

MARSHALLTOWN

— I O W A —

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TO: Mayor Greer and City Council
FROM: Diana Steiner, Finance Director
DATE: 1/3/2023
RE: Approve Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2022

Policy Issue: Per the City’s Cash Management Policy, the Finance Department is responsible for the legal publication compliance for annual reports including the audit.

<input type="checkbox"/> Strategy 1: Expand and improve development in the community	<input checked="" type="checkbox"/> Strategy 3: Continually improve and sustain the City’s infrastructure, organization, and services.
<input type="checkbox"/> Strategy 2: Enhance Marshalltown’s public image	<input type="checkbox"/> Strategy 4: Partner with citizens, for-profit, non-profit, and others to improve quality of life

Specific Objective/Action: N/A

Recommendation: Staff recommends approving the June 30, 2022 ACFR

Budget Impact: N/A

Description/Background: The Finance Department has prepared the FY2022 ACFR. The report presents the City’s financial information on an accrual basis in accordance with governmental accounting standards. Revenues for the year excluding the component unit totaled \$49,148,461 and expenses excluding the component unit totaled \$35,393,755 (see page 15). The component unit is Marshalltown Water Works.

The ACFR contains various sections but the Management Discussion and Analysis (MD&A) prepared by the City Finance Department provides a summary of the report (see pages 12-20). Many of the tables distinguish between Governmental Activities and Business-Type Activities and then also provide totals and a comparison to last fiscal year.

The remaining expenditures from the Derecho and final expenditures related to the 2018 Tornado are shown in the Disaster Fund (p. 27-28). The Derecho expenditures were obligated in fiscal year 2022 and City received 3.7 million in disaster related funds in FY22 (accrual basis).

The City borrowed \$13.1 million dollars for streets, parks, dangerous and dilapidated buildings, and sanitary sewer projects. Approximately \$9.3 million of debt was retired. In addition, \$3.6 million of

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already existing debt was refunded to lower interest rates. Overall outstanding principal debt was 41.5 million for governmental activities (p. 103-106) and \$18.4 million for business-type activities (p. 107-109).

Capital assets, before accumulated depreciation, increased by \$10.1 million (p.18). This is primarily due to the completion of sanitary sewer projects, various machinery and equipment purchases, and completions of several street projects.

The fund balance in the General Fund increased to 6.6 million. Page 46 shows that \$5.85 million is unrestricted; however, \$2.6 million is in a cash flow reserve fund that cannot be spent without Council publishing a notice of the proposed uses and holding a public hearing.

Eide Bailly LLP has also completed its annual audit of the City (see pages 8-11 for their report). The City received an unmodified (“clean”) opinion, which means the report is presented fairly, in all material respects. The compliance sections outline the findings of the annual audit (see pages 139-149). There were no findings noted in the current year.

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