INDIANOLA MUNICIPAL UTILITIES
IMU
Electric • Communications • Water

IMU Board of Trustees
July 28, 2014
City Hall Council Chambers
5:30 p.m.

Agenda

1. Roll Call

2. Consent

   A. Claims

   B. Minutes

   C. 2014 W. Hwy 92 & I-35 Transmission Relocation Projects - Change Orders #3 and #4

   D. Quarterly Write-offs to State Offset Program

3. Reports

   A. General Manager

   B. Director of Finance

   C. Chairperson

   D. Financials

   E. Quarterly Performance Report

4. Other Business

5. Adjourn

IMU Regular Downstairs **2. A.**

Meeting Date: 07/28/2014

Information

Subject

Claims

Information

The July 21, 2014 Claims List was distributed to Trustees last week.

Financial Impact

N/A

Staff Recommendation

IMU Regular Downstairs **2. B.**

Meeting Date: 07/28/2014

Information

Subject

Minutes

Information

Minutes of the July 14, 2014 meeting are attached.

Financial Impact

N/A

Staff Recommendation

Attachments

Minutes

BOARD OF TRUSTEE MINUTES
REGULAR SESSION – JULY 14, 2014

The Board of Trustees met in regular session at 5:30 p.m. on July 14, 2014 in the City Hall Council Chambers. Chairperson Eric Vander Linden called the meeting to order and on roll call the following members were present: Heather Hulen, Grant Johnson, Pat Reding, Eric Vander Linden and Deb White.

The consent agenda consisting of the following was approved on a motion by Johnson and seconded by Hulen. Question was called for and on voice vote the Vice Chairperson declared the motion carried unanimously.

June 16 and July 7, 2014 claims

June 9, 2014 minutes

General Manager Todd Kielkopf presented a Strategic Analysis for the Board to begin reviewing leading into its annual strategic planning process.

The May 2014 Treasurer's Report and budget variance reports were approved on a motion by Reding and seconded by White. Question was called for and on voice vote the Chairperson declared the motion carried unanimously.

An easement agreement with Robert and Verna Hutt pertaining to .261 total acres, needed to complete pole installation on the revised route of the West Highway 92 Transmission Relocation Project, was approved on a motion by Johnson and seconded by Hulen. Question was called for and on voice vote the Chairperson declared the motion carried unanimously. A change order (to be mostly funded by IDOT) for construction costs associated with the revised route will be forthcoming on the July 28, 2014 Board meeting.

Meeting adjourned on a motion by Hulen and seconded by Reding.

Eric Vander Linden, Chairperson

Diana Bowlin, City Clerk

IMU Regular Downstairs **2. C.**
Meeting Date: 07/28/2014

Information

Subject

2014 W. Hwy 92 & I-35 Transmission Relocation Projects - Change Orders #3 and #4

Information

Change Order #3 and Change Order #4 were items recommended by both staff and engineers.

Change Order #

Financial Impact

N/A

Staff Recommendation

Attachments

Change Orders

P&E ENGINEERING CO.
POWER SYSTEMS ANALYSIS AND DESIGN

Allan R. Powers, P.E. Richard D. Kline, P.E.
Timothy G. Ernst, P.E.

245 S. 5th St., PO Box 620, Carlisle, IA 50047
p.515-989-3083 f.515-989-3138 pe@peengr.com

CHANGE ORDER NO. 3

Owner:	Indianola Municipal Utilities
Contractor:	Michels Power, a division of Michels Corporation
Project:	2014 Hwy 92 & I-35 Transmission Relocation Project
Date	June 9, 2014

Original Contract Amount	$	423,624.16
Previous Change Order Adjustments	$	12,750.00
Amount of this Change Order	$	4,750.00
Current Value of Contract	$	441,124.16

Items included in this Change Order

Item	Description	Amount
1	Revise distribution circuits at 10th Ave. and Jessup St. as shown on revised MEC Drawing Rev-2294851-3. Replace pole 10 with pole to be removed from location 28. Remove pole 76 and distribution conductors from transmission pole 24 to pole 10. Maintain distribution conductors from transmission pole 23 to pole 10.	$ 4,750.00
	Total Value of Change Order	$ 4,750.00

Recommended for Approval

Allan Powers

Allan Powers, PE
P & E Engineering Co.

Date June 9, 2014

Approved

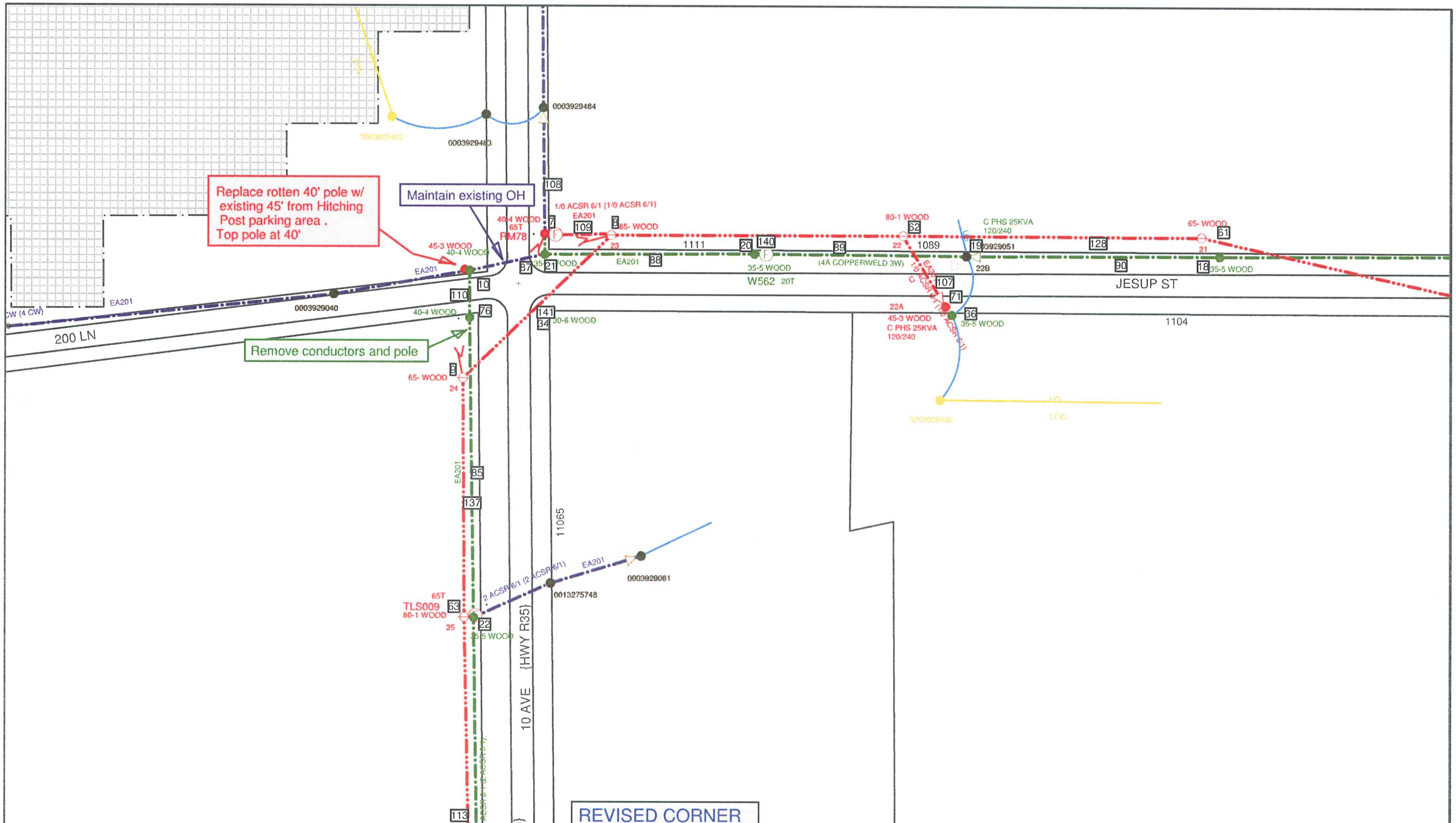
For Indianola Municipal Utilities

Date ______________

Accepted by Contractor

For Michels Power, a division of Michels Corporation

Date ______________



MidAmerican Energy	Cust: IOWA DOT - I-35 AT HWY 92
	Addr: I-35
Crew HQ:DMWR	City: WARREN COUNTY

X = 1,564,643 Y = 497,391

WMS_REV:2294851-3
Date: 05/16/2014
Scale: 1 in = 100 ft
Designer:MARTINSON,RYAN

Job Desc: REVISED OH AT CORNER JESUP ST. AND WARREN AVE.

Al Powers

From: Brian Olsen [bolsen@michels.us]
Sent: Wednesday, June 04, 2014 11:17 AM
To: Al Powers
Cc: Nick Warland
Subject: RE: IMU I-35 Request for Change Proposal No. 3

Al,

Sorry for delay, this one slipped through cracks. Please use Number of $4,750.

Brian Olsen | Project Manager Estimator - Line II

Michels Power
A Division of **MICHELS Corporation**
office: 920.721.9153 | fax: 920.720.5214 | cell: 920.539.7053
bolsen@michels.us | www.michels.us
1775 E Shady Ln
Neenah, WI 54956

From: Al Powers [mailto:arpowers@peengr.com]
Sent: Sunday, June 01, 2014 9:45 PM
To: Brian Olsen
Cc: Bob Miller; Martinson, Ryan
Subject: FW: IMU I-35 Request for Change Proposal No. 3

Brian,

Can you provide the Change Proposal described below and attached by Wednesday?

Thanks,
Al Powers

From: Al Powers
Sent: Saturday, May 17, 2014 5:11 PM
To: Brian Olsen
Cc: 'Bob Miller'; 'Martinson, Ryan'; 'Nick Warland'
Subject: IMU I-35 Request for Change Proposal No. 3

Brian,

Attached is a request for Change Proposal to cover the changes that MEC requested at the intersection of 10th Ave. and Jessup St. at last week's construction meeting. I will have an approved Change Directive to give to Nick at Monday's meeting, which will authorize you to proceed with the change while we are getting the formal Change Order in place.

Thanks,

Al Powers
P & E Engineering Co.
515-989-3083

Al Powers

From: Martinson, Ryan [RMartinson@midamerican.com]
Sent: Monday, June 09, 2014 12:09 PM
To: Al Powers
Cc: Bob Miller; Sommerfeld, Tim L
Subject: RE: Change Order 3 for I-35 project

I agree to these charges.

Thanks,
Ryan Martinson
MidAmerican Energy
281-2453

From: Al Powers [mailto:arpowers@peengr.com]
Sent: Monday, June 09, 2014 4:15 AM
To: Martinson, Ryan
Cc: Bob Miller
Subject: Change Order 3 for I-35 project

Ryan,

Attached is Change Order 3 to cover the requested MEC revisions at 10th Ave. and Jessup St. Please confirm your concurrence with the Change Order as written, since the extra amount of $4,750 will be fully reimbursable to IMU by MEC. Let me know if you have any questions.

Thanks,

Al Powers
P & E Engineering Co.
515-989-3083

P & E ENGINEERING CO.
POWER SYSTEM ANALYSIS AND DESIGN

P&E ENGINEERING CO.
POWER SYSTEMS ANALYSIS AND DESIGN

Allan R. Powers, P.E. Richard D. Kline, P.E.
Timothy G. Ernst, P.E.

245 S. 5th St., PO Box 620, Carlisle, IA 50047
p.515-989-3083 f.515-989-3138 pe@peengr.com

CHANGE ORDER NO. 4

Owner:	Indianola Municipal Utilities
Contractor:	Michels Power, a division of Michels Corporation
Project:	2014 Hwy 92 & I-35 Transmission Relocation Project
Date	July 12, 2014

Original Contract Amount	$	423,624.16
Previous Change Order Adjustments	$	17,500.00
Amount of this Change Order	$	4,300.00
Current Value of Contract	$	445,424.16

Items included in this Change Order

Item	Description	Amount
	Make the following changes to maintain service to the DOT lighting controls.	
1	Delete the removal and disposal of poles 10R, 11R, and 16R.	$ (900.00)
2	a. Install single 3/8" down guy to single helix anchor at poles 16R and 11R b. Install 1/0 TX between poles 9R – 11R and 16R – 17R and connect to existing TX to DOT lighting control	$ 5,200.00
	All materials required to complete Item 2 are to be provided by Contractor.	
	Total Value of Change Order	$ 4,300.00

Recommended for Approval

Allan Powers

Allan Powers, PE
P & E Engineering Co.

Date July 12, 2014

Approved

For Indianola Municipal Utilities

Date ____________

Accepted by Contractor

For Michels Power, a division of Michels Corporation

Date ____________

Proposal Request

Proposal Request No.: 4 Date: June 11, 2014

Project:	Owner:
2014 Hwy 92 & I-35 Transmission Relocation Project	Indianola Municipal Utilities
Contract:	Engineer:
2014 Hwy 92 & I-35 Transmission Relocation Project	P & E Engineering Co.
Contractor:	Engineer's Project No.:
Michels Power, a division of Michels Corporation	9061

Provide a proposal, including any changes to the Contract Sum and/or Contract Time, for the following proposed changes to the referenced project. Submit copies of proposal to Engineer.

Description of Proposed Change:

Make the following changes to maintain service to the DOT lighting controls.

Item 1 – Delete the removal and disposal of poles 10R, 11R, and 16R.

Item 2 –
a. Install single 3/8" down guy to single helix anchor at poles 16R and 11R
b. Install 1/0 TX between poles 9R – 11R and 16R – 17R and connect to existing TX to DOT lighting control

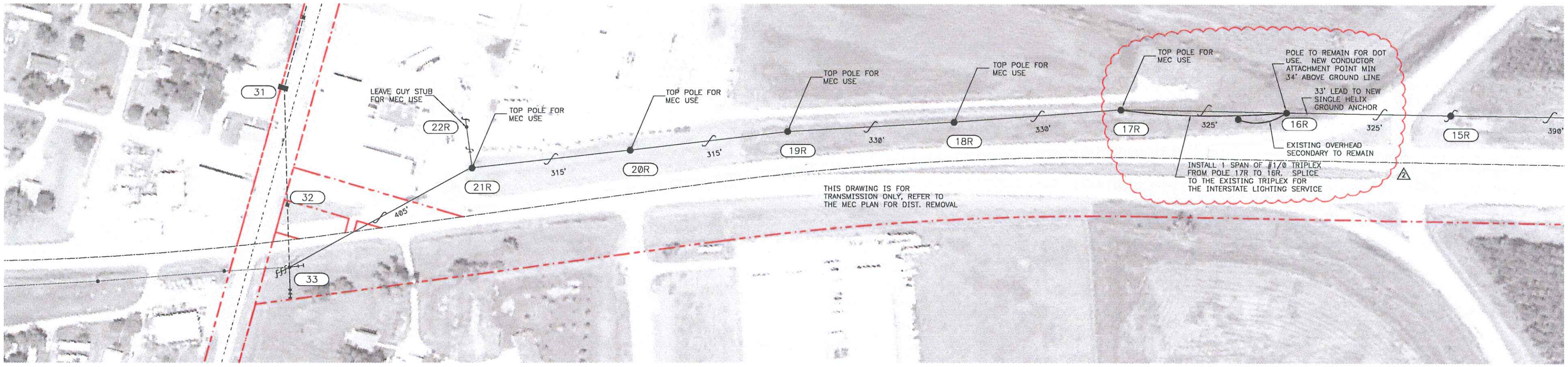
All materials required to complete Item 2 are to be provided by Contractor.
Drawing E9061-R201 Rev-2 is attached.

Reason for Proposed Change:

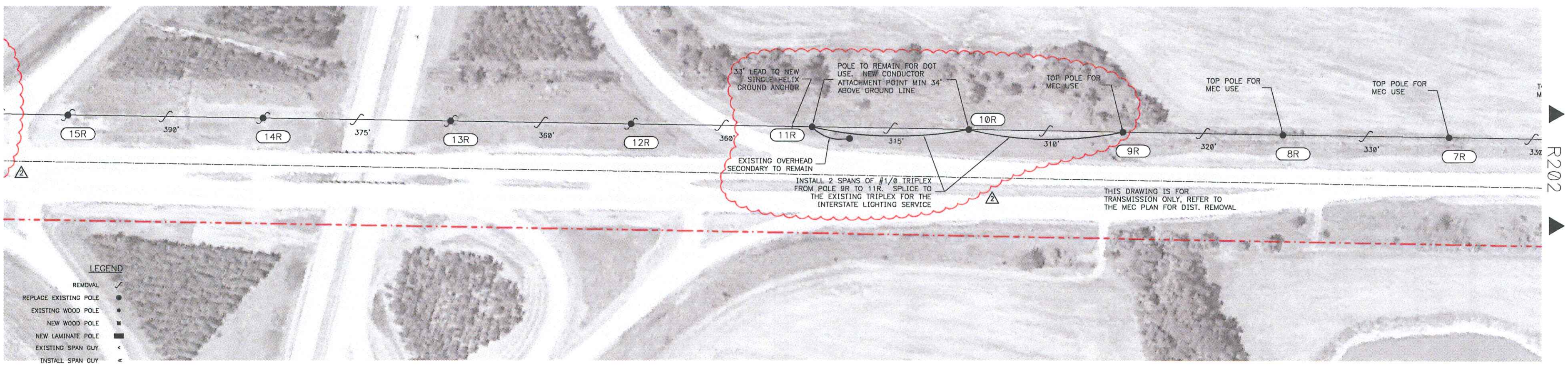
Maintain service to DOT lighting controls.

Attachments (list documents supporting change):
Drawing E9061-R201 Rev-2

Requested by Engineer:	Date
Allan Powers, P.E., P & E Engineering Co.	06/11/14



R201-A REMOVAL TRANSMISSION PLAN



LEGEND
REMOVAL
REPLACE EXISTING POLE
EXISTING WOOD POLE
NEW WOOD POLE
NEW LAMINATE POLE
EXISTING SPAN GUY
INSTALL SPAN GUY
EXISTING GUY
INSTALL GUY
ANGLE OF INFLECTION
GROUND CLEARANCE LINE
NEW TLINE CENTERLINE
EXISTING TLINE CENTERLINE
ROW
PROPOSED IMU EASEMENT

R201-B REMOVAL TRANSMISSION PLAN

ISSUED FOR CONSTRUCTION

REV	DATE	DESG	DFTR	APP	DESCRIPTION
2	06-05-14	P&E	RWB	ARP	POLES 10R,11R AND 16R TO REMAIN FOR DOT USE
1	03-17-14	P&E	RWB	ARP	CHANGED POLE 1 FROM GUYED TO LAM WOOD
0	01-16-14	P&E	RWB	ARP	ISSUED FOR CONSTRUCTION
B	11-21-13	P&E	RWB	ARP	ISSUED FOR BID
A	10-25-13	P&E	RWB	ARP	ORGINAL DESIGN

P & E ENGINEERING CO.
POWER SYSTEM ANALYSIS AND DESIGN
245 S. 5th
P.O. Box 620
Carlisle, IA 50047
Office: 515-989-3083
FAX: 515-989-3138
peenar@peenar.com

INDIANOLA MUNICIPAL UTILITIES
IMU
Electric • Network Services • Water

DATE	10-25-13
DESIGNED	P&E
DRAWN	RWB
APPROVED	JWE
APPROVED	ARP

INDIANOLA MUNICIPAL UTILITIES
TRANSMISSION PLAN AND PROFILE
I-35 TRANSMISSION RELOCTATION

SCALE: AS SHOWN
REV 2
DWG NO E9061-R201

Al Powers

From: Brian Olsen [bolsen@michels.us]
Sent: Monday, June 16, 2014 12:02 PM
To: Al Powers
Cc: Nick Warland
Subject: RE: Request for proposal for DOT lighting extension

Fair Enough. Then that being the case – here are the revised numbers:

Deduct for removal Deletions = -$900 (Assumed existing poles still had to be topped)

Increase for Installing new tx and anchors/guys, including material = $5,200

Total Net Value of change = $4,300.

Thanks,

Brian

Brian Olsen | Project Manager Estimator - Line II

Michels Power
A Division of **MICHELS Corporation**
office: 920.721.9153 | fax: 920.720.5214 | cell: 920.539.7053
bolsen@michels.us | www.michels.us
1775 E Shady Ln
Neenah, WI 54956

From: Al Powers [mailto:arpowers@peengr.com]
Sent: Monday, June 16, 2014 11:54 AM
To: Brian Olsen
Cc: Nick Warland
Subject: RE: Request for proposal for DOT lighting extension

Yes, that is correct. It is temporary only until they rework the lighting as part of the road contract.

Al

From: Brian Olsen [mailto:bolsen@michels.us]
Sent: Monday, June 16, 2014 11:47 AM
To: Al Powers
Cc: Nick Warland
Subject: RE: Request for proposal for DOT lighting extension

Al –

Am I understanding you correct that you want us to leave the remaining 30-40' of pole above where the triplex will be mounted on the existing pole? Just figured I'd ask before somebody owns an 85' pole carrying nothing but 1 span of triplex at a height of 34' above grade.....

Brian Olsen | Project Manager Estimator - Line II

Michels Power
A Division of **MICHELS Corporation**
office: 920.721.9153 | fax: 920.720.5214 | cell: 920.539.7053
bolsen@michels.us | www.michels.us
1775 E Shady Ln
Neenah, WI 54956

From: Al Powers [mailto:arpowers@peengr.com]
Sent: Monday, June 16, 2014 11:33 AM
To: Brian Olsen
Cc: Nick Warland
Subject: RE: Request for proposal for DOT lighting extension

Existing poles do not have to be topped.

Al

From: Brian Olsen [mailto:bolsen@michels.us]
Sent: Monday, June 16, 2014 11:30 AM
To: Al Powers
Cc: Nick Warland
Subject: RE: Request for proposal for DOT lighting extension

Al –

Deduct for removal Deletions = -$450 (Assumed existing poles still had to be topped)

Increase for Installing new tx and anchors/guys, including material = $5,200

Total Net Value of change = $4,750.

Thanks,

Brian

Brian Olsen | Project Manager Estimator - Line II

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A Division of **MICHELS Corporation**
office: 920.721.9153 | fax: 920.720.5214 | cell: 920.539.7053
bolsen@michels.us | www.michels.us
1775 E Shady Ln
Neenah, WI 54956

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From: Al Powers [mailto:arpowers@peengr.com]
Sent: Sunday, June 15, 2014 10:08 AM
To: Brian Olsen
Subject: FW: Request for proposal for DOT lighting extension

Brian,

Do you think you can price this on Monday?

Thanks,
Al Powers

From: Al Powers
Sent: Wednesday, June 11, 2014 3:49 AM
To: 'Brian Olsen'
Cc: 'Nick Warland'; Robert Brunia; 'Bob Miller'
Subject: Request for proposal for DOT lighting extension

Brian,

Please provide a proposal to delete the removal of three poles and to add 3 spans of 1/0 TX to feed the DOT lighting services from the relocated MEC transformers. We need to keep the pole removal deletions separate from the new TX, so I need a deduct and an add number.

The drawing attached to the Change Proposal Request shows the revised work. I think there is enough detail to allow you to do the pricing, but let us know if you have any questions. Please include the TX and all related materials (including guying hardware) in your proposal price. I would appreciate receiving this as soon as possible so we can authorize the additional work.

Thanks,

Al Powers
P & E Engineering Co.
515-989-3083

P & E ENGINEERING CO.
POWER SYSTEM ANALYSIS AND DESIGN

IMU Regular Downstairs **2. D.**

Meeting Date: 07/28/2014

Information

Subject

Quarterly Submission to State Offset Program

Information

The quarterly write-off report is attached. Note that while they are higher than average, they are within range for the quarter, which is when the winter moratorium ends.

Higher balances are due to a couple water service leaks (that remain unpaid), higher bills from last summer & winter due to extreme temperatures, and reduced federal low-income assistance funding.

Financial Impact

N/A

Staff Recommendation

Attachments

Writeoffs

Historical Write-offs
Mar-14

		Electric	%	Water	%
June	2012	$ 18,338.81	0.90%	$ 5,305.90	1.09%
September	2012	$ 22,447.38	0.60%	$ 4,331.44	0.61%
December	2012	$ 26,976.89	0.97%	$ 3,778.37	0.84%
March	2013	$ 35,766.64	1.40%	$ 5,173.54	1.02%
June	2013	$ 23,778.95	1.02%	$ 5,616.54	1.17%
September	2013	$ 22,223.60	0.68%	$ 4,456.19	0.71%
December	2013	$ 23,783.45	0.78%	$ 2,920.64	0.45%
March	2014	$ 20,913.08	0.77%	$ 5,165.68	1.00%
June	2014	$ 33,050.77	1.39%	$ 7,955.09	1.63%
Average for Qtr			1.10%		1.30%
Average for Report			0.95%		0.95%

IMU Regular Downstairs **3. A.**

Meeting Date: 07/28/2014

Information

Subject

Administrative News Items

Information

Noteworthy items for the week are attached.

Financial Impact

N/A

Staff Recommendation

Attachments

News Items

NEWS ITEMS

TO: IMU Trustees
FROM: IMU Administrative Staff
DATE: July 25, 2014

1. **Central IA Drinking Water Commission:** The Commission's quarterly meeting was held this week in West Des Moines. The primary agenda item was a review of the feasibility study contract with Black & Veatch, which is being paid for by Des Moines Water Works retail & wholesale customers (IMU is neither). The study will help determine the feasibility of transitioning the wholesale water supply operations of Des Moines Water Works (DMWW) to a regionally-owned partnership between DMWW and their wholesale customers.

   As recap, IMU is monitoring the feasibility study process, however it is not participating financially several long-term economic reasons. Indianola has adequate deep-well supplies (vs. DMWW's surface water), ample excess treatment capacity at the plant, and a plant with a lengthy lifespan ahead. However, a regional entity could be more amicable to purchasing water from IMU in the future than is Warren Water District, one of the DMWW's customers and IMU's only option today.

   The commission does also advocate & support surface water quality improvements (impacts DMWW supplies). Again, given IMU's lack of reliance on surface water, it isn't an area of policymaking priority.

   Each CIDWC member is allowed to appoint a voting representative, community representative, and a staff representative. Bob Lester was its voting representative (can be its community representative if he's interested in that). Todd Kielkopf, as General Manager, is the staff representative and the community representative has been vacant. If any Trustees are interested in participating, please express that interest.

2. **Black Start Engine:** The engine used to help start (turbine) Unit #7, referred to as the Black Start engine because Indianola's literally without transmission-sourced power when it is needed, required radiator repairs and a water pump. It is now operational.

3. **IDA/IMU/Simpson College MOU:** In reviewing the term of this Memorandum of Understanding, it appears that all benchmarks have essentially will be met by the end of this coming quarter (October 2014)-
   a. Dropping plans for Emerge programs to renovate the Warren Co. building (old Masonic Temple building) due to lack of funding
   b. Management agreement for the joint implementation of the IMU Partners Program
   c. Formation of joint committees including a Partner Member's Council
   d. IMU Partners to set dues structure for Voting Members & Associate Members
   e. Inclusion of local Emerge programs under IMU Partners; to be implemented at both Simpson College (via a sublicense) and the IDA (under the management agreement)

   Therefore, this MOU will be terminated by providing 60 days notice. Staff is planning an update on IMU Partners activities at the next Trustee meeting (Aug. 25).

IMU Regular Downstairs **3. D.**
Meeting Date: 07/28/2014

Information

Subject

Financials

Information

Cash-based financial reports for the period ending June 30, 2014 (end of the fiscal year) are attached.

In general, each of the 3 utilities ended with higher than expected fund balances. This is primarily due to being under budget on discretionary operations & maintenance expenditures and receiving higher revenues from sources other than rate-based sales. This conservative budgeting approach generally works well and did so again this fiscal year.

Project completion delays resulted in capital fund budgets also ending with higher than expected balances. However this will correct itself within the current fiscal year as projects are completed.

Reserve funds for the Electric Utility were also adjusted to reflect lower debt outstanding (and lower future annual debt service) since debt was not, and is not planned to be, issued that would have required those reserves.

Financial Impact

N/A

Staff Recommendation

Attachments

Financials

IMU Monthly Financial Reports

Notes & Comments

1. Total Cash Flow from all activities the on Treasurer's Report was +$86,825.69, which is essentially a break-even month except for funds set aside for debt service on a monthly basis.

2. Electric kWh sales (page 5) exceeded the re-estimated goal of 120,700,000 by a larger amount than expected. Water consumption (page 6) has returned to only slightly above average as weather patterns normalized.

3. The Electric Gross Margin (page 7) is slightly below the seasonally-adjusted re-estimated budget. The spread between $/kWh of sales and cost was less than in the previous year by design, as the Purchased Energy Adjustments imposed in November won't begin to be collected until the July 1 Cost of Power Adjustment is in effect. Reserves remain above policy levels & targets, however the vast majority of that is committed to capital projects (W. Hwy 92, I-35, and Network Services signups).

4. Using the cash-based + depreciation model, FYTD Electric Utility Net Income (page 8) rose slightly to a gain of +$190,770 vs. a seasonally-adjusted budget of +$122,100. Electric O&M Activities Cash Flow (Page 10) remained as expected as a FYTD negative due to the purchased energy adjustments paid to MEAN in previous months this fiscal year. Cash balances were maintained this fiscal year only through the internal loan principal repayments from the Water Utility and a reduction in required debt service reserves.

5. The Water Utility (pages 7 & 12) met expectations in terms of Net Income and Cash Flow. Reserves are well above targets, primarily due to the timing of capital projects under contract but yet to be completed. These fund balances are scheduled to be expended over the next two years on proactive capital projects.

6. The Communications Utility (page 15) and Admin. Fund (page 16) cash flows are essentially at re-estimated budgets.

FINANCIAL REPORT
MONTH OF JUNE, 2014

FUND	Beginning Balance	Monies Received	Monies Disbursed	Transfer In	Transfer Out	Clerk's Balance	% of Total
001 General Government	1,235,649.49	53,388.96	180,454.90	105,849.98	2,352.07	1,212,081.46	
011 Police	454,702.14	7,016.62	189,362.54	24,968.57	614.99	296,709.80	
015 Fire	176,627.81	4,499.22	26,990.15	515.08	24.72	154,627.24	
016 Ambulance	238,256.20	62,376.72	66,055.71	257.30	2,972.66	231,861.85	
041 Library	60,880.79	6,062.34	49,253.53	497.38	77.25	18,109.73	
042 Park & Recreation	446,322.57	104,901.52	110,535.03	2,085.88	2,065.27	440,709.67	
045 Memorial Pool	-85,311.13	79,623.68	30,893.95	0.00	833.33	-37,414.73	
071 General Fund Deb Service	37,122.54	1,050.85	0.00	0.00	0.00	38,173.39	
099 Franchise Fees-MEC	220,484.97	0.00	0.00	0.00	0.00	220,484.97	
GENERAL FUND SUB-TOTAL	**2,784,735.38**	**318,919.91**	**653,545.81**	**134,174.19**	**8,940.29**	**2,575,343.38**	
110 Road Use Tax (Streets)	803,275.89	136,045.64	98,977.58	0.00	14,733.14	825,610.81	
112 Trust & Agency	0.00	4,782.54	0.00	0.00	4,782.54	0.00	
115 YMCA Maintenance Obligations	28,058.67	0.00	0.00	0.00	0.00	28,058.67	
125 TIF--Downtown	362,558.58	5,799.20	0.00	0.00	0.00	368,357.78	
126 TIF--East Hwy 92	0.00	0.00	0.00	0.00	0.00	0.00	
127 TIF--Hillcrest/Industrial Park	44,710.84	2,582.58	0.00	0.00	0.00	47,293.42	
141 Library Special Revenue	37,634.39	523.74	4,673.25	0.00	0.00	33,484.88	
142 Park & Rec Special Revenue	119,282.94	1,858.38	5,168.99	0.00	0.00	115,972.33	
160 Downtown Revolving Loan	62,080.75	2,013.58	0.00	0.00	0.00	64,094.33	
161 Downtown Business Inc Program	-29,526.35	0.00	556.87	0.00	0.00	-30,083.22	
177 Police Forfeiture	18,398.31	0.00	0.00	0.00	0.00	18,398.31	
190 Vehicle Reserve	117,402.48	0.00	25,993.41	1,666.67	0.00	93,075.74	
199 Police Retirement	112,678.28	92.14	0.00	0.00	1,041.67	111,728.75	
SPECIAL REVENUES SUB-TOTAL	**1,676,554.78**	**153,697.80**	**135,370.10**	**1,666.67**	**20,557.35**	**1,675,991.80**	
200 **DEBT SERVICE (SUB-TOTAL)**	**893,011.23**	**692,041.48**	**143,772.50**	**70,083.32**	**0.00**	**1,511,363.53**	
301 Capital Projects (General)	455,897.87	126,658.60	756.00	0.00	0.00	581,800.47	
321 Capital Projects (Streets)	1,097,700.76	85.00	32,459.89	0.00	0.00	1,065,325.87	
344 Community Athletic Facility	9,490.96	0.00	1,097.84	1,666.67	0.00	10,059.79	
353 Community ReDevelopment (D&D)	93.12	14.75	3,800.00	0.00	0.00	-3,692.13	
CAPITAL PROJECTS SUB-TOTAL	**1,563,182.71**	**126,758.35**	**38,113.73**	**1,666.67**	**0.00**	**1,653,494.00**	
610 Sewer	128,788.31	4,407.62	82,707.59	139,250.00	33,267.69	156,470.65	
650 Stormwater Utility	276,691.90	16,590.36	1,500.00	0.00	5,208.33	286,573.93	
670 Recycling	61,816.88	17,913.85	15,241.00	0.00	1,375.00	63,114.73	
710 Sewer Capital Projects	632,266.54	243,046.86	163,250.72	0.00	256,391.66	455,671.02	
771 Sewer Reserve	114,238.70	0.00	0.00	0.00	0.00	114,238.70	
781 Sewer Plant Improvement	315,489.22	0.00	0.00	2,083.33	0.00	317,572.55	
791 Sewer Revenue Bonds	674,173.89	0.00	514,033.88	67,500.00	0.00	227,640.01	
820 Health Insurance	1,126,724.58	118,878.86	177,097.14	0.00	0.00	1,068,506.30	
830 Health Reimbursement Account	236,437.31	0.00	6,891.39	550.00	0.00	230,095.92	
840 Flex/STD	231,108.86	2,323.06	6,991.26	1,436.94	0.00	227,877.60	
850 Liability Insurance Reserve--City	-431.71	297.68	0.00	0.00	0.00	-134.03	
CITY UTILITY & IS SUB-TOTAL	**3,797,304.48**	**403,458.29**	**967,712.98**	**210,820.27**	**296,242.68**	**3,147,627.38**	
TOTAL CITY FUNDS	**10,714,788.58**	1,694,875.83	1,938,515.12	418,411.12	325,740.32	**10,563,820.09**	**55%**
TOTAL IMU FUNDS	**8,599,008.07**	1,196,799.80	1,017,303.31	-124,510.75	-31,839.95	**8,685,833.76**	**45%**
GRAND TOTAL CITY & IMU	**19,313,796.64**	2,891,675.63	2,955,818.43	293,900.37	293,900.37	**19,249,653.84**	
Cross Check Total						19,249,653.84	

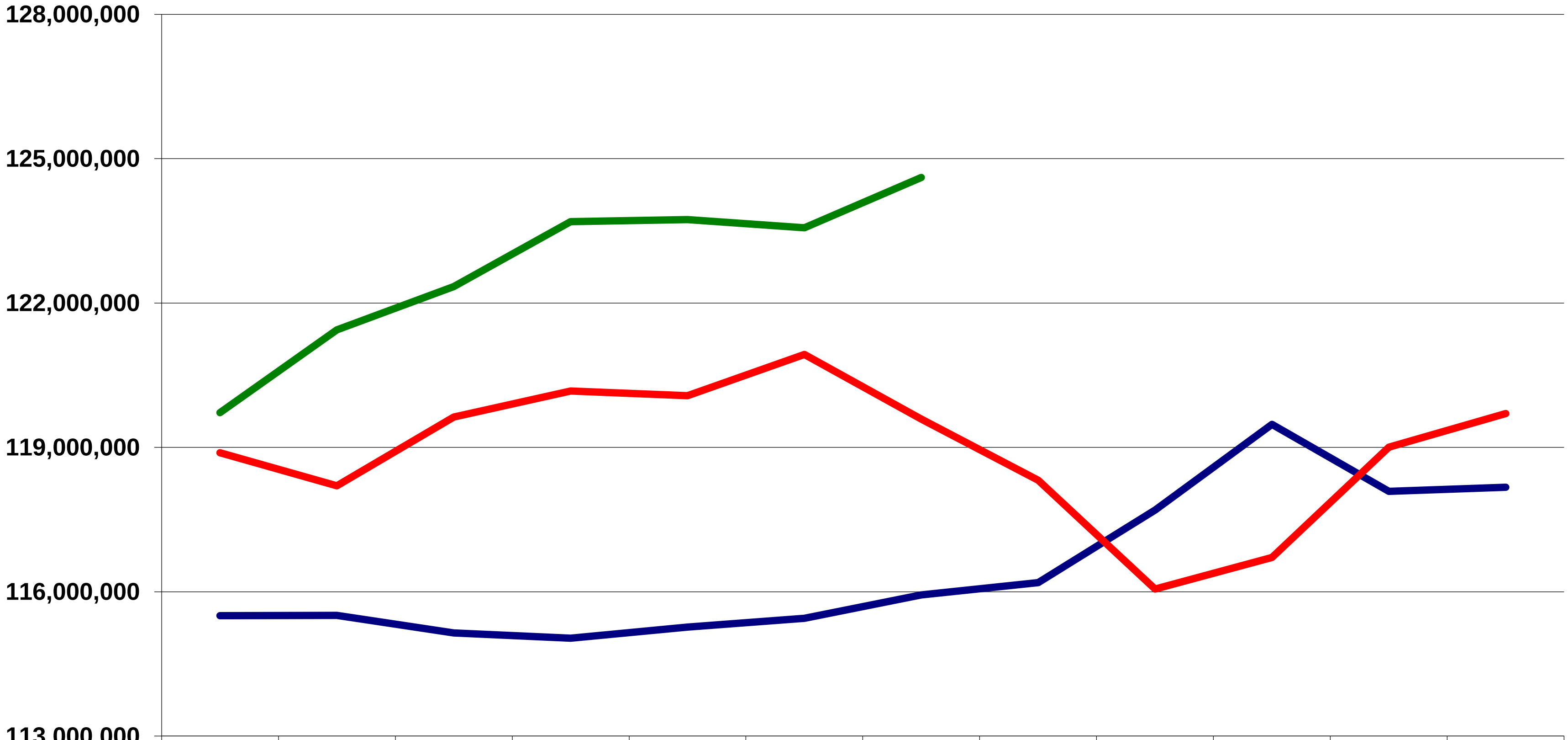
Investments			
Bankers Trust	$	17,418,203.55	2.24%
Iowa Public Agency Inv. Trust	$	111,105.69	0.010%
Payroll Account, City State Bank	$	0.91	Earnings Credit
Checking Account, City State Bank	$	249,746.69	Earnings Credit
Community State Bank Account	$	291,785.48	
Sweep Account, City State Bank	$	1,190,183.85	0.25%
BANK BALANCE		**19,261,026.17**	

Clerk's Balance	19,249,653.84
Plus Outstanding Checks	26,362.11
Unreconcilable Item	
Less Outstanding Deposits	-14,989.78
	19,261,026.17

600 Water	22,664.89	186,311.62	79,173.55	0.00	-271,697.93	401,500.89
620 IMU Administration	57,085.81	0.00	41,453.59	12,979.58	28,611.80	0.00
625 Revolving Economic Development	103,078.51	82.92	0.00	0.00	0.00	103,161.43
626 USDA RLF	150,000.00	0.00	0.00	0.00	0.00	150,000.00
630 Electric	1,882,661.07	887,491.02	698,477.76	127,568.00	105,209.50	2,094,032.83
640 Fiber/Communications	333,724.76	20,869.28	20,286.23	0.00	1,036.68	333,271.13
700 Water Capital Projects	1,349,803.45	0.00	107,450.41	-340,000.00	0.00	902,353.04
730 Electric Capital Projects	2,927,927.72	102,028.38	70,461.77	0.00	0.00	2,959,494.33
740 Fiber/Comm Capital Projects	0.00	0.00	0.00	0.00	0.00	0.00
770 Water Reserve	135,000.00	0.00	0.00	0.00	0.00	135,000.00
773 Electric Reserve	1,084,000.00	0.00	0.00	0.00	105,000.00	979,000.00
780 Water Capital Improvement	75,000.00	0.00	0.00	0.00	0.00	75,000.00
783 Electric Improvement	207,691.35	0.00	0.00	0.00	0.00	207,691.35
790 Water Revenue Bonds	137,977.18	0.00	0.00	23,325.00	0.00	161,302.18
793 Electric Revenue Bonds	111,583.37	0.00	0.00	51,616.67	0.00	163,200.04
855 Liability Insurance Reserve--IMU	20,809.96	16.58	0.00	0.00	0.00	20,826.54
IMU SUB-TOTAL	**8,599,008.07**	**1,196,799.80**	**1,017,303.31**	**-124,510.75**	**-31,839.95**	**8,685,833.76**

INTEREST DISTRIBUTION	**INTEREST INCOME**	**% OF TOTAL**	**CALYTD**	**FYTD**
Electric Funds	$ 5,769.91	31.31%	$ 49,921.80	$ 107,498.21
Water Funds	$ 1,708.31	9.27%	$ 12,761.72	$ 27,146.42
Sewer Funds	$ 1,181.25	6.41%	$ 7,385.67	$ 12,747.58
Police Retirement	$ 92.14	0.50%	$ 735.56	$ 1,592.97
Community Redevelopment	$ 14.75	0.08%	$ 500.12	$ 1,603.99
All other	$ 9,661.97	52.43%	$ 63,990.67	$ 136,063.34
TOTAL	$ 18,428.33	100.00%	$ 135,295.54	$ 286,652.51

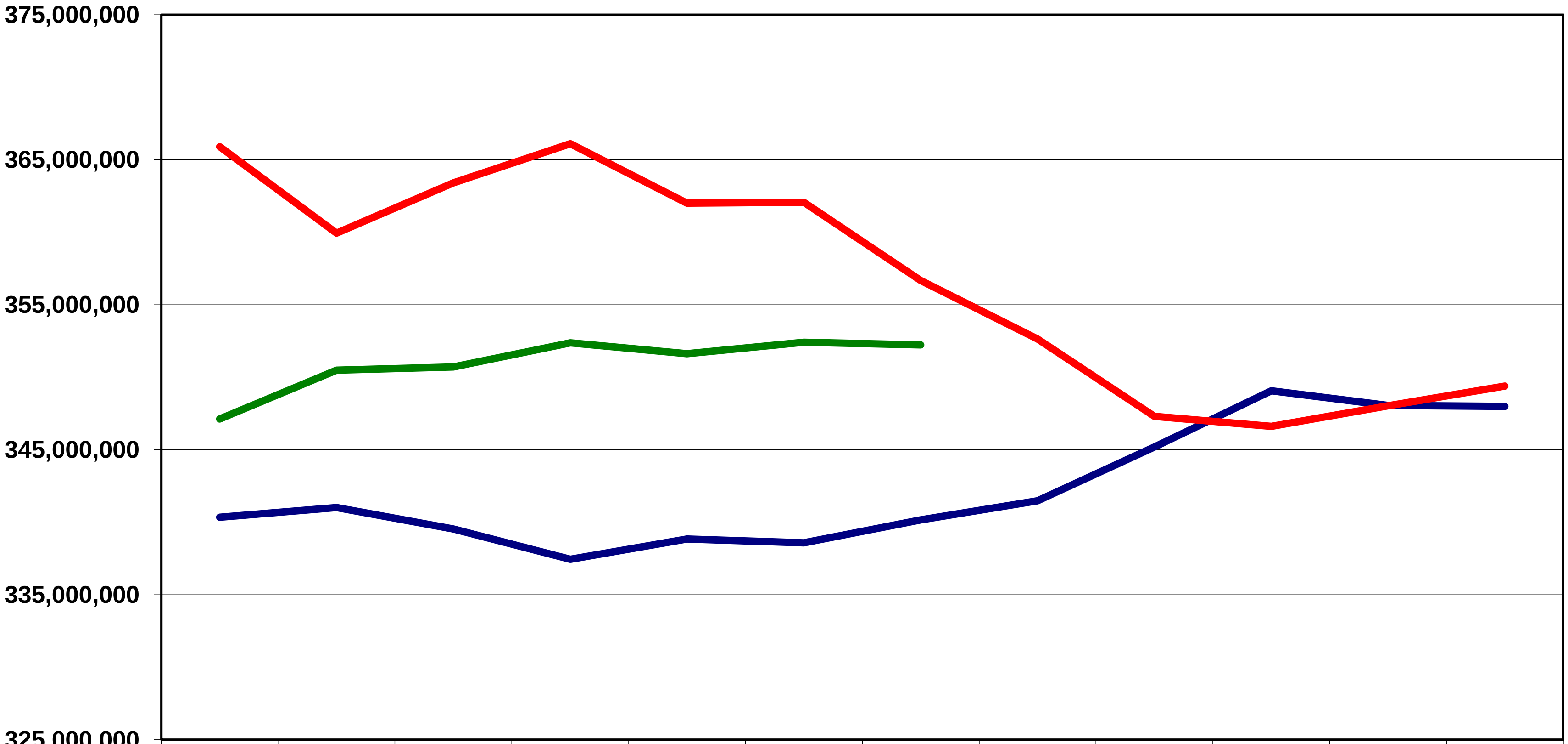
KWH's Sold
(kWh's sold based on a rolling 12 month total)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010-12 EL Avg	115,504,571	115,510,191	115,146,374	115,035,112	115,264,081	115,450,035	115,932,776	116,191,990	117,696,056	119,480,253	118,086,537	118,170,412
2013	118,891,021	118,202,221	119,631,688	120,171,895	120,076,507	120,932,710	119,588,591	118,315,752	116,056,744	116,714,088	119,004,031	119,704,377
2014	119,720,292	121,443,815	122,342,355	123,691,451	123,736,172	123,563,289	124,608,723					

2010-12 EL Avg 2013 2014

Gallons Sold
(Gallons sold based on a rolling 12 month total)



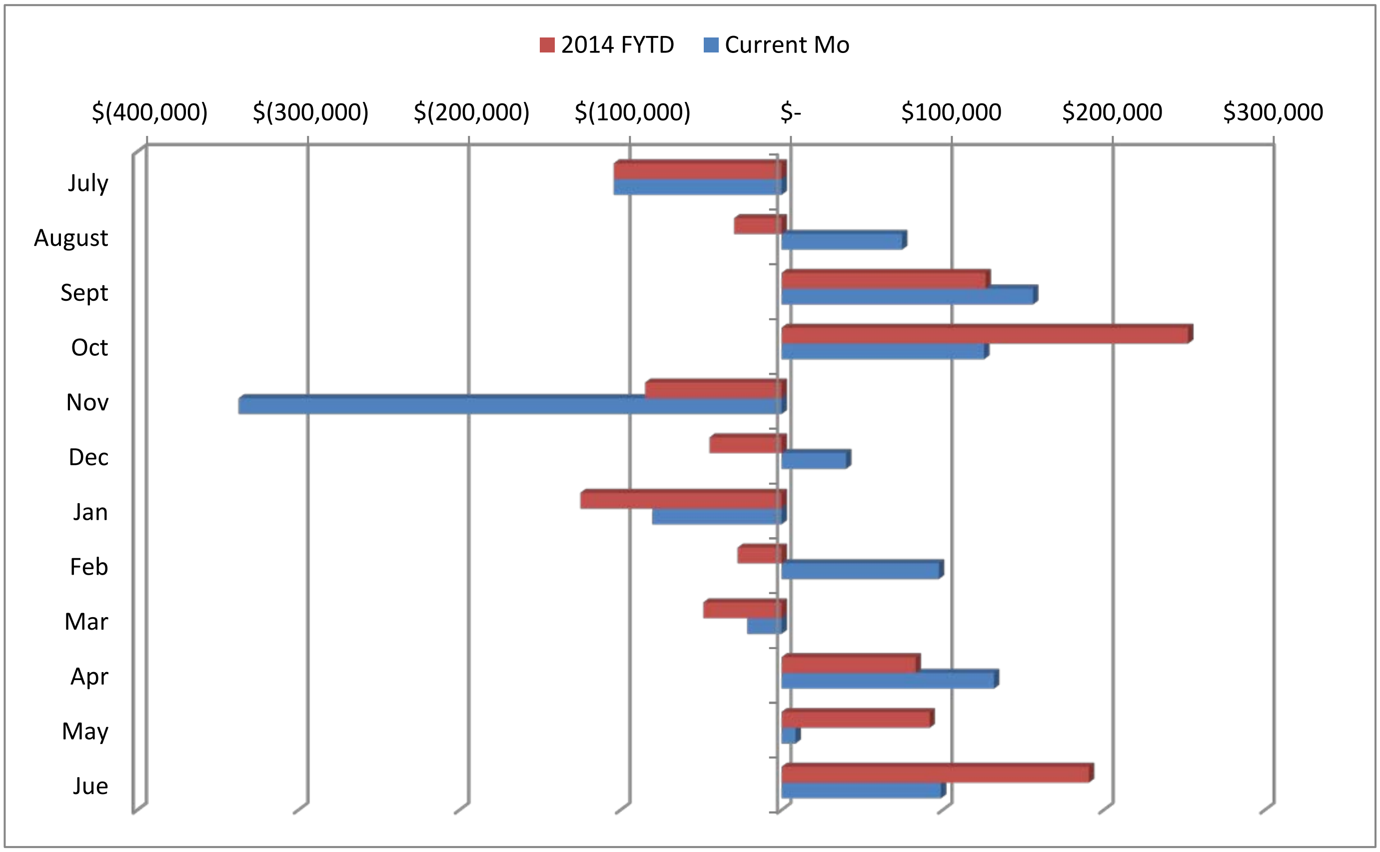
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010-12 WA Avg	340,342,990	341,005,490	339,539,389	337,453,792	338,839,263	338,574,698	340,162,998	341,474,254	345,182,293	349,066,685	348,054,010	347,985,339
2013	365,895,631	359,942,960	363,394,396	366,100,603	362,000,442	362,055,593	356,662,419	352,641,949	347,305,723	346,600,567	348,031,082	349,385,924
2014	347,116,769	350,493,280	350,702,914	352,367,788	351,619,538	352,415,905	352,218,550					

2010-12 WA Avg 2013 2014

2014 June — IMU Financial Report Summary

		FYTD ACTUAL		FYTD BUD/RE-EST		VARIANCE
Electric Utility:						
Gross Margin	$	2,839,178	$	2,927,700	$	(88,522)
Cash-based Net Income (incl. Depr.)	$	190,770	$	122,100	$	68,670
Net O&M + Capital Funds Cash Flow	$	(802,698)	$	(1,346,400)	$	543,702
Ending O&M and Capital Fund Balances	$	5,053,527	$	4,509,900		
Less-						
Designated for Future Projects		-		-		-
Reserve Targets		3,732,900		3,732,900		-
Over/(Under)	$	1,320,627	$	777,000	$	543,627
Debt Service Coverage Ratio w/o PILOT		1.37		1.32		
Water Utility:						
Cash-based Net Income (incl. Depr.)	$	598,432	$	556,500	$	41,932
Net O&M + Capital Funds Cash Flow	$	(224,229)	$	(404,700)	$	180,471
Ending O&M and Capital Fund Balances	$	1,303,854	$	1,123,400		
Less-						
Designated for Future Projects		-		-		-
Reserve Targets		666,600		666,600		-
Over/(Under)	$	637,254	$	456,800	$	180,454
Debt Service Coverage Ratio w/o PILOT		1.14		1.10		
Communications Utility:						
Net Cash Flow	$	(95,697)	$	(105,900)	$	10,203
Ending Fund Balances	$	333,271	$	323,100	$	-
Less-						
Designated for Future Projects		-		-		-
Reserve Targets		323,100		323,100		-
Over/(Under)	$	10,171	$	-	$	10,171
Commercial Customers		105		125		-20
Residential Customers		221		220		1
Administrative Fund:						
Net Cash Flow	$	-	$	-	$	(15)

EL - Combined	FYTD ACTUAL	FYTD BUD/RE-EST	VARIANCE
Revenue:			
Sales of Electricity & Peaking	$ 11,928,328.45	$ 11,808,400	$ 119,928
Sales Taxes	215,114.96	250,000	(34,885)
Other	1,412,689.75	1,366,100	46,590
Total O&M Revenue	**$ 13,556,133.16**	**13,424,500**	**131,633**
Expenditures:			
Purchased Energy & Fuel	$ 8,550,450.19	$ 8,342,000	$ 208,450
Salaries	771,614.18	782,200	(10,586)
Benefits	377,167.21	369,900	7,267
Materials, Suppl. & Contracts	498,853.30	517,100	(18,247)
Sales Taxes & Use Taxes	221,584.04	255,000	(33,416)
PILOT	538,700.04	538,700	0
Debt Service - Interest Only	307,800.04	307,800	0
Overhead, Admin & EE	935,060.23	948,300	(13,240)
Depreciation (Est)	1,354,300.00	1,354,300	-
Total O&M Expenses	**$ 13,555,529.23**	**13,415,300**	**140,229**
Net Income (Operating & Other)	**$ 603.93**	**9,200**	**(8,596)**
Capital Activities:			
Major Maintenance via Capital Fund	$ (27,500.00)	$ (117,500)	$ 90,000
Capital Contributions (Fiber)	189,536.28	182,500	7,036
Capital Contributions (Electric)	28,130.06	47,900	(19,770)
Net Income	**$ 190,770.27**	**122,100**	**68,670**
Cash Flow:			
Net Income + Depreciation	$ 1,545,070.27	$ 1,476,400	$ 68,670
Water Loan Principal	554,800.00	554,800	-
Debt Service Principal	(1,040,000.00)	(1,040,000)	-
Debt Service Reserve Change	165,700.00	-	165,700
Capital Contributions (Developers)	178,195.24	1,885,100	(1,706,905)
Proceeds from Debt Issues	-	-	-
Capital Projects	(2,206,463.95)	(4,222,700)	2,016,236
Designated for Future Projects	-	-	-
Net Cash Flow	**$ (802,698.44)**	**$ (1,346,400)**	**$ 543,702**



	2014 FYTD	Current Mo	2013 FYTD*	Current Mo*
July	$ (104,177)	$ (104,177)	$ 45,358	$ 45,358
August	$ (29,431)	$ 74,745	$ (9,709)	$ (55,067)
Sept	$ 126,633	$ 156,064	$ (25,852)	$ (16,143)
Oct	$ 252,324	$ 125,691	$ 225,794	$ 251,646
Nov	$ (84,706)	$ (337,030)	$ 70,948	$ (154,846)
Dec	$ (44,691)	$ 40,015	$ 215,574	$ 144,626
Jan	$ (124,895)	$ (80,204)	$ 420,953	$ 205,379
Feb	$ (27,272)	$ 97,623	$ 608,217	$ 187,264
Mar	$ (48,555)	$ (21,283)	$ 734,330	$ 126,113
Apr	$ 83,249	$ 131,804	$ 810,152	$ 75,822
May	$ 91,881	$ 8,633	$ 810,203	$ 51
Jue	$ 190,770	$ 98,889	$ 1,108,104	$ 297,901

*Modified from Variance Report for tracking purposes only

630 - EL O&M Fund	FYTD ACTUAL	FYTD BUD/RE-EST	VARIANCE
Revenue:			
Sales of Electricity & Peaking	$ 11,928,328.45	$ 11,808,400	$ 119,928
Sales Taxes	215,114.96	250,000	(34,885)
Other	574,347.49	557,300	17,047
Fund Revenue	**$ 12,717,790.90**	**$ 12,615,700**	**$ 102,091**
Expenditures:			
Purchased Energy & Fuel	$ 8,550,450.19	$ 8,342,000	$ 208,450
Salaries	771,614.18	782,200	(10,586)
Benefits	377,167.21	369,900	7,267
Materials, Suppl. & Contracts	498,853.30	517,100	(18,247)
Sales Taxes & Use Taxes	221,584.04	255,000	(33,416)
PILOT	538,700.04	538,700	0
Debt Service	1,347,800.04	1,347,800	0
Overhead, Admin & EE	935,060.23	948,300	(13,240)
Fund Expenditures	**$ 13,241,229.23**	**$ 13,101,000**	**$ 140,229**
O&M Activities Cash Flow:	**$ (523,438.33)**	**$ (485,300)**	**$ (38,138)**
Capital Fund Transfer (Out) In	$ 720,500.00	$ -	$ 720,500
O&M Fund Cash Flow:	**$ 197,061.67**	**$ (485,300)**	**$ 682,362**
Ending Fund Balances:	**$ 2,094,032.83**	**$ 1,411,700**	
17% Reserve Target	**$ 1,955,600.00**	**$ 1,955,600**	
Over/Under Reserve Target	**$ 138,432.83**	**$ (543,900)**	**$ 682,333**

730 - EL CAP Fund	FYTD ACTUAL	FYTD BUD/RE-EST	VARIANCE
Revenue:			
Capital Contributions (Fiber)	$ 189,536.28	$ 182,500	$ 7,036
Capital Contributions (Electric)	112,520.23	191,700	(79,180)
Capital Contributions (Reimb)	93,805.07	1,741,300	(1,647,495)
Water Loan Principal	554,800.00	554,800	-
Proceeds from Debt	-	-	-
Other	838,342.26	808,800	29,542
Fund Revenue	**$ 1,789,003.84**	**$ 3,479,100**	**$ (1,690,096)**
Expenditures:			
Major Maintenance (Est.)	$ 27,500.00	$ 117,500	$ (90,000)
Vehicles	162,063.60	189,300	(27,236)
Relocations & Conversions	1,658,550.34	4,083,400	(2,424,850)
New Developments & Line Repl	109,911.69	138,000	(28,088)
Network Services	179,136.94	327,100	(147,963)
Other/Stock (Out) In	96,801.38	(515,100)	611,901
Fund Expenditures	**$ 2,233,963.95**	**$ 4,340,200**	**$ (2,106,236)**
Capital Activities Cash Flow:			
Capital Fund Transfer (Out) In	$ (554,800.00)	$ -	$ (554,800)
Designated for Future Projects	-	-	-
Capital Fund Cash Flow:	**$ (999,760.11)**	**$ (861,100)**	**$ (138,660)**
Ending Fund Balances:	**$ 2,959,494.33**	**$ 3,098,200**	
Reserve Target	**$ 1,777,300**	**$ 1,777,300**	
Designated for Future Projects			
Over/Under Reserve Target	**$ 1,182,194**	**$ 1,320,900**	**$ (138,706)**

WA - Combined	FYTD ACTUAL	FYTD BUD/RE-EST	VARIANCE
Revenue:			
Sales of Water	$ 2,265,561.84	$ 2,252,200	$ 13,362
Sales Taxes	118,352.77	135,100	(16,747)
Other	207,047.18	156,200	50,847
Total O&M Revenue	**$ 2,590,961.79**	**$ 2,543,500**	**$ 47,462**
Expenditures:			
Salaries	$ 398,312.05	$ 378,200	$ 20,112
Benefits	158,473.31	159,500	(1,027)
Materials, Suppl. & Contracts	341,552.40	356,200	(14,648)
Sales Taxes & Use Taxes	118,603.16	135,100	(16,497)
PILOT	70,800.00	70,800	-
Debt Service - Interest Only	85,015.96	85,000	16
Overhead, Admin & EE	186,692.68	189,200	(2,507)
Depreciation (Est)	528,000.00	528,000	-
Total O&M Expenses	**$ 1,887,449.56**	**$ 1,902,000**	**$ (14,550)**
Net Income (Operating & Other)	**$ 703,512.23**	**$ 641,500**	**$ 62,012**
Capital Activities:			
Major Maintenance via Capital Fund	$ (105,080.35)	$ (85,000)	$ (20,080)
Net Income	**$ 598,431.88**	**$ 556,500**	**$ 41,932**
Cash Flow:			
Net Income + Depreciation	$ 1,126,431.88	$ 1,084,500	$ 41,932
Debt Service Principal	(979,200.00)	(979,200)	-
Debt Service Reserve Change	-	-	-
Capital Projects	(371,460.49)	(510,000)	138,540
Designated for Future Projects	-	-	-
Net Cash Flow	**$ (224,228.61)**	**$ (404,700)**	**$ 180,471**

600 - WA O&M Fund	FYTD ACTUAL	FYTD BUD/RE-EST	VARIANCE
Revenue:			
Sales of Water	$ 2,265,561.84	$ 2,252,200	$ 13,362
Sales Taxes	118,352.77	135,100	(16,747)
Other	187,047.18	156,200	30,847
Fund Revenue	**$ 2,570,961.79**	**$ 2,543,500**	**$ 27,462**
Expenditures:			
Salaries	$ 398,312.05	$ 378,200	$ 20,112
Benefits	158,473.31	159,500	(1,027)
Materials, Suppl. & Contracts	341,552.40	356,200	(14,648)
Sales Taxes & Use Taxes	118,603.16	135,100	(16,497)
PILOT	70,800.00	70,800	-
Debt Service	1,064,215.96	1,064,200	16
Overhead & Admin	186,692.68	189,200	(2,507)
Fund Expenditures	**$ 2,338,649.56**	**$ 2,353,200**	**$ (14,550)**
O&M Activities Cash Flow:	**$ 232,312.23**	**$ 190,300**	**$ 42,012**
Capital Fund Transfer (Out) In	$ (34,000.00)	$ (18,000)	$ (16,000)
Debt Service Reserve Change	-	-	-
O&M Fund Cash Flow:	**$ 198,312.23**	**$ 172,300**	**$ 26,012**
Ending Fund Balances:	**$ 401,500.89**	**$ 375,500**	
17% Reserve Target	**$ 196,100.00**	**$ 196,100**	
Over/Under Reserve Target	**$ 205,400.89**	**$ 179,400**	**$ 26,001**

700 - WA CAP Fund	FYTD ACTUAL	FYTD BUD/RE-EST	VARIANCE
Revenue:			
Proceeds from Debt	$ -	$ -	$ -
Other (Sale of Land)	20,000.00	-	20,000
Fund Revenue	**$ 20,000.00**	**$ -**	**$ 20,000**
Expenditures:			
Major Maintenance (Est.)	$ 105,080.35	$ 85,000	$ 20,080
Vehicles	24,174.00	25,000	(826)
Water Towers	-	-	-
Plant	19,187.69	180,000	(160,812)
Water Mains	328,098.80	305,000	23,099
Other	-	-	-
Fund Expenditures	**$ 476,540.84**	**$ 595,000**	**$ (118,459)**
Capital Activities Cash Flow:			
Capital Fund Transfer (Out) In	$ 34,000.00	$ 18,000	$ 16,000
Designated for Future Projects	-	-	-
Capital Fund Cash Flow:	**$ (422,540.84)**	**$ (577,000)**	**$ 154,459**
Ending Fund Balances:	**$ 902,353.04**	**$ 747,900**	**$ 154,453**
Reserve Target	**$ 470,500.00**	**$ 470,500**	**$ -**
Designated for Future Projects	**-**	**-**	**-**
Over/Under Reserve Target	**$ 431,853.04**	**$ 277,400**	**$ 154,453**

640 - NS O&M Fund	FYTD ACTUAL	FYTD BUD/RE-EST	VARIANCE
Revenue:			
Fiber License Payments	$ 235,780.75	$ 228,200	$ 7,581
Other	9,239.70	5,000	4,240
Fund Revenue	**$ 245,020.45**	**$ 233,200**	**$ 11,820**
Expenditures:			
Salaries	$ 10,003.57	$ 10,000	$ 4
Benefits	1,654.55	1,700	(45)
Materials, Suppl. & Contracts	223,731.19	231,000	(7,269)
Overhead, Admin & EE	105,328.61	96,400	8,929
Fund Expenditures	**$ 340,717.92**	**$ 339,100**	**$ 1,618**
O&M Activities Cash Flow:	**$ (95,697.47)**	**$ (105,900)**	**$ 10,203**
Electric CIAC (Out) In	$ -	$ -	$ -
O&M Fund Cash Flow:	**$ (95,697.47)**	**$ (105,900)**	**$ 10,203**
Ending Fund Balances:	**$ 333,271.13**	**$ 323,100**	
FY Ending Balance Target	**$ 323,100.00**	**$ 323,100**	
Designated for Future Projects	**-**	**-**	
Over/Under Reserve Target	**$ 10,171.13**	**$ -**	**$ 10,171**

620 - ADM O&M Fund	FYTD ACTUAL	FYTD BUD/RE-EST	VARIANCE
Revenue:			
IMU Transfers In	$ 944,021.32	$ 937,700	$ 6,321
City Transfers In	18,000.00	18,000	-
Refund/Reimbursement	14.84	-	-
Fund Revenue	**$ 962,036.16**	**$ 955,700**	**$ 6,321**
Expenditures:			
Salaries	$ 306,684.55	$ 305,700	$ 985
Benefits	139,253.20	143,600	(4,347)
Materials, Suppl. & Contracts	176,526.26	166,700	9,826
Overhead, Admin, Shared Staff	339,572.15	339,700	(128)
Fund Expenditures	**$ 962,036.16**	**$ 955,700**	**$ 6,336**
O&M Fund Cash Flow:	**$ -**	**$ -**	**$ (15)**

IMU Regular Downstairs **3. E.**
Meeting Date: 07/28/2014

Information

Subject

Quarterly Performance Report

Information

The report for the 4th Qtr. of FY 2014 is attached.

One useful aspect of this report is that it can help identify areas that need emphasis and resources in the FY 2015 - 2017 planning period.

Trustee comments and input is welcome.

Financial Impact

N/A

Staff Recommendation

Attachments

Report

Operational Review

FY 2014 4th Quarter Update

The IMU Board of Trustees annually adopts a Strategic Plan complete with service objectives, operating strategies, and annual goals. Utility operations are divided into departments, all of which work to provide superior services to the citizens of Indianola.

This report provides a brief review of the various departmental activities and accomplishments in FY 2014. A graphical condition report and trend analysis for each departmental function is also included in this report. Condition analysis uses the following color codes:

- Not applicable
- Not meeting expectations or Poor
- Deteriorating or Below Average
- Meeting expectations
- Improving or Above Average
- Exceeding expectations or Excellent

In general, the following definitions apply:

Past Period: last report of the prior fiscal year unless otherwise stated

Present:

First Half- Budgeted amounts or planned activities

Second Half- Re-estimated budget amounts and planned activities

Outlook: Remainder of fiscal year, next fiscal year, or beyond as noted

- **Change in Status.** The section of this report is a summary of those areas that have seen a major change in status from the previous report.

Exceeding last quarter's outlook expectations:

Electric Utility: Sales & Gross Margin – The outlook for 2015 is for it to now stabilize, albeit at much lower levels than in past fiscal years ($1.25 million less annually than in FY 2013). Higher wholesale energy & transmission costs will be collected through a retail cost of energy or power adjustment.

Electric Utility: Outages – The performance of the electric system has noticeably improved during inclement weather conditions. This is a result of underground conversion projects, voltage conversion, and scheduling tree trimming over the past 5 years. Lightening does impact with "blinks", however more prolonged outages have been fewer recently.

Network Services: Partnerships – Marketing efforts have improved. Staff has made strides in implementing the IMU Partners program (fall 2014 projected).

Deterioration in expectations compared to last quarter:

Electric Utility: Net Addition to Net Assets & Return on Assets – FY 2014 ended with a small positive cash-based net addition (profit) compared to the loss projected in February/March. Storm events (transmission poles) and repairs (black start engine) in June will likely reduce that positive on an accrual basis to be closer to neutral.

Trustees adopted a Cost of Power Adjustment method this quarter that will start to recover higher wholesale electric & transmission costs per kWh sold. However, this is intended to only recover about 40% of the increased costs, with the rest being absorbed by having lower debt service principal payments going forward. So the majority of the cash expenditure will shift from a non-operating expense to an operating expense, lowering both net addition to net assets (profitability) and return on assets to the point of incurring losses after depreciation.

Progress in fixing deficiencies or cautions identified in prior reports:

Water Utility: Source Attainment – Staff is investigating marginally-beneficial fluoride reduction options.

Economic Development: Regional coordination – IMU staff is working closer with WCEDC staff to focus on programming/activities that support overall Trustee goals.

Economic Development: Economic Gardening – The third Capstone class worked on several projects within the EMERGE@Simpson College program. Staff drafted a scope of services to be provided by the Indianola Development Association for IMU Partners, and who will then implement the EMERGE license in Indianola.

Oversight & Regulatory: Coordination with Mayor & Council – Routine meetings held with the City Manager. Trustees & Council met to discuss items of mutual interest. A small working group is being formed to discuss particular issues as they arise.

Fiduciary Controls: Financial statements – New financial reporting expectations were clarified within the hiring process for the new Finance Director; minimal progress to-date however one-time financial complexities in FY 2014 will abate, making more involvement easier in FY 2015.

Areas of continuing cautions/concerns as identified in prior reports:

Network Services: Synergy – Focus will be on promoting retail sales and setting up the Partners program prior to investing time on synergistic opportunities.

Technical & Programs: Emergency Operations & Outage Response – Little attention being paid by the overall entity to proactive planning.

Management: Segregation of Duties & Organizational Structure – Staff is transitioning to being more involved in the telecom expansion and IMU Partners Program; Still have 20-hour per week budgeted position unfilled to meet needs.

Professional Services: IAMU Electric Apprenticeships – New apprentices will limit the number of on-call personnel and work that can be accomplished over the next 1-2 years.

Professional Services: IDNR Water Dept. Certifications – Lack of interest & progress among crews to progress into Grade 3 & Grade 4. Will become more of an issue as workforce ages.

Management: Customer Service Systems – Will need to have City Manager participation to make inroads on priorities.

- **Financial Performance.** The first graphical condition report is on overall financial performance for each utility. In general, the utility is in a stable financial condition**.**

  Consumption of electricity ended March above budgeted levels. Wholesale energy costs per kWh were more than expected based on the combination of both demand & electricity. The gross margin (sales minus wholesale & other marginal costs) is running slightly below highly reduced expectations. Operating expenses and debt service costs are lower than expected. Other income (fees, refunds, scrap sales, etc.) exceeds expectations. The budgeted rate increase and constructing Phase II of the underground conversion project were removed from plans in the adopted budget. Stabilization will likely be achieved through imposing a cost of power adjustment.

  The Water Utility had higher sales volume and revenue than budgeted, and fund balances were ahead of budget.

  The Communications Utility met its budget target from MCG's licensing revenue. Growth in signups is trending higher due to more signups in multi-dwelling units and more focus on marketing.

  Resources from rate revenue and other sources are reasonably adequate to meet medium-term replacement needs. A strategy for long-term replacement of local generation, the 69kV system, relocating the line shop to East Iowa Ave., and distribution system all will need to be developed over the next several years.

  Reserves are at, and expected to continue to meet, board targets for all 3 utilities over the next two years.

Criteria	Past Period	Present	Outlook	Notes
Financial Performance:				
Electric Utility-				
Peak Use				Room to improve load factor
Sales of Electricity (Volume)				Construction/hot spell/normal outlook
Sales Concentration				Good diversity
Sales of Electricity (Dollars)				Cost of Power Adjustment adopted
Other Revenue				Will receive new capacity sale starting in Jue
Gross Margin from Sales				Cost of Power Adjustment will help trend
Operating Expenditures				Within budget expectations
Net Addition to Net Assets				Losses forthcoming in FY 2015
Capital Expenditures-				
Amount available				Lack of rate revenue & Hwy 92 projects
Expenditures vs. budget				Projects coming in on budget/few changes
Reserves & Liquidity Ratios				Adequate but committed to capital projects
Debt & Fixed Oblig. Coverage				Minimal coverage vs. rating benchmarks
Debt/Asset Ratio				Meeting industry benchmarks
Return on Assets				Declining trend due to pending losses
Write-offs as % of billings				Stablizing of prior negative trend
Water Utility-				
Sales of Water (Volume)				Dry summer/normal outlook
Sales of Water (Dollars)				Dry summer/normal outlook
Sales Concentration				Diversity remains good for bond rating
Other Revenue				Collecting 2 Cell Tower lease fees
Operating Expenditures				Within budget expectations
Net Addition to Net Assets				Minimal but stable with future rate increase
Capital Expenditures-				
Amount available				Adequate but minimal given 4" mains
Expenditures vs. budget				Below budget; looking at future projects
Reserves				Stable and improving
Debt Coverage				Good use of G.O. debt to minimize coverage
Debt/Assets				Plans look better over next 5-10 years
Write-offs as % of billings				Stablizing of prior negative trend
Network Services-				
Number of customers & locations				New system and extensions adds capacity
Take rate				New system has low initial take rate
Monthly Sales				Growing / new marketing program coming
Monthly Revenue				Meeting break-even model
Operating Expenditures				Meeting budget expectations
Net Addition to Net Assets				Declining due to facility use lease pmts
Capital Expenditures				Few additions to the network planned
Reserves				Use of reserves for facility improvements
Debt Coverage				N/A
Debt/Assets				N/A

- **Electric Utility.** The electric utility provides reliable service by purchasing wholesale energy for the community as a whole, receiving it over the transmission system, generating electricity within Indianola as needed, and distributing it safely to customers. Significant progress towards implementing operational strategies include:

  First 3 Quarters-
  - Monitored progress on Hwy 65/69 Conversion Project
  - Continued wreck-out of the East Side Conversion Project; negotiated final terms and conditions towards accepting the project as-is with IMU to complete restoration work
  - Prepared options to replace streetlights on The Square
  - Finished plans & specifications for the I-35 Transmission Relocation Project; purchased materials
  - Added to authorized amounts of participation (using existing bond proceeds) in the CAPX2020 project to reflect lower-than-budgeted construction costs
  - Continued termination work on the Hwy 65/69 Conversion Project
  - Prepared options to replace streetlights on The Square
  - Continued planning for the W. Hwy 92 relocation projects
  - Proactively hired 1 net new lineman position, which resulted in shifting of positions among several IMU crew members

  4th Quarter-
  - Continued termination work on the Hwy 65/69 Conversion Project
  - Adopted plans to start replacing streetlights on The Square (in the fall of 2014)
  - Monitored construction of the W Hwy 92 / I-35 Transmission Relocation project
  - Worked to complete plans for the W Hwy 92 Transmission Relocation project
  - Worked on revised drafts for the W Hwy 92 Distribution Relocation project

Criteria	Past Period	Present	Outlook	Notes
Electric Utility:				
Competitive Rates per Kwh-				
Surrounding Area				Average within group/more than MEC
Statewide				Comparative to averages
U.S. Average				Below average in all 3 price classes
Wholesale Electric Sourcing				Financial outlook neutral
Carbon intensity per kwh ratio				14% renewable
Capacity marketing				Higher prices expected in 2016+
Transmission				MEC wants to re-study the regional grid
Generation Capacity				Overall able to serve load in emergencies
Combustion Turbines				Able to serve capacitity
Downtown Plant				Decommission units limits future uncertainty
Substations / 69kV system-				CIPCO tie improving voltage & reliability
Patterson Line				Pole line relocation due to IDOT plans
East Side #1 & #2				Testing transformers & relays regularly
West Side				CIPCO Tie adds reliability
Distribution System Reliability				Underground conversion projects improving
Losses				4kV sub removals reduce losses
Outages				Managing vulnerabilities well
Recovery ability				Truck/manpower levels adequate
Regulatory & financial controls				New Title V Permit filed
Operations-				
Facility maintenance				Schedule being maintained w/budgets
Inventory management				Quarterly inventory balance within tolorance
Capital projects (quantity)				Shift to 69kV projects using reserves
Capital projects (quality)				Underground project monitoring

Water Utility. The water utility provides reliable water service by pumping it from wells, treating it, keeping enough in storage to meet daily needs, and distributing it to customers. Significant progress towards implementing operational strategies include:

First 3 Quarters-

- Completed construction on the Ann Parkway Water Main project
- Finalized the A.T&T. (New Cingular) cellular tower lease contract to be located at the Simpson Water Tower
- Prepared engineering work to get quotes to replace the aerator at the Water Treatment Plant
- Transferred 210 N. First to the City of Indianola in exchange for $100,000 over 5 years
- Began engineering & design work for the 2014 West Iowa Ave. Water Main replacement project
- Updated Flouride notices with an FAQ and other pertinent information
- Completed repairs to Well #11
- Well #9 developed casing issues; scheduled initial repairs
- Let the 2014 W IA Ave. Water Main replacement project and the aerator replacement project at the plant

4th Quarter-

- Monitored repairs to Well #9 and the W IA Ave. Water Main replacement project, which are both substantially complete
- Accepted a contract for the aerator replacement project (fall 2014 construction)

Criteria	Past Period	Present	Outlook	Notes
Water Utility:				
Competitive Rates-				
Surrounding Area				DSM rates rising/no IMU increases
Statewide				Adequate/need to look at 2011 surveys
Source attainment				FY 2014 well repairs; Proactively maintianing
Treatment ability				Proactive maintenance needed to maintain
Storage				Repaired & painted both towers
Distribution system				Pace of 4" main replacements/aging system
Regulatory & financial controls				IDNR reports few suggestions
Operations-				Truck/manpower levels adequate
Facility maintenance				Schedule being maintained w/budgets
Inventory management				Quarterly inventory balance within tolorance
Capital projects (quantity)				Street replacement mains done/Ann Pkwy
Capital projects (quality)				On time/budget

- **Communications Utility.** The communications utility provides the infrastructure that transmits affordable, competitive, and technologically advanced telecommunications service for both retail and other public uses. Telephone and Internet services are offered to commercial customers through a contractual private/public partnership. Significant progress towards implementing operational strategies include:

  First 3 Quarters-
    - Continued to connect new residential & commercial customers and address operational issues with MCG
    - Worked with MCG staff on new marketing efforts & plans for multi-family dwellings transitioning from free internet service (as part of rent) to MCG service
    - Worked to initiate service at the Indianola YMCA after competitors were not able/willing to serve the new facility
    - Continued to connect new residential & commercial customers and address operational issues with MCG
    - Worked with MCG staff on new marketing efforts & implemented connections at multi-family dwellings transitioning from free internet service (as part of rent) to MCG service
    - Revised expansion priorities; now planning for W Hwy 92, then N. Howard area, then proceed with fill-in projects

  4th Quarter-
    - Continued to connect new residential & commercial customers and address operational issues with MCG
    - Developed revised plans for the W Hwy 92 Distribution Relocation project

Criteria	Past Period	Present	Outlook	Notes
Network Services:				
Competitive Rates-				
Surrounding Area				Telecom 15% less than private
Statewide				Statewide is lower than surrounding area
Source attainment				Duel INS feeds + Iowa Health network
Distribution system				Pace of expansion slowing
Regulatory & financial controls				Licnensing rules/regs seen as a model
Operations-				
Facility maintenance				Underground conversion project
Inventory management				No known issues
Capital projects (quantity)				N. Howard Project anticipated
Capital projects (quality)				In-house design/underground
System synergy with electric svc.				Need to research DSM & outage abilities
Cyber security systems				Need to address but no known issues

- **Administration.** All three utilities are administered by a combination of the IMU Board of Trustees and their staff, services provided by the City of Indianola through cost-sharing arrangements, and third-party contractors.

  Public works activities primarily involve co-managing the public right of way. IMU also supports economic development and community betterment activities. Third, there are utility-specific services such as technical activities, safety, and utility programming. Last are the governance and professional services associated with oversight, regulatory actions, general management, human resources, fiduciary controls, public notifications and information systems, and legal compliance & risk management.

Public Works-

First 3 Quarters-

- Continued removing IMU poles; indication from both CenturyLink & Mediacom that they will soon start on priority areas
- Repainted street lights along north Hwy 65/69 (from Hillcrest south) where corrosion was visible

4th Quarter-

- Mediacom bored conduit in priority areas; cable is still aerial, however
- Finalized plans to replace streetlights on The Square (fall 2014)

Economic Development & Community Betterment-

First 3 Quarters-

- Planning meetings held regarding potential on-campus and outreach EMERGE programs
- Classes held to help new small business owners
- Meetings held with Simpson College regarding their upcoming strategic planning and developing EMERGE@Simpson College stands as a priority program
- Meetings held with the IDA & Warren County to review both the proposed EMERGE hub (software platform), 28E building proposal, and local programs
- Reports made by the IDA on progress over the past 2 years
- Continued EMERGE Hub planning with design team; continued EMERGE@Simpson College planning with Simpson leadership & IDA staff

4th Quarter-

- Continued EMERGE Hub planning with design team
- EMERGE@Simpson College direction set for 2014 & 2015
- Drafted IMU Partners scope of services with the IDA for FY 2015

Criteria	Past Period	Present	Outlook	Notes
Public Works:				
Locate volume/response times				Underground conversion project
Streetlight construction/repairs				Hwy 92 completed + Downtown project
Pole Attachment Compliance				Issues on removal of poles in ROW
Vegetation Management				Rotation plan on schedule
Econ. Development & Community:				
Regional coordination				GroWarreNow plan being implemented
Direct incentives programs				
EMERGE				EMERGE@Simpson program launched
Development web site content				WCEDC Redesign underway
Community betterment projects				
Community event participation				4th of July & NBC sponsorships
Interaction w/ city departments				No operational issues
Sustainability integration				April events bing held & planned

Technical Services & Programs-

First 3 Quarters-

- IMU Network Services summary edited & published in the founding issue of innovationIOWA
- Held the annual Customer Appreciation Luncheon in the IMU line shop
- Finished drafting bylaws to form the IMU Partners Agency (sent on for legal review)
- Set up Internet video channel on the IMU web site; held planning meetings regarding video options
- Renewed the GIS Agreement with Warren Co. & City of Indianola
- Began using LinkedIn to update customers on IMU activities
- Expanded Key Account personal visits with larger customers
- Began investigation of the factors that determine the viability of a community-owned solar array
- Continued planning for the W. Hwy 92 relocation projects
- Revised IAMU Apprenticeship expectations/program adoption

4th Quarter-

- Held first meeting of IMU Partners, adopted policies, and discussed potential FY 2015 activities.
- Worked with MCG on new marketing plans (implementing the summer/fall of 2014)
- IMU staff more proactively meeting with WCEDC & Chamber of Commerce staff and attending their events
- Started participating as a member of the design team on an IAMU community solar (proposed to US Dept. of Energy, local match by the IA Energy Center) grant project
- Planned for a community sustainability planning forum
- The State of Iowa adopted the 2012 National Electric Safety Code, which is referenced in IMU safety & service plan documents

Criteria	Past Period	Present	Outlook	Notes
Technical & Programs:				
Safety program-				
Safety manual				Periodic reviews being done
Safety committee meetings				Monthly meetings held
In-house Training				IAMU contract/good attendance
Facility Inspections				Being performed
OSHA & other filings				Being made
Incidents				Returing to average, reviewing trend
IMWCA Claims vs. Premium				5-year positive trend returning to average
Reviews				Being completed as scheduled
Security/disaster preparedness-				
Systems				Adequate security given risks
Emergency operations planning				Exersice held; needs to continue
Outage response planning				Working to improve manual systems
Metering-				
Electric installations/testing				Continuing to monitor warranty issues
Water installations/testing				Improvement to tracking problems
Error detection				Need to interact with new billing system
Auditing systems				Need to interface w/ new billing system
Mapping-				
Software/GIS Committee				
Data layer improvement				
Safety & efficiency education-				
Project 700				Limited use/need
Backflow prevention				
Time of Use / DSM				Needs reviewed with MEAN rate structure
Customer interaction/events				Events held; new focus on marketing
Alternate energy promotion				
Wind				Currently 3-4%; voluntary donation program
Landfill Natural Gas				FY 2014 project for 4%; CO2 reduction more
Energy efficiency				
Conservation education				Bill stuffers, newsletter, eco@home
Rebates				Stable yet declining demand
KWH avoidance				OEI project identified major areas
Audits				Commercial areas identified & completed
Network Services Partners-				
Formation & management				Progress on business planning
Collaborative accomplishments				Conceptual plan needs refined
Customer experiences				"Growing pains" at MCG being resolved

Governance and Professional Services-

First 3 Quarters-

- Provided input on 2013 – 2015 Strategic Plan
- Adopted Strategic Plan and reviewed associated Capital Improvement Plan components
- Updated & adopted new Employee Handbook, Mgmt. Personnel Policy Manual, and misc. policy manual
- Held first "General Manager Year-End" event and selected Jason Henle as the first IMU Employee of the Year
- Developed a hiring plan to begin training new linemen in anticipation of pending retirements over the next 3-5 years
- General Manger Todd Kielkopf was named Chair of the MEAN Risk Management Committee and elected Secretary/Treasurer of the MEAN Board of Directors
- Adopted FY 2015 budget within the context of ratios needed to retain an "A" rating
- Discussed criteria for a cost of energy adjustment policy
- Reviewed insurance deductibles/coverage options
- Technical Services Director Mike Metcalf was selected to serve on the IAMU Electrical Safety & Training Committee
- Completed union negotiations resulting in a 2-year agreement

4th Quarter-

- IMU awarded Platinum-level RP3 status by APPA
- Adopted a policy pertaining to imposing a Cost of Power Adjustment for bills issued starting July 1, 2014
- Monitored EPA pronouncements pertaining to new rules on carbon reduction targets for existing power plants
- Held joint meeting with the Mayor/City Council
- Issued RFP for Banking Services; awarded to City State Bank (summer 2014 transition)

Criteria	Past Period	Present	Outlook	Notes
Oversight & Regulatory:				
Electric service plan				Up to date
Water service plan				Up to date
Network Services licensing				May need to evolve expectations
Rate-setting & Cost Recovery				Will need to balance rates to long-term costs
Strategic planning				Semi-annual review & updates
Budget-				
CIP				Compiled/adopted by Trustees
O&M				Compiled/adopted by Trustees
Monthly Reporting				Variance Reports & Scorecard development
Policy setting				Board reviewing as needed
Annual report to City Council				Report issued; Presented at joint meeting
General Mgr review process				Criteria-based process
Coord. with Mayor, Council				More meetings planned
Management:				
Segregation of duties				Higher-level financial duties clarified
Organizational structure				Stable
Orientations				Needs done in conjunction w/city
Annual evaluations				Implemented feedback on forms
Operating plan & reporting				Prioritized system
Industry participation				MEAN, MMTG, APPA, IAMU safety, etc.
Bond Rating				Potential for outlook to go negative
Customer Service Systems-				
Signups				Expectations raised for Internet-based
Dispute resolution				Good process
Disconnections				Firm yet fair implementation of rules
Work orders				Need all city depts. to be fully effective
Inquiries				Phone system gets calls to people
Permits/New construction				Need to change from paper-based permits
System extensions planning				Need clearer definition of criteria
Contractor relations				No known issues
Professional Services:				
HR information systems				Few ongoing issues
Regulatory compliance				New health insurance regs forthcoming
Compensation structure				Reviewing perf/comp balance
Benefit coverage & adm costs				Health Ins + W/C costs increasing
Health Ins. Reserves				Runout + 2 above ave. years in reserves
Employment policies				Adopted revised manuals
IAMU Electric Apprenticeships				2 new hires going through the program
IDNR Water Dept. training				Need more participation for higher grades
Other training & development				Training being pursued when needed

Criteria	Past Period	Present	Outlook	Notes
Fiduciary Controls:				
Accounting systems				New computer system reached potential
Policy & controls				New(er) staff learning internal systems
Investment Porfolio Returns				Persistent low interest rates for reinvest.
Audited financial statements				Complilation needs to be timely
Public Information:				
IT systems				Coord. Improving systems + MCG integration
Web site				Updated site & video player
Cablecast systems/TV updates				No issues / future MCG integration
Telephone systems				No issues
Publications/content				Presentations & video content available
Public presentations				Periodic reports to various classes/groups
Legal & Risk Management:				
Insurance coverage				Healthy self-funded dedcutible levels
Access to attorneys & legal info.				Access to general & specialized as needed