maturities longer than 397 days, provided that the maturities are consistent with the needs and use of the Utilities.

NOTE 3 CAPITAL ASSETS

During the year ended June 30, 2021, capital asset additions and disposals by type were as follows:

	Balance July 1, 2020	Additions	Disposals	Transfers	Balance June 30, 2021
Electric Utility					
Capital assets not being depreciated					
Land	$ 359,207	$ –	$ –	$ –	$ 359,207
Construction in progress	–	200,539	–	–	200,539
Total capital assets not being depreciated	359,207	200,539	–	–	559,746
Capital assets being depreciated					
Service territory	446,000	–	–	–	446,000
Generating units	15,161,374	55,105	–	–	15,216,479
Distribution system	34,824,801	268,769	–	–	35,093,570
Transmission system	4,332,203	124,799	–	–	4,457,002
Plant and buildings	4,203,100	30,715	–	–	4,233,815
Computer equipment and software	595,352	33,927	–	–	629,279
Equipment	1,543,395	39,449	–	–	1,582,844
Vehicles	1,154,470	218,501	–	–	1,372,971
Total capital assets being depreciated	62,260,695	771,265	–	–	63,031,960
Less accumulated depreciation					
Service territory	318,325	22,300	–	–	340,625
Generating units	13,463,214	326,190	–	–	13,789,404
Distribution system	11,428,689	869,428	–	–	12,298,117
Transmission system	737,261	110,965	–	–	848,226
Plant and buildings	1,191,849	75,198	–	–	1,267,047
Computer equipment and software	259,516	35,912	–	–	295,428
Equipment	727,529	75,575	–	–	803,104
Vehicles	893,426	68,211	–	–	961,637
Total accumulated depreciation	29,019,809	1,583,779	–	–	30,603,588
Total capital assets being depreciated, net	33,240,886	(812,514)	–	–	32,428,372
Total capital assets, net	$33,600,093	$ (611,975)	$ –	$ –	$32,988,118

Indianola Municipal Utilities
NOTES TO FINANCIAL STATEMENTS

NOTE 3 CAPITAL ASSETS (continued)

	Balance July 1, 2020	Additions	Disposals	Transfers	Balance June 30, 2021
Water Utility					
Capital assets not being depreciated					
Land	$ 227,441	$ –	$ –	$ –	$ 227,441
Construction in progress	192,389	170,285	–	(323,815)	38,859
Total capital assets not being depreciated	419,830	170,285	–	(323,815)	266,300
Capital assets being depreciated					
Service territory	328,412	–	–	–	328,412
Plant and buildings	6,972,228	–	–	323,815	7,296,043
Wells and towers	3,892,111	–	–	–	3,892,111
Mains, hydrants, and meters	13,049,794	238,355	–	–	13,288,149
Computer equipment and software	60,428	–	–	–	60,428
Equipment	221,898	119,715	–	–	341,613
Vehicles	227,527	81,811	(25,038)	–	284,300
Total capital assets being depreciated	24,752,398	439,881	(25,038)	323,815	25,491,056
Less accumulated depreciation					
Service territory	168,480	10,947	–	–	179,427
Plant and buildings	3,666,694	178,467	–	–	3,845,161
Wells and towers	1,715,861	129,531	(21,283)	–	1,824,109
Mains, hydrants, and meters	5,997,926	279,444	–	–	6,277,370
Computer equipment and software	1,007	6,043	–	–	7,050
Equipment	178,326	14,574	–	–	192,900
Vehicles	143,094	19,513	–	–	162,607
Total accumulated depreciation	11,871,388	638,519	(21,283)	–	12,488,624
Total capital assets being depreciated, net	12,881,010	(198,638)	(3,755)	323,815	13,002,432
Total capital assets, net	$13,300,840	$ (28,353)	$ (3,755)	$ –	$13,268,732
Fiber Telecommunications Utility					
Capital assets being depreciated					
Distribution system	$ 1,470,290	$ 402,652	$ –	$ –	$ 1,872,942
Plant and buildings	1,123,979	–	–	–	1,123,979
Computer equipment and software	317,680	–	–	–	317,680
Equipment	3,251,289	200,574	(116,681)	–	3,335,182
Vehicles	200,592	6,826	–	–	207,418
Total capital assets being depreciated	6,363,830	610,052	(116,681)	–	6,857,201
Less accumulated depreciation					
Distribution system	260,021	88,270	–	–	348,291
Plant and buildings	64,535	28,099	–	–	92,634
Computer equipment and software	31,768	31,768	–	–	63,536
Equipment	1,012,143	363,125	(29,469)	–	1,345,799
Vehicles	81,391	17,036	–	–	98,427
Total accumulated depreciation	1,449,858	528,298	(29,469)	–	1,948,687
Total capital assets being depreciated, net	4,913,972	81,754	(87,212)	–	4,908,514
Total capital assets, net	$ 4,913,972	$ 81,754	$ (87,212)	$ –	$ 4,908,514

NOTE 3 CAPITAL ASSETS (continued)

	Balance July 1, 2020	Additions	Disposals	Transfers	Balance June 30, 2021
Joint Utility					
Capital assets being depreciated					
Computer equipment and software	$ 353,920	$ –	$ –	$ –	$ 353,920
Total capital assets being depreciated	353,920	–	–	–	353,920
Less accumulated depreciation					
Computer equipment and software	5,899	35,392	–	–	41,291
Total accumulated depreciation	5,899	35,392	–	–	41,291
Total capital assets being depreciated, net	348,021	(35,392)	–	–	312,629
Total capital assets, net	$ 348,021	$ (35,392)	$ –	$ –	$ 312,629

During the year ended June 30, 2020, capital asset additions and disposals by type were as follows:

	Balance July 1, 2019	Additions	Disposals	Transfers	Balance June 30, 2020
Electric Utility					
Capital assets not being depreciated					
Land	$ 359,207	$ –	$ –	$ –	$ 359,207
Total capital assets not being depreciated	359,207	–	–	–	359,207
Capital assets being depreciated					
Service territory	446,000	–	–	–	446,000
Generating units	15,161,374	–	–	–	15,161,374
Distribution system	34,439,239	385,562	–	–	34,824,801
Transmission system	4,332,203	–	–	–	4,332,203
Plant and buildings	4,240,476	–	(37,376)	–	4,203,100
Computer equipment and software	617,169	101,327	(123,144)	–	595,352
Equipment	1,459,243	163,055	(78,903)	–	1,543,395
Vehicles	1,319,422	74,154	(188,611)	(50,495)	1,154,470
Total capital assets being depreciated	62,015,126	724,098	(428,034)	(50,495)	62,260,695
Less accumulated depreciation					
Service territory	296,025	22,300	–	–	318,325
Generating units	13,118,474	344,740	–	–	13,463,214
Distribution system	10,565,944	862,745	–	–	11,428,689
Transmission system	628,956	108,305	–	–	737,261
Plant and buildings	1,129,180	75,011	(12,342)	–	1,191,849
Computer equipment and software	356,040	26,620	(123,144)	–	259,516
Equipment	737,253	69,179	(78,903)	–	727,529
Vehicles	1,058,382	64,160	(179,677)	(49,439)	893,426
Total accumulated depreciation	27,890,254	1,573,060	(394,066)	(49,439)	29,019,809
Total capital assets being depreciated, net	34,124,872	(848,962)	(33,968)	(1,056)	33,240,886
Total capital assets, net	$34,484,079	$ (848,962)	$ (33,968)	$ (1,058)	$33,600,093

Indianola Municipal Utilities
NOTES TO FINANCIAL STATEMENTS

NOTE 3 CAPITAL ASSETS (continued)

	Balance July 1, 2019	Additions	Disposals	Transfers	Balance June 30, 2020
Water Utility					
Capital assets not being depreciated					
Land	$ 227,441	$ –	$ –	$ –	$ 227,441
Construction in progress	–	192,389	–	–	192,389
Total capital assets not being depreciated	227,441	192,389	–	–	419,830
Capital assets being depreciated					
Service territory	328,412	–	–	–	328,412
Plant and buildings	7,860,911	–	(888,683)	–	6,972,228
Wells and towers	4,880,733	134,701	(1,123,323)	–	3,892,111
Mains, hydrants, and meters	12,892,429	201,653	(44,288)	–	13,049,794
Computer equipment and software	–	60,428	–	–	60,428
Equipment	625,033	–	(403,135)	–	221,898
Vehicles	280,998	35,474	(42,692)	(46,253)	227,527
Total capital assets being depreciated	26,868,516	432,256	(2,502,121)	(46,253)	24,752,398
Less accumulated depreciation					
Service territory	157,533	10,947	–	–	168,480
Plant and buildings	4,266,394	174,056	(773,756)	–	3,666,694
Wells and towers	2,660,534	126,627	(1,071,300)	–	1,715,861
Mains, hydrants, and meters	5,762,345	275,882	(40,301)	–	5,997,926
Computer equipment and software	–	1,007	–	–	1,007
Equipment	572,897	8,564	(403,135)	–	178,326
Vehicles	171,287	19,350	(42,692)	(4,851)	143,094
Total accumulated depreciation	13,590,990	616,433	(2,331,184)	(4,851)	11,871,388
Total capital assets being depreciated, net	13,277,526	(184,177)	(170,937)	(41,402)	12,881,010
Total capital assets, net	$13,504,967	$ 8,212	$ (170,937)	$ (41,402)	$13,300,840
Fiber Telecommunications Utility					
Capital assets being depreciated					
Distribution system	$ 974,471	$ 495,819	$ –	$ –	$ 1,470,290
Plant and buildings	1,123,979	–	–	–	1,123,979
Computer equipment and software	317,680	–	–	–	317,680
Equipment	2,473,549	814,584	(36,844)	–	3,251,289
Vehicles	103,844	–	–	96,748	200,592
Total capital assets being depreciated	4,993,523	1,310,403	(36,844)	96,748	6,363,830
Less accumulated depreciation					
Distribution system	186,471	73,550	–	–	260,021
Plant and buildings	36,436	28,099	–	–	64,535
Computer equipment and software	–	31,768	–	–	31,768
Equipment	745,977	266,166	–	–	1,012,143
Vehicles	15,576	15,209	(3,684)	54,290	81,391
Total accumulated depreciation	984,460	414,792	(3,684)	54,290	1,449,858
Total capital assets being depreciated, net	4,009,063	895,611	(33,160)	42,458	4,913,972
Total capital assets, net	$ 4,009,063	$ 895,611	$ (33,160)	$ 42,458	$ 4,913,972

NOTE 3 CAPITAL ASSETS (continued)

	Balance July 1, 2019	Additions	Disposals	Transfers	Balance June 30, 2020
Joint Utility					
Capital assets being depreciated					
Computer equipment and software	$ 103,920	$ 250,000	$ –	$ –	$ 353,920
Total capital assets being depreciated	103,920	250,000	–	–	353,920
Less accumulated depreciation					
Computer equipment and software	–	5,899	–	–	5,899
Total accumulated depreciation	–	5,899	–	–	5,899
Total capital assets being depreciated, net	103,920	244,101	–	–	348,021
Total capital assets, net	$ 103,920	$ 244,101	$ –	$ –	$ 348,021

NOTE 4 LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year	Due within one year
General obligation bonds/notes	$ 239,600	$ –	$ 48,800	$ 190,800	$ 50,300
Revenue capital loan notes	6,680,000	–	–	6,680,000	–
Direct borrowings	12,539,000	–	991,000	11,548,000	1,199,000
Installment contract payable	392,569	–	130,987	261,582	130,987
Total OPEB liability	578,058	–	45,937	532,121	–
Net pension liability	1,677,907	286,903	–	1,964,810	–
Unamortized bond premiums	396,583	–	30,873	365,710	–
Totals	$22,503,717	$ 286,903	$1,247,597	$21,543,023	$1,380,287

A summary of the changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year	Due within one year
General obligation bonds/notes	$ 287,600	$ –	$ 48,000	$ 239,600	$ 48,800
Revenue bonds/notes	6,680,000	–	–	6,680,000	–
Direct borrowings	11,013,671	2,376,329	851,000	12,539,000	991,000
Installment contract payable	268,000	200,000	75,431	392,569	130,987
Total OPEB liability	430,815	147,243	–	578,058	–
Net pension liability	1,592,987	84,920	–	1,677,907	–
Unamortized bond premiums	426,445	–	29,862	396,583	–
Totals	$20,699,518	$2,808,492	$1,004,293	$22,503,717	$1,170,787

NOTE 4 LONG-TERM LIABILITIES (continued)

General Obligation Bonds Payable

In May 2012, the City issued $3,875,000 of General Obligation Bonds, a portion of which was used to finance water main improvements. Although the bonds are a general obligation of the City and the City has authority to levy property taxes to pay the bonds and related interest, as payments come due, it is the intention of the City Council that the payments of $572,700 of the bond principal and related interest be financed by the operations of the Municipal Water Utility. Accordingly, that portion of the bonds are reported as a liability and the interest payments are reported as an expense of the Utilities in these financial statements. The total principal and interest remaining on the bonds is $201,300.

Revenue Capital Loan Notes

The Utilities has pledged future electric customer revenues, net of specified operating disbursements, to repay $6,680,000 of Electric Revenue Capital Loan Notes. Proceeds from the notes provided financing for infrastructure improvements. The Notes are payable solely from electric customer net revenues and are payable through 2037. The total principal and interest remaining to be paid on the notes is $9,528,200. In 2021, principal and interest paid and total customer net revenues (operating income plus depreciation/amortization expense) were $270,550 and $2,778,382, respectively.

Direct Borrowings

The Utilities has pledged future electric customer revenues, net of specified operating disbursements, to repay $7,241,000 of Electric Revenue Capital Loan Refunding Notes. Proceeds from the notes refunded Electric Capital Loan Notes issued in 2010 and 2011. The Notes are payable solely from electric customer net revenues and are payable through 2032. The total principal and interest remaining to be paid on the notes is $2,712,024. In 2021, principal and interest paid and total customer net revenues (operating income plus depreciation/amortization expense) were $863,020 and $2,778,382, respectively. The Notes carry a stated interest rate of 2.60 percent through May 1, 2022 at which time the interest rate will be adjusted to a rate equal to 1.65 percent above the Federal Home Loan Bank of Des Moines Two-Year Fixed Rate Advance with a ceiling of 7.00 percent.

The Utilities' has pledged future fiber communications customer revenues, net of specified operating expenses, to repay $9,287,000 of Communications Utility Revenue Capital Loan Notes. Proceeds from the Notes provided financing for improvements and extensions to the Municipal Communications Utility. The Notes are payable solely from fiber communications customer net revenues and are payable through 2032. The total principal and interest remaining to be paid on the notes is $11,532,150. In 2021, principal and interest paid and total customer net revenue (operating income plus depreciation/amortization expense) were $612,430 and $835,874, respectively.

The Notes carry a stated interest rate of 4.00 and 5.00 percent, respectively, through June 1, 2024 at which time the rates will be adjusted to a rate equal to 2.50 and 3.50 percent, respectively, over the 7 year U.S. Treasury Constant Maturities, as released by the Board of Governors of the Federal Reserve System.

The resolutions providing for the issuance of the revenue capital loan notes include the following provisions:

a. The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.

b. Sufficient monthly transfers shall be made to separate electric and fiber revenue note sinking accounts within the enterprise funds for the purpose of making the note principal and interest payments when due.

c. All funds remaining after payment of all maintenance and operating expenses and the transfers to the restricted accounts noted above can be used to retire any subordinate obligations, to pay for extraordinary repairs and replacements to the electric and Fiber systems, or pay or redeem any notes or bonds, and then can be used for any lawful purpose.

NOTE 4 LONG-TERM LIABILITIES (continued)

Direct Borrowings (continued)

d. The enterprise fund will maintain net revenues of at least 110% of the amount of principal and interest due on the Notes in the same year. This provision was not applicable to the telecommunications utility for the the fiscal year ending June 30, 2020.

The Utilities did not hold sufficient funds in its telecommunications utility sinking fund account to comply with the loan resolutions as of June 30, 2020. The Utilities was in compliance with this provision as of June 30, 2021.

Installment Contract Payable

The Utilities has entered into an installment contract with a vendor for the purchase and development of a new Utilities operations system. The total amount of the installment contract was $521,600 of which $261,582 remained outstanding as of June 30, 2021. The installment contract is due in monthly installments of $10,916 through August 2023.

Details of the Utilities' general obligation, revenue capital loan notes and direct borrowings as of June 30, 2021 are as follows:

Issue	Date of issue	Interest rates	Maturity date	Annual payments	Amount of original issue	Outstanding June 30, 2021
Water Utility						
General Obligation 2012B	May 1, 2012	1.90-2.40%	June 1, 2025	$ 37,000 – 52,500	$ 572,700	$ 190,800
Electric Utility						
Revenue Refunding Capital Loan Note Series 2015	March 9, 2015	2.60%	May 1, 2025	120,000 – 838,000	7,241,000	2,571,000
Revenue Capital Loan Note Series 2017C	September 13, 2017	4.00-5.00%	May 1, 2037	335,000 – 645,000	6,680,000	6,680,000
Fiber Telecommunications Utility						
Revenue Capital Loan Note Series 2017A	August 10, 2017	4.00%	June 1, 2032	200,000 – 699,000	6,287,000	6,077,000
Revenue Capital Loan Note Series 2017B	August 10, 2017	5.00%	June 1, 2032	203,000 – 334,000	3,000,000	2,900,000

A summary of the bond/note principal and interest maturities by type of bond/note is as follows:

Year ending	General Obligation			Capital Loan Notes		
June 30	Principal	Interest	Total	Principal	Interest	Total
2022	$ 50,300	$ 4,300	$ 54,600	$ –	$ 270,500	$ 270,500
2023	51,000	3,200	54,200	–	270,500	270,500
2024	52,500	2,100	54,600	–	270,500	270,500
2025	37,000	900	37,900	335,000	270,500	605,500
2026	–	–	–	425,000	253,800	678,800
2027-2031	–	–	–	2,380,000	1,001,400	3,381,400
2032-2036	–	–	–	2,895,000	485,200	3,380,200
2037	–	–	–	645,000	25,800	670,800
	190,800	10,500	201,300	6,680,000	2,848,200	9,528,200
Plus unamortized premium	–	–	–	365,710	–	365,710
	$ 190,800	$ 10,500	$ 201,300	$7,045,710	$2,848,200	$9,893,910

NOTE 4 LONG-TERM LIABILITIES (continued)

Year ending June 30	Direct Borrowings Principal	Direct Borrowings Interest	Direct Borrowings Total	Installment Contract
2022	$ 1,199,000	$ 454,926	$ 1,653,926	$ 130,987
2023	1,518,000	416,080	1,934,080	119,880
2024	1,570,000	364,668	1,934,668	10,715
2025	884,000	311,360	1,195,360	–
2026	798,000	275,320	1,073,320	–
2027-2031	4,546,000	829,160	5,375,160	–
2032	1,033,000	44,660	1,077,660	–
	$11,548,000	$2,696,174	$14,244,174	$ 261,582

NOTE 5 COMPENSATED ABSENCES

Utilities employees accumulate vacation hours, compensating time off and sick leave for subsequent use. Unused vacation hours and compensating time off are payable upon termination, retirement or death. These amounts are included in accrued payroll and employee benefits on the accompanying statements of net position. Accrued sick leave benefits as of June 30, 2021 and 2020 of approximately $508,000 and $435,000, respectively, are payable only when used and have not been accrued.

NOTE 6 PENSION PLAN

Plan Description

IPERS is a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System. Membership is mandatory for employees of the Utilities, except for those covered by another retirement system. IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

NOTE 6 PENSION PLAN (continued)

Pension Benefits (continued)

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions

Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal years 2021 and 2020, pursuant to the required rate, regular members contributed 6.29% of covered payroll and the Utilities contributed 9.44% for a total rate of 15.73%.

The Utilities' contributions to IPERS for the years ended June 30, 2021 and 2020 were $236,112 and $209,544, respectively.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021 and 2020, the Utilities reported a liability of $1,964,810 and $1,677,907, respectively, for its proportionate share of the net pension liability. The Utilities' net pension liability was measured as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Utilities' proportion of the net pension liability was based on the Utilities' share of contributions to the pension plan relative to the contributions of all IPERS participating employers. The following table summarizes the change in the Utilities' proportionate share:

	Measurement Date June 30		
	2020	**2019**	**Change**
Utilities' proportionate share	0.027970%	0.028976%	(0.001006)%
	2019	**2018**	**Change**
Utilities' proportionate share	0.028976%	0.025173%	0.003803%

NOTE 6 PENSION PLAN (continued)

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the years ended June 30, 2021 and 2020, the Utilities recognized pension expense of $332,460 and $346,695, respectively. At June 30, 2021 and 2020, the Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Pension Related Deferred			
	Outflows of Resources		Inflows of Resources	
	2021	2020	2021	2020
Difference between expected and actual experience	$ 2,171	$ 4,652	$ 46,571	$ 60,329
Change in assumptions	100,852	179,728	–	–
Net difference between projected and actual earnings on pension plan investments	110,454	–	–	189,080
Change in proportion and difference between Utilities contributions and proportionate share of contributions	153,720	201,131	42,779	22,242
Utilities contributions subsequent to the measurement date	236,112	209,544	–	–
Totals	$ 603,309	$ 595,055	$ 89,350	$ 271,651

$236,112 and $209,544 reported as deferred outflows of resources related to pensions resulting from the Utilities contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended June 30, 2022 and 2021, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2022	$ 58,203
2023	77,298
2024	71,015
2025	75,273
2026	(3,942)
Totals	$ 277,847

There were no non-employer contributing entities at IPERS.

NOTE 6 PENSION PLAN (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	28.0%	(0.29)%
Domestic Equity	22.0	4.43
International Equity	17.5	5.15
Private Equity	11.0	6.54
Private Real Assets	7.5	4.48
Global Smart Beta equity	6.0	4.87
Public Credit	4.0	2.29
Private Credit	3.0	3.11
Cash	1.0	(0.78)
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Utilities will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6 PENSION PLAN (continued)

Sensitivity of the Utilities' Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Utilities' proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Utilities' proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Utilities' proportionate share of the net pension liability			
As of June 30, 2021	$3,276,154	$1,964,810	$ 865,267
As of June 30, 2020	$2,979,421	$1,677,907	$ 586,211

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

NOTE 7 RISK MANAGEMENT

The Utilities is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Utilities assumes liability for any deductibles and claims in excess of coverage limitations.

The Utilities is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 785 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rates.

NOTE 7 RISK MANAGEMENT (continued)

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Utilities' contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The Utilities' contributions to the Pool for the year ended June 30, 2021 and 2020 were $118,567 and $110,475, respectively.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $500,000 per claim. Claims exceeding $500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Utilities' risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to $250,000 each occurrence, each location. Property risks exceeding $250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Utilities' risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Utilities' risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Utilities does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2021 and 2020, no liability has been recorded in the Utilities' financial statements. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The Utilities also carries commercial insurance purchased from other insurers for coverage associated with workers compensations in the amount of $1,000,000. The Utilities assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

Plan Description

The Utilities administers a single-employer benefit plan which provides medical and prescription drug benefits to retired employees and their dependents under certain conditions. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

OPEB Benefits

Individuals who are employed by the Utilities and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2021 and 2020, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	32
Total	35

OPEB Liability

The Utilities' total OPEB liability of $532,121 and $578,058 was measured as of June 30, 2021 and 2020, respectively, and was determined by an actuarial valuation as of those dates.

Actuarial Assumptions

The OPEB liability as of June 30, 2021 was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	2.60% per annum
Rates of salary increase	3.25% per annum
Discount rate	2.19% per annum
Healthcare cost trend rate	7.5% initial rate decreasing by .50% annually to an ultimate rate of 4.5%

The discount rate used to measure the OPEB liability was 2.19% and 2.66% as of June 30, 2021 and 2020, respectively, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates were based on the 50A Mortality Table fully generational using PUB-2010 General Headcount Weighted Scale MP-2020.

Annual retirement probabilities are based on varying rates by age and turnover probabilities which mirror those used by IPERS.

Changes in OPEB Liability

	June 30	
	2021	2020
OPEB liability, beginning	$ 578,058	$ 430,815
Changes for the year		
Service cost	29,294	19,391
Interest cost	15,309	15,115
Difference between expected and actual experience	(41,253)	133,829
Change in assumptions	14,799	18,399
Benefit payments	(64,086)	(39,491)
OPEB liability, ending	$ 532,121	$ 578,058

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

Sensitivity of the Utilities' OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the Utilities, as well as what the Utilities' OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

June 30, 2021	1% Decrease (1.19%)	Discount Rate (2.19%)	1% Increase (3.19%)
Utilities' OPEB liability	$ 564,970	$ 532,121	$ 501,132

June 30, 2020	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Utilities' OPEB liability	$ 612,468	$ 578,058	$ 545,658

Sensitivity of the Utilities' OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the OPEB liability of the Utilities, as well as what the Utilities' OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates.

June 30, 2021	1% Decrease (6.5% to 3.5%)	Healthcare Cost Trend Rate (7.5% to 4.5%)	1% Increase (8.5% to 5.5%)
Utilities' OPEB liability	$ 483,185	$ 532,121	$ 589,485

June 30, 2020	1% Decrease (7.0% to 3.5%)	Healthcare Cost Trend Rate (8.0% to 4.5%)	1% Increase (9.0% to 5.5%)
Utilities' OPEB liability	$ 534,187	$ 578,058	$ 629,096

OPEB Expense

For the years ended June 30, 2021 and 2020, the Utilities recognized OPEB (benefit) expense of $(26,454) and $152,228, respectively.

NOTE 9 JOINTLY GOVERNED ORGANIZATIONS

The Indianola Municipal Utilities is a member-owner of the Municipal Energy Agency of Nebraska (MEAN), a joint action agency organized as a body corporate and politic under the laws of the State of Nebraska. MEAN's Power Supply System consists of ownership and contractual rights and interests in various electric generating and transmission resources and supplies. MEAN uses these to provide wholesale power supply, transmission, and ancillary services to its 65 participating municipal utilities. Each MEAN participant has entered into the Electrical Resources Pooling Agreement (ERPA) with MEAN, which provides for various service schedules.

The Utilities elected in 2009 to become a Total Requirements Participant and as such receives all power and energy from MEAN and entered Service Schedule M of the ERPA. As such, the Utilities has agreed to purchase its power and energy at rates sufficient (together with other MEAN revenues) to enable MEAN to pay all its net costs of MEAN's Power Supply System. Annual costs to be recovered and associated rates are evaluated annually by the MEAN Board of Directors. If imposed, the Utilities is also subject to a Purchased Energy Adjustment clause based on MEAN's actual cost of energy compared to those budgeted and collected through base rates during its fiscal year which ends March 31st.

The Utilities' pro-rata share of net at-risk annual costs borne by Schedule M participants is subject to annual fluctuation based on demand and energy and are explicitly categorized as annual operating expenditures of the Utilities. Long-term Power Supply Contracts are currently set to expire in 2041, after the final maturity of MEAN's 2008 Series A Bonds in 2039. The Utilities' obligation to MEAN beyond that date is contingent on its approval of any new debt to be issued by MEAN with a maturity date beyond that date.

The Indianola Municipal Utilities became a participant in the Central Minnesota Municipal Power Agency (CMMPA) Brookings-Twin Cities Transmission Project (CMMPA-Brookings Project) in 2011. CMMPA is a joint action agency formed under the laws of the State of Minnesota. The CMMPA-Brookings Project consists of 15 municipal utilities that agreed to pay pro-rated annual costs, net of transmission tariff revenue collected, related to CMMPA's fractional assigned ownership of transmission facilities commonly referred to as the CAPX2021 Brookings-Twin Cities Development Project. The Utilities' Election Share is 3.34% of the CMMPA-Brookings Project, which in total is 3.6% of the total CAPX2021 Brookings-Twin Cities Development Project. Any net costs associated with the Utilities' participation are explicitly categorized as annual operating expenditures.

NOTE 10 FIBER TELECOMMUNICATIONS INFASTRUCTURE LEASE

The fiber telecommunications utility leases from the electric utility access to the electric utility's fiber infrastructure on a month-to-month basis. The fiber telecommunications utility paid $300,000 and $368,000 to the electric utility in the years ended June 30, 2021 and 2020, respectively, under the terms of this lease.

NOTE 11 RELATED PARTY TRANSACTIONS

The Utilities make payments in lieu of taxes to the City of Indianola, Iowa. In addition, the Utilities pays to the City the Utilities' share of information technology, human resources, and clerk services. Total expenses were as follows:

	Year ended June 30	
	2021	2020
Payments in lieu of taxes	$ 861,595	$ 804,264
Information technology	87,676	106,400
Human resources	27,435	23,700
Clerk services	60,432	119,300
	$1,037,138	$1,053,664

NOTE 11 RELATED PARTY TRANSACTIONS (continued)

Amounts due to/from the City pertaining to these services are reported on the accompanying statements of net position as follows:

	June 30	
	2021	2020
Due from other governments	$ 51,670	$ –
Due to other governments	–	(49,851)
	$ 51,670	$ (49,851)

The Utilities collects on behalf of the City utility payments for the City's wastewater, stormwater and recycling services and remits payments received monthly to the City. At June 30, 2021 and 2020 the Utilities owed to the City $386,766 and $528,859, respectively, for utilities collected on the City's behalf but not yet remitted to the City. The City paid to the Utilities $77,055 and $62,880 for utility billing services during the years ended June 30, 2021 and 2020, respectively.

The Utilities participates in the City's partially self-funded health insurance plan. To self-fund health care expenditures, the Utilities' makes monthly payments to the City's Internal Service Health Pool Fund. The Utilities' share of the Health Pool's fund balance at June 30, 2021 and 2020 was $687,342 and $465,036, respectively. The City previously held on behalf of the Utilities funds in excess of operating needs, which are invested based on the City's investment policies. Funds held by the City on behalf of the Utilities as of June 30, 2020 was $1,227,103.

NOTE 12 DEFICIT BALANCE

At June 30, 2021 and 2020, the Fiber Telecommunications Utility fund had a deficit fund balance of $3,805,589 and $3,721,982, respectively. The deficit is the result of start-up costs incurred to initiate the utility service. The deficit will be eliminated in future periods through net customer charges.

NOTE 13 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards board has issued Statement No. 87, *Leases*. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement will require reporting of certain potentially significant lease liabilities that are not currently reported. The Utilities is currently evaluating the impact the new standard will have on its financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

Indianola Municipal Utilities
SCHEDULE OF THE UTILITIES' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Iowa Public Employees' Retirement System
For the last seven years*
(In Thousands)
Required Supplementary Information

	June 30						
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Utilities' proportion of the net pension liability	.027970%	.028976%	.025173%	.019030%	.018187%	.018879%	.019396%
Utilities' proportionate share of the net pension liability	$1,965	$1,678	$1,593	$1,268	$1,145	$933	$769
Utilities' covered payroll	$2,508	$2,220	$2,205	$1,845	$1,643	$1,517	$1,502
Utilities' proportionate share of the net pension liability as a percentage of its covered payroll	78%	76%	72%	69%	70%	62%	51%
IPERS' net position as a percentage of the total pension liability	83%	85%	84%	82%	81%	85%	88%

NOTE: In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the Utilities will present information for those years which information is available.

See accompanying notes to required supplementary information - pension liability.

Indianola Municipal Utilities
SCHEDULE OF UTILITIES PENSION CONTRIBUTIONS
Iowa Public Employees' Retirement System
For the last ten years
(In Thousands)
Required Supplementary Information

	Year ended June 30			
	2021	2020	2019	2018
Statutorily required contribution	$ 236	$ 210	$ 208	$ 165
Contributions in relation to the statutorily required contribution	236	210	208	165
Contribution deficiency (excess)	$ –	$ –	$ –	$ –
Utilities' covered payroll	$2,508	$2,220	$2,205	$1,845
Contributions as a percentage of covered payroll	9.4%	9.5%	9.4%	8.9%

See accompanying notes to required supplementary information - pension liability.

Year ended June 30					
2017	2016	2015	2014	2013	2012
$ 147	$ 135	$ 134	$ 131	$ 125	$ 112
147	135	134	131	125	112
$ –	$ –	–	$ –	$ –	$ –
$1,643	$1,517	$1,502	$1,472	$1,437	$1,387
8.9%	8.9%	8.9%	8.9%	8.7%	8.1%

CHANGES OF BENEFIT TERMS

There are no significant changes in benefit terms

CHANGES OF ASSUMPTIONS

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the Unfunded Actuarial Liability (UAL) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

Indianola Municipal Utilities
SCHEDULE OF CHANGES IN THE UTILITIES' TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
For the last four years
Required Supplementary Information

	2021	2020	2019	2018
Service cost	$ 29,294	$ 19,391	$ 25,760	$ 29,982
Interest cost	15,309	15,115	17,601	13,139
Differences between expected and actual experience	(41,253)	133,829	(37,790)	81,522
Changes in assumptions	14,799	18,399	10,934	(11,224)
Benefit payments	(64,086)	(39,491)	(29,190)	(13,769)
Net change in OPEB liability	(45,937)	147,243	(12,685)	99,650
OPEB liability, beginning of year	578,058	430,815	443,500	343,850
OPEB liability, end of year	$ 532,121	$ 578,058	$ 430,815	$ 443,500
Covered-employee payroll	$2,367,394	$2,292,876	$2,345,471	$2,271,642
OPEB liability as a percentage of covered-employee payroll	22.48%	25.21%	18.37%	19.52%

NOTES TO SCHEDULE

Changes in benefit terms

There were no significant changes in benefit terms.

Changes in assumptions

Changes in assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2017	3.58%
Year ended June 30, 2018	3.87%
Year ended June 30, 2019	3.51%
Year ended June 30, 2020	2.66%
Year ended June 30, 2021	2.19%

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

Indianola Municipal Utilities
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS)
Year ended June 30, 2021

		Budgeted amounts		
	Actual	Original	Final	Variance
Receipts				
Use of money and property	$ 446,123	$ 188,800	$ 188,800	$ 257,323
Charges for service	22,272,306	23,244,100	23,244,100	(971,794)
Miscellaneous	126,071	1,083,900	1,083,900	(957,829)
Total receipts	22,844,500	24,516,800	24,516,800	(1,672,300)
Disbursements				
Business type activities	22,124,309	26,860,755	26,860,755	4,736,446
Excess of receipts over (under) disbursements	720,191	(2,343,955)	(2,343,955)	3,064,146
Other financing sources	104,103	–	–	104,103
Excess of receipts and other financing sources over (under) disbursements and other financing uses	824,294	(2,343,955)	(2,343,955)	3,168,249
Balances, beginning of year	15,495,583	14,018,877	14,018,877	1,476,706
Balances, end of year	$16,319,877	$11,674,922	$11,674,922	$ 4,644,955

See accompanying independent auditor’s report.

Indianola Municipal Utilities
NOTE TO SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
Year ended June 30, 2021

In accordance with the Code of Iowa, the Board of Trustees, with the approval of the City Council, annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing statutorily prescribed procedures.

Formal and legal budgetary control is based upon classes of disbursements known as functions not by fund. The Utilities' disbursements are budgeted in the business-type activities function.

There were no amendments to the budget during the year ended June 30, 2021. Disbursements did not exceed the amount budgeted during the fiscal year.

Indianola Municipal Utilities
SCHEDULE OF OPERATING EXPENSES
Year ended June 30, 2021

	Electric Utility	Water Utility	Fiber Telecommunication Utility	Nonmajor enterprise fund Joint Utility	Eliminations	Total
Plant operations and programming						
Salaries	$ 47,101	$ 275,184	$ 496,365	$ –	$ –	$ 818,650
Payroll taxes	15,063	26,314	36,363	–	–	77,740
IPERS	10,074	35,869	66,117	–	–	112,060
Other employee benefits	1,467	6,896	12,678	–	–	21,041
Utilities	31,413	174,756	25,438	–	–	231,607
Material and supplies	26,257	96,927	(75,188)	–	–	47,996
Maintenance and repair	26,857	17,561	177,514	–	–	221,932
Training	36	922	76	–	–	1,034
Communication services and programming	–	–	998,793	–	–	998,793
Telecommunication infrastructure lease	–	–	300,000	–	(300,000)	–
Professional fees	–	–	53,790	–	–	53,790
Other	–	1,797	60,294	–	–	62,091
Total plant operations and programming	158,268	636,226	2,152,240	–	(300,000)	2,646,734
Plant maintenance						
Salaries	189,898	–	–	–	–	189,898
Payroll taxes	8,082	–	–	–	–	8,082
IPERS	11,835	–	–	–	–	11,835
Fuel	96,180	–	–	–	–	96,180
Material and supplies	–	7,643	–	–	–	7,643
Maintenance and repair	53,030	45,335	–	–	–	98,365
Other	14,495	3,365	–	–	–	17,860
Total plant maintenance	373,520	56,343	–	–	–	429,863
Purchased energy	9,721,116	–	–	–	–	9,721,116
Depreciation	1,583,779	638,519	528,298	35,392	–	2,785,988
Distribution operation						
Salaries	103,303	180,131	–	–	–	283,434
Payroll taxes	7,733	6,099	–	–	–	13,832
IPERS	9,837	8,256	–	–	–	18,093
Other employee benefits	2,635	–	–	–	–	2,635
Utilities	10,292	–	–	–	–	10,292
Material and supplies	14,757	61,439	–	–	–	76,196
Maintenance and repair	–	31,197	–	–	–	31,197
Training	6,193	–	–	–	–	6,193
Professional fees	–	2,550	–	–	–	2,550
Other	5,906	–	–	–	–	5,906
Total distribution operation	160,656	289,672	–	–	–	450,328
Distribution maintenance						
Salaries	641,918	–	–	–	–	641,918
Payroll taxes	44,038	–	–	–	–	44,038
IPERS	95,304	–	–	–	–	95,304
Other employee benefits	7,154	–	–	–	–	7,154
Material and supplies	172,908	–	–	–	–	172,908
Maintenance and repair	64,799	–	–	–	–	64,799
Total distribution maintenance	1,026,121	–	–	–	–	1,026,121

See accompanying independent auditor’s report.

Indianola Municipal Utilities
SCHEDULE OF OPERATING EXPENSES (continued)
Year ended June 30, 2021

	Electric Utility	Water Utility	Fiber Telecommunication Utility	Nonmajor enterprise fund Joint Utility	Eliminations	Total
Transmission operation and maintenance						
Salaries	2,629	–	–	–	–	2,629
Payroll taxes	115	–	–	–	–	115
IPERS	542	–	–	–	–	542
Other	4,537	–	–	–	–	4,537
Total transmission operation and maintenance	7,823	–	–	–	–	7,823
Meter reading						
Salaries	30,487	28,119	–	–	–	58,606
Payroll taxes	1,995	1,876	–	–	–	3,871
IPERS	2,216	2,135	–	–	–	4,351
Maintenance and repair	2,988	2,988	–	–	–	5,976
Total meter reading	37,686	35,118	–	–	–	72,804
Administrative and general						
Salaries	–	–	–	482,836	–	482,836
Payroll taxes	–	–	–	34,995	–	34,995
IPERS	–	–	–	90,125	–	90,125
Other employee benefits	1,247	588	716	8,892	–	11,443
Utilities	–	–	–	6,752	–	6,752
Material and supplies	242	11,380	–	9,904	–	21,526
Maintenance and repair	60,085	19,602	–	29,823	–	109,510
Training	–	–	–	298	–	298
Office	4,697	1,813	113,006	192,082	–	311,598
Other	476	70	14,546	–	–	15,092
Accounting and collections – transfers to Joint Utility	587,764	234,342	212,387	–	(1,034,493)	–
Payments in lieu of property taxes	726,666	73,452	61,477	–	–	861,595
Transfers to City for Clerk's operations	95,324	50,216	30,003	–	–	175,543
Insurance	108,112	30,400	13,711	6,523	–	158,746
Group insurance	144,244	69,597	76,598	57,392	–	347,831
Professional fees	8,506	–	3,425	37,900	–	49,831
Legal fees and publications	4,873	530	286	11,518	–	17,207
Dues and subscriptions	51,253	–	3,408	794	–	55,455
Energy efficiency programs	13,605	–	–	–	–	13,605
Miscellaneous	273,413	–	–	1,797	–	275,210
Total administrative and general	2,080,507	491,990	529,563	971,631	(1,034,493)	3,039,198
Total operating expenses	$15,149,476	$ 2,147,868	$ 3,210,101	$ 1,007,023	$ (1,334,493)	$20,179,975

See accompanying independent auditor's report.

DENMAN
& COMPANY, LLP

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Indianola Municipal Utilities
Indianola, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Indianola Municipal Utilities as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the Utilities' basic financial statements, and have issued our report thereon dated December 31, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Indianola Municipal Utilities' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Utilities' internal control. Accordingly, we do not express an opinion on the effectiveness of the Utilities' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Utilities' financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2021-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings as item 2021-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Indianola Municipal Utilities' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that are described in the accompanying schedule of findings.

Comments involving statutory and other legal matters about the Utilities' operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Utilities. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Indianola Municipal Utilities' Responses to the Findings

The Utilities' responses to the findings identified in our audit are described in the accompanying schedule of findings. The Utilities' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Utilities' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utilities' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 31, 2021

Indianola Municipal Utilities
SCHEDULE OF FINDINGS
Year ended June 30, 2021

SECTION I – FINANCIAL STATEMENT FINDINGS

INTERNAL CONTROL DEFICIENCIES

2021-001 CASH TO ACCRUAL ADJUSTMENTS
Material Weakness

Criteria

The Utilities reports its financial statements in accordance with generally accepted accounting principles, which reports transactions as of the date the transaction occurred, as opposed to the date in which cash is transacted. The Utilities retains its internal financial statements on the cash basis and provides the auditor information sufficient to post the entries necessary to migrate the Utilities' financial statements from the cash basis to the accrual basis of accounting.

Condition

Accrual information provided to the auditor was frequently inaccurate or not available until audit inquiry. Staff were not maintaining the financial records necessary to report the Utilities' financial statements on the full accrual basis of accounting.

Cause

The Utilities' current financial reporting processes and controls pertaining to accrual basis information is not sufficient to ensure the completeness and accuracy of the information. Given the size and complexity of the Utilities, it may not be practical to retain the Utilities' internal financial statements on the cash basis.

Effect

The Utilities' internal financial statements were materially misstated.

Recommendation

We would recommend the Utilities begin reporting on the full-accrual basis of accounting within its internal financial statements. Until that process can be achieved, the Utilities should develop additional procedures to ensure the timely and accurate accumulation of accrual-basis financial records. Additional training may be necessary for staff in order to achieve this objective.

Response

The process to move to full-accrual basis of accounting and financial reporting is now underway with additional education and training of generally accepted accounting principles occurring concurrently with the transition. Education and training for staff will be ongoing.

Conclusion

Response accepted.

SECTION I – FINANCIAL STATEMENT FINDINGS

INTERNAL CONTROL DEFICIENCIES

2021-002 INVENTORY
Significant Deficiency

Criteria

The Utilities retains in inventory various supplies and products to service the Utility. In order to accurately report the value of this inventory within the Utilities' financial statements, information regarding the cost of the inventory must be retained within the Utilities' accounting systems and periodic counts of inventory on-hand must be performed, including at fiscal year end.

Condition

Utilities staff did not perform a physical count of inventory on-hand at the Fiber Telecommunication Utility at fiscal year end. In addition, inventory cost information was not available for several inventory items on-hand.

Cause

Responsibility for the physical inventory counts were not re-assigned when a staff member typically responsible for this function was out on extended leave. Inventory cost records were not imported into the inventory management system upon conversion to the Utilities' operating platform.

Effect

The Utilities' inventory balances were misstated on its internal financial statements.

Recommendation

Physical inventory counts should be performed periodically and manual corrections made to the inventory system based upon inventory on-hand, particularly at fiscal year end. Management should implement additional oversight to ensure inventory counts are performed accurately and timely. Management should investigate alternatives to ensure cost basis information is available within the inventory management system for those inventory items on-hand at the system conversion.

Response

Inventory cost information has been updated in the Elation inventory system that had been missing from the conversion. Additional staff have been trained on inventory, and will be able to count inventory if any further absence occurs.

Conclusion

Response accepted.

INSTANCES OF NONCOMPLIANCE

No matters were noted.

Part II—Findings Related to Required Statutory Reporting

21-II-A CERTIFIED BUDGET

Disbursements during the year ended June 30, 2021 did not exceed the amounts budgeted.

21-II-B QUESTIONABLE EXPENSES

No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's Opinion dated April 25, 1979 were noted.

21-II-C TRAVEL EXPENSE

No expenditures of Utilities money for travel expenses of spouses of Utilities officials or employees were noted.

21-II-D BUSINESS TRANSACTIONS

We noted no business transactions between the Utilities and Utilities' officials or employees in excess of $1,500.

21-II-E RESTRICTED DONOR ACTIVITY

No transactions were noted between the Utilities, Utilities' officials, Utilities' employees and restricted donors, in compliance with Chapter 65B of the Code of Iowa.

21-II-F BOND COVERAGE

Surety bond coverage of Utilities officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

21-II-G BOARD MINUTES

We noted no transactions requiring Trustee approval which had not been approved in the Trustee minutes

21-II-H DEPOSITS AND INVESTMENTS

No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Utilities' investment policy were noted.

21-II-I REVENUE BONDS AND NOTES

No instances of noncompliance with the revenue bond and note resolutions were noted.

21-II-J TELECOMMUNICATIONS SERVICES

No instances of noncompliance with Chapter 388.10 of the Code of Iowa were noted.

Part II—Findings Related to Required Statutory Reporting (continued)

21-II-K FINANCIAL CONDITION

At June 30, 2021, the Utilities' Fiber Telecommunication fund held a deficit fund balance of $3,805,589.

Recommendation

The Utilities should investigate alternatives to eliminate the deficit and return the fund to a sound financial position.

Response

This deficit balance was expected in the start-up status and is less than the business plan projection at this time. Staff continues to budget effectively and appropriately to improve the fiscal position with an emphasis on developing a positive fund balance. This is expected to take several years.

Conclusion

Response accepted.

21-II-L IRS FORMS 1099 AND W-9

Instances were identified in which the Utilities did not obtain IRS Form W-9 for all vendors and vendors were not issued IRS Form 1099 when applicable.

Recommendation

The Utilities should establish a practice of obtaining IRS Form W-9 for all vendors in which it engages with. IRS Form 1099 should be issued for all applicable vendors each calendar year.

Response

IMU has obtained all needed W-9's and will continue collections of those W-9's per policy. 1099's will be issued to all applicable vendors.

Conclusion

Response accepted.

INDIANOLA MUNICIPAL UTILITIES

IMU

Electric • Communications • Water

MEMORANDUM

To: IMU Board of Trustees of the Electric, Water and Communications Utilities

From:

Date: January 24, 2022

Subject: Discussion and direction on the General Manager job description.

Recommendation:

Attachments: 1. General Manager draft 1-17-22

INDIANOLA MUNICIPAL UTILITIES
IMU
Electric • Communications • Water

JOB DESCRIPTION

POSITION:	**GENERAL MANAGER**	**CIVIL SERVICE:**	**NO**
DEPARTMENT:	**IMU ADMINISTRATIVE**	**FLSA STATUS:**	**EXEMPT**
REPORTS TO:	**IMU BOARD OF TRUSTEES**	**PAY GRADE:**	**CONTRACT**

SUMMARY:
Under the direction of the IMU Board of Trustees, provides strategic direction, leadership, management, and supervision to all aspects of Indianola Municipal Utilities including the Electric, Water, Fiber, Finance and Administrative Services/Customer Service departments. Responsible for all activities related to management of the various utility departments.

SUPERVISES:
Oversees all utility personnel and contracted personnel including developing performance objectives and evaluating performance. Directly supervises Electric, Water and Fiber superintendents as well as the Finance/HR Director and the Utility Services Supervisor.

EQUIPMENT USED:
Standard office equipment and vehicles.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
The following duties are normal for this position. These are not to be construed as exclusive or all inclusive. Other duties may be required and assigned.

- In collaboration with the IMU Board of Trustees, develops long and short term strategic, operational, and fiscal plans in support of the Utility's needs and goals. Works in partnership to align utility needs and goals with city objectives to promote future growth.
- Develops and coordinates all long-range utility infrastructures needs; prepares, reviews, and manages Capital Improvement Plan program.
- Communicates effectively with the public regarding the utilities provided by IMU, and answers questions or complaints regarding operations or plans.
- Establishes, maintains, and promotes healthy strategic relationships with key stakeholders. Communicates and interacts effectively with a variety of interests, including but not limited to, elected officials, developers, and contractors.
- Presents information and participates in discussions with the Board of Trustees, City officials, citizen groups, individuals, and others on utility related plans & issues.
- Accountable for overall financial stability and cost containment of utility departments, through budget preparation, capital project planning/budgeting, business planning and staffing plans.

- Responsible for annual rate review for each utility and recommends adjustments and timing of those adjustments, as necessary.
- Develops policy recommendations for all functions within the Utility, ensuring that departments coordinate work, share resources, and effectively utilize equipment and materials.
- Responsible for the review and analysis of critical systems and ensures operational efficiency and effectiveness. Recommends upgrades and improvements, as necessary.
- Serves as the lead representative for contractors, consultants, the Iowa Utilities Board, the Municipal Energy Agency of Nebraska (MEAN), and the Iowa Association of Municipal Utilities on behalf of IMU. Expected to take a leadership role on the board of MEAN.
- Informs and advises the Board of Trustees on regulations, laws, and technologies affecting Utility operations and makes recommendations to stay in compliance.
- Responsible for coordinating emergency operations and response to critical incidents and act as the Utility's emergency operations manager.
- Promotes training and growth opportunities for direct reports and key staff members. Establishes staffing strategy that includes development and succession plans for key roles.

EDUCATION, EXPERIENCE AND ABILITIES:

- Bachelor's degree in civil engineering, public administration, finance/accounting, or a related degree, or equivalent combination of education and related experience in areas relating to utility or municipal management. Master of Business Administration, Master of Public Administration or related degree preferred.
- Demonstrated management success with at least five to ten years of supervisory or management in a position with fiscal, operational, and strategic responsibilities in a related field.
- Municipal utilities and public sector experience preferred.
- Knowledge of local, state, and federal requirements and laws governing the operation of electric, water and fiber utilities.
- Proficient knowledge in all areas of utilities practices and procedures, planning, and administration.
- Knowledge of financial and budget development practices.
- Knowledge of construction and maintenance processes and utility operations/practices.
- Ability to effectively lead and manage staff and contractors performing diverse functions.
- Demonstrated public relations and customer service skills in dealing with customers, fellow employees, elected officials, volunteers, and supervisors.
- Ability to effectively communicate information; strong oral/written presentation skills.
- Ability to interpret and implement regulatory documents to ensure compliance.
- Creative problem solving to resolve day-to-day and long-term strategic issues.
- Ability to physically attend the workplace on a regular basis.
- Possession of a valid Iowa driver's license.
- Subject to a drug and alcohol screening and background check.

ENVIRONMENTAL CONDITIONS:
Work is performed in a typical office or administrative environment. The worker is not exposed to adverse environmental conditions.

PHYSICAL REQUIREMENTS:
- Driving, climbing, stooping, kneeling, crouching, reaching, standing, walking, pushing, pulling, lifting, finger dexterity, grasping, feeling, talking, hearing.
- Sitting 80 percent of the time.
- Standing and/or walking approximately 20 percent of the time.
- Exerting up to twenty pounds of force occasionally, and/or up to ten pounds of force frequently. Required walking or standing to a significant degree; or requires sitting most of the time but entails pushing and/or pulling of arm or leg controls.

VISION REQUIREMENTS:
The minimum standard for use with those whose work deals with preparing and analyzing data and figures, accounting, transcription, computer terminal and extensive reading.

EQUAL OPPORTUNITY EMPLOYER:
Indianola Municipal Utilities is an Equal Opportunity Employer. In compliance with the Americans with Disabilities Act, IMU will provide reasonable accommodations to qualified individuals and encourages prospective employees and incumbents to discuss potential accommodations with the employer.

Indianola Municipal Utilities reserves the right to change this job description at any time.

EMPLOYEE ACKNOWLEDGEMENT:
I acknowledge receiving a copy of my job description. I understand the requirements, essential functions, and duties of my position. I understand that should I have any questions regarding my position, I should ask my supervisor or human resources.

____
Print Name

____ ____________________________
Signature Date

INDIANOLA MUNICIPAL UTILITIES

IMU

Electric • Communications • Water

MEMORANDUM

To: IMU Board of Trustees of the Electric, Water and Communications Utilities

From:

Date: January 24, 2022

Subject: Enter into closed session in accordance with Iowa Code Section 388.9(1) to discuss marketing and pricing strategies and proprietary information of the telecommunications division whose competitive position will be harmed by public disclosure that is not required of potential or actual competitors and no public purpose is served by such disclosure.

Recommendation: Roll call to enter and exit the closed session is in order.

Attachments: None