



CITY OF INDIANOLA COUNCIL MEETING

April 3, 2017

6:00 p.m.

City Council Chambers

Agenda

1. Call to order
2. Pledge of allegiance
3. Roll call
4. Public Comment
5. Consent
 - A. Approval of agenda
 - B. March 20, 2017 Minutes
 - C. Applications
 1. A renewal refuse hauling permit for Waste Management of Iowa, Inc.
 2. A renewal Class "B" Wine, Class "C" Beer, Class "E" Liquor and Sunday Sales Privilege for Wal Mart - 1500 N. Jefferson
 3. A renewal Class "C" Liquor License, Sunday Sales Privilege and Outdoor Area for The Garage - 114 E. Ashland
 - D. Set May 1, 2017 as the public hearing to amend the FY 2017 Budget
 - E. Resolution amending the farm lease agreement with Zachary Moorman acknowledging and approving assignment of the entity established by him and known as MZ Grain, LLC
 - F. Noise permit from The Garage - will have live music on Friday and/or Saturday evenings (April 7, 2017 - November 30, 2017) from 8:00 p.m. - midnight
 - G. Claims on the computer printout for April 3, 2017
6. Council Reports

- A.** Presentation and receipt of FY 15/16 Audit Report from Shull & Co.
 - B.** Acceptance of the FY 16 South Central Iowa Landfill Audit
- 7.** Mayor's Report - Kelly B. Shaw
 - A.** Proclamation declaring May 1-7, 2017 as Rotary Club Week
 - B.** Consider nomination to Boards and Commissions
 - C.** Community Update
- 8.** Public Consideration
 - A.** Old Business
 - 1.** Discussion and direction regarding a request from WCEDC to participate in the Hometown Pride Keep Iowa Beautiful Program
 - 2.** 2017 Capital Street Improvement Project
 - a.** Resolution approving the construction contract and bond with Sternquist Construction in an amount of \$529,267.10
 - 3.** Final consideration to amend Chapter 170 Subdivision ordinance (P&Z approved unanimously February 14, 2017)
 - 4.** Resolution appointing representatives to the YMCA Steering Committee
 - B.** New Business
 - 1.** Resolution approving a Development Agreement with Diligent Development and Jerry's Homes regarding the extension of East Euclid Avenue
 - 2.** Resolution approving salaries
- 9.** Other Business
- 10.** Adjourn

Meeting Date: 04/03/2017

Subject

March 20, 2017 Minutes

Information

Fiscal Impact

Attachments

Minutes

REGULAR SESSION – MARCH 20, 2017

The City Council met in regular session at 7:40 p.m. on March 20, 2017. Mayor Kelly B. Shaw called the meeting to order and on roll call the following members were present: Joe Gezel, John Parker, Pam Pepper, Brad Ross and Greta Southall. ABSENT: Shirley Clark.

The consent agenda consisting of the following was approved on a motion by Parker and seconded by Gezel. Question was called for and upon the council member votes, the Mayor declared the motion carried unanimously.

Approval of agenda

March 6, 2017 Minutes

Resolution No. 2017-25 setting April 17, 2017 as a public hearing and first consideration of a request from Larry McConnell to rezone a portion of 2008 East 2nd Avenue from A-1 (agriculture) to C-2 (highway commercial) and A-1 to R-3 (mixed residential)

Event application from the Indianola Public Library for their Summer Reading Program Kickoff - June 1, 2017 from 4:00 p.m. - 8:00 p.m. at the Indianola Public Library lawn and parking lot – 207 N. "B" Street

Prior approval applications for urban revitalization designation

Happe Homes - 1506 W. Henderson - SFD - \$250,000
Jerry's Homes - 700 N. "O" Street - SFD - \$139,000
Jerry's Homes - 1603 W. Girard - SFD - \$185,500
Jerry's Homes - 1611 W. Iowa - SFD - \$131,000
Jerry's Homes - 1613 W. Iowa - SFD - \$151,000
Jerry's Homes - 803 N. Kenwood - SFD - \$147,500
Jerry's Homes - 1405 W. 14th Avenue - SFD - \$163,700
Jerry's Homes - 1210 S. "O" Street - \$188,600
Jerry's Homes - 1304 S. "O" Street - \$195,950
Channing Soat - 1106 E. Euclid - Remodel - \$55,000

Final approval applications for urban revitalization designation

Orton Homes - 1307 S. "O" Street - SFD - \$225,000
Sage Homes, Inc. - 1008 E. Madison - SFD - \$246,000

Claims on the computer printout for March 20, 2017 and the February 2017 receipts

The February 2017 City Treasurer's Report was approved on a motion by Ross and seconded by Pepper. Question was called for and on voice vote the Mayor declared the motion carried unanimously.

Mayor Shaw reported on the Metro Advisory meeting.

Council member Ross and Interim Executive Director Rachelle Gocken presented a WCEDC update including information regarding Hometown Pride Keep Iowa Beautiful. This item will be placed on the April 3, 2017 council agenda.

Council member Parker reported on the Greater Des Moines Convention meeting.

This being the time and place fixed for a public hearing on the matter of the adoption of plans, specifications, form of contract and estimate of cost relative to the 2017 Capital Street Improvement

Project, the Mayor called for any oral objections to the adoption of the plans, specifications, form of contract and estimate of cost. No oral objections were offered and the City Clerk reported that no written objections had been filed.

Council Member Pepper introduced the following Resolution entitled "RESOLUTION ADOPTING PLANS, SPECIFICATIONS, FORM OF CONTRACT AND ESTIMATE OF COST" for the 2017 Capital Street Improvement Project, and moved that it be adopted. Council Member Parker seconded the motion to adopt. The roll was called and the vote was, AYES: Gezel, Southall, Parker, Ross and Pepper. NAYS: None. ABSENT: Clark. Whereupon the Mayor declared the following resolution duly adopted:

RESOLUTION NO. 2017-26
RESOLUTION ADOPTING PLANS, SPECIFICATIONS,
FORM OF CONTRACT AND ESTIMATE OF COST
For The 2017 Capital Street Improvement Project

(The complete resolution may be viewed at the City Clerk's Office)

The Mayor then announced that the following bids had been opened and tabulated the bids for the public improvements described in general as the 2017 Capital Street Improvement Project for the City of Indianola, Indianola, Iowa, in accordance with the plans and specifications previously adopted.

The following bids were presented by the City Clerk and Finance Director:

<u>Company</u>	<u>Base Bid</u>	<u>Alternate Bid</u>	<u>Total Bid</u>
Vanderpool Construction Indianola, Iowa	\$480,364.00	\$107,624.00	\$587,988.00
Sternquist Construction Indianola, Iowa	\$431,439.35	\$97,827.75	\$529,267.10
Absolute Concrete Slater, Iowa	\$524,348.90	\$121,350.35	\$645,699.25
Concrete Technologies, Inc Grimes, Iowa	\$547,788.67	\$122,489.00	\$670,277.67
Cerebral Group Des Moines, Iowa	\$451,951.10	\$97,760.00	\$549,711.10

The Finance Director then recommended that the bid of Sternquist Construction in the amount of \$529,267.10 be accepted. Dave Moeller and Garrett Reeder, Snyder and Associates, spoke in favor of accepting the bid from Sternquist Construction.

Council Member Pepper introduced the following resolution entitled "RESOLUTION MAKING AWARD OF CONSTRUCTION CONTRACT" for the 2017 Capital Street Improvement Project, and moved its adoption. Council Member Southall seconded the motion to adopt. The roll was called and the vote was: AYES: Gezel, Southall, Parker, Ross and Pepper. NAYS: None. ABSENT: Clark. Whereupon, the Mayor declared the following Resolution duly adopted:

RESOLUTION NO. 2017-27
RESOLUTION MAKING AWARD OF CONSTRUCTION CONTRACT
For The 2017 Capital Street Improvement Project

(The complete resolution may be viewed at the City Clerk's Office)

It was moved by Southall and seconded by Parker to approve the second consideration to amend Chapter 170 Subdivision ordinance. Question was called for and on voice vote the Mayor declared the motion carried unanimously.

Upon the final consideration of a final industrial tax abatement at 1820 N. 7th Street, Pepper moved and Parker seconded to adopt ORDINANCE NO. 1565 entitled, "AN ORDINANCE AUTHORIZING TAX EXEMPTION UNDER THE URBAN REVITALIZATION PLAN FOR INDUSTRIAL USE IN ACCORDANCE WITH INDIANOLA MUNICIPAL CODE SECTION 7.07." On roll call the vote was, AYES: Gezel, Southall, Parker, Ross and Pepper. NAYS: None. ABSENT: Clark. Whereupon the Mayor declared the motion carried unanimously and the ordinance to be effective upon publication.

The Mayor and Council discussed the request from the YMCA to appoint three representatives from the City to the YMCA Steering Committee. It was the consensus of the City Council that Council Members Clark and Southall will serve on the committee. This item will be placed on the April 3, 2017 agenda for approval of Council members Clark and Southall and one additional representative from the City to serve on the YMCA Steering Committee.

Council member Southall moved and Pepper seconded to approve the request from the City of Indianola's Park Department to seek an Alternate Method of Approval of the Site Plan Ordinance to construct a green house in Pickard Park. Question was called for and on voice vote the Mayor declared the motion carried unanimously.

Justin Cooper, Cooper, Crawford and Associates-West Des Moines, Iowa, spoke in favor the preliminary plat of Deer Creek #3. The following resolution entitled, "RESOLUTION APPROVING THE PRELIMINARY PLAT OF DEER CREEK PLAT #3 FROM DILIGENT DEER CREEK, LLC" was approved on a motion by Parker and seconded by Ross and to grant a variance for the minimum distance between West 12th Avenue and West 13th Place Intersections along the South "K" Street thoroughfare. On roll call the vote was, AYES: Ross, Pepper, Gezel, Southall and Parker. NAYS: None. ABSENT: Clark. Whereupon the Mayor declared the motion carried unanimously and the following resolution duly adopted.

RESOLUTION NO. 2017-28
RESOLUTION APPROVING THE PRELIMINARY PLAT OF DEER CREEK PLAT #3 FROM
DILIGENT DEER CREEK, LLC

(The complete resolution may be viewed at the City Clerk's Office)

The following resolution entitled, "RESOLUTION APPROVING PROFESSIONAL SERVICES AGREEMENT WITH CENTRAL IOWA TELEVISION FOR LINING OF THREE SEWER MAINS, ONE STORM SEWER AND ELEVEN LATERAL CONNECTIONS" was approved on a motion by Southall and seconded by Parker. On roll call the vote was, AYES: Parker, Ross, Pepper, Gezel and Southall. NAYS: None. ABSENT: Clark. Whereupon the Mayor declared the motion carried unanimously and the following resolution duly adopted.

RESOLUTION NO. 2017-29
RESOLUTION APPROVING PROFESSIONAL SERVICES AGREEMENT WITH CENTRAL IOWA
TELEVISION FOR LINING OF THREE SEWER MAINS, ONE STORM SEWER
AND ELEVEN LATERAL CONNECTIONS

(The complete resolution may be viewed at the City Clerk's Office)

Pepper moved and Parker seconded to adopt the following resolution entitled “RESOLUTION APPROVING SALARIES.” On roll call the vote was, AYES: Gezel, Southall, Parker, Ross and Pepper. NAYS: None. ABSENT: Clark. Whereupon the Mayor Pro Tem declared the motion carried unanimously and the following resolution duly adopted.

RESOLUTION NO. 2017-30 APPROVING SALARIES

(The complete resolution may be viewed at the City Clerk’s Office)

Meeting adjourned at 8:20 p.m. on a motion by Parker and seconded by Gezel.

Kelly B. Shaw, Mayor

Diana Bowlin, City Clerk

Meeting Date: 04/03/2017

Subject

A renewal refuse hauling permit for Waste Management of Iowa, Inc.

Information

This is a renewal of Waste Management's refuse hauling permit. All of the paperwork is in order for approval.

Fiscal Impact

Attachments

Waste Management Permit

CITY OF INDIANOLA

APPLICATION FOR A PERMIT

I (or We) hereby make application for a refuse hauling permit.

NAME AND TITLE OF BUSINESS Waste Management of Iowa inc.
NATURE OF BUSINESS Waste Removal
MAIL ADDRESS 201 SE 18th St Des Moines, IA 50317
INDIVIDUAL _____ PARTNERSHIP _____ CORPORATION X
NAME OF OWNER(S) _____
RESIDENT STREET ADDRESS OF OWNER(S) _____

Provide a complete and accurate listing of the number and type of collection & transportation equipment to be used.

<u>License No.</u>	<u>Type of Collection</u>	<u>Transportation Equipment</u>
<u>211323</u>	<u>Commercial</u>	<u>Com Fel (Pet & Bilt)</u>
<u>363201</u>	<u>Residential</u>	<u>Resi Rel (Trash)</u>
<u>104518</u>	<u>Residential</u>	<u>Resi Side load (Recycle)</u>
<u>265622</u>	<u>Residential</u>	<u>Resi Fel (Trash)</u>

Provide a statement as to the precise location and method of disposal or processing facilities to be used.

Mid american Recycling - 2742 E. Market Des Moines, IA 50317
Winterset Landfill - 2496 State Hwy 92 Winterset, IA 50273

Provide a complete description of the frequency, routes and methods of collection and transportation to be used and time of pick up.

Monday - Friday
Com - 400 start time
Resi Rec - 630
Resi Trash - 630

A copy of your public liability insurance must be filed along with this application stating coverage of all operations of your business and all equipment and vehicles to be operated.

Signature of Owner _____

Subscribed and sworn to before me, (a Notary Public) (City Clerk) in and for the City of Indianola this 22 day of March 2017

Diana Boulton
Notary Public

City Clerk

Meeting Date: 04/03/2017

Subject

A renewal Class "B" Wine, Class "C" Beer, Class "E" Liquor and Sunday Sales Privilege for Wal Mart - 1500 N. Jefferson

Information

This is a renewal of Wal Mart's liquor license located at 1500 N. Jefferson. All the paperwork is in order and staff has approved. Owners include: Doug McMillion, Amy Thrasher, Phyllis Harris, Jeff Davis, Andrea Marie Lazenby and James Renfrow.

Fiscal Impact

Attachments

Wal Mart Permit

March 21, 2017

NAME OF APPLICANT: Wal-Mart – 1500 N. Jefferson

TYPE OF LICENSE/PERMIT: Class “B” Wine, Class “C” Beer, Class “E” Liquor & Sunday Sales

	<u>Approve</u>	<u>Disapprove*</u>
Police Chief	<u>X</u>	<u></u>
Fire Chief	<u>X</u>	<u></u>
B&Z Official	<u>X</u>	<u></u>
Sign Compliance	<u>X</u>	<u></u>

*Reasons for disapproval

Applicant License Application (LE0001011)

Name of Applicant: <u>Wal-Mart Stores, Inc.</u>		
Name of Business (DBA): <u>Wal-Mart Supercenter #1491</u>		
Address of Premises: <u>1500 N Jefferson</u>		
City <u>Indianola</u>	County: <u>Warren</u>	Zip: <u>5012500</u>
Business	<u>(515) 961-7937</u>	
Mailing	<u>508 SW 8th Street</u>	
City <u>Bentonville</u>	State <u>AR</u>	Zip: <u>727160500</u>

Contact Person

Name <u>Cynthia Montero</u>	
Phone: <u>(479) 277-0270</u>	Email <u>cynthia.montero@walmart.com</u>

Classification Class E Liquor License (LE)

Term: 12 months

Effective Date: 05/15/2017

Expiration Date: 05/14/2018

Privileges:

Class B Wine Permit

Class C Beer Permit (Carryout Beer)

Class E Liquor License (LE)

Sunday Sales

Status of Business

BusinessType: <u>Publicly Traded Corporation</u>	
Corporate ID Number: <u>[REDACTED]</u>	Federal Employer ID <u>[REDACTED]</u>

Ownership

Doug McMillon

First Name: <u>Doug</u>	Last Name: <u>McMillon</u>	
City: <u>Bentonville</u>	State: <u>Arizona</u>	Zip: <u>72712</u>
Position: <u>President & CEO</u>		
% of Ownership: <u>0.00%</u>	U.S. Citizen: <u>Yes</u>	

Amy Thrasher

First Name: <u>Amy</u>	Last Name: <u>Thrasher</u>	
City: <u>Bella Vista</u>	State: <u>Arkansas</u>	Zip: <u>72714</u>
Position: <u>Assistant Secretary</u>		
% of Ownership: <u>0.00%</u>	U.S. Citizen: <u>Yes</u>	

Phyllis Harris

First Name: <u>Phyllis</u>	Last Name: <u>Harris</u>
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City: Rogers State: Arkansas Zip: 72758
Position: SVP & Chief Compliance
% of Ownership: 0.00% U.S. Citizen: Yes

Jeff Davis

First Name: Jeff Last Name: Davis
City: Rogers State: Arkansas Zip: 72758
Position: Treasurer
% of Ownership: 0.00% U.S. Citizen: Yes

Andrea Marie Lazenby

First Name: Andrea Marie Last Name: Lazenby
City: Lowell State: Arkansas Zip: 72745
Position: Assistant Secretary
% of Ownership: 0.00% U.S. Citizen: Yes

James Robert Renfrow

First Name: James Robert Last Name: Renfrow
City: Fayetteville State: Arkansas Zip: 72701
Position: Asst Sec
% of Ownership: 0.00% U.S. Citizen: Yes

Insurance Company Information

Insurance Company: <u>American Casualty Company of Reading, PA</u>	
Policy Effective Date: <u>05/15/2017</u>	Policy Expiration <u>01/01/1900</u>
Bond Effective <u>2</u>	Dram Cancel Date:
Outdoor Service Effective	Outdoor Service Expiration
Temp Transfer Effective	Temp Transfer Expiration Date:

Meeting Date: 04/03/2017

Subject

A renewal Class "C" Liquor License, Sunday Sales Privilege and Outdoor Area for The Garage - 114 E. Ashland

Information

This is a renewal of The Garage's liquor license located at 114 E. Ashland Avenue. All the paperwork is in order and staff has approved. Owners are: Daniel Brown and Clinton Brightman.

Fiscal Impact

Attachments

The Garage Permit

March 24, 2017

NAME OF APPLICANT: The Garage – 114 E. Ashland Avenue

TYPE OF LICENSE/PERMIT: Class "C" Liquor License, Outdoor Area & Sunday Sales

	<u>Approve</u>	<u>Disapprove*</u>
Police Chief	<u>X</u>	<u></u>
Fire Chief	<u>✓</u>	<u></u>
B&Z Official	<u>X</u>	<u></u>
Sign Compliance	<u>L</u>	<u></u>

*Reasons for disapproval

Applicant License Application (LC0040861)

Name of Applicant: Babars Entertainment, Inc.
Name of Business (DBA): The Garage
Address of Premises: 114 E Ashland Ave
City Indianola **County:** Warren **Zip:** 50125
Business (515) 961-9026
Mailing 114 E Ashland Ave
City Indianola **State** IA **Zip:** 50125

Contact Person

Name Daniel Brown
Phone: (515) 442-3653 **Email** dbrown70@q.com

Classification Class C Liquor License (LC) (Commercial)

Term: 12 months

Effective Date: 05/08/2017

Expiration Date: 05/07/2018

Privileges:

Class C Liquor License (LC) (Commercial)

Outdoor Service

Sunday Sales

Status of Business

BusinessType: Privately Held Corporation

Corporate ID Number: [REDACTED] **Federal Employer ID** [REDACTED]

Ownership

Daniel Brown

First Name: Daniel **Last Name:** Brown
City: Des Moines **State:** Iowa **Zip:** 50315
Position: Owner
% of Ownership: 51.00% **U.S. Citizen:** Yes

Clinton Brightman

First Name: Clinton **Last Name:** Brightman
City: Indianola **State:** Iowa **Zip:** 50125
Position: Owner
% of Ownership: 49.00% **U.S. Citizen:** Yes

Insurance Company Information

[REDACTED] [REDACTED] [REDACTED]

Insurance Company: Illinois Casualty Co

Policy Effective Date:

Policy Expiration

Bond Effective

Dram Cancel Date:

Outdoor Service Effective

Outdoor Service Expiration

Temp Transfer Effective

Temp Transfer Expiration Date:

Meeting Date: 04/03/2017

Subject

Set May 1, 2017 as the public hearing to amend the FY 2017 Budget

Information

Council needs to set May 1, 2017 as a public hearing (no additional readings) to amend the FY 2017 budget. Taxes will not be increased (per Iowa Code) due to this amendment. Following are the programs affected:

- Capital
 - Public Safety
-

Fiscal Impact

Attachments

No file(s) attached.

Meeting Date: 04/03/2017

Subject

Resolution amending the farm lease agreement with Zachary Moorman acknowledging and approving assignment of the entity established by him and known as MZ Grain, LLC

Information

Zachery Moorman leases the WPC farm land. He has now changed his entity to MZ Grain LLC, and the lease allows assignment only with approval by the Council. Nothing else has changed with the lease. Once approved we will have a new lease signed with MZ Grain LLC and the City.

Fiscal Impact

Attachments

Amended Farm Lease
Original Farm Lease
Resolution

FARM LEASE - CASH OR CROP SHARES
THE IOWA STATE BAR ASSOCIATION
Official Form No. 135
Recorder's Cover Sheet

Preparer Information:

Amy Beattie, 6701 Westown Parkway, Suite 100 , West Des Moines, IA 50266, Phone: (515) 274-1450

Taxpayer Information: City of Indianola, Iowa, 110 North 1st St., Indianola, Iowa 50125

Return Document To:

City of Indianola, Iowa, 110 North 1st St., Indianola, Iowa 50125

Grantors: City of Indianola, Iowa, 110 North 1st St., Indianola, Iowa 50125

Grantees:

Legal Description: See Page 2

Document or instrument number of previously recorded documents:

FARM LEASE - CASH OR CROP SHARES

THIS LEASE ("Lease") is made between City of Indianola ("Landlord"), whose address for the purpose of this Lease is 110 North 1st St., Indianola, Iowa 50125, and MZ Grain, LLC ("Tenant"), whose address for the purpose of this Lease is 6320 SE 60th Street Carlisle, Iowa 0047 (515)210-7574.

THE PARTIES AGREE AS FOLLOWS:

1. PREMISES AND TERM. Landlord leases to Tenant the following real estate situated in Warren County, Iowa (the "Real Estate"): Farmland tract 11838, included in property owned by the City that is legally described as:

The N 1/2 NW 1/4 and the SW 1/4 of the NW 1/4 of Section 2 EXCEPT that part lying South and East of the Old Channel of the Middle River and EXCEPT all North of the center of Middle River Channel in the N 1/2 NW 1/4 of Section 2; ALSO beginning at the Northwest corner of the SW 1/4 of Section 2, thence South 42 rods, thence South 80 degrees East 40 rods, thence North 3 degrees East 49 rods and 4 links, thence West 42 rods and 16 links to the place of beginning (containing 11 Acres and 124 square rods more or less); all in Township 76 North, Range 24 West 5th P.M, Iowa;

AND

The NE 1/4 of Section 3 EXCEPT beginning at the Northwest corner thereof, thence South 66 rods, thence East 6 rods, thence North to Section line, thence West 5 rods to beginning, and EXCEPT all North of the center of Middle River in said NE 1/4 of said Section 3 (containing 48.23 acres more or less); all in Township 76 North, Range 24 West 5th P.M., Warren County, Iowa;

AND

The N 1/2 of the SE 1/4 of Section 3, Township 76 North, Range 24 West of the 5th P.M., Warren County, Iowa;

AND

The S 1/2 of the SE 1/4 of Section 3, Township 76 North, Range 24 West of the 5th P.M., Warren County, Iowa, EXCEPT that part of parcel "F" of the Southwest Quarter of Section 3, Township 76 North, Range 24 West of the 5th P.M., Warren County, Iowa, as shown in Irregular Plat Book 12, Page 2 of 76-24 in the office of the Warren County Recorder, that lies within the SW 1/4 of the SE 1/4 of said Section 3;

AND EXCEPT

Parcel "G" of the survey of the Southwest Quarter of the Southeast Quarter of Section 3, Township 76 North, Range 24 West of the 5th P.M., Warren County, Iowa, as shown in Irregular Plat Book 13, Page 2 of 76-24 in the office of the Warren County Recorder, and containing 247.20 acres, more or less;

Farmland tract 11838 ("Leased Premises") expressly includes crop on side hills and hay ground

located on property as reflected in the map of the Leased Premises, attached hereto as Exhibit A.

Possession by Tenant shall be for a term of two (2) year, commencing on March 1, 2016, and ending on March 1, 2018.

The Tenant has had or been offered an opportunity to make an independent investigation as to the acres and boundaries of the premises. In the event that possession cannot be delivered within fifteen (15) days after commencement of this Lease, Tenant may terminate this Lease by giving the Landlord notice in writing.

2. **RENT.** Tenant shall pay to Landlord as rent for the Leased Premises (the "Rent"):

- a. Total annual cash rent of \$40,200, which shall include a per acre price for haying that portion of the Leased Premises set forth in Exhibit A. Rent shall be payable, unless otherwise agreed, as follows: \$14,000 on April 1, 2016, and \$26,200 on December 15, 2016 and \$14,000 on April 1, 2017 and \$26,200 on December 15, 2017. If Tenant exercises the option to plant cover crop, Tenant shall be entitled to a reduction in rent due on December 15, 2016 up to the amount of the dollar amount of said cover crop as evidenced by invoices provided to Landlord; and
- b. All real estate taxes due on the Leased Premises in accordance with Paragraph (a).

All Rent is to be paid to Landlord at the address above or at such other place as Landlord may direct in writing. Rent must be in Landlord's possession on or before the due date. Participation of this farm in any offered program by the U.S. Department of Agriculture or any state for crop production control or soil conservation, the observance of the terms and conditions of this program, and the division of farm program payments, requires Landlord's prior written consent.

3. **INPUT COSTS AND EXPENSES.** Tenant shall prepare the Leased Premises and plant such crops in a timely fashion as may be directed by Tenant. Tenant shall only be entitled to pasture or till those portions of the Leased Premises designated by Landlord. All necessary machinery and equipment, as well as labor, necessary to carry out the terms of this lease shall be furnished by and at the expense of the Tenant.

4. **PROPER HUSBANDRY; HARVESTING OF CROPS; CARE OF SOIL, TREES, SHRUBS AND GRASS.** Tenant shall farm the Leased Premises in a manner consistent with good husbandry, seek to obtain the best crop production that the soil and crop season will permit, properly care for all growing crops in a manner consistent with good husbandry, and harvest all crops on a timely basis. In the event Tenant fails to do so, Landlord reserves the right, personally or by designated agents, to enter upon the Leased Premises and properly care for and harvest all growing crops, charging the cost of the care and harvest to the Tenant, as part of the Rent. Tenant shall timely control all weeds, including noxious weeds, weeds in the fence rows, along driveways and around buildings throughout the premises. Tenant shall comply with all terms of the conservation plan and any other required environmental plans for the Leased Premises.

Upon request from the Landlord, Tenant shall by August 15 of each lease year provide to the Landlord a written listing showing all crops planted, including the acres of each crop planted, fertilizers, herbicides and insecticides applied showing the place of application, the name and address of the

applicator, the type of application and the quantity of such items applied on the lease premises during such year.

Tenant shall distribute upon the poorest tillable soil on the Leased Premises, unless directed otherwise by Landlord, all of the manure and compost from the farming operation suitable to be used. Tenant shall not remove from the Leased Premises (corn stalk and/or wheat straw in bales are the property of Tenant and shall be removed by Tenant), nor burn, any straw, stalks, stubble, or similar plant materials, all of which are recognized as the property of Landlord. Tenant may use these materials, however, upon the Leased Premises for the farming operations. Tenant shall protect all trees, vines and shrubbery upon the Leased Premises from injury by Tenant's cropping operation or livestock.

Tenant shall maintain accurate yield records for the Leased Premises, and upon request, during or after lease term, shall disclose to Landlord, all yield base information required for participation in government program.

a. Soil Erosion. Tenant shall do what is reasonably necessary to control soil erosion including, but not limited to, the maintenance of existing watercourses, waterways, ditches, drainage areas, terraces and tile drains, and abstain from any practice which will cause damage to the Leased Premises. Tenant shall cause the side hill washout to be maintained to prevent further soil erosion.

b. Cover Crop. The Tenant may plant cover crops in exchange for a reduction in rent in the second year of the term of this Lease. Such reduction shall be determined relative to the costs incurred by Tenant associated with planting and any harvesting said crop.

5. ENVIRONMENTAL.

a. Landlord. To the best of Landlord's knowledge to date:

i) Neither Landlord nor Landlord's former or present tenants are subject to any investigation concerning the premises by any governmental authority under any applicable federal, state, or local codes, rules, and regulations pertaining to air and water quality, the handling, transportation, storage, treatment, usage, or disposal of toxic or hazardous substances, air emissions, other environmental matters, and all zoning and other land use matters.

ii) Any handling, transportation, storage, treatment, or use of toxic or hazardous substances that has occurred on the premises has been in compliance with all applicable federal, state, and local codes, rules, and regulations.

iii) No leak, spill release, discharge, emission, or disposal of toxic or hazardous substances has occurred on the premises.

iv) The soil, groundwater, and soil vapor on or under the premises is free of toxic or hazardous substances except for chemicals (including without limitation fertilizer, herbicides, insecticides) applied in conformance with good farming methods, applicable rules and regulations and the label directions of each chemical.

Landlord shall hold Tenant harmless against liability for removing solid waste disposal sites

existing at the execution of this Lease, with the exception that Tenant shall be liable for removal of solid waste disposal sites to the extent that the Tenant created or contributed to the solid waste disposal site at any time.

Landlord shall assume liability and shall indemnify and hold Tenant harmless against any liability or expense arising from any condition which existed, whether known or unknown, at the time of execution of the lease which is not a result of actions of the Tenant or which arises after date of execution but which is not a result of actions of the Tenant.

Landlord shall disclose in writing to Tenant the existence of any known wells, underground storage tanks, hazardous waste sites, and solid waste disposal sites. Disclosure may be provided by a properly completed groundwater hazard statement to be supplemented if changes occur.

b. Tenant. Tenant shall comply with all applicable environmental laws concerning application, storage and handling of chemicals (including, without limitation, herbicides and insecticides) and fertilizers. Tenant shall apply any chemicals used for weed or insect control at levels not to exceed the manufacturer's recommendation for the soil types involved. Farm chemicals may be stored on the premises for more than one year. Farm chemicals for use on other properties may be stored on this property. Chemicals stored on the premises shall be stored in clearly marked, tightly closed containers. No chemicals or chemical containers will be disposed of on the premises. Application of chemicals for agricultural purposes per manufacturer's recommendation shall not be construed to constitute disposal.

Tenant shall employ all means appropriate to insure that well or ground water contamination does not occur, and shall be responsible to follow all applicator's licensing requirements. Tenant shall install and maintain safety check valves for injection of any chemicals and/or fertilizers into an irrigation system (injection valve only, not main well check valve). Tenant shall properly post all fields (when posting is required) whenever chemicals are applied by ground or air. Tenant shall haul and spread all manure on appropriate fields at times and in quantities consistent with environmental protection requirements. Tenant shall not dispose of waste oil, tires, batteries, paint, other chemicals or containers anywhere on the premises. Solid waste may not be disposed of on the premises. Tenant shall not use waste oil as a means to suppress dust on any roads on or near the premises. No underground storage tanks, except human waste septic systems that meet current codes, rules, and regulations, shall be maintained on the premises.

Tenant shall immediately notify Landlord of any chemical discharge, leak, or spill which occurs on premises. Tenant shall assume liability and shall indemnify and hold Landlord harmless for any claim or violation of standards which results from Tenant's use of the premises. Tenant shall assume defense of all claims, except claims resulting from Landlord's negligence, in which case each party shall be responsible for that party's defense of any claim. After termination, Tenant shall remain liable for violations which occurred during the term of this Lease.

6. HUNTING AND TRAPPING. Tenant shall not hunt or trap on the premises, nor shall the Tenant permit or allow others to hunt or trap on the premises.

7. BIOSOLIDS. Landlord reserves the right to apply biosolids or inject biosolids with grass applicator to any or all hay/alfalfa in fields, 2, 3 or 4 (see Exhibit A) any time after the first cutting.

Landlord also reserves the right to knife in, inject, and/or surface apply biosolids to fields 1 and 9 on a seasonal basis when crops are not growing. Furthermore, the Landlord shall have the right to land apply biosolids on at least seventy acres that are subject to this lease at any time throughout any year. The seventy-acre area may be on an alternate site provided by Tenant. If Tenant cannot provide an alternate site, the Landlord shall designate the acreage subject to this lease which shall be used for land application of biosolids. Landlord shall give Tenant 30-day notice before any such land application of biosolids except in an emergency situation. Landlord shall not apply biosolids to growing row crops. This lease shall be reduced by \$5,000.00 per year if Tenant must plant hay and not use an alternate site as described above.

8. TERMINATION OF LEASE. This Lease shall automatically terminate upon the expiration of its term. Upon Tenant's default, Landlord shall have the right to terminate this Lease. All notices of termination of this Lease shall be as provided by law.

9. POSSESSION AND CONDITION AT END OF TERM. At the termination of this Lease, Tenant will relinquish possession of the Leased Premises to the Landlord. If Tenant fails to do so Tenant agrees to pay Landlord double the rental value of the Leased Premises during the time the tenant holds over as liquidated damages until possession is delivered to Landlord. At the time of delivery of the Leased Premises to Landlord, Tenant shall assure that the Leased Premises is in good order and condition, and substantially the same as it was when received by Tenant at the commencement of this Lease, excusable or insurable loss by fire, unavoidable accidents and ordinary wear, excepted.

10. LANDLORD'S RIGHT OF ENTRY AND INSPECTION. In the event notice of termination of this Lease has been properly served, Landlord may enter upon the Leased Premises or authorize someone else to enter upon the Leased Premises to conduct any normal tillage or fertilizer operation after Tenant has completed the harvesting of crops even if this is prior to the date of termination of the lease. Landlord may enter upon the Leased Premises at any reasonable time for the purpose of viewing or seeding or making repairs, or for other reasonable purposes.

11. VIOLATION OF TERMS OF LEASE. If Tenant or Landlord violates the terms of this Lease, the other may pursue the legal and equitable remedies to which each is entitled. Tenant's failure to pay any Rent when due shall cause all unpaid Rent to become immediately due and payable, without any notice to or demand upon Tenant.

12. REPAIRS. Tenant shall maintain the fences on the Leased Premises in good and proper repair. Landlord shall furnish necessary materials for repairs that Landlord deems necessary within a reasonable time after being notified of the need for repairs. Tenant shall haul the materials to the repair site without charge to Landlord.

13. NEW IMPROVEMENTS. All buildings, fences and improvements of every kind and nature that may be erected or established upon the Leased Premises during the term of the Lease by the Tenant shall constitute additional rent and shall inure to the Leased Premises, becoming the property of Landlord unless the Landlord has agreed in writing prior to the erection that the Tenant may remove the improvement at the end of the lease.

14. WELL, WINDMILL, WATER AND SEPTIC SYSTEMS. Tenant shall maintain and all well, windmill, water and septic systems on the Leased Premises in good repair at Tenant's expense

except damage caused by windstorm or weather. Tenant shall not be responsible for replacement or installation of well, windmill, water and septic systems on the Leased Premises, beyond ordinary maintenance expenses. Landlord does not guarantee continuous or adequate supplies of water for the premises.

15. EXPENSES INCURRED WITHOUT CONSENT OF LANDLORD. No expense shall be incurred for or on account of the Landlord without first obtaining Landlord's written authorization. Tenant shall take no actions that might cause a mechanic's lien to be imposed upon the Leased Premises.

16. NO AGENCY. Tenant is not an agent of the Landlord.

17. ACCOUNTING. The method used for dividing and accounting for the harvested grain shall be the customary and usual method used in the locale.

18. ATTORNEY FEES AND COURT COSTS. If either party files suit to enforce any of the terms of this Lease, the prevailing party shall be entitled to recover court costs and reasonable attorneys' fees.

19. CHANGE IN LEASE TERMS. The conduct of either party, by act or omission, shall not be construed as a material alteration of this Lease until such provision is reduced to writing and executed by both parties as addendum to this Lease.

20. CONSTRUCTION. Words and phrases herein, including the acknowledgment, are construed as in the singular or plural and as the appropriate gender, according to the context.

21. NOTICES. The notices contemplated in this Lease shall be made in writing and shall either be delivered in person, or be mailed in the U.S. mail, certified mail to the recipient's last known mailing address, except for the notice of termination set forth in Section 6, which shall be governed by the Code of Iowa.

22. ASSIGNMENT. Tenant shall not assign this Lease or sublet the Leased Premises or any portion thereof without prior written authorization of Landlord.

23. CERTIFICATION. Tenant certifies that it is not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person" or any other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control; and it is not engaged in this transaction, directly or indirectly on behalf of, or instigating or facilitating this transaction, directly or indirectly on behalf of, any such person, group, entity or nation. Tenant hereby agrees to defend, indemnify and hold harmless Landlord from and against any and all claims, damages, losses, risks, liabilities and expenses (including attorney's fees and costs) arising from or related to any breach of the foregoing certification.

24. ADDITIONAL PROVISIONS.

a. Property Tax Payments. Tenant shall be responsible for making all property tax payments due and owing to the City on April 1 of each year of lease term. Such tax payments shall be remitted to the Landlord as rent, as set forth in Section 2.

b. Hay Ground Included. Tenant shall be responsible for haying the 38.3 acres of the Leased Premises reflected as former CRP land in attached Exhibit A (fields #15, 16, 17, 18 and 21). Such haying shall be reflected as a per acre value for such ground and included in the Rent as set forth in Subsection 2 of this Lease.

c. In the event that Landlord needs access to any portion of the Property for the purposes of beginning construction on a wastewater treatment plant, this Lease may be terminated by the Landlord upon sixty (60) days written notice to Tenant. In the event Landlord needs access to a portion of the Property being farmed by Tenant prior to the harvesting of that current year's crops Landlord shall pay to Tenant an amount equal to the cost of the crop inputs.

Amended DATED: April 3, 2017

TENANT

CITY OF INDIANOLA, LANDLORD

By: MZ Grain, LLC Tenant

By: Kelly B. Shaw, Mayor

STATE OF IOWA, COUNTY OF WARREN: ss

This instrument was acknowledged before me on this ____ day of _____, 2015, by _____, Tenant.

Iowa Notary Public

STATE OF IOWA, COUNTY OF WARREN: ss

This instrument was acknowledged before me on this ____ day of _____, 2015, by Kelly B. Shaw, Mayor, City of Indianola, Landlord.

Iowa Notary Public

OFFICE OF CITY CLERK
CLERK

NOV 23 2015

FARM LEASE - CASH OR CROP SHARES

THIS LEASE ("Lease") is made between City of Indianola ("Landlord"), whose address for the purpose of this Lease is 110 North 1st St., Indianola, Iowa 50125, and Zachary Moore ("Tenant"), whose address for the purpose of this Lease is 6320 SE 60TH ST. Carlisle, IA 50042
515-210-7574

THE PARTIES AGREE AS FOLLOWS:

1. PREMISES AND TERM. Landlord leases to Tenant the following real estate situated in Warren County, Iowa (the "Real Estate"): Farmland tract 11838, included in property owned by the City that is legally described as:

The N 1/2 NW 1/4 and the SW 1/4 of the NW 1/4 of Section 2 EXCEPT that part lying South and East of the Old Channel of the Middle River and EXCEPT all North of the center of Middle River Channel in the N 1/2 NW 1/4 of Section 2; ALSO beginning at the Northwest corner of the SW 1/4 of Section 2, thence South 42 rods, thence South 80 degrees East 40 rods, thence North 3 degrees East 49 rods and 4 links, thence West 42 rods and 16 links to the place of beginning (containing 11 Acres and 124 square rods more or less); all in Township 76 North, Range 24 West 5th P.M, Iowa;

AND

The NE 1/4 of Section 3 EXCEPT beginning at the Northwest corner thereof, thence South 66 rods, thence East 6 rods, thence North to Section line, thence West 5 rods to beginning, and EXCEPT all North of the center of Middle River in said NE 1/4 of said Section 3 (containing 48.23 acres more or less); all in Township 76 North, Range 24 West 5th P.M., Warren County, Iowa;

AND

The N 1/2 of the SE 1/4 of Section 3, Township 76 North, Range 24 West of the 5th P.M., Warren County, Iowa;

AND

The S 1/2 of the SE 1/4 of Section 3, Township 76 North, Range 24 West of the 5th P.M., Warren County, Iowa, EXCEPT that part of parcel "F" of the Southwest Quarter of Section 3, Township 76 North, Range 24 West of the 5th P.M., Warren County, Iowa, as shown in Irregular Plat Book 12, Page 2 of 76-24 in the office of the Warren County Recorder, that lies within the SW 1/4 of the SE 1/4 of said Section 3;

AND EXCEPT

Parcel "G" of the survey of the Southwest Quarter of the Southeast Quarter of Section 3, Township 76 North, Range 24 West of the 5th P.M., Warren County, Iowa, as shown in Irregular Plat Book 13, Page 2 of 76-24 in the office of the Warren County Recorder, and containing 247.20 acres, more or less;

Farmland tract 11838 ("Leased Premises") expressly includes crop on side hills and hay ground

located on property as reflected in the map of the Leased Premises, attached hereto as Exhibit A.

Possession by Tenant shall be for a term of two (2) year, commencing on March 1, 2016, and ending on March 1, 2018.

The Tenant has had or been offered an opportunity to make an independent investigation as to the acres and boundaries of the premises. In the event that possession cannot be delivered within fifteen (15) days after commencement of this Lease, Tenant may terminate this Lease by giving the Landlord notice in writing.

2. RENT. Tenant shall pay to Landlord as rent for the Leased Premises (the "Rent"):

- a. Total annual cash rent of \$40,200, which shall include a per acre price for haying that portion of the Leased Premises set forth in Exhibit A. Rent shall be payable, unless otherwise agreed, as follows: \$14,000 on April 1, 2016, and \$26,200 on December 15, 2016 and \$14,000 on April 1, 2017 and \$26,200 on December 15, 2017. If Tenant exercises the option to plant cover crop, Tenant shall be entitled to a reduction in rent due on December 15, 2016 up to the amount of the dollar amount of said cover crop as evidenced by invoices provided to Landlord; and
- b. All real estate taxes due on the Leased Premises in accordance with Paragraph (a).

All Rent is to be paid to Landlord at the address above or at such other place as Landlord may direct in writing. Rent must be in Landlord's possession on or before the due date. Participation of this farm in any offered program by the U.S. Department of Agriculture or any state for crop production control or soil conservation, the observance of the terms and conditions of this program, and the division of farm program payments, requires Landlord's prior written consent.

3. INPUT COSTS AND EXPENSES. Tenant shall prepare the Leased Premises and plant such crops in a timely fashion as may be directed by Tenant. Tenant shall only be entitled to pasture or till those portions of the Leased Premises designated by Landlord. All necessary machinery and equipment, as well as labor, necessary to carry out the terms of this lease shall be furnished by and at the expense of the Tenant.

4. PROPER HUSBANDRY; HARVESTING OF CROPS; CARE OF SOIL, TREES, SHRUBS AND GRASS. Tenant shall farm the Leased Premises in a manner consistent with good husbandry, seek to obtain the best crop production that the soil and crop season will permit, properly care for all growing crops in a manner consistent with good husbandry, and harvest all crops on a timely basis. In the event Tenant fails to do so, Landlord reserves the right, personally or by designated agents, to enter upon the Leased Premises and properly care for and harvest all growing crops, charging the cost of the care and harvest to the Tenant, as part of the Rent. Tenant shall timely control all weeds, including noxious weeds, weeds in the fence rows, along driveways and around buildings throughout the premises. Tenant shall comply with all terms of the conservation plan and any other required environmental plans for the Leased Premises.

Upon request from the Landlord, Tenant shall by August 15 of each lease year provide to the Landlord a written listing showing all crops planted, including the acres of each crop planted, fertilizers, herbicides and insecticides applied showing the place of application, the name and address of the

applicator, the type of application and the quantity of such items applied on the lease premises during such year.

Tenant shall distribute upon the poorest tillable soil on the Leased Premises, unless directed otherwise by Landlord, all of the manure and compost from the farming operation suitable to be used. Tenant shall not remove from the Leased Premises (corn stalk and/or wheat straw in bales are the property of Tenant and shall be removed by Tenant), nor burn, any straw, stalks, stubble, or similar plant materials, all of which are recognized as the property of Landlord. Tenant may use these materials, however, upon the Leased Premises for the farming operations. Tenant shall protect all trees, vines and shrubbery upon the Leased Premises from injury by Tenant's cropping operation or livestock.

Tenant shall maintain accurate yield records for the Leased Premises, and upon request, during or after lease term, shall disclose to Landlord, all yield base information required for participation in government program.

a. Soil Erosion. Tenant shall do what is reasonably necessary to control soil erosion including, but not limited to, the maintenance of existing watercourses, waterways, ditches, drainage areas, terraces and tile drains, and abstain from any practice which will cause damage to the Leased Premises. Tenant shall cause the side hill washout to be maintained to prevent further soil erosion.

b. Cover Crop. The Tenant may plant cover crops in exchange for a reduction in rent in the second year of the term of this Lease. Such reduction shall be determined relative to the costs incurred by Tenant associated with planting and any harvesting said crop.

5. ENVIRONMENTAL.

a. Landlord. To the best of Landlord's knowledge to date:

i) Neither Landlord nor Landlord's former or present tenants are subject to any investigation concerning the premises by any governmental authority under any applicable federal, state, or local codes, rules, and regulations pertaining to air and water quality, the handling, transportation, storage, treatment, usage, or disposal of toxic or hazardous substances, air emissions, other environmental matters, and all zoning and other land use matters.

ii) Any handling, transportation, storage, treatment, or use of toxic or hazardous substances that has occurred on the premises has been in compliance with all applicable federal, state, and local codes, rules, and regulations.

iii) No leak, spill release, discharge, emission, or disposal of toxic or hazardous substances has occurred on the premises.

iv) The soil, groundwater, and soil vapor on or under the premises is free of toxic or hazardous substances except for chemicals (including without limitation fertilizer, herbicides, insecticides) applied in conformance with good farming methods, applicable rules and regulations and the label directions of each chemical.

Landlord shall hold Tenant harmless against liability for removing solid waste disposal sites

existing at the execution of this Lease, with the exception that Tenant shall be liable for removal of solid waste disposal sites to the extent that the Tenant created or contributed to the solid waste disposal site at any time.

Landlord shall assume liability and shall indemnify and hold Tenant harmless against any liability or expense arising from any condition which existed, whether known or unknown, at the time of execution of the lease which is not a result of actions of the Tenant or which arises after date of execution but which is not a result of actions of the Tenant.

Landlord shall disclose in writing to Tenant the existence of any known wells, underground storage tanks, hazardous waste sites, and solid waste disposal sites. Disclosure may be provided by a properly completed groundwater hazard statement to be supplemented if changes occur.

b. Tenant. Tenant shall comply with all applicable environmental laws concerning application, storage and handling of chemicals (including, without limitation, herbicides and insecticides) and fertilizers. Tenant shall apply any chemicals used for weed or insect control at levels not to exceed the manufacturer's recommendation for the soil types involved. Farm chemicals may be stored on the premises for more than one year. Farm chemicals for use on other properties may be stored on this property. Chemicals stored on the premises shall be stored in clearly marked, tightly closed containers. No chemicals or chemical containers will be disposed of on the premises. Application of chemicals for agricultural purposes per manufacturer's recommendation shall not be construed to constitute disposal.

Tenant shall employ all means appropriate to insure that well or ground water contamination does not occur, and shall be responsible to follow all applicator's licensing requirements. Tenant shall install and maintain safety check valves for injection of any chemicals and/or fertilizers into an irrigation system (injection valve only, not main well check valve). Tenant shall properly post all fields (when posting is required) whenever chemicals are applied by ground or air. Tenant shall haul and spread all manure on appropriate fields at times and in quantities consistent with environmental protection requirements. Tenant shall not dispose of waste oil, tires, batteries, paint, other chemicals or containers anywhere on the premises. Solid waste may not be disposed of on the premises. Tenant shall not use waste oil as a means to suppress dust on any roads on or near the premises. No underground storage tanks, except human waste septic systems that meet current codes, rules, and regulations, shall be maintained on the premises.

Tenant shall immediately notify Landlord of any chemical discharge, leak, or spill which occurs on premises. Tenant shall assume liability and shall indemnify and hold Landlord harmless for any claim or violation of standards which results from Tenant's use of the premises. Tenant shall assume defense of all claims, except claims resulting from Landlord's negligence, in which case each party shall be responsible for that party's defense of any claim. After termination, Tenant shall remain liable for violations which occurred during the term of this Lease.

6. HUNTING AND TRAPPING. Tenant shall not hunt or trap on the premises, nor shall the Tenant permit or allow others to hunt or trap on the premises.

7. BIOSOLIDS. Landlord reserves the right to apply biosolids or inject biosolids with grass applicator to any or all hay/alfalfa in fields, 2, 3 or 4 (see Exhibit A) any time after the first cutting.

Landlord also reserves the right to knife in, inject, and/or surface apply biosolids to fields 1 and 9 on a seasonal basis when crops are not growing. Furthermore, the Landlord shall have the right to land apply biosolids on at least seventy acres that are subject to this lease at any time throughout any year. The seventy-acre area may be on an alternate site provided by Tenant. If Tenant cannot provide an alternate site, the Landlord shall designate the acreage subject to this lease which shall be used for land application of biosolids. Landlord shall give Tenant 30-day notice before any such land application of biosolids except in an emergency situation. Landlord shall not apply biosolids to growing row crops. This lease shall be reduced by \$5,000.00 per year if Tenant must plant hay and not use an alternate site as described above.

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b. **Hay Ground Included.** Tenant shall be responsible for haying the 38.3 acres of the Leased Premises reflected as former CRP land in attached Exhibit A (fields #15, 16, 17, 18 and 21). Such haying shall be reflected as a per acre value for such ground and included in the Rent as set forth in Subsection 2 of this Lease.

c. In the event that Landlord needs access to any portion of the Property for the purposes of beginning construction on a wastewater treatment plant, this Lease may be terminated by the Landlord upon sixty (60) days written notice to Tenant. In the event Landlord needs access to a portion of the Property being farmed by Tenant prior to the harvesting of that current year's crops Landlord shall pay to Tenant an amount equal to the cost of the crop inputs.

DATED: November 23, 2015

TENANT

CITY OF INDIANOLA, LANDLORD

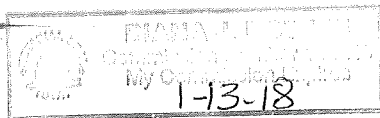
By: Zachary Moorman Tenant

By: Kelly B. Shaw Mayor

STATE OF IOWA, COUNTY OF WARREN: ss

This instrument was acknowledged before me on this 23 day of November, 2015, by Zachary Moorman Tenant.

DIANA J. BOWLIN
Commission Number 041210
My Commission Expires



Diana Bowlin

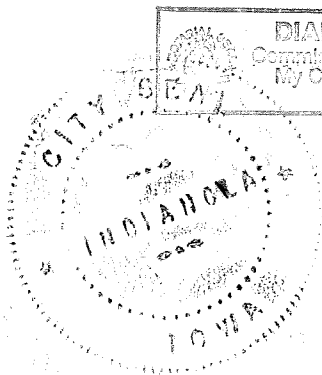
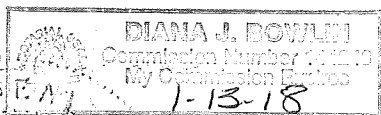
Iowa Notary Public

STATE OF IOWA, COUNTY OF WARREN: ss

This instrument was acknowledged before me on this 7 day of December, 2015, by Kelly B. Shaw, Mayor, City of Indianola, Landlord.

Diana Bowlin

Iowa Notary Public



RESOLUTION NO. 2017-_____

**RESOLUTION APPROVING AN AMENDMENT TO FARM LEASE AGREEMENT
WITH ZACHARY MOORMAN ACKNOWLEDGING AND APPROVING
ASSIGNMENT OF THE ENTITY ESTABLISHED BY HIM AND
KNOWN AS MZ GRAIN, LLC**

WHEREAS, the City Council of the City of Indianola previously approved a farm lease with Zachary Moorman on November 23, 2015; and

WHEREAS, the farm lease was made between the City of Indianola and Zachary Moorman; and

WHEREAS, Zachary Moorman has change his entity established by him to MZ Grain LLC; and

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Indianola that the farm lease is hereby approved in essentially the same form of the agreement that accompanies this resolution.

BE IT FURTHER RESOLVED that this amendment is hereby approved and the Mayor of the City of Indianola is hereby authorized to execute said amendment to the Farm Lease on behalf of the City of Indianola, Iowa.

DATED this 3rd day of April, 2017.

Kelly B. Shaw, Mayor

ATTEST:

Diana Bowlin, City Clerk

Meeting Date: 04/03/2017

Subject

Noise permit from The Garage - will have live music on Friday and/or Saturday evenings (April 7, 2017 - November 30, 2017) from 8:00 p.m. - midnight

Information

Dan Brown and Clint Brightman, The Garage, are requesting a noise permit for live music on Friday and/or Saturday nights starting April 7 - November 30, 2017. As in previous years, the sound from the speakers will face to the south away from residential neighborhoods. Police Chief Dave Button and City Manager Ryan Waller have approved.

Council approval is necessary since this permit is for multiple days.

Fiscal Impact

Attachments

Noise Permit The Garage

Date: 3/24/17

Noise Permit Application

For The Garage

Event Date: April 7, 2017 - November 30, 2017 (Every Friday/Saturday night)

Staff Recommendation

Attached is an noise permit application. Please review; add any comments you feel are necessary, such as concerns or other items to be considered regarding the request. Initial and date under either approval or disapproval.

Approve

Disapprove

Police Department – Dave Button

DB 3/27/17

City Manager – Ryan Waller

R 3/27/17

Comments:

Please return to Diana Bowlin by: ASAP

Thank you for your time and consideration!

Noise Event Application

2

Event Name: Bike Nights/Bands/DJs
Date/Time of Event: 4/19/17 - 11/30/17
Location of Event: The Garage (back patio)
Event Sponsor(s): _____

Contact Information:

Organization: The Garage
Contact Name: Des Miller
Address: 114 E Ashland Ave
Telephone Number: 961-9026
Cell Phone Number: 313-5144
Fax Number: _____
Email Address: MILLDES22@GMAIL.COM
Today's Date: 3.23.17

Anticipated Attendance: _____ Per Day _____ Total

Event Information:

Event Starts Date: 4/19/17 Time 8:00 p.m. Day of Week Fri/Sat
Event Ends Date: 11/30/17 Time _____ Day of Week Fri/Sat
All events (bands) end at midnight

Previous Event Information

Date of Event: _____ Time of Event: _____

Please provide a map showing the event location and location of band/music,
please specify: _____ Band _____ DJ _____ Other (please specify)
outdoor back patio

RETURN NOISE APPLICATION TO:

110 North First Street, PO Box 299

Indianola, Iowa 50125

Phone: 515-961-9410 Fax: 515-961-9402

www.indianolaiowa.gov

E-Mail: dbowlin@cityofindianola.com

APPLICANT SIGNATURE: _____



Late Fee: _____ Cash: _____ Check: _____ Received By: _____

OFFICE USE ONLY

DATE RECEIVED:		Signature	Date	Approved	Denied
Police Department:					
City Manager:					

S
Front door

Inside
bar

E
Back door
patio

W
STAGE

N

RETURN NOISE APPLICATION TO:

110 North First Street, PO Box 299

Indianola, Iowa 50125

Phone: 515-961-9410 Fax: 515-961-9402

www.indianolaiowa.govE-Mail: dbowlin@cityofindianola.com

Meeting Date: 04/03/2017

Subject

Claims on the computer printout for April 3, 2017

Information

Fiscal Impact

Attachments

Vendor Report

Claims

Vendor Name	Description	Invoice Date	Net Invoice Amount	FUND
1-DAY CDL				
1-DAY CDL	CDL - TRAINING - (CLASS B)	02/13/2017	500.00	FIRE FUND
Total 1-DAY CDL:			500.00	
21ST CENTURY REHAB P.C.				
21ST CENTURY REHAB P.C.	PREWORK SCREENS	03/08/2017	120.00	GENERAL FUND
Total 21ST CENTURY REHAB P.C.:			120.00	
ADAMS DOOR COMPANY INC.				
ADAMS DOOR COMPANY INC.	DOOR REPAIR	02/09/2017	130.00	POLICE FUND
Total ADAMS DOOR COMPANY INC.:			130.00	
AGRILAND FS INC				
AGRILAND FS INC	HERBICIDE & STICKER	03/14/2017	2,526.61	PARK & RECREATI
AGRILAND FS INC	HERBICIDE & STICKER	03/14/2017	732.54	PARK & RECREATI
Total AGRILAND FS INC:			3,259.15	
AIR-CON MECHANICAL CORP.				
AIR-CON MECHANICAL CORP.	BOILER IN ALARM	03/27/2017	106.52	GENERAL FUND
AIR-CON MECHANICAL CORP.	BOILER NOT RUNNING	03/27/2017	266.26	GENERAL FUND
Total AIR-CON MECHANICAL CORP.:			372.78	
ATLANTIC BOTTLING CO.				
ATLANTIC BOTTLING CO.	PICKARD SONCESSIONS 3/21	03/21/2017	1,818.48	PARK & RECREATI
Total ATLANTIC BOTTLING CO.:			1,818.48	
AUBERT'S TOWING				
AUBERT'S TOWING	TOWING - ABANDONED	01/25/2017	165.00	POLICE FUND
Total AUBERT'S TOWING:			165.00	
B & F FASTENER SUPPLY CO				
B & F FASTENER SUPPLY CO	NUTS/BOLTS	03/10/2017	9.46	ROAD USE TAX FU
Total B & F FASTENER SUPPLY CO:			9.46	
BRICK GENTRY P.C.				
BRICK GENTRY P.C.	20303.004 LEGAL SERVICE	02/25/2017	1,155.00	GENERAL FUND
Total BRICK GENTRY P.C.:			1,155.00	
CARPENTER UNIFORM CO				
CARPENTER UNIFORM CO	UNIFORMS - TEMPLE	02/27/2017	62.69	POLICE FUND
CARPENTER UNIFORM CO	UNIFORMS - TEMPLE	02/27/2017	62.69	POLICE FUND
CARPENTER UNIFORM CO	UNIFORMS - TEMPLE	03/09/2017	143.98	POLICE FUND
Total CARPENTER UNIFORM CO:			269.36	
CDW GOVERNMENT INC				
CDW GOVERNMENT INC	MISCROSOFT OFFICE LICENSING	03/24/2017	4,898.60	CAPITAL PROJECT

Vendor Name	Description	Invoice Date	Net Invoice Amount	FUND
Total CDW GOVERNMENT INC:			4,898.60	
CENTURYLINK				
CENTURYLINK	TRAFFIC SIGNALS	03/22/2017	48.09	ROAD USE TAX FU
CENTURYLINK	E911 PHONE	03/22/2017	55.10	PARK & RECREATI
Total CENTURYLINK:			103.19	
CLAUSEN, REBECCA				
CLAUSEN, REBECCA	IPAD INSTRUCTION	02/21/2017	85.00	PARK & RECREATI
Total CLAUSEN, REBECCA:			85.00	
COMBUSTION CONTROL CO.				
COMBUSTION CONTROL CO.	REPAIR DIGESTER BOILER	03/13/2017	997.50	SEWER FUND
COMBUSTION CONTROL CO.	REPAIR DIGESTER BOILER	03/20/2017	1,383.00	SEWER FUND
COMBUSTION CONTROL CO.	REPAIR DIGESTER BOILER	03/20/2017	384.00	SEWER FUND
Total COMBUSTION CONTROL CO.:			2,764.50	
CRAIG'S AUTOMOTIVE				
CRAIG'S AUTOMOTIVE	VEHICLE REPAIR	02/28/2017	1,226.16	POLICE FUND
Total CRAIG'S AUTOMOTIVE:			1,226.16	
CRYSTAL CLEAR WATER CO				
CRYSTAL CLEAR WATER CO	DI WATER FOR LAB	03/16/2017	15.00	SEWER FUND
Total CRYSTAL CLEAR WATER CO:			15.00	
CUSTOM SOLUTIONS INVESTIGATIONS LLC				
CUSTOM SOLUTIONS INVESTI	SERVICE OF PETITION 1909 W 4TH AVE	03/21/2017	65.00	STREET CAPITAL
Total CUSTOM SOLUTIONS INVESTIGATIONS LLC:			65.00	
DAVE BUNCH PIANO SERVICE				
DAVE BUNCH PIANO SERVICE	PIANO TUNING	03/13/2017	75.00	PARK & RECREATI
Total DAVE BUNCH PIANO SERVICE:			75.00	
DELL MARKETING L.P.				
DELL MARKETING L.P.	LAPTOP	11/25/2016	1,970.47	POLICE FUND
Total DELL MARKETING L.P.:			1,970.47	
DES MOINES WATER WORKS				
DES MOINES WATER WORKS	FEB BILLING	03/10/2017	3,161.33	GENERAL FUND
Total DES MOINES WATER WORKS:			3,161.33	
DIAMOND VOGEL PAINT				
DIAMOND VOGEL PAINT	TRAFFIC PAINT	03/29/2017	3,749.80	ROAD USE TAX FU
DIAMOND VOGEL PAINT	GLASS BEADS	03/29/2017	118.00	ROAD USE TAX FU
Total DIAMOND VOGEL PAINT:			3,867.80	

Vendor Name	Description	Invoice Date	Net Invoice Amount	FUND
DUST PROS JANITORIAL				
DUST PROS JANITORIAL	MONTHLY CLEANING	03/21/2017	4,000.00	GENERAL FUND
DUST PROS JANITORIAL	MONTHLY CLEANING SERVICES	03/20/2017	1,462.00	PARK & RECREATI
Total DUST PROS JANITORIAL:			5,462.00	
ELECTRIC PUMP				
ELECTRIC PUMP	ANNUAL MAINTENANCE TO LIFT STATION P	03/17/2017	875.00	SEWER FUND
Total ELECTRIC PUMP:			875.00	
ELECTRICAL ENG & EQUIP				
ELECTRICAL ENG & EQUIP	SERVICE GENERATOR	03/13/2017	392.80	GENERAL FUND
Total ELECTRICAL ENG & EQUIP:			392.80	
ELECTRONIC ENGINEERING CO				
ELECTRONIC ENGINEERING C	RADIO REPAIR	03/09/2017	19.25	POLICE FUND
ELECTRONIC ENGINEERING C	RADIO REPAIR	03/09/2017	35.00	POLICE FUND
Total ELECTRONIC ENGINEERING CO:			54.25	
FARNER-BROCKEN CO				
FARNER-BROCKEN CO	PICKARD CONCESSIONS	03/21/2017	3,221.38	PARK & RECREATI
Total FARNER-BROCKEN CO:			3,221.38	
GRAY DIETZ, PAULA				
GRAY DIETZ, PAULA	INSTRUCTION BRICKS 4 KIDZ	03/24/2017	169.00	PARK & RECREATI
Total GRAY DIETZ, PAULA:			169.00	
HART, NORMAN				
HART, NORMAN	WELLNESS FEB & MARCH	03/17/2017	50.00	SEWER FUND
Total HART, NORMAN:			50.00	
HY-VEE				
HY-VEE	LET'S DO LUNCH INSTRUCTION	03/08/2017	40.00	PARK & RECREATI
Total HY-VEE:			40.00	
IA DEPT OF INSPECTIONS/APEALS				
IA DEPT OF INSPECTIONS/APP	FOOD SERVICE LICENSE	03/23/2017	67.50	POOL (MEMORIAL)
Total IA DEPT OF INSPECTIONS/APEALS:			67.50	
INDOFF INCORPORATED				
INDOFF INCORPORATED	60 DAY WALL PLANNER	03/15/2017	23.74	PARK & RECREATI
INDOFF INCORPORATED	CALENDAR	03/21/2017	21.61	PARK & RECREATI
INDOFF INCORPORATED	LAMINATING POUCHES KEY CARD	03/23/2017	29.90	PARK & RECREATI
Total INDOFF INCORPORATED:			75.25	
INFOMAX OFFICE SYSTEMS INC.				
INFOMAX OFFICE SYSTEMS IN	COPIER CONTRACT	03/02/2017	282.92	POLICE FUND
INFOMAX OFFICE SYSTEMS IN	COPIES	03/17/2017	67.24	PARK & RECREATI
INFOMAX OFFICE SYSTEMS IN	PRINTER/COPIER LEASE CHARGES	03/22/2017	193.18	GENERAL FUND

Vendor Name	Description	Invoice Date	Net Invoice Amount	FUND
Total INFOMAX OFFICE SYSTEMS INC.:			543.34	
IOWA CODIFICATION INC				
IOWA CODIFICATION INC	SUPPLEMENTS	03/22/2017	109.00	GENERAL FUND
Total IOWA CODIFICATION INC:			109.00	
IOWA DIV OF LABOR SERVICES				
IOWA DIV OF LABOR SERVICE	CITY HALL BOILER INSPECTION	03/20/2017	80.00	GENERAL FUND
Total IOWA DIV OF LABOR SERVICES:			80.00	
IOWA PARK & REC. ASSOC.				
IOWA PARK & REC. ASSOC.	IPRA MEMBERSHIP - ANGIE BUCHANAN	03/16/2017	75.00	PARK & RECREATI
Total IOWA PARK & REC. ASSOC.:			75.00	
IOWA PRISON INDUSTRIES				
IOWA PRISON INDUSTRIES	ADMISSION SIGNAGE	03/15/2017	57.50	POOL (MEMORIAL)
Total IOWA PRISON INDUSTRIES:			57.50	
IOWA STATE AUDITOR				
IOWA STATE AUDITOR	STATE AUDIT REPORT FY 2016 CITY	03/27/2017	425.00	GENERAL FUND
Total IOWA STATE AUDITOR:			425.00	
IOWA STATE UNIVERSITY				
IOWA STATE UNIVERSITY	FIRE/ARSON CLASS	03/22/2017	300.00	FIRE FUND
Total IOWA STATE UNIVERSITY:			300.00	
ITRON INC.				
ITRON INC.	QUARTERLY SUPPORT (04/01/17 - 06/30/17)	03/12/2017	581.30	SEWER FUND
Total ITRON INC.:			581.30	
JV TRUCKING LLC				
JV TRUCKING LLC	BLACK DIRT	03/08/2017	350.00	PARK & RECREATI
Total JV TRUCKING LLC:			350.00	
KIYA KODA HUMANE SOCIETY				
KIYA KODA HUMANE SOCIETY	HUMANE SOCIETY CONTRACT - APR 2017	03/24/2017	2,412.74	POLICE FUND
Total KIYA KODA HUMANE SOCIETY:			2,412.74	
LOU'S GLOVES INC				
LOU'S GLOVES INC	NITRILE GLOVES	03/22/2017	152.00	SEWER FUND
Total LOU'S GLOVES INC:			152.00	
MAYER, PAT				
MAYER, PAT	REFUND OF DEPOSIT FOR NEW HEIGHTS C	03/27/2017	150.00	PARK & RECREATI
Total MAYER, PAT:			150.00	

Vendor Name	Description	Invoice Date	Net Invoice Amount	FUND
MC COY HARDWARE INC				
MC COY HARDWARE INC	BATTERIES	03/06/2017	7.64	GENERAL FUND
MC COY HARDWARE INC	BATTERIES FOR PUSH CAMERA	03/27/2017	13.49	SEWER FUND
Total MC COY HARDWARE INC:			21.13	
MCBROOM, SKYE				
MCBROOM, SKYE	TUITION REIMBURSEMENT	03/30/2017	800.00	GENERAL FUND
Total MCBROOM, SKYE:			800.00	
MEDTRAK SERVICES				
MEDTRAK SERVICES	411 RX	03/30/2017	13.60	POLICE FUND
Total MEDTRAK SERVICES:			13.60	
MID AMERICAN ENERGY CO.				
MID AMERICAN ENERGY CO.	07741-18004 65/69 LIFT	03/20/2017	64.55	SEWER FUND
MID AMERICAN ENERGY CO.	FUEL HEAT	03/22/2017	182.29	ROAD USE TAX FU
MID AMERICAN ENERGY CO.	GAS - SHOP	03/22/2017	216.54	PARK & RECREATI
MID AMERICAN ENERGY CO.	74080-22010 FUEL HEAT	03/27/2017	1,104.11	GENERAL FUND
MID AMERICAN ENERGY CO.	UTILITIES	03/27/2017	102.18	FIRE FUND
MID AMERICAN ENERGY CO.	08701-24006 QUAIL MDWS LIFT	03/22/2017	57.71	SEWER FUND
MID AMERICAN ENERGY CO.	05931-25003 N HWY 65/69 ENTRANCE SIGN	03/21/2017	18.79	GENERAL FUND
MID AMERICAN ENERGY CO.	26321-30003 ST LIGHTING	03/21/2017	151.19	GENERAL FUND
MID AMERICAN ENERGY CO.	UTILITIES	03/22/2017	11.70	FIRE FUND
MID AMERICAN ENERGY CO.	09750-87035 WESLEY LIFT	03/20/2017	71.50	SEWER FUND
Total MID AMERICAN ENERGY CO.:			1,980.56	
MILLER ELECTRIC SERVICES				
MILLER ELECTRIC SERVICES	INSTALLED START/STOP ON SILO FOR STR	03/20/2017	791.06	ROAD USE TAX FU
Total MILLER ELECTRIC SERVICES:			791.06	
NORWALK READY-MIXED CONCRETE				
NORWALK READY-MIXED CON	CONCRETE	03/06/2017	1,149.50	ROAD USE TAX FU
NORWALK READY-MIXED CON	CONCRETE	03/07/2017	661.25	ROAD USE TAX FU
NORWALK READY-MIXED CON	CONCRETE	03/08/2017	875.50	ROAD USE TAX FU
NORWALK READY-MIXED CON	CONCRETE	03/09/2017	721.00	ROAD USE TAX FU
NORWALK READY-MIXED CON	CONCRETE	03/09/2017	927.00	ROAD USE TAX FU
NORWALK READY-MIXED CON	CONCRETE	03/14/2017	243.00	ROAD USE TAX FU
NORWALK READY-MIXED CON	CONCRETE	03/15/2017	432.00	ROAD USE TAX FU
NORWALK READY-MIXED CON	CONCRETE	03/16/2017	566.50	ROAD USE TAX FU
NORWALK READY-MIXED CON	CONCRETE	03/16/2017	927.00	ROAD USE TAX FU
NORWALK READY-MIXED CON	CONCRETE	03/20/2017	695.25	ROAD USE TAX FU
NORWALK READY-MIXED CON	CONCRETE	03/20/2017	603.75	ROAD USE TAX FU
Total NORWALK READY-MIXED CONCRETE:			7,801.75	
O'REILLY AUTO PARTS				
O'REILLY AUTO PARTS	SUPPLIES	03/04/2017	6.37	POLICE FUND
O'REILLY AUTO PARTS	WIRING PARTS	03/17/2017	26.28	ROAD USE TAX FU
O'REILLY AUTO PARTS	RADIATOR CAP FOR WESLEY LIFT GENERA	03/20/2017	5.36	SEWER FUND
O'REILLY AUTO PARTS	FILTERS	03/20/2017	125.23	ROAD USE TAX FU
O'REILLY AUTO PARTS	TRAILER WHEEL	03/21/2017	29.99	ROAD USE TAX FU
O'REILLY AUTO PARTS	FILTER	03/27/2017	31.76	ROAD USE TAX FU

Vendor Name	Description	Invoice Date	Net Invoice Amount	FUND
Total O'REILLY AUTO PARTS:			224.99	
PELLA PRINTING				
PELLA PRINTING	HOMEOWNERS LETTER BILL STUFFER FOR	02/24/2017	700.00	SEWER FUND
PELLA PRINTING	BUSINESS CARDS - BECKY	03/01/2017	65.00	PARK & RECREATI
Total PELLA PRINTING:			765.00	
PETERSON, KYLE				
PETERSON, KYLE	TUITION REIMBURSEMENT	03/24/2017	742.50	POLICE FUND
Total PETERSON, KYLE:			742.50	
PHILIPS MEDICAL CAPITAL				
PHILIPS MEDICAL CAPITAL	CARDIAC MONITOR LEASE	03/11/2017	1,348.11	AMBULANCE FUN
Total PHILIPS MEDICAL CAPITAL:			1,348.11	
PIERCE BROTHERS REPAIR				
PIERCE BROTHERS REPAIR	STEEL	03/21/2017	92.00	ROAD USE TAX FU
Total PIERCE BROTHERS REPAIR:			92.00	
PURCHASE POWER				
PURCHASE POWER	POSTAGE	03/29/2017	3,000.00	GENERAL FUND
Total PURCHASE POWER:			3,000.00	
ROUNDED MINDS				
ROUNDED MINDS	SOCCER INSTRUCTION	01/30/2017	720.00	PARK & RECREATI
Total ROUNDED MINDS:			720.00	
SANDRY FIRE SUPPLY LLC				
SANDRY FIRE SUPPLY LLC	SUSPENDERS WITH METAL CLIPS	03/20/2017	260.59	FIRE FUND
Total SANDRY FIRE SUPPLY LLC:			260.59	
SHEPARD, TERRY				
SHEPARD, TERRY	MILEAGE - HAZARDOUS WASTE TRAINING	03/11/2017	136.75	GENERAL FUND
Total SHEPARD, TERRY:			136.75	
SHER, BRIAN				
SHER, BRIAN	CELL PHONE 01/23/17 - 02/22/17	02/22/2017	50.00	POLICE FUND
Total SHER, BRIAN:			50.00	
SHULL SCHRUM MCCLAFLIN & CO INC				
SHULL SCHRUM MCCLAFLIN &	AUDIT SERVICES	03/28/2017	4,000.00	GENERAL FUND
Total SHULL SCHRUM MCCLAFLIN & CO INC:			4,000.00	
SHULL, DOUG				
SHULL, DOUG	TREASURER CONTRACT	03/24/2017	83.33	GENERAL FUND

Vendor Name	Description	Invoice Date	Net Invoice Amount	FUND
Total SHULL, DOUG:			83.33	
STAR EQUIPMENT LTD				
STAR EQUIPMENT LTD	AIR COMPRESSOR	03/20/2017	14,791.20	VEHICLE RESERV
Total STAR EQUIPMENT LTD:			14,791.20	
STETSON BUILDING PRODUCTS INC				
STETSON BUILDING PRODUCT	WALL TIES	03/15/2017	221.00	ROAD USE TAX FU
Total STETSON BUILDING PRODUCTS INC:			221.00	
T.R.M. DISPOSAL LLC				
T.R.M. DISPOSAL LLC	GARBAGE - BUILDING ACCT #159	02/24/2017	16.00	POLICE FUND
T.R.M. DISPOSAL LLC	ACCT #1506	03/24/2017	83.00	GENERAL FUND
T.R.M. DISPOSAL LLC	ACCT #583 - TRASH - NORTH PLANT	03/24/2017	80.00	SEWER FUND
T.R.M. DISPOSAL LLC	ACCT #583 - TRASH - SOUTH PLANT	03/24/2017	52.00	SEWER FUND
Total T.R.M. DISPOSAL LLC:			231.00	
TITAN MACHINERY				
TITAN MACHINERY	PARTS	03/23/2017	129.84	ROAD USE TAX FU
Total TITAN MACHINERY:			129.84	
TOMIN'S TOWING				
TOMIN'S TOWING	TOW - ABANDONED	02/02/2017	155.00	POLICE FUND
TOMIN'S TOWING	TOW - ABANDONED	02/27/2012	150.00	POLICE FUND
Total TOMIN'S TOWING:			305.00	
TRANSUNION RISK AND ALTERNATIVE				
TRANSUNION RISK AND ALTER	CONTRACT	03/01/2017	70.00	POLICE FUND
Total TRANSUNION RISK AND ALTERNATIVE:			70.00	
U.S. CELLULAR				
U.S. CELLULAR	CELL PHONES - 2	03/12/2017	42.44	SEWER FUND
U.S. CELLULAR	CELL PHONE	03/12/2017	21.22	FIRE FUND
U.S. CELLULAR	CELL PHONES - 2	03/12/2017	69.01	PARK & RECREATI
U.S. CELLULAR	CELL PHONES -3	03/12/2017	133.48	ROAD USE TAX FU
Total U.S. CELLULAR:			266.15	
UNUM LIFE INSURANCE CO OF AMERICA				
UNUM LIFE INSURANCE CO OF	LIFE, AD&D AND LTD INS	03/30/2017	188.13	AMBULANCE FUN
UNUM LIFE INSURANCE CO OF	LIFE, AD&D AND LTD INS	03/30/2017	33.62	GENERAL FUND
UNUM LIFE INSURANCE CO OF	LIFE, AD&D AND LTD INS	03/30/2017	21.40	PARK & RECREATI
UNUM LIFE INSURANCE CO OF	LIFE, AD&D AND LTD INS	03/30/2017	429.79	POLICE FUND
UNUM LIFE INSURANCE CO OF	LIFE, AD&D AND LTD INS	03/30/2017	42.97	FIRE FUND
UNUM LIFE INSURANCE CO OF	LIFE, AD&D AND LTD INS	03/30/2017	133.05	ROAD USE TAX FU
UNUM LIFE INSURANCE CO OF	LIFE, AD&D AND LTD INS	03/30/2017	58.71	PARK & RECREATI
UNUM LIFE INSURANCE CO OF	LIFE, AD&D AND LTD INS	03/30/2017	90.47	GENERAL FUND
UNUM LIFE INSURANCE CO OF	LIFE, AD&D AND LTD INS	03/30/2017	1,132.23	GENERAL FUND
UNUM LIFE INSURANCE CO OF	LIFE, AD&D AND LTD INS	03/30/2017	43.91	GENERAL FUND
UNUM LIFE INSURANCE CO OF	LIFE, AD&D AND LTD INS	03/30/2017	72.75	LIBRARY FUND
UNUM LIFE INSURANCE CO OF	LIFE, AD&D AND LTD INS	03/30/2017	29.75	GENERAL FUND

Vendor Name	Description	Invoice Date	Net Invoice Amount	FUND
UNUM LIFE INSURANCE CO OF	LIFE, AD&D AND LTD INS	03/30/2017	86.49	PARK & RECREATI
UNUM LIFE INSURANCE CO OF	LIFE, AD&D AND LTD INS	03/30/2017	182.64	GENERAL FUND
UNUM LIFE INSURANCE CO OF	LIFE, AD&D AND LTD INS	03/30/2017	111.08	SEWER FUND
Total UNUM LIFE INSURANCE CO OF AMERICA:			2,656.99	
VAN METER INC				
VAN METER INC	SAFETY SWITCH FOR SECONDARY PUMP	03/07/2017	309.26	SEWER FUND
Total VAN METER INC:			309.26	
VANDERPOOL PLUMBING				
VANDERPOOL PLUMBING	CITY HALL SET STOOL BOLTS	03/24/2017	94.45	GENERAL FUND
VANDERPOOL PLUMBING	ROOF LEAK	03/24/2017	177.41	FIRE FUND
Total VANDERPOOL PLUMBING:			271.86	
WARREN COUNTY EXTENSION				
WARREN COUNTY EXTENSION	BABYSITTING CLINIC INSTRUCTOR FEES	03/06/2017	320.00	PARK & RECREATI
WARREN COUNTY EXTENSION	THINK SPRING	03/23/2017	18.60	PARK & RECREATI
Total WARREN COUNTY EXTENSION:			338.60	
WILLIAMS MACHINE SHOP INC				
WILLIAMS MACHINE SHOP INC	DIGESTER MIXER SHAFT	03/14/2017	920.00	SEWER FUND
WILLIAMS MACHINE SHOP INC	DIGESTER MIXER FABRICATION	03/16/2017	265.00	SEWER FUND
Total WILLIAMS MACHINE SHOP INC:			1,185.00	
Grand Totals:			85,281.61	

City Council: _____

Vendor Name	GL Account Number	Description	Invoice Date	Net Invoice Amount
GENERAL FUND				
21ST CENTURY REHAB P.C.	001-2900-64990	PREWORK SCREENS	03/08/2017	120.00
AIR-CON MECHANICAL CORP.	001-6500-63410	BOILER IN ALARM	03/27/2017	106.52
AIR-CON MECHANICAL CORP.	001-6500-63410	BOILER NOT RUNNING	03/27/2017	266.26
BRICK GENTRY P.C.	001-6500-64110	20303.004 LEGAL SERVICE	02/25/2017	1,155.00
DES MOINES WATER WORKS	001-6200-65080	FEB BILLING	03/10/2017	3,161.33
DUST PROS JANITORIAL	001-6500-64090	MONTHLY CLEANING	03/21/2017	4,000.00
ELECTRICAL ENG & EQUIP	001-6500-65990	SERVICE GENERATOR	03/13/2017	392.80
INFOMAX OFFICE SYSTEMS IN	001-1700-64990	PRINTER/COPIER LEASE CHARGES	03/22/2017	193.18
IOWA CODIFICATION INC	001-6500-64990	SUPPLEMENTS	03/22/2017	109.00
IOWA DIV OF LABOR SERVICE	001-6500-63100	CITY HALL BOILER INSPECTION	03/20/2017	80.00
IOWA STATE AUDITOR	001-6500-64010	STATE AUDIT REPORT FY 2016 CITY	03/27/2017	425.00
MC COY HARDWARE INC	001-1700-65060	BATTERIES	03/06/2017	7.64
MCBROOM, SKYE	001-6210-62300	TUITION REIMBURSEMENT	03/30/2017	800.00
MID AMERICAN ENERGY CO.	001-6500-63710	74080-22010 FUEL HEAT	03/27/2017	1,104.11
MID AMERICAN ENERGY CO.	001-6500-63710	05931-25003 N HWY 65/69 ENTRANCE SIGN	03/21/2017	18.79
MID AMERICAN ENERGY CO.	001-2300-63710	26321-30003 ST LIGHTING	03/21/2017	151.19
PURCHASE POWER	001-6500-65080	POSTAGE	03/29/2017	3,000.00
SHEPARD, TERRY	001-2900-62300	MILEAGE - HAZARDOUS WASTE TRAINING	03/11/2017	136.75
SHULL SCHRUM MCCLAFLIN &	001-6500-64010	AUDIT SERVICES	03/28/2017	4,000.00
SHULL, DOUG	001-6500-64990	TREASURER CONTRACT	03/24/2017	83.33
T.R.M. DISPOSAL LLC	001-6500-64090	ACCT #1506	03/24/2017	83.00
UNUM LIFE INSURANCE CO OF	001-1700-61550	LIFE, AD&D AND LTD INS	03/30/2017	90.47
UNUM LIFE INSURANCE CO OF	001-0000-21206	LIFE, AD&D AND LTD INS	03/30/2017	1,132.23
UNUM LIFE INSURANCE CO OF	001-6210-61550	LIFE, AD&D AND LTD INS	03/30/2017	43.91
UNUM LIFE INSURANCE CO OF	001-6200-61550	LIFE, AD&D AND LTD INS	03/30/2017	182.64
UNUM LIFE INSURANCE CO OF	001-6250-61550	LIFE, AD&D AND LTD INS	03/30/2017	29.75
UNUM LIFE INSURANCE CO OF	001-6150-61550	LIFE, AD&D AND LTD INS	03/30/2017	33.62
VANDERPOOL PLUMBING	001-6500-63100	CITY HALL SET STOOL BOLTS	03/24/2017	94.45
Total GENERAL FUND:				21,000.97
POLICE FUND				
ADAMS DOOR COMPANY INC.	011-1100-63100	DOOR REPAIR	02/09/2017	130.00
AUBERT'S TOWING	011-1100-64860	TOWING - ABANDONED	01/25/2017	165.00
CARPENTER UNIFORM CO	011-1100-61810	UNIFORMS - TEMPLE	02/27/2017	62.69
CARPENTER UNIFORM CO	011-1100-61810	UNIFORMS - TEMPLE	02/27/2017	62.69
CARPENTER UNIFORM CO	011-1100-61810	UNIFORMS - TEMPLE	03/09/2017	143.98
CRAIG'S AUTOMOTIVE	011-1100-63320	VEHICLE REPAIR	02/28/2017	1,226.16
DELL MARKETING L.P.	011-1100-67240	LAPTOP	11/25/2016	1,970.47
ELECTRONIC ENGINEERING C	011-1111-63415	RADIO REPAIR	03/09/2017	19.25
ELECTRONIC ENGINEERING C	011-1111-63415	RADIO REPAIR	03/09/2017	35.00
INFOMAX OFFICE SYSTEMS IN	011-1100-64990	COPIER CONTRACT	03/02/2017	282.92
KIYA KODA HUMANE SOCIETY	011-1100-64137	HUMANE SOCIETY CONTRACT - APR 2017	03/24/2017	2,412.74
MEDTRAK SERVICES	011-1100-64120	411 RX	03/30/2017	13.60
O'REILLY AUTO PARTS	011-1100-65060	SUPPLIES	03/04/2017	6.37
PETERSON, KYLE	011-1100-62300	TUITION REIMBURSEMENT	03/24/2017	742.50
SHER, BRIAN	011-1100-63730	CELL PHONE 01/23/17 - 02/22/17	02/22/2017	50.00
T.R.M. DISPOSAL LLC	011-1100-67260	GARBAGE - BUILDING ACCT #159	02/24/2017	16.00
TOMIN'S TOWING	011-1100-64860	TOW - ABANDONED	02/02/2017	155.00
TOMIN'S TOWING	011-1100-64860	TOW - ABANDONED	02/27/2012	150.00
TRANSUNION RISK AND ALTER	011-1100-64990	CONTRACT	03/01/2017	70.00
UNUM LIFE INSURANCE CO OF	011-1100-61550	LIFE, AD&D AND LTD INS	03/30/2017	429.79
Total POLICE FUND:				8,144.16
FIRE FUND				
1-DAY CDL	015-1500-62300	CDL - TRAINING - (CLASS B)	02/13/2017	500.00

Vendor Name	GL Account Number	Description	Invoice Date	Net Invoice Amount
IOWA STATE UNIVERSITY	015-1500-62300	FIRE/ARSON CLASS	03/22/2017	300.00
MID AMERICAN ENERGY CO.	015-1500-63710	UTILITIES	03/27/2017	102.18
MID AMERICAN ENERGY CO.	015-1500-63710	UTILITIES	03/22/2017	11.70
SANDRY FIRE SUPPLY LLC	015-1500-65070	SUSPENDERS WITH METAL CLIPS	03/20/2017	260.59
U.S. CELLULAR	015-1500-63730	CELL PHONE	03/12/2017	21.22
UNUM LIFE INSURANCE CO OF	015-1500-61550	LIFE, AD&D AND LTD INS	03/30/2017	42.97
VANDERPOOL PLUMBING	015-1500-63100	ROOF LEAK	03/24/2017	177.41
Total FIRE FUND:				1,416.07
AMBULANCE FUND				
PHILIPS MEDICAL CAPITAL	016-1600-67245	CARDIAC MONITOR LEASE	03/11/2017	1,348.11
UNUM LIFE INSURANCE CO OF	016-1600-61550	LIFE, AD&D AND LTD INS	03/30/2017	188.13
Total AMBULANCE FUND:				1,536.24
LIBRARY FUND				
UNUM LIFE INSURANCE CO OF	041-4100-61550	LIFE, AD&D AND LTD INS	03/30/2017	72.75
Total LIBRARY FUND:				72.75
PARK & RECREATION FUND				
AGRILAND FS INC	042-4300-65200	HERBICIDE & STICKER	03/14/2017	2,526.61
AGRILAND FS INC	042-4200-65072	HERBICIDE & STICKER	03/14/2017	732.54
ATLANTIC BOTTLING CO.	042-4200-65070	PICKARD SONCESSIONS 3/21	03/21/2017	1,818.48
CENTURYLINK	042-4300-63730	E911 PHONE	03/22/2017	55.10
CLAUSEN, REBECCA	042-4200-64205	IPAD INSTRUCTION	02/21/2017	85.00
DAVE BUNCH PIANO SERVICE	042-4200-63100	PIANO TUNING	03/13/2017	75.00
DUST PROS JANITORIAL	042-4200-64090	MONTHLY CLEANING SERVICES	03/20/2017	1,462.00
FARNER-BROCKEN CO	042-4200-65070	PICKARD CONCESSIONS	03/21/2017	3,221.38
GRAY DIETZ, PAULA	042-4200-64205	INSTRUCTION BRICKS 4 KIDZ	03/24/2017	169.00
HY-VEE	042-4200-64205	LET'S DO LUNCH INSTRUCTION	03/08/2017	40.00
INDOFF INCORPORATED	042-4200-65060	60 DAY WALL PLANNER	03/15/2017	23.74
INDOFF INCORPORATED	042-4200-65072	CALENDAR	03/21/2017	21.61
INDOFF INCORPORATED	042-4200-65060	LAMINATING POUCHES KEY CARD	03/23/2017	29.90
INFOMAX OFFICE SYSTEMS IN	042-4200-65060	COPIES	03/17/2017	67.24
IOWA PARK & REC. ASSOC.	042-4200-62100	IPRA MEMBERSHIP - ANGIE BUCHANAN	03/16/2017	75.00
JV TRUCKING LLC	042-4200-65072	BLACK DIRT	03/08/2017	350.00
MAYER, PAT	042-4200-66990	REFUND OF DEPOSIT FOR NEW HEIGHTS CHURCH	03/27/2017	150.00
MID AMERICAN ENERGY CO.	042-4300-63710	GAS - SHOP	03/22/2017	216.54
PELLA PRINTING	042-4200-65070	BUSINESS CARDS - BECKY	03/01/2017	65.00
ROUNDED MINDS	042-4200-64205	SOCCER INSTRUCTION	01/30/2017	720.00
U.S. CELLULAR	042-4300-63730	CELL PHONES - 2	03/12/2017	69.01
UNUM LIFE INSURANCE CO OF	042-4200-61550	LIFE, AD&D AND LTD INS	03/30/2017	58.71
UNUM LIFE INSURANCE CO OF	042-4300-61550	LIFE, AD&D AND LTD INS	03/30/2017	86.49
UNUM LIFE INSURANCE CO OF	042-4400-61550	LIFE, AD&D AND LTD INS	03/30/2017	21.40
WARREN COUNTY EXTENSION	042-4200-64205	BABYSITTING CLINIC INSTRUCTOR FEES	03/06/2017	320.00
WARREN COUNTY EXTENSION	042-4320-65070	THINK SPRING	03/23/2017	18.60
Total PARK & RECREATION FUND:				12,478.35
POOL (MEMORIAL) FUND				
IA DEPT OF INSPECTIONS/APP	045-4500-64200	FOOD SERVICE LICENSE	03/23/2017	67.50
IOWA PRISON INDUSTRIES	045-4500-65090	ADMISSION SIGNAGE	03/15/2017	57.50
Total POOL (MEMORIAL) FUND:				125.00

Vendor Name	GL Account Number	Description	Invoice Date	Net Invoice Amount
ROAD USE TAX FUND				
B & F FASTENER SUPPLY CO	110-2100-65076	NUTS/BOLTS	03/10/2017	9.46
CENTURYLINK	110-2100-63730	TRAFFIC SIGNALS	03/22/2017	48.09
DIAMOND VOGEL PAINT	110-2100-65074	TRAFFIC PAINT	03/29/2017	3,749.80
DIAMOND VOGEL PAINT	110-2100-65074	GLASS BEADS	03/29/2017	118.00
MID AMERICAN ENERGY CO.	110-2100-63710	FUEL HEAT	03/22/2017	182.29
MILLER ELECTRIC SERVICES	110-2100-67230	INSTALLED START/STOP ON SILO FOR STREET DEPT	03/20/2017	791.06
NORWALK READY-MIXED CON	110-2100-65073	CONCRETE	03/06/2017	1,149.50
NORWALK READY-MIXED CON	110-2100-65073	CONCRETE	03/07/2017	661.25
NORWALK READY-MIXED CON	110-2100-65073	CONCRETE	03/08/2017	875.50
NORWALK READY-MIXED CON	110-2100-65073	CONCRETE	03/09/2017	721.00
NORWALK READY-MIXED CON	110-2100-65073	CONCRETE	03/09/2017	927.00
NORWALK READY-MIXED CON	110-2100-65073	CONCRETE	03/14/2017	243.00
NORWALK READY-MIXED CON	110-2100-65073	CONCRETE	03/15/2017	432.00
NORWALK READY-MIXED CON	110-2100-65073	CONCRETE	03/16/2017	566.50
NORWALK READY-MIXED CON	110-2100-65073	CONCRETE	03/16/2017	927.00
NORWALK READY-MIXED CON	110-2100-65073	CONCRETE	03/20/2017	695.25
NORWALK READY-MIXED CON	110-2100-65073	CONCRETE	03/20/2017	603.75
O'REILLY AUTO PARTS	110-2100-63320	WIRING PARTS	03/17/2017	26.28
O'REILLY AUTO PARTS	110-2100-63320	FILTERS	03/20/2017	125.23
O'REILLY AUTO PARTS	110-2100-63320	TRAILER WHEEL	03/21/2017	29.99
O'REILLY AUTO PARTS	110-2100-63320	FILTER	03/27/2017	31.76
PIERCE BROTHERS REPAIR	110-2100-63320	STEEL	03/21/2017	92.00
STETSON BUILDING PRODUCT	110-2100-63100	WALL TIES	03/15/2017	221.00
TITAN MACHINERY	110-2100-63320	PARTS	03/23/2017	129.84
U.S. CELLULAR	110-2100-63730	CELL PHONES -3	03/12/2017	133.48
UNUM LIFE INSURANCE CO OF	110-2100-61550	LIFE, AD&D AND LTD INS	03/30/2017	133.05
Total ROAD USE TAX FUND:				13,623.08
VEHICLE RESERVE FUND				
STAR EQUIPMENT LTD	190-9300-67100	AIR COMPRESSOR	03/20/2017	14,791.20
Total VEHICLE RESERVE FUND:				14,791.20
CAPITAL PROJECTS FUND				
CDW GOVERNMENT INC	301-6210-67900	MISCROSOFT OFFICE LICENSING	03/24/2017	4,898.60
Total CAPITAL PROJECTS FUND:				4,898.60
STREET CAPITAL PROJECTS FUND				
CUSTOM SOLUTIONS INVESTI	321-2100-64872	SERVICE OF PETITION 1909 W 4TH AVE	03/21/2017	65.00
Total STREET CAPITAL PROJECTS FUND:				65.00
SEWER FUND				
COMBUSTION CONTROL CO.	610-8350-63410	REPAIR DIGESTER BOILER	03/13/2017	997.50
COMBUSTION CONTROL CO.	610-8350-63410	REPAIR DIGESTER BOILER	03/20/2017	1,383.00
COMBUSTION CONTROL CO.	610-8350-63410	REPAIR DIGESTER BOILER	03/20/2017	384.00
CRYSTAL CLEAR WATER CO	610-8350-65012	DI WATER FOR LAB	03/16/2017	15.00
ELECTRIC PUMP	610-8325-64990	ANNUAL MAINTENANCE TO LIFT STATION PUMPS	03/17/2017	875.00
HART, NORMAN	610-8300-61440	WELLNESS FEB & MARCH	03/17/2017	50.00
ITRON INC.	610-8300-64990	QUARTERLY SUPPORT (04/01/17 - 06/30/17)	03/12/2017	581.30
LOU'S GLOVES INC	610-8325-65070	NITRILE GLOVES	03/22/2017	152.00
MC COY HARDWARE INC	610-8325-65070	BATTERIES FOR PUSH CAMERA	03/27/2017	13.49
MID AMERICAN ENERGY CO.	610-8325-63710	07741-18004 65/69 LIFT	03/20/2017	64.55
MID AMERICAN ENERGY CO.	610-8325-63710	08701-24006 QUAIL MDWS LIFT	03/22/2017	57.71
MID AMERICAN ENERGY CO.	610-8325-63710	09750-87035 WESLEY LIFT	03/20/2017	71.50

Vendor Name	GL Account Number	Description	Invoice Date	Net Invoice Amount
O'REILLY AUTO PARTS	610-8325-63410	RADIATOR CAP FOR WESLEY LIFT GENERATOR	03/20/2017	5.36
PELLA PRINTING	610-8325-64990	HOMEOWNERS LETTER BILL STUFFER FOR TIME OF SALE INF	02/24/2017	700.00
T.R.M. DISPOSAL LLC	610-8350-64990	ACCT #583 - TRASH - NORTH PLANT	03/24/2017	80.00
T.R.M. DISPOSAL LLC	610-8325-64990	ACCT #583 - TRASH - SOUTH PLANT	03/24/2017	52.00
U.S. CELLULAR	610-8300-63730	CELL PHONES - 2	03/12/2017	42.44
UNUM LIFE INSURANCE CO OF	610-8300-61550	LIFE, AD&D AND LTD INS	03/30/2017	111.08
VAN METER INC	610-8350-63410	SAFETY SWITCH FOR SECONDARY PUMP	03/07/2017	309.26
WILLIAMS MACHINE SHOP INC	610-8350-63410	DIGESTER MIXER SHAFT	03/14/2017	920.00
WILLIAMS MACHINE SHOP INC	610-8350-63410	DIGESTER MIXER FABRICATION	03/16/2017	265.00
Total SEWER FUND:				7,130.19
Grand Totals:				85,281.61

City Council: _____

Meeting Date: 04/03/2017

Subject

Presentation and receipt of FY 15/16 Audit Report from Shull & Co.

Information

As required by Iowa Code, the Finance Director submits this report on an annual basis. It contains general, statistical and financial information about the city and was independently audited (packet) by Shull and Co. It is also used to meet continuing disclosure requirements for our outstanding general obligation bonds.

Arlen Schrum, Shull & Co., will attend the meeting to discuss the FY 15/16 audit and its findings. The City is in sound financial condition and no internal control issues were found.

Simple motion accepting FY 15/16 comprehensive annual financial reports (packet) is in order.

Fiscal Impact

Attachments

Letter from Shull & Company

City Audit

Letter from Shull & Company-IMU Utility

Utility Audit



Shull, Schrum, McClafline
& Co., Inc.
certified public accountants

March 28, 2017

To the Honorable Mayor and Members of the City Council
City of Indianola, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Indianola, Iowa for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 15, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Indianola, Iowa are described in Note 1 to the financial statements. No new accounting policies of significance were adopted and the application of existing policies was not changed during the year ended June 30, 2016. We noted no transactions entered into by the City during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements, or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 1, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison and pension information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information in Schedules 1 through 5, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Mayor and Members of the City Council and management of the City of Indianola, Iowa and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Shull, Schrum, McCafflin & Co., Inc.

CITY OF INDIANOLA

General and Statistical Information

**Financial Statements and Supplemental Information
(With Independent Auditor's Report Thereon)**

**Independent Auditor's Report on Compliance
and Internal Control over Financial Reporting**

Schedule of Findings

Year Ended June 30, 2016



**Shull, Schrum, McClafin
& Co., Inc.**
certified public accountants

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Independent Auditor's Report on Internal Control over

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CITY OF INDIANOLA

Chief Accounting Officer's Report

March 1, 2017

To the Honorable Mayor, Members of the Council, and Citizens of the City of Indianola,

This comprehensive annual financial report consists of management's representations concerning the finances of the City of Indianola. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Indianola has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Indianola's financial statements. Because the cost of internal controls should not outweigh their benefits, the City of Indianola's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. Management asserts to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Indianola's financial statements have been audited by Shull & Co., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Indianola for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Indianola's financial statements for the fiscal year ended June 30, 2016 are fairly presented. The independent auditor's report is presented as the first component of the financial section of this report.

Rules promulgated by the Iowa State Auditor's Office require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Indianola's MD&A can be found immediately following the statistical section of this report.

Profile of the Government

The City of Indianola, incorporated in 1864, is the county seat of Warren County and is located in the central part of Iowa approximately 17 miles south of the state capital, Des Moines. Indianola is considered part of the Des Moines MSA, one of the top growth areas in the state. The City of Indianola encompasses an area of approximately nine square miles and a population of 14,782. The City of Indianola is empowered to levy a property tax on real properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

CITY OF INDIANOLA
Chief Accounting Officer's Report (Continued)

City Council: The City of Indianola operates under a mayor-council form of government. Policy-making and legislative authority are vested in a governing body consisting of the mayor and six council members. The city council is responsible, among other things, for passing ordinances; adopting the budget; appointing commission and committee members; and, hiring the government's manager. The government's manager, whose duties are set by local ordinance, is responsible for carrying out the policies of the city council; overseeing day-to-day operations; and, appointing the employees of the various departments for the governmental functions under the management control of the governing council. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three of the members elected every two years. Four council members are elected by districts or wards while the two remaining council members and the mayor are elected at large. The mayor is elected to serve a four-year term.

The City of Indianola provides a full range of services, including police and fire protection; ambulance service; the construction and maintenance of highways, streets, and other infrastructure; recycling and organic material removal; and recreational activities and cultural events. The City of Indianola also operates a water pollution control (sewer) department as a utility under the management and control of the city council. The city participates in several non-related jointly governed organizations that provide goods or services including the South Central Iowa Landfill Agency, the Central Iowa Regional Transportation Alliance, the Marion/Warren County Drug Task Force, and the Community Athletic Facility.

Board of Trustees: The City of Indianola provides electric, water and telecommunications services as a discretely reported component unit under the management and control of a board of trustees. The board operates these three utilities as Indianola Municipal Utilities (IMU). The authority for management and control of each utility was established by a majority vote of the electorate as provided in the Iowa Code. The trustees are vested with the authorities of the city in relation to these utilities with the exceptions that the board may not: certify taxes to be levied; pass ordinances or amendments; or, issue general obligation or special assessment bonds. Real property is held in the name of the city; however, the utility board has all the powers and authorities of the city with respect to the acquisition or disposition of such property and the management, control, and operation associated with said property is subject to provisions of any outstanding obligations which are payable from the revenues of the city utility. Separate funds are maintained for each utility and operating budgets are subject to final approval by the city council. Utility fund balances deemed by the board of trustees to be in excess of the needs of a utility may be transferred to the city's general fund or other city funds as approved by the city council.

Five trustees serve staggered six-year terms and are appointed by the mayor and approved by the city council. The board of trustees appoints a general manager to oversee the day-to-day management of the electric, water and telecommunications utilities. The general manager appoints the employees of each of these utilities; carries out the policies of the board of trustees; and, performs other duties as determined by resolution of the board.

CITY OF INDIANOLA
Chief Accounting Officer's Report (Continued)

Other officials: The director of finance and administrative services serves as the chief accounting officer for all city services and submits the budget and year-end financial reports required of the city. The director of finance and administrative services has other financial duties and the city clerk has custodial duties as prescribed in Iowa Code, local ordinances, board resolutions, and by management discretion. An appointed treasurer serves as custodian for all funds. An attorney is also appointed to represent the city, its boards, and its commissions and performs certain functions prescribed in local ordinances and in the Iowa Code.

Budgeting process: The annual budget serves as the foundation for the City of Indianola's financial planning and control. The budget process, in general, is as follows:

- The city council sets its budget objectives and reviews major known factors.
- The city manager and the general manager each submit 5-year capital improvement project budgets to the respective managing authority for review and adoption.
- Departments submit operating budget requests to the city manager or general manager as appropriate.
- The city manager and the general manager compile their respective annual budgets for review. Budgets are prepared by fund (e.g. general), function (e.g. public safety), and department (e.g. police).
- The board of trustees adopts budgets for the electric, water and telecommunications utilities. These are compiled with governmental services and sewer utility budgets and are provided to the public by publication.
- The city council sets and conducts a public hearing on the budget.
- The city council adopts the budget and the budget is filed with the county auditor and the State of Iowa no later than March 15 of each year.

The State of Iowa limits expenditures to the total amount budgeted by function. Expenditures for individual departments, services or line items may exceed those budgeted as long as total expenditures by function are not exceeded. Budget amendments are permitted under provisions similar to the adoption of the original budget. In this report, the current year's budget is compared to the actual expenses by function.

Cash management policies and practices: The city annually reviews and adopts an investment policy outlining the roles and responsibilities in making investments using available cash balances. The director of finance and administrative services and the treasurer are jointly responsible for the investment of funds with oversight by the council and board of trustees.

Cash, which is temporarily idle during the year, is invested in bank deposits; money market funds; repurchase agreements; and/or the Iowa Public Agency Investment Trust. These temporary cash deposits were maintained in stable value investments with an average rate of return of 0.35%.

CITY OF INDIANOLA
Chief Accounting Officer's Report (Continued)

The city invests reserve funds (those not intended to be expended within 365 days) in a portfolio with the assistance of an investment advisement firm. The investment portfolio includes mortgage-backed securities; preferred stock; obligations of the U.S. Treasury or its agencies; and, cash held in a public entity money market fund. At fiscal year end, the effective duration of the portfolio is 2.0 years with a current yield of 1.94%. Reported returns may include changes in fair value during the year but do not necessarily represent continuing returns; therefore, it is not always possible to realize changes in fair value, especially in the case of temporary changes for securities the city intends to hold until maturity.

Additional information on the City of Indianola's cash management can be found in notes to the financial statements.

Risk management: The City of Indianola participates in the Iowa Communities Assurance Pool (ICAP), a local government risk-sharing pool with over 500 members throughout Iowa. The city makes annual contributions to ICAP recorded as disbursements from its operating funds for vehicle, property, casualty and liability coverage. The city maintains reserve funds to meet deductibles. The city also participates as a member of the Iowa Municipal Workers' Compensation Association (IMWCA) and pays the associate premiums from its operating funds. The city purchases boiler and machinery insurance from a private carrier. In addition, the city has an ongoing safety program to maintain a safe environment for employees and the public. Additional information on the City of Indianola's risk management activity can be found in notes to the financial statements.

Pension and other post-employment benefits: The City of Indianola provides pension benefits for its employees. With the exception of Police officers, these benefits are provided through a statewide plan managed by the Iowa Public Employees Retirement System (IPERS). Benefits for police officers are provided through a statewide plan managed by the Municipal Fire & Police Retirement System of Iowa (MFPRSI). The city makes periodic payments based on earned compensation by active employees; however, the city has no obligation in connection with employee benefits offered through these plans.

The City of Indianola also provides post-retirement access to its medical insurance plan until age 65 as required under Iowa Code. Retirees contribute an amount equal to the premium amount charged to the city on a monthly basis.

The City of Indianola maintains a health reimbursement arrangement (HRA) for the benefit of employees. The city makes a fixed annual contribution that allows each employee to be reimbursed for any medical expense allowed under IRS Code. If the employee does not utilize the full amount provided in any fiscal year, the balance is carried forward for use in a future period, even after retirement. Disbursements are paid out of operating funds and not held in trust. They are, however, accounted for in a sub-fund that is separate from other operating funds for budgetary control. Unpaid HRA balances totaled \$243,539 as of June 30, 2016.

Additional information on the City of Indianola's pension arrangements and other post-employment benefits can be found in notes to the financial statements.

CITY OF INDIANOLA
Chief Accounting Officer's Report (Continued)

Closing

State law requires that all general-purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. As allowed under Iowa Code and administrative rules, the City of Indianola issues its financial statements on the basis of cash receipts and disbursements. Cash basis is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). Pursuant to these requirements, I hereby issue the comprehensive annual financial report of the City of Indianola for the fiscal year ended June 30, 2016.

Christopher DesPlanques, CPA
Director of Finance and Administrative Services

CITY OF INDIANOLA
CITY OFFICIALS AND BOARD OF TRUSTEES
JUNE 30, 2016

<u>Name of Official</u>	<u>Official Title</u>	<u>Term Expires December 31</u>	<u>Amount Of Bond</u>
Kelly Shaw	Mayor	2017	300,000
John Parker Jr.	Councilperson First Ward	2019	300,000
Joe Gezel	Councilperson Third Ward	2019	300,000
Shirley Clark	Councilperson At-Large	2019	300,000
Pam Pepper	Councilperson At-Large	2017	300,000
Greta Southall	Councilperson Fourth Ward	2017	300,000
Brad Ross	Councilperson Second Ward	2017	300,000
Ryan Waller	City Manager		300,000
Chris DesPlanques	Director of Finance & Community Services		300,000
Melissa McCoy	Director of Human Resources		300,000
Diana Bowlin	City Clerk		300,000
Doug Shull	City Treasurer		300,000
Ryan Ellis	City Solicitor		300,000

Indianola Municipal Utilities Board of Trustees
Authority: Indianola Code of Ordinances Section 25.02

<u>Name</u>	<u>Term Expires January 2</u>	<u>Amount Of Bond</u>
Adam Voigts	2018	300000
Mike Rozga	2019	300,000
Deb White	2020	300,000
Jim McClymond	2021	300,000
Lesley Forbush	2021	300,000
Rob Stangel	General Manager of Utilities	300,000

All other city employees are bonded under the Cincinnati Insurance Employee Loss Coverage, "Faithful Performance Blanket Position Bond," # B0359727 in the amount of \$300,000.

<u>Council Study Committee</u>	Council Committee
	Shirley Clark
	Joe Gezel
	John Parker Jr.
	Pam Pepper
	Brad Ross
	Greta Southall

**CITY OF INDIANOLA
CITY BOARD AND COMMISSIONS
JUNE 30, 2016**

LIBRARY BOARD

Authority: Indianola Ordinance Chapter 17.3

Term - 6 Years

Meeting: 2nd Tuesday of every month

<u>Name</u>	<u>Term Expires</u>
Dick Kerr	July 1, 2016
Kathy Farris	July 1, 2016
Mark Juffernbruch	July 1, 2016
Mary Jane Cassady	July 1, 2018
Rhonda Sayler	July 1, 2018
Jim Lee	July 1, 2020
Pat Hicks	July 1, 2020

PARK AND RECREATION COMMISSION

Authority: Indianola Ordinance No. 520

Term - 3 Years

Meeting: 1st Wednesday of every month

Jon Hagener	January 1, 2017
John Anderson	January 1, 2017
Cyd Dyer	January 1, 2018
Joel Hoger	January 1, 2020
Drew Brazie	January 1, 2020
Jessica Guthrie	January 1, 2020

PLANNING AND ZONING COMMISSION

Authority: Indianola Ordinance Chapter 16.2

Term - 5 Years

Meeting: 2nd Tuesday of every month

Tiffany Coleman	February 1, 2017
Josh Rabe	February 1, 2017
Bob Ormsby	February 1, 2018
Joe Butler	February 1, 2018
Al Farris	February 1, 2019
Misty Soldwisch	February 1, 2019
Doug Opie	February 1, 2020
Cindy Johnson	February 1, 2020
Becky Needles	February 1, 2021
Ron Fridley	February 1, 2021

**CITY OF INDIANOLA
CITY BOARDS AND COMMISSIONS
JUNE 30, 2016**

BOARD OF ADJUSTMENT

Authority: Indianola Ordinance No. 341 - Code of Iowa 414.7

Term - 5 Years

Meeting: 1st Wednesday of month on call

<u>Name</u>	<u>Term Expires</u>
Reed Thacker	December 31, 2017
Aaron Rasko	December 31, 2018
Marty Miller	December 31, 2019
James Sullivan	December 31, 2020
Wes Sharp	December 31, 2021

MEMORIAL BUILDING COMMISSION

Authority: Code of Iowa Chapter 37.9

Term - 3 Years - Meeting: On Call

Ray Walton	July 1, 2017
Everett Brown	July 1, 2018
Rick Branson	July 1, 2019
Don Babcock	July 1, 2019
Bob Greener	July 1, 2019

CIVIL SERVICE COMMISSION

Authority: Indianola Ordinance No. 378

Term - 4 Years

Meeting: On Call

John Monroe	First Monday in April, 2016
Celeste Gebhart	First Monday in April, 2018
Wayne Petersen	First Monday in April, 2019

FINE ARTS & COMMUNITY BEAUTIFICATION COMMISSION

Authority: Indianola Ordinance No. 423

Term - 3 Years

Meeting: 1st Tuesday of every month

CITY OF INDIANOLA Operational Review

City operations are divided into many departments and offices, all of which work toward the common goal of providing superior services to the citizens of Indianola. While the functions of each department may be varied, it is a cooperative effort on everyone's part that enables us to reach this goal. It's not uncommon to see two or more departments working together to solve some problem or complete a project. The Mayor, Council, boards and administrative staff encourage teamwork and it results in an enhanced quality of life for the citizens of Indianola.

The following summary provides a brief review of the various Departmental operations during the 2015-16 fiscal year.

Public Safety: The major Public Safety activities are police, fire, ambulance services and building and zoning regulation.

- **Police:** The staffing level of the Indianola Police Department fluctuated in 2016. One Sergeant retired, one officer resigned to pursue a career outside of law enforcement, and another officer resigned to join a larger department. Two new officers completed the academy in December, and two more new officers will join the department in 2017 which will fully staff the Department with 20 sworn officers. Due to being short staffed for much of the year, traffic citations and warnings decreased 8.5% from 2015. At the same time, however, calls for service increased 1.7%, from 11,547 in 2015 to 11,744, and the number of arrests increased 24.4%. In addition to the sworn staff, IPD employs seven civilian employees including three crossing guards.

The department operates five fully marked squad cars and three unmarked vehicles. A new SUV and new sedan replaced older squads in 2016. Two new in-car video cameras replaced the outdated cameras in two of the marked squad cars. The department also added one new light bar and a new I.T. tower to expedite software loading for the squads' computers. Those items were purchased through funds obtained by grants.

The Iowa Law Enforcement Academy establishes a minimum number of hours of training required of each law enforcement officer in the state. The department exceeded the minimum, and the department collectively received 831 hours of training. The department partnered with the FBI and hosted an Advanced Law Enforcement Rapid Response Training session attended by officers from surrounding agencies as well as Indianola school personnel.

Community outreach is very important to the department. The department's charity, IPDCOP, provided thanksgiving meals and Christmas meals to community families in need, took children Christmas shopping, provided breakfast to local veterans, and took a group of children to an Iowa Cubs baseball game in 2016.

CITY OF INDIANOLA Operational Review (Continued)

- **Fire and Ambulance:** The Indianola Fire Department experienced a slight increase in calls for 2016. There was a dollar loss in the amount of \$1,016,570 for the year. Department members work on regular/daily activities which the full-time, part-time and paid-on-call staffs are tasked each day. Those duties consist of commercial inspections, public education presentations and community training in safety practices. In addition members must complete required training individually to meet their certification requirements, improve on operational skills and abilities to remain at a constant high standard of readiness.

Staff responded to 2,102 fire and EMS incidents. This is an increase over last year's total by 1.50 %. The 2,102 alarms consisted of: 93 fires; 63 investigations; 84 false alarms and 5 other. The balance of accounts for 1,857 EMS calls which is where most of the 1.50% increase was seen.

As of January 1, 2017, the department had one full-time chief, one full-time training officer, six full-time firefighters/paramedics, 1 full-time billing specialist, 17 part-time firefighter/medics, 21 paid on call for a total staff of 47 with no members on leave. Staff coverage continues with full-time staff working 24/48 shifts and part-time staff covering 7-days a week from 8:00 a.m. to 5:00 p.m.

Training is a big part of the department's time. Training is conducted every Monday night and several attend training on their own including nights and weekends. Some attend area fire training and EMS conferences to keep their certifications current. The total hours that POC staff give for training held within our department was 3477.26 hours and responses were 3820.06 hours for a total of 7297.32 hours. This equates to the average paid on call staff giving over 192.03 hours toward regular training and calls each year. These calculations exclude the time the full-time staff puts towards calls and training.

Public Works: The street department staff members are dedicated to providing excellent service to the citizens of Indianola. The street department has kept busy by performing annual street repair, concrete and asphalt replacement/repair, crack sealing, street sweeping, and snow plowing. These are the major functions which occupy a substantial amount of time for the department. In addition, several storm sewer intakes were replaced or repaired along with maintaining the hundreds of street and traffic signs throughout the city.

Culture and Recreation: Culture and Recreation: Parks and Recreation programs, events, parks and facilities continued to be very important to the majority of Indianola residents. Participation and use were at high levels and many opportunities and enhancements were provided to help keep the quality of life at a high level.

We had another great year offering many new program opportunities and completing several improvements to the city parks. All that we are able to accomplish is largely due to the support and assistance we get from the Indianola citizens, volunteers, businesses, organizations, Indianola Community Schools, City Council, IMU, city departments and the parks and recreation commission.

New and strengthened cooperative partnerships and volunteer involvement allowed us to add or expand new programs and facilities including a Butterfly Flourish Sculpture and Drinking Fountain at Buxton Park. Over 30 free community events were offered including 2 Story Walks and "The Zone" – a free after school

CITY OF INDIANOLA
Operational Review (Continued)

program for youth in 6th-8th grades. With the help of our partners, grants, sponsorships, advertising and grants totaled over \$60,000 to offset the costs of facilities and programs.

Thanks to community involvement, we had 500 volunteers donate 4,400 program registrations in just over 200 programs, over 2,400 games and practices played on the Pickard Softball Fields, 1,700 facility reservations and served over 2,000 different families.

- **Veterans Memorial Aquatic Center:** The facility served over 6,000 visitors. An increase from the 2014 season. Over 400 youth were served by the swim lesson program. Overall operations were efficient and effective, especially ensuring facility safety. An Early Bird Season Pass Special was implemented, with 51% of season pass holders taking advantage of the special. A new event, Mayor's Night Out was also implemented, with over 250 guests attending, donating over 200 non-perishable food items to Helping Hands Food Pantry. Half Price Admission after 5:00pm was a new perk for non-pass holders to encourage evening swimming. Over 900 guests took advantage. 80 new lounge chairs were put into service. The pool was re-painted for the first time in many years. And a new pool heater has been installed for the 2016 season! Two new umbrella shades were donated by Iowa Realty and Indianola Park Friends. Another has been donated by Indianola Post 165 American Legion for this season. Fresh, new signage was installed at the front desk/admissions area and the entire bathhouse will be repainted this spring by Parks and Recreation staff. Many programs/activities were revamped and a text communication closing/weather update tool was created for guests. The facility hosted a mock Emergency Action Plan (EAP) with the Indianola Fire/EMS Department to review skills and better prepare for an emergency.

Forty seasonal staff assisted in operation of the facility, as well as assistance from the Veteran's Memorial Building Commission, City Council, Parks Department, IMU, City Clerk's office, and IT Services.

The following table details the park system:

	Acres
Barker Park	1.20
Buxton Park	5.43
Dayton Park	1.08
DeNelsky Park	22.9
Downey Memorial Park	10.62
Easton Park	2.39
Indianola Activity Center	9.60
McCord Park	16.85
McVay Trail	13.30
Memorial Park	13.72
Moats Park	4.14
Pickard Park	160.00
South Park	4.47
Veterans Memorial Pool	3.50
Willow Creek Totlot	0.65
	269.85

CITY OF INDIANOLA Operational Review (Continued)

- **Indianola Public Library:** Library patrons checked out 118,144 items which equals 8 items checked out by each resident. Attendance at 344 programs totaled 7,227. Library computers were used 8,017 times.

In addition to ebooks and eaudio, library patrons can now download songs with a valid library card. Patrons also have access to a variety of online resources from car repair manuals to reference topics.

Business-type or proprietary: Indianola has four services that are classified as business-type services. Although the utility operations are divided into departments, they all work toward the common goal of providing superior services to the citizens of Indianola. The electric, water, and telecommunication departments are a discretely reported component unit. However, given their degree of importance to the overall services received by citizens, this operational review contains information pertaining to these activities in the next section of this report. The following summary provides a brief review of the various departmental operations during the 2015-16 fiscal year.

- **Water Pollution Control Department:** Full staff includes the Superintendent and 5 operators. We are no longer under Consent Order from the Iowa Department of Natural Resources. This Consent Order was lifted in May of 2014.

Time of Sale Ordinance (part of the Consent Order being lifted) was drafted in 2016 and presented to the council, realtors, county recorder for feedback. City Council approved ordinance in January 2017. Ordinance is to take effect March 1, 2017.

The city set a budget to work on identifying and repairing the city's sewer mains and manholes by televising and smoke testing the mains. In 2016 we cleaned and televised over 51,000 feet of sewer. During the inspections, we identified 3 sewer mains and one storm sewer that will be lined. There will be 14 manholes that will be lined and the city repaired 16 manholes using the Cretex Pro-Rings to eliminate ground water from entering the system.

Due to lack of capacity, the city and HR Green have been working on upgrading the Morlock Lift station. Plans are to install a fourth pump, new control panel, new 16" force main and flow meter, and either upsizing or adding a relief sewer next to the sewer main from MH NE1 to NE 9.

The city is looking into upgrading the controls at the Plainview and McCord lift stations. This will include variable frequency drives for each pump and new PLCs.

The generator at the McCord lift station is 30 to 40 years old and doesn't meet the fuel capacity which requires the generator to have 24 hours of fuel.

HR Green completed the Facility Plan for the new plant and submitted it to IDNR for review.

Residential I&I inspections and testing are being completed only by request.

CITY OF INDIANOLA
Operational Review (Continued)

The treatment plant issues this year are going to be the lack of CBOD into the plant. We have found that we are about 50% lower in the influent CBOD. This creates issue with the treatment process. We will be working on identifying the reduction in CBOD. We will also need to have a plan to provide a good nitrogen source for the plant if this cannot be identified.

- **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 toward implementing operational strategies include:
 - Completion of the 2013 Hwy 92 Transmission Relocation Project
 - Completion of the 2015 W. Hwy 92 and Y Street Intersection Relocation Project
 - Turbine #7 Battery Bank
 - Electric Utility 125th Anniversary
 - 2016 Cost of Electric Service Study
 - Completion of the 2013 Hwy 92 Distribution Relocation Project
 - Purchase of Electric Transformer Moisture Removal Unit
 - Other Major Line Maintenance and Street Light Replacement
- **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:
 - Completion of the 2015 Iowa Avenue Water Main Project
 - Major Plant and Tower Maintenance
 - Major Well Maintenance
 - Gatevalve and Hydrant Replacement
- **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:
 - Engaged Magellan Advisors in a Fiber To The Premise Feasibility Study
 - New Fiber Line Construction, Service Drops and ONT's
- **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.

CITY OF INDIANOLA Operational Review (Continued)

General Government: The City of Indianola supports a proactive stance toward economic development, enhancing the local economy, and promoting efficiency. Major programs and events are:

- Continuation of a citywide residential urban revitalization (tax abatement) program that has encouraged development and continues to strengthen the tax base.
- An aggressive schedule of improvements to infrastructure and facilities including lift station improvements, roadway improvement and reconstruction, and beautification along northern corridor.
- Continuation of an aggressive inspection/maintenance program for sewers meant to keep storm water from entering the sanitary sewer system (I&I program). The entire community will benefit through decreased operation and maintenance expenses, decreased capital expenses, and increased sewer plant capacity.

City staff takes a proactive role in communicating community events with staff and citizens. The Government Access Channel, provides agendas, schedules, public safety and promotional information for government sponsored programs. Meetings are broadcast live to cable subscribers and re-broadcast throughout the week. The City of Indianola also regularly invests resources to enhance communications through its web sites which includes programming information, links to other community resources, and minutes of meetings. Utility payments, recreation program fees, parking tickets and certain other fees can be paid online.

Departments have learned to utilize electronic information systems to improve services. Each building is connected by a high-speed data network over fiber optic lines. Internet access and e-mail systems are also shared. In addition, the City Clerk's Office has improved its document imaging system to improve the retrieval of information and eventually additional features.

The following table summarizes the activities of the Clerk's Office (calendar year):

Permits/Licenses	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Water	11	38	35	21	33	40	38	58
Plumbing	75	42	62	59	31	54	42	79
Electric	93	103	99	88	36	80	103	118
Mechanical	42	56	97	53	14	58	56	114
Sewer	19	66	39	20	27	44	66	58
Warrants Written	8,921	9,257	9,237	9,304	9,852	8,813	9,257	7,901
Ordinance Adopted	24	23	26	16	22	13	23	12
Cigarette	20	17	17	16	15	16	17	17
Bicycle	2	2	2	2	7	9	2	5
Beer	15	15	16	16	16	15	15	15
Beer-Liquor	15	17	18	18	18	18	17	18
Sunday Beer & Liquor	29	29	28	29	29	30	29	28
Beer-Wine	3	3	3	3	3	3	3	3

Internal Service: The City of Indianola maintains a fund for employees' health insurance with premiums paid from each departmental fund. Premiums are targets at expected exposure levels. Reserves are targeted at 25% of annual claims plus 2 times the difference between expected claims and maximum costs.

CITY OF INDIANOLA
Statistical Section

To compliment the financial review of the City of Indianola, the following statistical tables are attached. Below you will find a list of tables with some explanatory information:

Government-Wide Expenditures. These are the cash-based expenditures for the past 10 fiscal years. Capital projects are expensed in the function in which they occur, not solely in capital projects funds.

Governmental Revenues by Source. These are the sources of revenue for the non-proprietary activities of the City of Indianola.

Tax Revenues by Source. These are the sources of tax revenue for the City of Indianola.

Tax Collection Trend. This table shows how effective Warren County collects the property taxes levied for the City of Indianola.

Separate & Consolidated Rates. This table lists the property tax rates of the taxing authorities that govern the citizens within the City of Indianola. Agricultural land within cities is taxed at a different rate than other types of property.

100% Valuations. These are the approximate market values of the different types of property within the City of Indianola. The Operating Levy Total and Debt Levy Total do not contain Agricultural property values, since these values are taxed at a different rate. The Debt Capacity Total does contain the Agricultural property value.

Taxable Valuations. These are the property values that are subject to the property tax levies.

Debt Margin. Iowa Code limits cities' General Obligation debt to 5% of the total valuation of property. This table shows the amount of debt outstanding subject to this limitation and the capacity of the City of Indianola to assume more debt.

Building permits. This table shows the trend of new construction in the City of Indianola, the number of new housing units, and the amount of commercial or industrial construction.

Demographics. This is an attempt to show the growth of the community, its level of prosperity, and economic conditions over various historical periods.

CITY OF INDIANOLA
Statistical Section (Continued)

History of Government-Wide Expenditures

Fiscal Year	Public Safety	Public Works	Health & Social Services	Culture & Recreation	Community Economic Development	General Government (Adm.)	Debt Service	Capital Projects	(Business- type) Enterprises	Total
2006	3,098,730	1,338,627	-	1,937,224	65,386	972,894	1,623,792	958,781	16,858,260	26,853,694
2007	3,085,938	1,256,816	-	1,943,116	617,772	965,144	1,974,772	3,035,031	13,936,478	26,815,067
2008	3,173,199	1,348,228	-	1,904,951	83,781	995,408	1,956,788	966,952	13,123,248	23,552,555
2009	3,269,051	1,282,170	-	2,316,774	104,155	1,037,373	2,219,139	1,678,814	13,608,628	25,516,104
2010	3,356,420	1,151,365	-	1,970,347	146,617	1,144,193	2,276,338	2,713,018	15,766,541	28,524,839
2011	3,534,467	1,177,500	-	1,978,160	123,554	1,187,419	5,553,409	1,904,709	22,949,882	38,409,100
2012	3,893,610	1,320,362		2,097,728	1,295,997	1,292,181	3,368,178	2,778,035	24,171,255	40,217,346
2013	3,902,002	1,416,552	-	2,130,514	704,168	1,411,552	2,622,940	16,012,963	18,646,956	46,847,647
2014	4,267,845	1,341,786	-	2,092,304	430,585	1,509,360	3,000,167	2,860,272	20,645,747	36,148,066
2015	4,045,737	1,301,206	-	2,022,946	557,205	1,404,657	3,003,458	5,220,131	20,232,091	37,787,431
2016	4,095,846	1,600,292	-	2,037,571	165,075	1,401,940	2,838,250	249,880	19,141,972	31,530,826

Notes:

Transfers not included as expenditures.

CITY OF INDIANOLA
Statistical Section (Continued)

Governmental Revenues by Source

Fiscal Year	Taxes	Licenses & Permits	Inter- governmental	Charges for Services	Fines	Use of Money & Property	Special Assessment	Misc.*	Total
2006	4,549,048	163,875	1,366,839	897,130	115,328	163,875	148,054	1,226,974	8,631,123
2007	4,832,068	198,689	2,255,915	867,211	110,906	362,480	284,420	1,465,204	10,376,893
2008	5,152,853	187,498	1,813,521	1,033,928	92,912	320,015	331,949	1,495,550	10,428,226
2009	5,488,299	66,923	1,648,354	1,117,293	81,114	339,169	161,882	270,351	9,173,385
2010	5,657,732	96,392	2,337,365	888,562	67,589	366,428	197,299	351,202	9,962,569
2011	5,839,564	197,339	1,825,570	980,350	77,951	318,802	92,034	545,225	9,876,835
2012	6,229,085	144,940	1,651,642	987,982	81,150	298,088	139,226	334,909	9,867,022
2013	6,738,674	117,693	2,060,498	993,286	57,955	326,083	144,055	295,066	10,733,310
2014	7,150,122	164,364	1,692,398	1,024,228	54,590	335,498	109,522	1,926,196	12,456,918
2015	7,819,189	132,554	4,575,268	1,024,782	64,041	400,099	118,173	413,108	14,547,214
2016	7,930,012	192,408	2,384,472	949,420	31,679	469,188	112,573	510,127	12,579,879

*Excludes self-insurance pool (classified as business-type internal service fund beginning in 2003), proceeds from fixed asset sales, and issuance of debt. Includes only transfers in for utility payment in lieu of taxes and administrative office cost allocations from utilities.

Tax Revenues By Source

Year	Property	TIF	Fees	Hotel/Motel	Total
2006	4,193,386	242,399	54,120	59,143	4,549,048
2007	4,302,701	414,117	54,605	60,645	4,832,068
2008	4,380,621	652,572	57,417	62,243	5,152,853
2009	4,739,284	632,566	58,208	58,241	5,488,299
2010	4,826,350	712,476	61,406	57,500	5,657,732
2011	4,836,322	865,761	81,666	55,815	5,839,564
2012	4,929,376	1,146,801	85,196	67,712	6,229,085
2013	5,163,954	1,368,810	144,189	61,721	6,738,674
2014	5,472,196	1,383,060	225,916	68,950	7,150,122
2015	6,155,219	1,365,455	223,510	75,005	7,819,189
2016	6,122,001	1,542,524	186,339	79,148	7,930,012

CITY OF INDIANOLA
Statistical Section (Continued)

Tax Collection Trend

(Collection) Fiscal Year	Total Levied	Amount Collected*	% Collected
2006	4,186,938	4,193,386	100.2%
2007	4,322,757	4,302,701	99.5%
2008	4,348,256	4,380,621	100.7%
2009	4,717,671	4,739,284	100.5%
2010	4,786,023	4,826,350	100.8%
2011	4,788,677	4,836,322	101.0%
2012	4,916,871	4,929,376	100.3%
2013	5,147,991	5,163,954	100.3%
2014	5,339,600	5,472,196	102.5%
2015	6,042,358	6,155,219	101.9%
2016	6,128,541	6,122,001	99.9%

* includes delinquent taxes, if any.

CITY OF INDIANOLA
Statistical Section (Continued)

Property Tax Rates
Separate and Consolidated
Levy Rate per \$1,000 Taxable Valuation

	City of Indianola				County			School District				
Fiscal Year	Operating	Benefits & Ins.	Debt Service	Total	Operating	Other	Total	Operating	Debt Service	Total	Other	Total
2006	8.10	1.70	2.10	11.90	5.69	0.34	6.03	15.53	2.87	18.40	1.11	37.44
2007	8.10	1.75	2.10	11.95	6.08	0.35	6.43	16.19	2.70	18.89	1.14	38.41
2008	8.10	1.75	2.00	11.85	6.45	0.34	6.79	16.56	3.63	20.19	1.05	39.88
2009	8.10	1.55	2.00	11.65	6.11	0.30	6.41	16.81	3.24	20.05	1.05	39.16
2010	8.10	1.35	1.90	11.35	3.50	2.64	6.14	15.25	4.74	19.99	0.95	38.43
2011	8.10	1.30	1.90	11.30	3.50	2.48	5.98	16.22	4.67	20.89	0.95	39.12
2012	8.10	1.25	1.85	11.20	3.50	2.28	5.78	16.04	4.85	20.89	0.99	38.86
2013	8.10	1.15	1.95	11.20	3.50	2.22	5.72	15.57	2.09	17.66	1.07	35.65
2014	8.10	2.60	2.00	12.70	3.50	2.22	5.72	15.09	4.05	19.14	1.03	38.59
2015	8.10	2.85	1.75	12.70	3.50	2.19	5.69	15.24	4.05	19.29	1.14	38.82
2016	8.10	2.85	1.75	12.70	3.50	2.18	5.68	15.26	4.05	19.31	1.27	38.96

Ag Land

2006	3.00
2007	3.00
2008	3.00
2009	3.00
2010	3.00
2011	3.00
2012	3.00
2013	3.00
2014	3.00
2015	3.00
2016	3.00

CITY OF INDIANOLA
Statistical Section (Continued)

100% Valuations

Fiscal Year	Residential	Ag/Bldgs	Commercial	Industrial	Multi Residential	Personal Property	Rail & Utilities*	Gross Valuation	Exemptions	Total Valuation
2006	461,811,540	1,044,700	123,584,680	9,514,780	-	-	5,266,201	601,221,901	1,415,928	599,805,973
2007	491,599,280	1,117,600	130,585,000	13,051,885	-	-	5,609,331	641,963,096	1,439,904	640,523,192
2008	518,949,280	1,195,800	132,933,300	13,084,925	-	-	5,197,890	671,361,195	1,433,422	669,927,773
2009	600,967,220	1,344,000	141,538,420	14,231,700	-	-	5,354,152	763,435,492	1,499,194	761,936,298
2010	617,326,560	1,342,200	142,844,860	15,142,160	-	-	5,369,669	782,025,449	1,476,970	780,548,479
2011	610,354,360	1,874,500	143,432,485	15,163,880	-	-	5,582,297	776,407,522	1,493,638	774,913,884
2012	625,085,080	1,839,975	145,851,590	15,799,955	-	-	5,777,351	794,353,951	1,486,230	792,867,721
2013	646,903,900	4,447,700	156,223,760	15,475,490	-	-	2,389,713	825,440,563	1,451,042	823,989,521
2014	655,164,820	3,081,278	162,035,585	15,666,500	-	-	4,104,432	840,052,615	1,426,040	838,626,575
2015	667,165,608	3,442,125	122,927,016	16,849,580	48,995,144	-	3,667,352	863,046,825	1,367,612	861,679,213
2016	679,711,368	3,456,837	126,448,130	17,178,400	49,400,760	-	5,598,329	881,793,824	1,199,078	880,594,746

*includes gas & electric valuations at rates levied by the State of Iowa

CITY OF INDIANOLA
Statistical Section (Continued)

Taxable Valuations

Fiscal Year	Residential	Ag/Bldgs	Commercial	Industrial	Multi Residential	Personal Property	Rail & Utilities*	Gross Valuation	Exemptions	Total Taxable Valuation
2006	221,243,341	1,044,700	120,608,343	4,641,582	-	-	5,065,357	352,603,323	1,415,928	351,187,395
2007	224,958,069	1,117,600	122,612,610	7,773,332	-	-	5,211,239	361,672,850	1,439,904	360,232,946
2008	255,353,906	1,195,800	120,608,343	4,641,582	-	-	5,354,152	387,153,783	1,499,194	385,654,589
2009	262,021,987	1,207,178	127,874,259	10,422,723	-	-	4,780,591	406,306,738	1,499,194	404,807,544
2010	278,482,876	1,258,303	127,591,097	10,578,951	-	-	4,818,592	422,729,819	1,476,970	421,252,849
2011	282,264,068	1,196,187	128,329,005	7,442,455	-	-	4,559,534	423,791,249	1,493,638	422,297,611
2012	297,423,424	1,222,266	127,240,836	4,649,639	-	-	4,812,221	435,348,386	1,486,230	433,862,156
2013	317,835,762	1,148,540	127,934,078	2,613,568	-	-	4,861,537	454,393,485	1,469,562	452,923,923
2014	365,146,253	1,200,820	145,832,027	14,103,850	-	-	4,104,432	530,387,382	1,426,040	528,961,342
2015	371,116,849	1,407,597	110,634,315	15,164,622	42,258,339	-	3,667,352	544,249,074	1,367,612	542,881,462
2016	387,021,562	1,493,506	113,803,317	15,460,560	40,755,671	-	3,416,183	561,950,799	1,199,078	560,751,721

*includes gas & electric valuations at rates levied by the State of Iowa

**military

	Operating Levy Total	TIF District Valuation	Debt Levy Total	100% Valuation Total	Ratio of Taxable to 100%
2006	350,142,695	8,110,407	358,253,102	599,805,973	59.7%
2007	359,115,346	13,303,403	372,418,749	640,523,192	58.1%
2008	384,458,789	20,144,573	404,603,362	669,927,773	60.4%
2009	403,600,366	19,978,653	423,579,019	761,936,298	55.6%
2010	419,994,546	22,769,004	442,763,550	780,548,479	56.7%
2011	421,101,424	26,874,547	447,975,971	774,913,884	57.8%
2012	432,639,890	35,690,858	468,330,748	792,867,721	59.1%
2013	451,775,383	42,652,063	494,427,446	823,989,521	60.0%
2014	527,760,522	52,745,764	580,506,286	838,626,575	69.2%
2015	541,473,865	59,727,678	601,201,543	861,679,213	69.8%
2016	559,258,215	66,681,130	625,939,345	880,594,746	71.1%

CITY OF INDIANOLA
Statistical Section (Continued)

Computation of Legal Debt Margin

Fiscal Year	5% of Debt Capacity Valuation	Less: Outstanding G.O. Debt	Legal Debt Margin	Debt Capacity Used
2006	32,098,155	13,018,000	19,080,155	40.6%
2007	33,568,060	11,248,000	22,320,060	33.5%
2008	38,171,775	11,318,165	26,853,610	29.7%
2009	39,101,272	9,440,000	29,661,272	24.1%
2010	38,820,376	11,268,384	27,551,992	29.0%
2011	39,717,698	13,362,456	26,355,242	33.6%
2012	41,272,028	21,823,249	19,448,779	52.9%
2013	42,002,631	25,255,000	16,747,631	60.1%
2014	43,152,341	24,190,000	18,962,341	56.1%
2015	42,002,631	19,795,000	22,207,631	47.1%
2016	44,089,691	17,825,000	26,264,691	40.4%

CITY OF INDIANOLA
Statistical Section (Continued)

Building Permit Trends

Construction Value of new			Construction Value of			Total New		Construction Value of		Total Residential
Calendar Year	Single Family Dwellings	No. of Permits	Multi-Family Dwellings	No. of Permits	No. of Units	Residential Construction	No. of Units	Alterations & Additions	No. of Permits	Construction Value
2006	12,603,520	71	5,847,400	12	27	18,450,920	98	539,100	66	18,990,020
2007	10,568,484	63	2,687,887	9	19	13,256,371	82	743,942	63	14,000,313
2008	3,617,146	22	8,355,796	34	68	11,972,942	90	670,221	59	12,643,163
2009	3,676,598	23	4,417,800	1	62	8,094,398	85	278,426	35	8,372,824
2010	5,022,118	35	8,144,766	44	84	13,166,884	119	1,459,209	45	14,626,093
2011	3,362,600	21	223,000	1	2	3,585,600	23	540,643	46	4,126,243
2012	2,035,200	14	6,251,000	4	45	8,286,200	59	262,201	42	8,548,401
2013	8,052,802	47	6,245,150	13	62	14,297,952	109	262,850	40	14,560,802
2014	5,330,909	29	2,631,850	8	24	7,962,759	53	475,127	38	8,437,886
2015	7,040,310	40	1,827,700	6	16	8,868,010	56	386,665	43	9,254,675
2016	7,250,532	40	13,741,553	10	138	20,992,085	178	456,089	56	21,448,174
Construction Value of Commercial/ Industrial			Construction Value of Non-taxable Construction			Total Construction Value of Construction		Total No. of Permits		
2006	4,788,835	37	2,293,717	2		26,072,572	188			
2007	11,405,065	9	14,262,433	2		34,729,175	193			
2008	3,764,616	22	71,000	2		16,718,743	157			
2009	4,399,823	21	1,616,980	6		12,975,239	101			
2010	5,439,383	9	4,025,121	9		20,273,820	179			
2011	40,613,859	39	30,565,682	9		44,897,710	136			
2012	19,690,301	29	18,436,157	14		28,522,468	115			
2013	10,846,316	18	4,857,530	1		25,488,473	140			
2014	12,535,812	23	10,149,235	3		21,130,498	120			
2015	11,510,521	61	10,532,327	7		20,935,297	136			
2016	8,701,276	24	127,000	1		30,457,132	162			

CITY OF INDIANOLA
Statistical Section (Continued)

Demographic Information

Trends:	<u>Calendar Year</u>	<u>Iowa Unemployment</u>		
	2006	3.9%		
	2007	3.6%		
	2008	3.8%		
	2009	5.6%		
	2010	6.2%		
	2011	6.0%		
	2012	5.1%		
	2013	4.6%		
	2014	4.4%		
	2015	3.5%		
	2016	3.5%		

History:	<u>Calendar Year</u>	<u>Population</u>	<u>10 year % increase</u>	<u>Median Family Income</u>
	1930	3,488		
	1940	4,100	17.5%	
	1950	5,145	25.5%	
	1960	7,062	37.3%	
	1970	8,976	27.1%	
Special	1975	9,611		
	1980	10,843	20.8%	
	1990	11,340	4.6%	\$ 34,684
Special	1995	12,339		
	2000	12,998	14.6%	\$ 52,235
Annexation	2004	13,044		
Special	2005	14,156	14.7%	
	2010	14,782	13.7%	\$ 52,238



Shull, Schrum, McClafin
& Co., Inc.
certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Indianola, Iowa, as of and for the year ended June 30, 2016, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements 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 the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards of 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 City's 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 City's 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Indianola as of June 30, 2016, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than the generally accepted accounting principles of the United States of America. Our opinion is not modified with respect to this matter.

Supplementary and Other Information

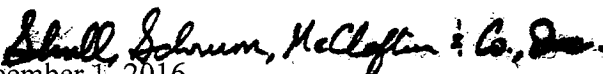
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Indianola's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was 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 generally accepted auditing standards of the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, the Management's Discussion and Analysis, the budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 28 through 33 and 68 through 75 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards we have also issued our report dated December 1, 2016 on our consideration of the City of Indianola's 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 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 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 City of Indianola's internal control over financial reporting and compliance.


December 1, 2016

CITY OF INDIANOLA

Management Discussion and Analysis (MD&A)

The City of Indianola offers readers of the City of Indianola's financial statements this narrative overview and analysis of the financial activities of the City of Indianola for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in this report.

2016 Financial Highlights

- The City of Indianola has an ending cash balance of \$19,965,608 to meet the government's ongoing obligations to citizens and creditors. Of this, \$9,728,370 is under the direct management and control of the primary government with \$6,690,397 for governmental activities and \$3,546,841 for business-type activities. The remaining \$7,460,217 from the component unit, Indianola Municipal Utilities.
- Total cash balances increased \$2,166,526 for the primary government and decreased \$117,014 for the component unit. The primary reason for the increase is accumulate funds for capital expenditures in the future without borrowing.

Using this Annual Report

The annual report consists of a series of financial statements and other requirements as follows:

Management Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending (fund balance). Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the non-major governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

CITY OF INDIANOLA
Management Discussion and Analysis (MD&A) (Continued)

Reporting the City's Financial Activities

Basis of accounting: The City of Indianola maintains its financial records on the basis of cash receipts and disbursements and the financial statements presented in this report are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Government-wide Financial Statement: The Combined Statement of Cash Transactions presents information on all of the City of Indianola's cash balances. Over time, increases or decreases in balances may serve as a useful indicator of whether the financial position of the City of Indianola is improving or deteriorating. This statement details how cash balances changed during the most recent fiscal year.

This statement distinguishes functions of the City of Indianola that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities).

Governmental activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property taxes, charges for service, state and federal allocations and grants, and special assessments finance most of these activities.

Business type activities of the City include both internal service funds and sanitary sewer system funds.

The component unit of the City of Indianola is the combined transactions of the electric, water, and telecommunications utilities. Separate financial statements are issued for these activities under the report of Indianola Municipal Utilities.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about individual, significant funds—not the City as a whole. Some funds are required to be established in Iowa Code and by bond covenants. The City of Indianola has established other funds to help it control and manage financial resources for particular purposes. The city has two types of funds:

1. Governmental funds account for most of the City of Indianola's basic services. They focus on how money flows into and out of the funds and the balances at year-end that are available for spending. Governmental funds include: 1) the General Fund, 2) Special Revenue Funds, 3) the Debt Service Fund, and 4) Capital Projects Funds. The Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Governmental Funds provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more, or less, financial resources available.

CITY OF INDIANOLA
Management Discussion and Analysis (MD&A) (Continued)

2. Business type funds account for the City of Indianola's Enterprise Funds and Internal Services Funds. As shown on the "Statement of Cash Receipts, Disbursements and Changes in Cash Balances – Proprietary Funds" Enterprise Funds are maintained for the sanitary sewer funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among various functions. The City of Indianola uses Internal Service Funds to account for employee group health & short-term disability insurance and property & liability deductibles.

Financial Analysis

The following condensed financial information serves as summarized financial data and indicators for management, monitoring, and planning.

Net assets: The table below shows restricted and unrestricted net assets on a cash basis. These net assets exclude those of the component unit, which are under the management and control of a board of trustees.

Net Assets (Cash Basis)

	Year ended June 30,		
	2016	2015	Change
Governmental Activities			
Restricted	3,525,382	3,018,309	507,073
Unrestricted	6,202,988	4,543,535	1,659,453
Total	<u>9,728,370</u>	<u>7,561,844</u>	<u>2,166,526</u>
Business Type Activities			
Restricted	54,997	54,979	18
Unrestricted	2,434,860	1,901,587	533,273
Total	<u>2,489,857</u>	<u>1,956,566</u>	<u>533,291</u>
Total Primary Government			
Restricted	3,580,379	3,073,288	507,091
Unrestricted	8,637,848	6,445,122	2,192,726
Total	<u>12,218,227</u>	<u>9,518,410</u>	<u>2,699,817</u>
Component Unit			
Restricted	439,500	436,956	2,544
Unrestricted	7,307,878	7,263,195	44,683
Total	<u>7,747,378</u>	<u>7,700,151</u>	<u>47,227</u>

Sources and uses of funds: The following table summarizes how the operations of the city were financed and the programs in which they were expended.

CITY OF INDIANOLA
Management Discussion and Analysis (MD&A) (Continued)

Changes in Net Assets Governmental Funds

	Year ended June 30,					
	2016		2015		Change	
Receipts						
Property tax	\$ 6,122,001	49%	6,155,219	42%	(33,218)	-1%
Tax increment financing collections	1,542,524	12%	1,365,455	9%	177,069	13%
Other city tax	265,487	2%	298,515	2%	(33,028)	-11%
Licenses and permits	192,408	2%	132,554	1%	59,854	45%
Use of money and property	469,188	4%	400,099	3%	69,089	17%
Intergovernmental	2,384,472	19%	4,575,268	31%	(2,190,796)	-48%
Charges for service	949,420	8%	1,024,782	7%	(75,362)	-7%
Special assessments	112,573	1%	118,173	1%	(5,600)	-5%
Miscellaneous	541,806	4%	477,149	3%	64,657	14%
Total Receipts	12,579,879	100%	14,547,214	100%	(1,967,335)	-14%
Disbursements						
Public safety	4,095,846	33%	4,018,718	23%	77,128	2%
Public works	1,600,292	13%	1,293,247	7%	307,045	24%
Culture and recreation	2,037,571	16%	2,009,849	11%	27,722	1%
Community and economic development	165,075	1%	557,205	3%	(392,130)	-70%
General government	1,401,940	11%	1,394,110	8%	7,830	1%
Debt service	2,838,250	23%	3,003,458	17%	(165,208)	-6%
Capital projects	249,880	2%	5,220,131	30%	(4,970,251)	-95%
Total disbursements	12,388,854	100%	17,496,718	100%	(5,107,864)	-29%
Other financing sources (uses)						
Bond proceeds	-		-			
Sale of capital assets	111,845		54,239			
Operating transfers in (out)	2,042,424		2,092,328			
Total other financing sources (uses)	2,154,269		2,146,567			
Net change in cash balances	2,345,294		(802,937)			
Cash balances, beginning of year	6,613,255		7,416,192			
Cash balances, end of year	\$ 8,958,549		6,613,255			

Property tax revenues increased due to taxable valuation growth in FY16. The majority of the remaining revenues held relatively stable in comparison to total receipts.

Public Works had the largest increase in spending, attributed to equipment purchases. Public safety and General Government Operations, public works, culture & recreation increased slightly. Capital Projects spending decrease largely due to the completion of Highway 65/69 improvements in FY15, no other such large scale projects were undertaken in FY16.

CITY OF INDIANOLA
Management Discussion and Analysis (MD&A) (Continued)

Governmental funds: Governmental funds ended the fiscal year with a balance of \$9,728,370 an increase of \$2,166,526 over the prior year.

Business type funds: Business type funds ended the fiscal year with \$1,956,566 in cash basis fund balances, an increase of \$533,291 over the prior year.

Budgetary Highlights

In accordance with Iowa Code, the city council annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. None of the amendments made, if any, negatively affect the following year's budget.

Capital Asset and Debt Administration

In FY 2016, the City issued no General Obligation Bonds.

Factors Affecting Financial Condition

Local economy: The City of Indianola currently has a stable economic environment and local indicators point to slight growth. Although a primarily residential community, the varied nature of the educational, light manufacturing, agriculture services, and retail sectors of the local economy provides employment stability. Close proximity to the Des Moines metro area, the state capital with a combined population of approximately 460,000, provides employment for approximately 60% of Indianola's available workforce. Over the past 5 years single-family dwellings have been constructed at an average rate of 21 units.

The region (which includes the City of Indianola and the surrounding unincorporated area within Warren County) has a relatively stable employment outlook over the next several years. New commercial construction is occurring along the four-lane highway between the City of Indianola and the Des Moines metropolitan area. New utility services to recently annexed areas along its highway corridors have been installed to open new ground for development in these areas where commercial or industrial growth has started. A four-lane bypass to the south of the Des Moines metro, completed in 2002, provides increased commercial development opportunities for the community as it improved traffic flow from Indianola to the western Des Moines suburbs and the interstate highway system. The city makes annual financial commitments to the Warren County Economic Development Corporation and Greater Des Moines Partnership to support economic development in the region. The component unit also offers its own revolving loan program to spur economic development.

CITY OF INDIANOLA
Management Discussion and Analysis (MD&A) (Continued)

Long-term financial planning: The city has adopted a Comprehensive Plan, last updated in 2011 to help determine future infrastructure needs. City authorities annually adopt capital improvement budgets that prioritize foreseen projects. Those with potential long-term significant impacts to the financial operations of the city are:

- The city continues inspect and maintain the waste water system. The main objective of the program is to reduce storm water from entering the sanitary sewer system.

Regulatory changes: It is expected that the State of Iowa will enact new regulations on waste water treatment quality that could take effect within 5 years. Plant upgrades and gravity line improvements, which will reduce infiltration and inflow of storm water, will help the City of Indianola meet these regulations. Although a new waste water treatment plant is in the planning stages, the city is currently performing necessary rehabilitation to the sewer plant to extend its service life until work on a new system can be completed.

Other regulatory impacts under consideration by the State of Iowa also include increased monitoring and controlling storm water pollution levels.

The City Council makes a concerted effort to maintain effective services while keeping tax rates affordable, especially in light of current economic conditions. Indianola continues to have growth in population, retail sales, and commercial construction, which is above the norm for the state as a whole. The city property tax rate for FY 2016 stayed flat at \$12.70 per \$1,000 in taxable valuation.

Requests for Information

This financial report is designed to provide a general overview of the City of Indianola's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 110 N. First St., PO Box 299, Indianola, IA 50125. City Hall's telephone number is 515-961-9410.

BASIC FINANCIAL STATEMENTS

CITY OF INDIANOLA
Cash Basis Statement of Activities and Net Position
As of and for the Year Ended June 30, 2016

		Program	
	Disbursements	Charges for Service	Operating Grants, Contributions, and Restricted Interest
Functions / Programs			
Primary Government:			
Governmental activities:			
Public safety	\$ 4,181,922	894,524	146,998
Public works	1,624,093	150,438	1,844,423
Culture and recreation	2,071,238	367,790	273,377
Community and economic development	165,075	3,750	111,641
General government	1,437,559	53,866	25,526
Debt service	2,838,250	-	-
Capital projects	249,880	4,929	-
Total governmental activities	<u>12,568,017</u>	<u>1,475,297</u>	<u>2,401,965</u>
Business type activities:			
Sewer	2,049,496	2,964,632	51,675
Other nonmajor	256,530	423,677	-
Total business type activities	<u>2,306,026</u>	<u>3,388,309</u>	<u>51,675</u>
Total Primary Government	<u>\$ 14,874,043</u>	<u>4,863,606</u>	<u>2,453,640</u>
Component Unit:			
Municipal Utilities	<u>\$ 16,835,946</u>	<u>16,661,569</u>	<u>1,214,920</u>
General Receipts and Transfers:			
Property and other city tax levied for:			
General purposes			
Debt service			
Employee benefits			
Tax increment financing			
Utility tax replacement excise tax			
Grants and contributions not restricted to specific purpose			
Unrestricted interest on investments			
Bond, note and loan proceeds			
Payments to refunding bond agent			
Rent			
Sale of capital assets			
Miscellaneous			
Transfers			
Total general receipts and transfers			

Receipts	Net (Disbursements) Receipts and Changes in Cash Basis Net Position			
	Primary Government			Component Unit
Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total	Municipal Utilities
-	(3,140,400)	-	(3,140,400)	-
-	370,768	-	370,768	-
-	(1,430,071)	-	(1,430,071)	-
-	(49,684)	-	(49,684)	-
-	(1,358,167)	-	(1,358,167)	-
-	(2,838,250)	-	(2,838,250)	-
<u>157,618</u>	<u>(87,333)</u>	<u>-</u>	<u>(87,333)</u>	<u>-</u>
<u>157,618</u>	<u>(8,533,137)</u>	<u>-</u>	<u>(8,533,137)</u>	<u>-</u>
-	-	966,811	966,811	-
-	-	167,147	167,147	-
-	-	1,133,958	1,133,958	-
<u>157,618</u>	<u>(8,533,137)</u>	<u>1,133,958</u>	<u>(7,399,179)</u>	<u>-</u>
<u>4,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,044,651</u>
	3,941,640	-	3,941,640	-
	993,494	-	993,494	-
	1,400,968	-	1,400,968	-
	1,542,524	-	1,542,524	-
	186,340	-	186,340	40,622
	79,148	-	79,148	-
	157,975	21,305	179,280	111,828
	-	153,762	153,762	-
	-	-	-	-
	243,305	56,466	299,771	40,350
	111,845	-	111,845	20,000
	-	-	-	-
	<u>2,042,424</u>	<u>(832,200)</u>	<u>1,210,224</u>	<u>(1,210,224)</u>
	<u>10,699,663</u>	<u>(600,667)</u>	<u>10,098,996</u>	<u>(997,424)</u>

CITY OF INDIANOLA
Cash Basis Statement of Activities and Net Position
As of and for the Year Ended June 30, 2016

Change in cash basis net position

Cash basis net position beginning of year

Cash basis net position end of year

Cash Basis Net Position

Restricted:

Expendable:

Streets

Urban renewal purposes

Debt service

Other purposes

Unrestricted

Total cash basis net position

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Position

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	<u>Municipal Utilities</u>
2,166,526	533,291	2,699,817	47,227
<u>7,561,844</u>	<u>1,956,566</u>	<u>9,518,410</u>	<u>7,700,151</u>
<u>\$ 9,728,370</u>	<u>2,489,857</u>	<u>12,218,227</u>	<u>7,747,378</u>
1,225,219	-	1,225,219	-
949,928	-	949,928	-
1,240,534	54,997	1,295,531	439,500
109,701	-	109,701	-
<u>6,202,988</u>	<u>2,434,860</u>	<u>8,637,848</u>	<u>7,307,878</u>
<u>\$ 9,728,370</u>	<u>2,489,857</u>	<u>12,218,227</u>	<u>7,747,378</u>

CITY OF INDIANOLA

Statement of Cash Receipts, Disbursements
And Changes in Cash Balances
Governmental Funds
As of and for the Year Ended June 30, 2016

	General	Special Revenue Road Use Tax
Receipts		
Property tax	\$ 3,312,968	-
Tax increment financing	-	-
Other city tax	265,487	-
Licenses and permits	192,408	-
Use of money and property	467,611	-
Intergovernmental	439,618	1,826,749
Charges for service	949,420	-
Special assessments	-	-
Miscellaneous	457,195	45,097
Total receipts	<u>6,084,707</u>	<u>1,871,846</u>
Disbursements		
Operating		
Public safety	4,095,846	-
Public works	203,264	1,397,028
Culture and recreation	2,037,571	-
Community and economic development	131,974	-
General government	1,401,940	-
Debt service	76,835	-
Capital projects	-	-
Total disbursements	<u>7,947,430</u>	<u>1,397,028</u>
Excess of receipts over disbursements	<u>(1,862,723)</u>	<u>474,818</u>
Other financing sources (uses)		
Sale of capital assets	111,845	-
Operating transfers in (out)	3,025,792	(349,100)
Total other financing sources (uses)	<u>3,137,637</u>	<u>(349,100)</u>

Exhibit B

<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
917,495	1,891,538	6,122,001
-	1,542,524	1,542,524
-	-	265,487
-	-	192,408
-	1,577	469,188
-	118,105	2,384,472
-	-	949,420
107,644	4,929	112,573
-	39,514	541,806
<u>1,025,139</u>	<u>3,598,187</u>	<u>12,579,879</u>
-	-	4,095,846
-	-	1,600,292
-	-	2,037,571
-	33,101	165,075
-	-	1,401,940
2,761,415	-	2,838,250
-	249,880	249,880
<u>2,761,415</u>	<u>282,981</u>	<u>12,388,854</u>
<u>(1,736,276)</u>	<u>3,315,206</u>	<u>191,025</u>
-	-	111,845
<u>1,670,923</u>	<u>(2,305,191)</u>	<u>2,042,424</u>
<u>1,670,923</u>	<u>(2,305,191)</u>	<u>2,154,269</u>

CITY OF INDIANOLA

Statement of Cash Receipts, Disbursements
And Changes in Cash Balances
Governmental Funds
As of and for the Year Ended June 30, 2016

	<u>General</u>	<u>Special Revenue Use Tax</u>
Change in cash balances	1,274,914	125,718
Cash balances beginning of year	<u>3,675,491</u>	<u>1,099,501</u>
Cash balances end of year	<u>\$ 4,950,405</u>	<u>1,225,219</u>
Cash Basis Fund Balances		
Restricted for:		
Streets	\$ -	1,225,219
Urban renewal purposes	-	-
Debt service	-	-
Other purposes	-	-
Committed	-	-
Unassigned	<u>4,950,405</u>	-
Total cash basis fund balances	<u>\$ 4,950,405</u>	<u>1,225,219</u>

See notes to financial statements.

Exhibit B
(Continued)

<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
(65,353)	1,010,015	2,345,294
<u>1,305,887</u>	<u>532,376</u>	<u>6,613,255</u>
<u>1,240,534</u>	<u>1,542,391</u>	<u>8,958,549</u>
-	-	1,225,219
-	949,928	949,928
1,240,534	-	1,240,534
-	109,701	109,701
-	482,762	482,762
-	-	<u>4,950,405</u>
<u>1,240,534</u>	<u>1,542,391</u>	<u>8,958,549</u>

CITY OF INDIANOLA

Exhibit C

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash
Balances to the Cash Basis Statement of Activities and Net Position -
Governmental Funds
As of and for the Year Ended June 30, 2016

Total government funds cash balances	\$	8,958,549
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*Amounts reported for governmental activities in the Cash Basis
Statement of Activities and Net Position are different because:*

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's health insurance benefit plan to individual funds. A portion of the cash balance of the Internal Service Fund is included in governmental activities in the Cash Basis Statement of Activities and Net Position		769,821
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Cash basis net position of governmental activities	\$	<u>9,728,370</u>
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Change in cash balances	\$	2,345,294
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*Amounts reported for governmental activities in the Cash Basis
Statement of Activities and Net Position are different because:*

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's health insurance benefit plan to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with governmental activities in the Cash Basis Statement of Activities and Net Position.		(178,768)
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Change in cash basis net position of governmental activities	\$	<u>2,166,526</u>
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See notes to financial statements.

CITY OF INDIANOLA

Statement of Cash Receipts, Disbursements and Changes in Cash Balances -
Proprietary Funds
As of and for the Year Ended June 30, 2016

		Enterprise Funds
	Sewer	Nonmajor
Operating receipts		
Charges for service	\$ 2,912,800	423,677
Miscellaneous	32,095	-
Total operating receipts	<u>2,944,895</u>	<u>423,677</u>
Operating disbursements		
Governmental activities		
Public safety	-	-
Public works	-	-
Culture and recreation	-	-
General government	-	-
Business type activities	995,305	256,530
Component Unit:		
Municipal Utilities	-	-
Total operating disbursements	<u>995,305</u>	<u>256,530</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>1,949,590</u>	<u>167,147</u>
Non-operating receipts (disbursements)		
Interest on investments	21,206	-
Special assessments	19,838	-
Miscellaneous	108,041	-
Capital loan note proceeds	153,761	-
Debt Service	(668,882)	-
Capital projects	(370,508)	-
Net non-operating receipts (disbursements)	<u>(736,544)</u>	<u>-</u>
Excess of receipts over disbursements	1,213,046	167,147
Operating transfers in (out)	<u>(752,700)</u>	<u>(79,500)</u>
Change in cash balances	460,346	87,647
Cash balances beginning of year	1,327,583	504,819
Cash balances end of year	<u>\$ 1,787,929</u>	<u>592,466</u>
Cash Basis Fund Balances		
Restricted for debt service	\$ 54,997	-
Unrestricted	1,732,932	592,466
Total cash basis fund balances	<u>\$ 1,787,929</u>	<u>592,466</u>

See notes to financial statements.

<u>Total</u>	<u>Internal Service Funds</u>
3,336,477	1,335,834
32,095	162,427
<u>3,368,572</u>	<u>1,498,261</u>
-	563,576
-	146,447
-	231,156
-	238,642
1,251,835	98,024
-	484,167
<u>1,251,835</u>	<u>1,762,012</u>
<u>2,116,737</u>	<u>(263,751)</u>
21,206	494
19,838	-
108,041	-
153,761	-
(668,882)	-
(370,508)	-
<u>(736,544)</u>	<u>494</u>
1,380,193	(263,257)
<u>(832,200)</u>	<u>-</u>
547,993	(263,257)
1,832,402	1,429,702
<u>2,380,395</u>	<u>1,166,445</u>
54,997	-
<u>2,325,398</u>	<u>1,166,445</u>
<u>2,380,395</u>	<u>1,166,445</u>

CITY OF INDIANOLA

Exhibit E

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash
Balances to the Cash Basis Statement of Activities and Net Position -
Proprietary Funds
As of and for the Year Ended June 30, 2016

Total enterprise funds cash balances	\$	2,380,395
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*Amounts reported for business type activities in the Cash Basis
Statement of Activities and Net Position are different because:*

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's health insurance benefit plan to individual funds. A portion of the cash balance of the Internal Service Fund is included in business type activities in the Cash Basis Statement of Activities and Net Position.

		<u>109,462</u>
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Cash basis net position of business type activities	\$	<u>2,489,857</u>
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Change in cash balances	\$	547,993
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*Amounts reported for business type activities in the Cash Basis
Statement of Activities and Net Position are different because:*

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's health insurance benefit plan to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with business type activities in the Cash Basis Statement of Activities and Net Position.

		<u>(14,702)</u>
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Change in cash basis net position of business type activities	\$	<u>533,291</u>
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See notes to financial statements.

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Indianola is a political subdivision of the State of Iowa located in Warren County. It was incorporated in 1864 and operates under the home rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides a sewer utility for its citizens.

A. REPORTING ENTITY

For financial reporting purposes, the City has included all funds, organizations, agencies, boards, commissions and authorities. The City 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 City are such that exclusion would cause the City's 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 City 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 City.

These financial statements present the City of Indianola (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. Certain disclosures about the discretely presented component unit are not included because the component unit has been audited separately and a report has been issued under separate cover. The audited financial statements are available at the City Clerk's office.

Discretely Presented Component Unit - The financial information for the Indianola Municipal Utilities is presented as a Component Unit to emphasize that it is legally separate from the City, but is financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Utilities are governed by a five-member board appointed by the City Council and the Utilities' operating budget is subject to the approval of the City Council.

Jointly Governed Organizations - The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: South Central Iowa Landfill Agency Board, Central Iowa Regional Transportation Planning Alliance Board, Metropolitan Planning Organization Committee, Marion/Warren County Drug Task Force, Community Athletic Facilities Board.

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year Ended June 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. **BASIS OF PRESENTATION**

Government-wide Financial Statement – The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management, which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise fund are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year Ended June 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. **BASIS OF PRESENTATION (Continued)**

Fund Financial Statements (Continued) –

The Special Revenue - Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the City's general long-term debt.

The City reports the following major proprietary funds:

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The City also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies.

C. **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The City of Indianola maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with generally accepted accounting principles of the United States of America.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there is both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year Ended June 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. GOVERNMENTAL CASH BASIS FUND BALANCES

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

E. BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2016, disbursements did not exceed the amounts budgeted as amended.

2. **CASH AND POOLED INVESTMENTS**

The City's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by 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.

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year Ended June 30, 2016

2. **CASH AND POOLED INVESTMENTS (CONTINUED)**

The City 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 City council; 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.

The City's investments at June 30, 2016 were as follows:

	CARRYING AMOUNT	FAIR VALUE
Money market accounts	\$ 1,583,543	1,583,543
U.S. treasury bills	149,742	149,980
U.S. government obligations	2,309,535	2,314,536
U.S. agency mortgage pass-through	713,340	757,844
U.S. agency bonds and notes	10,136,710	10,220,088
U.S. agency collateralized mortgage obligations	1,349,541	1,392,088
U.S. agency asset backed securities	694,950	725,506
Corporate Bonds	251,787	251,105
	<u>\$17,189,148</u>	<u>17,394,690</u>

The City uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, Level 3 inputs are significant unobservable inputs.

The recurring fair value of the City's investments were determined using quoted market prices. (Level 1 inputs)

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$111,138 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There are no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in the Iowa Public Agency Investment Trust is unrated.

Interest rate risk – The City's 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 investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year Ended June 30, 2016

2. **CASH AND POOLED INVESTMENTS (CONTINUED)**

Credit risk – The City's investments are held by a bank's trust department in the City's name. Investments with a carrying amount of \$10,098,276 are rated Aaa. The balance of the investments are not rated.

3. **BONDS AND NOTES PAYABLE**

Annual debt service requirements to maturity for the City's general obligation bonds and notes, capital loan notes, revenue capital loan notes, and other long-term debt as of June 30, 2016 are as follows:

YEAR	GENERAL OBLIGATION		CAPITAL		REVENUE CAPITAL		TOTAL	
ENDING	BONDS & NOTES		LOAN NOTES		LOAN NOTES		TOTAL	
June 30,	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2017	\$ 2,105,000	319,673	220,000	6,760	374,000	276,819	2,699,000	603,252
2018	2,045,000	290,507	75,000	2,437	385,000	267,359	2,505,000	560,303
2019	1,800,000	262,045	-	-	395,000	257,610	2,195,000	519,655
2020	1,835,000	235,145	-	-	405,000	247,589	2,240,000	482,734
2021	1,560,000	206,340	-	-	416,000	237,309	1,976,000	443,649
2022-2026	5,930,000	631,505	-	-	2,255,000	1,021,877	8,185,000	1,653,382
2027-2031	2,255,000	136,575	-	-	2,156,964	721,327	4,411,964	857,902
2032-2036	-	-	-	-	1,711,000	458,130	1,711,000	458,130
2037-2041	-	-	-	-	2,006,000	184,380	2,006,000	184,380
	<u>\$ 17,530,000</u>	<u>2,081,790</u>	<u>295,000</u>	<u>9,197</u>	<u>10,103,964</u>	<u>3,672,400</u>	<u>27,928,964</u>	<u>5,763,387</u>

Revenue Notes

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$9,090,000 of Sewer Revenue Capital Loan Notes, Series 2009, issued in May 2009. Proceeds from the notes provided financing for the costs of acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping of the municipal sewer system utility. The notes are payable solely from sewer customer net receipts and are payable through 2041. Annual principal and interest payments on the notes are expected to require less than 46% of net receipts. The total principal and interest remaining to be paid on the notes is \$10,757,890. For the current year, principal and interest paid and total customer net receipts were \$421,980 and \$909,699, respectively.

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year Ended June 30, 2016

3. **BONDS AND NOTES PAYABLE (CONTINUED)**

Revenue Notes - continued

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$4,036,000 of Sewer Revenue Capital Loan Notes, Series 2013, issued in April 2013. Proceeds from the notes provided financing for the costs of acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping of the municipal sewer system utility. The notes are payable solely from sewer customer net receipts and are payable through 2033. Annual principal and interest payments on the notes are expected to require less than 25% of net receipts. The total principal and interest remaining to be paid on the notes is \$3,018,474. For the current year, principal and interest paid and total customer net receipts were \$227,737 and \$909,699, respectively.

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

- a. The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- b. Sufficient monthly transfers shall be made to a separate water revenue sinking account within the Enterprise Fund 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 or replacements to the water system, or to pay or redeem the notes or parity obligations, and then can be used for any lawful purpose.

4. **PENSION PLANS**

Iowa Public Employees' Retirement System (IPERS)

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive 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.

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year Ended June 30, 2016

4. **PENSION PLANS (CONTINUED)**

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, anytime 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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-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 on or after July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

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.

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year Ended June 30, 2016

4. **PENSION PLANS (CONTINUED)**

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 year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the City contributed 8.93% of covered payroll, for a total rate of 14.88%. Protection occupation members contributed 6.56% of covered payroll and the City contributed 9.84% of covered payroll, for a total rate of 16.40%.

The City's contributions to IPERS for the year ended June 30, 2016 totaled \$423,224.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the City reported a liability of \$2,800,726 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the City's proportion was .0566893%, which was a decrease of .000735% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016 the City pension expense, deferred outflows and deferred inflows totaled \$243,155, \$392,895 and \$316,585 respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year Ended June 30, 2016

4. PENSION PLANS (CONTINUED)

Rate of inflation (effective June 30, 2014)	3.00% per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation
Wage Growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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 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 arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Plus Fixed Income	28%	2.04%
Domestic Equity	24	6.29
International Equity	16	6.75
Private Equity/debt	11	11.32
Real Estate	8	3.48
Credit Opportunities	5	3.63
U.S. TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(0.71)
Total	<u>100%</u>	

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED Year Ended June 30, 2016

4. PENSION PLANS (CONTINUED)

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. 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 City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$ 5,337,008	\$ 2,800,726	\$ 660,472

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Plan Description - MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of Sample GAAP City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at www.mfprsi.org.

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa 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.

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year Ended June 30, 2016

4. **PENSION PLANS (CONTINUED)**

Pension Benefits - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen, plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

Active members at least 55 years of age with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. When electing to participate in DROP, the member signs a contract stating the member will retire at the end of the selected DROP period. During the DROP period, the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability benefits may be either accidental or ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount and 25% of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40% of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended June 30, 2016

4. **PENSION PLANS (CONTINUED)**

Benefits are increased annually in accordance with Chapter 411.6 of the Code of Iowa, which provides a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2016.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 27.77% for the year ended June 30, 2016.

The City's contributions to MFPRSI for the year ended June 30, 2016 was \$336,000.

If approved by the State Legislature, state appropriations may further reduce the City's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa, therefore, is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – Financial Reporting for Pension Plans.

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2016.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of \$2,115,926 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2015, the City's proportion was .450375% which was an decrease of .017445% from its proportions measured as of June 30, 2014.

For the year ended June 30, 2016, the City's collective pension expense totaled \$196,429.

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year Ended June 30, 20164. **PENSION PLANS (CONTINUED)**

Actuarial Assumptions - The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00%
Rates of salary increase	4.50 to 15.00%, including inflation.
Investment rate of return	7.50%, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 1/12 of the 1971 GAM table and 11/12 of the 1994 GAM table with no projection of future mortality improvement.

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Plus Fixed Income	7.0%	3.8%
Emerging Markets Debt	3.0%	6.5%
Domestic Equities	12.5%	6.0%
Master Limited Partnerships (MLP)	5.0%	8.5%
International Equities	12.5%	7.0%
Core Investments	40.0%	
Tactical Asset Allocation	35.0%	6.0%
Private Equity	15.0%	9.8%
Private Non-Core Real Estate	5.0%	9.3%
Private Core Real Estate	5.0%	6.8%
Real Estate	10.0%	
Total	100.0%	

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended June 30, 2016

4. PENSION PLANS (CONTINUED)

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on MFPRSI investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$ 3,683,888	\$ 2,115,926	\$ 813,131

MFPRSI's Fiduciary Net Position - Detailed information about the MFPRSI's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at www.mfprsi.org.

5. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 91 active and 1 retired members in the plan. Participants must be 55 or older at retirement. Some Fire/Rescue participants qualify at age 50 with 22 years of service.

The medical/prescription drug benefits are provided through a self-funded plan. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$538 for single coverage and \$1,311 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2016, the City contributed \$0 and plan members eligible for benefits contributed approximately \$12,150 to the plan.

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year Ended June 30, 2016

6. **COMPENSATED ABSENCES**

City employees accumulate vacation hours and sick leave for subsequent use. Unused vacation hours are payable upon termination, retirement or death. Sick leave hours are payable only when used and not upon separation of service. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate maximum liability for unrecognized accrued employee benefits as of June 30, 2016, primarily relating to the General Fund, was as follows:

Vacation	\$ 401,794
Sick leave	<u>890,088</u>
	\$ <u>1,291,882</u>

This liability has been computed based on rates of pay as of June 30, 2016.

7. **HEALTH INSURANCE AND HEALTH REIMBURSEMENT ARRANGEMENT**

The City self-funds its health insurance plan as permitted by Iowa Code Section 509A using an internal service fund. Transfers to the fund are made at pre-established rates for single or family coverage by each city department on a monthly basis. Disbursements from the fund are made to pay administrative fees, stop loss insurance premiums and payment of claims. As of June 30, 2016 the actuarially determined reserve necessary for claims incurred but not yet paid was \$196,625 (2015 - \$177,621) and the internal service fund balance was \$690,402 (2015 - \$944,766).

The City also maintains a health reimbursement arrangement (HRA) for the benefit of employees. The City makes a fixed annual commitment that employees may use to offset premium contributions or cash payments for any medical expense allowed under current income tax provisions. If the employee does not utilize the full amount provided in the fiscal year, the balance is carried forward to the following year and is available in any future period, including after retirement. Disbursements are paid out of operating funds and not held in trust. They are, however, accounted for in a sub-fund that is separate from other operating funds for budgetary control. Unpaid HRA balances totaled \$243,539 as of June 30, 2016.

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year Ended June 30, 20168. **INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Road Use Tax	\$ 183,100
	Employee Benefits Levy	1,400,968
	Police Retirement	12,500
	Enterprise:	
	Sewer	424,300
	Recycling	18,100
	Component Unit	<u>1,052,324</u>
		<u>3,091,292</u>
Special Revenue:		
Downtown Tax Increment	Special Revenue:	
	Industrial Park Urban Renewal Tax Increment	<u>1,271,206</u>
Debt Service	General	65,500
	Special Revenue:	
	Industrial Park Urban Renewal Tax Increment	114,956
	Downtown Tax Increment	936,767
	Enterprise:	
	Sewer	322,400
	Stormwater Utility	61,400
	Component Unit	<u>169,900</u>
		<u>1,670,923</u>
Capital Projects:		
Street Construction	Special Revenue:	
	Road Use Tax	<u>160,000</u>
Component Unit	Special Revenue:	
	Road Use Tax	6,000
	Enterprise:	
	Sewer	<u>6,000</u>
		<u>12,000</u>
		<u>\$ 4,934,215</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED Year Ended June 30, 2016

9. **RISK MANAGEMENT**

The City is a member in 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 746 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 by the Board not to exceed 300% of basis rate.

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 City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2016 were \$113,030 (2015 - \$108,881).

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 \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's 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 City's 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 member's risk-sharing certificate, or in the event that 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 shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

CITY OF INDIANOLA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Year Ended June 30, 2016

9. **RISK MANAGEMENT (CONTINUED)**

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 City is a member of the Iowa Municipalities Workers' Compensation Association (the "Association"). The Association is governed by a board of directors elected by representatives of the governing bodies of each participating governmental jurisdiction. The City has executed a Worker's Compensation coverage Agreement with the Association which extends through June 30, 2016 and has authorized the Association to issue general obligation bonds to provide funds with which to pay claims. During the year ended June 30, 2016, the City paid workers' compensation insurance premiums of \$120,561 (2015 - \$127,872) to the Association.

10. **DOWNTOWN BUSINESS INCENTIVE PROGRAM**

The City offers an incentive program for renovation and repair of existing commercial building structures and facades in certain blocks of the Original Town Plat. Property owners in the program are eligible for grants for a portion of the costs incurred and obtain a loan from a local lender for the balance of the costs. In order to provide the loans to property owners at 0% interest, the City places a non interest bearing deposit with the lender. As property owners pay down the loans, the non interest bearing funds are returned to the City. During the year ended June 30, 2016, grants of \$74,160 and loan deposits of \$86,770 had been made under the program. As of June 30, 2016 remaining non interest bearing deposits totaled \$333,410.

11. **COMMITMENTS**

The City has entered into contracts for street and highway improvements, a waste water treatment plant project, and other projects totaling approximately \$4,947,834. The remaining commitment on these contracts at June 30, 2016 is \$193,936.

12. **DEFICIT BALANCE**

The Community Redevelopment capital project fund had a deficit balance of \$52,195, at June 30, 2016. The deficit balance was a result project costs incurred prior to availability of funds.

13. **NEW ACCOUNTING PRONOUNCEMENT**

The City adopted fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application. The Statement sets forth guidance for determining and disclosing the fair value of assets and liabilities reported in the financial statements. Adoption of the guidance did not have a significant impact on amounts reported or disclosed in the financial statements.

OTHER INFORMATION

CITY OF INDIANOLA

Budgetary Comparison Schedule of Receipts, Disbursements
and Changes in Balances – Budget and Actual (Cash Basis) -
All Governmental Funds and Proprietary Funds
Other Information
Year Ended June 30, 2016

	Governmental Funds Actual	Proprietary Funds Actual
Receipts		
Property tax	\$ 6,122,001	-
Tax increment financing collections	1,542,524	-
Other city tax	265,487	-
Licenses and permits	192,408	-
Use of money and property	469,188	21,700
Intergovernmental	2,384,472	-
Charges for service	949,420	4,672,311
Special assessments	112,573	19,838
Miscellaneous	<u>541,806</u>	<u>302,563</u>
Total receipts	<u>12,579,879</u>	<u>5,016,412</u>
Disbursements		
Public safety	4,095,846	563,576
Public works	1,600,292	146,447
Culture and recreation	2,037,571	231,156
Community and economic development	165,075	-
General government	1,401,940	238,642
Debt service	2,838,250	-
Capital projects	249,880	-
Business type activities	-	2,873,416
Total disbursements	<u>12,388,854</u>	<u>4,053,237</u>
Excess of receipts over disbursements	191,025	963,175
Other financing sources, net	<u>2,154,269</u>	<u>(678,439)</u>
Excess of receipts and other financing sources over disbursements and other financing uses	2,345,294	284,736
Balances beginning of year	<u>6,613,255</u>	<u>3,262,104</u>
Balances end of year	<u>\$ 8,958,549</u>	<u>3,546,840</u>

See accompanying independent auditor's report.

Less Funds not Required to to be Budgeted	Net	Budgeted Amounts		Final to Net Variance
		Original	Final	
-	6,122,001	6,100,654	6,100,654	21,347
-	1,542,524	1,572,400	1,572,400	(29,876)
-	265,487	316,894	316,894	(51,407)
-	192,408	127,200	127,200	65,208
494	490,394	278,850	278,850	211,544
-	2,384,472	1,886,809	1,886,809	497,663
1,335,834	4,285,897	4,316,150	4,316,150	(30,253)
-	132,411	191,000	191,000	(58,589)
<u>162,427</u>	<u>681,942</u>	<u>1,037,830</u>	<u>1,037,830</u>	<u>(355,888)</u>
<u>1,498,755</u>	<u>16,097,536</u>	<u>15,827,787</u>	<u>15,827,787</u>	<u>269,749</u>
563,576	4,095,846	4,336,200	4,336,200	240,354
146,447	1,600,292	1,731,749	1,731,749	131,457
231,156	2,037,571	2,131,850	2,222,850	185,279
-	165,075	704,000	704,000	538,925
238,642	1,401,940	1,412,350	1,662,350	260,410
-	2,838,250	2,849,600	2,849,600	11,350
-	249,880	1,583,500	1,583,500	1,333,620
582,191	2,291,225	3,181,140	3,761,140	1,469,915
<u>1,762,012</u>	<u>14,680,079</u>	<u>17,930,389</u>	<u>18,851,389</u>	<u>4,171,310</u>
(263,257)	1,417,457	(2,102,602)	(3,023,602)	4,441,059
<u>-</u>	<u>1,475,830</u>	<u>1,239,100</u>	<u>1,489,100</u>	<u>(13,270)</u>
(263,257)	2,893,287	(863,502)	(1,534,502)	4,427,789
<u>1,429,702</u>	<u>8,445,657</u>	<u>10,216,281</u>	<u>10,216,281</u>	<u>(1,770,624)</u>
<u>1,166,445</u>	<u>11,338,944</u>	<u>9,352,779</u>	<u>8,681,779</u>	<u>2,657,165</u>

CITY OF INDIANOLA

Notes to Other Information – Budgetary Reporting

June 30, 2016

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, 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 similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, a budget amendment increased budgeted disbursements by \$921,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2016, disbursements did not exceed the amount budgeted.

CITY OF INDIANOLA

Schedule of the City's Proportionate Share of the Net Pension Liability

For the Last Two Years*

Other Information

<u>Iowa Public Employees' Retirement System</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.056689%	0.057425%
City's proportionate share of the net pension liability	\$ 2,800,726	\$ 2,277,403
City's covered-employee payroll	\$ 4,659,081	\$ 4,712,732
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.11%	48.32%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%
<u>Municipal Fire and Police Retirement System of Iowa</u>	<u>2015</u>	<u>2015</u>
City's proportion of the net pension liability	0.4503750%	0.4678200%
City's proportionate share of the net pension liability	\$ 1,632,600	\$ 1,695,838
City's covered-employee payroll	\$ 1,209,940	\$ 1,181,090
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	134.93%	143.58%
MFPRSI's net position as a percentage of the total pension liability	83.04%	86.27%

* In accordance with GASB No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.
See accompanying independent auditor's report.

CITY OF INDIANOLA

Schedule of City Contributions

For the Last 10 Years

Other Information

Iowa Public Employees' Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 423,224	429,312	437,236	413,609
Contributions in relation to the statutorily required contribution	<u>(423,224)</u>	<u>(429,312)</u>	<u>(437,236)</u>	<u>(413,609)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$4,659,081	4,712,732	4,796,576	4,622,402
Contributions as a percentage of covered-employee payroll	9.08%	9.11%	9.12%	8.95%

Municipal Fire and Police Retirement System of Iowa

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 336,000	359,159	359,824	292,321
Contributions in relation to the statutorily required contribution	<u>(336,000)</u>	<u>(359,159)</u>	<u>(359,824)</u>	<u>(292,321)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$1,209,940	1,181,090	1,194,671	1,119,635
Contributions as a percentage of covered-employee payroll	27.77%	30.41%	30.12%	26.11%

See accompanying independent auditor's report.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
366,270	309,971	283,588	258,142	237,406	216,879
<u>(366,270)</u>	<u>(309,971)</u>	<u>(283,588)</u>	<u>(258,142)</u>	<u>(237,406)</u>	<u>(216,879)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,374,874	4,178,301	4,024,153	3,860,006	3,694,371	3,460,999
8.37%	7.42%	7.05%	6.69%	6.43%	6.27%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
275,284	205,493	165,526	186,950	231,966	240,170
<u>(275,284)</u>	<u>(205,493)</u>	<u>(165,526)</u>	<u>(186,950)</u>	<u>(231,966)</u>	<u>(240,170)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,111,810	1,032,628	973,684	997,058	910,412	865,475
24.76%	19.90%	17.00%	18.75%	25.48%	27.75%

CITY OF INDIANOLA

Notes to Other Information – Pension Liability

Year Ended June 30, 2016

Iowa Public Employees' Retirement System

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

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.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the 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.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

CITY OF INDIANOLA

Notes to Other Information – Pension Liability

Year Ended June 30, 2016

Municipal Fire and Police Retirement System of Iowa

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

Effective July 1, 2014, two additional steps were taken to phase in the 1994 Group Annuity Mortality Table for post-retirement mortality. The two additional steps result in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

SUPPLEMENTARY INFORMATION

CITY OF INDIANOLA

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds
As of and for the Year Ended June 30, 2016

				Special
	Industrial Park Urban Renewal Tax Increment	Employee Benefits Levy	Downtown Tax Increment	Police Retirement
Receipts				
Property tax	\$ -	1,400,968	-	-
Tax increment financing collections	1,203,988	-	338,536	-
Use of money and property	-	-	-	1,508
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Miscellaneous	-	-	-	-
Total receipts	<u>1,203,988</u>	<u>1,400,968</u>	<u>338,536</u>	<u>1,508</u>
Disbursements				
Operating				
Community and economic development	21,822	-	11,279	-
Capital projects	-	-	-	-
Total disbursements	<u>21,822</u>	<u>-</u>	<u>11,279</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>1,182,166</u>	<u>1,400,968</u>	<u>327,257</u>	<u>1,508</u>
Other financing uses				
Operating transfers in (out)	<u>(1,271,206)</u>	<u>(1,400,968)</u>	<u>219,483</u>	<u>(12,500)</u>
Total other financing sources (uses)	<u>(1,271,206)</u>	<u>(1,400,968)</u>	<u>219,483</u>	<u>(12,500)</u>
Change in cash balances	(89,040)	-	546,740	(10,992)
Cash balances beginning of year	<u>89,040</u>	<u>-</u>	<u>403,188</u>	<u>100,863</u>
Cash balances end of year	<u>\$ -</u>	<u>-</u>	<u>949,928</u>	<u>89,871</u>
Cash Basis Fund Balances				
Restricted for:				
Urban renewal purposes	\$ -	-	949,928	-
Other purposes	-	-	-	89,871
Committed	-	-	-	-
Total cash basis fund balances	<u>\$ -</u>	<u>-</u>	<u>949,928</u>	<u>89,871</u>

See accompanying independent auditor's report.

Revenue	Capital Projects				
			Community		
Police	Capital	Street	Athletic	Community	Total
Seizures	Projects	Construction	Facility	Redevelopment	
-	490,570	-	-	-	1,891,538
-	-	-	-	-	1,542,524
-	-	-	69	-	1,577
-	-	118,105	-	-	118,105
-	-	4,929	-	-	4,929
-	20,000	19,514	-	-	39,514
-	510,570	142,548	69	-	3,598,187
-	-	-	-	-	33,101
-	225,268	12,552	3,455	8,605	249,880
-	225,268	12,552	3,455	8,605	282,981
-	285,302	129,996	(3,386)	(8,605)	3,315,206
-	-	160,000	-	-	(2,305,191)
-	-	160,000	-	-	(2,305,191)
-	285,302	289,996	(3,386)	(8,605)	1,010,015
19,830	120,890	(163,832)	5,987	(43,590)	532,376
19,830	406,192	126,164	2,601	(52,195)	1,542,391
-	-	-	-	-	949,928
19,830	-	-	-	-	109,701
-	406,192	126,164	2,601	(52,195)	482,762
19,830	406,192	126,164	2,601	(52,195)	1,542,391

CITY OF INDIANOLA
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Proprietary Funds
As of and for the Year Ended June 30, 2016

	Enterprise			Internal
		Stormwater		Health
	Recycling	Utility	Total	Insurance Reserve
Operating receipts				
Charges for service	\$ 220,586	203,091	423,677	16,253
Miscellaneous	-	-	-	25,496
Total operating receipts	<u>220,586</u>	<u>203,091</u>	<u>423,677</u>	<u>41,749</u>
Operating disbursements				
Governmental activities				
Public safety	-	-	-	18,881
Public works	-	-	-	4,438
Culture and recreation	-	-	-	7,558
General government	-	-	-	7,345
Business type activities				
Sewer	-	-	-	3,331
Other	189,583	66,947	256,530	-
Component Unit:				
Municipal Utilities	-	-	-	14,059
Total disbursements	<u>189,583</u>	<u>66,947</u>	<u>256,530</u>	<u>55,612</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>31,003</u>	<u>136,144</u>	<u>167,147</u>	<u>(13,863)</u>
Non-operating receipts (disbursements)				
Interest on investments	-	-	-	-
Net non-operating receipts (disbursements)	-	-	-	-
Excess of receipts over disbursements	31,003	136,144	167,147	(13,863)
Operating transfers in (out)	(18,100)	(61,400)	(79,500)	-
Change in cash balances	12,903	74,744	87,647	(13,863)
Cash balances beginning of year	<u>77,430</u>	<u>427,389</u>	<u>504,819</u>	<u>218,571</u>
Cash balances end of year	<u>\$ 90,333</u>	<u>502,133</u>	<u>592,466</u>	<u>204,708</u>
Cash Basis Fund Balances				
Unrestricted	<u>90,333</u>	<u>502,133</u>	<u>592,466</u>	<u>204,708</u>
Total cash basis fund balances	<u>\$ 90,333</u>	<u>502,133</u>	<u>592,466</u>	<u>204,708</u>

See accompanying independent auditor's report.

Service

Property Insurance Council	Health Pool	Health Reimbursement Arrangement	Total
-	1,211,423	108,158	1,335,834
418	136,513	-	162,427
418	1,347,936	108,158	1,498,261
4,925	511,455	28,315	563,576
1,382	132,670	7,957	146,447
898	211,183	11,517	231,156
1,037	218,393	11,867	238,642
1,382	88,287	5,024	98,024
-	-	-	-
-	440,312	29,796	484,167
9,624	1,602,300	94,476	1,762,012
(9,206)	(254,364)	13,682	(263,751)
494	-	-	494
494	-	-	494
(8,712)	(254,364)	13,682	(263,257)
-	-	-	-
(8,712)	(254,364)	13,682	(263,257)
36,508	944,766	229,857	1,429,702
27,796	690,402	243,539	1,166,445
27,796	690,402	243,539	1,166,445
27,796	690,402	243,539	1,166,445
27,796	690,402	243,539	1,166,445

CITY OF INDIANOLA

Schedule of Indebtedness
Year Ended June 30, 2016

OBLIGATION	DATE OF ISSUE	INTEREST RATES	AMOUNT ORIGINALLY ISSUED
2011 General Obligation Refunding	1/13/2011	1.00-2.50	3,915,000
2011 General Obligation	10/19/2011	0.55-2.25	850,000
2011 General Obligation Urban Renewal	12/28/2011	1.30-2.95	2,410,000
2012 General Obligation Urban Renewal	5/1/2012	2.00-2.95	4,580,000
2012 General Obligation	5/1/2012	0.50-2.40	3,875,000
2013 General Obligation	1/9/2013	0.50-1.55	1,865,000
2013 General Obligation	1/9/2013	1.25-2.00	5,510,000
2013 General Obligation Refunding	7/13/2013	1.00-1.50	2,070,000
Capital Loan Notes			
2009 Sewer Revenue	5/20/2009	3.00	9,090,000
2009 General Obligation	8/31/2009	1.25-3.25	620,000
2011 General Obligation	12/20/2011	1.30	700,000
2013 Sewer Revenue	4/19/2013	2.00	4,036,000
Total City of Indianola			
Indianola Municipal Utilities			
Revenue Bonds and Notes			
2011 Water Revenue Refunding	12/29/2011	0.50-1.30	1,350,000
2015 Electric Revenue Refunding Capital Loan Note	3/26/2015	2.6	7,241,000

See accompanying independent auditor's report.

<u>BALANCE BEGINNING OF YEAR</u>	<u>ISSUED DURING YEAR</u>	<u>REDEEMED DURING YEAR</u>	<u>BALANCE END OF YEAR</u>	<u>INTEREST PAID</u>	<u>INTEREST DUE AND UNPAID</u>
\$ 815,000	-	535,000	280,000	16,800	-
630,000	-	55,000	575,000	11,742	-
2,210,000	-	100,000	2,110,000	53,800	-
4,480,000	-	380,000	4,100,000	99,970	-
3,195,000	-	305,000	2,890,000	55,740	-
1,865,000	-	125,000	1,740,000	20,380	-
4,700,000	-	320,000	4,380,000	72,403	-
1,900,000	-	445,000	1,455,000	21,450	-
<u>19,795,000</u>	<u>-</u>	<u>2,265,000</u>	<u>17,530,000</u>	<u>352,285</u>	<u>-</u>
7,666,000	-	192,000	7,474,000	229,980	-
220,000	-	70,000	150,000	6,835	-
285,000	-	140,000	145,000	3,720	-
<u>2,649,203</u>	<u>153,761</u>	<u>173,000</u>	<u>2,629,964</u>	<u>54,737</u>	<u>-</u>
<u>10,820,203</u>	<u>153,761</u>	<u>575,000</u>	<u>10,398,964</u>	<u>295,272</u>	<u>-</u>
<u>\$ 30,615,203</u>	<u>153,761</u>	<u>2,840,000</u>	<u>27,928,964</u>	<u>647,557</u>	<u>-</u>
\$ 545,000	-	270,000	275,000	5,060	-
<u>6,941,000</u>	<u>-</u>	<u>683,000</u>	<u>6,258,000</u>	<u>180,466</u>	<u>-</u>
<u>\$ 7,486,000</u>	<u>-</u>	<u>953,000</u>	<u>6,533,000</u>	<u>185,526</u>	<u>-</u>

CITY OF INDIANOLA

Bond and Note Maturities
June 30, 2016

YEAR ENDING JUNE 30,	GENERAL			
	GENERAL OBLIGATION REFUNDING		GENERAL OBLIGATION	
	ISSUED JANUARY 13, 2011		ISSUED OCTOBER 19, 2011	
	INTEREST RATE	AMOUNT	INTEREST RATE	AMOUNT
2017	2.00	\$ 180,000	1.35	\$ 105,000
2018	2.50	100,000	1.65	110,000
2019		-	1.90	115,000
2020		-	2.10	120,000
2021		-	2.25	125,000
		<u>\$ 280,000</u>		<u>\$ 575,000</u>

YEAR ENDING JUNE 30,	GENERAL			
	GENERAL OBLIGATION URBAN RENEWAL		GENERAL OBLIGATION URBAN RENEWAL	
	ISSUED DECEMBER 28, 2011		ISSUED MAY 1, 2012	
	INTEREST RATE	AMOUNT	INTEREST RATE	AMOUNT
2017	1.50	\$ 100,000	2.00	\$ 485,000
2018	1.50	100,000	2.00	380,000
2019	1.65	100,000	2.00	390,000
2020	1.90	150,000	2.00	350,000
2021	2.05	150,000	2.00	335,000
2022	2.20	150,000	2.05	345,000
2023	2.30	150,000	2.20	355,000
2024	2.40	150,000	2.35	370,000
2025	2.60	150,000	2.50	195,000
2026	2.75	150,000	2.65	205,000
2027	2.90	150,000	2.75	220,000
2028	3.00	150,000	2.85	230,000
2029	3.05	150,000	2.95	240,000
2030	3.15	150,000		-
2031	3.25	160,000		-
		<u>\$ 2,110,000</u>		<u>\$ 4,100,000</u>

OBLIGATION	
GENERAL OBLIGATION	
REFUNDING	
ISSUED JULY 17, 2013	
INTEREST	
RATE	AMOUNT
1.00	\$ 450,000
1.05	450,000
1.30	275,000
1.50	280,000
	-
	<u>\$ 1,455,000</u>

OBLIGATION						
GENERAL OBLIGATION		GENERAL OBLIGATION		GENERAL OBLIGATION		
ISSUED MAY 1, 2012		ISSUED JANUARY 9, 2013		ISSUED JANUARY 9, 2013		
INTEREST		INTEREST		INTEREST		
RATE	AMOUNT	RATE	AMOUNT	RATE	AMOUNT	TOTAL
1.10	\$ 310,000	0.65	\$ 150,000	1.25	\$ 325,000	\$ 2,105,000
1.30	315,000	0.80	255,000	1.25	335,000	2,045,000
1.50	320,000	0.95	260,000	1.30	340,000	1,800,000
1.70	325,000	1.10	265,000	1.10	345,000	1,835,000
1.90	330,000	1.25	265,000	1.25	355,000	1,560,000
2.10	340,000	1.40	270,000	1.40	360,000	1,465,000
2.20	345,000	1.55	275,000	1.55	370,000	1,495,000
2.30	355,000	-	-	1.70	375,000	1,250,000
2.40	250,000	-	-	1.80	380,000	975,000
-	-	-	-	1.90	390,000	745,000
-	-	-	-	2.00	400,000	770,000
-	-	-	-	2.00	405,000	785,000
-	-	-	-	-	-	390,000
-	-	-	-	-	-	150,000
-	-	-	-	-	-	160,000
	\$ 2,890,000		\$ 1,740,000		\$ 4,380,000	\$ 17,530,000

CITY OF INDIANOLA

Bond and Note Maturities
June 30, 2016

CAPITAL						
YEAR ENDING JUNE 30,	SEWER REVENUE ISSUED MAY 20, 2009		GENERAL OBLIGATION ISSUED AUGUST 31, 2009		GENERAL OBLIGATION ISSUED DECEMBER 20, 2011	
	INTEREST RATE	AMOUNT	INTEREST RATE	AMOUNT	INTEREST RATE	AMOUNT
2017	3.00	\$ 198,000	3.25	\$ 75,000	1.30	\$ 145,000
2018	3.00	205,000	3.25	75,000		-
2019	3.00	212,000		-		-
2020	3.00	218,000		-		-
2021	3.00	225,000		-		-
2022	3.00	233,000		-		-
2023	3.00	240,000		-		-
2024	3.00	248,000		-		-
2025	3.00	256,000		-		-
2026	3.00	265,000		-		-
2027	3.00	273,000		-		-
2028	3.00	282,000		-		-
2029	3.00	291,000		-		-
2030	3.00	301,000		-		-
2031	3.00	310,000		-		-
2032	3.00	321,000		-		-
2033	3.00	331,000		-		-
2034	3.00	342,000		-		-
2035	3.00	353,000		-		-
2036	3.00	364,000		-		-
2037	3.00	376,000		-		-
2038	3.00	388,000		-		-
2039	3.00	401,000		-		-
2040	3.00	414,000		-		-
2041	3.00	427,000		-		-
		<u>\$ 7,474,000</u>		<u>\$ 150,000</u>		<u>\$ 145,000</u>

See accompanying independent auditor's report.

LOAN NOTES

SEWER REVENUE
ISSUED APRIL 19, 2013

INTEREST RATE	AMOUNT	TOTAL
2.00	\$ 176,000	\$ 594,000
2.00	180,000	460,000
2.00	183,000	395,000
2.00	187,000	405,000
2.00	191,000	416,000
2.00	195,000	428,000
2.00	198,000	438,000
2.00	202,000	450,000
2.00	207,000	463,000
2.00	211,000	476,000
2.00	215,000	488,000
2.00	219,000	501,000
2.00	224,000	515,000
2.00	41,964	342,964
	-	310,000
	-	321,000
	-	331,000
	-	342,000
	-	353,000
	-	364,000
	-	376,000
	-	388,000
	-	401,000
	-	414,000
	-	427,000
	<u>\$ 2,629,964</u>	<u>\$ 10,398,964</u>

CITY OF INDIANOLA

Statement of Receipts By Source and Disbursements By Function - All Governmental Funds For the Last Ten Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Receipts					
Property tax	\$ 6,122,001	6,155,219	5,472,196	5,163,954	4,929,375
Tax increment financing collections	1,542,524	1,365,455	1,383,060	1,368,810	1,146,801
Other city tax	265,487	298,515	294,866	205,910	152,908
Licenses and permits	192,408	132,554	164,364	117,693	144,940
Use of money and property	469,188	400,099	335,498	326,083	298,072
Intergovernmental	2,384,472	4,575,268	1,692,398	2,060,498	1,651,642
Charges for service	949,420	1,024,782	1,024,228	993,286	983,827
Special assessments	112,573	118,173	109,522	144,055	139,226
Miscellaneous	<u>541,806</u>	<u>477,149</u>	<u>1,980,786</u>	<u>353,021</u>	<u>416,059</u>
Total	<u>\$ 12,579,879</u>	<u>14,547,214</u>	<u>12,456,918</u>	<u>10,733,310</u>	<u>9,862,850</u>
Disbursements					
Operating					
Public safety	\$ 4,095,846	4,018,718	4,257,526	3,902,002	3,953,821
Public works	1,600,292	1,293,247	1,336,452	1,416,552	1,329,010
Culture and recreation	2,037,571	2,009,849	2,085,707	2,130,514	2,113,184
Community and economic development	165,075	557,205	430,585	704,168	1,295,997
General government	1,401,940	1,394,110	1,505,152	1,411,552	1,303,284
Debt service	2,838,250	3,003,458	3,000,167	2,622,940	3,368,178
Capital projects	<u>249,880</u>	<u>5,220,131</u>	<u>2,860,272</u>	<u>16,012,963</u>	<u>2,778,034</u>
Total	<u>\$ 12,388,854</u>	<u>17,496,718</u>	<u>15,475,861</u>	<u>28,200,691</u>	<u>16,141,508</u>

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
4,836,322	4,826,350	4,739,284	4,380,621	4,302,700
865,761	712,476	632,566	652,571	414,117
137,481	118,906	116,449	119,660	115,249
197,339	96,392	66,923	187,498	198,688
318,803	366,427	339,169	320,015	377,916
1,825,569	2,337,365	1,648,354	1,813,522	2,252,514
982,632	888,563	1,117,293	1,033,928	867,941
92,034	197,299	161,882	331,949	284,420
<u>623,383</u>	<u>418,791</u>	<u>351,465</u>	<u>648,262</u>	<u>620,475</u>
<u>9,879,324</u>	<u>9,962,569</u>	<u>9,173,385</u>	<u>9,488,026</u>	<u>9,434,020</u>
3,574,355	3,356,421	3,269,051	3,173,199	3,085,903
1,185,798	1,151,366	1,282,170	1,348,228	1,256,853
1,992,708	2,020,345	2,316,774	1,904,951	1,936,423
123,554	96,617	104,155	83,781	617,772
1,196,933	1,144,194	1,037,373	995,407	965,143
5,718,378	2,276,339	2,219,139	1,956,788	2,792,481
<u>1,904,710</u>	<u>2,713,016</u>	<u>1,678,814</u>	<u>966,954</u>	<u>3,041,721</u>
<u>15,696,436</u>	<u>12,758,298</u>	<u>11,907,476</u>	<u>10,429,308</u>	<u>13,696,296</u>



Shull, Schrum, McClaflin
& Co., Inc.
certified public accountants

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

To the Honorable Mayor and
Members of the City Council

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 governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Indianola, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 1, 2016. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Indianola's internal control over financial reporting to determine the audit procedures 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 City of Indianola's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Indianola's 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 were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies in internal control.

A deficiency in internal control exists when the design or operation of the 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 a material misstatement of the City of Indianola's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of control deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

1111 North Jefferson
Indianola, Iowa 50125
515-961-2571 • Fax 515-961-4253

133 W. Washington
Osceola, Iowa 50213
641-342-2611 • Fax 641-342-2746

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Indianola's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. 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.

The City of Indianola's Responses to Findings

The City of Indianola's responses to findings identified in our audit are described in the accompanying Schedule of Findings. The City of Indianola's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, 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 result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Indianola during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Shull, Schrum, McClellan & Co., Inc.

December 1, 2016

CITY OF INDIANOLA

Schedule of Findings
Year Ended June 30, 2016

Part I: Findings Related to the Financial Statements:

None

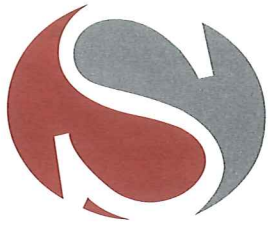
Part II: Other Findings Related to Required Statutory Reporting:

- II-A-16 Certified Budget - Disbursements during the year ended June 30, 2016, did not exceed the amounts budgeted.
- II-B-16 Questionable Disbursements - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-16 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- II-D-16 Business Transactions - No business transactions between the City and City officials or employees were noted.
- II-E-16 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- II-F-16 City Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- II-G-16 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- II-H-16 Revenue Bonds and Notes - No instances of non-compliance with the revenue bond and note resolutions were noted.
- II-I-16 Financial Condition - The Community Redevelopment capital project funds had a deficit balance of \$51,195 at June 30, 2016.

Recommendation - The City should investigate alternatives to eliminate the deficit in order to return this fund to a sound financial position.

Response - The deficit balance was a result of project costs incurred prior to availability of funds. If any of this programs property currently being held is sold those funds will improve this financial position; and FY18 20,000 is being allocated to this program to improve this funds financial position.

Conclusion - Response accepted.



Shull, Schrum, McClaflin
& Co., Inc.
certified public accountants

March 23, 2017

To Members of Board of Trustees
Indianola Municipal Utilities

We have audited the statement of net position and the related statement of revenues, expenses and changes in net position and cash flows of Indianola Municipal Utilities for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing* Standards and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 15, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Indianola Municipal Utilities are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2016. We noted no transactions entered into by the Utility during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements, or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 1, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Utilities' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Utilities' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison and pension information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information in the schedule of operations, which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Members of the Board of Trustees and management of the Indianola Municipal Utilities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Shull, Schrum, McClellan & Co., Inc.

**CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES**

**Financial Statements
(With Independent Auditor's Report Thereon)**

**Independent Auditor's Report on Compliance and on
Internal Control over Financial Reporting**

Schedule of Findings

June 30, 2016 and 2015

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

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CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Officials

June 30, 2016

Indianola Municipal Utilities Board of Trustees
Authority: Indianola Code of Ordinances Section 25.02

		<u>Term Expires December 31</u>	<u>Amount of Bond</u>
Adam Voigts		2018	300,000
Mike Rozga		2019	300,000
Deb White	Chairperson	2020	300,000
Jim McClymond		2021	300,000
Lesley Forbush		2022	300,000

Indianola Municipal Utilities Management

Rob Stangel	General Manager	300,000
Mike Metcalf	Electric Superintendent	300,000
Lou Elbert	Water Superintendent	300,000
Mike Metcalf	Director of Technical Services	300,000
Chris Longer	Program Coordinator	300,000

City Officials and Management

Christopher DesPlanques	Director of Finance & Community Services	300,000
Melissa McCoy	Director of Human Resources	300,000
Diana Bowlin	City Clerk	300,000
Douglas Shull	City Treasurer	300,000

All other city employees are bonded under the Allied Insurance, "Faithful Performance Blanket Position Bond," in the amount of \$50,000.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Board of Trustees Report

March 1, 2017

To the Honorable Mayor, Members of the Council, and Citizens of the City of Indianola,

This report consists of the board and management's representations concerning the finances of Indianola Municipal Utilities. Consequently, the board and management assume full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the board and management have established a comprehensive internal control framework that is designed both to protect the utility's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of these financial statements. Because the cost of internal controls should not outweigh their benefits, the utility's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. The board and management assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Indianola Municipal Utilities' financial statements have been audited by Shull & Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Indianola Municipal Utilities' financial statements for the fiscal year ended June 30, 2016 are fairly presented. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

Profile of the Utility Board of Trustees

The City of Indianola, incorporated in 1864 and the county seat of Warren County, is located in the central part of the state approximately 17 miles south of the state capital, Des Moines. Indianola is considered part of the Des Moines MSA, one of the top growth areas in the state. The City of Indianola encompasses an area of approximately nine square miles and a population of 14,782. The city provides electric, water, and telecommunications services as a discretely reported component unit under the management and control of a board of trustees. The board operates these three utilities as Indianola Municipal Utilities (IMU). This system of management and control was established by a vote of the electorate and implemented by city ordinance in 1973 as provided in Iowa Code.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Board of Trustees Report - Continued

Electric and water utility territories are fixed in that any new territory expansions must be negotiated and purchased from incumbent service providers. The telecommunications utility has no fixed territory and leases fiber optic lines to customers and has a licensing arrangement with a private telecom service provider.

Utility board. Utility boards are vested with the authorities of the city in relation to these utilities, with the exceptions that the board may not certify taxes to be levied, pass ordinances or amendments, or issue general obligation or special assessment bonds. Real property is held in the name of the city, but the utility board has all the powers and authorities of the city with respect to the acquisition by purchase, condemnation, or otherwise, lease, sale, or other disposition of such property, and the management, control, and operation of the same, subject to provisions of any outstanding obligations which are payable from the revenues of the city utility. Separate funds are maintained for each utility. Utility fund balances deemed by the board of trustees to be in excess of the needs of a utility may be transferred to any other fund, upon approval by the city council. The five trustees are appointed by the mayor and approved by the city council, each serving staggered six-year terms.

Management. The board of trustees appoints a general manager to oversee the day-to-day management of the electric, water, and telecommunications utilities. The general manager appoints the employees of each of these utilities, carries out the policies of the board of trustees, and performs other duties as determined by resolution of the board.

Other officials. A director of finance serves as the chief accounting officer for all city services, including those provided by IMU, and submits budget and year-end financial reports required of the utility. There is also an appointed clerk, which serves as the secretary of the board of trustees and as such has custodial duties prescribed in Iowa Code, local ordinances, board resolutions, and by management discretion. An appointed treasurer serves as custodian for all funds. An attorney is also appointed to represent the city, its boards, and its commissions and performs certain functions prescribed in local ordinances and in the Iowa Code.

Budgeting process. The annual budget serves as the foundation for the utilities' financial planning and control. The budget process, in general, is as follows:

- The general manager submits a 5-year capital improvement project budget to the board of trustees for review and adoption.
- Departments submit operating budget requests to the general manager.
- The general manager compiles the annual budgets for review.
- The board of trustees adopts budgets for the electric, water, and telecommunications utilities following a public hearing.
- Utility budgets are compiled with the City of Indianola's governmental services' budgets and that of the sewer utility and other enterprises for presentation to the public in publication form.
- The city council adopts the overall budget and the budget is filed with the county auditor and the State of Iowa no later than March 15 of each year.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Board of Trustees Report - Continued

The State of Iowa limits expenditures to the total amount budgeted by function. Expenditures for individual departments or services may exceed those budgeted as long as total expenditures by function are not exceeded. Budget amendments are permitted under provisions similar to the adoption of the original budget. Budget-to-actual comparisons are provided in this report on a cash accounting basis, which is consistent with the city's financial basis of accounting.

Cash management policies and practices. The board of trustees annually reviews and adopts an investment policy outlining the roles and responsibilities in making investments using available cash balances. The clerk and treasurer are jointly responsible for the investment of funds under that policy, with oversight by the board of trustees.

Cash temporarily idle during the year was invested in bank deposits or money market funds, repurchase agreements, and the Iowa Public Agency Investment Trust. These temporary cash deposits were maintained in stable value investments with a June 30, 2013 rate of return of .35%.

The utility invests reserve funds (those not intended to be expended within 365 days) in a portfolio with the assistance of an investment advisement firm. The investment portfolio includes mortgage-backed securities, obligations of the U.S. Treasury or its agencies, and cash held in a public entity money market fund. At fiscal year end, the effective duration of the portfolio was 2.0 years with a current yield of 1.94%. Reported returns may include changes in fair value during the year but do not necessarily represent continuing returns; nor is it always possible to realize changes in fair value, especially in the case of temporary changes for securities the city intends to hold until maturity.

Additional information on the utility's cash management can be found in notes to the financial statements.

Risk management. Indianola Municipal Utilities participates in the Iowa Communities Assurance Pool (ICAP), a local government risk-sharing pool with over 500 members throughout the state of Iowa. The utility makes annual contributions to ICAP recorded as disbursements from its operating funds for automobile, property, casualty, and liability coverage. The utility maintains reserve funds to meet deductibles as they occur. The utility also participates as a member of the Iowa Municipal Workers' Compensation Association (IMWCA) and pays premiums to the association on an annual basis from its operating funds. The utility purchases boiler and machinery insurance from a private carrier. In addition, the utility has an ongoing safety program to monitor its facilities and employees to maintain a safe environment for employees and the public. Additional information on Indianola Municipal Utilities' risk management activity can be found in notes to the financial statements.

Pension and other post-employment benefits. Indianola Municipal Utilities provides pension benefits for its employees. These benefits are provided through a statewide plan managed by the Iowa Public Employees Retirement System. Indianola Municipal Utilities has no obligation in connection with employee benefits offered through this plan beyond its periodic payments based on earned compensation by active employees.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Board of Trustees Report - Continued

IMU also provides post-retirement access to its medical insurance plan until age 65 as required under Iowa Code. Retirees contribute an amount equal to the premium amount charged to city departments and active employees on a pay-as-you-go basis.

IMU maintains a health reimbursement arrangement (HRA) for the benefit of employees. The utility makes a fixed annual commitment that employees may use to offset premium contributions or cash payments for any medical expense allowed under IRS Code. If the employee does not utilize the full amount provided in the fiscal year, the balance is carried forward to the following year and is available in any future period, including after retirement. Disbursements are paid out of operating funds and not held in trust. They are, however, accounted for in a sub-fund that is separate from other operating funds for budgetary control.

Additional information on the utility's pension arrangements and other post-employment benefits can be found in notes to the financial statements.

Closing

State law and city ordinance require municipal utility boards to provide the city council an annual report with complete financial statements. State law also requires the city to publish within nine months of the close of each fiscal year a complete set of financial statements, including that of municipal utilities as a component unit. State law requires that financial statements must be audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to these requirements, we hereby issue this report for Indianola Municipal Utilities for the fiscal year ending June 30, 2016.

Rob Stangel
General Manager

Christopher DesPlanques, CPA
Director of Finance & Administrative Services

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Operational Review

Utility operations are divided into departments, all of which work toward the common goal of providing superior services to the citizens of Indianola. The IMU Board of Trustees annually adopts a Strategic Plan complete with service objectives, operating strategies, and annual goals. Performance towards plan objectives is reported on a quarterly basis.

The following summary provides a brief review of the various departmental activities and accomplishments in FY 2016.

- **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 toward implementing operational strategies include:
 - Completion of the 2013 Hwy 92 Transmission Relocation Project
 - Completion of the 2015 W. Hwy 92 and Y Street Intersection Relocation Project
 - Turbine #7 Battery Bank
 - Electric Utility 125th Anniversary
 - 2016 Cost of Electric Service Study
 - Completion of the 2013 Hwy 92 Distribution Relocation Project
 - Purchase of Electric Transformer Moisture Removal Unit
 - Other Major Line Maintenance and Street Light Replacement
- **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:
 - Completion of the 2015 Iowa Avenue Water Main Project
 - Major Plant and Tower Maintenance
 - Major Well Maintenance
 - Gatevalve and Hydrant Replacement
- **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:
 - Engaged Magellan Advisors in a Fiber To The Premise Feasibility Study
 - New Fiber Line Construction, Service Drops and ONT's
- **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.



Shull, Schrum, McClaflin & Co., Inc.

certified public accountants
INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Indianola Municipal Utilities
Indianola, Iowa

Report on the Financial Statements

We have audited the accompanying statement of net position of the Indianola Municipal Utilities, a component unit of the City of Indianola, Iowa, as of June 30, 2016 and 2015 and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related Notes to the Financial Statements, which collectively comprise the Utilities' financial statements 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards of 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 Indianola Municipal Utilities as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Information

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

The other information, the Management's Discussion and Analysis, the budgetary comparison information, the Schedule of the Utilities' Proportionate Share of the Net Pension Liability and the Schedule of Utilities Contributions on pages 3 through 7, 10 through 16 and 45 through 50 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards we have also issued our report dated December 1, 2016 on our consideration of the Indianola Municipal 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 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 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 Indianola Municipal Utilities' internal control over financial reporting and compliance.

Shull, Schrum, McClellan & Co., Inc.

December 1, 2016

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Management Discussion and Analysis (MD&A)

Indianola Municipal Utilities offers readers of its financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in this report.

2016 Financial Highlights

- Indianola Municipal Utilities has ending cash and investment balances totaling \$7,460,216 to meet the utility's ongoing obligations to citizens, creditors, for capital reinvestment in utility operations, and for emergency repairs.
- The utility annually uses prior years' positive cash flow and balances to reinvest in capital assets, as detailed in the "Long term financial planning" section of this MD&A.
- As reported on the Statement of Cash Flows, total cash and investment balances increased by \$117,013.
- Net cash provided by operating activities was \$1,968,960, which decreased by \$78,650 compared with the prior year.
- At the end of the current fiscal year, unrestricted and undesignated net assets totaled \$10,001,132, which decreased by \$227,463 over the prior year.
- The utility's total liabilities decreased \$999,486 during the current fiscal year. Current liabilities decreased by \$64,759, primarily from a decrease in accounts payable.

Using this Annual Report

The annual report consists of a series of financial statements as well as other requirements as follows:

Management Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The Financial Statements consist of a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows. These statements provide information about the activities of the utility as a whole and present an overall view of the utility's finances.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Management Discussion and Analysis (MD&A) - Continued

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Basis of accounting. Indianola Municipal Utilities maintains its financial records on the accrual basis and the financial statements presented in this report are prepared on that basis. The financial statements present the financial position and changes in financial position of the funds in accordance with U.S. generally accepted accounting principles.

Reporting the Utility's Financial Activities

One of the most important questions asked about the utility's finances is, "Is Indianola Municipal Utilities as a whole better off or worse off as a result of the year's activities?" The Financial Statements reports information which helps answer this question.

Fund Accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Separate funds are maintained for each utility. These funds are classified as business type, or proprietary, funds for reporting purposes.

Financial Statements. The Statement of Net Assets presents information on each utility's assets, liabilities, and equity. Over time, increases or decreases in unrestricted and undesignated net assets may serve as a useful indicator of whether the financial position of the utility is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets details the financial operating results of the utility during the most recent fiscal year, with a comparison to the prior year.

The Statement of Cash Flows provides the net increase or decrease in cash and investments as a result of operating, financing, and investment activities.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Management Discussion and Analysis (MD&A) - Continued

Analysis of Financial Activities

This section of the MD&A summarizes the financial data contained in the utility's financial statements. It also provides an analysis of the major activities affecting changes from the previous fiscal year.

Statement of Net Position	Year ended June 30,	
	2016	2015
Assets		
Current	\$ 11,891,072	11,649,510
Restricted	624,356	649,804
Other	19,166	112,532
Capital	43,078,786	44,013,139
Total Assets	<u>55,613,380</u>	<u>56,424,985</u>
 Deferred outflows of resources	 <u>745,670</u>	 <u>1,021,742</u>
 Liabilities		
Current	3,072,936	3,118,838
Long Term	6,964,530	7,918,114
Total Liabilities	<u>10,037,466</u>	<u>11,036,952</u>
 Deferred inflows of resources	 <u>102,187</u>	 <u>293,366</u>
 Net Position		
Invested Capital Assets	35,398,928	35,042,042
Restricted	322,530	349,835
Designated	496,807	495,937
Unrestricted & Undesignated	10,001,132	10,228,595
Total Net Position	<u>\$ 46,219,397</u>	<u>46,116,409</u>

As shown above, total utility net assets remained relatively stable, decreasing 0.22% or \$102,998. Invested Capital Assets decreased by \$125,830 as capital projects were down pending more in FY17. The utility also repaid \$1,350,156 of indebtedness in FY 2016.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Management Discussion and Analysis (MD&A) - Continued

Analysis of Financial Activities - Continued

Net Income	Year ended June 30,	
	2016	2015
Operating revenues		
Sales of electricity	\$ 12,817,230	11,923,821
Electrical capacity contract fees	518,115	531,403
Electrical transmission revenue	466,736	500,323
Sales of water	2,166,691	2,162,818
Fiber communications rental fees	324,933	278,512
Other	183,673	163,043
Total operating revenue	16,477,378	15,559,920
Operating expenses		
Electric utility	12,984,787	12,681,612
Water utility	1,462,762	1,384,753
Fiber communications utility	49,185	34,552
Joint utility	1,311,984	1,256,534
Transfer to city for Clerk's operations	356,200	341,900
Transfer to city in lieu of property taxes	675,592	645,400
Total operating expenses	16,840,510	16,344,751
Income from operations	(363,132)	(784,831)
Nonoperating revenue (expenses)		
Revenue	500,724	474,250
Expenses	(244,484)	(196,110)
Net Income (Loss)	<u>\$ (106,892)</u>	<u>(506,691)</u>

Income from operations increased by \$399,799. This was due to a combination of increase rates charged to consumers offset by higher cost of power in the electrical utility.

Budgetary Highlights

The board of trustees annually adopts a budget for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level (i.e. proprietary) for the city as a whole, not at the fund or fund type level. Notice is given and a public hearing is held on the budget. The budget may be amended during the year utilizing similar statutorily prescribed procedures. None of the amendments made, if any, negatively affect the following year's budget.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Management Discussion and Analysis (MD&A) - Continued

Budgetary Highlights - Continued

Information pertaining to budgetary to actual receipts, disbursements, and changes in balances is provided in the financial statements on a cash basis.

Capital Asset and Debt Administration

The utility issued no additional debt during the fiscal year.

The utility pledges electric rates to be sufficient to pay its pro-rata share of outstanding debt obligations of the Municipal Energy Agency of Nebraska under its wholesale energy contract.

The utility's bond rating remained A2 (Moody's) and A+ (S&P).

	Outstanding Debt at Year ended June 30,	
	2016	2015
Electric utility		
Revenue bonds	\$ 6,258,000	6,941,000
Water utility		
Revenue bonds	275,000	545,000
General Obligation bonds (issued by city)	627,300	782,300
Communications utility	-	-
Total	<u>\$ 7,160,300</u>	<u>8,268,300</u>
Internal loan from Electric utility to Water utility	<u>\$ 1,014,749</u>	<u>1,256,905</u>

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Management Discussion and Analysis (MD&A) – Continued

Economic Factors and Next Year's Budgets and Rates

Local economy. The City of Indianola currently enjoys a favorable economic environment and local indicators point to continued moderate growth. The projection in 2015 is for Indianola to grow to a population of approximately 15,500, which represents an increase of 5% from the 2010 census. Although a primarily residential community, the varied nature of the educational, light manufacturing, agriculture services, and retail sectors of the local economy provides relative employment stability. Close proximity to the Des Moines metro area, the state capital with a combined population of approximately 460,000, provides employment for approximately 60% of the available workforce. Over the past 7 years, retail sales have grown at an annual average of over 1.5% and new single-family dwellings have been constructed at an average annual rate in excess of 50 units.

The region (which includes the City of Indianola and the surrounding unincorporated area within Warren County) has a moderate growth employment outlook over the next several years. New commercial construction is occurring along the four-lane highway between the City of Indianola and the Des Moines metropolitan area. A four-lane bypass to the south of the Des Moines metro, completed in 2002, provides increased commercial development opportunities for the community as it improved traffic flow from Indianola to the western Des Moines suburbs and the interstate highway system. The utility makes annual financial commitments to the Warren County Economic Development Corporation, a non-related entity to the city, to support economic development in the region. The utility also offers its own revolving loan program to spur economic development.

Long-term financial planning. The utility annually adopts a 5-year capital improvement budget that prioritizes foreseen projects. Those with potential long-term significant impacts to the cash balances and financial operations of the utility are:

- Phase II of the long-term electric underground conversion project. Additional debt of \$5 million can be structured within current electric rates. It is anticipated this would be issued within 3-5 years.
- Water main replacements estimated at \$500,000 using available cash in excess of the utility's reserve policy.
- Construction of additional fiber optic trunk lines within the next 5 years (amount dependent upon opportunities to obtain adequate financial returns on investment).

Potential regulatory changes over the next 3-5 years with the most fiscal impact is climate control legislation and renewable energy purchasing requirements. Both could increase wholesale energy purchase costs per kwh.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Management Discussion and Analysis (MD&A) - Continued

Economic Factors and Next Year's Budgets and Rates - Continued

The utility has hedged these risks by purchasing 9.5% of its wholesale supply from alternative energy sources. New alternative supplies that would be required could be at a much higher price. Regulations could also cause higher average prices for conventional energy. The landfill gas project is structured such that higher daily prices benefit the utility.

Budgets and Rates. Indianola Municipal Utilities maintain increased rates 7% on December 1, 2016. This annual rate increase is expected to fund capital projects and to pay for projected wholesale energy costs. Water rates remained stable.

Requests for Information

This financial report is designed to provide a general overview of Indianola Municipal Utilities' finances for all those with an interest in the utility's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance or to the City Clerk, who serves as the Secretary of the Board of Trustees. Their offices are located at 110 N. First St., PO Box 299, Indianola, IA 50125 with a telephone number of 515-961-9410.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Statement of Net Position
June 30, 2016 and 2015

ASSETS	2016 ELECTRIC	2015 ELECTRIC	2016 WATER	2015 WATER
Current assets				
Cash and investments	\$ 5,116,564	5,005,238	1,037,179	1,036,540
Accounts receivable - customers	2,516,912	2,325,685	428,272	401,618
Other accounts receivable	36,637	-	-	-
Accrued interest receivable	21,079	19,893	6,141	6,924
Inventory - fuel oil	705,179	655,519	-	-
Inventory - supplies	1,211,580	1,417,194	36,045	36,677
Receivable from the City of Indianola within one year	-	-	18,367	17,601
Promissory note receivable within one year	-	-	-	-
Loan receivable from municipal water utility within one year	248,279	244,835	(248,279)	(244,835)
Total current assets	<u>9,856,230</u>	<u>9,668,364</u>	<u>1,277,725</u>	<u>1,254,525</u>
Restricted assets - cash and investments				
Revenue capital loan notes and bonds bond and interest sinking fund	253,974	278,962	160,382	160,842
Revenue capital loan notes and bonds debt service reserve fund	-	-	135,000	135,000
Revenue capital loan notes and bonds improvement fund	-	-	75,000	75,000
Total restricted assets	<u>253,974</u>	<u>278,962</u>	<u>370,382</u>	<u>370,842</u>
Other assets				
Receivable from the City of Indianola after one year	-	-	19,166	37,532
Promissory note receivable after one year	-	-	-	-
Loan receivable from municipal water utility after one year	766,470	1,012,070	(766,470)	(1,012,070)
Total other assets	<u>766,470</u>	<u>1,012,070</u>	<u>(747,304)</u>	<u>(974,538)</u>
Capital assets				
Land	359,207	359,207	227,441	227,441
Service territory	446,000	446,000	328,412	328,412
Generating units	15,161,374	15,161,374	-	-
Distribution system	30,222,871	29,878,397	-	-
Transmission system	4,392,674	4,184,982	-	-
Buildings and plant	2,120,678	2,120,678	7,681,305	7,681,305
Wells and towers	-	-	4,772,665	4,753,807
Mains, hydrants and meters	-	-	11,720,028	11,356,025
Computer equipment	403,968	403,968	-	-
Equipment	828,257	828,257	598,513	598,513
Vehicles	1,489,767	1,479,494	275,768	275,768
	<u>55,424,796</u>	<u>54,862,357</u>	<u>25,604,132</u>	<u>25,221,271</u>
Less accumulated depreciation	26,214,867	24,936,529	11,814,446	11,225,369
Net capital assets	<u>29,209,929</u>	<u>29,925,828</u>	<u>13,789,686</u>	<u>13,995,902</u>
Total assets	<u>40,086,603</u>	<u>40,885,224</u>	<u>14,690,489</u>	<u>14,646,731</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	139,405	99,917	68,771	39,584
Deferred charges	-	300,668	-	-
Deferred outflows on advanced refunding of debt	487,496	542,684	-	-
Total deferred outflows	<u>626,901</u>	<u>943,269</u>	<u>68,771</u>	<u>39,584</u>

2016 FIBER	2015 FIBER	2016 JOINT UTILITY	2015 JOINT UTILITY	2016 TOTAL	2015 TOTAL
260,310	305,684	421,807	345,937	6,835,860	6,693,399
-	-	-	-	2,945,184	2,727,303
-	-	-	-	36,637	-
-	-	-	-	27,220	26,817
-	-	-	-	705,179	655,519
-	-	-	-	1,247,625	1,453,871
-	-	-	-	18,367	17,601
-	-	75,000	75,000	75,000	75,000
-	-	-	-	-	-
<u>260,310</u>	<u>305,684</u>	<u>496,807</u>	<u>420,937</u>	<u>11,891,072</u>	<u>11,649,510</u>
-	-	-	-	414,356	439,804
-	-	-	-	135,000	135,000
-	-	-	-	75,000	75,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>624,356</u>	<u>649,804</u>
-	-	-	-	19,166	37,532
-	-	-	75,000	-	75,000
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>19,166</u>	<u>112,532</u>
-	-	-	-	586,648	586,648
-	-	-	-	774,412	774,412
-	-	-	-	15,161,374	15,161,374
-	-	-	-	30,222,871	29,878,397
-	-	-	-	4,392,674	4,184,982
91,948	91,948	-	-	9,893,931	9,893,931
-	-	-	-	4,772,665	4,753,807
-	-	-	-	11,720,028	11,356,025
-	-	-	-	403,968	403,968
788,353	788,353	-	-	2,215,123	2,215,123
19,409	19,409	-	-	1,784,944	1,774,671
899,710	899,710	-	-	81,928,638	80,983,338
820,539	808,301	-	-	38,849,852	36,970,199
79,171	91,409	-	-	43,078,786	44,013,139
<u>339,481</u>	<u>397,093</u>	<u>496,807</u>	<u>495,937</u>	<u>55,613,380</u>	<u>56,424,985</u>
1,908	1,288	48,090	37,601	258,174	178,390
-	-	-	-	-	300,668
-	-	-	-	487,496	542,684
<u>1,908</u>	<u>1,288</u>	<u>48,090</u>	<u>37,601</u>	<u>745,670</u>	<u>1,021,742</u>

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Statement of Net Position - Continued
June 30, 2016 and 2015

LIABILITIES	2016 ELECTRIC	2015 ELECTRIC	2016 WATER	2015 WATER
Current liabilities				
Accounts payable	\$ 1,672,835	1,729,132	31,042	21,936
Wages and benefits payable	119,345	113,947	59,589	58,457
Sales tax payable	1,254	573	66	71
Deferred rental fees	-	-	-	-
Accrued interest payable	-	-	1,025	1,241
General obligation bonds payable within one year	-	-	145,800	155,000
Total current liabilities	<u>1,793,434</u>	<u>1,843,652</u>	<u>237,522</u>	<u>236,705</u>
Current liabilities payable from restricted assets				
Accrued interest payable	26,528	29,424	298	545
Revenue capital loan notes and bonds payable within one year	700,000	683,000	275,000	270,000
Current liabilities payable from restricted assets	<u>726,528</u>	<u>712,424</u>	<u>275,298</u>	<u>270,545</u>
Noncurrent liabilities				
Net pension liability	522,357	430,799	207,481	171,114
Revenue refunding bonds payable after one year (including unamortized premium of \$265 (2015 - \$782))	-	-	265	275,782
General obligation bonds payable after one year (net of unamortized discount of \$7,960 (2015 - \$12,206))	-	-	473,540	615,094
Revenue capital loan notes and bonds payable after one year	5,558,000	6,258,000	-	-
Total noncurrent liabilities	<u>6,080,357</u>	<u>6,688,799</u>	<u>681,286</u>	<u>1,061,990</u>
Total liabilities	<u>8,600,319</u>	<u>9,244,875</u>	<u>1,194,106</u>	<u>1,569,240</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Pension related deferred inflows	<u>57,228</u>	<u>164,294</u>	<u>22,731</u>	<u>65,258</u>
NET POSITION				
Net investment in capital assets	23,439,425	23,527,512	11,880,332	11,423,121
Restricted for debt service	227,446	249,538	20,084	25,297
Restricted for plant improvement	-	-	75,000	75,000
Unrestricted				
Designated for payment of insurance coverage deductibles	-	-	-	-
Designated for economic development revolving loan fund				
Undesignated	<u>8,389,086</u>	<u>8,642,274</u>	<u>1,567,007</u>	<u>1,528,399</u>
Total unrestricted	<u>8,389,086</u>	<u>8,642,274</u>	<u>1,567,007</u>	<u>1,528,399</u>
Total net position	<u>\$ 32,055,957</u>	<u>32,419,324</u>	<u>13,542,423</u>	<u>13,051,817</u>

See accompanying notes to financial statements.

2016 FIBER	2015 FIBER	2016 JOINT UTILITY	2015 JOINT UTILITY	2016 TOTAL	2015 TOTAL
-	-	1,051	2,691	1,704,928	1,753,759
-	-	33,138	46,154	212,072	218,558
-	-	-	-	1,320	644
5,965	6,667	-	-	5,965	6,667
-	-	-	-	1,025	1,241
-	-	-	-	145,800	155,000
<u>5,965</u>	<u>6,667</u>	<u>34,189</u>	<u>48,845</u>	<u>2,071,110</u>	<u>2,135,869</u>
-	-	-	-	26,826	29,969
-	-	-	-	975,000	953,000
-	-	-	-	<u>1,001,826</u>	<u>982,969</u>
6,743	5,561	196,144	161,764	932,725	769,238
-	-	-	-	265	275,782
-	-	-	-	473,540	615,094
-	-	-	-	5,558,000	6,258,000
<u>6,743</u>	<u>5,561</u>	<u>196,144</u>	<u>161,764</u>	<u>6,964,530</u>	<u>7,918,114</u>
<u>12,708</u>	<u>12,228</u>	<u>230,333</u>	<u>210,609</u>	<u>10,037,466</u>	<u>11,036,952</u>
<u>738</u>	<u>2,121</u>	<u>21,490</u>	<u>61,693</u>	<u>102,187</u>	<u>293,366</u>
79,171	91,409	-	-	35,398,928	35,042,042
-	-	-	-	247,530	274,835
-	-	-	-	75,000	75,000
-	-	14,857	16,056	14,857	16,056
-	-	481,950	479,881	481,950	479,881
<u>248,772</u>	<u>292,623</u>	<u>(203,733)</u>	<u>(234,701)</u>	<u>10,001,132</u>	<u>10,228,595</u>
<u>248,772</u>	<u>292,623</u>	<u>293,074</u>	<u>261,236</u>	<u>10,497,939</u>	<u>10,724,532</u>
<u>327,943</u>	<u>384,032</u>	<u>293,074</u>	<u>261,236</u>	<u>46,219,397</u>	<u>46,116,409</u>

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Statement of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2016 and 2015

	2016 ELECTRIC	2015 ELECTRIC	2016 WATER	2015 WATER
Operating revenues				
Utility service sales	\$ 12,817,230	11,923,821	2,166,691	2,162,818
Capacity contract fees	518,115	531,403	-	-
Peaking power charges	32,735	47,923	-	-
Service installation fees	46,639	30,187	-	-
Fiber communication rental fees	-	-	-	-
Fiber lease fees	212,818	186,557	-	-
Transmission revenue	466,736	500,323	-	-
Other	25,086	26,668	58,842	47,800
Total operating revenues	<u>14,119,359</u>	<u>13,246,882</u>	<u>2,225,533</u>	<u>2,210,618</u>
Operating expenses				
Plant operation	172,627	170,687	527,305	479,856
Plant maintenance	167,067	162,103	20,462	68,226
Purchased energy	10,288,493	9,642,173	-	-
Depreciation	1,304,765	1,342,634	589,077	578,142
Distribution operation	81,076	128,859	-	-
Distribution maintenance	914,091	1,064,790	313,392	246,673
Transmission operation and maintenance	11,575	127,323	-	-
Meter reading	45,093	43,043	12,526	11,856
Administrative and general	1,786,721	1,758,232	442,607	351,621
Total operating expenses	<u>14,771,508</u>	<u>14,439,844</u>	<u>1,905,369</u>	<u>1,736,374</u>
Income (loss) from operations	<u>(652,149)</u>	<u>(1,192,962)</u>	<u>320,164</u>	<u>474,244</u>
Nonoperating revenues (expenses)				
Interest on investments	84,312	106,525	23,421	27,937
Interest on loan to municipal water utility	28,644	41,955	(28,644)	(41,955)
Connect charges and service fees	57,235	30,988	27,161	22,217
Gain (loss) on sale or transfer of capital assets	11,550	(2,482)	-	-
Revenue refunding capital loan note issuance costs	-	(93,519)	-	-
Other revenues	229,927	176,589	71,772	72,452
Interest expense	(232,758)	(71,250)	(23,276)	(28,859)
	<u>178,910</u>	<u>188,806</u>	<u>70,434</u>	<u>51,792</u>
Net income (loss)	(473,239)	(1,004,156)	390,598	526,036
Capital contributions from water main connection fees	-	-	-	2,832
Capital contributions from developers and customers	109,872	51,250	100,008	49,800
Change in net position	(363,367)	(952,906)	490,606	578,668
Net position, beginning of year	<u>32,419,324</u>	<u>33,372,230</u>	<u>13,051,817</u>	<u>12,473,149</u>
Net position, end of year	<u>\$ 32,055,957</u>	<u>32,419,324</u>	<u>13,542,423</u>	<u>13,051,817</u>

See accompanying notes to financial statements.

2016 FIBER	2015 FIBER	2016 JOINT UTILITY	2015 JOINT UTILITY	2016 TOTAL	2015 TOTAL
-	-	-	-	14,983,921	14,086,639
-	-	-	-	518,115	531,403
-	-	-	-	32,735	47,923
-	-	-	-	46,639	30,187
324,933	278,512	-	-	324,933	278,512
(212,818)	(186,557)	-	-	-	-
-	-	-	-	466,736	500,323
20,371	10,465	-	-	104,299	84,933
<u>132,486</u>	<u>102,420</u>	<u>-</u>	<u>-</u>	<u>16,477,378</u>	<u>15,559,920</u>
-	-	-	-	699,932	650,543
-	-	-	-	187,529	230,329
-	-	-	-	10,288,493	9,642,173
12,238	17,698	-	-	1,906,080	1,938,474
36,947	16,854	-	-	118,023	145,713
-	-	-	-	1,227,483	1,311,463
-	-	-	-	11,575	127,323
-	-	-	-	57,619	54,899
143,978	115,644	(29,530)	18,337	2,343,776	2,243,834
<u>193,163</u>	<u>150,196</u>	<u>(29,530)</u>	<u>18,337</u>	<u>16,840,510</u>	<u>16,344,751</u>
<u>(60,677)</u>	<u>(47,776)</u>	<u>29,530</u>	<u>(18,337)</u>	<u>(363,132)</u>	<u>(784,831)</u>
4,588	5,043	2,308	1,930	114,629	141,435
-	-	-	-	-	-
-	-	-	-	84,396	53,205
-	-	-	-	11,550	(2,482)
-	-	-	-	-	(93,519)
-	-	-	30,569	301,699	279,610
-	-	-	-	(256,034)	(100,109)
<u>4,588</u>	<u>5,043</u>	<u>2,308</u>	<u>32,499</u>	<u>256,240</u>	<u>278,140</u>
(56,089)	(42,733)	31,838	14,162	(106,892)	(506,691)
-	-	-	-	-	2,832
-	-	-	-	209,880	101,050
<u>(56,089)</u>	<u>(42,733)</u>	<u>31,838</u>	<u>14,162</u>	<u>102,988</u>	<u>(402,809)</u>
<u>384,032</u>	<u>426,765</u>	<u>261,236</u>	<u>247,074</u>	<u>46,116,409</u>	<u>46,519,218</u>
<u>327,943</u>	<u>384,032</u>	<u>293,074</u>	<u>261,236</u>	<u>46,219,397</u>	<u>46,116,409</u>

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Statement of Cash Flows
Years Ended June 30, 2016 and 2015

	2016 ELECTRIC	2015 ELECTRIC	2016 WATER	2015 WATER
Cash flows from operating activities				
Cash received from customers	\$ 13,813,529	13,273,266	2,181,193	2,202,666
Cash paid to suppliers	(11,191,314)	(10,516,243)	(511,941)	(587,216)
Cash paid to employees	(1,118,938)	(1,194,093)	(618,497)	(513,707)
Accounting and collections - transfer to IMU				
Joint Utility	(727,117)	(717,998)	(192,650)	(165,000)
Nonoperating revenues received	287,162	207,577	98,933	94,669
Net cash provided by operating activities	<u>1,063,322</u>	<u>1,052,509</u>	<u>957,038</u>	<u>1,031,412</u>
Cash flows from capital and related financing activities				
Purchases and construction of capital assets	(478,994)	(1,059,676)	(285,443)	(309,616)
Proceeds from sale of capital assets	11,550	2,014	-	-
Water main connection fees received	-	-	2,590	2,832
Revenue refunding capital loan note issued	-	7,241,000	-	-
Deferred outflows on advanced refunding of debt	-	(556,481)	-	-
Payment of revenue refunding capital loan note				
issuance costs	-	(93,519)	-	-
General obligation bond principal paid	-	-	(155,000)	(155,000)
General obligation bond interest paid	-	-	(14,950)	(17,500)
Revenue capital loan notes and bonds principal paid	(683,000)	(8,260,000)	(270,000)	(270,000)
Revenue capital loan notes and bonds interest paid	(180,466)	(147,542)	(5,060)	(7,760)
Net cash used by capital and related financing activities	<u>(1,330,910)</u>	<u>(2,874,204)</u>	<u>(727,863)</u>	<u>(757,044)</u>
Cash flows from investing activities				
Interfund loan principal received	242,156	526,279	(242,156)	(526,279)
Interfund interest income received	28,644	41,955	(28,644)	(41,955)
Principal payment received from the City of Indianola	-	-	17,600	16,867
Promissory note principal received	-	-	-	-
Interest income received	83,126	112,436	24,204	29,731
Net cash provided by investing activities	<u>353,926</u>	<u>680,670</u>	<u>(228,996)</u>	<u>(521,636)</u>
Net increase (decrease) in cash and investments	86,338	(1,141,025)	179	(247,268)
Cash and investments, beginning of year	<u>5,284,200</u>	<u>6,425,225</u>	<u>1,407,382</u>	<u>1,654,650</u>
Cash and investments, end of year	<u>\$ 5,370,538</u>	<u>5,284,200</u>	<u>1,407,561</u>	<u>1,407,382</u>

2016 FIBER	2015 FIBER	2016 JOINT UTILITY	2015 JOINT UTILITY	2016 TOTAL	2015 TOTAL
131,784	101,718	-	-	16,126,506	15,577,650
(77,242)	(32,927)	(581,314)	(562,280)	(12,361,811)	(11,698,666)
(13,536)	(12,797)	(430,859)	(443,592)	(2,181,830)	(2,164,189)
(90,968)	(87,324)	1,010,735	970,322	-	-
-	-	-	30,569	386,095	332,815
<u>(49,962)</u>	<u>(31,330)</u>	<u>(1,438)</u>	<u>(4,981)</u>	<u>1,968,960</u>	<u>2,047,610</u>
-	-	-	-	(764,437)	(1,369,292)
-	-	-	-	11,550	2,014
-	-	-	-	2,590	2,832
-	-	-	-	-	7,241,000
-	-	-	-	-	(556,481)
-	-	-	-	-	-
-	-	-	-	-	(93,519)
-	-	-	-	(155,000)	(155,000)
-	-	-	-	(14,950)	(17,500)
-	-	-	-	(953,000)	(8,530,000)
-	-	-	-	(185,526)	(155,302)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,058,773)</u>	<u>(3,631,248)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	17,600	16,867
-	-	75,000	75,000	75,000	75,000
4,588	5,043	2,308	1,930	114,226	149,140
<u>4,588</u>	<u>5,043</u>	<u>77,308</u>	<u>76,930</u>	<u>206,826</u>	<u>241,007</u>
(45,374)	(26,287)	75,870	71,949	117,013	(1,342,631)
<u>305,684</u>	<u>331,971</u>	<u>345,937</u>	<u>273,988</u>	<u>7,343,203</u>	<u>8,685,834</u>
<u>260,310</u>	<u>305,684</u>	<u>421,807</u>	<u>345,937</u>	<u>7,460,216</u>	<u>7,343,203</u>

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Statement of Cash Flows - Continued
Years Ended June 30, 2016 and 2015

	2016 ELECTRIC	2015 ELECTRIC	2016 WATER	2015 WATER
Reconciliation of income from operations to net cash provided by operating activities				
Income from operations	\$ (652,149)	(1,192,962)	320,164	474,244
Adjustments				
Nonoperating revenues	287,162	207,577	98,933	94,669
Depreciation	1,304,765	1,342,634	589,077	578,142
(Increase) decrease in accounts receivable	(227,864)	87,696	(26,654)	4,583
Decrease in inventories	155,954	447,371	632	93
Increase in pension related deferred outflows	(39,488)	(36,443)	(29,187)	(14,371)
(Increase) decrease in deferred charges	300,668	14,309	-	-
Increase (decrease) in net pension liability	91,558	(170,720)	36,367	(67,810)
Increase (decrease) in pension related deferred inflows	(107,066)	164,294	(42,527)	65,258
(Increase) decrease in deferred rental fees	-	-	-	-
Increase (decrease) in accounts, wages and benefits, and sales tax payable	(50,218)	188,753	10,233	(103,396)
Net cash provided by operating activities	<u>\$ 1,063,322</u>	<u>1,052,509</u>	<u>957,038</u>	<u>1,031,412</u>
Noncash capital and related financing activities				
Developer contributions of utility plant and equipment	\$ 109,872	51,250	97,418	49,800

See accompanying notes to financial statements.

2016 FIBER	2015 FIBER	2016 JOINT UTILITY	2015 JOINT UTILITY	2016 TOTAL	2015 TOTAL
(60,677)	(47,776)	29,530	(18,337)	(363,132)	(784,831)
-	-	-	30,569	386,095	332,815
12,238	17,698	-	-	1,906,080	1,938,474
-	-	-	-	(254,518)	92,279
-	-	-	-	156,586	447,464
(620)	(468)	(10,489)	(13,767)	(79,784)	(65,049)
-	-	-	-	300,668	14,309
1,182	(2,203)	34,380	(64,105)	163,487	(304,838)
(1,383)	2,121	(40,203)	61,693	(191,179)	293,366
(702)	(702)	-	-	(702)	(702)
-	-	(14,656)	(1,034)	(54,641)	84,323
<u>(49,962)</u>	<u>(31,330)</u>	<u>(1,438)</u>	<u>(4,981)</u>	<u>1,968,960</u>	<u>2,047,610</u>
-	-	-	-	207,290	101,050

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements
June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The Indianola Municipal Utilities is a component unit of the City of Indianola, Iowa, as determined by criteria specified by the Governmental Accounting Standards Board. The Utilities are governed by a five member board appointed by the City Council, which exercises oversight responsibility under this criteria.
- B. Basis of Presentation - The accompanying financial statements present the financial position, changes in financial position and cash flows of the Indianola Municipal Utilities of the City of Indianola, Iowa. These financial statements are not intended to present the financial position of the City of Indianola, Iowa, and the changes in its financial position and cash flows of its proprietary fund types.

The Statement of Net Position presents the Utilities' assets and liabilities, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

- C. Basis of Accounting - The accounting records of the Utilities are maintained on a cash basis. The accompanying financial statements have been prepared, after giving effect to all material adjustments including amounts due from utility customers and due to suppliers of goods and services, to reflect the account balances and results of operations on the accrual basis.

The Utilities report their financial activity in accordance with all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) pronouncements unless those pronouncements conflict with or contradict GASB pronouncements.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Outflows of Resources, and Net Position - The following accounting policies are followed in preparing the Statement of Net Position:

Cash and Investments and Interest Income - Cash balances available from each of the funds of the City of Indianola, Iowa are pooled for investment and cash management purposes. Investments purchased by the pool are stated at cost or amortized cost. Interest earned on pooled investments is allocated monthly on the basis of the funds' ending cash and investment balances. Because the cash of Indianola Municipal Utilities is deposited with or withdrawn from the cash and investment pool without restriction the allocated share of the pool has been treated as a cash equivalent in the accompanying statement of cash flows.

Inventories - Inventories, which consist of fuel oil and supplies, are stated at the lower of cost (first-in, first-out basis) or net realizable value.

Restricted Assets - Funds set aside for payment of Enterprise Fund revenue bonds are classified as restricted assets since their use is restricted by applicable bond indentures.

Capital Assets - Capital assets which include property, plant, and equipment, stated at original cost. Depreciation expense is computed using the straight-line method and estimated useful lives as follows:

Electric utility	
Power plant building	50 years
Generating units	25 years
Transmission and distribution systems	40 years
Vehicles	10 years
Computer equipment	5 years
Water utility	
Buildings and plant	40 years
Wells and towers	30-50 years
Mains and hydrants	50 years
Meters	20 years
Machinery and equipment	15 years
Vehicles	10 years
Fiber communications utility	
Distribution and connection systems	10 years

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Outflows of Resources, and Net Position- Continued

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/expenditure) 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, deferred cost of energy adjustments, and outflows from debt defeasance.

Pensions – 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.

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. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources the fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

2. TRANSFER OF LAND

In September 2013 the Board of Trustee transferred management and control of land no longer needed in its water utility operations to the City of Indianola in exchange for \$92,000 plus interest, payable in annual installments of \$20,000, including interest, through September 2017.

Maturities of the receivable from the City of Indianola as of June 30, 2016 were as follows:

Year ending June 30,	
2017	\$ 18,367
2018	19,166
	<u>\$ 37,533</u>

3. PROMISSORY NOTE

The Utility has a promissory note receivable in connection with the Utility's revolving loan fund. Principal, with no interest thereon, is payable annually from October 2012. Principal not paid when due shall accrue interest at the rate of 8% per annum.

Promissory note maturities are as follows as of June 30, 2016:

Year ending June 30,	
2017	\$ 75,000

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

4. LOAN RECEIVABLE FROM MUNICIPAL WATER UTILITY

The Board of Trustees have approved the following loans to the Municipal Water Utility: in September 1992 for the amount of \$500,000; in January 1994 for the amount of \$1,000,000; in September 1994 for the amount of \$1,000,000; in December 1995 for the amount of \$500,000; in July 1996 for the amount of \$2,000,000; in December 1997 for the amount of \$500,000; and in June 1999 for the amount of \$200,000. In August 1999 the Trustees elected to defer interest payments for one year and continue to make regular principal payments on the loans. In August 2000 the Trustees restructured all of the loans and the deferred interest into one loan of \$4,826,779 payable in monthly installments of \$33,300, including interest at 5% per annum. In May 2003 the Trustees restructured the loan to be payable in monthly installments of \$31,100, including interest at 4% per annum, through February 2019. In November 2003 the Trustees restructured the loan again to be payable in monthly installments of \$22,568, including interest at 2.5% per annum, through October 2023. In July 2005 the Trustees restructured the loan again to be payable in monthly installments of \$22,568, including interest at 3.5% per annum, through February 2026. In February 2013 the Trustees restructured the loan again to be payable in monthly installments of \$22,568, including interest at 2.5% per annum, through March 2023. In June 2014 and June 2015 principal prepayments of \$340,000 and \$320,000, respectively, were made on the loan.

Aggregate maturities of loan principal to reflect the restructured loan as of June 30, 2016 were as follows:

Year ending June 30,	
2017	\$ 248,279
2018	254,558
2019	260,995
2020	250,917
	<u>\$ 1,014,749</u>

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

5. ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE

For the years ended June 30, 2016 and 2015, the accumulated depreciation and depreciation expense were as follows:

	Electric Accumulated Depreciation 2016	Water Accumulated Depreciation 2016	Fiber Accumulated Depreciation 2016	Total Accumulated Depreciation 2016	Electric Depreciation Expense 2016	Water Accumulated Depreciation 2016	Fiber Depreciation Expense 2016	Total Depreciation Expense 2016
Service territory	\$ 229,125	124,692	-	353,817	22,300	10,947	-	33,247
Generating units	12,032,330	-	-	12,032,330	365,165	-	-	365,165
Distribution system	10,402,303	-	-	10,402,303	699,013	-	-	699,013
Transmission system	304,663	-	-	304,663	73,853	-	-	73,853
Buildings and plant	1,006,356	3,732,659	16,639	4,755,654	33,364	175,667	2,299	211,330
Wells and towers	-	2,256,935	-	2,256,935	-	132,991	-	132,991
Mains, hydrants and meters	-	4,984,435	-	4,984,435	-	240,721	-	240,721
Computer equipment	402,887	-	-	402,887	2,164	-	-	2,164
Equipment	750,122	551,624	784,491	2,086,237	37,861	7,715	9,939	55,515
Vehicles	1,087,081	164,101	19,409	1,270,591	71,045	21,036	-	92,081
	<u>\$ 26,214,867</u>	<u>11,814,446</u>	<u>820,539</u>	<u>38,849,852</u>	<u>1,304,765</u>	<u>589,077</u>	<u>12,238</u>	<u>1,906,080</u>

	Electric Accumulated Depreciation 2015	Water Accumulated Depreciation 2015	Fiber Accumulated Depreciation 2015	Total Accumulated Depreciation 2015	Electric Depreciation Expense 2015	Water Depreciation Expense 2015	Fiber Depreciation Expense 2015	Total Depreciation Expense 2015
Service territory	\$ 206,825	113,745	-	320,570	22,300	10,947	-	33,247
Generating units	11,667,165	-	-	11,667,165	367,265	-	-	367,265
Distribution system	9,703,290	-	-	9,703,290	677,776	-	-	677,776
Transmission system	230,810	-	-	230,810	118,161	-	-	118,161
Buildings and plant	972,992	3,556,992	14,340	4,544,324	33,364	175,402	2,299	211,065
Wells and towers	-	2,123,944	-	2,123,944	-	133,203	-	133,203
Mains, hydrants and meters	-	4,743,714	-	4,743,714	-	231,176	-	231,176
Computer equipment	400,723	-	-	400,723	3,415	-	-	3,415
Equipment	712,262	543,909	774,552	2,030,723	50,987	8,862	15,399	75,248
Vehicles	1,042,462	143,065	19,409	1,204,936	69,366	18,552	-	87,918
	<u>\$ 24,936,529</u>	<u>11,225,369</u>	<u>808,301</u>	<u>36,970,199</u>	<u>1,342,634</u>	<u>578,142</u>	<u>17,698</u>	<u>1,938,474</u>

6. DEFERRED CHARGES

In May 2014 the Board of Trustees determined a cost of energy adjustment would be imposed under the provisions of its electric rate resolution. The initial costs to be recovered are the sum of the purchased energy adjustments assessed from July 2013 through March 2014 by IMU's wholesale electric power supplier under the terms of its power supply contract. The charges are expected to be recovered over a one year period as an additional per kilowatt hour surcharge to all utility customers. Each quarter actual energy costs charged by IMU's wholesale electric power supplier in excess of the base energy costs included in the rate resolution are added to deferred charges and surcharges collected from customers are subtracted from deferred charges to determine the per kilowatt hour surcharge to be imposed until all excess energy costs are recovered.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

7. REVENUE CAPITAL LOAN NOTES AND BONDS PAYABLE

In March 2015 the Utilities issued \$7,241,000 of Electric Revenue Refunding Capital Loan Notes, with interest rate of 2.6%, for a current refunding of a portion of revenue capital loan notes issued June 2010 and revenue bonds issued December 2011. The Utilities refunded the capital loan notes and revenue bonds to reduce its total debt service payments by approximately \$1,453,200 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$1,261,300.

During the year ended June 30, 2015, the Utilities entered into an escrow agreement whereby the proceeds from the refunding capital loan notes were converted into U.S. Securities. These securities and additional cash were placed in an escrow account for the express purpose of paying the principal and interest on the refunded revenue bonds and notes as they become due. After the principal and interest on all the outstanding bonds and notes have been paid, the remaining funds in the escrow account, together with any interest thereon, shall be returned to the Utilities. The transactions, balances and liabilities of the escrow account are not recorded by the Utilities. The amount of the refunded bonds and notes was considered extinguished and, therefore, excluded from long-term debt was \$7,960,000 at June 30, 2105.

The reacquisition price exceeded the net carrying amount of the old debt by \$556,481. This amount, the deferred outflows on advanced refunding of debt, is being amortized over the remaining life of the new debt issued, which is equal to the life of the refunded debt.

The Utilities have pledged future electric customer receipts, net of specified operating disbursements, to repay \$7,241,000 of Electric Revenue Refunding Capital Loan Notes issued in March 2015. Proceeds from the notes refunded \$6,490,000 of Electric Revenue Capital Loan Notes issued in June 2010 and \$1,470,000 of Electric Revenue Bonds issued in December 2011.

The notes are payable solely from electric net revenues, as defined, and are payable through 2025. Annual principal and interest payments on the notes are expected to require less than 100% of net revenues. The total principal and interest remaining to be paid on the notes is \$7,025,780. For the current year, principal and interest paid and total net loss were \$863,466 and \$652,149, respectively.

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

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

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

6. REVENUE CAPITAL LOAN NOTES AND BONDS PAYABLE- Continued

- b. Sufficient monthly transfers shall be made to a separate electric revenue sinking account within the Enterprise Fund 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 or replacements to the electric system, or to pay or redeem any notes or bonds, and then can be used for any lawful purpose.

Revenue capital loan note and bond debt service requirements are as follows as of June 30, 2016:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 700,000	162,708	862,708
2018	718,000	144,508	862,508
2019	737,000	125,840	862,840
2020	756,000	106,678	862,678
2021	776,000	87,022	863,022
2022-2025	2,571,000	141,024	2,712,024
	<u>\$ 6,258,000</u>	<u>767,780</u>	<u>7,025,780</u>

In December 2011 the Utilities issued \$1,350,000 of Water Revenue Refunding Bonds, with interest rates ranging from .5% to 1.3%, for a current refunding of a portion of refunding capital loan notes issued August 2004. The Utilities refunded the capital loan notes to reduce its total debt service payments by approximately \$91,800 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$88,400.

The Utilities has pledged future water customer receipts, net of specified operating disbursements, to repay \$1,350,000 of Water Revenue Refunding Bonds issued in December 2011. Proceeds from the notes provided financing for the current refunding of a portion of the refunding capital loan notes issued August 2004. The notes are payable solely from water net revenues, as defined, and are payable through 2017. Annual principal and interest payments on the notes are expected to require less than 50% of net receipts. The total principal and interest remaining to be paid on the notes is \$276,788. For the current year, principal and interest paid and total net revenues were \$275,060 and \$320,164, respectively.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

6. REVENUE CAPITAL LOAN NOTES AND BONDS PAYABLE- Continued

The resolution providing for the issuance of the revenue bonds include the following provisions:

- a. The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- b. Sufficient monthly transfers shall be made to a separate water revenue sinking account within the Enterprise Fund for the purpose of making the note principal and interest payments when due.
- c. Additional monthly transfers of 25% of the amount required to be deposited in the water revenue sinking account shall be made to a separate water revenue debt service reserve account until specific minimum balances have been accumulated in the accounts. Use of funds is restricted to funding any deficit in the sinking account.
- d. 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 or replacements to the water system, or to pay or redeem any bonds, and then can be used for any lawful purpose.

Revenue refunding bond debt service requirements were as follows as of June 30, 2016:

Year ending June 30,	Principal	Interest	Total
<u>2017</u>	<u>\$ 275,000</u>	<u>1,788</u>	<u>276,788</u>

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

7. GENERAL OBLIGATION BONDS PAYABLE

In January 2011 the City issued \$3,915,000 of General Obligation Refunding Bonds for a crossover refunding of a portion of the General Obligation Bonds dated October 2003. 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 \$735,000 of bond principal and related interest be financed by the operations of the Municipal Water Utility. Accordingly, that portion of the bonds is reported as a liability and the interest payments are reported as an expense of the Utilities in these financial statements. Municipal Water Utility principal payments are due on the notes in the amounts of \$100,000 to \$115,000 from June 1, 2012 through June 1, 2018. Interest on the notes at rates of 1.0% to 2.0% per annum is due semiannually beginning December 1, 2011.

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 bond principal and related interest be financed by the operations of the Municipal Water Utility. Accordingly, that portion of the bonds is reported as a liability and the interest payments are reported as an expense of the Utilities in these financial statements. Municipal Water Utility principal payments are due on the notes in the amounts of \$11,000 to \$52,500 from June 1, 2013 through June 1, 2025. Interest on the notes at rates of .5% to 2.4% per annum is due semiannually beginning December 1, 2012.

The Municipal Water Utility portion of general obligation bond debt service requirements are as follows as of June 30, 2016:

Year ending June 30,	Principal	Interest	Total
2017	\$ 145,800	12,300	158,100
2018	146,600	9,800	156,400
2019	47,300	6,700	54,000
2020	48,000	6,000	54,000
2021	50,300	5,200	55,500
2022-2025	189,300	10,500	199,800
	<u>\$ 627,300</u>	<u>50,500</u>	<u>677,800</u>

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

8. COMPENSATED ABSENCES

Indianola Municipal 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 wages and benefits payable as of June 30, 2016 and 2015. Accrued sick leave benefits as of June 30, 2016 of approximately \$251,288 (2015 - \$283,048) are payable only when used and have not been accrued.

9. PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the Utilities, except for those covered by another retirement system. Employees of the Utilities are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive 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, anytime 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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

9. PENSION PLAN - Continued

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 on or after July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

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 year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the City contributed 8.93% of covered payroll, for a total rate of 14.88%.

The City's contributions to IPERS for the year ended June 30, 2016 totaled \$135,495.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

9. PENSION PLAN - Continued

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the Utilities reported a liability of \$932,725 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Utilities' proportion of the net pension liability was based on the Utilities' share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the Utilities' proportion was .01887922%, which was a decrease of .0005170% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Utilities recognized pension expense of \$28,571. At June 30, 2016, the Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 14,740	-
Changes of assumptions	23,147	-
Changes in proportion and differences between Utility contributions and the Utilities' proportionate share of contributions	(78,148)	-
Net difference between projected and actual earnings on pension plan investments	162,387	102,187
Utilities' contributions subsequent to the measurement date	<u>136,048</u>	<u>-</u>
Total	<u>\$ 258,174</u>	<u>102,187</u>

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

9. PENSION PLAN - Continued

\$136,048 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 year ended June 30, 2017. 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 Ended June 30,	
2017	\$ (6,189)
2018	(6,189)
2019	(6,189)
2020	27,826
2021	10,680
	<u>\$ 19,939</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of inflation (effective June 30, 2014)	3.00% per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation
Wage Growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

9. PENSION PLAN - Continued

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 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 arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Plus Fixed Income	28%	0.02
Domestic Equity	24	6.29
International Equity	16	6.75
Private Equity/debt	11	11.32
Real Estate	8	3.48
Credit Opportunities	5	3.63
U.S. TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(0.71)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. 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, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.5%, 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 (6.5%) or 1% higher (8.5%) than the current rate.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

9. PENSION PLAN - Continued

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Utilities' proportionate share of the net pension liability	\$ 1,900,213	\$ 1,085,328	\$ 397,505

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

10. RISK MANAGEMENT

The City is a member in 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 746 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 by the Board not to exceed 300% of basis rate.

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 Indianola Municipal Utilities' property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Utilities' annual contributions to the Pool for the year ended June 30, 2016 were \$82,015 (2015 - \$78,569).

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

10. RISK MANAGEMENT - Continued

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 \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's 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 City's 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 member's risk-sharing certificate, or in the event that 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 shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Utilities do not report a liability for losses in excess of reinsurance or excess risk - sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2016, no liability has been recorded in the Utilities financial statements. As of June 30, 2016, settled claims have not exceeded the risk pool or reinsurance company 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 refunded to the withdrawing member.

Indianola Municipal Utilities is a member of the Iowa Municipalities Workers' Compensation Association (the "Association"). The Association is governed by a board of directors elected by representatives of the governing bodies of each participating governmental jurisdiction. Indianola Municipal Utilities has executed a Worker's Compensation Coverage Agreement with the Association which extends through June 30, 2016 and has authorized the Association to issue general obligation bonds to provide funds with which to pay claims. During the year ended June 30, 2016, Indianola Municipal Utilities paid workers' compensation insurance premiums of \$27,730 (2015 - \$36,561) to the Association.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2016 and 2015

11. 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.

IMU elected in 2009 to become a Total Requirements Participant and as such receives all power and energy from MEAN, and entered into Service Schedule M of the ERPA. As such, IMU 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, IMU is also subject to a Purchased Energy Adjustment clause based on MEAN's actual cost of energy compared to those budgeted & collected through base rates during its fiscal year of April 2013 - March 2014.

IMU's pro-rata share of net at-risk annual costs borne by Schedule M participants is approximately 9.5% in 2016 (2015 – 9.5%), subject to annual fluctuation based on demand and energy, and are explicitly categorized as IMU annual operating expenditures. 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. IMU's 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 CAPX2020 Brookings-Twin Cities Development Project. IMU's Election Share is 3.34% of the CMMPA-Brookings Project, which in total is 3.6% of the total CAPX2020 Brookings-Twin Cities Development Project. Any net costs associated with IMU's participation are explicitly categorized as annual operating expenditures.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Budgetary Comparison Schedule of Receipts, Disbursements
And Changes in Balances – Budget and Actual (Cash Basis)
Required Supplementary Information
Year Ended June 30, 2016

		Budget Amounts		Final
	Actual	Original	Final	to Actual Variance
Receipts				
Use of money and property	\$ 476,409	533,700	533,700	(57,291)
Intergovernmental	88,694	20,000	550,000	(461,306)
Charges for service	16,323,798	16,502,500	16,502,500	(178,702)
Special assessments	2,590	-	-	2,590
Miscellaneous	<u>1,181,906</u>	<u>983,200</u>	<u>983,200</u>	<u>198,706</u>
Total receipts	18,073,397	18,039,400	18,569,400	(496,003)
Disbursements				
Business type activities	<u>16,766,159</u>	<u>16,209,100</u>	<u>17,077,100</u>	<u>310,941</u>
Excess of receipts over (under) disbursements	1,307,238	1,830,300	1,492,300	(185,062)
Other financing sources (uses)				
Sale of capital assets	20,000	-	-	20,000
Operating transfers in (out)	<u>(1,210,224)</u>	<u>(1,239,100)</u>	<u>(1,239,100)</u>	<u>28,876</u>
Total other financing sources (uses)	(1,190,224)	(1,239,100)	(1,239,100)	48,876
Excess of receipts and other financing sources over (under) disbursements and other financing uses	117,014	591,200	253,200	(136,186)
Balances, beginning of year	<u>7,343,203</u>	<u>7,343,203</u>	<u>7,343,203</u>	<u>-</u>
Balances, end of year	<u>\$ 7,460,217</u>	<u>7,934,403</u>	<u>7,596,403</u>	<u>(136,186)</u>

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Required Supplementary Information –
Budgetary Reporting
Year Ended June 30, 2016

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 similar 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. During the year, two budget amendments increased budgeted disbursements by \$868,000. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2016, disbursements did not exceed the amount budgeted.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Schedule of the Utilities' Proportionate Share of the Net Pension Liability

For the Last Two Years*

Required Supplementary Information

<u>Iowa Public Employees' Retirement System</u>	<u>2016</u>	<u>2015</u>
Utilities' proportion of the net pension liability	0.0188792%	0.0193963%
Utilities' proportionate share of the net pension liability	\$ 932,725	\$ 769,238
Utilities' covered-employee payroll	\$ 1,517,301	\$ 1,501,680
Utilities' proportionate share of the net pension liability as a percentage of its covered-employee payroll	61.47%	51.23%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

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

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Schedule of Utilities Contributions

For the Last 10 Years

Required Supplementary Information

Iowa Public Employees' Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 135,495	134,100	131,492	124,568
Contributions in relation to the statutorily required contribution	<u>(135,495)</u>	<u>(134,100)</u>	<u>(131,492)</u>	<u>(124,568)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Utilities' covered-employee payroll	\$ 1,517,301	1,501,680	1,472,475	1,436,770
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
111,898	93,113	84,649	77,736	69,948	62,106
<u>(111,898)</u>	<u>(93,113)</u>	<u>(84,649)</u>	<u>(77,736)</u>	<u>(69,948)</u>	<u>(62,106)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,386,592	1,339,755	1,272,917	1,224,189	1,156,165	1,080,104
8.07%	6.95%	6.65%	6.35%	6.05%	5.75%

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Notes to Required Supplementary Information –
Pension Liability

Year Ended June 30, 2016

Iowa Public Employees' Retirement System

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

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.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the 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.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Schedule of Operations
Years Ended June 30, 2016 and 2015

	2016 ELECTRIC	2015 ELECTRIC	2016 WATER	2015 WATER
Operating revenues				
Utility service sales				
Residential	\$ 6,901,128	6,451,276	1,641,926	1,656,173
Commercial	2,958,770	2,789,361	467,080	456,607
Large industrial	938,397	958,095	-	-
Small industrial	1,194,803	957,832	-	-
Street lighting	163,001	145,819	-	-
Other public authorities	296,942	245,747	46,097	43,322
Interdepartment sales	364,189	375,691	11,588	6,716
	<u>12,817,230</u>	<u>11,923,821</u>	<u>2,166,691</u>	<u>2,162,818</u>
Capacity contract fees	518,115	531,403	-	-
Peaking power charges	32,735	47,923	-	-
Service installation fees	46,639	30,187	-	-
Fiber communication rental fees	-	-	-	-
Fiber lease	212,818	186,557	-	-
Transmission revenue	466,736	500,323	-	-
Sale of water meters	-	-	38,600	24,650
Other	-	-	-	-
Penalties	25,086	26,668	20,242	23,150
Total operating revenue	<u>14,119,359</u>	<u>13,246,882</u>	<u>2,225,533</u>	<u>2,210,618</u>
Operating and maintenance expenses				
Plant operation				
Salaries	66,995	61,292	262,204	221,775
Payroll tax	9,909	11,700	20,843	18,872
IPERS	2,665	6,101	4,877	9,012
Fuel	49,945	53,651	-	-
Utilities	-	-	155,716	139,054
Material and supplies	7,982	870	65,590	71,370
Other	35,131	37,073	18,075	19,773
	<u>172,627</u>	<u>170,687</u>	<u>527,305</u>	<u>479,856</u>
Plant maintenance				
Salaries	59,312	56,410	-	-
Maintenance and repairs	107,755	105,693	20,462	68,226
	<u>167,067</u>	<u>162,103</u>	<u>20,462</u>	<u>68,226</u>
Purchased energy	<u>10,288,493</u>	<u>9,642,173</u>	<u>-</u>	<u>-</u>
Depreciation	<u>1,304,765</u>	<u>1,342,634</u>	<u>589,077</u>	<u>578,142</u>

2016 FIBER	2015 FIBER	2016 JOINT UTILITY	2015 JOINT UTILITY	2016 TOTAL	2015 TOTAL
-	-	-	-	\$ 8,543,054	8,107,449
-	-	-	-	3,425,850	3,245,968
-	-	-	-	938,397	958,095
-	-	-	-	1,194,803	957,832
-	-	-	-	163,001	145,819
-	-	-	-	343,039	289,069
-	-	-	-	375,777	382,407
-	-	-	-	14,983,921	14,086,639
-	-	-	-	518,115	531,403
-	-	-	-	32,735	47,923
-	-	-	-	46,639	30,187
324,933	278,512	-	-	324,933	278,512
(212,818)	(186,557)	-	-	-	-
-	-	-	-	466,736	500,323
-	-	-	-	38,600	24,650
20,371	10,465	-	-	20,371	10,465
-	-	-	-	45,328	49,818
132,486	102,420	-	-	16,477,378	15,559,920
-	-	-	-	329,199	283,067
-	-	-	-	30,752	30,572
-	-	-	-	7,542	15,113
-	-	-	-	49,945	53,651
-	-	-	-	155,716	139,054
-	-	-	-	73,572	72,240
-	-	-	-	53,206	56,846
-	-	-	-	699,932	650,543
-	-	-	-	59,312	56,410
-	-	-	-	128,217	173,919
-	-	-	-	187,529	230,329
-	-	-	-	10,288,493	9,642,173
12,238	17,698	-	-	1,906,080	1,938,474

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Schedule of Operations - Continued
Years Ended June 30, 2016 and 2015

	2016 ELECTRIC	2015 ELECTRIC	2016 WATER	2015 WATER
Operating and maintenance expenses (continued)				
Distribution operation				
Salaries	36,828	83,506	-	-
Payroll tax	3,147	6,300	-	-
IPERS	815	3,060	-	-
Training	11,832	9,381	-	-
Other	28,454	26,612	-	-
	<u>81,076</u>	<u>128,859</u>	<u>-</u>	<u>-</u>
Distribution maintenance				
Salaries	593,719	606,767	149,330	152,005
Payroll tax	44,983	43,749	6,042	6,828
IPERS	11,765	21,725	1,251	3,528
Materials and supplies	193,901	324,593	144,231	70,789
Fleet operations and repairs	69,723	67,956	12,538	13,523
	<u>914,091</u>	<u>1,064,790</u>	<u>313,392</u>	<u>246,673</u>
Transmission operation and maintenance				
Salaries	6,791	10,180	-	-
Payroll tax	-	320	-	-
IPERS	-	162	-	-
Maintenance and repairs	3,922	115,388	-	-
Other	862	1,273	-	-
	<u>11,575</u>	<u>127,323</u>	<u>-</u>	<u>-</u>
Meter reading				
Salaries	38,461	36,626	9,468	9,219
Payroll tax	2,920	2,800	729	701
IPERS	770	1,405	129	351
Other	2,942	2,212	2,200	1,585
	<u>45,093</u>	<u>43,043</u>	<u>12,526</u>	<u>11,856</u>
Administrative and general				
Accounting and collections				
- transfer to IMU Joint Utility	727,117	717,998	192,650	165,000
In lieu of property taxes				
- transfer to City General Fund	605,792	577,100	69,800	68,300
Insurance	120,441	124,233	28,253	28,702
Group Insurance	190,260	200,999	129,409	70,989
Salaries	-	-	-	-
Salaries - Treasurers and trustees	-	-	-	-
Payroll tax	-	-	-	-

2016 FIBER	2015 FIBER	2016 JOINT UTILITY	2015 JOINT UTILITY	2016 TOTAL	2015 TOTAL
11,635	10,997	-	-	48,463	94,503
877	831	-	-	4,024	7,131
203	419	-	-	1,018	3,479
-	-	-	-	11,832	9,381
24,232	4,607	-	-	52,686	31,219
36,947	16,854	-	-	118,023	145,713
-	-	-	-	743,049	758,772
-	-	-	-	51,025	50,577
-	-	-	-	13,016	25,253
-	-	-	-	338,132	395,382
-	-	-	-	82,261	81,479
-	-	-	-	1,227,483	1,311,463
-	-	-	-	6,791	10,180
-	-	-	-	-	320
-	-	-	-	-	162
-	-	-	-	3,922	115,388
-	-	-	-	862	1,273
-	-	-	-	11,575	127,323
-	-	-	-	47,929	45,845
-	-	-	-	3,649	3,501
-	-	-	-	899	1,756
-	-	-	-	5,142	3,797
-	-	-	-	57,619	54,899
90,968	87,324	(1,010,735)	(970,322)	-	-
-	-	356,200	341,900	1,031,792	987,300
-	-	7,735	8,879	156,429	161,814
-	-	62,098	65,353	381,767	337,341
-	-	310,731	324,930	310,731	324,930
-	-	4,750	5,000	4,750	5,000
-	-	23,952	24,584	23,952	24,584

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Schedule of Operations - Continued
Years Ended June 30, 2016 and 2015

	2016 ELECTRIC	2015 ELECTRIC	2016 WATER	2015 WATER
Operating and maintenance expenses (continued)				
Administrative and general (continued)				
IPERS	-	-	-	-
Professional fees	16,470	-	1,094	2,578
Legal fees and publications	-	-	-	-
Dues and subscriptions	-	-	-	-
Energy efficiency programs	41,972	35,359	-	-
Bad debts	77,966	61,312	17,686	12,535
Donations	1,500	35,584	-	-
Miscellaneous	5,203	5,647	3,715	3,517
	<u>1,786,721</u>	<u>1,758,232</u>	<u>442,607</u>	<u>351,621</u>
 Total operating expenses	 <u>14,771,508</u>	 <u>14,439,844</u>	 <u>1,905,369</u>	 <u>1,736,374</u>
 Income (loss) from operations	 <u>(652,149)</u>	 <u>(1,192,962)</u>	 <u>320,164</u>	 <u>474,244</u>
 Nonoperating revenues (expenses)				
Interest on investments	84,312	106,525	23,421	27,937
Interest on loan to municipal water utility	28,644	41,955	(28,644)	(41,955)
Electric service fees	29,553	5,085	-	-
Connect charges	27,682	25,903	27,161	22,217
Cable franchise fees	32,090	31,410	-	-
Gain (loss) on sale or transfer of capital assets	11,550	(2,482)	-	-
Revenue refunding capital loan note issuance costs	-	(93,519)	-	-
FEMA disaster payment	88,694	-	-	-
Miscellaneous	109,143	145,179	71,772	72,452
Interest expense	<u>(232,758)</u>	<u>(71,250)</u>	<u>(23,276)</u>	<u>(28,859)</u>
	<u>178,910</u>	<u>188,806</u>	<u>70,434</u>	<u>51,792</u>
 Net income (loss)	 <u>\$ (473,239)</u>	 <u>(1,004,156)</u>	 <u>390,598</u>	 <u>526,036</u>

2016 FIBER	2015 FIBER	2016 JOINT UTILITY	2015 JOINT UTILITY	2016 TOTAL	2015 TOTAL
-	-	6,096	12,187	6,096	12,187
-	-	28,809	10,412	46,373	12,990
2,500	-	24,672	14,636	27,172	14,636
-	-	61,787	57,059	61,787	57,059
-	-	-	-	41,972	35,359
-	-	-	-	95,652	73,847
-	-	-	-	1,500	35,584
<u>50,510</u>	<u>28,320</u>	<u>94,375</u>	<u>123,719</u>	<u>153,803</u>	<u>161,203</u>
<u>143,978</u>	<u>115,644</u>	<u>(29,530)</u>	<u>18,337</u>	<u>2,343,776</u>	<u>2,243,834</u>
<u>193,163</u>	<u>150,196</u>	<u>(29,530)</u>	<u>18,337</u>	<u>16,840,510</u>	<u>16,344,751</u>
<u>(60,677)</u>	<u>(47,776)</u>	<u>29,530</u>	<u>(18,337)</u>	<u>(363,132)</u>	<u>(784,831)</u>
4,588	5,043	2,308	1,930	114,629	141,435
-	-	-	-	-	-
-	-	-	-	29,553	5,085
-	-	-	-	54,843	48,120
-	-	-	-	32,090	31,410
-	-	-	-	11,550	(2,482)
-	-	-	-	-	(93,519)
-	-	-	-	88,694	-
-	-	-	30,569	180,915	248,200
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(256,034)</u>	<u>(100,109)</u>
<u>4,588</u>	<u>5,043</u>	<u>2,308</u>	<u>32,499</u>	<u>256,240</u>	<u>278,140</u>
<u>(56,089)</u>	<u>(42,733)</u>	<u>31,838</u>	<u>14,162</u>	<u>\$ (106,892)</u>	<u>(506,691)</u>



Shull, Schrum, McClaflin & Co., Inc.

certified public accountants

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 Indianola Municipal Utilities of the City of Indianola, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, and have issued our report thereon dated December 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Indianola Municipal Utilities' internal control over financial reporting to determine the audit procedures 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 Indianola Municipal Utilities' internal control. Accordingly, we do not express an opinion on the effectiveness of the Indianola Municipal 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 were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies in internal control.

A deficiency in internal control exists when the design or operation of the 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 a material misstatement of the Indianola Municipal Utilities' financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of control deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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515-961-2571 • Fax 515-961-4253

133 W. Washington
Osceola, Iowa 50213
641-342-2611 • Fax 641-342-2746

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Utilities' operations for the year ended June 30, 2016 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.

The Indianola Municipal Utilities' Responses to Findings

The Indianola Municipal Utilities' responses to findings identified in our audit are described in the accompanying Schedule of Findings. The Indianola Municipal Utilities' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, 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 result 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.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Indianola Municipal Utilities during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Shull, Schrum, McClellan & Co., Inc.

December 1, 2016

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Schedule of Findings

Year ended June 30, 2016

Part I: Findings Related to the Financial Statements:

None

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-16 Certified Budget - Disbursements during the year ended June 30, 2016, did not exceed the amounts budgeted.
- II-B-16 Questionable Disbursements - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-16 Travel Expense - No expenditures of Utilities money for travel expenses of spouses of Utilities officials or employees were noted.
- II-D-16 Business Transactions - No business transactions between the Indianola Municipal Utilities officials or employees were noted.
- II-E-16 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 coverage is adequate for current operations.
- II-F-16 Trustee Minutes - No transactions were found that we believe should have been approved in the Trustee minutes but were not.
- II-G-16 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Utilities' investment policy were noted.
- II-H-16 Revenue Bonds and Notes - The requirements of the electric revenue bonds and notes resolutions were met during the year ended June 30, 2016.
- II-I-16 Telecommunications Services - No instances of non-compliance with Chapter 388.10 of the Code of Iowa were noted.

Meeting Date: 04/03/2017

Subject

Acceptance of the FY 16 South Central Iowa Landfill Audit

Information

In your packet is the FY 2016 South Central Iowa Landfill Audit and Finance Director Chris DesPlanques memo regarding the audit.

According to the 28E Agreement the South Central Iowa Landfill shall submit their annual audit to each entity (City of Indianola, City of Winterset and Madison County) for their consideration.

Simple motion accepting the audit is in order.

Fiscal Impact

Attachments

Audit

Memo

South Central Iowa Landfill Agency

**Financial Statements and Required Supplementary Information
(With Independent Auditor's Reports Thereon)
June 30, 2016 and 2015**



**Shull, Schrum, McClafin
& Co., Inc.**
certified public accountants

SOUTH CENTRAL IOWA LANDFILL AGENCY

OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>REPRESENTING</u>
Before January 2016		
Mark Nitchals	Chairperson	City of Winterset
Aaron Price	Vice Chairperson	Madison County
Greg Marchant	Board member	City of Indianola
Jerry Bussanmas	Board member	City of Bevington
Eric Hanson	Board member	City of Indianola
After January 2016		
Mark Nitchals	Chairperson	City of Winterset
Aaron Price	Vice Chairperson	Madison County
Joe Gezel	Board member	City of Indianola
Jerry Bussanmas	Board member	City of Bevington
Ryan Waller	Board member	City of Indianola



Shull, Schrum, McClaflin
& Co., Inc.
certified public accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
South Central Iowa Landfill Agency

Report on the Financial Statements

We have audited the accompanying financial statements of South Central Iowa Landfill Agency as of and for the years ended June 30, 2016 and 2015, and the related Notes to Financial Statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards 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 an opinion on these financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 Agency's 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 Agency's 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 opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Central Iowa Landfill Agency as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Generally accepted accounting principles of the United States of America require Management's Discussion and Analysis, the Schedule of the Agency's Proportionate Share of the Net Pension Liability and the Schedule of Agency Contributions information on pages 4 through 8 and pages 29 through 33 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 which considers it to be an essential part of the 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 11, 2016 on our consideration of the South Central Iowa Landfill Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 of the South Central Iowa Landfill Agency's internal control over financial reporting and compliance.

Shull, Schrum, McClellan & Co., Inc.

November 11, 2016

SOUTH CENTRAL IOWA LANDFILL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

South Central Iowa Landfill Agency provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Agency's operating revenues decreased 11%, or \$145,765 from fiscal 2015 to fiscal 2016.
- The Agency's operating expenses were 2%, or \$17,747, more in fiscal 2016 than in fiscal 2015.
- The Agency's net position increased \$177,455 from June 30, 2015 to June 30, 2016.

USING THIS ANNUAL REPORT

The South Central Iowa Landfill Agency is a single Enterprise Fund and presents its financial statements using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to South Central Iowa Landfill Agency's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency's financial activities.

The Statement of Net Position presents information on the Agency's assets and deferred outflows of resources less the Agency's liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on the Agency's operating revenues and expenses, non-operating revenues and expenses and whether the Agency's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Agency's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Agency financed its activities and how it met its cash requirements.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with the Agency's proportionate share of the net pension liability and related contributions.

SOUTH CENTRAL IOWA LANDFILL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2016

FINANCIAL ANALYSIS OF THE AGENCY

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Agency's financial position. The Agency's net position at the end of fiscal 2016 totaled \$3,620,179. This compares to \$3,442,724 at the end of fiscal 2015. A summary of the Agency's net position is presented below.

	Net Position	
	<u>2016</u>	<u>2015</u>
Current Assets	\$ 868,183	979,237
Restricted investments	2,758,158	2,725,308
Capital assets at cost, less accumulated depreciation	<u>1,673,525</u>	<u>1,368,879</u>
Total Assets	<u>5,299,866</u>	<u>5,073,424</u>
Deferred outflows of resources	<u>30,857</u>	<u>19,610</u>
Current Liabilities	65,577	72,577
Noncurrent Liabilities	<u>1,633,518</u>	<u>1,539,155</u>
Total Liabilities	<u>1,699,095</u>	<u>1,611,732</u>
Deferred inflows of resources	<u>15,449</u>	<u>38,578</u>
Net Position:		
Net Investment in capital assets	1,673,525	1,368,879
Restricted	1,245,158	1,287,308
Unrestricted	<u>697,496</u>	<u>786,537</u>
Total Net Position	<u>\$3,616,179</u>	<u>3,442,724</u>

The unrestricted portion of net position (19%) may be used to meet the Agency's obligations as they come due. The invested in capital assets (e.g., land, buildings and equipment), less the related debt portion of net position (46%) are resources allocated to capital assets. The remaining \$1,249,158 of the Agency's net position is restricted for closure and postclosure care. State and federal laws and regulations require the Agency to place a final cover on the landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure.

SOUTH CENTRAL IOWA LANDFILL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2016

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received for gate fees from accepting solid waste and member per capita assessments. Operating expenses are expenses paid to operate the landfill. Non-operating revenues and expenses are for interest income. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and change in net position for the years ended June 30, 2016 and 2015 is presented below:

	Changes in Net Position	
	<u>2016</u>	<u>2015</u>
Operating Revenues		
Gate fees	\$ 1,081,204	1,226,234
Member per capita assessments	60,000	60,000
Late charges	17	752
	<u>1,141,221</u>	<u>1,286,986</u>
Operating Expenses		
Personnel	258,567	244,626
Equipment operation and property maintenance	230,242	249,465
Depreciation	221,117	203,304
Engineering	61,926	78,476
Tonnage fees	141,542	136,225
Closure and postclosure care	75,000	55,000
Office and general	21,300	20,851
Total operating expenses	<u>1,009,694</u>	<u>987,947</u>
Operating income	131,527	299,039
Nonoperating Revenues		
Interest income	35,784	33,145
Miscellaneous	6,144	780
Increase in net position	173,455	332,964
Net position, beginning of year, as restated	<u>3,442,724</u>	<u>3,109,760</u>
Net position, end of year	<u>\$ 3,616,179</u>	<u>3,442,724</u>

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year with an increase in net position at the end of the fiscal year.

In fiscal 2016, operating revenues decreased by \$145,765, or 11%. Operating expenses increased by \$17,747, or 2%. The decrease in operating revenues was primarily a result of a decrease in contaminated soil received.

SOUTH CENTRAL IOWA LANDFILL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2016

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes gate fees and assessments reduced by payments to employees and to suppliers. Cash used from capital and related financing activities includes the purchase of capital assets. Cash used by investing activities includes cash deposited to restricted accounts and interest income.

CAPITAL ASSETS

At June 30, 2016, the Agency had approximately \$1,673,525 invested in capital assets, net of accumulated depreciation of approximately \$3,375,003. Depreciation charges totaled \$221,117 for fiscal 2016. More detailed information about the Agency's capital assets is presented in Note 5 to the financial statements.

LONG-TERM DEBT

At June 30, 2016, the Agency had no long-term debt outstanding.

ECONOMIC FACTORS

South Central Iowa Landfill Agency continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for Agency officials. Some of the realities that may potentially become challenges for the Agency to meet are:

- Facilities and equipment at the Agency require constant maintenance and upkeep.
- Technology continues to expand and current technology becomes outdated presenting an on going challenge to maintain up to date technology at a reasonable cost.
- Annual deposits required to be made to closure and postclosure accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.

The Agency anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Agency's ability to react to unknown issues.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact South Central Iowa Landfill Agency, 2496 Highway 92, Winterset, IA 50273.

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SOUTH CENTRAL IOWA LANDFILL AGENCY
Statements of Net Position
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 757,776	884,959
Accounts receivable	98,136	83,399
Accrued interest receivable	3,387	2,850
Prepaid insurance	8,884	8,029
Total current assets	<u>868,183</u>	<u>979,237</u>
Restricted investments		
Cash and cash equivalents	104,342	16,652
Investments, including certificates of deposit of \$2,362,304 (2015 - \$2,322,034)	<u>2,653,816</u>	<u>2,708,656</u>
	<u>2,758,158</u>	<u>2,725,308</u>
Capital assets		
Land and improvements	534,141	534,141
Buildings and improvements	2,170,023	2,129,593
Equipment	2,344,364	1,859,031
	<u>5,048,528</u>	<u>4,522,765</u>
Less accumulated depreciation	<u>3,375,003</u>	<u>3,153,886</u>
	<u>1,673,525</u>	<u>1,368,879</u>
Total assets	<u>5,299,866</u>	<u>5,073,424</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	<u>30,857</u>	<u>19,610</u>

See accompanying notes to financial statements.

	2016	2015
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 41,574	43,201
Accrued wages and benefits payable	6,823	4,482
Compensated absences	17,180	24,894
Total current liabilities	<u>65,577</u>	<u>72,577</u>
Noncurrent Liabilities		
Landfill closure and postclosure care	1,513,000	1,438,000
Net pension liability	120,518	101,155
Total noncurrent liabilities	<u>1,633,518</u>	<u>1,539,155</u>
Total liabilities	<u>1,699,095</u>	<u>1,611,732</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows	<u>15,449</u>	<u>38,578</u>
NET POSITION		
Net Investment in capital assets	1,673,525	1,368,879
Restricted for		
Closure and postclosure care	1,245,158	1,287,308
Unrestricted	697,496	786,537
Total net position	<u>\$ 3,616,179</u>	<u>3,442,724</u>

SOUTH CENTRAL IOWA LANDFILL AGENCY
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Gate fees	\$ 1,081,204	1,226,234
Member per capita assessments	60,000	60,000
Late charges	<u>17</u>	<u>752</u>
	<u>1,141,221</u>	<u>1,286,986</u>
Operating Expenses		
Personnel	258,567	244,626
Equipment operation and property maintenance	230,242	249,465
Depreciation	221,117	203,304
Engineering	61,926	78,476
Tonnage fees	141,542	136,225
Closure and postclosure care	75,000	55,000
Office and general	<u>21,300</u>	<u>20,851</u>
Total operating expenses	<u>1,009,694</u>	<u>987,947</u>
Operating income	131,527	299,039
Nonoperating Revenues		
Interest income	35,784	33,145
Miscellaneous	<u>6,144</u>	<u>780</u>
Increase in net position	173,455	332,964
Net position, beginning of year	<u>3,442,724</u>	<u>3,109,760</u>
Net position, end of year	<u><u>\$ 3,616,179</u></u>	<u><u>3,442,724</u></u>

See accompanying notes to financial statements.

SOUTH CENTRAL IOWA LANDFILL AGENCY

Statements of Cash Flows Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Cash received from customers	\$ 1,126,484	1,281,825
Cash paid to suppliers for goods and services	(457,492)	(480,733)
Cash paid to employees for services	(278,953)	(251,886)
Net cash provided by operating activities	<u>390,039</u>	<u>549,206</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	<u>(525,763)</u>	<u>(66,965)</u>
Cash flows from investing activities		
Purchases of investments	(473,543)	(1,245,936)
Maturities of investments	528,383	1,224,401
Interest income received	35,247	33,352
Miscellaneous revenue received	6,144	780
Net cash used by investing activities	<u>96,231</u>	<u>12,597</u>
Net decrease in cash and cash equivalents	(39,493)	494,838
Cash and cash equivalents, beginning of year	<u>901,611</u>	<u>406,773</u>
Cash and cash equivalents, end of year	<u>\$ 862,118</u>	<u>901,611</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 131,527	299,039
Adjustments		
Depreciation	221,117	203,304
(Increase) decrease in accounts receivable	(14,737)	(5,161)
(Increase) decrease in prepaid insurance	(855)	296
Increase (decrease) in accounts payable	(1,627)	3,988
Increase in accrued wages and benefits payable	2,341	1,555
Increase (decrease) in compensated absences	(7,714)	(1,118)
Increase (decrease) in net pension liability	19,363	(41,569)
Increase in deferred outflows of resources	(11,247)	(4,706)
Increase (decrease) in deferred inflows of resources	(23,129)	38,578
Increase in accrued closure and postclosure care expenses	<u>75,000</u>	<u>55,000</u>
Net cash provided by operating activities	<u>\$ 390,039</u>	<u>549,206</u>

See accompanying notes to financial statements.

SOUTH CENTRAL IOWA LANDFILL AGENCY

Notes to Financial Statements

June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The South Central Iowa Landfill Agency (the "Agency") was formed in 1980 by the City of Winterset, Iowa, Madison County, Iowa and the City of Indianola, Iowa pursuant to the powers granted by Chapters 28E and 28F of the Code of Iowa of 1979, as amended. The entities forming the Agency made initial capital contributions and sold general obligation bonds to finance the Agency. The Agency subsequently repaid the bonds in full and agreed to return the capital contributions. The purpose of the Agency is to operate, manage, maintain, and control the solid waste disposal facilities for solid waste produced and generated within Madison County, and the cities of Winterset and Indianola, Iowa.

The governing board membership consists of a representative of the governing body of each participant governmental jurisdiction and two individuals selected by the representatives of the other participating governments.

The Agency's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

- A. Reporting Entity – For financial reporting purposes, the Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency 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 Agency are such that exclusion would cause the Agency's 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 Agency 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 Agency. South Central Iowa Landfill Agency has no component units which meet the Governmental Accounting Standards Board criteria.
- B. Basis of Presentation - The accounts of the Agency are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expense.

SOUTH CENTRAL IOWA LANDFILL AGENCY
Notes to Financial Statements - Continued
June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- C. Measurement Focus and Basis of Accounting – 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

- D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Outflows of Resources, and Net Position – The following accounting policies are followed in preparing the Statement of Net Position:

Cash, Cash Equivalents and Investments - The Agency considers all short-term investments that are highly liquid to be cash equivalents. 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. Cash investments not meeting the definition of cash equivalents at June 30, 2016 include certificates of deposit of \$2,362,304.

Restricted Investments – Funds set aside for payment of closure and postclosure care costs are classified as restricted.

Capital Assets – Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by the Agency as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land and improvements	\$ 25,000
Buildings and improvements	5,000
Equipment and vehicles	5,000

SOUTH CENTRAL IOWA LANDFILL AGENCY
Notes to Financial Statements - Continued
June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Investments (Continued)

Capital assets of the Agency are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Land and improvements	10 - 50
Buildings and improvements	10 - 40
Equipment and vehicles	5 - 10

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future year(s) and will not be recognized as an outflow of resources (expense/expenditure) 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.

Compensated Absences – Agency employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The Agency's liability for accumulated vacation has been computed based on rates of pay in effect at June 30, 2016.

Pensions – 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.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on IPERS investments.

SOUTH CENTRAL IOWA LANDFILL AGENCY

Notes to Financial Statements - Continued

June 30, 2016 and 2015

2. CASH AND INVESTMENTS

The Agency's deposits at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

The Agency 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 Directors; 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.

The Agency had the following investments at June 30, 2016:

	<u>CARRYING AMOUNT</u>	<u>MARKET VALUE</u>
U.S. agency bonds	\$ 291,512	307,865
Certificates of Deposit	2,362,304	2,362,304
	<u>\$ 2,653,816</u>	<u>2,670,169</u>

The Agency's uses the fair value hierarchy established by generally accepted accounting principles on the valuation used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, Level 3 inputs are significant unobservable inputs.

The fair value of the U.S. agency bonds was determined using quoted market rates. (Level 1 inputs)

Interest rate risk - The Agency's 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 investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the Agency.

SOUTH CENTRAL IOWA LANDFILL AGENCY
Notes to Financial Statements - Continued
June 30, 2016 and 2015

3. CAPITAL ASSETS

A summary of capital assets at June 30, 2016 is as follows:

	Beginning of Year	Increases	Decreases	End of Year
Capital assets being depreciated:				
Land and improvements	\$ 534,141	-	-	534,141
Buildings and improvements	2,129,593	21,840	-	2,151,433
Equipment	1,859,031	485,332	-	2,344,363
Total capital assets being depreciated	4,522,765	507,172	-	5,029,937
Less accumulated depreciation for:				
Land and improvements	145,590	6,330	-	151,920
Buildings and improvements	1,351,697	66,811	-	1,418,508
Equipment	1,656,599	145,430	-	1,802,029
Total accumulated depreciation	3,153,886	218,571	-	3,372,457
Total capital assets, net	\$1,368,879	288,601	-	1,657,480

4. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	Beginning of Year, As restated	Increases	Decreases	End of Year	Due within One Year
Compensated absences	\$ 24,894	-	7,714	17,180	17,180
Net pension Liability	101,155	19,363	-	120,518	-
Total	126,049	19,363	7,714	137,698	17,180

5. PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the Agency, except for those covered by another retirement system. Employees of the Agency are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

SOUTH CENTRAL IOWA LANDFILL AGENCY
Notes to Financial Statements - Continued
June 30, 2016 and 2015

5. PENSION PLAN (CONTINUED)

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, anytime 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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date 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 on or after July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

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.

SOUTH CENTRAL IOWA LANDFILL AGENCY
Notes to Financial Statements - Continued
June 30, 2016 and 2015

5. PENSION PLAN (CONTINUED)

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 year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the Agency contributed 8.93% of covered payroll, for a total rate of 14.88%.

The Agency's contributions to IPERS for the year ended June 30, 2016 totaled \$15,972.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the Agency reported a liability of \$120,518 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the Agency's proportion was 0.0024394% which was a decrease of 0.000111% from its proportion measured as of June 30, 2014.

SOUTH CENTRAL IOWA LANDFILL AGENCY
Notes to Financial Statements - Continued
June 30, 2016 and 2015

5. PENSION PLAN (CONTINUED)

For the year ended June 30, 2016, the Agency recognized pension expense of \$1,291. At June 30, 2016, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,821	-
Changes of assumptions	3,318	-
Changes in proportion and differences between Agency contributions and the Agency's proportionate share of contributions	(8,618)	-
Net difference between projected and actual earnings on pension plan investments	18,032	15,449
Agency contributions subsequent to the measurement date	<u>16,304</u>	<u>-</u>
Total	<u>\$ 30,857</u>	<u>15,449</u>

\$16,304 reported as deferred outflows of resources related to pensions resulting from the Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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 Ended June 30,	
2017	\$ (1,692)
2018	(1,692)
2019	(1,692)
2020	2,942
2021	<u>1,238</u>
	<u>\$ (896)</u>

There were no non-employer contributing entities at IPERS.

SOUTH CENTRAL IOWA LANDFILL AGENCY
Notes to Financial Statements - Continued
June 30, 2016 and 2015

5. PENSION PLAN (CONTINUED)

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation
Wage Growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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 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 arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Plus Fixed Income	28%	2.04%
Domestic Equity	24	6.29
International Equity	16	6.75
Private Equity/debt	11	11.32
Real Estate	8	3.48
Credit Opportunities	5	3.63
U.S. TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(0.71)
Total	<u>100%</u>	

SOUTH CENTRAL IOWA LANDFILL AGENCY
Notes to Financial Statements - Continued
June 30, 2016 and 2015

5. PENSION PLAN (CONTINUED)

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. 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 Agency 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 of 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.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Agency's proportionate share of the net pension liability	\$211,005	\$120,518	\$ 44,140

IPERS' Fiduciary Net Position - Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

6. RETIREMENT BENEFITS

Effective July 1, 2000 the Agency established a deferred compensation plan covering all full-time employees. The plan provides the Agency will match up to \$30 per month of eligible employee contributions. Agency contributions to the plan for the year ended June 30, 2016 were \$780 (2015 - \$945).

SOUTH CENTRAL IOWA LANDFILL AGENCY
Notes to Financial Statements - Continued
June 30, 2016 and 2015

7. CLOSURE AND POSTCLOSURE CARE COSTS

To comply with federal and state regulations, the Agency is required to complete a monitoring system plan and closure/postclosure plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Government Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Agency have been estimated at \$1,928,200 for closure and \$1,170,000 for postclosure care for a total of \$3,098,200 as of June 30, 2016 and the portion of the liability that has been recognized is \$1,513,000. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2016. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the horizontal expansion is 12 years. The capacity used at June 30, 2016 in the original landfill is 100% and the horizontal expansion is approximately 32%.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Agency has begun accumulating resources to fund these costs and, at June 30, 2016, assets of \$2,758,158 are restricted for these purposes, of which \$1,928,200 is for closure and \$829,958 is for postclosure care. They are reported as restricted investments in the Statement of Net Position.

SOUTH CENTRAL IOWA LANDFILL AGENCY
Notes to Financial Statements - Continued
June 30, 2016 and 2015

7. CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

Also, pursuant to Chapter 567-113.14(8) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the Agency is required to demonstrate financial assurance for the unfunded costs. The Agency has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the Agency must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

Y

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows the Agency to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the Agency is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

8. SOLID WASTE TONNAGE FEES RETAINED

The Agency has established an account for restricted purposes for the retention of solid waste tonnage fees retained by the Agency in accordance with the Code of Iowa.

As of June 30, 2016, there were no restricted purposes for the

9. LOCAL GOVERNMENT RISK POOL

The Agency is a member in the Iowa County Government Risk Pool, established under Chapter 670.7 of the Code of Iowa. The Iowa County Government Risk Pool is a risk-sharing pool whose 746 members include all counties in the State of Iowa. The Pool was formed in August 1988 to provide a means for sharing liability claims against its members. The Pool covers the following categories: general liability, automobile liability, police professional liability, property liability, and public officials liability. There have been no reductions in insurance coverage for the past five years.

SOUTH CENTRAL IOWA LANDFILL AGENCY
Notes to Financial Statements - Continued
June 30, 2016 and 2015

9. LOCAL GOVERNMENT RISK POOL (CONTINUED)

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 rate.

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 and 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 Agency's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Agency's annual contributions to the Pool for the year ended June 30, 2016 were \$25,196 (2015 - \$21,963).

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 \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Agency's 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 Agency's 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 Agency's risk-sharing certificate, or in the event that a series of 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 and losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Agency 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, 2016, no liability has been recorded in the Agency's financial statements. As of June 30, 2016, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

SOUTH CENTRAL IOWA LANDFILL AGENCY
Notes to Financial Statements - Continued
June 30, 2016 and 2015

9. LOCAL GOVERNMENT RISK POOL (CONTINUED)

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 Agency also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation. The Agency 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.

10. CONSTRUCTION AND OTHER COMMITMENTS

The Agency has entered into contracts totaling \$629,494 for a cell expansion project. At June 30, 2016 \$16,936 of the contracts were completed. The remaining amount of the contracts will be paid as work on the project progresses.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH CENTRAL IOWA LANDFILL AGENCY

Schedule of the Agency's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
For the Last Two Years*

Required Supplementary Information

	<u>2016</u>	<u>2015</u>
Agency's proportion of the net pension liability	0.0024394%	0.0025506%
Agency's proportionate share of the net pension liability	\$ 120,518	101,155
Agency's covered-employee payroll	\$ 178,859	167,121
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	67.38%	60.53%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

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

See accompanying independent auditor's report.

SOUTH CENTRAL IOWA LANDFILL AGENCY

Schedule of Agency Contributions

Iowa Public Employees' Retirement System For the Last 10 Fiscal Years

Required Supplementary Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 15,972	14,924	14,904	14,135
Contributions in relation to the statutorily required contribution	<u>(15,972)</u>	<u>(14,924)</u>	<u>(14,904)</u>	<u>(14,135)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Agency's covered-employee payroll	\$178,859	167,121	166,901	163,033
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%

See accompanying independent auditor's report.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
10,625	10,628	9,951	10,300	9,037	9,295
<u>(10,625)</u>	<u>(10,628)</u>	<u>(9,951)</u>	<u>(10,300)</u>	<u>(9,037)</u>	<u>(9,295)</u>
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
171,689	171,586	159,849	166,255	156,196	162,445
6.19%	6.19%	6.23%	6.20%	5.79%	5.72%

SOUTH CENTRAL IOWA LANDFILL AGENCY

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2016

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

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 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.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

SUPPLEMENTARY INFORMATION

SOUTH CENTRAL IOWA LANDFILL AGENCY

Statements of Operating Expenses Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Personnel Expenses:		
Salaries and wages	\$ 180,225	170,310
Payroll taxes	14,390	13,114
IPERS	1,291	7,359
Retirement contributions	780	945
Group insurance	51,609	42,329
Workers' compensation insurance	10,272	10,569
	<u>258,567</u>	<u>244,626</u>
Equipment Operation and Property Maintenance Expenses:		
Fuel expense	66,918	65,596
Repairs and maintenance	59,371	82,061
Rock and road stone	12,309	10,390
Insurance	24,388	22,187
Recyclables expense, net	22,420	24,395
Household hazardous waste fees	44,836	44,836
	<u>230,242</u>	<u>249,465</u>
Depreciation	<u>221,117</u>	<u>203,304</u>
Planning and permits engineering	<u>61,926</u>	<u>78,476</u>
Iowa Department of Natural Resources tonnage fees	<u>141,542</u>	<u>136,225</u>
Closure and postclosure care	<u>75,000</u>	<u>55,000</u>
Office and General Expenses:		
Utilities	5,957	8,874
Telephone	2,337	1,991
Office supplies	5,191	2,239
Postage	-	-
Advertising and printing	1,544	1,925
Dues, conferences and meetings	-	220
Property taxes	1,696	1,702
Professional fees	4,575	3,900
	<u>21,300</u>	<u>20,851</u>
	<u>\$ 1,009,694</u>	<u>987,947</u>

See accompanying independent auditor's report.



Shull, Schrum, McClaflin & Co., Inc.

certified public accountants

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

To the Board of Directors
South Central Iowa Landfill Agency

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 South Central Iowa Landfill Agency as of and for the year ended June 30, 2016, and the related Notes to the Financial Statements, and have issued our report thereon dated November 11, 2016

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Central Iowa Landfill Agency's internal control over financial reporting to determine the audit procedures 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 South Central Iowa Landfill Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Central Iowa Landfill Agency's 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 were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses.

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 a material misstatement of the South Central Iowa Landfill Agency's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in the South Central Iowa Landfill Agency's internal control described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or combination of control deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

1111 North Jefferson
Indianola, Iowa 50125
515-961-2571 • Fax 515-961-4253

133 W. Washington
Osceola, Iowa 50213
641-342-2611 • Fax 641-342-2746

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Central Iowa Landfill Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. 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.

South Central Iowa Landfill Agency's Responses to Findings

The South Central Iowa Landfill Agency's responses to findings identified in our audit are described in the accompanying Schedule of Findings. The South Central Iowa Landfill Agency's 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 result of that testing and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the South Central Iowa Landfill Agency during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Shull, Schrum, McClellan & Co., Inc.

November 11, 2016

SOUTH CENTRAL IOWA LANDFILL AGENCY
Schedule of Findings
Year ended June 30, 2016

Findings Related to the General Purpose Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- (A) Segregation of Duties - During our review of the internal control over financial reporting, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the Agency's financial statements. We noted that one individual performs all record-keeping and reconciling functions for the Agency.

Recommendation - We realize that with a limited number of employees, segregation of duties is impractical. We recommend the Agency Board review monthly receipts and disbursements, accounts receivable and payable lists and bank reconciliations for unusual or unauthorized transactions.

Response and Corrective Action Planned - We have reviewed the number of staff necessary to perform accounting duties for the Agency and have no plans to add staff. The Agency Board is aware of the possibility for errors or fraud to occur.

Conclusion - Response accepted.

- (B) Financial Reporting - Reporting financial data reliably in accordance with generally accepted accounting principles requires management to possess sufficient knowledge and training to select and apply accounting principles and prepare financial statements including footnote disclosures. Management presently lacks the training to appropriately fulfill these responsibilities.

Recommendation - This situation is very common in small entities. Obtaining additional knowledge through reading accounting literature or attending professional education courses should help management improve their ability to prepare and take responsibility for reliable financial statements prepared in accordance with generally accepted accounting principles.

Response and Corrective Action Planned - We will consider this.

Conclusion - Response accepted.

SOUTH CENTRAL IOWA LANDFILL AGENCY
Schedule of Findings - Continued
Year ended June 30, 2016

Other Findings Related to Required Statutory Reporting:

- (1) Questionable Expenses - No expenses we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (2) Travel Expense - No expenditures of money for travel expenses of spouses of Agency officials or employees were noted.
- (3) Board Minutes - No transactions were found that we believe should have been approved in the Agency minutes but were not.
- (4) Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Agency's investment policy were noted.
- (5) Solid Waste Tonnage Fees Retained - No instances of non-compliance with the solid waste fees used or retained in accordance with the provisions of Chapter 455B.310 of the Code of Iowa were noted.
- (6) Financial Assurance - The Agency has not demonstrated financial assurance for closure and postclosure care as required by Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

	Original Landfill	Horizontal Expansion Cells 1 & 2	Cell 3
Total estimated costs for closure and postclosure care	\$ 732,000	1,419,720	946,480
Less: Balance of funds held in the local dedicated fund at June 30, 2015	<u>(729,000)</u>	<u>(1,197,785)</u>	<u>(798,523)</u>
	\$ 3,000	221,935	147,957
Divided by the number of years remaining in the pay-in period	<u>-</u>	<u>1</u>	<u>6</u>
Required payment into the local dedicated fund for the year ended June 30, 2016	\$ 3,000	221,935	24,659
Balance of funds held in the local dedicated fund at June 30, 2015	<u>729,000</u>	<u>1,197,785</u>	<u>798,523</u>
Required balance of funds held in the local dedicated fund at June 30, 2016	<u>\$ 732,000</u>	<u>1,419,720</u>	<u>823,182</u>
Amount Association has restricted for closure and postclosure care at June 30, 2016	<u>\$ 732,000</u>	<u>1,227,635</u>	<u>798,523</u>

Recommendation - The Agency should demonstrate financial assurance by designating amounts sufficient to comply with Iowa Administrative Code requirements.



CLERK'S OFFICE

TO: Mayor and Council of City of Indianola

FR: Chris DesPlanques, Director of Finance

RE: South Central Iowa Landfill Agency FY 2016 Audit

Attached you will find the FY2016 audit report from Shull and Company, for the South Central Iowa Landfill Agency. This audit expressed an unqualified opinion, meaning no material misstatements were noted. Revenues were down year over year, but management attributes this to an exceptional FY15, rather than a potential problem this year. One area of concern for all landfills is funding future closing costs that are required per state statute. Prior years funding for post closure cost was 55,000, and current years charge increased to 75,000. These closure costs are estimated by engineers, and the landfill funds them as required. For more information please review note 7 of the financial statements.



Meeting Date: 04/03/2017

Subject

Proclamation declaring May 1-7, 2017 as Rotary Club Week

Information

Fiscal Impact

Attachments

Proclamation



— OFFICE OF THE MAYOR —

PROCLAMATION

WHEREAS, The Rotary Club of Des Moines was organized on May 1, 1911 as the first Rotary Club in Iowa and 27th of 33,000 worldwide; and

WHEREAS, The Rotary Motto “Service Above Self”; inspires members to provide humanitarian service, encourage high ethical standards, and promote good will and peace in the world; and

WHEREAS, over 2,000 members have joined The Rotary Club of the Des Moines area since it began in 1911. This makes it the oldest and the largest club in Iowa; and

WHEREAS, there are currently over 330 members in The Rotary Club of the Des Moines area sponsoring service projects to address such critical issues as poverty, health, hunger, illiteracy and the environment in the Des Moines area and abroad; and

WHEREAS, an honorary street designation of 12th Street between Locust Street and Grand Avenue has been named as Rotary Way in recognition of this celebration.

NOW, THEREFORE, I Kelly B. Shaw, Mayor of the City of Indianola do hereby proclaim May 1-7, 2017, as Rotary Club of Des Moines Area Week and encourage our citizens to recognize them for 100 years of leaders building a better community.

Kelly B. Shaw, Mayor



Meeting Date: 04/03/2017

Subject

Consider nomination to Boards and Commissions

Information

Council needs to consider the nomination of Sarah Ritchie to the Planning and Zoning Commission a term to begin immediately and expire February 1, 2022.

Simple motion is in order.

Fiscal Impact

Attachments

No file(s) attached.

Meeting Date: 04/03/2017

Subject

Discussion and direction regarding a request from WCEDC to participate in the Hometown Pride Keep Iowa Beautiful Program

Information

Gerry Schnepf, Director of Keep Iowa Beautiful, will be present to discuss the Hometown Pride Keep Iowa Beautiful information (packet).

The purpose of the Hometown Pride Program is to help rural Iowa communities restore pride by improving their local image and appearance resulting in enhanced economic and cultural vitality of the community. It is a long term (up to five years) program of consistent technical and leadership assistance to citizens in building stronger and more sustainable places to live. The result is that citizen leadership grows and the stage is set for increased and sustainable economic and cultural vitality.

The cost is \$80,000 annually per county. Keep Iowa Beautiful, with support from private donors and the State of Iowa covers \$60,000 (75%) of that amount, while local partners such as the county board of supervisors, county economic group and local communities provide the remaining \$20,000 (25%). When this \$20,000 amount is shared by several communities, each local entity's portion is typically only a few hundred dollars annually. The City of Indianola's portion would be approximately \$4,500.

Fiscal Impact

Attachments

Information

What is Hometown Pride?

Hometown Pride is about empowering citizens and improving the quality of life in Iowa's communities. It is a long term (up to five years) program of consistent technical and leadership assistance to citizens in building stronger and more sustainable places to live. The result is that citizen leadership grows and the stage is set for increased and sustainable economic and cultural vitality.



How can we get more details?

Please visit our website at www.KeepIowaBeautiful.com for more information.

For complete details about the program, please contact us. Our staff will be happy to come meet with your economic development group, board of supervisors or other responsible groups or individuals to discuss the program and provide complete details on how to apply.

**Gerry Schnepf, Director
Keep Iowa Beautiful**

300 E. Locust Street, Suite 100
Des Moines, IA 50309
Phone: 515-323-6507
Fax: 515-244-9477

gschnepf@keepiowabeautiful.com

**Margo Underwood
Lead Community Coach**

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641-420-3896

mlunderwood@netins.net

**Doug Friedli
Community Coach**

Hometown Pride - Fremont County
PO Box 736 Sidney, IA 51652

402-873-2215
dougfriedli@gmail.com

"We've seen a sweeping change among our county's nine communities. The Hometown Pride partnership has given them a reason to not just long for a better, brighter future; but to roll up their collective sleeves and get to work making it happen. To learn to fish rather than just be handed a fish. To me, that's the genius of Hometown Pride."

**Chris Vrba, Editor and Publisher,
Pocahontas Record Democrat**



Hometown Pride®

Keep Iowa Beautiful

Building Stronger Communities

Developing Sustainable Futures

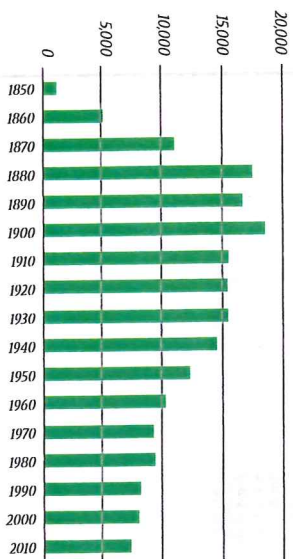
Federal Tax ID: 42-107912

Why is Hometown Pride needed?

A number of Iowa communities suffer from problems of appearance and image. The entryways and streets have been neglected. Downtown businesses, community facilities and individual homes have deteriorated. The image of a community is based on the degree of pride that a community has in how it appears. What is the image of your community?

Many rural communities are shrinking due to population loss. According to the US Census Bureau, 69 rural Iowa counties lost population from 2010 to 2012. As is reflected in the chart below, many rural Iowa counties have been losing population for decades. As the population declines, so does local financial support for community improvements. How are population changes affecting the future of your community?

Population Changes
Fremont County, Iowa



How does it work?

Hometown Pride is a holistic approach to harness individual and group initiative and generate enthusiasm—in order to address local issues, improve local appearance and update infrastructure.

The process:

- Builds pride among the citizens as they work together on local community betterment initiatives.
- Creates a sense of accomplishment by digging in producing measurable outcomes.
- Replaces an attitude of "getting by" with a commitment to long term change.
- Focuses on developing leadership skills and capacity
- Addresses factors that can help grow the local population
- Creates optimism about the future

A unique feature of Hometown Pride is the hiring of a "community coach." The coach, a community development professional, provides technical assistance to community volunteers, city clerks and elected officials.

The community coach shares techniques and a "tool box" of proven solutions necessary for leadership growth along with developing and implementing community plans.

Community Coaches typically work with seven to twelve communities in a geographic area, on a continuous basis, for a period of up to five years. After that, the communities should be strong enough to help themselves to build and maintain their future.

Keep Iowa Beautiful

What are some results?

In the first 18 months, the Hometown Pride Program accomplished these results in the nine communities in Pocahontas County:

- 135 monthly Hometown Pride Committee Meetings were held to develop community plans and implement projects.
- The Community Coach identified 60 grant opportunities for the communities to research and write applications to implement their community projects.
- The Hometown Pride Committees received 54 grants (90% success rate) to help fund their community projects.
- Grants and other funds received totaled over \$360,000 in all nine communities for their projects. Prior to the Hometown Pride program very few grant requests were initiated.
- First Impressions, A Program for Community Assessment & Improvement is being implemented in all nine communities.
- The development of a county trails system was unanimously approved as a new county-wide project by all nine communities.
- Committee leadership skills continue to grow. The sense of community pride is increasing.

"After losing up to half of their population in the past century, many Iowa communities are facing the issue of survival. Planning, visioning and goal-setting are important, but the key to success is the implementation of those plans. Long term technical assistance in implementing those plans, engaging residents in building their future and developing a sense of place, are the missing links. This is what Hometown Pride can do for your community."

Rand M. Fisher, President, Iowa Area Development Group





FREQUENTLY ASKED QUESTIONS

What is the purpose of the Hometown Pride Program?

To help rural Iowa communities restore pride by improving their local image and appearance resulting in enhanced economic and cultural vitality of the community.

Where is the project currently underway?

- **Pocahontas County** in northwest Iowa, with nine communities of various sizes, was the first to be enrolled in Hometown Pride. It has served as an active pilot program since summer 2012.
- **Fremont County** in southwest Iowa started its Hometown Pride program in fall 2013.
- **Louisa County** in eastern Iowa was added to the program in 2014.
- **Jasper County** in eastern Iowa was added to the program in 2014.
- **Sac County** in northwest Iowa was added to the program in 2015.
- Other counties/communities/regions are being considered for future Hometown Pride programs.

What does the Community Coach do?

Community coaches work with local leaders to make certain that local community plans and initiatives get developed, funded, implemented and completed. The Coach provides support and assistance, customizes innovative resources, and utilizes development tools to the benefit of each local community.

What is currently in the Toolbox of Resources?

- First Impressions Exchange Program Assessment Guidelines
- Rural Beautification Plan Guidelines
- Additional opportunities developed locally can include grant writing, leadership development, etc.
- Identification of Grants Available to Help Fund Community Projects

What is the cost of the Hometown Pride program?

Cost is \$80,000 annually per county. KIB, with support from private donors and the State of Iowa, covers \$60,000 (75%) of that amount, while local partners such as the county board of supervisors, county economic group and local communities provide the remaining \$20,000 (25%). When this \$20,000 amount is shared by several communities, each local entity's portion is typically only a few hundred dollars annually.

The Hometown Pride program was designed to assist and improve communities. The program walks alongside qualifying Iowa communities to provide five years of long-term technical and professional coaching assistance. The goal is to deliver a sense of stability and empowerment so that communities can implement sustainable plans and programs.

The program offer leadership training, youth service learning and educational components and a tool box of solutions for community development. This effort is designed, and is proving, that it can enhance community cultural and economic vitality – strengthening the community and increasing its chance for not simply survival but growth with increased pride.

What's Included?

- Assisting rural Iowa communities – normally county seat size and smaller
- Providing long term professional assistance / community coaching
- Furnishing a toolkit of programs that can help the community
- Increasing the effectiveness of local tools / programs
- Involving youth through service learning
- Partnering for success
- Building stronger more vibrant communities
- Supporting and growing investments in the local community foundation.
- Empowering local citizens and providing needed skill training.
- Stimulating additional efforts from the residents.

Contacts:

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Des Moines, IA 50309
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Margo Underwood – Lead Community Coach
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Doug Friedli - Community Coach
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Beth Hicks - Community Coach
**Hometown Pride - Des Moines Capitol
Neighborhoods**
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beth@urbancommunityconcepts.com

Jeff Davidson - Community Coach
Hometown Pride - Jasper County
393-541-7048
jeff.davidson2013@gmail.com

Kathy Evert Community Coach
Hometown Pride - Sac County
712-260-8746
kjesolutions@gmail.com

Hometown Pride Partnership Agreement

Date:

Partners: Keep Iowa Beautiful- Hometown Pride,
Sac Economic and Tourism Development (SETD)
Sac County, and the

Communities of: Auburn
Early
Lake View
Lytton
Nemaha
Odebolt
Sac City
Schaller
Wall Lake

Terms of the Agreement: This agreement shall be in effect for a period of five years with optional renewal on an annual basis. An annual evaluation / performance review will be conducted by Keep Iowa Beautiful with the partners one month prior to the end of each year of the agreement. Two month notice will be provided on potential termination of the agreement.

Objectives of the Agreement: To further the economic and cultural vitality of the county and the communities by supporting, facilitating and furthering community and county plans in a coordinated and partnership strategy.

Service to be provided by Keep Iowa Beautiful:

- Recruitment and management of a "community coach" to serve the partners defined above. Selection of the Community Coach will be by the Steering Committee.
- Development of a "tool box" of programs, services and financial opportunities.
- Assessment of county and community plans and assessment of "tools" that will help to implement those plans. Assist in developing short term plans for those without a plan.
- Aid in implementing those tools for each partner.

- Assist in community audit evaluations where needed.
- Annual reporting and program evaluation.
- Financial support.

Service to be provided by Sac Economic and Tourism Development (SETD):

- Assist in establishing a steering committee that includes community, county, and SETD.
- Provide provision of temporary work space for the community coach to utilize when in the area.
- Provide provision of space for periodic meetings.
- Facilitate communications with the partners.
- Payment to the program as outlined in this agreement.
- Establish training / education sessions for community leaders / city council members / County supervisors, as may be needed.
- Serve as the financial broker for the county and communities payments so that the two first year payments are made to KIB.

Service to be provided by Sac County:

- Serve as the contractual organization for selected programs.
- Provision of data to aid in the evaluation process.
- Aid in communications to county residents.
- Facilitate meetings and events as may be mutually agreed.
- Payment to this program as outlined in this agreement.
- Implement of a planning process for implementing provisions of 350.12 (County Conservation Board Beautification Program including input from the County Engineer and potential youth and / or youth group involvement efforts)

Service to be provided by each partner community:

- Have an approved community plan or commitment to establish such a plan that has been or will be endorsed by the current city council and in the case of the county, a county wide plan conforming to Iowa Code 350.12 as previously outlined.
- In the first year each community and the county will appoint a working committee (in a timely manner) with a city council member or city staff member to serve on that Committee and be a liaison between the Working Committee and the City Council. This Committee Member will be expected to provide quarterly updates to the Mayor, City Council or county supervisors and the general public.
- The working committee appointed in year one will continue for the future. In those future years the working committee will have the authority to take actions on behalf of the city / county, based on a city council or county supervisors approving the plan of action provided by that committee.

- Provision of temporary work space for the community coach when working in the community.
- Provide meeting space.
- Payment to the program as determined in this agreement.
- Assist in meeting / event sessions as may be needed.
- Communication with the community / county residents.

Financing and terms of the Program:

- Agreement to take effect on February 19, 2015.
- Total annual cost of the service for year one is \$80,000.
- Keep Iowa Beautiful will provide 75% or \$60,000
- SETD / County / Communities or other sources will cover 25% or \$20,000 (year one)
- Payment to KIB will be made by ~~February 19, 2015~~ June 1, 2015 *RF.*
- The initial contract period shall be from 2/19/2015 to 2/19/2016.
- Allocation of funds: (year one) June 1, 2015 May 31, 2016 *[Signature]*

▪ KIB	\$60,000
▪ SETD	\$2,798
▪ Communities	
Auburn	\$322
Early	\$557
Lake View	\$1,142
Lytton	\$272
Nemaha	\$85
Odebolt	\$1,013
Sac City	\$2,220
Schaller	\$772
Wall Lake	\$819
▪ County Supervisors	\$10,000
Total	\$80,000

Agreed To: FEBRUARY 19, 2015

By: *[Signature]* for SETD

By the Mayor of the following communities:

Auburn *[Signature]*

Early Sharon Ann Twinn

Lake View John Westergaard

Lytton Jeff Miller

Nemaha Matthew Guesey

Odebolt Pat Schmitt

Sac City Barb Bloes

Schaller Harry Schmitt

Wall Lake Steven J. Ruppberg

By: Dean Stark for Sac County

By: Gerald F. Schryer for KIB



SAMPLE

SAC COUNTY HOMETOWN PRIDE COMMUNITY COACH JOB DESCRIPTION

Function

To provide long-term community enhancement, technical and support assistance to Sac County, Sac Economic Tourism and Development Corporation (SETD) and the nine unique communities in Sac County, facilitating and advancing community plans and community enhancement efforts utilizing a coordinated, partnership strategy.

Responsibilities

1. Build on the existing Sac County Hometown Pride program.
2. Review and assess the county's strategic plan and the community plans.
3. Assist those communities who do not have a community plan in community plan development.
4. Research and identify grants, resources, and fundraising opportunities that will help to implement community plans.
5. Equip community members to apply for grants, seek matching funds, and successfully complete grant applications.
6. Facilitate community audits through the "First Impressions" model from the University of Wisconsin Extension or another approved model in each of the communities.
7. Utilize and assist in the revisions of the toolbox of resources and share this information with the county and community working committees.
8. Communicate regularly with the county steering committee and community working committees and schedule meetings as needed to discuss and advance their plans. General goal would be monthly community meetings and quarterly steering committee meetings.
9. Establish a rural working committee to develop a plan to address the countryside needs.
10. Assist the communities and county in media and public awareness activities.
11. Serve as a program speaker at community and civic club meetings.
12. Provide periodic and annual reports to KIB and the partners highlighting the program results.

Qualifications

Required Education and Experience

1. Bachelor's degree in Public Administration, Planning, English, Journalism, Social Science, or a related field.
2. A minimum of three years of community planning or economic development experience.
3. Grant writing, research, and grant management experience.
4. Demonstrated success of effectively leading change through strategic planning.
5. Proven ability to work with and listen to groups.
6. Proven ability to successfully engage and collaborate with community volunteers, elected officials, and the media in community projects and programs.

Preferred Education and Experience

1. Master's degree in Public Administration, Planning, English, Journalism, Social Science, or a related field.

Required Competencies/Traits

1. Strong and effective oral and written communication skills, including excellent listening skills.
2. Must be Microsoft Office proficient (i.e. Word, PowerPoint, Excel).
3. Must possess leadership skills and a self-motivated personality with a strong goal to succeed.
4. Ability to inspire and motivate.

Reporting

This position will report to the Sac County Hometown Pride Steering Committee for specific issues and needs, and will report to the Keep Iowa Beautiful Executive Director for contract conformance.

Work Environment and Position Type

Position Type: This is a contract position for consulting services and should not be viewed as a staff position of Keep Iowa Beautiful. Hours of work and days of work are flexible. Evening and weekend work will be required as job duties demand.

Work Environment: This job does not have a formal office and significant travel to the Sac County communities is required. The community coach will be required to provide transportation. When working in the various Sac County communities, work space will be provided.

Compensation: Compensation for this position is \$60,000 to \$70,000 annually dependent on qualifications. Additional compensation will not be provided for travel and office expenses. Benefits are not included, as this is a contract position. A four and one-half year contract is desirable.

To Apply:

The deadline for application is 5 pm January 15, 2016 or until position is filled. Please submit cover letters and resumes electronically to SacHomeTownPride@gmail.com. Contact Bruce Perry, Steering Committee Chair at (515) 979-5620 for further information

If you have questions about the position or the Hometown Pride program, please contact Gerald F. Schnepf at (515) 323-6507 or gschnepf@keepiowabeautiful.com.

HOMETOWN PRIDE PROGRAM - Warren County

POTENTIAL COMMUNITY COST BREAKDOWN

Overall Program Cost Breakdown	
Hometown Pride	\$ 60,000
WCEDC	\$ 10,000
Communities	\$ 10,000
TOTAL PROGRAM COST	\$ 80,000

Scenario #1 - All WCEDC Investor Communities

Community	Pop. - Census 2010	Pop. Estimates (2015)	Total Pop.	Amount	Per Capita	Amount
Indianola	14,782	15,467	32,186	\$10,000	\$ 0.31	\$ 4,805.44
Norwalk	6,200	10,135			\$ 0.31	\$ 3,148.84
Carlisle	3,789	4,168			\$ 0.31	\$ 1,294.96
Milo	579	772			\$ 0.31	\$ 239.85
Hartford	771	762			\$ 0.31	\$ 236.75
New Virginia	489	485			\$ 0.31	\$ 150.68
Cumming	351	397			\$ 0.31	\$ 123.34
						\$ 9,999.87

Scenario #2 - All Communities

Community	Pop. - Census 2010	Pop. Estimates (2015)	Total Pop.	Amount	Per Capita	Amount	Potential Cost Breakdown
Indianola*	14,782	15,467	33,412	\$10,000	\$ 0.30	\$ 4,640.10	\$ 4,500.00
Norwalk*	6,200	10,135			\$ 0.30	\$ 3,040.50	\$ 3,000.00
Carlisle*	3,789	4,168			\$ 0.30	\$ 1,250.40	\$ 1,250.00
Milo*	579	772			\$ 0.30	\$ 231.60	\$ 250.00
Hartford*	771	762			\$ 0.30	\$ 228.60	\$ 250.00
New Virginia*	489	485			\$ 0.30	\$ 145.50	\$ 150.00
Martensdale	465	472			\$ 0.30	\$ 141.60	\$ 150.00
Cumming*	351	397			\$ 0.30	\$ 119.10	\$ 150.00
Lacona	361	363			\$ 0.30	\$ 108.90	\$ 150.00
St. Mary's	127	128			\$ 0.30	\$ 38.40	\$ 150.00
Ackworth	83	86			\$ 0.30	\$ 25.80	
Bevington	63	63			\$ 0.30	\$ 18.90	
Spring Hill	63	63			\$ 0.30	\$ 18.90	
Sandyville	51	51			\$ 0.30	\$ 15.30	
						\$ 10,023.60	\$ 10,000.00

* WCEDC Investor Community

Committed
 Not yet committed (as of 3/20/17)

Meeting Date: 04/03/2017

Subject

2017 Capital Street Improvement Project

Information

On October 17, 2016 City Council approved the professional service agreement with Snyder and Associates to perform the Municipal Engineering Services for the City of Indianola. This agreement included:

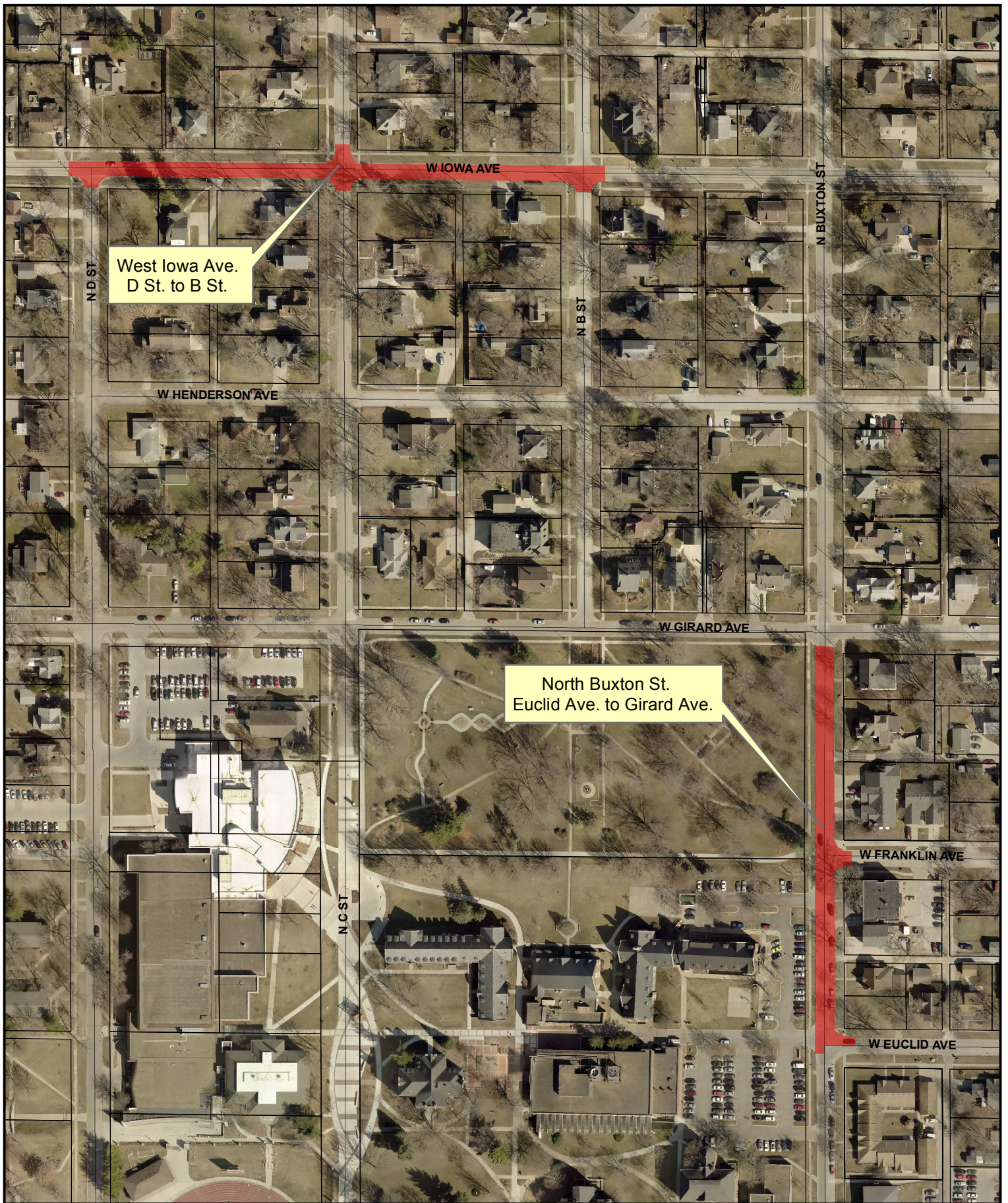
- Capital street improvements for 2017 (bid preparation for the road work)
- Pavement condition system implementation
- Storm water master plan
- On-call engineering for special projects and issues
- Subdivision plat and site plan review (if needed)

Snyder and Associates prepared the plan and specs for the 2017 Capital Street Improvement Project. This project included a base bid and a bid alternate. The base bid work includes pavement removal, grading, approximately 3,700 square yards of PCC pavement, driveway replacement, sidewalk replacement, water main, and surface restoration along Iowa Avenue from "D" Street to "B" Street and along Buxton Street from Euclid Avenue to Franklin Avenue. The alternate bid includes pavement removal, grading, approximately 1,200 square yards of PCC pavement, driveway replacement, sidewalk replacement and surface restoration of Buxton Street from Franklin Avenue to Girard Street.

Fiscal Impact

Attachments

Map



2017 CIP Street Improvement Project

3/21/17



Meeting Date: 04/03/2017

Subject

Resolution approving the construction contract and bond with Sternquist Construction in an amount of \$529,267.10

Information

At the March 20, 2017 meeting council awarded the 2017 Capital Street Improvement Project to Sternquest Construction in an amount of \$529,267.10. The contract/bond and resolution approving the same are in your packet. City Attorney Amy Beattie has reviewed and approved.

Roll call is in order.

Fiscal Impact

Attachments

Resolution

Bond Sternquist Construction

Contract Sternquist Construction

RESOLUTION MAKING AWARD OF CONSTRUCTION CONTRACT

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF INDIANOLA, IOWA:

Section 1. The bid of Sternquest Construction in the amount of \$529,267.10 for the 2017 Capital Street Improvement Project for the City of Indianola, Iowa, and IMU Board of Trustees described in the plans and specifications previously adopted by this City Council on the 20th day of March, 2017, is accepted, it being the lowest responsible bid for the work and materials.

Section 2. The Mayor and the City Clerk are directed to execute a contract with the contractor for the construction of the public improvement. The contract not to be binding on the City Council until approved by the City Council.

PASSED AND APPROVED this 3rd day of April, 2017.

KELLY B. SHAW, MAYOR

ATTEST:

DIANA BOWLIN, City Clerk

PERFORMANCE, PAYMENT AND MAINTENANCE BOND

KNOW ALL BY THESE PRESENTS:

That we, Sternquist Construction, Inc., as Principal (hereinafter the "Contractor" or "Principal") and Merchants Bonding Company (Mutual), as Surety are held and firmly bound unto the City of Indianola, as Oblige (hereinafter referred to as "the Jurisdiction"), and to all persons who may be injured by any breach of any of the conditions of this Bond in the penal sum of FIVE HUNDRED TWENTY-NINE THOUSAND TWO HUNDRED SIXTY-SEVEN AND 10/100 DOLLARS (\$529,267.10), lawful money of the United States, for the payment of which sum, well and truly to be made, we bind ourselves, our heirs, legal representatives and assigns, jointly or severally, firmly by these presents.

The conditions of the above obligations are such that whereas said Contractor entered into a contract with the Jurisdiction, bearing date the 21st day of March, 2017, hereinafter the "Contract" wherein said Contractor undertakes and agrees to construct the following described improvements:

CAPITAL STREET IMPROVEMENTS PROJECT

General Nature of Public Improvement. The work includes all materials, equipment, transportation and labor necessary to complete the improvements as follows: The base bid work includes pavement removal, grading, approximately 3,700 square yards of PCC pavement, driveway replacement, sidewalk replacement, surface restoration, and miscellaneous associated work along Iowa Avenue from D Street to B Street and along Buxton Street from Euclid Avenue to Franklin Avenue. The base bid work also includes approximately 900 linear feet of PVC water main, valves, hydrants, fittings, services, surface restoration, and miscellaneous associated work. In addition to the base bid, an alternate bid will include all materials, equipment, transportation, and labor necessary to complete pavement removal, grading, approximately 1,200 square yards of PCC pavement, driveway replacement, sidewalk replacement, surface restoration, and miscellaneous associated work along Buxton Street from Franklin Avenue to Girard Avenue.

and to faithfully perform all the terms and requirements of said Contract within the time therein specified, in a good and workmanlike manner, and in accordance with the Contract Documents.

It is expressly understood and agreed by the Contractor and Surety in this bond that the following provisions are a part of this Bond and are binding upon said Contractor and Surety, to-wit:

1. **PERFORMANCE:** The Contractor shall well and faithfully observe, perform, fulfill and abide by each and every covenant, condition and part of said Contract and Contract Documents, by reference made a part hereof, for the above referenced improvements, and shall indemnify and save harmless the Jurisdiction from all outlay and expense incurred by the Jurisdiction by reason of the Contractor's default of failure to perform as required. The Contractor shall also be responsible for the default or failure to perform as required under the Contract and Contract Documents by all its subcontractors, suppliers, agents, or employees furnishing materials or providing labor in the performance of the Contract.

2. **PAYMENT:** The Contractor and the Surety on this Bond are hereby agreed to pay all just claims submitted by persons, firms, subcontractors, and corporations furnishing materials for or performing labor in the performance of the Contract on account of which this Bond is given, including but not limited to claims for all amounts due for labor, materials, lubricants, oil, gasoline, repairs on machinery, equipment and tools, consumed or used by the Contractor or any subcontractor, wherein the same are not satisfied out of the portion of the contract price which the Jurisdiction is required to retain until completion of the improvement, but the Contractor and

Surety shall not be liable to said persons, firms, or corporations unless the claims of said claimants against said portion of the contract price shall have been established as provided by law. The Contractor and Surety hereby bind themselves to the obligations and conditions set forth in Chapter 573, Code of Iowa, which by this reference is made a part hereof as though fully set out herein.

3. **MAINTENANCE:** The Contractor and the Surety on this Bond hereby agree, at their own expense:
- A. To remedy any and all defects that may develop in or result from work to be performed under the Contract within the period four (4) years from the date of acceptance of the work under the Contract, by reason of defects in workmanship or materials used in construction of said work;
 - B. To keep all work in continuous good repair; and
 - C. To pay the Jurisdiction's reasonable costs of monitoring and inspection to assure that any defects are remedied, and to repay the Jurisdiction all outlay and expense incurred as a result of Contractor's and Surety's failure to remedy any defect as required by this section.

Contractor's and Surety's agreement herein made extend to defects in workmanship or materials not discovered or known to the Jurisdiction at the time such work was accepted.

4. **GENERAL:** Every Surety on this Bond shall be deemed and held bound, any contract to the contrary notwithstanding, to the following provisions:
- A. To consent without notice to any extension of time to the Contractor in which to perform the Contract;
 - B. To consent without notice to any change in the Contract or Contract Documents, which thereby increases the total contract price and the penal sum of this bond, provided that all such changes do not, in the aggregate, involve an increase of more than twenty percent of the total contract price, and that this bond shall then be released as to such excess increase; and

- C. To consent without notice that this Bond shall remain in full force and effect until the Contract is completed, whether completed within the specified contract period, within an extension thereof, or within a period of time after the contract period has elapsed and the liquidated damage penalty is being charged against the Contractor.

The Contractor and every Surety on the bond shall be deemed and held bound, any contract to the contrary notwithstanding, to the following provisions:

- D. That no provision of this Bond or of any other contract shall be valid which limits to less than five years after the acceptance of the work under the Contract the right to sue on this Bond.
- E. That as used herein, the phrase "all outlay and expense" is not to be limited in any way, but shall include the actual and reasonable costs and expenses incurred by the Jurisdiction including interest, benefits and overhead where applicable. Accordingly, "all outlay and expense" would include but not be limited to all contract or employee expense, all equipment usage or rental, materials, testing, outside experts, attorneys fees (including overhead expenses of the Jurisdiction's staff attorneys), and all costs and expenses of litigation as they are incurred by the Jurisdiction. It is intended the Contractor and Surety will defend and indemnify the Jurisdiction on all claims made against the Jurisdiction on account of Contractor's failure to perform as required in the Contract and Contract Documents, that all agreements and promises set forth in the Contract and Contract Documents, in approved change orders, and in this Bond will be fulfilled, and that the Jurisdiction will be fully indemnified so that it will be put into the position it would have been in had the Contract been performed in the first instance as required.

In the event the Jurisdiction incurs any "outlay and expense" in defending itself with respect to any claim as to which the Contractor or Surety should have provided the defense, or in the enforcement of the promises given by the Contractor in the Contract, Contract Documents, or approved change orders, or in the enforcement of the promises given by the Contractor and Surety in this Bond, the Contractor and Surety agree that they will make the Jurisdiction whole for all such outlay and expense, provided that the Surety's obligation under this bond shall not exceed 125% of the penal sum of this bond.

In the event that any actions or proceedings are initiated with respect to this Bond, the parties agree that the venue thereof shall be Warren County, State of Iowa. If legal action is required by the Jurisdiction to enforce the provisions of this Bond or to collect the monetary obligation incurring to the benefit of the Jurisdiction, the Contractor and the Surety agree, jointly and severally, to pay the Jurisdiction all outlay and expense incurred therefore by the Jurisdiction. All rights, powers, and remedies of the Jurisdiction hereunder shall be cumulative and not alternative and shall be in addition to Surety for any amount guaranteed hereunder whether action is brought against the Contractor or whether Contractor is joined in any such action or actions or not.

NOW THEREFORE, the condition of this obligation is such that if said Principal shall faithfully perform all the promises of the Principal, as set forth and provided in the Contract, in the Contract Documents, and in this Bond, then this obligation shall be null and void, otherwise it shall remain in full force and effect.

When a work, term, or phrase is used in this Bond, it shall be interpreted or construed first as defined in this Bond, the Contract, or the Contract Documents; second, if not defined in the Bond, Contract, or Contract Documents, it shall be interpreted or construed as defined in applicable provisions of the Iowa Code; third, if not defined in the Iowa Code, it shall be interpreted or construed according to its generally accepted meaning in the construction industry; and fourth, if it has no generally accepted meaning in the construction industry, it shall be interpreted or construed according to its common or customary usage.

Failure to specify or particularize shall not exclude terms or provisions not mentioned and shall not limit liability hereunder. The Contract and Contract Documents are hereby made a part of this Bond.

(CON'T – PERFORMANCE, PAYMENT AND MAINTENANCE BOND) S&A Project No. 116.1088.01

Witness our hands, in triplicate, this 23rd day of March, 2017.

Surety Countersigned By:

Prescribed by Chapter 515.52-57, Iowa Code.
(Require only if Attorney-in-Fact is not also an
Iowa Resident Commission Agent).

Name of Resident Commission Agent

Company Name

Company Address

City, State, Zip Code

Company Telephone Number

PRINCIPAL:

Sternquist Construction, Inc.

Signature of Iowa Resident Commission Agent as
Contractor

By: _____

Signature

Title

SURETY:

Merchants Bonding Company (Mutual)

Surety Company

By: _____

Signature Attorney-in-Fact & IA Resident Agent

Anne Crowner, Attorney-in-fact

Name of Attorney-in-Fact & IA Resident Agent

Holmes, Murphy and Associates, LLC

Company Name

P.O. Box 9207

Company Address

Des Moines, IA 50306-9207

City, State, Zip Code

(515) 223-6800

Company Telephone Number

NOTE: All signatures on this performance, payment & maintenance bond must be original signatures in ink; copies or facsimile of any signature will not be accepted. This bond must be sealed with the Surety's raised, embossing seal. The Certificate or Power of Attorney accompanying this bond must be valid on its face and sealed with the Surety's raised, embossing seal.

MERCHANTS
BONDING COMPANY™
POWER OF ATTORNEY

Know All Persons By These Presents, that MERCHANTS BONDING COMPANY (MUTUAL) and MERCHANTS NATIONAL BONDING, INC., both being corporations duly organized under the laws of the State of Iowa (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint, individually,

Anne Crowner; Brian M Deimerly; Cindy Bennett; Craig E Hansen; Dione R Young; Jay D Freiermuth; Jody Decker; Kathleen Brewer; Kevin J Knutson; Lacey Cramblit; Michelle R Gruis; Shirley S Bartenhagen; Stacy Venn; Tim McCulloh

of Des Moines and State of Iowa their true and lawful Attorney-in-Fact, with full power and authority hereby conferred in their name, place and stead, to sign, execute, acknowledge and deliver in their behalf as surety any and all bonds, undertakings, recognizances or other written obligations in the nature thereof, subject to the limitation that any such instrument shall not exceed the amount of:

TWENTY MILLION (\$20,000,000.00) DOLLARS

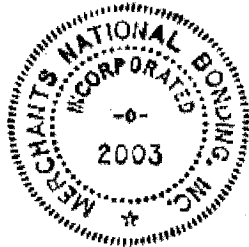
and to bind the Companies thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officers of the Companies, and all the acts of said Attorney-in-Fact, pursuant to the authority herein given, are hereby ratified and confirmed.

This Power-of-Attorney is made and executed pursuant to and by authority of the following By-Laws adopted by the Board of Directors of the Merchants Bonding Company (Mutual) on April 23, 2011 and adopted by the Board of Directors of Merchants National Bonding, Inc., on October 24, 2011.

"The President, Secretary, Treasurer, or any Assistant Treasurer or any Assistant Secretary or any Vice President shall have power and authority to appoint Attorneys-in-Fact, and to authorize them to execute on behalf of the Company, and attach the seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

The signature of any authorized officer and the seal of the Company may be affixed by facsimile or electronic transmission to any Power of Attorney or Certification thereof authorizing the execution and delivery of any bond, undertaking, recognizance, or other suretyship obligations of the Company, and such signature and seal when so used shall have the same force and effect as though manually fixed."

In Witness Whereof, the Companies have caused this instrument to be signed and sealed this 8th day of April, 2015.



MERCHANTS BONDING COMPANY (MUTUAL)
MERCHANTS NATIONAL BONDING, INC.

By

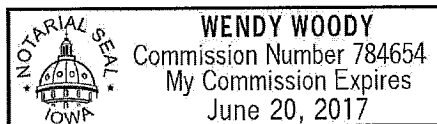
Larry Taylor

President

STATE OF IOWA
COUNTY OF POLK ss.

On this 8th day of April, 2015, before me appeared Larry Taylor, to me personally known, who being by me duly sworn did say that he is President of the MERCHANTS BONDING COMPANY (MUTUAL) and MERCHANTS NATIONAL BONDING, INC.; and that the seals affixed to the foregoing instrument is the Corporate Seals of the Companies; and that the said instrument was signed and sealed in behalf of the Companies by authority of their respective Boards of Directors.

In Testimony Whereof, I have hereunto set my hand and affixed my Official Seal at the City of Des Moines, Iowa, the day and year first above written.



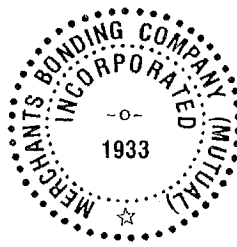
Wendy Woody

Notary Public, Polk County, Iowa

STATE OF IOWA
COUNTY OF POLK ss.

I, William Warner, Jr., Secretary of the MERCHANTS BONDING COMPANY (MUTUAL) and MERCHANTS NATIONAL BONDING, INC., do hereby certify that the above and foregoing is a true and correct copy of the POWER-OF-ATTORNEY executed by said Companies, which is still in full force and effect and has not been amended or revoked.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the Companies on this 23rd day of March, 2017



William Warner Jr.

Secretary

CONTRACT NO. 116.1088.01

DATE _____

CONTRACT

THIS CONTRACT, made and entered into at Indianola, Iowa this 21st day of March, 2017, by and between the City of Indianola by its Mayor upon order of its City Council hereinafter Called the "Jurisdiction", and Sternquist Construction, Inc. Hereinafter called the "Contractor".

WITNESSETH:

The Contractor hereby agrees to complete the work comprising the below referenced improvements as specified in the contract documents, which are officially on file with the Jurisdiction, in the office of the City Administrator. This contract includes all contract documents. The work under this contract shall be constructed in accordance with the 2017 edition of the Iowa Statewide Urban Specifications for Public Improvements (SUDAS), and as further modified by supplemental specifications and special provisions included in the contract documents, and the Contract Attachment which is attached hereto. The Contractor further agrees to complete the work in strict accordance with said contract documents, and guarantee the work as required by law, for the time required in said contract documents, after its acceptance by the Jurisdiction.

This contract is awarded and executed for completion of the work specified in the contract documents for the bid prices shown on the Contract Attachment: "Bid Items, Quantities and Prices", which were proposed by the Contractor in its proposal submitted in accordance with the Notice to Bidders and Notice of Public Hearing for the following described improvements:

CAPITAL STREET IMPROVEMENTS PROJECT

General Nature of Public Improvement. The work includes all materials, equipment, transportation and labor necessary to complete the improvements as follows: The base bid work includes pavement removal, grading, approximately 3,700 square yards of PCC pavement, driveway replacement, sidewalk replacement, surface restoration, and miscellaneous associated work along Iowa Avenue from D Street to B Street and along Buxton Street from Euclid Avenue to Franklin Avenue. The base bid work also includes approximately 900 linear feet of PVC water main, valves, hydrants, fittings, services, surface restoration, and miscellaneous associated work. In addition to the base bid, an alternate bid will include all materials, equipment, transportation, and labor necessary to complete pavement removal, grading, approximately 1,200 square yards of PCC pavement, driveway replacement, sidewalk replacement, surface restoration, and miscellaneous associated work along Buxton Street from Franklin Avenue to Girard Avenue.

The Contractor agrees to perform said work for and in consideration of the Jurisdiction's payment of the bid amount of FIVE HUNDRED TWENTY-NINE THOUSAND TWO HUNDRED SIXTY-SEVEN AND 10/100 DOLLARS (\$529,267.10) which amount shall constitute the required amount of the performance, payment, and maintenance bond. The Contractor hereby agrees to commence work under this contract on or before a date to be specified in a written Notice to Proceed by the Jurisdiction. The anticipated date for written Notice to Proceed is April 3, 2017 for the Capital Street Improvements Project. Pavement removal, grading, PCC pavement, driveway replacement, sidewalk replacement, water main construction, surface restoration, and all associated work shall be substantially completed by July 14, 2017. Liquidated damages in the amount of One Thousand Dollars (\$1,000.00) will be assessed for each calendar day the work remains incomplete after the substantial completion deadline.

(CONT. CONTRACT)

S&A Project No. 116.1088.01

IN WITNESS WHEREOF, the Parties hereto have executed this instrument, in triplicate on the date first shown written.

JURISDICTION

By _____
Mayor

(Seal)
ATTEST:

City Manager

CONTRACTOR:

Sternquist Construction, Inc.
Contractor

By _____
Signature

President
Title

1110 North 14th
Street Address

Indianola, Iowa 50125
City, State, Zip Code

515-961-8127
Telephone

CONTRACTOR PUBLIC REGISTRATION INFORMATION to be provided by:

1. All Contractors: The Contractor shall enter its Public Registration Number C 0 9 4 6 - 7 1 issued by the Iowa Commissioner of Labor pursuant to Section 91C.5 of the Iowa Code.
2. Out-of-State Contractors:
 - A. Pursuant to Section 91C.7 of the Iowa Code, an out-of-state contractor, before commencing a contract in excess of five thousand dollars in value in Iowa, shall file a bond with the division of labor services of the department of workforce development. The contractor should contact 515-242-5871 for further information. Prior to contract execution, the City Engineer may forward a copy of this contract to the Iowa Department of Workforce Development as notification of pending construction work. It is the contractor's responsibility to comply with said Section 91C.7 before commencing this work.
 - B. Prior to entering into contract, the designated low bidder, if it be a corporation organized under the laws of a state other than Iowa, shall file with the Jurisdictional Engineer a certificate from the Secretary of the State of Iowa showing that it has complied with all the provisions of Chapter 490 of the Code of Iowa, or as amended, governing foreign corporations. For further information, contact the Iowa Secretary of State Office at 515-281-5204.

(CON'T – CONTRACT)

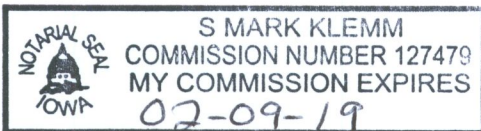
S&A Project No. 116.1088.01

NOTE: All signatures on this contract must be original signatures in ink; copies or facsimile of any signature will not be accepted.

CORPORATE ACKNOWLEDGMENT

State of Iowa)
) SS
Warren County)

On this 21st day of March, 2017, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Britt Sternquist, to me known, who, being by me duly sworn, did say that they are the President, and _____, respectively, of the corporation executing the foregoing instrument; that (no seal has been procured by) (~~the seal affixed thereto is the seal of~~) the corporation; that said instrument was signed (and sealed) on behalf of the corporation by authority of this Board of Directors; that Britt Sternquist acknowledged the execution of the instrument to be the voluntary act and deed of the corporation, by it and by them voluntarily executed.



S Mark Klemm
Notary Public in and for the State of Iowa
My commission expires February 9th, 2019

INDIVIDUAL ACKNOWLEDGEMENT

State of _____)
) SS
_____ County)

On this _____ day of _____, _____, before me, the undersigned, a Notary Public in and for the State of _____, personally appeared _____ and _____, to me known, who, being by me duly sworn, did say that they are the _____, and _____, respectively, of the corporation executing the foregoing instrument; that (no seal has been procured by) (the seal affixed thereto is the seal of) the corporation; that said instrument was signed (and sealed) on behalf of the corporation by authority of this Board of Directors; that _____ and _____ acknowledged the execution of the instrument to be the voluntary act and deed of the corporation, by it and by them voluntarily executed.

Notary Public in and for the State of _____
My commission expires _____

(CON'T – CONTRACT)

S&A Project No. 116.1088.01

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

State of _____)
) SS
_____ County)

On this _____ day of _____, _____, before me, the undersigned, a Notary Public in and for the State of _____, personally appeared _____ and _____, to me known, who, being by me duly sworn, did say that they are the _____, and _____, respectively, of the corporation executing the foregoing instrument; that (no seal has been procured by) (the seal affixed thereto is the seal of) the corporation; that said instrument was signed (and sealed) on behalf of the corporation by authority of this Board of Directors; that _____ and _____ acknowledged the execution of the instrument to be the voluntary act and deed of the corporation, by it and by them voluntarily executed.

Notary Public in and for the State of _____
My commission expires _____

CONTRACT ATTACHMENT: BID ITEMS, QUANTITIES AND PRICES

The Bidder must provide the Unit Bid Prices and the Total Bid; in case of discrepancy, the Unit Bid Price governs. This is a Unit Bid Price Contract. The quantities shown on the Bid Schedule are approximate only, but are considered sufficiently adequate for the purpose of comparing bids. The Total Construction Cost plus any alternates selected by the Jurisdiction, shall be used only for comparison of bids. The Total Construction Cost, including any Add-Alternates, shall be used for determining the sufficiency of the bid security.

BASE BID ITEMS

ITEM NO.	ITEM	UNIT	TOTAL	UNIT PRICE	TOTAL COST
	GENERAL PROVISIONS				
1.1	Construction Survey	LS	1	\$3,900.00	\$3,900.00
1.2	Mobilization	LS	1	\$45,000.00	\$45,000.00
	EARTHWORK				
2.1	Topsoil, Strip, Salvage, and Respread	CY	735	\$9.45	\$6,945.75
2.2	Excavation, Class 10, Roadway and Borrow	CY	290	\$12.00	\$3,480.00
2.3	Subgrade Preparation	SY	4100	\$2.55	\$10,455.00
	WATER MAINS AND APPURTENANCES				
5.1	Water Main, Trenched, PVC, 6"	LF	515	\$50.00	\$25,750.00
5.2	Water Main, Trenched, PVC, 8"	LF	360	\$53.00	\$19,080.00
5.3	Fitting, Tee, 6"x6"	EA	1	\$500.00	\$500.00
5.4	Water Service Stub, Near	EA	4	\$1,800.00	\$7,200.00
5.5	Water Service Stub, Far	EA	6	\$2,500.00	\$15,000.00
5.6	Tapping Valve Assembly, 8"	EA	1	\$3,200.00	\$3,200.00
5.7	Gate Valve, 6"	EA	3	\$800.00	\$2,400.00
5.8	Gate Valve, 8"	EA	1	\$1,100.00	\$1,100.00
5.9	Fire Hydrant Assembly	EA	1	\$4,300.00	\$4,300.00
5.10	Abandon Existing Valve	EA	2	\$250.00	\$500.00
5.11	Cut and Cap Existing Water Main	EA	5	\$700.00	\$3,500.00
5.12	Relocate Fire Hydrant	EA	1	\$1,050.00	\$1,050.00
5.13	Fire Hydrant Removal	EA	1	\$500.00	\$500.00

	STRUCTURES FOR SANITARY AND STORM SEWERS				
6.1	Intake SW-507, Rebuild Top	EA	2	\$2,300.00	\$4,600.00
6.2	Manhole Adjustment, Minor	EA	7	\$1,200.00	\$8,400.00
6.3	Manhole Adjustment, Major	EA	1	\$2,500.00	\$2,500.00
	STREETS AND RELATED WORK				
7.1	Pavement, PCC 7"	SY	965	\$46.40	\$44,776.00
7.2	Pavement, PCC 8"	SY	2780	\$50.55	\$140,529.00
7.3	PCC Pavement Samples and Testing	LS	1	\$2,500.00	\$2,500.00
7.4	Removal of Sidewalk	SY	200	\$7.00	\$1,400.00
7.5	Removal of Driveway	SY	340	\$7.00	\$2,380.00
7.6	Sidewalk, PCC, 4"	SY	80	\$45.00	\$3,600.00
7.7	Sidewalk, PCC, 6"	SY	120	\$64.00	\$7,680.00
7.8	Detectable Warning	SF	175	\$30.00	\$5,250.00
7.9	Driveway, Paved, PCC, 6"	SY	260	\$45.00	\$11,700.00
7.10	Driveway, Paved, PCC, 7"	SY	80	\$53.00	\$4,240.00
7.11	Pavement Removal	SY	3670	\$6.00	\$22,020.00
	TRAFFIC CONTROL				
8.1	Traffic Control	LS	1	\$6,000.00	\$6,000.00
	SITE WORK AND LANDSCAPING				
9.1	Hydraulic Seeding, Fertilizing, and Mulching	AC	0.6	\$6,000.00	\$3,600.00
9.2	SWPPP Preparation	LS	1	\$1,500.00	\$1,500.00
9.3	SWPPP Management	LS	1	\$2,000.00	\$2,000.00
9.4	Filter Sock, 8"	LF	500	\$2.50	\$1,250.00
9.5	Filter Sock, Removal	LF	500	\$1.00	\$500.00
	MISCELLANEOUS				
11.1	Painted Pavement Markings, Waterborne or Solvent Based	STA	4.4	\$194.00	\$853.60
11.2	Painted Symbols and Legends, Waterborne or Solvent Based	EA	2	\$150.00	\$300.00

BASE BID SUBTOTAL:

\$

\$431,439.35

ALTERNATE BID ITEMS

ITEM NO.	ITEM	UNIT	TOTAL	UNIT PRICE	TOTAL COST
	GENERAL PROVISIONS				
1.1-alt	Construction Survey	LS	1	\$2,000.00	\$2,000.00
	EARTHWORK				
2.1-alt	Topsoil, Strip, Salvage, and Respread	CY	195	\$9.45	\$1,842.75
2.2-alt	Excavation, Class 10, Roadway and Borrow	CY	120	\$12.00	\$1,440.00
2.3-alt	Subgrade Preparation	SY	1400	\$2.55	\$3,570.00
	STRUCTURES FOR SANITARY AND STORM SEWERS				
6.1-alt	Intake SW-507, Rebuild Top	EA	1	\$2,300.00	\$2,300.00
6.2-alt	Manhole Adjustment, Minor	EA	2	\$1,200.00	\$2,400.00
	STREETS AND RELATED WORK				
7.1-alt	Pavement, PCC 7"	SY	1250	\$46.40	\$58,000.00
7.2-alt	PCC Pavement Samples and Testing	LS	1	\$2,500.00	\$2,500.00
7.3-alt	Removal of Sidewalk	SY	70	\$7.00	\$490.00
7.4-alt	Removal of Driveway	SY	105	\$7.00	\$735.00
7.5-alt	Sidewalk, PCC, 4"	SY	25	\$45.00	\$1,125.00
7.6-alt	Sidewalk, PCC, 6"	SY	45	\$64.00	\$2,880.00
7.7-alt	Detectable Warning	SF	90	\$30.00	\$2,700.00
7.8-alt	Driveway, Paved, PCC, 6"	SY	105	\$45.00	\$4,725.00
7.9-alt	Pavement Removal	SY	1245	\$6.00	\$7,470.00
	TRAFFIC CONTROL				
8.1-alt	Traffic Control	LS	1	\$750.00	\$750.00
	SITE WORK AND LANDSCAPING				
9.1-alt	Hydraulic Seeding, Fertilizing, and Mulching	AC	0.2	\$6,000.00	\$1,200.00
9.2-alt	SWPPP Management	LS	1	\$1,000.00	\$1,000.00
9.3-alt	Filter Sock, 8"	LF	200	\$2.50	\$500.00
9.4-alt	Filter Sock, Removal	LF	200	\$1.00	\$200.00

BID ALTERNATE SUBTOTAL:

\$

\$97,827.75

**TOTAL AMOUNT BASE BID + BID
ALTERNATE:**

\$

\$529,267.10

NOTE:

IT IS UNDERSTOOD THAT THE ABOVE QUANTITIES ARE ESTIMATED FOR THE PURPOSE OF THIS BID. ALL QUANTITIES ARE SUBJECT TO REVISION BY THE JURISDICTION. QUANTITY CHANGES THAT AMOUNT TO TWENTY (20) PERCENT OR LESS OF THE TOTAL BID SHALL NOT AFFECT THE UNIT BID PRICE.

Subject

Final consideration to amend Chapter 170 Subdivision ordinance (P&Z approved unanimously February 14, 2017)

Information

Council needs to hold the final consideration to amend Chapter 170 of the Subdivision Ordinance. The 17 amendments (see below) discussed in the January P&Z meeting have been placed into ordinance form (packet). Again most of the changes address either outdated requirements or add clarification to the code. Community Director Chuck Burgin recommended and P&Z unanimously approval.

- **Section 170.09-2 (Q) - With the new standards required by the Iowa Department of Natural Resources via the NPDES permit process, this section simply needs to address the most current DNR requirement with a note placed on the plat.**
- **Section 170.10-3 (S) - To avoid any confusion as to when sidewalks are to be installed, I recommend the section read as follows. Location and dimensions of sidewalks to be installed prior the occupancy of a developed lot.**
- **Section 170.10-4 (D) - This section should be relocated as paragraph (D) as part of the documents that get filed Section 170.1-5.**
- **Section 170.10-4 (D) - A new section identifying easements for overland drainage and public storm sewers to be approved by the Director of Community Development. We need to clarify or be more specific of the types of improvements that can be made in these areas, such as plantings and fences.**
- **Section 170.10-4 (E) - This section should be deleted in its entirety because of the IDNR requirements for soil erosion control.**
- **Add new section under Section 170.10-4 (E) stating “A letter from the owner’s engineer designing the public improvement stating that all public improvements completed have been made or installed in accordance with City Specifications prior to acceptance of maintenance bonds for such improvements.”**
- **Section 170.10-5 - This section should be clarified by adding the Warren County Recorder’s Office at the end of the statement.**
- **Section 170.11-1 - Add a statement that the most current edition of the Statewide Urban Design Standards or SUDAS will be met.**
- **Section 170.11 -1 (L) - This is a new section that identifies differences between naming streets, avenues and places versus courts. No changes will be made from the original standard, we will simply include it in this part of the code.**
- **Section 170.11-5 This is a new section identifying specific streets from the 2011 Comprehensive Plan and Master Street plan that have been designated thoroughfares and collectors.**
- **170.13-1 - The 15’ portion of this section should be increased to 25’ to meet today’s minimum standards.**
- **170.14-1 EASEMENTS - The width needs to be increased to 15’ and the location changed to the**

front yard and in case of corner lots, the side street yard.

- **170.15 PARKS, SCHOOL SITES AND PUBLIC AREAS -The portion stating the city plan should be clarified and identify the most current Comprehensive Plan.**
- **170.17 EROSION CONTROL (DESIGN STANDARDS) - This section should be rewritten to identify the most current IDNR standards and requirements of the NPDES permits.**
- **170.23 SIDEWALKS - For clarification, the developer or owner of the lot should be included with the subdivider's name.**
- **170.29 SPECIFICATIONS - Replace the Standard Construction Specifications for Subdivisions with the most current Statewide Urban Design and Specification.**
- **170.31 INSPECTION - All paving and storm water improvement should be included with sanitary sewer improvements.**

Roll call is in order.

Fiscal Impact

Attachments

January 2017 P&Z Memo
February 2017 P&Z Memo
February 2017 P&Z Minutes
Ordinance

INDIANOLA PLANNING AND ZONING COMMISSION
REGULAR MEETING
JANUARY 10, 2017
6:00 P.M.

The meeting was called to order by Vice Chairperson Joe Butler and on roll call the following members were present:

Joe Butler
Tiffany Coleman
Al Farris
Ron Fridley
Cindy Johnson
Becky Needles
Bob Ormsby
Josh Rabe
Misty Soldwisch

Also present: Mindi Robinson and Chuck Burgin.

The minutes of the November 8, 2016 meeting were approved on a motion made by Coleman and seconded by Ormsby. Question was called for and on voice vote Vice Chairperson Butler declared the motion carried unanimously.

Consider an amendment to Chapter 165 Zoning, providing a new zoning classification of A-2 Mixed Agriculture.

Chuck reviewed the request from Council to send the campground request back to Commission to consider amending Chapter 165 Zoning to allow for a new zoning classification of A-2 Mixed Agriculture which would allow for private campgrounds. Council shared concerns regarding the construction of miscellaneous storage buildings and decks and also requested the Commission define a maximum length of stay for campers.

Commission discussed residential development adjacent to A-2 zoning, minimum setbacks and minimum area. Ormsby questioned the need for a maximum height of 2 ½ stories or 35 feet. Commission agreed that 1 story or 15 feet maximum would be sufficient for A-2 zoning.

Butler raised the issue that C-2 (Highway Commercial) zoning allows for tourist camps as a permitted use. Chuck stated an ordinance eliminating tourist campgrounds will be presented to Council.

Motion was made by Rabe and seconded by Ormsby to amend the 2011 Comprehensive Plan to include A-2 Mixed Agricultural zoning and to approve an amendment to Chapter 165 Zoning to include a new zoning classification of A-2 Mixed Agricultural zoning.

Question was called for and on voice vote Vice Chairperson Butler declared the motion carried unanimously.

Consider amendments to Chapter 170 Subdivision Ordinance.

Chuck reviewed the consideration stating most of the proposed amendments are just to clarify the code. Below is a list of the changes.

- **Section 170.09-2 (Q) - With the new standards required by the Iowa Department of Natural Resources via the NPDES permit process, this section simply needs to address the most current DNR requirement with a note placed on the plat.**
- **Section 170.10-3 (S) - To avoid any confusion as to when sidewalks are to be installed, I recommend the section read as follows. Location and dimensions of sidewalks to be installed prior the occupancy of a developed lot.**
- **Section 170.10-4 (D) - This section should be relocated as paragraph (D) as part of the documents that get filed Section 170.1-5.**
- **Section 170.10-4 (D) - A new section identifying easements for overland drainage and public storm sewers to be approved by the Director of Community Development. We need to clarify or be more specific of the types of improvements that can be made in these areas, such as plantings and fences.**
- **Section 170.10-4 (E) - This section should be deleted in its entirety because of the IDNR requirements for soil erosion control.**
- **Add new section under Section 170.10-4 (E) stating “A letter from the owner’s engineer designing the public improvement stating that all public improvements completed have been made or installed in accordance with City Specifications prior to acceptance of maintenance bonds for such improvements.”**
- **Section 170.10-5 - This section should be clarified by adding the Warren County Recorder’s Office at the end of the statement.**
- **Section 170.11-1 - Add a statement that the most current edition of the Statewide Urban Design Standards or SUDAS will be met.**

- Section 170.11 -1 (L) - **This is a new section that identifies differences between naming streets, avenues and places versus courts. No changes will be made from the original standard, we will simply include it in this part of the code.**
- Section 170.11-5 **This is a new section identifying specific streets from the 2011 Comprehensive Plan and Master Street plan that have been designated thoroughfares and collectors.**
- 170.13-1 - **The 15' portion of this section should be increased to 25' to meet today's minimum standards.**
- 170.14-1 EASEMENTS - **The width needs to be increased to 15' and the location changed to the front yard and in case of corner lots, the side street yard.**
- 170.15 PARKS, SCHOOL SITES AND PUBLIC AREAS -**The portion stating the city plan should be clarified and identify the most current Comprehensive Plan.**
- 170.17 EROSION CONTROL (DESIGN STANDARDS) - **This section should be rewritten to identify the most current IDNR standards and requirements of the NPDES permits.**
- 170.23 SIDEWALKS - **For clarification, the developer or owner of the lot should be included with the subdivider's name.**
- 170.29 SPECIFICATIONS - **Replace the Standard Construction Specifications for Subdivisions with the most current Statewide Urban Design and Specification.**
- 170.31 INSPECTION - **All paving and storm water improvement should be included with sanitary sewer improvements.**

Commission discussed the need to include fiber optics as a developer requirement within the subdivision ordinance. Chuck stated he would speak with the City Attorney regarding the topic.

Motion was made by Orsmy and seconded by Farris to draft an ordinance amending Chapter 170 Subdivision Ordinance to reflect the proposed changes. Question was called for and on voice vote Vice Chairperson Butler declared the motion carried unanimously.

Approval of the 2016 Annual Report

Motion was made by Needles and seconded by Soldwisch to approve the 2016 Annual Report. Question was called for and on voice vote Vice Chairperson Butler declared the motion carried unanimously.

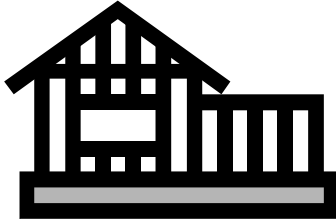
Other Business

Chuck informed the Commission that election of officers and the draft ordinance amending Chapter 170 would be on the agenda for the February 2017 meeting.

Meeting adjourned on a motion by Rabe and seconded by Soldwisch.

Joe Butler, Vice Chairperson

Mindi Robinson



To: Planning and Zoning Commission
From: Chuck Burgin, Director of Community Development
Subject: February 14, 2017 Meeting

Item # 4 Election of Officers.

Doug Opie has served two years as Chairperson and Joe Butler as Vice Chairperson. Unless there are nominations from the floor, a motion to elect Joe as Chairperson is in order. Subsequently, a nomination for a new Vice Chairperson is needed. We will have ballots at the meeting in case of multiple nominations. After the voting is completed, the new Chairperson will take over the meeting.

Item # 5 Consider amendment to Chapter 170 Subdivision Ordinance.

The 17 amendments discussed in the January meeting have been placed into ordinance form. Again most of the changes address either outdated requirements or add clarification to the code. Please read through the requested changes for any questions you may have. I recommend approval.

Other business

A public hearing and the first consideration to amend Chapter 165 Zoning to provide an A-2 (Mixed Agriculture) zoning classification allowing camp grounds was approved at the February 6, 2017 Council meeting.

INDIANOLA PLANNING AND ZONING COMMISSION
REGULAR MEETING
FEBRUARY 13, 2017
6:00 P.M.

The meeting was called to order by Chairperson Doug Opie and on roll call the following members were present:

Joe Butler
Al Farris (via phone)
Ron Fridley
Cindy Johnson
Becky Needles
Doug Opie
Bob Ormsby
Josh Rabe
Misty Soldwisch

Also present: Diana Bowlin and Chuck Burgin.

The minutes of the January 10, 2017 meeting were approved on a motion made by Ormsby and seconded by Fridley. Question was called for and on voice vote Chairperson Opie declared the motion carried unanimously.

Election of Officers

A motion was made by Rabe and seconded by Johnson for the nomination of Joe Butler to serve as Chairperson. Question was called for and on voice vote Chairperson Opie declared the motion carried unanimously.

A motion was made by Farris and seconded by Needles for the nomination of Josh Rabe to serve as Vice Chairperson. Question was called for and on voice vote Chairperson Opie declared the motion carried unanimously.

Consider amendments to Chapter 170 Subdivision Ordinance.

Chuck reviewed the 17 amendment which were discussed in the January meeting and have been placed into ordinance form. Below is a list of the changes.

- Section 170.09-2 (Q) - **With the new standards required by the Iowa Department of Natural Resources via the NPDES permit process, this section simply needs to address the most current DNR requirement with a note placed on the plat.**

- **Section 170.10-3 (S) - To avoid any confusion as to when sidewalks are to be installed, I recommend the section read as follows. Location and dimensions of sidewalks to be installed prior the occupancy of a developed lot.**
- **Section 170.10-4 (D) - This section should be relocated as paragraph (D) as part of the documents that get filed Section 170.1-5.**
- **Section 170.10-4 (D) - A new section identifying easements for overland drainage and public storm sewers to be approved by the Director of Community Development. We need to clarify or be more specific of the types of improvements that can be made in these areas, such as plantings and fences.**
- **Section 170.10-4 (E) - This section should be deleted in its entirety because of the IDNR requirements for soil erosion control.**
- **Add new section under Section 170.10-4 (E) stating “A letter from the owner’s engineer designing the public improvement stating that all public improvements completed have been made or installed in accordance with City Specifications prior to acceptance of maintenance bonds for such improvements.”**
- **Section 170.10-5 - This section should be clarified by adding the Warren County Recorder’s Office at the end of the statement.**
- **Section 170.11-1 - Add a statement that the most current edition of the Statewide Urban Design Standards or SUDAS will be met.**
- **Section 170.11 -1 (L) - This is a new section that identifies differences between naming streets, avenues and places versus courts. No changes will be made from the original standard, we will simply include it in this part of the code.**
- **Section 170.11-5 This is a new section identifying specific streets from the 2011 Comprehensive Plan and Master Street plan that have been designated thoroughfares and collectors.**
- **170.13-1 - The 15’ portion of this section should be increased to 25’ to meet today’s minimum standards.**

- 170.14-1 EASEMENTS - **The width needs to be increased to 15' and the location changed to the front yard and in case of corner lots, the side street yard.**
- 170.15 PARKS, SCHOOL SITES AND PUBLIC AREAS -**The portion stating the city plan should be clarified and identify the most current Comprehensive Plan.**
- 170.17 EROSION CONTROL (DESIGN STANDARDS) - **This section should be rewritten to identify the most current IDNR standards and requirements of the NPDES permits.**
- 170.23 SIDEWALKS - **For clarification, the developer or owner of the lot should be included with the subdivider's name.**
- 170.29 SPECIFICATIONS - **Replace the Standard Construction Specifications for Subdivisions with the most current Statewide Urban Design and Specification.**
- 170.31 INSPECTION - **All paving and storm water improvement should be included with sanitary sewer improvements.**

Motion was made by Soldwisch and seconded by Rage to approve amending Chapter 170 Subdivision Ordinance to reflect the proposed changes. Question was called for and on voice vote Chairperson Butler declared the motion carried unanimously.

Meeting adjourned on a motion by Rabe and seconded by Soldwisch.

Joe Butler, Chairperson

Diana Bowlin

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE MUNICIPAL CODE OF THE CITY OF INDIANOLA, IOWA, CHAPTER 170 “SUBDIVISION REGULATIONS”

WHEREAS, the Indianola Code of Ordinances currently covers subdivision regulations;

WHEREAS, the City Council of the City of Indianola, Iowa, now deems it necessary and proper to amend the Code of Ordinances to expand the ordinance to clarify the code.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF INDIANOLA, IOWA:

Section 1: That Chapter 170.04 be and is hereby amended by inserting the underlined language:

11. “Thoroughfare” means a street intended for cross-county or through traffic as identified in the Comprehensive Plan.

20. “Comprehensive Plan” means the current version adopted by the City Council of the Comprehensive Plan and Master Street Plan.

Section 2: That Chapter 170.09(2)(Q) be and is hereby amended by deleting the stricken language and inserting the underlined language:

~~Q. A recommendation from the Warren County Soil Conservation District or the City’s Public Service Director regarding the proposed plan, methods and/or techniques proposed for controlling erosion along new or altered surface drainage courses which will become a permanent part of the subdivision. Said recommendations shall also be obtained for the temporary methods and/or techniques to be used in controlling such erosion during construction and development of the subdivision. No preliminary plat shall be approved by the City until an acceptable erosion control plan shall have been prepared. Indicate the current Iowa Department of Natural Resources requirement in a note placed on the plat, if applicable.~~

Section 3: That Chapter 170.10(3)(S) be and is hereby amended by inserting the underlined language:

S. Location and dimensions of sidewalks to be installed prior to the occupancy of a developed lot.

Section 4: That Chapter 170.10(4)(D) be and is hereby amended by deleting the stricken language and inserting the underlined language:

~~A copy of restrictive covenants to be attached to the lots of the subdivision. Easement(s)~~

for Overland Drainage and/or Public Storm Sewer is required by and shall be in a form approved by the City.

Section 5: That Chapter 170.10(4)(E) be and is hereby amended by deleting the stricken language and inserting the underlined language:

~~E. A surety bond with the City which will insure that the erosion control measures as may herein be required will be undertaken promptly as development progresses. The form and type of bond shall be approved by the City Attorney and the amount of the bond shall not be less than the amount of the estimated cost of such improvements as determined by the City Engineer plus ten percent (10%), and approved by the City Council. In the event the required erosion control measures are not installed promptly, the City may, in order to prevent possible soil erosion, use the bond or any necessary portion thereof to complete such improvements. A~~
letter from the owner's engineer designing the public improvement stating that all public improvements completed have been made or installed in accordance with City Specifications prior to acceptance of maintenance bonds for such improvements.

Section 6: That Chapter 170.10(5) be and is hereby amended by inserting the underlined language:

5. The final plat shall also be accompanied by the following at the time it is presented for filing at the Warren County Recorder's Office.

Section 7: That Chapter 170.11(1) be and is hereby amended by inserting the underlined language:

1. General Considerations that must comply with the current Iowa Statewide Urban Design Standards for Public Improvements ("SUDAS").

Section 8: That Chapter 170.11(1) be and is hereby amended by inserting the underlined language:

L. Streets, avenues, places and courts shall be named in the following manner:

<u>General direction</u>	<u>Long streets</u>	<u>Short streets</u>
<u>North and south</u>	<u>Streets</u>	<u>Courts</u>
<u>East and west</u>	<u>Avenues</u>	<u>Places</u>
<u>Diagonal</u>	<u>Roads</u>	<u>Ways</u>
<u>Curving</u>	<u>Drives</u>	<u>Lanes</u>

Section 9: That Chapter 170.13(1) be and is hereby amended by deleting the stricken language and inserting the underlined language:

1. All lots shall abut on a street or place. Corner lots which abut on a thoroughfare or collector street shall have a minimum radius of ~~15~~ 25 feet at the intersection.

Section 10: That Chapter 170.14(1) be and is hereby amended by deleting the stricken language and inserting the underlined language:

1. Easement not less than ~~7.5~~ 15 feet in width shall be provided along each side of the ~~rear~~ front yard lot lines of all lots, and in the case of corner lots, the side street yard, and along such other lot liens as may be required by public and private utility companies.

Section 11: That Chapter 170.15 be and is hereby amended by deleting the stricken language and inserting the underlined language:

15. In subdividing property, consideration shall be given to suitable sites for schools, parks, playgrounds and other common areas for public use so as to conform to any recommendations of the ~~City plan~~ most current Comprehensive Plan. Any provision for schools, parks and playgrounds should be indicated on the preliminary plan in order that it may be determined when and in what manner such areas will be provided or acquired by an appropriate taxing agency.

Section 12: That Chapter 170.17 be and is hereby amended by deleting the stricken language and inserting the underlined language:

17. Methods for controlling soil erosion shall be in accordance with ~~established techniques and procedures of the Warren County Soil Conservation District or in accordance with the City's current standards and specifications for like or similar work. Erosion control measures may, where appropriate, include mulches, temporary or permanent vegetative cover, the use of terraces, diversion ditches, impoundments, stilling basins, surface drainage pipe or other structures which will intercept, divert, retard or otherwise control runoff and soil erosion. Adequate sediment basins and other structures as might be necessary shall be provided to prevent soil from eroding onto streets, into drainage facilities or onto other property~~ current Iowa Department of Natural Resources Standards and requirements of NPDES permit.

Section 13: That Chapter 170.23 be and is hereby amended by deleting the stricken language and inserting the underlined language:

23. The subdivider, developer or owner of the lot shall at ~~the subdivider's~~ their expense provide a four-foot wide concrete sidewalk along each lot frontage prior to the occupancy of the structure on the lot except as otherwise provided herein. In commercial or industrial areas where it can be demonstrated that there will be limited or no need for sidewalks, the Council may waive or modify the requirement for the installation of sidewalks after review and report from the Commission. The Council may waive the sidewalk requirement on cul-de-sacs. Any such waiver shall not be acted upon until the Council has received the recommendation of the Commission.

Section 14: That Chapter 170.29 be and is hereby amended by deleting the stricken language and inserting the underlined language:

29. The type of construction, the materials, the methods, the standards of subdivision improvements and the maintenance bonds shall be in accordance with the specifications found in a bound volume which is entitled ~~Standard Construction Specifications for Subdivisions~~ Iowa Statewide Urban Design and Specification for Public Improvements which is on file in the Clerk's office. The Council may from time to time amend by resolution the standard construction specifications for subdivisions found in the volume. The Clerk shall keep a record of all amendments made to the specifications. Plans and specifications for subdivisions shall be submitted to the ~~Building Official~~ Community Development for approval prior to construction, and construction shall not be started until the plans and specifications have been approved.

Section 15: That Chapter 170.31 be and is hereby amended by deleting the stricken language and inserting the underlined language:

31. The subdivider or developer shall cause the installation of all improvements to be inspected to ensure compliance with the requirements of this chapter. The cost of the inspection shall be borne by the subdivider or developer. All inspection reports and certificates of compliance shall be filed with the Clerk before any improvements are accepted by the Council. Before accepting any portion of paving, storm water improvement or a sanitary sewer system and maintenance thereof which has been constructed under the provisions of Sections 170.19 and Section 170.29 above, the Council reserves the right to have all mains within the sewer system to be dedicated, televised in order to determine whether they have been properly constructed. The televising shall be at the expense of the subdivider or party making the dedication.

Section 16: All ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

Section 17: This ordinance shall be in full force and effect after its passage, approval and publication as provided by law.

PASSED AND APPROVED this ____ day of _____, 2017.

Kelly B. Shaw, Mayor

ATTEST:

Diana Bowlin, City Clerk

First reading: _____

Second reading: _____

Third reading: _____
Publication Date: _____

Meeting Date: 04/03/2017

Subject

Resolution appointing representatives to the YMCA Steering Committee

Information

Council needs to designate three members to the YMCA Steering Committee as outlined in the 28E Agreement (packet) and as requested by Executive Director Scott Kruthoff (packet). The Steering Committee is to be:

- Comprised of three representatives appointed by the YMCA and three representatives appointed by the City Council of the City of Indianola - each representative shall have one vote.
- The Committee will meet quarterly to make decision, solve disputes related to the 28E Agreement, facilitate communication and cooperation between the City of Indianola and the Indianola YMCA

In your packet is the resolution designating Council members Shirley Clark and Greta Southall and P&R Director Doug Bylund to the YMCA Steering Committee.

Roll call is in order.

Fiscal Impact

Attachments

Resolution

YMCA Information

CITY OF INDIANOLA

RESOLUTION NO. 2017-_____

**DESIGNATION REPRESENTATIVES TO THE
YMCA STEERING COMMITTEE**

WHEREAS, the City of Indianola has a 28E Agreement with the Indianola YMCA;
and

WHEREAS, the 28E Agreement states there should be three City appointed
representatives to the Steering Committee; and

WHEREAS, the Steering Committee will meet quarterly to make decisions, solve
disputes related to the 28E Agreement, facilitate communication and cooperation between the
City of Indianola and Indianola YMCA; and

WHEREAS, the Mayor and City Council recommends designating the following
individuals as its representatives to engage in the Indianola YMCA Steering Committee:
Council Member Shirley Clark, Council Member Greta Southall and Park and Recreation
Director Doug Bylund.

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of
Indianola hereby designate Council Member Shirley Clark, Council Member Greta
Southall and Park and Recreation Director Doug Bylund as its representatives to the
Indianola YMCA Steering Committee.

This Resolution passed by the City Council of the City of Indianola on April 3,
2017.

Kelly B. Shaw, Mayor

ATTEST:

Diana Bowlin, City Clerk



FOR YOUTH DEVELOPMENT
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

OFFICE OF CITY CLERK

February 24, 2017

FEB 27 2017

INDIANOLA, IOWA

Indianola City Council
Council Chambers of City Council
110 North 1st Street
Indianola, IA 50125

Dear Indianola City Council:

The Indianola YMCA is seeking to establish the Steering Committee outlined in the 28E Agreement between the City of Indianola and the YMCA of Greater Des Moines. This Steering Committee is to be comprised of three representatives appointed by the YMCA and three representatives appointed by the City Council of the City of Indianola. This Steering Committee will meet quarterly, not only to make decisions and solve disputes related to the 28E agreement, but also to facilitate communication and cooperation between the City of Indianola and the Indianola YMCA. It is our goal that the first of these Steering Committee meetings be held within 30 days of the City Council identifying its appointees.

While we recognize it is up to the City Council to appoint three representatives of its choice, the Executive Committee of the Indianola YMCA Board of Managers would make the following recommendations for your consideration to serve on the committee:

1. City Manager
2. Parks and Recreation Director
3. City Council Representative

Thank you for your attention so that we can move forward with this Steering Committee. Please do not hesitate to contact any of the Executive Committee volunteers, named below, or Scott Kruthoff, Executive Director of the Indianola YMCA, with questions.

Sincerely,

Scott Kruthoff, Executive Director, Indianola YMCA
Executive Committee of the Indianola YMCA Board of Managers: John Sirianni (Chair), Nate Fehl (Chair – Elect), and Kevin Halterman

CC: Kelly Shaw, Mayor
Ryan Waller, City Manager

17. Waiver of Subrogation Rights. Each of the parties hereby releases the other from any claim for recovery for any loss or damage to any of its property or for any liability which is insured under valid and collectible insurance policies to the extent of any recovery collectible under such insurance. It is further agreed that this waiver applies only when permitted by the applicable policy of insurance.

18. Non-Assignment of Interest Under this Agreement. YMCA shall not assign its interests under this Agreement without the prior written consent of City in each instance.

19. Steering Committee. A Steering Committee shall be established which includes six (6) members. The Steering Committee shall be comprised of three (3) representatives appointed by YMCA and three (3) representatives appointed by the City Council of City. Each representative shall have one vote. Quorum shall exist with four members, but no action shall be taken or approved by the Steering Committee without the affirmative vote of at least four (4) members of the Steering Committee. In the event of a stalemate of the Steering Committee, representatives of City and YMCA agree to attempt, in good faith, to negotiate a resolution of the stalemate, and if after the expiration of thirty (30) days, the parties have not negotiated a resolution of the stalemate, then the parties agree to engage in mediation of the dispute within thirty (30) days with a mediator selected by mutual agreement of the parties. In the event mediation is unsuccessful, the parties may exercise their remaining rights under this Agreement, including termination in accordance with its terms.

20. Steering Committee Powers. The Steering Committee shall be empowered to do the following:

- A. Resolve disputes arising under this Agreement. Decision of the Steering Committee shall be binding so long as this Agreement remains in force.

- B. Make decisions specifically delegated to the Steering Committee under this Agreement.
- C. Meet regularly, but no less than quarterly, to facilitate communication and cooperation between City and YMCA in the performance of the parties under this Agreement.
- D. Meet regularly during planning, construction, and furnishing of the Facility to facilitate communication and cooperation between City and YMCA.

21. Non-Liability of Members of the Steering Committee. No member of the Steering Committee shall be personally liable for a claim based upon an act or omission of the person performed in the discharge of the person's duties, except for acts or omissions which involve intentional misconduct or knowing violation of the law, or in a transaction from which the person draws an improper personal benefit. Provided, however, that nothing in this Agreement shall be construed as constituting the waiver of any immunity from liability available to the parties, the Steering committee members, or their officer, employees, agents, members, or volunteers pursuant to any applicable provision of law.,

22. Indemnification. To the extent authorized by law, City and YMCA shall defend, indemnify and hold harmless any of their own respective representatives on the Steering Committee from any and all claims, demands, causes of action, suits, settlements, and any other claimed damages, to include reasonable attorney fees, investigative costs, suit fees and other costs associated therewith, arising out of implementation of this Agreement except those resulting directly from intentional misconduct or knowing violation of the law in a transaction for which the Steering Committee member derives an improper personal benefit.

23. Branch Board of Managers. The YMCA shall, in accordance with its bylaws, establish a Branch Board of Managers which shall be representative of the geographic and

Meeting Date: 04/03/2017

Subject

Resolution approving a Development Agreement with Diligent Development and Jerry's Homes regarding the extension of East Euclid Avenue

Information

In your packet is the resolution and Development Agreement with Diligent Development and Jerry's Homes regarding the extension of East Euclid Avenue. Highlights of the agreement include:

- Developers shall design and construct all infrastructure improvements shown on the preliminary plats for Prairie Glynn Plat 2 and Ashton Park Plat 6
- Developer Diligent intends that its portion of Prairie Glynn Plat 2 will include a minimum of 16 building lots and Developer Jerry's Homes intends that Ashton Park Plat 6 will include a minimum of 36 building lots
- The City agrees to participate in one-third (1/3) of the cost of paving and storm water improvements on East Euclid based on the final and actual construction costs. The City shall receive a credit towards its contribution equal to the cost reduction for paving and storm water improvements attributable to a decrease in the width of East Euclid from 31 feet to 25 feet. The City agrees to remit its contribution to a Developer for that portion of the paving and storm water improvements corresponding to the Developer's plat within thirty (30) days of the Council's approval by Resolution accepting the final plat and public improvements.
- The design shall be completed, construction quotes obtained and the construction project awarded no later than June 1, 2017. Developers agree to use commercially reasonable means to obtain a minimum of three (3) construction quotes. The City reserves the right to review the quotes received and to reject any unbalanced unit costs.
- Developers shall make every reasonable effort to have the improvements completed on or before September 1, 2017; provided that all parties continue to cooperate in the completion of the project.
- This Agreement shall be governed by the laws of the State of Iowa.

Roll call is in order.

Roll call is in order.

Fiscal Impact

Attachments

Resolution

Development Agreement

RESOLUTION NO. 2017-_____

RESOLUTION APPROVING A DEVELOPMENT AGREEMENT WITH
DILIGENT DEVELOPMENT AND JERRY'S HOMES REGARDING
THE EXTENSION OF EAST EUCLID AVENUE

WHEREAS, the City of Indianola, Iowa (hereinafter the "City") and Diligent Development Group, L.L.C., an Iowa limited liability company and Jerry's Homes, Inc., an Iowa corporation (hereinafter "DEVELOPERS ") have agreed that the paving and stormwater improvements for East Euclid Avenue from North 15th Street East to the property lines of the preliminary platted area of Ashton Park # 6 are mutually beneficial to the City and to DEVELOPERS for the development of residential housing in Indianola, Iowa; and

WHEREAS, Diligent Development Group, L.L.C. ("Diligent") is developing the subdivision that will be known as Prairie Glynn Plat 2 and Jerry's Homes, Inc. ("Jerry's Homes") is developing the subdivision known as Ashton Park Plat 6; and

WHEREAS, the DEVELOPERS have agreed to work together on the paving and stormwater improvements for the subdivisions due to the timing of their respective subdivision plats and because each DEVELOPER owns property to the center line and agrees to dedicate the property that will become East Euclid Avenue; and

WHEREAS, the City finds that the City expenditure required for the proposed improvements provides a general benefit to the City and its citizens.

NOW THEREFORE BE IT RESOLVED that the attached Development Agreement is approved in substantial conformance between the City of Indianola, Diligent Development Group, L.L.C. and Jerry's Homes, Inc.; and

BE IT FURTHER RESOLVED that the Mayor of the City of Indianola is hereby authorized to execute said agreement on behalf of the City and the City Clerk is authorized and directed to attest to said signature and to affix the seal of the City to the documents required.

PASSED AND APPROVED this 3rd day of April, 2017.

Kelly B. Shaw, Mayor

ATTEST:

Diana Bowlin, City Clerk

When Recorded Return to:,

City of Indianola, Iowa
Attn: City Clerk
110 North 1st Street
Indianola, IA 50023

Preparer Information: Amy S. Beattie, 6701 Westown Parkway, Suite 100, West Des Moines, Iowa 50266

Phone: 515-274-1450

**DEVELOPMENT AGREEMENT BY AND BETWEEN
THE CITY OF INDIANOLA, DILIGENT PRAIRIE GLYNN, LLC AND JERRY'S HOMES**

WHEREAS, the City of Indianola, Iowa (hereinafter the "City") and Diligent Prairie Glynn, LLC, an Iowa limited liability company and Jerry's Homes, Inc., an Iowa corporation (hereinafter "DEVELOPERS ") have agreed that the paving and stormwater improvements for East Euclid Avenue from North 15th Street East to the property lines of the preliminary platted area of Ashton Park # 6 are mutually beneficial to the City and to DEVELOPERS for the development of residential housing in Indianola, Iowa; and

WHEREAS, Diligent Prairie Glynn, LLC ("Diligent") is developing the subdivision that will be known as Prairie Glynn Plat 1, as shown on Exhibit "A", and Jerry's Homes, Inc. ("Jerry's Homes") is developing the subdivision known as Ashton Park Plat 6, as shown on Exhibit "B"; and

WHEREAS, the DEVELOPERS have agreed to work together on the paving and stormwater improvements for the subdivisions due to the timing of their respective subdivision plats and because each DEVELOPER owns property to the center line and agrees to dedicate the property that will become East Euclid Avenue; and

WHEREAS, the City finds that the City expenditure required for the proposed improvements provides a general benefit to the City and its citizens.

NOW, THEREFORE, in consideration of the mutual promises of the parties contained herein, DEVELOPERS and the City hereby agree as follows:

1. DEVELOPERS shall design and construct all infrastructure improvements shown on the preliminary plats for Prairie Glynn Plat 2 and Ashton Park Plat 6 and paving and storm sewer for East Euclid Avenue from North 15th Street, east to the east property lines, including the intersections with N 15th Street, N 16th Street, N 17th Street and N 18th Street. The total paving and storm sewer project is currently estimated at \$441,550 as shown on Exhibit "C". Said improvements shall be in compliance with plans approved by the City Engineer of the City of Indianola and all applicable local, state and federal laws.
2. DEVELOPER Diligent intends that its portion of Prairie Glynn Plat 2 will include a minimum of 16 building lots. DEVELOPER Jerry's Homes intends that Ashton Park Plat 6 will include a minimum of 36 building lots (of which lots numbers 17, 18, 19, 20 and 21 of Prairie Glynn Plat 2 are under DEVELOPER Jerry's Homes ownership and will be included in the final plat of Ashton Park Plat 6) with home values ranging from \$275,000 to \$300,000. Each

DEVELOPER agrees to the dedication and transfer of right of way upon completion of improvements for East Euclid, N 15th Street, N 16th Street, N 17th Street and N 18th Street and submission of the final plat for the respective subdivision for approval by the City Council.

3. DEVELOPERS shall transfer street right-of-way by Warranty Deed. In addition, DEVELOPERS shall grant easements as necessary to accommodate the construction, location and maintenance of the paving and stormwater improvements.
4. The City agrees to participate in one-third (1/3) of the cost of paving and storm water improvements on East Euclid shown on Exhibit "C", based on final and actual construction costs. The City shall receive a credit towards its contribution equal to the cost reduction for paving and storm water improvements attributable to a decrease in the width of East Euclid from 31 feet to 25 feet. The City agrees to remit its contribution to a DEVELOPER for that portion of the paving and storm water improvements corresponding to the DEVELOPER'S plat within thirty (30) days of the Council's approval by Resolution accepting the final plat and public improvements.
5. The design shall be completed, construction quotes obtained and the construction project awarded no later than June 1, 2017. DEVELOPERS agree to use commercially reasonable means to obtain a minimum of three (3) construction quotes. The City reserves the right to review the quotes received and to reject any unbalanced unit costs.
6. DEVELOPERS shall make every reasonable effort to have the improvements completed on or before September 1, 2017; provided that all parties continue to cooperate in the completion of the project.
7. All work listed above will be more fully described in the engineering plans and specifications prepared by DEVELOPERS.
8. This Agreement shall be governed by the laws of the State of Iowa.
9. In the event a party hereto fails to pay its obligations under this Agreement or breaches a covenant, warranty or representation of this Agreement, any other party shall give to the alleged defaulting party written notice of the alleged default and of the actions necessary to cure the default. If the default is not cured within 10 days from the date of notice, the party not in default may exercise all remedies available at law, or in equity, including specific performance.

In the event that the above-described improvements are not completed timely, the City may elect to contract for the construction of said improvements and assess the costs of the improvements against the plat of the defaulting DEVELOPER.

In consideration of the execution by the City of this Agreement and the construction of the improvements each undersigned DEVELOPER hereby waives the public hearing on the adoption of the Resolution on Necessity and the mailing and publication of notice thereof, and all other legal formalities of whatsoever kind or character required by the laws of Iowa to be observed by cities in the construction of the improvements where the expense of such improvements is to be assessed against private property. The DEVELOPER hereby expressly waives each and every question of jurisdiction, benefit and need, the intention of the DEVELOPER being to authorize and direct said City to construct the improvements for the

benefit of the DEVELOPER'S plat without requiring any of the formalities or legal proceedings required of cities by the statutes of Iowa.

It is further agreed that when said improvements have been constructed in accordance with the plans and specifications and if the City assesses the cost of the improvements by special assessment, that the City shall make assessments against the property proportionately, and that said assessments so made shall be a lien upon the property, and the DEVELOPER hereby agrees to pay the amount that is assessed against said property, and said assessment shall have the same legal force and effect as if all the legal formalities provided by law in such cases had been fully and faithfully performed and observed, subject only to the rights of the DEVELOPER reserved herein. The DEVELOPER hereby expressly waives every objection to said final assessment, any limitation of the amount thereof as a percentage of valuation and any right to defer or postpone payment of the assessment. Said assessment shall be paid by the DEVELOPER within the time provided by statute for the payment of such special assessments for such improvements. DEVELOPER, if entitled to agricultural deferment under the Code of Iowa, hereby waives its right to such deferral.

DEVELOPER hereby authorizes the City Council to pass any resolution requisite or necessary to order or secure said improvements, to provide for the construction of the same and to make the assessments herein provided for, subject only to the right of the DEVELOPER reserved herein, and any such resolution may contain recitals that said improvements are ordered or made by the Council without petition of DEVELOPER; without in any way qualifying this petition or releasing the DEVELOPER from obligations to pay the assessments levied against its property for the cost of said improvements and to issue improvement bonds payable out of said assessment as herein provided.

DEVELOPER warrants that the property is free and clear of all liens and encumbrances other than for ordinary taxes, except for such liens as are by lienholders hereinafter listed and designated as signers of this Petition and Waiver, who by execution of this Petition consent to the subordination of their lien to the special assessment liens herein described. DEVELOPER further agrees to subordinate its property to the terms of this Petition and Waiver, and upon failure to do so, to pay the full amount of the assessment on demand. Each lienholder, designated below, by execution of this Petition and Waiver, agrees and consents that its lien shall be subordinated to the lien of the assessments levied pursuant hereto.

10. This Agreement contains the entire agreement between the parties. This Agreement may not be changed or modified in any manner, unless a written instrument is executed by the parties.
11. All agreements, covenants, representations and warranties made herein are intended to survive until termination of this Agreement.
12. Any uncertainty or ambiguity existing herein shall not be interpreted against a party because such party prepared any portion of this Agreement, but shall be interpreted according to the application of rules of interpretation of contracts generally.
13. Performance of the Agreement shall be complete, and this Agreement shall terminate, when each of the parties has satisfied its respective covenants and obligations hereunder.
14. Each party will, whenever it shall be reasonably requested to do so by another party, promptly execute, acknowledge, and deliver, or cause to be executed, acknowledged, or delivered, any and all such further conveyances, confirmations, instruments, or further assurances and

consents as may be necessary or proper, in order to effectuate the covenants and agreements herein provided. Each party will cooperate in good faith with the other parties and shall execute, acknowledge, and deliver any and all documents or requests in order to satisfy the conditions set forth therein and carry out the intent and purposes of this Agreement.

15. Any consent or approval required herein shall not be unreasonably withheld; provided, however, that this Agreement is subject to the approval of the City Council of the City of Indianola, Iowa.
16. Neither the method of computation of funding nor any other provisions contained in this Agreement nor any acts of any party shall be deemed or construed by DEVELOPERS or by any third person to create the relationship of partnership or joint venture or of any association between the parties.
17. The undersigned officers of the parties covenant and confirm that this Agreement has been approved, and its execution authorized, by DEVELOPERS and the City Council of the City of Indianola, Iowa, and that the undersigned officers have been authorized to enter into and execute this Agreement on behalf of DEVELOPERS and the City.
18. The City has found and determined that this Agreement serves and accomplishes a public purpose and is in the best interests of the City and its citizens and residents.
19. All notices or requests under this Agreement shall be given by certified mail, postage prepaid, return receipt requested, to the addresses shown below.

City:

City of Indianola
110 North 1st Street
Indianola, IA 50125
Attn: City Manager

DEVELOPERS:

Diligent Prairie Glynn, LLC
12119 Straford Drive
Clive, IA 50325

Jerry's Homes, Inc.
10430 New York Avenue, Suite C
Urbandale, IA 50322

Each properly addressed notice or request sent by certified mail shall be deemed given and served upon being actually received by the addressee or being rejected by the addressee. The City or DEVELOPERS shall have the right to send notices by overnight delivery which notices shall be deemed given and served upon actual receipt by the addressee or rejection by the addressee.

IN WITNESS WHEREOF, the parties hereto have caused the Agreement to be executed by their duly authorized representatives on this the ____ day of April, 2017.

THE CITY OF INDIANOLA, IOWA

Kelly B. Shaw, Mayor

I, Diana Bowlin, City Clerk of the City of Indianola Iowa do hereby certify that the within and foregoing Development Agreement was duly approved and accepted by the City Council of said City of Indianola by Resolution No. _____ passed on the ____ day of April, 2017 and this certificate is made pursuant to authority contained in said Resolution.

Signed the ____ day of April, 2017.

Diana Bowlin, City Clerk

STATE OF IOWA, COUNTY OF WARREN, ss:

On the ____ day of April, 2017, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Kelly B. Shaw and Diana Bowlin, to me personally known, who, being by me duly sworn, did say that they are the Mayor and City Clerk of the City of Indianola, Iowa, a municipal corporation; that the seal affixed to the above and foregoing instrument is the corporate seal of said municipal corporation, and the said Kelly B. Shaw and Diana Bowlin acknowledged the execution of said instrument to be their voluntary act and deed and the voluntary act and deed of said municipal corporation, by it and by them voluntarily executed.

[Stamp or Seal }

Notary Public in and for the State of Iowa

Diligent Prairie Glynn, LLC

_____, Manager

STATE OF IOWA, COUNTY OF WARREN, ss:

On the _____ day of April, 2017, before me, the undersigned, a Notary in and for the said State, personally appeared _____, to me personally known, who being duly sworn, did say that he is the Manager of Diligent Prairie Glynn, LLC, an Iowa Limited Liability Company; the instrument was signed on behalf of the limited liability company by authority of its members; and that he as Manager acknowledges execution of the instrument to be the voluntary act and deed of the limited liability company by it and by him voluntarily executed.

[Stamp or Seal }

Notary Public in and for the State of Iowa

Jerry's Homes, Inc.

_____, President

STATE OF IOWA, COUNTY OF WARREN, ss:

On the _____ day of April, 2017, before me, the undersigned, a Notary in and for the said State, personally appeared _____, to me personally known, who being duly sworn, did say that he is the President of Jerry's Homes, Inc., an Iowa corporation; the instrument was signed on behalf of the corporation; and that he as President acknowledges execution of the instrument to be the voluntary act and deed of the corporation by it and by him voluntarily executed.

[Stamp or Seal }

Notary Public in and for the State of Iowa

DRAFT

Meeting Date: 04/03/2017

Subject

Resolution approving salaries

Information

This action sets salaries per the personnel management guide, union contract and seasonal salaries.

Joe Holaday, Seasonal Street Sweeper Operator, \$20.426/hour effective April 3, 2017 - returning employee

Jason Grismore, Heavy Equipment Operator, from Range 23-3 \$53,260/year to Range 23-4 \$55,922/year effective April 16, 2017

Raymond Ripperger, Seasonal Mower Operator/Park Maintenance, \$9.00/hour effective April 4, 2017 - first year employee

Michael Miller, Seasonal Park Maintenance, \$9.00/hour effective April 4, 2017 - first year employee

Steven Petersen, Seasonal Pickard Ballfield Worker, \$9.00/hour effective April 4, 2017 - first year employee

Bob Elgin, Seasonal Mower Operator/Park Maintenance, \$9.00/hour effective April 4, 2017 - first year employee

Zoey Martin, Seasonal Pickard Park Concessions, \$8.25/hour effective April 7, 2017 - returning employee

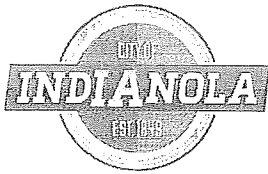
Courtney Crowe, Seasonal Pickard Park Concessions, \$8.00/hour effective April 7, 2017 - first year employee

Roll call is in order.

Fiscal Impact

Attachments

PCN Holaday & Grismore
PCN's
Resolution



PERSONNEL CHANGE NOTICE (PCN)

Employee Name: Joe Holaday

Effective Date (must be at beginning of a pay period, except new hires): April 3, 2017

New Hire: ☐ Rehire: ☐ Status Change: ☐ Step Increase: ☐
Other Pay Change: ☐ Job Title Change: ☐ Department Change: ☐ FTE Change: ☐
Promotion: ☐ Transfer: ☐ Other Change: _____

	FROM	TO
JOB TITLE	Street Sweeper Operator	Street Sweeper Operator
STATUS	Seasonal	Seasonal
PAY RANGE		
PAY RATE W/OUT LONGEVITY	20.426/hr	20.426/hr
PAY RATE W/ LONGEVITY (if not eligible, put N/A)		
EXEMPT/NONEXEMPT	Non Exempt	Non Exempt
DEPARTMENT NAME	Street Department	Street Department
ACCOUNT NUMBER		
FTE		
UNION STATUS	City Non Union X City Union ☐ IMU Non Union ☐ IMU Union ☐	City Non Union ☒ City Union ☐ IMU Non Union ☐ IMU Union ☐

Termination: Voluntary: ☐ Involuntary: ☐ Retirement: ☐ Eligible for Rehire: Yes ☐ No ☐

Reason for Termination: _____ Vaca/Pers Payout: Yes ☐ No ☐

Last Day Worked: _____ Termination Effective Date: _____

COMMENTS: _____

APPROVALS:

Dept Head: [Signature]

Date: 3-16-17

Human Resources: [Signature]

Date: 3/17/17

Finance (pay changes only): [Signature]

Date: 3/17/17

City Manager or GM: [Signature]

Date: 3/17/17

City Council or Board of Trustee: ☐ Yes ☐ No

Date: _____

FOR OFFICE USE: HR Entered: Initial: _____ Date: _____ Payroll Reviewed: Initial: _____ Date: _____



PERSONNEL CHANGE NOTICE (PCN)

Employee Name: Jason Grismore

Effective Date (must be at beginning of a pay period, except new hires): 4/16/17

New Hire: ☐ Rehire: ☐ Status Change: ☐ Step Increase: ☒
Other Pay Change: ☐ Job Title Change: ☐ Department Change: ☐ FTE Change: ☐
Promotion: ☐ Transfer: ☐ Other Change: _____

	FROM	TO
JOB TITLE	Heavy Equipment Operator	Heavy Equipment Operator
STATUS	FT	FT
PAY RANGE	R23-3	R23-4
PAY RATE W/OUT LONGEVITY	53,260 / 25.606	55,922 / 26.885
PAY RATE W/ LONGEVITY (if not eligible, put N/A)	NA	NA
EXEMPT/NONEXEMPT	Non Exempt	Non Exempt
DEPARTMENT NAME	Street	Street
ACCOUNT NUMBER		
FTE	1.0	1.0
UNION STATUS	City Non Union ☐ City Union X ☐ IMU Non Union ☐ IMU Union ☐	City Non Union ☐ City Union X ☐ IMU Non Union ☐ IMU Union ☐

Termination: Voluntary: ☐ Involuntary: ☐ Retirement: ☐ Eligible for Rehire: Yes ☐ No ☐

Reason for Termination: _____ Vaca/Pers Payout: Yes ☐ No ☐

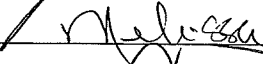
Last Day Worked: _____ Termination Effective Date: _____

COMMENTS: _____

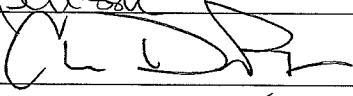
APPROVALS:

Dept Head: 

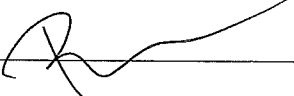
Date: 3-9-17

Human Resources: 

Date: 3/17/17

Finance (pay changes only): 

Date: 3/17/17

City Manager or GM: 

Date: 3/17/17

City Council or Board of Trustee: ☐ Yes ☐ No

Date: _____

FOR OFFICE USE: HR Entered: Initial: _____ Date: _____ Payroll Reviewed: Initial: _____ Date: _____



PERSONNEL CHANGE NOTICE (PCN)

Employee Name: Raymond Ripperger

Effective Date (must be at beginning of a pay period, except new hires): April 4, 2017

New Hire: ☒ XXX ☐ Rehire: ☐ Status Change: ☐ Step Increase: ☐

Other Pay Change: ☐ Job Title Change: ☐ Department Change: ☐ FTE Change: ☐

Promotion: ☐ Transfer: ☐ Other Change: _____

	FROM	TO
JOB TITLE		Mower Operator/Park Maint.
STATUS		New
PAY RANGE		
PAY RATE W/OUT LONGEVITY		\$9.00
PAY RATE W/ LONGEVITY (if not eligible, put N/A)		N/A
EXEMPT/NONEXEMPT		Non-Exempt
DEPARTMENT NAME		Parks
ACCOUNT NUMBER		042-4300-60175
FTE		Seasonal part-time
UNION STATUS	City Non Union ☐ City Union ☐ IMU Non Union ☐ IMU Union ☐	City Non Union XXX ☒ City Union ☐ IMU Non Union ☐ IMU Union ☐

Termination: Voluntary: ☐ Involuntary: ☐ Retirement: ☐ Eligible for Rehire: Yes ☐ No ☐

Reason for Termination: _____ Vaca/Pers Payout: Yes ☐ No ☐

Last Day Worked: _____ Termination Effective Date: _____

COMMENTS: _____

APPROVALS:

Dept Head: 

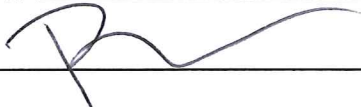
Date: 3-29-17

Human Resources: 

Date: 3/29/17

Finance (pay changes only): _____

Date: _____

City Manager or GM: 

Date: 3/31/17

City Council or Board of Trustee: ☐ Yes ☐ No

Date: _____

FOR OFFICE USE: HR Entered: Initial: _____ Date: _____ Payroll Reviewed: Initial: _____ Date: _____



PERSONNEL CHANGE NOTICE (PCN)

Employee Name: Michael Miller

Effective Date (must be at beginning of a pay period, except new hires): April 4, 2017

New Hire: XXX ☒ Rehire: ☐ Status Change: ☐ Step Increase: ☐
Other Pay Change: ☐ Job Title Change: ☐ Department Change: ☐ FTE Change: ☐
Promotion: ☐ Transfer: ☐ Other Change: _____

	FROM	TO
JOB TITLE		Park Maintenance
STATUS		New
PAY RANGE		
PAY RATE W/OUT LONGEVITY		\$9.00
PAY RATE W/ LONGEVITY (if not eligible, put N/A)		N/A
EXEMPT/NONEXEMPT		Non-Exempt
DEPARTMENT NAME		Parks
ACCOUNT NUMBER		042-4300-60175
FTE		Seasonal part-time
UNION STATUS	City Non Union ☐ City Union ☐ IMU Non Union ☐ IMU Union ☐	City Non Union XXX ☒ City Union ☐ IMU Non Union ☐ IMU Union ☐

Termination: Voluntary: ☐ Involuntary: ☐ Retirement: ☐ Eligible for Rehire: Yes ☐ No ☐

Reason for Termination: _____ Vaca/Pers Payout: Yes ☐ No ☐

Last Day Worked: _____ Termination Effective Date: _____

COMMENTS: _____

APPROVALS:

Dept Head: *Michael Miller* Date: 3-29-17

Human Resources: *Melissa Mcely* Date: 3/29/17

Finance (pay changes only): _____ Date: _____

City Manager or GM: *R* Date: 3/31/17

City Council or Board of Trustee: ☐ Yes ☐ No Date: _____

FOR OFFICE USE: HR Entered: Initial: _____ Date: _____ Payroll Reviewed: Initial: _____ Date: _____



PERSONNEL CHANGE NOTICE (PCN)

Employee Name: Steven Petersen

Effective Date (must be at beginning of a pay period, except new hires): April 4, 2017

New Hire: XXX ☒ Rehire: ☐ Status Change: ☐ Step Increase: ☐

Other Pay Change: ☐ Job Title Change: ☐ Department Change: ☐ FTE Change: ☐

Promotion: ☐ Transfer: ☐ Other Change: _____

	FROM	TO
JOB TITLE		Pickard Ballfield Worker
STATUS		New
PAY RANGE		
PAY RATE W/OUT LONGEVITY		\$9.00
PAY RATE W/ LONGEVITY (if not eligible, put N/A)		N/A
EXEMPT/NONEXEMPT		Non-Exempt
DEPARTMENT NAME		Parks and Rec
ACCOUNT NUMBER		042-4200-60110
FTE		Seasonal part-time
UNION STATUS	City Non Union ☐ City Union ☐ IMU Non Union ☐ IMU Union ☐	City Non Union XXX ☒ City Union ☐ IMU Non Union ☐ IMU Union ☐

Termination: Voluntary: ☐ Involuntary: ☐ Retirement: ☐ Eligible for Rehire: Yes ☐ No ☐

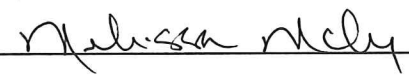
Reason for Termination: _____ Vaca/Pers Payout: Yes ☐ No ☐

Last Day Worked: _____ Termination Effective Date: _____

COMMENTS: _____

APPROVALS:

Dept Head:  Date: 3-29-17

Human Resources:  Date: 3/29/17

Finance (pay changes only): _____ Date: _____

City Manager or GM:  Date: 3/31/17

City Council or Board of Trustee: ☐ Yes ☐ No Date: _____

FOR OFFICE USE: HR Entered: Initial: _____ Date: _____ Payroll Reviewed: Initial: _____ Date: _____



PERSONNEL CHANGE NOTICE (PCN)

Employee Name: Bob Elgin

Effective Date (must be at beginning of a pay period, except new hires): April 4, 2017

New Hire: ☒ XXX ☐ Rehire: ☐ Status Change: ☐ Step Increase: ☐

Other Pay Change: ☐ Job Title Change: ☐ Department Change: ☐ FTE Change: ☐

Promotion: ☐ Transfer: ☐ Other Change: _____

	FROM	TO
JOB TITLE		Mower Operator/Park Maint.
STATUS		New
PAY RANGE		
PAY RATE W/OUT LONGEVITY		\$9.00
PAY RATE W/ LONGEVITY (if not eligible, put N/A)		N/A
EXEMPT/NONEXEMPT		Non-Exempt
DEPARTMENT NAME		Parks
ACCOUNT NUMBER		042-4300-60175
FTE		Seasonal part-time
UNION STATUS	City Non Union ☐ City Union ☐ IMU Non Union ☐ IMU Union ☐	City Non Union XXX ☒ City Union ☐ IMU Non Union ☐ IMU Union ☐

Termination: Voluntary: ☐ Involuntary: ☐ Retirement: ☐ Eligible for Rehire: Yes ☐ No ☐

Reason for Termination: _____ Vaca/Pers Payout: Yes ☐ No ☐

Last Day Worked: _____ Termination Effective Date: _____

COMMENTS: _____

APPROVALS:

Dept Head: *Mich Ba* Date: 3-29-17

Human Resources: *Nelson Riley* Date: 3/29/17

Finance (pay changes only): _____ Date: _____

City Manager or GM: *R* Date: 3/31/17

City Council or Board of Trustee: ☐ Yes ☐ No Date: _____

FOR OFFICE USE: HR Entered: Initial: _____ Date: _____ Payroll Reviewed: Initial: _____ Date: _____



PERSONNEL CHANGE NOTICE (PCN)

Employee Name: Zoey Martin

Effective Date (must be at beginning of a pay period, except new hires): 4/7/2017

New Hire: ☐ Rehire: ☐ Status Change: ☐ Step Increase: ☐

Other Pay Change: ☒ Job Title Change: ☐ Department Change: ☐ FTE Change: ☐

Promotion: ☐ Transfer: ☐ Other Change: _____

	FROM	TO
JOB TITLE	Pickard Park Concessions	Pickard Park Concessions
STATUS	Seasonal	Seasonal
PAY RANGE		
PAY RATE W/OUT LONGEVITY	\$8.00/hour	\$8.25/hour
PAY RATE W/ LONGEVITY (If not eligible, put N/A)	N/A	N/A
EXEMPT/NONEXEMPT	Non-exempt	Non-exempt
DEPARTMENT NAME	Parks and Recreation	Parks and Recreation
ACCOUNT NUMBER	042-4200-60110	042-4200-60110
FTE	N/A	N/A
UNION STATUS	City Non Union ☒ City Union ☐ IMU Non Union ☐ IMU Union ☐	City Non Union ☒ City Union ☐ IMU Non Union ☐ IMU Union ☐

Termination: Voluntary: ☐ Involuntary: ☐ Retirement: ☐ Eligible for Rehire: Yes ☐ No ☐

Reason for Termination: _____ Vaca/Pers Payout: Yes ☐ No ☐

Last Day Worked: _____ Termination Effective Date: _____

COMMENTS: _____

APPROVALS:

Dept Head: _____

Date: 3/29/17

Human Resources: _____

Date: 3/29/17

Finance (pay changes only): _____

Date: _____

City Manager or GM: _____

Date: 3/31/17

City Council or Board of Trustee: ☐ Yes ☐ No

Date: _____

FOR OFFICE USE: HR Entered: Initial: _____ Date: _____ Payroll Reviewed: Initial: _____ Date: _____



PERSONNEL CHANGE NOTICE (PCN)

Employee Name: Courtney Crowe

Effective Date (must be at beginning of a pay period, except new hires): 4/7/2017

New Hire: ☒ Rehire: ☐ Status Change: ☐ Step Increase: ☐
Other Pay Change: ☐ Job Title Change: ☐ Department Change: ☐ FTE Change: ☐
Promotion: ☐ Transfer: ☐ Other Change: _____

	FROM	TO
JOB TITLE		Pickard Park Concessions
STATUS		Seasonal
PAY RANGE		
PAY RATE W/OUT LONGEVITY		\$8.00/hour
PAY RATE W/ LONGEVITY (if not eligible, put N/A)		N/A
EXEMPT/NONEXEMPT		Non-exempt
DEPARTMENT NAME		Parks and Recreation
ACCOUNT NUMBER		042-4200-60110
FTE		N/A
UNION STATUS	City Non Union ☐ City Union ☐ IMU Non Union ☐ IMU Union ☐	City Non Union ☒ City Union ☐ IMU Non Union ☐ IMU Union ☐

Termination: Voluntary: ☐ Involuntary: ☐ Retirement: ☐ Eligible for Rehire: Yes ☐ No ☐
Reason for Termination: _____ Vaca/Pers Payout: Yes ☐ No ☐
Last Day Worked: _____ Termination Effective Date: _____

COMMENTS: _____

APPROVALS:

Dept Head: _____ Date: 3/29/17

Human Resources: _____ Date: 3/29/17

Finance (pay changes only): _____ Date: _____

City Manager or GM: _____ Date: 3/31/17

City Council or Board of Trustee: ☐ Yes ☐ No Date: _____

FOR OFFICE USE: HR Entered: Initial: _____ Date: _____ Payroll Reviewed: Initial: _____ Date: _____

RESOLUTION 2017-_____
APPROVING SALARIES

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF INDIANOLA, IOWA:

Jason Grismore, Heavy Equipment Operator, from Range 23-3 \$53,260/year to Range 23-4 \$55,922/year effective April 16, 2017

Raymond Ripperger, Seasonal Mower Operator/Park Maintenance, \$9.00/hour effective April 4, 2017

Michael Miller, Seasonal Park Maintenance, \$9.00/hour effective April 4, 2017

Steven Petersen, Seasonal Pickard Ballfield Worker, \$9.00/hour effective April 4, 2017

Bob Elgin, Seasonal Mower Operator/Park Maintenance, \$9.00/hour effective April 4, 2017

Zoey Martin, Seasonal Pickard Park Concessions, \$8.25/hour effective April 7, 2017

Courtney Crowe, Seasonal Pickard Park Concessions, \$8.00/hour effective April 7, 2017

Passed and approved on the 3rd day of April, 2017.

Kelly B. Shaw, Mayor

ATTEST:

Diana Bowlin, City Clerk