



CITY OF MARSHALLTOWN, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2017

**Prepared by:
City Finance Department**

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Introductory Section
June 30, 2017

City of Marshalltown



City of Marshalltown
James Lowrance, Mayor
Jessica Kinser, City Administrator
Diana Steiner, Finance Director
24 North Center Street
Marshalltown, IA 50158-4911
Tel - (641) 754-5760
Fax - (641) 754-5781
Email: dsteiner@marshalltown-ia.gov

December 20, 2017

To the Honorable Mayor, City Council Members
And Citizens of the City of Marshalltown, Iowa:

The City of Marshalltown, Iowa, is required by various state and federal regulations to publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles or GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to these requirements, the Comprehensive Annual Financial Report (CAFR) of the City of Marshalltown, Iowa for the fiscal year ended June 30, 2017 as prepared by the Finance Department is hereby submitted in accordance with the provisions of Chapter 11.6 of the Code of Iowa.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City's financial statements have been audited by Eide Bailly, L.L.P, a firm of licensed Certified Public Accountants, and they have issued an unmodified ("clean") opinion on the City's financial statements for the year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, 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, Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance and Schedule of Findings and Questioned Costs is included in the section entitled Compliance Section.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

City Council
Susan Cahill, Mike Gowdy, Joel Greer, Al Hoop,
Leon Lamer, Bill Martin, Bethany Wirin



Profile of the City

The City was incorporated July 27, 1863 under the laws of the State of Iowa, later amended on June 16, 1975 under the City Home Rule Act. Marshalltown is located in the central region of the state, with a land area of 19.28 square miles and a population of 27,552 as of the 2010 census. The City is empowered to levy a property tax on real property located within its boundaries, and has the power to extend its corporate limits by annexation.

The City operates under a mayor-council form of government. Setting policy and legislative authority are vested in the seven-member council. The City Council is responsible for passing ordinances, resolutions, adopting and amending the budget, appointing committees and hiring the City Administrator as provided by city ordinance. The Mayor and Council are elected for a four year staggered term rotation, allowing continuity within the membership. Four of the council members are elected from within their respective districts. The mayor and the three remaining council members are elected at large. The City Administrator, hired by the City Council is responsible for carrying out the policies and ordinances of the council, overseeing the day-to-day operations of the government, and for hiring the City Clerk and department managers.

The City provides the following services as authorized by its charter: public safety, public works, culture, recreation, and community development. The City also provides additional services including sewage collection and disposal, compost facility, a transit system, and municipal parking lots.

The City's financial statements include all funds, departments, boards and commissions, and other government entities that do not have separate legal status as required by accounting principals generally accepted in the United States of America.

In Marshalltown, the library is overseen by a board of directors and included in the operations of the general fund. 911 Communications are administered by a 911 Commission, which uses an agreement allowed by Chapter 28 of the Code of Iowa and is included in this report. The water distribution system, administered by an independent utility board of trustees, and the Convention and Visitors Bureau, administered by a board of directors, are included as component units of the City.

The annual budget serves as the foundation for the City of Marshalltown's financial planning, development and control. The City Administrator and Finance Director are responsible for developing a budget proposal to the City Council. The proposed budget is presented to the Council in January and February of each year. The Council is required to hold public hearings on the proposed budget and to adopt the final budget no later than March 15 for the fiscal year beginning the following July first. The appropriated budget is prepared by fund and function.

Local Economy

The 2010 census showed Marshalltown's population increasing 5.9% from 26,009 to 27,552. Unemployment in the City was at 4.3% as of June 2017. This is higher than the Iowa rate of 3.2% as of June 2017.

The number of building permits increased in fiscal year 2017. 20 new residential construction building permits were issued creating 41 housing units for a value of \$6,766,000. 30 residential remodeling, repairs, and addition permits were issued for a value of \$752,000. This was an overall increase from the prior year of \$1,221,000. Total building permit activity for commercial industrial, residential and accessory structures totaled 148 building permits with a valuation of \$29,485,000. This included large projects such as the Holiday Inn Express and The Willows Assisted Living complex.

The Local Option Sales Tax (LOST) which begun April 1, 2000 was voted and approved for another 10 year extension which will end in 2025. The allocation remained the same with 75% being designated for property tax relief, 20% for street projects and 5% allocated for council discretion. For fiscal year ending June 30, 2017 the City collected approximately \$3.5 million (accrual basis). The voters passed a referendum August 1, 2017 to reallocate the LOST for 78% property tax relief and 22% council discretion. This became effective November 1, 2017, which would affect next fiscal year's budget and audit.

Major Initiatives

Alliant Energy's Iowa utility completed their construction of a \$700 million, 650 – megawatt electric generating plant in the spring of 2017. The station is expected to power more than 500,000 homes in Iowa and Minnesota. The generating plant replaces a large portion of the coal-fired generating station, with 150 watts to remain for peak generation. This project created 15 to 20 permanent jobs and 250 to 350 jobs, on average, during construction. Alliant Energy is the City's largest taxpayer.

Unity Point Healthcare purchased what was formerly known as the Marshalltown Medical and Surgical Center (MMSC) in May 2017. This transition has provided a stable medical provider and employer in the community. Unity Point has provided a positive direction for the future access to high quality medical services and is actively recruiting physicians and other professionals. While no timetable has been established, plans do include the future development of the south campus.

The Marshalltown School District completed the renovation and addition of the Marshalltown High School Roundhouse. The board approved an almost \$8 million construction contract in October 2013. With architectural fees and other costs, the project cost approximately \$10 million. Phase one included the renovation of the current gym including a new efficient heating and cooling system, a state-of-the-art gym floor, more safer/comfortable bleachers, and locker and weight rooms. It also included a new roof and other features. General obligation bonds were sold and will be repaid with future sales tax revenue and will not include any increase to property tax rates. Phase two is underway and includes an auxiliary gym and wrestling room and is estimated to cost \$3.85 million and be paid for by donations. The Martha- Ellen Tye Foundation said it will donate a \$1 million challenge grant to the project when the community raises its first \$1 million. To date \$2.8 million of the anticipated \$3.85 million has been raised.

Hawkeye Hotels, LLC is building a Holiday Inn Express hotel with an estimated project cost of \$10,000,000. It is anticipated to open in the spring of 2018.

A new housing development, Wandering Creek, has begun construction. It includes plans for 52 townhomes, in 2-4 unit configurations. The total estimated investment is over \$10,000,000.

Inter-governmental Cooperation

The Marshalltown Area Chamber of Commerce, Marshalltown Community School District, Iowa Valley Community College and area business leaders formed the Marshalltown Business-Education Alliance. The mission of the Alliance is to drive the successful execution of the partners' strategic plans, achieve measurable results, and be the education system of choice. Five goals were identified (a) remove barriers and expand educational opportunities and career pathways for students, (b) actively engage business leaders and educators to determine the skills needed in the workplace, (c) improve community perceptions and attitudes about education, (d) develop a unified front to ensure parents recognize the value of education and (e) provide "one voice advocacy" for policies and issues affecting education excellence.

The City of Marshalltown has been a successful recipient of five Lead Based Paint Hazard Control Grants from the US Department of Housing and Urban Development. Since 2003 a total of \$12,687,265 has been awarded. By the end of 2017, a total of 722 housing units will be made lead safe through home renovations

such as window replacement, siding installation and paint stabilization. The City has established partnerships with 28 other governmental entities to offer a regional program throughout four Counties. The current grant is the largest totaling \$3,400,000. 130 housing units will be made lead safe over a three year period.

Long-Term Financial Planning

Maintenance and rehabilitation of the City's infrastructure (such as streets, sewers and bridges) have been the major priority of the City during the last four years. The City annually adopts a five-year Capital Improvement Program that provides a framework for the development and maintenance of infrastructure to meet current and future needs. In conjunction with this program, the City of Marshalltown includes a five year equipment replacement plan.

A vote was taken August 2, 2016 by the citizens of Marshalltown and approved for the construction of a new joint Police and Fire Building. The total cost estimate is \$17.5 million, which will be funded with general obligation bonds. The anticipated completion date of the construction is January 2019.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the years ending June 30, 1990, and consecutively 1993 through 2016. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In 2012, Marshalltown was selected as an All American City by the National Civic League. Marshalltown was one of 13 communities selected for the prestigious award. The City was a finalist for the 2014 All American City Award.

The preparation of this report could not be accomplished without the dedicated services of the entire Finance Department staff. We also want to acknowledge the assistance from many other department staff, agencies and organizations which are all vital to the culmination of this report.

Respectfully submitted,



Diana Steiner
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Marshalltown
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

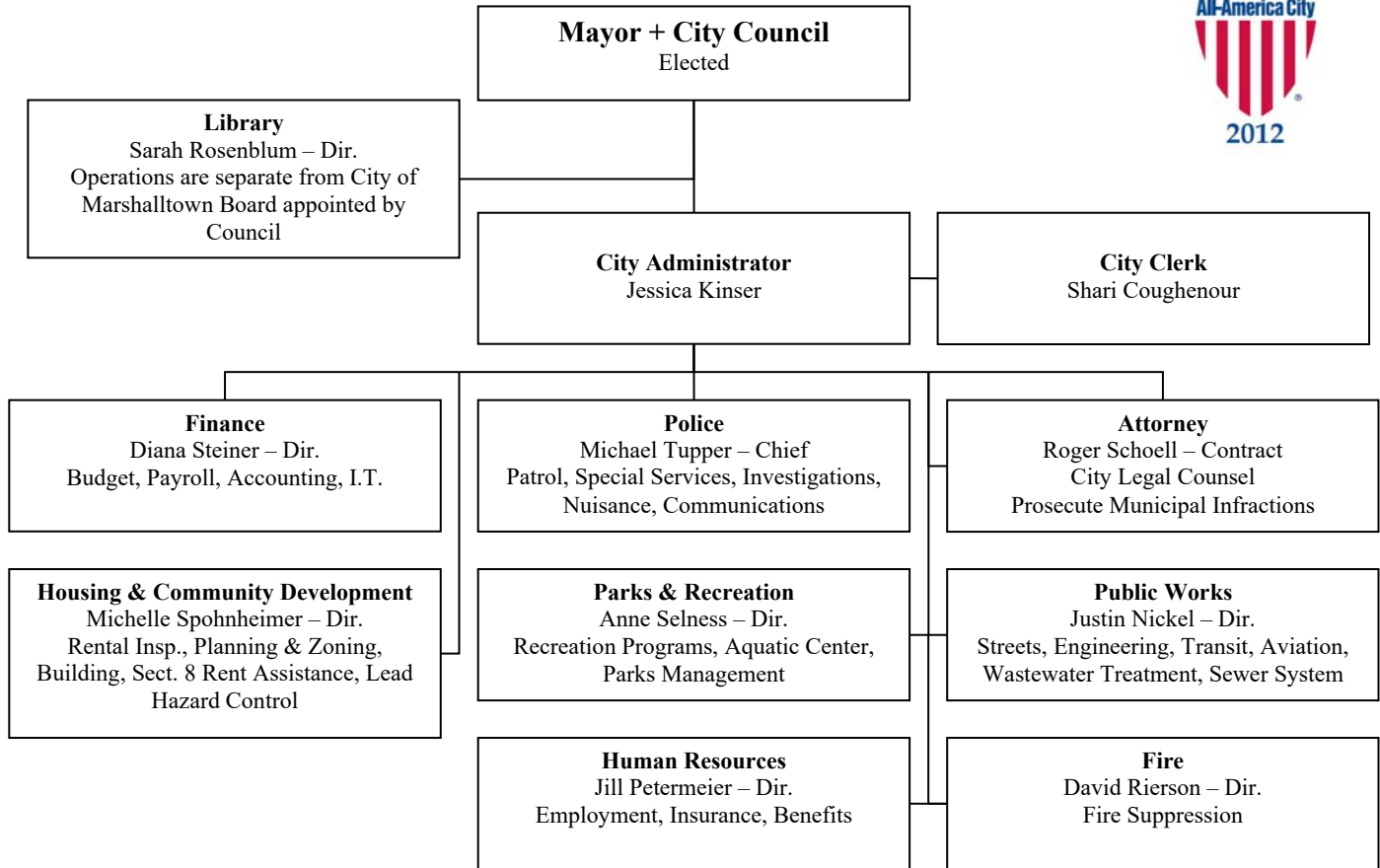
June 30, 2016

Executive Director/CEO



Marshalltown Organization Chart

Marshalltown



City of Council Bluffs

Officials

June 30, 2017

Name	Title	Term Expires
Elected officials:		
James Lowrance	Mayor	December 31, 2017
Bethany Wirin	Mayor Pro-Tem, Council At Large	December 31, 2017
Bill Martin	Council Member At Large	December 31, 2017
Leon Lamer	Council Member At Large	December 31, 2019
Susan Cahill	Council Member First Ward	December 31, 2021
Joel Greer	Council Member Second Ward	December 31, 2019
Mike Gowdy	Council Member Third Ward	December 31, 2017
Al Hoop	Council Member Fourth Ward	December 31, 2019
Council-appointed officials:		
Jessica Kinser	City Administrator	Contract Expires November 14, 2021
City Administrator appointment with Council Approval:		
Shari Coughenour	City Clerk	Indefinite
Diana Steiner	Finance Director	Indefinite
David Rierson	Fire Chief	Indefinite
Michelle Spohnheimer	Housing & Community Dev. Director	Indefinite
Anne Selness	Parks and Recreation Director	Indefinite
Michael Tupper	Police Chief	Indefinite
Justin Nickel	Public Works Director	Indefinite
Jill Petermeier	Human Resources Director	Indefinite

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Financial Statements
June 30, 2017
City of Marshalltown



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshalltown, Iowa, (City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Marshalltown Water Works or Marshalltown Convention and Visitors Bureau, which represent the entire assets, net position and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Marshalltown Water Works or Marshalltown Convention and Visitors Bureau, is based on the reports of the other auditors. 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 from material misstatement. The financial statements of the Marshalltown Convention and Visitors Bureau were not audited in accordance with *Government Auditing Standards*.

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 entity'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 entity'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.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshalltown, Iowa, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marshalltown, Iowa's financial statements. The introductory section, combining nonmajor fund financial statements, schedule of bond maturities, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements.

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

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Dubuque, Iowa
December 20, 2017

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The following is a narrative overview and analysis of the financial activities of the City of Marshalltown for the fiscal year ended June 30, 2017. 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 on pages 1-4 of this report. Additional historical information can be found in the Statistical Section of this report supporting some of the analysis presented in this discussion and the transmittal letter.

Financial Highlights of Primary Government

- Assets of the City of Marshalltown exceeded its liabilities at the close of the most recent fiscal year by \$82,042,840 (net position) as compared to \$79,237,110 in the prior year.
- The City's total net position increased by \$2,805,730. This increase is primarily attributable to an increase in revenue from road use tax, federal HUD programs, and intergovernmental funds for capital projects.
- As of the close of the current fiscal year, the City of Marshalltown's governmental funds reported combined ending fund balances of \$23,662,812 an increase of \$5,862,552 in comparison with the prior year. This change was primarily from other additional city taxes and proceeds from debt for the police and fire building not yet spent..
- \$2,452,890 in unassigned fund balance is available for spending at the City's discretion. Prior year unassigned fund balance was \$2,325,761. This is an increase of \$127,129.
- The City's total debt had a net increase of \$5.1 million during the current fiscal year. This change reflects the retirement of existing bonds and the issuance of \$9.9 million in new GO Debt and Revenue Debt. The new debt was for streets and storm water, the Police and Fire building, and a fire truck.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Marshalltown's basic financial statements. The City of Marshalltown's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Marshalltown's finances, in a manner more similar to a private-sector business.

The statement of net position presents information on all of the City of Marshalltown's assets and liabilities, with the difference between the two 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 City of Marshalltown is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Marshalltown 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). The governmental activities of the City of Marshalltown include public safety, public works (roads, utilities and traffic controls), health and social services, parks and recreation, library, economic development and general government. The business-type activities of the City of Marshalltown include compost, concessions, storm sewer, water pollution control and transportation activities.

The government-wide financial statements include the City of Marshalltown itself (known as the primary government) and also a legally separate Water Works and Convention and Visitors Bureau for which the City of Marshalltown is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government.

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 City of Marshalltown, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Marshalltown can be divided into three categories: governmental, proprietary and fiduciary.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the city's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Marshalltown maintains 14 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances. Major funds include General, Road Use Tax, Debt Service, Property Tax and other capital project and special revenue funds. Data from the other nine non-major governmental funds are combined into a single, aggregated presentation in the governmental funds financial statements. Individual fund data on each of the non-major governmental funds is provided in the form of combining statements in the supplementary information section.

The City of Marshalltown adopts an annual appropriated budget for all funds as required by state statute. In Iowa, budgetary compliance is at the function level, transcending fund level accounting as demonstrated in this report. Budgetary comparison statements have been provided for the governmental and enterprise/proprietary fund levels. This comparison demonstrates the City's compliance with state requirements.

Proprietary funds. The City of Marshalltown maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Marshalltown uses enterprise funds to account for its Storm Sewer, Water Pollution Control, Compost, Transit and Concession activities. Internal service funds are an accounting vehicle used to accumulate and allocate costs internally among the City of Marshalltown's various functions. The City of Marshalltown uses internal service funds to account for its insurance operations. Because this service predominantly benefits governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the supplementary information section.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Storm Sewer, Water Pollution Control and Non-major Enterprise funds, namely, Compost, Transit and Concession activities.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not available to support the City of Marshalltown's own programs. The most significant fiduciary fund maintained by the City of Marshalltown is the payroll fund; which records the taxes collected for other taxing jurisdictions within the City of Marshalltown. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The City's budgetary comparison schedule and other postemployment benefit plan information is presented as required supplementary information immediately following the notes to basic financial statements. The combining statements referred to earlier in connection with non-major governmental, non-major enterprise funds, internal service funds, and agency funds are presented immediately following the required supplementary information (RSI).

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Marshalltown, assets exceeded liabilities by \$82,042,840 at the close of the most recent fiscal year.

By far, the largest portion of the City of Marshalltown's net position \$74,595,658 reflect its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less depreciation and any related debt. The City of Marshalltown uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Marshalltown's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Marshalltown Net Position June 30, 2017 Governmental Activities

	FY 2016-17	FY 2015-16	Increase (Decrease)
Current and Other Assets	\$ 41,779,915	\$ 35,068,839	\$ 6,711,076
Capital Assets	44,434,327	42,864,129	1,570,198
Total Assets	<u>86,214,242</u>	<u>77,932,968</u>	<u>8,281,274</u>
			-
Deferred Outflows of Resources	<u>4,628,479</u>	<u>2,413,973</u>	<u>2,214,506</u>
Current and Other Liabilities	6,552,469	4,688,167	1,864,302
Noncurrent Liabilities	<u>38,967,985</u>	<u>31,634,077</u>	<u>7,333,908</u>
Total liabilities	<u>45,520,454</u>	<u>36,322,244</u>	<u>9,198,210</u>
Deferred Inflow of Resources	<u>13,005,504</u>	<u>13,329,689</u>	<u>(324,185)</u>
Net Position			
Net investment in capital assets	35,605,495	34,132,724	1,472,771
Restricted	15,612,241	16,806,635	(1,194,394)
Unrestricted	<u>(18,900,973)</u>	<u>(20,244,351)</u>	<u>1,343,378</u>
Total net position	<u>\$ 32,316,763</u>	<u>\$ 30,695,008</u>	<u>\$ 1,621,755</u>

City of Marshalltown
Management's Discussion and Analysis (MD&A)

Business-Type Activities

	FY 2016-17	FY 2015-16	Increase (Decrease)
Current and Other Assets	\$ 15,427,099	\$ 16,534,347	\$ (1,107,248)
Capital Assets	58,806,482	55,353,558	3,452,924
Total Assets	<u>74,233,581</u>	<u>71,887,905</u>	<u>2,345,676</u>
Deferred Outflows of Resources	<u>376,486</u>	<u>178,507</u>	<u>197,979</u>
Current and Other Liabilities	2,820,202	2,400,778	419,424
Noncurrent Liabilities	22,014,961	21,038,991	975,970
Total liabilities	<u>24,835,163</u>	<u>23,439,769</u>	<u>1,395,394</u>
Deferred Inflow of Resources	<u>48,827</u>	<u>84,541</u>	<u>(35,714)</u>
Net Position			
Net investment in capital assets	38,990,163	39,370,548	(380,385)
Restricted	180,225	181,757	(1,532)
Unrestricted	10,555,689	8,989,797	1,565,892
Total net position	<u>\$ 49,726,077</u>	<u>\$ 48,542,102</u>	<u>\$ 1,183,975</u>

Total Net Position

	FY 2016-17	FY 2015-16	Increase (Decrease)
Current and Other Assets	\$ 57,207,014	\$ 51,603,186	\$ 5,603,828
Capital Assets	103,240,809	98,217,687	5,023,122
Total Assets	<u>160,447,823</u>	<u>149,820,873</u>	<u>10,626,950</u>
Deferred Outflows of Resources	<u>5,004,965</u>	<u>2,592,480</u>	<u>2,412,485</u>
Current and Other Liabilities	9,372,671	7,088,945	2,283,726
Noncurrent Liabilities	60,982,946	52,673,068	8,309,878
Total liabilities	<u>70,355,617</u>	<u>59,762,013</u>	<u>10,593,604</u>
Deferred Inflow of Resources	<u>13,054,331</u>	<u>13,414,230</u>	<u>(359,899)</u>
Net Position			
Net investment in capital assets	74,595,658	73,503,272	1,092,386
Restricted	15,792,466	16,988,392	(1,195,926)
Unrestricted	(8,345,284)	(11,254,554)	2,909,270
Total net position	<u>\$ 82,042,840</u>	<u>\$ 79,237,110</u>	<u>\$ 2,805,730</u>

A portion of the City of Marshalltown's governmental and business-type activities net position of \$15,792,466 represents resources that are subject to external restrictions. Prior year comparison shows \$16,988,392, a decrease of \$1,195,926.

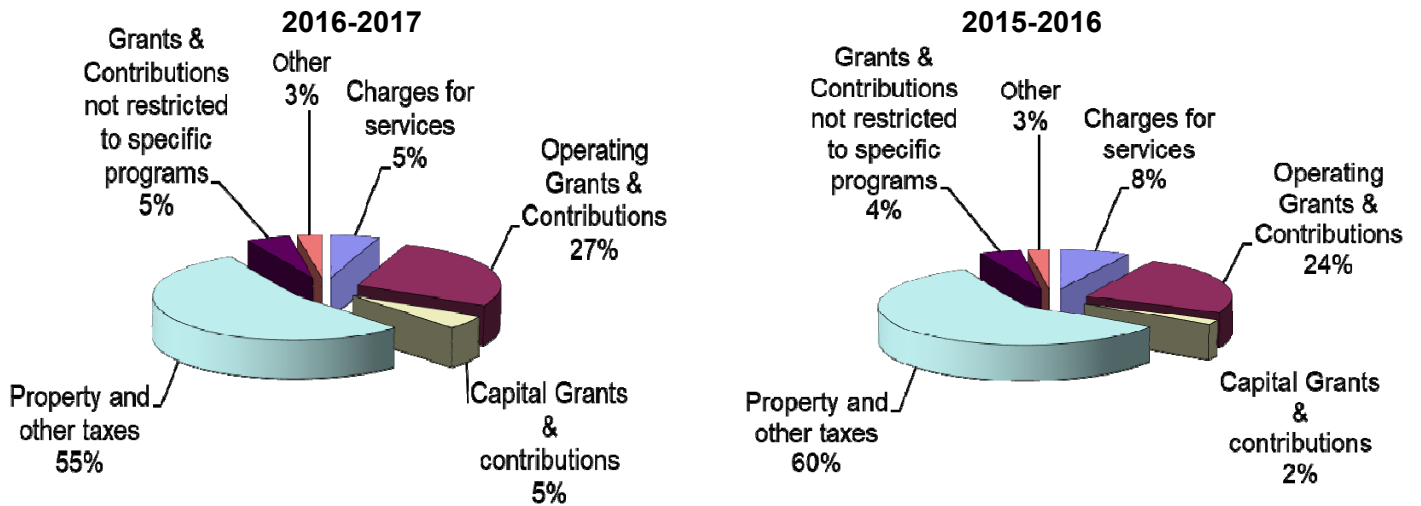
The following is a more detailed review of the year's operation.

City of Marshalltown Changes in Net Position

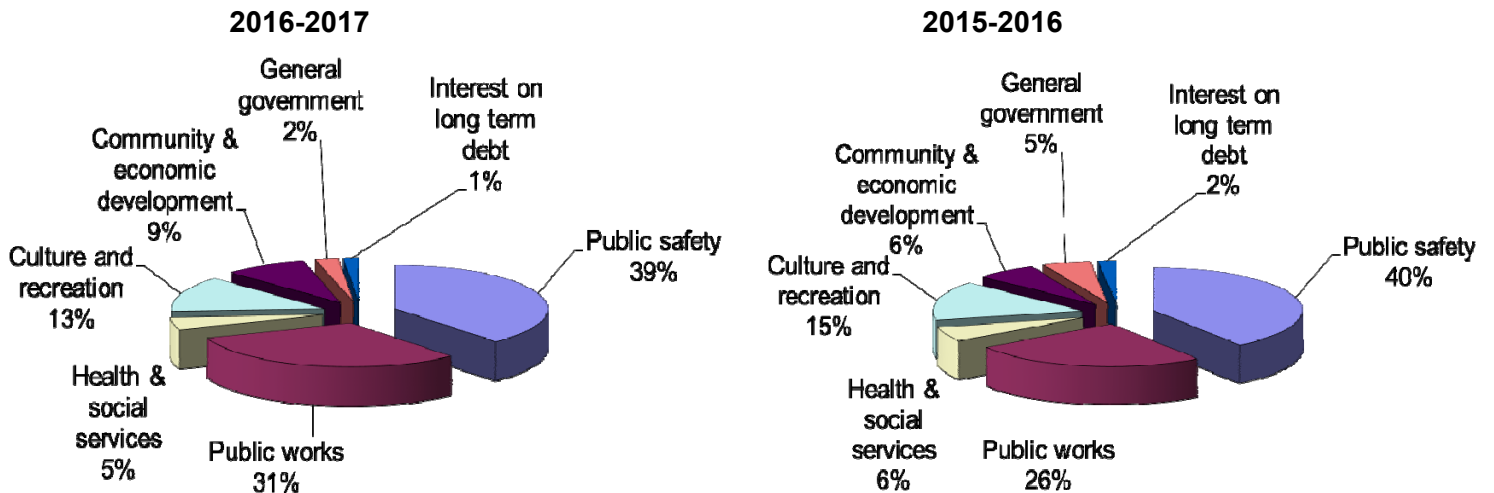
	Governmental Activities		
	<u>FY 2016-17</u>	<u>FY 2015-16</u>	<u>Increase (Decrease)</u>
Revenues:			
Program revenues:			
Charges for services	\$ 1,559,120	\$ 2,129,820	\$ (570,700)
Operating grants and contributions	7,387,980	6,712,866	675,114
Capital grants and contributions	1,768,179	519,172	1,249,007
General revenues			
Property and other taxes	15,504,008	16,518,490	(1,014,482)
Grants and contributions not restricted to specific programs	1,384,158	1,244,225	139,933
Other	759,120	642,169	116,951
Total revenues	<u>28,362,565</u>	<u>27,766,742</u>	<u>595,823</u>
Expenses:			
Public safety	10,713,027	8,996,389	1,716,638
Public works	8,553,684	5,706,337	2,847,347
Health and social services	1,306,389	1,274,669	31,720
Culture and recreation	3,654,545	3,358,064	296,481
Community and economic development	2,433,608	1,449,883	983,725
General government	685,937	1,158,789	(472,852)
Interest on long-term debt	429,296	429,891	(595)
Total expenses	<u>27,776,486</u>	<u>22,374,022</u>	<u>5,402,464</u>
Increase in net position before transfers	586,079	5,392,720	(4,806,641)
Transfers	<u>1,035,676</u>	<u>(441,321)</u>	<u>1,476,997</u>
Increase in Net Position	<u>1,621,755</u>	<u>4,951,399</u>	<u>(3,329,644)</u>
Net Position - Beginning of Year	<u>30,695,008</u>	<u>25,743,609</u>	<u>4,951,399</u>
Net Position - End of Year	<u>\$ 32,316,763</u>	<u>\$ 30,695,008</u>	<u>\$ 1,621,755</u>

Property and other taxes decreased by \$1,014,482 primarily due to decreased local option sales taxes.

Governmental Revenues as a Percent - Two Year Comparison



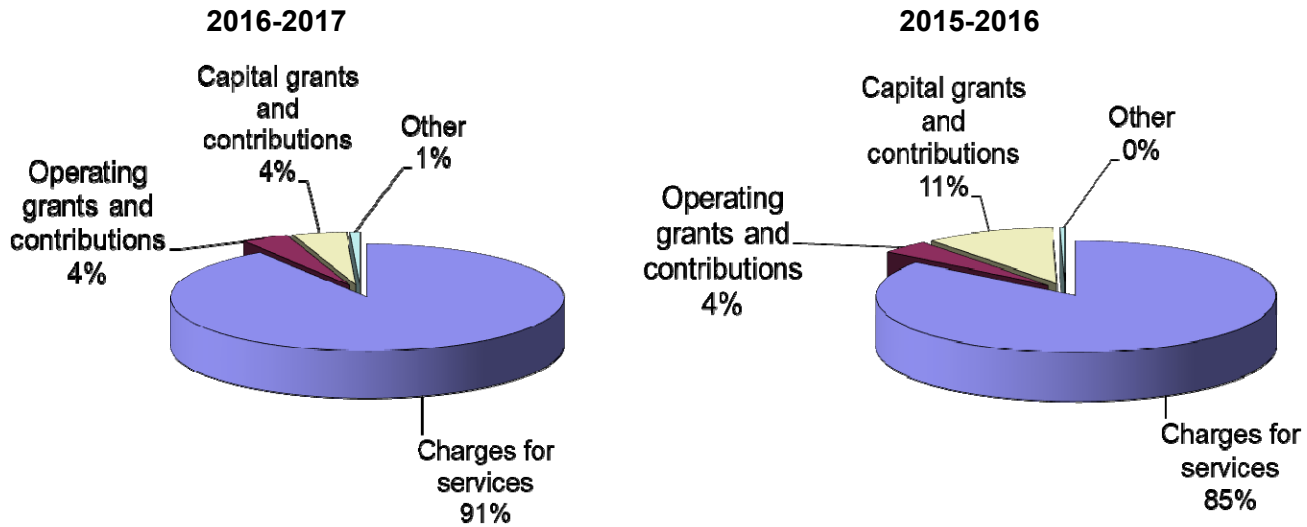
Governmental Expenses as a Percent - Two Year Comparison



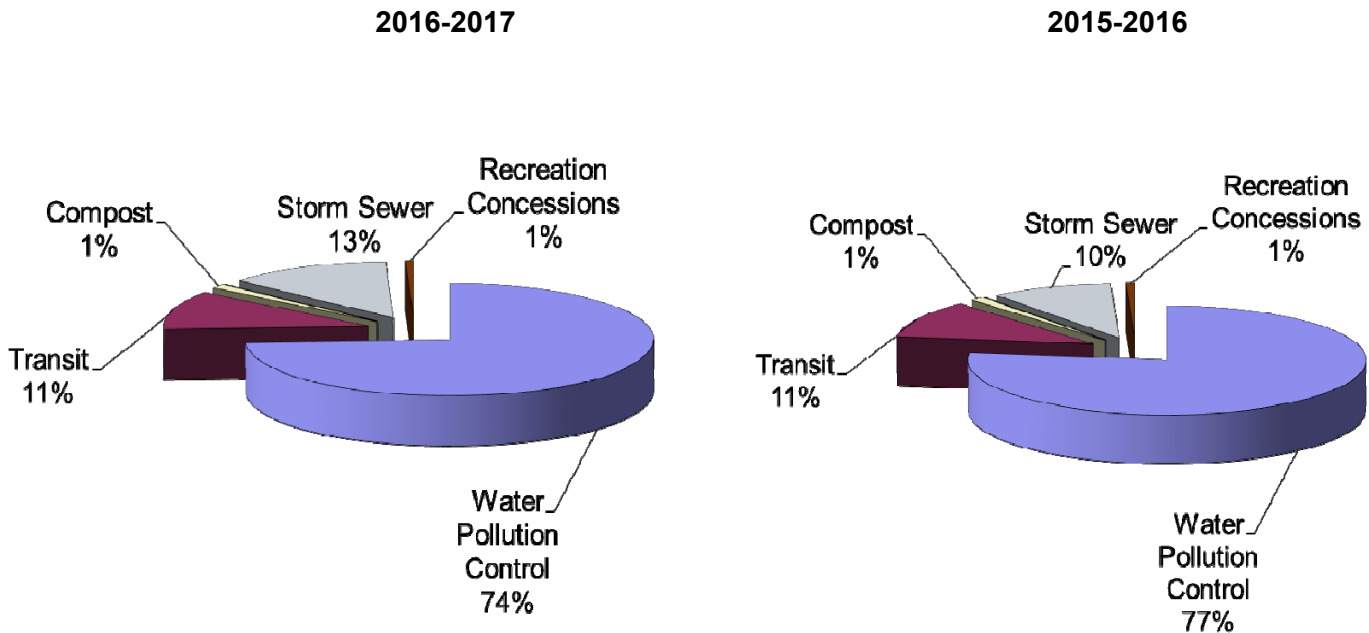
	Business-Type Activities		
	FY 2016-17	FY 2015-16	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for services	\$ 8,846,146	\$ 7,719,170	\$ 1,126,976
Operating grants and contributions	381,810	363,188	18,622
Capital grants and contributions	432,400	942,209	(509,809)
General revenues			
Other	76,481	33,763	42,718
Total revenues	<u>9,736,837</u>	<u>9,058,330</u>	<u>678,507</u>
Expenses:			
Business type	<u>7,517,186</u>	<u>6,959,950</u>	<u>557,236</u>
Total expenses	<u>7,517,186</u>	<u>6,959,950</u>	<u>557,236</u>
Increase in net position before transfers	2,219,651	2,098,380	121,271
Transfers	<u>(1,035,676)</u>	<u>441,321</u>	<u>(1,476,997)</u>
Increase in Net Position	<u>1,183,975</u>	<u>2,539,701</u>	<u>(1,355,726)</u>
Net Position - Beginning of Year	<u>48,542,102</u>	<u>46,002,401</u>	<u>2,539,701</u>
Net Position - End of Year	<u>\$ 49,726,077</u>	<u>\$ 48,542,102</u>	<u>\$ 1,183,975</u>

Business type expenses increased during 2016-17 due to more repairs and maintenance expenses and salary and benefit increases.

Business-type Revenues as a Percent –Two Year Comparison



Business-type Expenses as a Percent – Two Year Comparison



Total Governmental & Business-Type Activities			
	FY 2016-17	FY 2015-16	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for services	\$ 10,405,266	\$ 9,848,990	\$ 556,276
Operating grants and contributions	7,769,790	7,076,054	693,736
Capital grants and contributions	2,200,579	1,461,381	739,198
General revenues			
Property and other taxes	15,504,008	16,518,490	(1,014,482)
Grants and contributions not restricted to specific programs	1,384,158	1,244,225	139,933
Other	835,601	675,932	159,669
Total revenues	38,099,402	36,825,072	1,274,330
Expenses:			
Public safety	10,713,027	8,996,389	1,716,638
Public works	8,553,684	5,706,337	2,847,347
Health and social services	1,306,389	1,274,669	31,720
Culture and recreation	3,654,545	3,358,064	296,481
Community and economic development	2,433,608	1,449,883	983,725
General government	685,937	1,158,789	(472,852)
Interest on long-term debt	429,296	429,891	(595)
Business type	7,517,186	6,959,950	557,236
Total expenses	35,293,672	29,333,972	5,959,700
Increase in net position	2,805,730	7,491,100	(4,685,370)
Net Position - Beginning of Year	79,237,110	71,746,010	7,491,100
Net Position - End of Year	\$ 82,042,840	\$ 79,237,110	\$ 2,805,730

Financial Analysis of the Government's Funds

As noted earlier, the City of Marshalltown uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The financial reporting focus of the City of Marshalltown's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the City of Marshalltown's financing requirements. In particular, unassigned fund balance may serve as useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Marshalltown's governmental funds reported a combined ending fund balance of \$23,662,812, an increase of \$5,862,552 in comparison with the prior year. Of this total amount \$2,452,890 is unassigned fund balance, which is available to meet the future financial needs of the City. \$20,501,606 is restricted, \$250,000 is committed and \$458,316 is nonspendable.

The General fund is the chief operating fund of the City of Marshalltown. At the end of the current fiscal year this fund balance increased by \$161,633 to \$3,880,182, with an unassigned fund balance of \$2,551,887, a restricted balance of \$812,092, and a committed balance of \$250,000. The remaining \$266,203 is nonspendable (prepaid items).

The Road Use Tax fund is apportioned to the City from the state gasoline taxes based upon population. This fund is used for street related purposes only. Major street resurfacing and reconstruction are scheduled each year in the spring after the impact of winter weather can be determined. At the end of the current fiscal year, the ending fund balance of \$5,283,437 is an increase of \$1,599,946 compared to the prior year. This increase is due to a majority of the current year street projects being funded through bond proceeds, and additional revenue.

The Lead Abatement program was continued through funding from the Lead-Based Paint Hazard Control grant. The program includes multiple counties due to the high incidents of lead poisoning in young children. The City administers the grant in collaboration with many health and welfare agencies and the local hospital. For the current fiscal year, the City expended \$1,222,630 under this program.

The renewal of the Local Option Sales Tax (LOST) referendum insures property tax relief (75%), storm sewer and other capital improvements (20%), and any project designated by the Council (5%) until 2025. Property tax relief dollars are transferred to other funds with the remaining funds going towards capital projects. The council designated their 5% to go towards general fund support for this fiscal year. The entire balance is restricted for these three purposes. The increase in the balance this year was \$1,293,527. The Council also approved a \$215,124 transfer to increase the cash flow reserve.

The Tax Increment Financing (TIF) fund continues to be a useful tool for the City of Marshalltown as they continue to work with developers on rehabilitation of existing facilities, including the downtown area, and new construction throughout the city. Multiple rebates will be paid in the future.

Changes in the Public Works and Other Projects capital project fund is due to the continuation of several street projects during the fiscal year.

Proprietary funds. The City of Marshalltown's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The ending net position for the proprietary funds was \$49,726,077, a net position increase of \$1,183,975.

Budgetary Highlights

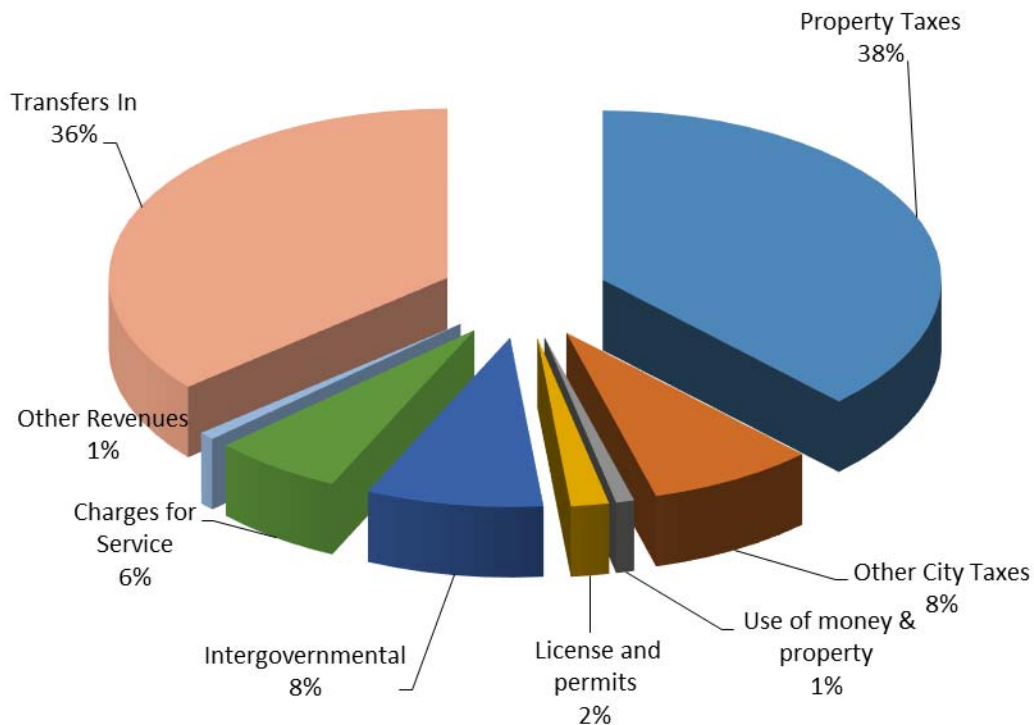
General Fund

Revenues and transfers in for the general fund operations, on the GAAP basis, were less than revenue estimates by \$727,058 and departmental expenditures and transfers out on the GAAP basis were \$1,196,214 less than expenditure estimates.

The following schedule presents a summary of General Fund revenues and transfers in on the GAAP basis for the fiscal year ended June 30, 2017, and the amount and percentage of increases and decreases.

Revenues	FY 2016-17	Percentage of Total	FY 2015-16	Percentage of Total	Change	Percentage of Change
Property Taxes	\$ 5,923,793	37.74%	\$ 5,541,436	37.74%	\$ 382,357	37.80%
Other City Taxes	1,253,732	7.99%	1,308,014	8.91%	(54,282)	-5.37%
Use of Money and Property	136,919	0.87%	98,862	0.67%	38,057	3.76%
License and Permits	285,839	1.82%	289,261	1.97%	(3,422)	-0.34%
Intergovernmental	1,327,827	8.46%	1,263,374	8.60%	64,453	6.37%
Charges for Service	974,800	6.21%	958,113	6.53%	16,687	1.65%
Other Revenues	121,109	0.77%	200,544	1.37%	(79,435)	-7.85%
Transfers In	5,670,383	36.13%	5,023,228	34.21%	647,155	63.98%
Total	<u>\$ 15,694,402</u>	<u>100.00%</u>	<u>\$ 14,682,832</u>	<u>100.00%</u>	<u>\$ 1,011,570</u>	<u>100.00%</u>

2017 General Fund Revenues and Transfers

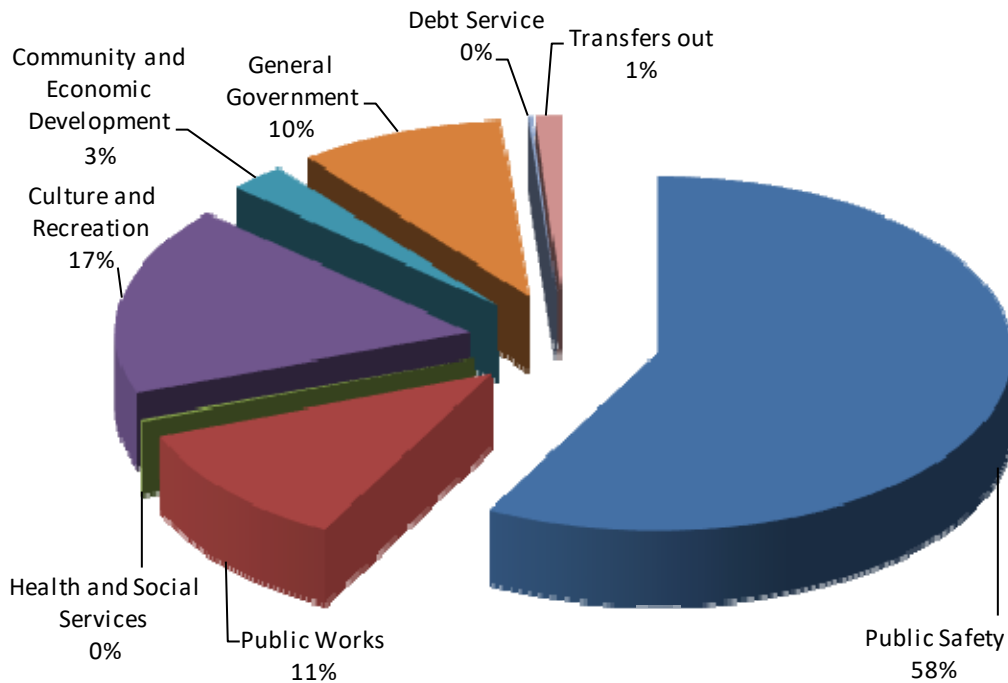


Current and prior year's property taxes continue to represent the largest revenue source, with \$5.92 million or 38% of all general fund revenues. The increase in property tax revenues from 2016 was \$382,357. The next largest revenue is Transfers In. All general fund employee benefits are reflected in the operating fund even though a transfer is required from the special revenue fund, which collects the tax. The increase in transfers reflects the increase in benefits such as retirement, and retirement payouts to health savings accounts.

The following schedule represents a two year comparison summary of General Fund expenditures and transfers out on the GAAP basis of accounting and the percentage of increases and decreases in relation to prior year amounts:

Expenditures	FY 2016-17	Percentage of Total	FY 2015-16	Percentage of Total	Change	Percentage of Change
Public Safety	\$ 8,980,687	57.82%	\$ 8,472,255	58.36%	\$ 508,432	50.11%
Public Works	1,766,272	11.37%	1,690,083	11.64%	76,189	7.51%
Health and Social Services	33,535	0.22%	409,924	2.82%	(376,389)	-37.09%
Culture and Recreation	2,688,511	17.31%	2,448,957	16.87%	239,554	23.61%
Community and Economic Development	400,499	2.58%	122,437	0.84%	278,062	27.40%
General Government	1,462,058	9.41%	1,197,528	8.25%	264,530	26.07%
Debt Service	25,690	0.17%	-	0.00%	25,690	2.53%
Transfers out	175,517	1.13%	176,862	1.22%	(1,345)	-0.13%
Total	<u>\$ 15,532,769</u>	<u>100.0%</u>	<u>\$ 14,518,046</u>	<u>100.00%</u>	<u>\$1,014,723</u>	<u>100.00%</u>

2017 General Fund Expenditures and Transfers Out



The general fund expenditures increased this year by \$1,014,723. The multiyear union contracts provided for a 2.5% wage increase. Other one-time expenditures included new accounting software. Current cash flow projections and the management's stability of the City's general fund balance provide continued assurance that the City will not need to enter the short-term debt market to pay for current expenditures now or in the foreseeable future.

Enterprise Operations

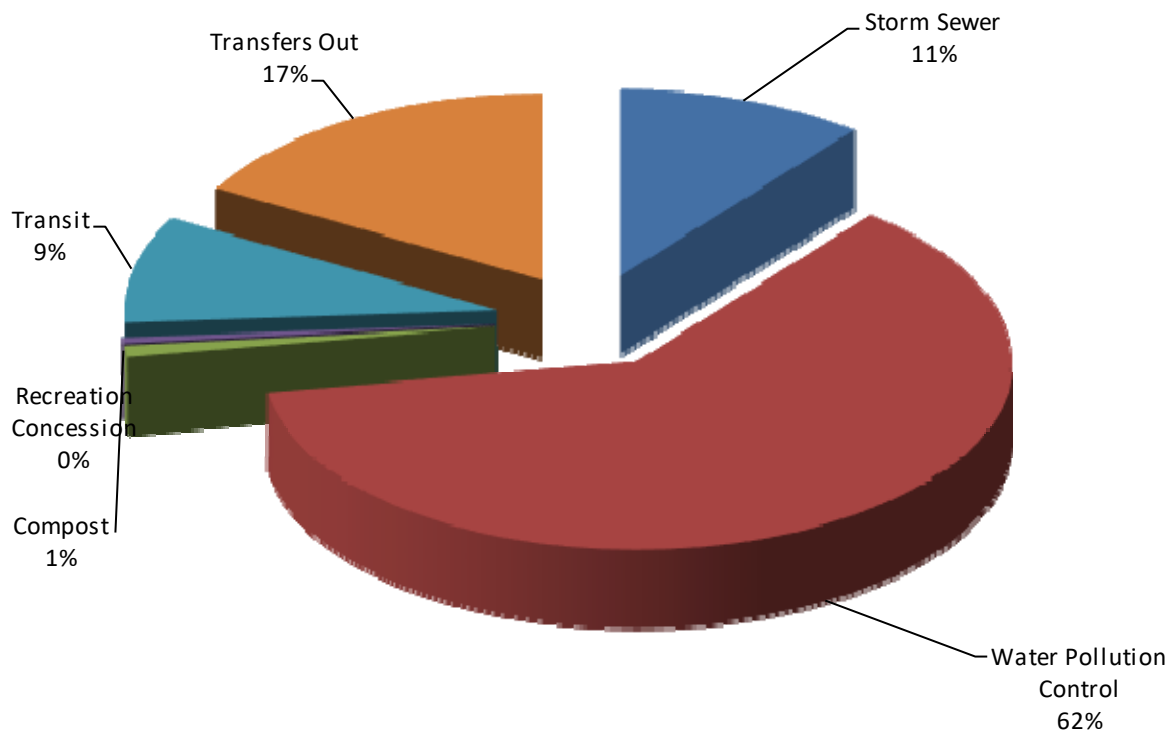
The City's enterprise operations consist of five separately accounted for operations, which are administered by two different departments. Transit, Compost facility, Water Pollution Control and Storm Sewer are operated by the Public Works Department, and the Recreation Concessions are administered by Parks & Recreation Department.

Operating revenues for the City's combined enterprise operations increased by \$717,145. This increase is primarily due to increased charges for services. Total operating expenses for the combined enterprise operations increased by \$2,072,875. This was primarily due to sanitary sewer improvements.

Revenues	FY 2016-17	Percentage of Total	FY 2015-16	Percentage of Total	Change	Percentage of Change
Charges for Services	\$ 8,806,173	86.16%	\$ 7,722,724	81.3%	\$ 1,083,449	151.08%
Operating Grants and Contributions	381,810	3.74%	363,188	3.8%	18,622	2.60%
Capital Grants and Contributions	432,400	4.23%	942,209	9.9%	(509,809)	-71.09%
General Revenues Other	116,450	1.14%	33,763	0.4%	82,687	11.53%
Transfers In	483,517	4.73%	441,321	4.6%	42,196	5.88%
Total	<u>\$ 10,220,350</u>	<u>100.00%</u>	<u>\$ 9,503,205</u>	<u>100.0%</u>	<u>\$ 717,145</u>	<u>100.00%</u>

Expenditures	FY 2016-17	Percentage of Total	FY 2015-16	Percentage of Total	Change	Percentage of Change
Storm Sewer	\$ 970,912	10.7%	\$ 683,581	9.8%	\$ 287,331	13.9%
Water Pollution Control	5,574,332	61.7%	5,375,656	77.2%	198,676	9.6%
Compost	88,171	1.0%	79,479	1.1%	8,692	0.4%
Recreation Concession	46,512	0.5%	49,816	0.7%	(3,304)	-0.2%
Transit	837,259	9.3%	774,972	11.1%	62,287	3.0%
Transfers Out	1,519,193	16.8%	-	0.0%	1,519,193	73.3%
Total	<u>\$ 9,036,379</u>	<u>100.00%</u>	<u>\$ 6,963,504</u>	<u>100.00%</u>	<u>\$ 2,072,875</u>	<u>100.00%</u>

Enterprise Expenses and Transfers Out 2017



Capital Asset and Debt Administration

Capital assets. The City of Marshalltown's investment in capital assets for its governmental and business type activities as of June 30, 2017 amount to \$178,607,270. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park facilities, roads, highways and sewers. The total increase in the City of Marshalltown's investment in capital assets for the current fiscal year was \$8,968,046.

Governmental Activities

	FY 2016-17	FY 2015-16	Increase (decrease)
Land and Improvements	\$ 7,248,073	\$ 6,476,271	\$ 771,802
Buildings and Structures	17,707,821	17,707,821	-
Equipment and vehicles	17,046,381	16,899,577	146,804
Infrastructure	40,792,336	39,738,566	1,053,770
Construction in Progress	3,074,150	1,182,096	1,892,054
Total	<u>\$ 85,868,761</u>	<u>\$ 82,004,331</u>	<u>\$ 3,864,430</u>

Business Type Activities

	FY 2016-17	FY 2015-16	Increase (decrease)
Land and Improvements	\$ 3,121,325	\$ 3,113,153	\$ 8,172
Buildings and Structures	10,845,457	10,845,458	(1)
Machinery and Equipment	18,165,805	18,222,566	(56,761)
Infrastructure, sewers & lift stations	53,088,621	52,967,711	120,910
Construction in Progress	7,517,301	2,486,005	5,031,296
Total	<u>\$ 92,738,509</u>	<u>\$ 87,634,893</u>	<u>\$ 5,103,616</u>

Total Governmental and Business Type Activities

	FY 2016-17	FY 2015-16	Increase (decrease)
Land and Improvements	\$ 10,369,398	\$ 9,589,424	\$ 779,974
Buildings and Structures	28,553,278	28,553,279	(1)
Machinery and Equipment	35,212,186	35,122,143	90,043
Infrastructure, sewers & lift stations	93,880,957	92,706,277	1,174,680
Construction in Progress	10,591,451	3,668,101	6,923,350
Total	<u>\$ 178,607,270</u>	<u>\$ 169,639,224</u>	<u>\$ 8,968,046</u>

Major capital asset events during the current fiscal year include the following:

- Water pollution and street projects continuing.
- Various machinery and equipment purchases throughout the year including new vehicles for several departments.
- New accounting software and related hardware.
- Updated playground equipment at MEGA 10 Park.
- Beginning stage of Police and Fire Building design.

Additional information on the City' of Marshalltown's capital assets can be found in Note 5 on pages 52-54 of this report.

City of Marshalltown
Management's Discussion and Analysis (MD&A)

Long-term debt. At the end of the current fiscal year, the City of Marshalltown had total debt outstanding and unamortized premiums and discounts of \$45,797,025. Of this amount, \$30,886,025 comprises debt backed by the full faith and credit of the City. The remainder of the City of Marshalltown's debt represents bonds secured solely by revenues generated from the sanitary sewer rental fees.

	Governmental Activities		Increase (Decrease)
	FY 2016-17	FY 2015-16	
General Obligation Bonds and Notes Payable	<u>\$ 23,868,333</u>	<u>\$ 19,551,639</u>	<u>\$ 4,316,694</u>

	Business Type Activities		Increase (Decrease)
	FY 2016-17	FY 2015-16	
General Obligation Bonds and Notes Payable	<u>\$ 7,017,692</u>	<u>\$ 4,866,086</u>	<u>\$ 2,151,606</u>
Revenue Bonds and Notes Payable	<u>14,911,000</u>	<u>16,308,000</u>	<u>(1,397,000)</u>
Total	<u>\$ 21,928,692</u>	<u>\$ 21,174,086</u>	<u>\$ 754,606</u>

	Total Governmental and Business Type Activities		Increase (Decrease)
	FY 2016-17	FY 2015-16	
General Obligation Bonds and Notes Payable	<u>\$ 30,886,025</u>	<u>\$ 24,417,725</u>	<u>\$ 6,468,300</u>
Revenue Bonds and Notes Payable	<u>14,911,000</u>	<u>16,308,000</u>	<u>(1,397,000)</u>
Total	<u>\$ 45,797,025</u>	<u>\$ 40,725,725</u>	<u>\$ 5,071,300</u>

The City of Marshalltown's total debt increased by approximately \$5 million during the current fiscal year due to the issuance of approximately \$10 million less normal retirement of debt of approximately \$5 million.

Moody's Investors Service rated the City on October 24, 2016 and September 11, 2017. The City maintained their Aa2 rating.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total assessed valuation. The current debt limitation for the City of Marshalltown is \$68,225,606, significantly in excess of the City of Marshalltown's outstanding general obligation debt.

Additional information on the City of Marshalltown's long term debt can be found in Note 6 on pages 54-58 of this report.

Economic Factors and Next Year's Budgets and Rates

The local economy of the City remains strong and is creating more private public agreements to maintain that strength. A new housing development has begun construction. The Wandering Creek development includes plans for 52 townhomes, in a 2-4 configuration. This total estimated investment is over \$10 million. Also, Hawkeye Hotels, LLC has announced plans for the construction of a Holiday Inn Express with an estimated cost of \$10 million. The new Alliant Energy Power plant started generating electricity in the spring of 2017.

The budget for the ensuing fiscal year 2018 considers many factors and estimates about the finances of the upcoming year. Sales tax and hotel/motel tax are expected to decline now that the Alliant Energy plant construction workers are done. The road use taxes collected by the state are stable but the forecast is to maintain a conservative projection for these revenue sources... Taxpayers approved a referendum in August to re-allocate the local option sales tax so 78% will go towards property tax relief and 22% will be Council designated effective November 1, 2017.

The following items are also forefront in revenue and expenditure projections: (a) The City's contribution rate for the Police and Fire retirement system has decreased in fiscal year 2018, but will increase for fiscal year 2019. This rate fluctuates on an annual basis. (b) The Iowa Public Employees Retirement System maintained the same rate for fiscal year 2018, but is also rising in fiscal year 2019. (c) Compliance with sanitary and storm water regulations will continue to be implemented over the next several years. Sewer rates have been increased to accommodate the costs with these mandates. (d) The cost of health care continues to rise. The City has experienced an increase in health related claims but no change in premiums will occur for the next fiscal year. Changes in claims are always a factor that the City continues to monitor. More preventive care options are encouraged to help avoid the high dollar claims. The claims are reviewed on a quarterly basis by the insurance committee.

Developments in commercial ventures will positively affect the property tax base within the next one to five years as progress on the new construction of 52 townhomes and the construction of a new hotel is completed.

Requests for Information

This financial report is designed to provide a general overview of the City of Marshalltown'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 Finance Director, 24 N. Center Street, Marshalltown, IA 50158-4911.

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Basic Financial Statements
June 30, 2017

City of Marshalltown

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	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Marshalltown Water Works	Marshalltown Convention and Visitors Bureau
Assets					
Cash and cash equivalents	\$ 26,605,875	\$ 13,397,495	\$ 40,003,370	\$ 2,879,126	\$ 218,714
Receivables					
Property taxes					
Delinquent	116,944	-	116,944	-	-
Succeeding year	12,552,215	-	12,552,215	-	-
Accounts and unbilled usage	272,505	1,185,699	1,458,204	484,326	-
Special assessments	28,735	-	28,735	-	-
Due from component unit	13,355	534,829	548,184	-	-
Due from other governments	1,731,970	22,054	1,754,024	-	-
Inventories	134,370	23,324	157,694	-	-
Prepaid items	323,946	83,473	407,419	38,727	3,294
Restricted assets					
Cash and cash equivalents	-	180,225	180,225	761,500	-
Capital assets					
Land	4,665,014	890,631	5,555,645	1,112,721	-
Land improvements	2,583,059	2,230,694	4,813,753	-	-
Buildings and structures	17,707,821	10,845,457	28,553,278	17,714,969	-
Equipment and vehicles	17,046,381	18,165,805	35,212,186	2,512,792	102,086
Sanitary sewers and lift stations	-	37,277,440	37,277,440	-	-
Infrastructure	40,792,336	15,811,181	56,603,517	12,092,085	-
Construction in progress	3,074,150	7,517,301	10,591,451	-	-
Accumulated depreciation	(41,434,434)	(33,932,027)	(75,366,461)	(15,396,183)	(17,355)
Total assets	86,214,242	74,233,581	160,447,823	22,200,063	306,739
Deferred Outflows of Resources					
Pension related deferred outflows	4,628,479	376,486	5,004,965	179,546	-

See Notes to Financial Statements

City of Marshalltown
Statement of Net Position
June 30, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Marshalltown Water Works	Marshalltown Convention and Visitors Bureau
Liabilities					
Accounts payable	\$ 1,947,009	\$ 436,074	\$ 2,383,083	\$ 117,844	\$ 14,316
Accrued payroll and payroll benefits	250,341	45,003	295,344	20,481	5,862
Retainage payable	91,859	143,337	235,196	-	-
Deposits payable	155,678	-	155,678	-	-
Due to other governments	111,375	36,416	147,791	-	-
Accrued interest payable	45,739	46,976	92,715	10,876	-
Due to primary government	-	-	-	548,184	-
Liabilities payable from restricted assets					
Customer deposits	-	-	-	215,145	-
Noncurrent liabilities					
Due within one year					
Bonds and notes payable	3,684,361	2,067,686	5,752,047	350,000	-
Compensated absences payable	266,107	44,710	310,817	103,160	-
Due in more than one year					
Bonds and notes payable	20,183,972	19,861,006	40,044,978	6,360,534	-
Compensated absences payable	864,338	221,772	1,086,110	-	-
Net Pension liability	13,402,626	1,397,733	14,800,359	1,939,011	-
Net OPEB liability	4,517,049	534,450	5,051,499	107,190	-
Total liabilities	45,520,454	24,835,163	70,355,617	9,772,425	20,178
Deferred Inflows of Resources					
Succeeding year property taxes	12,552,215	-	12,552,215	-	-
Pension related deferred inflows	453,289	48,827	502,116	10,885	-
Total deferred inflows of resources	13,005,504	48,827	13,054,331	10,885	-
Net position					
Net investment in capital assets	35,605,495	38,990,163	74,595,658	11,325,850	84,731
Restricted for					
Capital improvements	8,244,518	-	8,244,518	-	-
Community development	284,226	-	284,226	-	-
Debt service	237,889	180,225	418,114	-	-
Employee benefits	2,877,960	-	2,877,960	-	-
Emergency communications	608,779	-	608,779	-	-
Other purposes	3,358,869	-	3,358,869	-	-
Unrestricted	(18,900,973)	10,555,689	(8,345,284)	1,270,449	201,830
Total net position	\$ 32,316,763	\$ 49,726,077	\$ 82,042,840	\$ 12,596,299	\$ 286,561

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
Public safety	\$ 10,713,027	\$ 518,463	\$ 671,396	\$ 29,617
Public works	8,553,684	231,554	3,851,961	1,117,405
Health and social services	1,306,389	4,250	1,209,191	-
Culture and recreation	3,654,545	449,955	185,554	617,221
Community and economic development	2,433,608	106,562	1,425,146	3,936
General government	685,937	248,336	44,732	-
Interest on long-term debt	429,296	-	-	-
Total governmental activities	<u>27,776,486</u>	<u>1,559,120</u>	<u>7,387,980</u>	<u>1,768,179</u>
Business-type activities				
Water pollution control	5,574,332	7,545,682	-	4,347
Storm sewer	970,912	1,129,135	-	428,053
Compost	88,171	75,803	-	-
Transit	837,259	57,749	381,810	-
Concessions	46,512	37,777	-	-
Total business-type activities	<u>7,517,186</u>	<u>8,846,146</u>	<u>381,810</u>	<u>432,400</u>
Total primary government	<u>\$ 35,293,672</u>	<u>\$ 10,405,266</u>	<u>\$ 7,769,790</u>	<u>\$ 2,200,579</u>
Component Units				
Water works	\$ 3,462,002	\$ 4,078,978	\$ -	\$ -
Convention and visitors bureau	302,437	371,681	-	-
Total component units	<u>\$ 3,764,439</u>	<u>\$ 4,450,659</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues				
Taxes				
Property				
Tax increment financing				
Local option sales				
Utility excise				
Hotel/motel				
Mobile homes				
Unrestricted				
State generated revenues				
Investment earnings				
Miscellaneous revenues				
Transfers				
Total general revenues and transfers				
Change in net position				
Net Position - Beginning				
Net Position - Ending				

See Notes to Financial Statements

City of Marshalltown
Statement of Activities
Year Ended June 30, 2017

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Marshalltown Water Works	Marshalltown Convention and Visitors Bureau
\$ (9,493,551)	\$ -	\$ (9,493,551)	\$ -	\$ -
(3,352,764)	-	(3,352,764)	-	-
(92,948)	-	(92,948)	-	-
(2,401,815)	-	(2,401,815)	-	-
(897,964)	-	(897,964)	-	-
(392,869)	-	(392,869)	-	-
(429,296)	-	(429,296)	-	-
(17,061,207)	-	(17,061,207)	-	-
-	1,975,697	1,975,697	-	-
-	586,276	586,276	-	-
-	(12,368)	(12,368)	-	-
-	(397,700)	(397,700)	-	-
-	(8,735)	(8,735)	-	-
-	2,143,170	2,143,170	-	-
\$ (17,061,207)	\$ 2,143,170	\$ (14,918,037)	\$ -	\$ -
\$ -	\$ -	\$ -	\$ 616,976	\$ -
-	-	-	-	69,244
\$ -	\$ -	\$ -	\$ 616,976	\$ 69,244
\$ 10,156,476	\$ -	\$ 10,156,476	\$ -	\$ -
435,098	-	435,098	-	-
3,476,514	-	3,476,514	-	-
938,662	-	938,662	-	-
479,576	-	479,576	-	-
17,682	-	17,682	-	-
1,384,158	-	1,384,158	-	-
113,371	76,481	189,852	8,834	509
645,749	-	645,749	-	-
1,035,676	(1,035,676)	-	-	-
18,682,962	(959,195)	17,723,767	8,834	509
1,621,755	1,183,975	2,805,730	625,810	69,753
30,695,008	48,542,102	79,237,110	11,970,489	216,808
\$ 32,316,763	\$ 49,726,077	\$ 82,042,840	\$ 12,596,299	\$ 286,561

	General	Special Revenue	
		Road Use Tax	Local Option Sales Tax
Assets			
Cash and cash equivalents	\$ 3,712,289	\$ 4,812,369	\$ 5,263,029
Receivables			
Property taxes			
Delinquent	64,677	-	-
Succeeding year	7,336,744	-	-
Accounts and unbilled usage	188,653	-	-
Special assessments	-	-	-
Due from other funds	25,874	-	-
Due from component unit	13,355	-	-
Due from other governments	279,883	356,971	243,844
Inventory	-	134,370	-
Prepaid items	266,203	23,317	-
Total assets	<u>\$ 11,887,678</u>	<u>\$ 5,327,027</u>	<u>\$ 5,506,873</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 245,086	\$ 40,808	\$ 71,177
Accrued payroll and payroll benefits	236,408	252	-
Retainage payable	2,770	-	-
Due to other governments	98,533	2,530	-
Due to other funds	-	-	-
Total liabilities	<u>582,797</u>	<u>43,590</u>	<u>71,177</u>
Deferred Inflows of Resources			
Unavailable revenue- property taxes	7,336,744	-	-
Unavailable revenue- special assessments	-	-	-
Unavailable revenue- other	37,185	-	-
Unavailable revenue- intergovernmental	50,770	-	-
Total deferred inflows of resources	<u>7,424,699</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable	266,203	157,687	-
Restricted	812,092	5,125,750	5,435,696
Committed	250,000	-	-
Unassigned	2,551,887	-	-
Total fund balances	<u>3,880,182</u>	<u>5,283,437</u>	<u>5,435,696</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,887,678</u>	<u>\$ 5,327,027</u>	<u>\$ 5,506,873</u>

See Notes to Financial Statements

City of Marshalltown
Balance Sheet
Governmental Funds
Year Ended June 30, 2017

Funds		Capital Projects Funds			
Property Tax	HUD Programs	Debt Service	Public Works and Other Projects	Nonmajor Governmental Funds	Total
\$ 2,861,329	\$ 183,843	\$ 207,473	\$ 4,806,310	\$ 2,067,529	\$ 23,914,171
14,705	-	26,890	4,883	5,789	116,944
1,678,213	-	2,984,305	552,953	-	12,552,215
-	6,444	-	-	67,674	262,771
-	-	-	28,735	-	28,735
-	-	-	78,886	-	104,760
-	-	-	-	-	13,355
1,926	138,802	3,526	430,446	276,572	1,731,970
-	-	-	-	-	134,370
-	11,231	-	2,246	20,949	323,946
<u>\$ 4,556,173</u>	<u>\$ 340,320</u>	<u>\$ 3,222,194</u>	<u>\$ 5,904,459</u>	<u>\$ 2,438,513</u>	<u>\$ 39,183,237</u>
\$ -	\$ 35,689	\$ -	\$ 1,131,224	\$ 149,336	\$ 1,673,320
-	9,174	-	-	4,507	250,341
-	-	-	73,586	15,503	91,859
-	-	-	-	10,312	111,375
-	-	-	-	104,760	104,760
<u>-</u>	<u>44,863</u>	<u>-</u>	<u>1,204,810</u>	<u>284,418</u>	<u>2,231,655</u>
1,678,213	-	2,984,305	552,953	-	12,552,215
-	-	-	28,735	-	28,735
-	3,936	-	-	53,821	94,942
-	-	-	429,806	132,302	612,878
<u>1,678,213</u>	<u>3,936</u>	<u>2,984,305</u>	<u>1,011,494</u>	<u>186,123</u>	<u>13,288,770</u>
-	11,231	-	2,246	20,949	458,316
2,877,960	280,290	237,889	3,685,909	2,046,020	20,501,606
-	-	-	-	-	250,000
-	-	-	-	(98,997)	2,452,890
<u>2,877,960</u>	<u>291,521</u>	<u>237,889</u>	<u>3,688,155</u>	<u>1,967,972</u>	<u>23,662,812</u>
<u>\$ 4,556,173</u>	<u>\$ 340,320</u>	<u>\$ 3,222,194</u>	<u>\$ 5,904,459</u>	<u>\$ 2,438,513</u>	<u>\$ 39,183,237</u>

City of Marshalltown
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2017

Total governmental fund balances	\$	23,662,812
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Amounts reported for governmental activities in the Statement of
Net Position are different because:

Capital assets used in governmental activities are not current financial
resources and, therefore, are not reported as assets in
governmental funds.

The cost of capital assets is	\$ 85,868,761	
Accumulated depreciation is	(41,434,434)	
		44,434,327

Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are recognized as deferred inflows of resources, in the governmental funds.		736,555
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Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds.		
Pension related deferred outflows	4,628,479	
Pension related deferred inflows	(453,289)	
		4,175,190

Internal service funds are used by the City's management to charge the costs of self-insurance programs to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		2,272,071
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Some liabilities are not due and payable in the current period
and, therefore, are not reported as liabilities in the funds.
Those liabilities consist of:

Long-term debt	(23,868,333)	
Accrued interest on the bonds	(45,739)	
Compensated absences	(1,130,445)	
Net pension liability	(13,402,626)	
Net OPEB liability	(4,517,049)	
		(42,964,192)

Net position of governmental activities	\$	32,316,763
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		Special Revenue	
	General	Road Use Tax	Local Option Sales Tax
Revenues			
Property taxes	\$ 5,923,793	\$ -	\$ -
TIF revenues	-	-	-
Other city taxes	1,253,732	-	3,476,514
Use of money and property	136,919	-	15,018
Licenses and permits	285,839	-	-
Intergovernmental	1,327,827	3,520,988	-
Charges for service	974,800	-	-
Special assessments	-	-	-
Miscellaneous	121,109	-	-
Total revenues	<u>10,024,019</u>	<u>3,520,988</u>	<u>3,491,532</u>
Expenditures			
Current			
Public safety	8,980,687	-	19,076
Public works	1,766,272	965,325	706,424
Health and social services	33,535	-	-
Culture and recreation	2,688,511	-	-
Community and economic development	400,499	-	-
General government	1,462,058	-	3,000
Debt service			
Principal	25,690	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>15,357,252</u>	<u>965,325</u>	<u>728,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,333,233)</u>	<u>2,555,663</u>	<u>2,763,032</u>
Other financing sources (uses)			
General obligation bonds issued	-	-	-
Premium on general obligation bonds issued	-	-	-
Transfers in	5,670,383	-	1,219,193
Transfers out	<u>(175,517)</u>	<u>(955,717)</u>	<u>(2,688,698)</u>
Total other financing sources (uses)	<u>5,494,866</u>	<u>(955,717)</u>	<u>(1,469,505)</u>
Net change in fund balances	161,633	1,599,946	1,293,527
Fund balances - beginning	<u>3,718,549</u>	<u>3,683,491</u>	<u>4,142,169</u>
Fund balances - ending	<u>\$ 3,880,182</u>	<u>\$ 5,283,437</u>	<u>\$ 5,435,696</u>

See Notes to Financial Statements

City of Marshalltown
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2017

Funds				Capital Projects Funds		
Property Tax	HUD Programs	Debt Service		Public Works and Other Projects	Nonmajor Governmental Funds	Total
\$ 1,343,892	\$ -	\$ 2,447,447		\$ 441,345	\$ -	\$ 10,156,477
-	-	-		-	435,098	435,098
126,572	-	226,181		46,909	317,829	5,447,737
2,987	1,684	4,782		26,380	20,362	208,132
-	-	-		-	-	285,839
174,838	2,646,831	323,941		1,453,528	742,398	10,190,351
-	-	-		-	16,172	990,972
-	-	-		10,406	-	10,406
-	57,813	-		400,092	505,433	1,084,447
<u>1,648,289</u>	<u>2,706,328</u>	<u>3,002,351</u>		<u>2,378,660</u>	<u>2,037,292</u>	<u>28,809,459</u>
9,189	-	-		1,615,766	577,021	11,201,739
-	-	-		5,166,522	81,907	8,686,450
-	1,243,944	-		-	5,000	1,282,479
-	-	-		-	789,869	3,478,380
-	1,326,425	-		-	85,375	1,812,299
-	-	-		382	-	1,465,440
-	-	2,705,000		-	-	2,730,690
-	-	419,527		-	-	419,527
<u>9,189</u>	<u>2,570,369</u>	<u>3,124,527</u>		<u>6,782,670</u>	<u>1,539,172</u>	<u>31,077,004</u>
<u>1,639,100</u>	<u>135,959</u>	<u>(122,176)</u>		<u>(4,404,010)</u>	<u>498,120</u>	<u>(2,267,545)</u>
-	-	-		6,815,000	142,430	6,957,430
-	-	-		136,991	-	136,991
2,250,000	-	252,461		300,000	-	9,692,037
<u>(3,407,389)</u>	<u>-</u>	<u>-</u>		<u>(1,168,579)</u>	<u>(260,461)</u>	<u>(8,656,361)</u>
<u>(1,157,389)</u>	<u>-</u>	<u>252,461</u>		<u>6,083,412</u>	<u>(118,031)</u>	<u>8,130,097</u>
481,711	135,959	130,285		1,679,402	380,089	5,862,552
<u>2,396,249</u>	<u>155,562</u>	<u>107,604</u>		<u>2,008,753</u>	<u>1,587,883</u>	<u>17,800,260</u>
<u>\$ 2,877,960</u>	<u>\$ 291,521</u>	<u>\$ 237,889</u>		<u>\$ 3,688,155</u>	<u>\$ 1,967,972</u>	<u>\$ 23,662,812</u>

City of Marshalltown

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds to the Statement of Activities
Year Ended June 30, 2017

Net change in fund balances – total governmental funds \$ 5,862,552

Amounts reported for governmental activities in the Statement of

Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 4,477,017	
Book value of disposals	(113,763)	
Depreciation expense	<u>(2,793,056)</u>	
Net change in capital assets		1,570,198

Because some revenues will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues and are unavailable in the governmental funds. Unavailable revenues decreased by these amounts this year:

Intergovernmental	(512,334)	
Charges for service	<u>65,441</u>	
Net effect		(446,893)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. In the current period, these amounts are:

Debt repayments	2,730,690	
Debt proceeds, including premiums	<u>(7,094,421)</u>	
Net effect		(4,363,731)

Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Increase in accrued interest and premium amortization	33,166	
Increase in compensated absences	(12,650)	
Increase in net OPEB liability	(737,972)	
Net effect of pension related activity	<u>(187,503)</u>	
Total additional expenses		(904,959)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income (loss) of the internal service funds is reported with governmental activities.

(95,412)

Change in net position of governmental activities \$ 1,621,755

City of Marshalltown
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	
Assets					
Current assets					
Cash and cash equivalents	\$ 10,111,265	\$ 2,978,833	\$ 307,397	\$ 13,397,495	\$ 2,691,704
Receivables					
Accounts and unbilled usage	1,063,852	119,090	2,757	1,185,699	9,734
Due from other funds	-	-	-	-	850
Due from component unit	432,053	102,776	-	534,829	-
Due from other governments	-	-	22,054	22,054	-
Inventories	16,394	-	6,930	23,324	-
Prepaid items	52,559	11,222	19,692	83,473	-
Total current assets	11,676,123	3,211,921	358,830	15,246,874	2,702,288
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	180,225	-	-	180,225	-
Capital assets					
Land	375,912	504,282	10,437	890,631	-
Land improvements	1,957,598	30,000	243,096	2,230,694	-
Buildings and structures	10,135,409	6,000	704,048	10,845,457	-
Equipment and vehicles	16,153,243	364,111	1,648,451	18,165,805	-
Sanitary sewers and lift stations	37,166,635	110,805	-	37,277,440	-
Infrastructure	-	15,811,181	-	15,811,181	-
Construction in progress	6,594,045	923,256	-	7,517,301	-
Accumulated depreciation	(27,136,793)	(5,332,304)	(1,462,930)	(33,932,027)	-
Total noncurrent assets	45,426,274	12,417,331	1,143,102	58,986,707	-
Total assets	57,102,397	15,629,252	1,501,932	74,233,581	2,702,288
Deferred Outflows of Resources					
Pension related deferred outflows	248,971	42,679	84,836	376,486	-

City of Marshalltown
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Internal Service Funds
Liabilities					
Current liabilities					
Accounts payable	\$ 392,340	\$ 32,447	\$ 11,287	\$ 436,074	\$ 273,689
Accrued payroll and payroll benefits	28,580	5,120	11,303	45,003	-
Deposits payable	-	-	-	-	155,678
Retainage payable	143,337	-	-	143,337	-
Due to other governments	32,312	362	3,742	36,416	-
Due to other funds	-	-	-	-	850
Accrued interest payable	42,734	4,242	-	46,976	-
Compensated absences	30,160	6,416	8,134	44,710	-
General obligation bonds	380,000	150,000	-	530,000	-
Sewer revenue capital loan note	99,686	-	-	99,686	-
Revenue bonds	1,438,000	-	-	1,438,000	-
Total current liabilities	2,587,149	198,587	34,466	2,820,202	430,217
Noncurrent liabilities					
Compensated absences	163,558	31,832	26,382	221,772	-
General obligation bonds	3,596,938	2,466,916	-	6,063,854	-
Sewer revenue capital loan note	324,152	-	-	324,152	-
Revenue bonds	13,473,000	-	-	13,473,000	-
Net OPEB liability	350,068	147,505	36,877	534,450	-
Net pension liability	924,325	158,448	314,960	1,397,733	-
Total noncurrent liabilities	18,832,041	2,804,701	378,219	22,014,961	-
Total liabilities	21,419,190	3,003,288	412,685	24,835,163	430,217
Deferred Inflows of Resources					
Pension related deferred inflows	32,289	5,535	11,003	48,827	-
Net Position					
Net investment in capital assets	26,246,117	11,600,944	1,143,102	38,990,163	-
Restricted for					
Bond and interest payments	180,225	-	-	180,225	-
Unrestricted	9,473,547	1,062,164	19,978	10,555,689	2,272,071
Total net position	\$ 35,899,889	\$ 12,663,108	\$ 1,163,080	\$ 49,726,077	\$ 2,272,071

City of Marshalltown
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	
Operating Revenues					
Charges for service	\$ 7,370,973	\$ 1,129,135	\$ 186,918	\$ 8,687,026	\$ 2,150,196
Miscellaneous	119,147	-	-	119,147	482,777
Total operating revenues	7,490,120	1,129,135	186,918	8,806,173	2,632,973
Operating Expenses					
Salaries and benefits	1,623,602	274,634	562,732	2,460,968	-
Services and supplies	1,911,483	266,270	257,913	2,435,666	-
Claims paid	-	-	-	-	2,138,620
Health insurance premiums	-	-	-	-	406,725
Depreciation	1,470,579	381,884	151,296	2,003,759	-
Miscellaneous	8,074	201	-	8,275	207,012
Total operating expenses	5,013,738	922,989	971,941	6,908,668	2,752,357
Operating income (loss)	2,476,382	206,146	(785,023)	1,897,505	(119,384)
Nonoperating Revenues (Expenses)					
Federal and state grants	-	-	381,810	381,810	-
Interest income	62,404	12,664	1,413	76,481	23,972
Interest and other debt expense	(560,588)	(47,926)	-	(608,514)	-
Gain (loss) on disposal of capital assets	55,562	-	(15,593)	39,969	-
Net nonoperating revenues (expenses)	(442,622)	(35,262)	367,630	(110,254)	23,972
Income (loss) before capital contributions and transfers	2,033,760	170,884	(417,393)	1,787,251	(95,412)
Capital Contributions	4,347	428,053	-	432,400	-
Transfers In	304,800	3,200	175,517	483,517	-
Transfers Out	(300,000)	(1,219,193)	-	(1,519,193)	-
Change in Net Position	2,042,907	(617,056)	(241,876)	1,183,975	(95,412)
Net Position - Beginning	33,856,982	13,280,164	1,404,956	48,542,102	2,367,483
Net Position - Ending	\$ 35,899,889	\$ 12,663,108	\$ 1,163,080	\$ 49,726,077	\$ 2,272,071

City of Marshalltown
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Internal Service Funds
Cash Flows from Operating Activities					
Cash received from customers	\$ 7,298,167	\$ 1,048,846	\$ 185,499	\$ 8,532,512	\$ 2,167,759
Cash payments to suppliers for goods and services	(1,685,269)	(241,863)	(258,255)	(2,185,387)	(2,691,961)
Cash payments to employees for services	(1,462,745)	(259,950)	(534,896)	(2,257,591)	-
Other operating receipts	119,147	-	-	119,147	482,777
Net Cash provided by (used for) Operating Activities	4,269,300	547,033	(607,652)	4,208,681	(41,425)
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	304,800	3,200	175,517	483,517	-
Transfers to other funds	(300,000)	(1,219,193)	-	(1,519,193)	-
Grants received	-	-	359,756	359,756	-
Decrease in due from other funds	-	-	-	-	(850)
Decrease in due to other funds	-	-	-	-	850
Net Cash provided by (used for) Noncapital Financing Activities	4,800	(1,215,993)	535,273	(675,920)	-
Cash Flows from Capital and Related Financing Activities					
Proceeds from sale of capital assets	-	-	100	100	-
Acquisition and construction of capital assets	(5,061,242)	-	-	(5,061,242)	-
Proceeds from issuance of debt	-	2,965,000	-	2,965,000	-
Payment of debt	(1,865,428)	(348,084)	-	(2,213,512)	-
Interest and fiscal charges paid	(560,752)	(43,683)	-	(604,435)	-
Net Cash provided by (used for) Capital and Related Financing Activities	(7,487,422)	2,573,233	100	(4,914,089)	-
Cash Flows from Investing Activities					
Interest received on investment securities	62,404	12,664	1,413	76,481	23,972
Net Increase (Decrease) in Cash and Cash Equivalents	(3,150,918)	1,916,937	(70,866)	(1,304,847)	(17,453)
Cash and Cash Equivalents, Beginning	13,442,408	1,061,896	378,263	14,882,567	2,709,157
Cash and Cash Equivalents, Ending	<u>\$ 10,291,490</u>	<u>\$ 2,978,833</u>	<u>\$ 307,397</u>	<u>\$ 13,577,720</u>	<u>\$ 2,691,704</u>

City of Marshalltown
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	
Reconciliation of Operating Income (Loss) to Net Cash provided by used for) Operating Activities					
Operating income (loss)	\$ 2,476,382	\$ 206,146	\$ (785,023)	\$ 1,897,505	\$ (119,384)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	1,470,579	381,884	151,296	2,003,759	-
Changes in assets, deferred outflows, liabilities, and deferred inflows					
Decrease (increase) in receivables	(72,806)	(80,289)	(1,419)	(154,514)	9,041
Increase in inventories and prepaid items	(16,480)	(1,266)	(3,285)	(21,031)	-
Increase (decrease) in accounts payable	246,502	25,512	(799)	271,215	60,396
Increase in accrued liabilities	15,065	1,222	8,354	24,641	-
Increase in due to other governments	4,266	362	3,742	8,370	-
Increase in unearned revenue	-	-	-	-	8,522
Increase in net OPEB liability	57,192	24,099	6,025	87,316	-
Increase in net pension liability	238,640	21,517	64,956	325,113	-
Increase in deferred outflows	(137,839)	(17,549)	(42,591)	(197,979)	-
Decrease in deferred inflows	(12,201)	(14,605)	(8,908)	(35,714)	-
Total	1,792,918	340,887	177,371	2,311,176	77,959
Net Cash provided by (used for) Operating Activities	\$ 4,269,300	\$ 547,033	\$ (607,652)	\$ 4,208,681	\$ (41,425)
Noncash Capital Activities Donations of capital assets	\$ 4,347	\$ 428,053	\$ -	\$ 432,400	\$ -

City of Marshalltown
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Agency Funds
Assets	
Cash and cash equivalents	\$ 17,996
Accounts and unbilled usage	<u>22,223</u>
Total assets	<u>40,219</u>
Liabilities	
Due to City	23,724
Due to Sleuth User Group	14,972
Due to other governments	<u>1,523</u>
Total liabilities	<u><u>\$ 40,219</u></u>

Notes to Financial Statements
June 30, 2017
City of Marshalltown

Note 1 - Summary of Significant Accounting Policies

The City of Marshalltown, Iowa (City) was incorporated in 1863 under the laws of the State of Iowa, later amended in July 1975, under the City Home Rule Act. The City operates by ordinance under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City of Marshalltown, Iowa, provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants.

The accounting and reporting policies of the City relating to the accompanying financial statements conform to U.S. generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following represents the more significant accounting and reporting policies and practices used in the preparation of these financial statements:

Reporting Entity

For financial reporting purposes, the City of Marshalltown, Iowa, 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 Marshalltown, Iowa (the primary government) and its component units. The following component units are entities which are legally separate from the City, but are 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. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City.

Discretely Presented Component Units: The Marshalltown Water Works (Water Works) was established to operate the City's water works facilities. The Water Works is governed by a three-member board of trustees appointed by the Mayor. A financial benefit/burden relationship exists between the City and the Water Works in that the City is authorized by statute to issue general obligation debt for a City utility and may certify taxes for the payment of the debt. The Water Works is presented as a proprietary fund type and has a June 30 year-end.

The Marshalltown Convention and Visitors Bureau (Bureau) was established to promote and develop the visitor and convention business and for economic development within the community. The Bureau is governed by a board of directors not less than 9 more than 13 members. It is comprised of two members appointed solely by the City Council, two members appointed solely by the Executive Board of the Chamber of Commerce and five members appointed jointly by the City Council and Executive Board of the Chamber of Commerce, from the general public (one member) and the hospitality industry (four members). The Bureau may not borrow money or issue bonds without written permission of the City. The Bureau is presented as a proprietary fund type and has a June 30 year-end.

Complete financial statements for each of the individual component units may be obtained at the respective entity's administrative office as follows:

Marshalltown Water Works
205 East State Street
Marshalltown, Iowa 50158

Marshalltown Convention and Visitors Bureau
709 South Center Street
Marshalltown, Iowa 50158

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. The City Council is a member of or appoints representatives to the following boards and commissions: Mid Iowa Drug Task Force, Marshall County Emergency Management Commission, Marshall County 911 Joint Services Board, Marshall County Assessor's Conference Board and the Marshall County Solid Waste Management Commission. Financial transactions relating to these organizations are included in the City's financial statements only to the extent of the City's contributions, if any, to these organizations.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Net Position presents the City's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following three 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.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment, including special assessments. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds 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 City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Road Use Tax Fund* is used to account for the operations of street related expenses. Financing is provided by the City's share of state gasoline taxes, which are received on a per capita basis. State law requires these revenues to be received and disbursed in a special fund.

The *Local Option Sales Tax Fund* is used to account for the sale and service taxes collected to be applied to general property tax relief, and for storm sewer maintenance and improvements and related street repairs.

The *Property Tax Fund* is used to account for property tax collections for the emergency fund levy and employee benefits, which are then transferred to the general fund.

The *HUD Programs Fund* is used to account for the operations of a Federal Section 8 rental voucher assistance program, a grant from HUD to assist with security deposits and first month's rent program, and lead abatement program.

The *Debt Service Fund* is used to account for the servicing of general obligation debt.

The *Public Works and Other Projects Fund* is used to account for resources used in the acquisition and construction of capital facilities and other fixed assets with the exception of those that are financed through the Culture and Recreation Projects Fund, Airport Projects Fund, or through proprietary funds.

The City reports the following major proprietary funds:

The *Water Pollution Control Fund* is used to account for the operation and maintenance of the City's wastewater treatment facility and sanitary sewer. Services are supported primarily by user charges.

The *Storm Sewer Fund* is used to account for the operation of the City's storm sewers. Services are supported primarily by user charges.

Additionally, the City reports the following fund types:

Internal service funds account for group insurance benefits, occupational insurance benefits, and workmen's compensation benefits provided to other departments on a cost reimbursement basis.

Agency funds function primarily as a clearing mechanism for cash resources which are collected by the City, held as such for a brief period and then disbursed to the authorized recipient. The agency funds of the City are used for payroll clearing activities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Agency fund financial statements are reported using the accrual basis of accounting but have no measurement focus.

Property taxes are recognized as revenue in the year for which they have been levied, provided they are collected within 60 days after year-end. Sales taxes are considered measurable and available at the time the underlying transaction occurs provided they are collected within 60 days after year-end. Other taxes are considered measurable and available when they have been collected by the state or other levying authority. Special assessments receivable are recognized at the time of their levy. The related revenue is recognized at the time the assessment is due or collected. Licenses and permits, fines and forfeitures, and miscellaneous revenues are generally recognized as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recognized as earned.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water pollution control function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted 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 revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents, and Investments. The City maintains a cash and investment pool. These pooled deposits are invested in interest-bearing cash accounts or certificates of deposit. Interest on the pooled cash and investments is recognized as revenue when earned and allocated to the funds on a systematic basis. However, interest of the Road Use Tax Fund is credited directly to the General Fund. Cash and investments are separately held by the discretely presented component units for which interest is also recognized as revenue when earned.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Diversified Portfolio meets all of the necessary criteria in GASB Statement No. 79 to elect to measure all of the investments in the Diversified Portfolio at amortized cost.

Property Tax Receivable, Including Tax Increment Financing. Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is unavailable and will not be recognized as revenue until the year for which it is levied.

The County Treasurer bills and collects taxes for the City. Taxes for the year ended June 30, 2017, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2016 and March 31, 2017. Any County collections on the 2016-2017 tax levy remitted to the City within sixty days subsequent to June 30, 2017, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2017, are delinquent and have been recorded as receivables. This amount is recorded as unavailable revenue in the governmental funds but is recognized as revenue in the government-wide financial statements.

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

Due From and Due to Other Funds. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Due From Other Governments. Due from other governments represents various shared revenues, grants, and reimbursements from other governments. Shared revenues are recognized during the period when received by the collecting authority, the State of Iowa. Federal grant revenue is recognized when expenditures for the purpose of the grant have been incurred in the government-wide financial statements and as long as it meets the measurable and available criteria in the governmental fund statements.

Inventories and Prepaid Items. Inventories of materials and supplies in the proprietary and governmental fund types are stated at cost using the first-in, first-out method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The costs of governmental fund prepaid items are recorded as expenditures when consumed rather than when purchased.

Restricted Assets. Funds set aside for the payment of City enterprise and component unit revenue bonds are classified as restricted assets since their use is restricted by applicable bond indentures. Other restricted assets include funds for customer deposits restricted for application to unpaid customer accounts or for refund to customers.

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 Inflows of Resources. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Although certain revenues are measurable, they may not be available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Unavailable revenue represents 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Unavailable revenue at the fund level consists of property tax receivable, special assessments receivable, succeeding year property tax receivable, and other receivables not collected within sixty days after year-end. Unavailable revenue in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year in which they are levied.

Compensated Absences. City employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, death, or retirement. Accumulated sick leave is generally paid at 25%, not to exceed 1,440 hours for municipal fire employees, 1,072.5 hours for municipal police employees and 1,040 hours for all others, upon retirement if the employee has at least 15 years of service. All vacation and sick leave is accrued when incurred in the government-wide and proprietary financial statements. Governmental funds record the earned vacation and vested sick leave hours as an expenditure of the current year to the extent it is paid during the year. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2017.

Water Works employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement, or death. The liability is recorded on the Statement of Net Position based on rates of pay in effect as of June 30, 2017.

Long-Term Obligations. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the straight line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Assets. Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (\$50,000 for infrastructure) and an estimated useful life in excess of two years. All land is recorded regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. All infrastructure of the City has been recorded to date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	10-30
Buildings and structures	30-50
Equipment and vehicles	5-30
Sanitary sewers and lift stations	30-50
Infrastructure	20-50

Property, plant and equipment of the Water Works is depreciated using the straight line method over the following estimated useful lives.

	<u>Years</u>
Plants, wells, and storage	10-40
Distribution property	50-99
Meters	10-20
Vehicles	5
Equipment	7-10

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 and the Municipal Fire and Police Retirement Systems' and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. 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. The net pension liability attributes to the governmental activities will be paid primarily by the general funds.

Statement of Cash Flows – Cash Equivalents. For purposes of the Statement of Cash Flows for the proprietary funds and the component units, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase they have a maturity date no longer than three months.

Fund Equity. In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable fund balances cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

Restricted fund balances are restricted for specific purposes when constraints placed on the use of the resources are either externally imposed by their providers, such as creditors, grantors, or other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed fund balances can be used only for specific purposes determined pursuant to constraints formally imposed by the City Council, the highest level of decision making authority, through resolution approved prior to year end.

Assigned fund balances are amounts the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. These amounts are designated by City Council.

Unassigned fund balances are amounts not included in the other spendable classifications. The general fund is the only fund that reports a positive unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assigned actions.

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As of June 30, 2017, fund balances consisted of the following:

	General	Road Use Tax	Local Option Sales Tax	HUD Programs	Property Tax
Nonspendable					
Inventory and prepaid items	\$ 266,203	\$ 157,687	\$ -	\$ 11,231	\$ -
Restricted for					
Capital improvements	222,656	5,125,750	4,170,031	-	-
Property tax relief	589,436	-	1,265,665	-	-
Debt service	-	-	-	-	-
Employee benefits	-	-	-	-	2,877,960
Emergency communication	-	-	-	-	-
Economic development	-	-	-	-	-
Health and welfare	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Housing	-	-	-	280,290	-
Total restricted	812,092	5,125,750	5,435,696	280,290	2,877,960
Committed					
Capital improvements	250,000	-	-	-	-
Unassigned	2,551,887	-	-	-	-
Total fund balance	\$ 3,880,182	\$ 5,283,437	\$ 5,435,696	\$ 291,521	\$ 2,877,960

	Debt Service	Public Works and Other Projects	Nonmajor Governmental Funds	Total
Nonspendable				
Inventory and prepaid items	\$ -	\$ 2,246	\$ 20,949	\$ 458,316
Restricted for				
Capital improvements	-	3,685,909	-	13,204,346
Property tax relief	-	-	-	1,855,101
Debt service	237,889	-	-	237,889
Employee benefits	-	-	-	2,877,960
Emergency communication	-	-	608,779	608,779
Economic development	-	-	943,301	943,301
Health and welfare	-	-	207,546	207,546
Parks and recreation	-	-	286,394	286,394
Housing	-	-	-	280,290
Total restricted	237,889	3,685,909	2,046,020	20,501,606
Committed				
Capital improvements	-	-	-	250,000
Unassigned	-	-	(98,997)	2,452,890
Total fund balance	\$ 237,889	\$ 3,688,155	\$ 1,967,972	\$ 23,662,812

Note 2 - Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. At June 30, 2017, disbursements exceeded the amended budget amounts in the health and social services function. Additionally, before the budget was amended, disbursements exceeded the original amount budgeted for the capital projects function.

Note 3 - Deposits and Investments

Deposits. On June 30, 2017, the carrying amount of the City's deposits was \$40,201,591 and the bank balances were \$40,465,368. The City's deposits in banks at June 30, 2017, 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.

As of June 30, 2017, the City's carrying amount of deposits, related bank balances, and other cash, including fiduciary funds, were as follows:

	Carrying Amount	Bank Balance
Money Market	\$ 6,011,087	\$ 6,011,087
Demand Deposits	8,730,152	8,998,229
Certificates of Deposits	25,456,052	25,456,052
Petty Cash	4,300	-
Total	\$ 40,201,591	\$ 40,465,368

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

The Marshalltown Water Works' carrying amount of deposits was \$3,640,626 all of which was covered by federal depository insurance or insured by the state through pooled collateral, State Sinking Funds and by the state's ability to assess for lost funds.

The Convention and Visitors Bureau's deposits carrying amount and bank balance amount was \$218,714 all of which was covered by federal depository insurance.

The City and the Water Works are 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 or Board of Trustees and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest Rate Risk. The City's investment policy limits the investments of operating funds (funds expected to be expended in the current budget year or within fifteen months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in instruments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City. The City did not hold any instruments with a maturity greater than 397 days during the year.

Credit Risk. The City's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The City did not invest in any commercial paper or other corporate debt during the year.

Concentration of Credit Risk. The City's investment policy does not allow for a prime bankers' acceptance or commercial paper and other corporate debt balances to be greater than ten percent of its total deposits and investments. The policy also limits the amount that can be invested in a single issue to five percent of its total deposits and investments. The City held no such investments during the year.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's deposits are 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.

Custodial Credit Risk – Investments. For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City had no custodially-held investments during the year.

Note 4 - Interfund Balance and Transfers

Due to/from primary government and component unit balances as of June 30, 2017, consisted of the following:

Receivable Entity	Payable Entity	Amount
Primary Government:	Component Unit:	
Governmental Fund, General Fund	Water Works	\$ 13,355
Enterprise Fund, Water Pollution Control	Water Works	432,053
Enterprise Fund, Storm Sewer	Water Works	102,776
		<u>\$ 548,184</u>

Due from/to other funds as of June 30, 2017, consisted of the following:

Due to General Fund from Nonmajor Governmental	<u>\$ 25,874</u>
Due to Public Works and Other Projects Fund from Nonmajor Governmental	<u>\$ 78,886</u>
Due to Internal Service Funds from Internal Service Funds	<u>\$ 850</u>

The interfund balances result from negative cash balances.

Interfund transfers for the year ended June 30, 2017, consisted of the following:

Transfers to General Fund from	
Road Use Tax	\$ 955,717
Local Option Sales Tax	438,698
Property Tax	3,407,389
Public Works and Other Projects	868,579
Total Transfers to General Fund	<u>\$ 5,670,383</u>
Transfers to Local Option Sales Tax Fund from Storm Sewer	<u>\$ 1,219,193</u>
Transfers to Public Works and Other Projects Fund from:	
Water Pollution Control Fund	<u>\$ 300,000</u>
Transfers to Property Tax Fund from Local Option Sales Tax	<u>\$ 2,250,000</u>
Transfers to Debt Service Fund from Nonmajor Governmental	<u>\$ 252,461</u>
Transfers to Water Pollution Control Public Works and Other from:	
Nonmajor Governmental Funds	4,800
Public Works and Other	300,000
	<u>\$ 304,800</u>
Transfers to Storm Sewer Fund from Nonmajor Governmental	<u>\$ 3,200</u>
Transfers to Nonmajor Enterprise Funds from General	<u>\$ 175,517</u>

Transfers are used to (1) move property tax revenues from the fund that state statute requires to collect them to the fund that expends the associated expenditure, (2) offset public works salaries within the general fund with road use tax dollars collected, and (3) move a portion of local option sales tax to the fund that is receiving the property tax relief.

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Primary Government				
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 4,000,014	\$ 665,000	\$ -	\$ 4,665,014
Construction in progress	1,182,096	3,650,013	(1,757,959)	3,074,150
Total capital assets, not being depreciated	<u>5,182,110</u>	<u>4,315,013</u>	<u>(1,757,959)</u>	<u>7,739,164</u>
Capital assets, being depreciated				
Buildings and structures	17,707,821	-	-	17,707,821
Land improvements	2,476,257	106,802	-	2,583,059
Equipment and vehicles	16,899,577	759,391	(612,587)	17,046,381
Infrastructure	39,738,566	1,053,770	-	40,792,336
Total capital assets, being depreciated	<u>76,822,221</u>	<u>1,919,963</u>	<u>(612,587)</u>	<u>78,129,597</u>
Less accumulated depreciation for				
Buildings and structures	(6,982,371)	(497,807)	-	(7,480,178)
Land improvements	(1,446,576)	(28,581)	-	(1,475,157)
Equipment and vehicles	(9,623,672)	(1,010,949)	498,824	(10,135,797)
Infrastructure	(21,087,582)	(1,255,720)	-	(22,343,302)
Total accumulated depreciation	<u>(39,140,201)</u>	<u>(2,793,057)</u>	<u>498,824</u>	<u>(41,434,434)</u>
Total Capital Assets, Being Depreciated, Net	<u>37,682,020</u>	<u>(873,094)</u>	<u>(113,763)</u>	<u>36,695,163</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 42,864,130</u></u>	<u><u>\$ 3,441,919</u></u>	<u><u>\$ (1,871,722)</u></u>	<u><u>\$ 44,434,327</u></u>

City of Marshalltown
Notes to Financial Statements
June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Business-Type Activities				
Capital assets, not being depreciated				
Land	\$ 902,168	\$ -	\$ (11,537)	\$ 890,631
Construction in progress	2,486,005	5,152,206	(120,910)	7,517,301
Total capital assets, not being depreciated	3,388,173	5,152,206	(132,447)	8,407,932
Capital assets, being depreciated				
Buildings and structures	10,845,457	-	-	10,845,457
Land improvements	2,210,984	19,710	-	2,230,694
Equipment and vehicles	18,222,567	311,999	(368,761)	18,165,805
Sanitary sewers and lift stations	37,277,440	-	-	37,277,440
Infrastructure	15,690,271	120,910	-	15,811,181
Total capital assets, being depreciated	84,246,719	452,619	(368,761)	84,330,577
Less accumulated depreciation for				
Buildings and structures	(6,256,170)	(56,605)	-	(6,312,775)
Land improvements	(1,767,536)	(326,314)	-	(2,093,850)
Equipment and vehicles	(11,587,325)	(535,945)	353,066	(11,770,204)
Sanitary sewers and lift stations	(7,892,644)	(767,278)	-	(8,659,922)
Infrastructure	(4,777,659)	(317,617)	-	(5,095,276)
Total accumulated depreciation	(32,281,334)	(2,003,759)	353,066	(33,932,027)
Total Capital Assets, Being Depreciated, Net	51,965,385	(1,551,140)	(15,695)	50,398,550
Business-Type Activities Capital Assets, Net	\$ 55,353,558	\$ 3,601,066	\$ (148,142)	\$ 58,806,482

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities

Public safety	\$ 504,577
Public works	1,485,856
Health and social services	9,787
Culture and recreation	716,051
General government	<u>76,786</u>

Total Depreciation Expense – Governmental Activities	<u><u>\$ 2,793,057</u></u>
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Business-Type Activities

Water pollution control	\$ 1,470,579
Storm sewer	381,884
Compost facility	12,189
Bus transit	<u>139,107</u>

Total Depreciation Expense – Business-Type Activities	<u><u>\$ 2,003,759</u></u>
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Note 6 - Long-Term Debt

The following is a summary of changes in the City's long-term debt for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Governmental Activities					
General obligation bonds and notes payable	\$ 19,307,597	\$ 6,957,430	\$ 2,730,690	\$ 23,534,337	\$ 3,684,361
Unamortized premiums	<u>244,042</u>	<u>136,991</u>	<u>47,037</u>	<u>333,996</u>	<u>-</u>
Total general obligation bonds	19,551,639	7,094,421	2,777,727	23,868,333	3,684,361
Compensated absences payable	1,117,795	269,630	256,980	1,130,445	266,107
Net OPEB liability	<u>3,779,077</u>	<u>737,972</u>	<u>-</u>	<u>4,517,049</u>	<u>-</u>
	<u>24,448,511</u>	<u>8,102,023</u>	<u>3,034,707</u>	<u>29,515,827</u>	<u>3,950,468</u>

City of Marshalltown
Notes to Financial Statements
June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Business-Type Activities					
General obligation bonds and notes payable	\$ 4,897,266	\$ 2,965,000	\$ 888,428	\$ 6,973,838	\$ 629,686
Unamortized premiums	-	76,627	4,711	71,916	-
Unamortized discounts	(31,180)	-	(3,118)	(28,062)	-
Total general obligation bonds	4,866,086	3,041,627	890,021	7,017,692	629,686
Revenue bonds payable	16,308,000	-	1,397,000	14,911,000	1,438,000
Compensated absences payable	257,130	55,903	46,551	266,482	44,710
Net OPEB liability	447,134	87,316	-	534,450	-
	<u>21,878,350</u>	<u>3,184,846</u>	<u>2,333,572</u>	<u>22,729,624</u>	<u>2,112,396</u>
Total	<u>\$ 46,326,861</u>	<u>\$ 11,286,869</u>	<u>\$ 5,368,279</u>	<u>\$ 52,245,451</u>	<u>\$ 6,062,864</u>

For the governmental activities, compensated absences and net OPEB liability are generally liquidated by the general fund.

Bonded Debt. Details of the City's bonds and notes payable as of June 30, 2017, are as follows:

	Interest Rates	Govern- mental Activities	Business- type Activities	Total
General Obligation Bonds and Notes				
2009A Essential corporate purpose refunding bonds, issued May 1, 2009	3.00	300,000	-	300,000
2011A Essential corporate purpose, issued April 1, 2011	2.25-3.45	-	4,005,000	4,005,000
2011B Essential corporate purpose, issued October 26, 2011	1.45-2.85	1,685,000	-	1,685,000
2012A Essential corporate purpose, issued April 12, 2012	1.00-2.50	4,125,000	-	4,125,000
2012B Refunding, issued April 24, 2012	1.50-2.05	1,975,000	-	1,975,000
2013A Essential corporate purpose, issued March 12, 2013	1.50-1.75	4,895,000	-	4,895,000
2014A Essential corporate purpose, issued December 16, 2014	2.00-2.50	1,590,000	-	1,590,000
2015A Essential corporate purpose, issued November 24, 2015	2.00-2.60	2,000,000	-	2,000,000
2016A General obligation corporate purpose, issued August 9, 2016	2.00	2,035,000	2,545,000	4,580,000
2016B General obligation corporate purpose, issued December 1, 2016	2.00	4,780,000	-	4,780,000
Total general obligation bonds and notes		<u>23,385,000</u>	<u>6,550,000</u>	<u>29,935,000</u>
Notes Payable				
Software loan note, issued March 3, 2014	0.00	21,150	-	21,150
Alliant loan note, issued September 17, 2014	0.00	-	423,838	423,838
IDPS fire truck loan, issued July 5, 2016	0.00	128,187	-	128,187
Total notes payable		<u>149,337</u>	<u>423,838</u>	<u>573,175</u>
Revenue Bonds				
Water Pollution Control, improvement and refunding bonds, Series 2012C, issued May 8, 2012	2.58	-	2,122,000	2,122,000
Water Pollution Control, improvement bonds, Series 2013, issued June 18, 2013	2.09	-	2,906,000	2,906,000
Water Pollution Control, improvement bonds, Series 2014, issued June 18, 2013	2.90	-	4,580,000	4,580,000
Water Pollution Control, improvement bonds, Series 2015, issued August 13, 2015	2.69	-	5,303,000	5,303,000
Total revenue bonds		-	<u>14,911,000</u>	<u>14,911,000</u>
Total long-term debt		<u>\$ 23,534,337</u>	<u>\$ 21,884,838</u>	<u>\$ 45,419,175</u>

The resolutions providing for the issuance of the City's revenue bonds include the following provisions:

- (1) 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.
- (2) Sufficient monthly transfers shall be made to a separate sewer revenue bond and interest sinking fund for the purpose of making the bond principal and interest payments when due.

Future Requirements to Maturity. Principal and interest requirements to maturity for the City's bonds and notes outstanding as of June 30, 2017, are as follows:

Years Ending June 30,	Governmental Activities General Obligation Bonds and Notes		Business-Type Activities General Obligation Bonds and Notes	
	Principal	Interest	Principal	Interest
2018	3,684,361	501,072	629,686	174,473
2019	2,813,761	388,196	655,959	161,649
2020	2,833,486	342,795	672,249	147,481
2021	2,938,486	294,438	693,556	132,111
2022	3,034,243	240,026	622,388	115,578
2023-2027	7,235,000	529,893	2,770,000	309,970
2028-2032	995,000	29,900	930,000	47,300
Total	<u>\$ 23,534,337</u>	<u>\$ 2,326,320</u>	<u>\$ 6,973,838</u>	<u>\$ 1,088,562</u>

Years Ending June 30,	Business-Type Activities Water Pollution Control Revenue Bonds		Total Business-Type Activities	
	Principal	Interest	Principal	Interest
2018	1,438,000	389,721	2,067,686	564,194
2019	1,464,000	352,330	2,119,959	513,979
2020	1,077,000	314,269	1,749,249	461,750
2021	1,106,000	286,159	1,799,556	418,270
2022	1,134,000	257,299	1,756,388	372,877
2023-2027	6,133,000	826,315	8,903,000	1,136,285
2028-2032	2,559,000	118,376	3,489,000	165,676
Total	<u>\$ 14,911,000</u>	<u>\$ 2,544,469</u>	<u>\$ 21,884,838</u>	<u>\$ 3,633,031</u>

In fiscal year ended June 30, 2017, the Water Pollution Control Fund had net revenues of \$4,017,439 and the amount of Principal and Interest due was \$1,957,588.

Legal Debt Margin. The City's legal debt margin as of June 30, 2017, is as follows:

Regular Realty Valuations	\$ 1,123,584,265
Utility Valuations	226,574,365
Incremental Valuations	14,353,482
Total actual valuations applicable to debt	<u>\$ 1,364,512,112</u>
Debt Limit - 5% of Total Actual Valuations Applicable to Debt	<u>\$ 68,225,606</u>
Amount of Debt Applicable to Limitation	
General obligation bonds and notes	30,508,175
Urban renewal rebate agreements	<u>4,023,000</u>
	34,531,175
Less funds available from	
Debt service fund	237,889
Tax increment financing	<u>943,301</u>
Total debt applicable to debt margin	<u>33,349,985</u>
Legal debt margin	<u><u>\$ 34,875,621</u></u>

Note 7 - Retirement Plans

(a) Iowa Public Employees' Retirement System - IPERS

Plan Description – IPERS membership is mandatory for employees of the City and the Water works, except for those covered by another retirement system. Throughout this IPERS disclosure, all references to the City will incorporate both the City and the Water Works, unless otherwise noted.

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.

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent 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 benefits 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 – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. 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 2017, pursuant to the required rate, Regular members contributed 5.95% of pay and the City contributed 8.93% for a total rate of 14.88%.

The City's total contributions to IPERS for the year ended June 30, 2017 were \$518,532. The Water Work's total contributions to IPERS for the year ended June 30, 2017 were \$47,683.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 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 percent per annum
Rates of Salary Increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-Term Investment Rate of Return (effective June 30, 1996)	7.50 percent compounded annually, net of investment expense including inflation
Wage Growth (effective June 30, 1990)	4.00 percent per annum based on 3.00 percent inflation and 1.00 percent real wage inflation

The actuarial assumptions used in the June 30, 2016 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 pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting and 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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	28%	1.90
Domestic Equity	24	5.85
International Equity	16	6.32
Private Equity/Debt	11	10.31
Real Estate	8	3.87
Credit Opportunities	5	4.48
TIPS	5	1.36
Other Real Assets	2	6.24
Cash	1	(0.26)
	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions from the City 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.

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

City Specific IPERS Disclosures

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the City reported a liability of \$5,044,545 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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 IPERS participating employers. At June 30, 2016, the City's collective proportion was .08157 percent which was a decrease of .00113 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$565,737. At June 30, 2017, the City 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	\$ 44,584	\$ 60,205
Changes of Assumptions	76,964	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	718,688	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	116,024
City Contributions Subsequent to the Measurement Date	<u>518,532</u>	<u>-</u>
Total	<u><u>\$ 1,358,768</u></u>	<u><u>\$ 176,229</u></u>

The \$518,532 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30</u>	<u>Total</u>
2018	\$ 62,821
2019	62,821
2020	355,866
2021	192,746
2022	<u>(10,247)</u>
	<u><u>\$ 664,007</u></u>

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 percent, 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-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's Proportionate Share of the Net Pension Liability	\$ 8,161,390	\$ 5,044,545	\$ 2,413,886

Payable to the Pension Plan – At June 30, 2017, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Water Works Specific IPERS Disclosures

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the Water Works reported a liability of \$462,143 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Water Work's proportion of the net pension liability was based on the Water Work's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2016, the Water Work's collective proportion was .0073434 percent which was a decrease of .000014 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Water Works recognized pension expense of \$55,682. At June 30, 2017, the Water Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Results	\$ 4,084	\$ 5,515
Changes of Assumptions	7,051	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	65,841	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	6,569	3,187
Water Works Contributions Subsequent to the Measurement Date	47,683	-
Total	<u>\$ 131,228</u>	<u>\$ 8,702</u>

The \$47,683 reported as deferred outflows of resources related to pensions resulting from the Water Works contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	Total
2018	\$ 9,779
2019	9,779
2020	35,096
2021	20,230
2022	(41)
	\$ 74,843

Sensitivity of the Utility's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Water Utility's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Water Utility'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 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.50%)	1% Increase (8.50%)
Water Works' Proportionate Share of the Net Pension Liability	\$ 747,685	\$ 462,143	\$ 221,142

Payable to the Pension Plan – At June 30, 2017, the Water Works reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(b) Municipal Fire and Police Retirement System of Iowa – MFPRSI

Plan Description – MFPRSI membership is mandatory for fire fighters and police officers covered by provisions of Chapter 411 of the Code of Iowa. Employees of the 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 50366 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.

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 percent of the member's average final compensation. Additional benefits are available to members who perform more than 22 years of service (2 percent 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 percent 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. By electing to participate in DROP the member is signing a contract indicating 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 coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent 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 percent 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 percent 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 percent 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 percent 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 percent of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which states 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 as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2017.

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 percent 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 employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 25.92% for the year ended June 30, 2017.

The City's contributions to MFPRSI for the year ended June 30, 2017 was \$1,086,753.

If approved by the state legislature, state appropriation may further reduce the employer'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 non-employer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No 67 – Financial Reporting for Pension Plans, (GASB 67).

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2017.

Actuarial Assumptions - The total pension liability in the June 30, 2016, 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 percent per annum
Rates of Salary Increase (effective June 30, 2010)	4.00 to 15.11 percent, average, including inflation. Rates vary by membership group.
Long-Term Investment Rate of Return (effective June 30, 1996)	7.50 percent compounded annually, net of investment expense including inflation

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period of July 1, 2002 to June 30, 2012. There were no significant changes of benefit terms.

Mortality rates were based on RP 2000 Blue Collar Combined Healthy table with males set-back two years, females set-forward one year and disableds set-forward one year (male only rates), with no projection of future mortality improvements.

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

Asset Class	Long-Term Expected Real Rate of Return
Large Cap	6.0%
Small Cap	5.8%
International Large Cap	7.0%
Emerging Markets	8.8%
Emerging Market Debt	6.5%
Private Non-Core Real Estate	9.3%
Master Limited Partnerships	8.5%
Private Equity	9.8%
Core Plus Fixed Income	3.8%
Private Core Real Estate	6.8%
Treasury Inflation Protected Securities	2.8%
Tactical Asset Allocation	6.0%

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.4% 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 pension plan’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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI’s website at www.mfprsi.org.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the City reported a liability of \$9,755,815 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the City’s collective proportion was 1.56027 percent which was a decrease of .044289 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expenses of \$1,318,479. At June 30, 2017 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Results	\$ 251,785	\$ 9,048
Changes of Assumptions	411,896	133,628
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,725,054	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	170,708	183,221
City Contributions Subsequent to the Measurement Date	1,086,753	-
Total	<u>\$ 3,646,196</u>	<u>\$ 325,897</u>

The \$1,086,753 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	Total
2018	\$ 330,560
2019	330,560
2020	965,864
2021	591,600
2022	14,962
	<u>\$ 2,233,546</u>

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 percent, 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-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's Proportionate Share of the Net Pension Liability	\$ 15,311,260	\$ 9,755,818	\$ 5,129,319

Payables to the Pension Plan – At June 30, 2017, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI.

(c) Pension Plan – Marshalltown Water Works Supplemental Retirement and Pension Plan

Plan Description – The Water Works maintains the Marshalltown Water Works Supplemental Retirement and Pension Plan, which is a single employer defined benefit plan administered by United Bank and Trust.

The Plan was established by the Marshalltown Water Works' Board of Trustees on September 30, 1953. The Plan was restated and amended on January 1, 2014. The Board of Trustees has the authority to amend the Plan at any time.

Pension Benefits – Employees who retire at or after age 65, or age 62 with 25 years of credited service, are entitled to retirement benefits payable monthly for life. Monthly benefits are equal to 2.12% of the employee's five-year final average salary multiplied by the number of years of consecutive service for the year ended June 30, 2017. Service prior to January 1, 1986 shall be limited to 25 years. Benefits are fully vested on reaching 10 or more years of credited service.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability benefits is eligible to claim Water Works pension benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement and has participated in the plan for 10 or more years prior to death, and is totally vested, the surviving spouse may request a return of the participant's accrued contributions with interest to the date of the participant's death, or may leave the balance in the pension plan and be entitled to a joint and 100% survivor annuity at the time the participant would have become eligible for pension benefits.

Contributions – The Water Works' funding policy provides for employer and employee contributions at actuarially determined rates that are sufficient to accumulate assets to pay benefits when due. The frozen entry age actuarial cost method is used to determine annual plan costs. The employer contribution rate for the year ended June 30, 2017 was 8.93% plus an additional \$4,000 per bi-weekly payroll. The employee contribution rate for the year ended June 30, 2017 was 4.95%. Contributions paid by the Water Works for the year ended June 30, 2017 totaled \$152,140, and the contributions paid by employees totaled \$24,468.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the Water Works reported a net pension liability of \$1,476,868. The net pension liability was measured as of April 1, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that April 1, 2017.

For the year ended June 30, 2017, the Water Works recognized pension expense of \$137,585. At June 30, 2017 Water Works reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Results	\$ 20,167	\$ 2,183
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	28,151	-
Total	<u>\$ 48,318</u>	<u>\$ 2,183</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

<u>Years Ending June 30,</u>	<u>Total</u>
2018	\$ 23,357
2019	18,319
2020	11,526
2021	(7,067)
2022	-
	<u>\$ 46,135</u>

Actuarial Assumptions – The total pension liability in the April 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rates of Salary Increase (effective April 1, 2015)	3.00 percent per annum
Long-Term Investment Rate of Return (effective April 1, 2015)	7.00 percent compounded annually

The actuarial assumptions used in the April 1, 2017 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the 1983 Group Annuity Mortality Table.

The long-term expected rate of return on pension plan investments was determined using best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation). These ranges are combined to produce the long-term expected rate of return. The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.93% based on the target allocation of assets summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>
Large Cap Equity	30.0%
Small Cap Equity	10.0
International Equity	10.0
High Dividend Equity	10.0
Fixed Income	40.0
Total	<u>100.0%</u>

Sensitivity of the Water Works' Net Pension Liability to Changes in the Discount Rate – The following presents the Water Works' net pension liability calculated using the discount rate of 7.0 percent, as well as what the Water Works' net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.00%)	1% Increase (8.00%)
	<hr/>	<hr/>	<hr/>
Water Works' Proportionate Share of the Net Pension Liability	\$ 1,707,914	\$ 1,476,868	\$ 1,278,424

Note 8 - Other Postemployment Benefits

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions* prospectively during the year ended June 30, 2009.

Plan Description - The City operates a single-employer retiree benefit plan which provides postemployment medical and dental benefits for retirees and their spouses. The Plan does not issue a stand-alone financial report.

Retirees or eligible spouses are required to contribute for their coverage the following percentages of the total premium:

50% if disabled while on duty (police or fire) except disability related expenses are 100% paid by the City,
50% if retiring employee satisfies the rule of 88 or police/fire employee is 55 with 22 years of service,
50% for grandfathered police/fire,
100% for all other including surviving spouses.

To be eligible for the medical and dental insurance coverage, a retiree must be at least 55 years old, or disabled and receiving or eligible to receive a pension under the Iowa Public Employees' Retirement System (IPERS) or the Municipal Fire and Police Retirement System of Iowa (MFPRSI). There are 137 active and 64 retired members in the plan.

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.

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the years ended June 30, 2017 and 2016, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

	2017	2016
Normal Cost	\$ 233,665	\$ 192,824
Amortization of UAAL	820,830	325,679
Annual Required Contribution	1,054,495	518,503
Interest on Net OPEB Obligation	169,048	20,740
Adjustment to Annual Required Contribution	(232,783)	(62,408)
Annual OPEB cost	990,760	476,835
Contributions Made	(165,472)	(202,043)
Increase in net OPEB obligation	825,288	274,792
Net OPEB Obligation, Beginning of Year	4,226,211	3,951,419
Net OPEB Obligation, End of Year	\$ 5,051,499	\$ 4,226,211

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2017, 2016, and 2015, are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
June 30, 2017	\$ 990,760	16.70%	\$ 5,051,499
June 30, 2016	476,835	42.37%	4,226,211
June 30, 2015	476,835	5.35%	3,951,419

Funded Status and Funding Progress - As of July 1, 2016, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was \$11,671,551, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$11,671,551. The covered payroll (annual payroll of active employees covered by the plan) was \$10,057,832 and the ratio of the UAAL to covered payroll was 116.0%. As of June 30, 2017, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2016 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the City's funding policy. The projected annual medical trend rate is 6%. A inflation rate of 0% is assumed for purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the City's past experience.

The UAAL is being amortized over 30 years on a closed group basis.

Note 9 - Risk Management

The City is a member in the Iowa Communities Assurance Pool (Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose 700 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 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 due and payable in the current 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 the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current 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 expenditures from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2017 were \$196,030.

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 in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by Lexington Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhaust total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does 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 losses can be reasonably estimated. Accordingly, at June 30, 2017, no liability has been recorded in the City's financial statements. As of June 30, 2017, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given sixty 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. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City has established a Group Insurance Benefits Fund for insuring health benefits provided to City employees and covered dependents which is included as an internal service fund. Health benefits were self-insured up to a specific stop-loss amount of \$85,000 and an aggregate stop-loss of approximately \$2,690,030 for 2017. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop-loss amount. All claims handling procedures are performed by a third-party claims administrator. Reported claims as of June 30, 2017, as well as incurred but not reported claims, have been accrued as a liability based upon the claims administrator's estimate and are included in accounts payable. The liability does not include any allocated or unallocated claim adjustment expenses.

All operating funds of the City participate in the program and make payments to the Group Insurance Benefits Fund based on actuarial estimates of the amounts needed to pay prior and current year claims.

The City has established an Occupational Insurance Benefits Fund to self-insure for workers' compensation benefits for all currently employed police officers and firefighters and police officers and firefighters who have retired due to an accidental disability prior to December 1992, in accordance with Chapter 411.15 of the Code of Iowa. The General Fund is charged for benefits paid to police officers and firefighters by the Occupational Insurance Benefits Fund, which is also accounted for as an internal service fund. Reported claims as of June 30, 2017, as well as incurred but not reported claims, have been accrued as a liability based upon the City's best estimate and are included in accounts payable. The liability does not include any allocated or unallocated claim adjustment expenses. There is no stop-loss insurance for this coverage.

The claims liabilities of \$272,641 in the Group Insurance Benefits Fund and \$1,048 in the Occupational Insurance Benefits Fund are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The entire amounts will be paid within one year of year-end.

Changes in reported liabilities for the fiscal years ended June 30, 2017 and 2016, are summarized as follows:

	Group Insurance Benefits Fund	Occupational Insurance Benefits Fund
Liabilities as of June 30, 2015	\$ 332,293	\$ 3,007
Claims and Changes in Estimates During Fiscal Year 2016	2,112,780	31,664
Claim Payments	<u>(2,234,531)</u>	<u>(31,920)</u>
Liabilities as of June 30, 2016	210,542	2,751
Claims and Changes in Estimates During Fiscal Year 2017	2,011,711	126,493
Claim Payments	<u>(1,949,612)</u>	<u>(128,196)</u>
Liabilities as of June 30, 2017	<u><u>\$ 272,641</u></u>	<u><u>\$ 1,048</u></u>

Note 10 - Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all regular City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees, until termination, retirement, death, or unforeseeable emergency. The plan complies with IRC Section 457(g), which allows for the plan to hold its assets in trust. Under these requirements, the City does not own the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the financial statements.

During this fiscal year, the City also made payroll IRAs available to its employees in accordance with Internal Revenue Code Section 401. This plan is also available to all regular City employees. Participation is optional and withdrawals are governed by current IRS regulations.

Note 11 - Commitments

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2017. The City has additional commitments for signed construction contracts of approximately \$2,729,649 as of June 30, 2017, to be paid as work on the projects progresses.

Note 12 - Major Customer

The financial statements of the Water Pollution Control Enterprise Fund include sales and receivables from Swift and Company, a major customer, of \$2,689,377 and \$224,380, respectively.

Note 13 - Litigation

The City is a defendant in several claims and lawsuits. In the opinion of the City Attorney and management, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Note 14 - Deficit Balances

At June 30, 2017, funds with deficit balances were as follows:

Special Revenue Funds - Grant Fund	\$ 22,474
Capital Projects Funds - Airports Projects Fund	34,105
Capital Projects Funds - Culture & Recreation Projects Fund	42,226
Internal Service Funds - Occupational Insurance Benefits Fund	1,898

These deficit balances will be recovered through future grant funding and through internal service charges.

Note 15 - Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2017, the City did not abate property tax under the urban renewal and economic development projects. Property tax revenues of the City were not reduced under agreements entered into by other entities for the year ended June 30, 2017.

Note 16 - Subsequent Events

On September 11, 2017 the City of Marshalltown issued General Obligation Municipal Building Bonds, Series 2017 in the amount of \$12,720,000. The bonds were issued to finance the construction, furnishing and equipping of a facility for the joint use of the municipal police and fire departments, including construction of related infrastructure improvements and acquiring real estate. The City maintained their Aa2 bond rating for the sale of these bonds. The interest rate on the bonds is 3%, with a maturity date of June 1, 2037.

Required Supplementary Information
June 30, 2017

City of Marshalltown

City of Marshalltown
Required Supplementary Information
Schedule of Funding Progress for the Retiree Benefit Plan

Schedule of Funding Progress						
Actuarial Valuation Date	Fair Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2016	\$ -	\$ 11,671,551	\$ 11,671,551	0.00%	\$ 10,057,832	116.0%
July 1, 2014	-	5,856,914	5,856,914	0.00%	9,663,341	60.6%
July 1, 2012	-	5,687,909	5,687,909	0.00%	9,331,501	61.0%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

City of Marshalltown
Required Supplementary Information
Budgetary Comparison Schedule of Receipts, Disbursements, and
Changes in Balances – Budget and Actual (Cash Basis)
Governmental Funds and Enterprise Funds
Year Ended June 30, 2017

	Actual			Budgeted Amounts		Final to
	Governmental Funds	Enterprise Funds	Total	Original Budget	Final Budget	Actual Variance
Receipts						
Property taxes	\$ 11,098,786	\$ -	11,098,786	\$ 11,100,009	\$ 11,100,009	\$ (1,223)
TIF revenues	439,671	-	439,671	502,248	502,248	(62,577)
Other city taxes	6,381,371	-	6,381,371	4,937,768	6,127,230	254,141
Licenses and permits	249,742	8,857	258,599	265,125	260,625	(2,026)
Use of money and property	196,939	127,844	324,783	148,210	196,143	128,640
Intergovernmental	9,164,610	359,756	9,524,366	10,100,702	10,497,207	(972,841)
Charges for service	1,037,673	8,519,745	9,557,418	8,681,743	8,732,439	824,979
Special assessments	10,406	-	10,406	22,206	32,206	(21,800)
Miscellaneous	914,281	124,865	1,039,146	324,600	653,664	385,482
Other financing sources	7,184,068	3,108,826	10,292,894	2,900,000	18,532,445	(8,239,551)
Total receipts	<u>36,677,547</u>	<u>12,249,893</u>	<u>48,927,440</u>	<u>38,982,611</u>	<u>56,634,216</u>	<u>(7,706,776)</u>
Disbursements						
Public safety	9,547,971		9,547,971	9,313,399	9,849,923	301,952
Public works	3,534,985		3,534,985	4,015,593	4,045,779	510,794
Health and social services	1,290,082		1,290,082	1,651,699	1,280,394	(9,688)
Culture and recreation	2,907,125		2,907,125	3,320,411	3,065,183	158,058
Community and economic development	1,831,118		1,831,118	1,485,750	1,920,906	89,788
General government	1,478,843		1,478,843	1,837,625	1,948,400	469,557
Debt service	3,124,527		3,124,527	3,091,413	3,191,461	66,934
Capital projects	6,608,920	-	6,608,920	3,475,376	9,049,750	2,440,830
Business-type activities	-	12,519,064	12,519,064	12,587,369	25,519,319	13,000,255
Total disbursements	<u>30,323,571</u>	<u>12,519,064</u>	<u>42,842,635</u>	<u>40,778,635</u>	<u>59,871,115</u>	<u>17,028,480</u>
Excess (deficiency) of receipts over (under) disbursements	<u>6,353,976</u>	<u>(269,171)</u>	<u>6,084,805</u>	<u>(1,796,024)</u>	<u>(3,236,899)</u>	<u>9,321,704</u>
Transfers						
Transfers in	10,887,712	483,518	11,371,230	8,876,230	11,253,644	(117,586)
Transfers out	(9,852,036)	(1,519,194)	(11,371,230)	(8,876,230)	(11,253,644)	117,586
Total transfers	<u>1,035,676</u>	<u>(1,035,676)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	7,389,652	(1,304,847)	6,084,805	(1,796,024)	(3,236,899)	9,321,704
Fund Balances, Beginning	<u>16,524,519</u>	<u>14,882,567</u>	<u>31,407,086</u>	<u>27,371,938</u>	<u>33,856,541</u>	<u>(2,449,455)</u>
Fund Balances, Ending	<u>\$ 23,914,171</u>	<u>\$ 13,577,720</u>	<u>\$ 37,491,891</u>	<u>\$ 25,575,914</u>	<u>\$ 30,619,642</u>	<u>\$ 6,872,249</u>

City of Marshalltown
Required Supplementary Information
Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Year Ended June 30, 2017

	Governmental Funds			Proprietary Funds Enterprise		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 36,677,547	\$ (773,667)	\$ 35,903,880	\$ 12,249,893	\$ (2,553,029)	\$ 9,696,864
Expenditures/Expenses	30,323,571	753,433	31,077,004	12,519,064	(5,041,851)	7,477,213
Net	6,353,976	(1,527,100)	4,826,876	(269,171)	2,488,822	2,219,651
Transfers	1,035,676	-	1,035,676	(1,035,676)	-	(1,035,676)
Beginning Fund Balances/ Net Position	16,524,519	1,275,741	17,800,260	14,882,567	33,659,535	48,542,102
Ending Fund Balances/ Net Position	<u>\$ 23,914,171</u>	<u>\$ (251,359)</u>	<u>\$ 23,662,812</u>	<u>\$ 13,577,720</u>	<u>\$ 36,148,357</u>	<u>\$ 49,726,077</u>

The budgetary comparison is presented as Required Supplementary Information 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. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon nine (9) major classes of disbursements known as functions, not by fund or fund type. 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, the Debt Service Fund, Capital Projects Funds and Enterprise Funds. Although the budget document presents function disbursements by fund type, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment was prepared with the required public hearing. The amendments increased budgeted disbursements by \$19,092,480.

At June 30, 2017, disbursements exceeded the amended budget amounts in the health and social services function. Additionally, before the budget was amended, disbursements exceeded the original amount budgeted for the capital projects function.

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City of Marshalltown
Required Supplementary Information
Schedule of City's Proportionate Share of Net Pension Liability
Iowa Public Employees' Retirement System – IPERS

Fiscal Year Ended	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.0816%	\$ 5,044,545	\$ 5,772,452	87.39%	81.82%
2016	0.0827%	4,109,324	5,714,192	71.91%	85.19%
2015	0.0828%	3,349,191	5,521,483	60.66%	87.61%

See accompanying notes to required supplementary information.

Note: GASB Statement No.68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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

City of Marshalltown
Required Supplementary Information
Schedule of City Contributions
Iowa Public Employees' Retirement System – IPERS

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 518,532	\$ 518,532	\$ -	\$ 5,806,629	8.93%
2016	515,480	515,480	-	5,772,452	8.93%
2015	510,213	510,213	-	5,714,192	8.93%
2014	493,003	493,003	-	5,521,483	8.93%
2013	471,574	471,574	-	5,462,753	8.63%
2012	422,426	422,426	-	5,234,876	8.07%
2011	359,543	359,543	-	5,173,124	6.95%
2010	336,261	336,261	-	5,056,637	6.65%
2009	305,547	305,547	-	4,808,928	6.35%
2008	277,631	277,631	-	4,590,139	6.05%

City of Marshalltown
Required Supplementary Information
Schedule of Water Works' Proportionate Share of Net Pension Liability
Iowa Public Employees' Retirement System – IPERS

Fiscal Year Ended	Water Works' proportion of the net pension liability	Water Works' proportionate share of the net pension liability	Water Works' covered payroll	Water Works' proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.0073%	\$ 462,143	\$ 526,989	87.69%	81.82%
2016	0.0073%	362,120	502,146	72.11%	85.19%
2015	0.0075%	298,746	492,923	60.61%	87.61%

Note: GASB Statement No.68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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

City of Marshalltown
Required Supplementary Information
Schedule of Water Works Contributions
Iowa Public Employees' Retirement System – IPERS

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Water Works' Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 47,683	\$ 47,683	-	\$ 533,963	8.93%
2016	47,060	47,060	-	526,989	8.93%
2015	44,842	44,842	-	502,146	8.93%
2014	44,018	44,018	-	492,923	8.93%
2013	41,028	41,028	-	473,218	8.67%
2012	36,382	36,382	-	450,830	8.07%
2011	30,686	30,686	-	441,525	6.95%
2010	28,064	28,064	-	422,015	6.65%
2009	25,865	25,865	-	407,323	6.35%
2008	23,482	23,482	-	388,132	6.05%

Changes of benefit terms

Legislation passed in 2010 modified benefit terms for current 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 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of the retirement before age 65.

In 2008, legislative action 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.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions

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

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member account from 4.00 percent to 3.75 percent 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 in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

City of Marshalltown
Required Supplementary Information
Schedule of City's Proportionate Share of Net Pension Liability
Municipal Fire and Police Retirement System of Iowa - MFPRSI

Fiscal Year Ended	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	1.5602%	\$ 9,755,815	\$ 4,229,147	230.68%	78.20%
2016	1.5160%	7,122,296	3,975,266	179.17%	83.04%
2015	1.5611%	5,658,798	3,987,282	141.92%	86.27%

Note: GASB Statement No.68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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

City of Marshalltown
Required Supplementary Information
Schedule of City Contributions
Municipal Fire and Police Retirement System of Iowa – IPERS

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 1,086,753	\$ 1,086,753	-	\$ 4,192,720	25.92%
2016	1,174,434	1,174,434	-	4,229,147	27.77%
2015	1,208,879	1,208,879	-	3,975,266	30.41%
2014	1,200,723	1,200,723	-	3,987,282	30.11%
2013	1,025,722	1,025,722	-	3,908,165	26.25%
2012	950,492	950,492	-	3,838,823	24.76%
2011	736,174	736,174	-	3,699,363	19.90%
2010	616,553	616,553	-	3,626,678	17.00%
2009	655,955	655,955	-	3,498,435	18.75%
2008	862,919	862,919	-	3,386,660	25.48%

Notes to Required Supplementary Information – Pension Liability:

Changes of benefit terms: There were no significant changes of benefit terms.

Changes of assumptions: Effective July 1, 2014, two additional steps 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.

City of Marshalltown
Required Supplementary Information
Schedule of Water Works' Net Pension Liability
Supplemental Retirement and Pension Plan

Fiscal Year Ended	Water Works' proportionate share of the net pension liability	Water Works' covered payroll	Water Works' proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	\$ 1,476,868	\$ 499,157	295.87%	45.72%
2016	1,547,805	462,980	334.31%	44.16%
2015	1,471,746	483,147	304.62%	46.85%

The amounts presented for each fiscal year were determined as of April 1.

Note: GASB Statement No. 67 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Water Works will present information for those years for which information is available.

City of Marshalltown
Required Supplementary Information
Schedule of Water Works Contributions
Supplemental Retirement and Pension Plan

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 152,140	\$ 152,140	-	\$ 499,157	30.48%
2016	119,344	119,344	-	462,980	25.78%
2015	121,145	121,145	-	483,147	25.07%
2014	122,357	122,357	-	500,366	24.45%
2013	117,189	117,189	-	478,884	24.47%
2012	112,779	112,779	-	479,708	23.51%
2011	111,885	111,885	-	470,579	23.78%
2010	114,091	114,091	-	547,402	20.84%
2009	91,232	91,232	-	543,736	16.78%
2008	34,708	34,708	-	514,193	6.75%

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Other Supplementary Information
June 30, 2017

City of Marshalltown

Special Revenue Funds

E-911 Surcharge – To account for activity associated with the E911 Joint Services Board.

Grant Fund – To account for various state and federal grant activities.

Special Contributions – To reflect activities associated with donations and special contributions to various City departments.

Tax Increment Financing – To account for revenue taxes levied for specific uses within the designated district. Specific uses may include the construction of infrastructure and payments associated with debt and other development agreements.

Other – To account for other various revenues, seized assets, City tort liability, special assessments and economic development gift funding.

Capital Projects Funds

Airport Projects – To account for ongoing projects at the municipal airport.

Culture and Recreation Projects – To account for resources used in the acquisition and construction of capital facilities and other capital assets associated with the City's culture and recreation function.

	Special	
	E-911 Surcharge	Grant Fund
Assets		
Cash and cash equivalents	\$ 530,418	\$ -
Receivables		
Property taxes		
Delinquent	-	-
Accounts and unbilled usage	-	-
Due from other governments	79,678	31,717
Prepaid items	17,887	192
Total assets	\$ 627,983	\$ 31,909
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	\$ 1,317	\$ 1,451
Accrued payroll and payroll benefits	-	4,038
Retainage payable	-	-
Due to other governments	-	10,312
Due to other funds	-	25,874
Total liabilities	1,317	41,675
Deferred Inflows of Resources		
Unavailable revenue- other	-	-
Unavailable revenue- Intergovernmental	-	12,708
Total deferred inflows of resources	-	12,708
Fund Balances		
Nonspendable	17,887	192
Restricted	608,779	-
Unassigned	-	(22,666)
Total fund balances	626,666	(22,474)
Total liabilities, deferred inflows of resources, and fund balances	\$ 627,983	\$ 31,909

City of Marshalltown
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
Special Contributions	Tax Increment Financing	Other	Airport Projects	Culture and Recreation Projects	
\$ 310,342	\$ 936,710	\$ 196,361	\$ -	\$ 93,698	\$ 2,067,529
-	5,789	-	-	-	5,789
130	-	67,544	-	-	67,674
-	802	-	44,781	119,594	276,572
603	-	2,267	-	-	20,949
<u>\$ 311,075</u>	<u>\$ 943,301</u>	<u>\$ 266,172</u>	<u>\$ 44,781</u>	<u>\$ 213,292</u>	<u>\$ 2,438,513</u>
\$ 23,609	\$ -	\$ 2,538	\$ -	\$ 120,421	\$ 149,336
469	-	-	-	-	4,507
-	-	-	-	15,503	15,503
-	-	-	-	-	10,312
-	-	-	78,886	-	104,760
<u>24,078</u>	<u>-</u>	<u>2,538</u>	<u>78,886</u>	<u>135,924</u>	<u>284,418</u>
-	-	53,821	-	-	53,821
-	-	-	-	119,594	132,302
-	-	53,821	-	119,594	186,123
603	-	2,267	-	-	20,949
286,394	943,301	207,546	-	-	2,046,020
-	-	-	(34,105)	(42,226)	(98,997)
<u>286,997</u>	<u>943,301</u>	<u>209,813</u>	<u>(34,105)</u>	<u>(42,226)</u>	<u>1,967,972</u>
<u>\$ 311,075</u>	<u>\$ 943,301</u>	<u>\$ 266,172</u>	<u>\$ 44,781</u>	<u>\$ 213,292</u>	<u>\$ 2,438,513</u>

	Special	
	E-911 Surcharge	Grant Fund
Revenues		
TIF revenues	\$ -	\$ -
Other city taxes	317,829	-
Use of money and property	2,149	9,783
Intergovernmental	-	153,828
Charges for service	-	-
Miscellaneous	363	116,471
Total revenues	320,341	280,082
Expenditures		
Current		
Public safety	185,968	314,378
Public works	-	-
Health and social services	-	-
Culture and recreation	-	25,225
Community and economic development	-	8,135
Total expenditures	185,968	347,738
Excess of revenues (expenditures) over expenditures (revenues)	134,373	(67,656)
Other Financing Sources (Uses)		
General obligation bonds issued	-	142,430
Transfers out	-	-
Total other financing sources (uses)	-	142,430
Net Change in Fund Balances	134,373	74,774
Fund Balances (Deficit) - Beginning	492,293	(97,248)
Fund Balances (Deficit) - Ending	\$ 626,666	\$ (22,474)

City of Marshalltown
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
Year Ended June 30, 2017

Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
Special Contributions	Tax Increment Financing	Other	Airport Projects	Culture and Recreation Projects	
\$ -	\$ 435,098	\$ -	\$ -	\$ -	\$ 435,098
-	-	-	-	-	317,829
2,113	4,518	1,240	-	559	20,362
70,445	58,396	-	142,836	316,893	742,398
16,172	-	-	-	-	16,172
307,640	-	78,959	-	2,000	505,433
396,370	498,012	80,199	142,836	319,452	2,037,292
23,961	-	52,714	-	-	577,021
-	-	1,906	80,001	-	81,907
-	-	5,000	-	-	5,000
287,090	-	28,715	-	448,839	789,869
-	74,000	-	-	3,240	85,375
311,051	74,000	88,335	80,001	452,079	1,539,172
85,319	424,012	(8,136)	62,835	(132,627)	498,120
-	-	-	-	-	142,430
-	(252,461)	(8,000)	-	-	(260,461)
-	(252,461)	(8,000)	-	-	(118,031)
85,319	171,551	(16,136)	62,835	(132,627)	380,089
201,678	771,750	225,949	(96,940)	90,401	1,587,883
\$ 286,997	\$ 943,301	\$ 209,813	\$ (34,105)	\$ (42,226)	\$ 1,967,972

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Nonmajor Enterprise Funds

Compost Facility – To account for the operation and maintenance of the City’s facility for yard wastes. Services are supported primarily by user charges.

Bus Transit – To account for the City’s mass transit operations. Services are supported primarily from transit property taxes accounted for and transferred from the General Fund, intergovernmental revenues, and user charges.

Recreation Concessions – To account for the concessions activity of the municipal swimming pool. Services are supported by user fees.

City of Marshalltown
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2017

	Compost Facility	Bus Transit	Recreation Concessions	Total Nonmajor Enterprise Funds
Assets				
Current assets				
Cash and cash equivalents	\$ 179,367	\$ 117,704	\$ 10,326	\$ 307,397
Receivables				
Accounts and unbilled usage	1,354	1,403		2,757
Due from other governments	-	22,054	-	22,054
Inventories	6,930	-	-	6,930
Prepaid items	663	18,817	212	19,692
Total current assets	<u>188,314</u>	<u>159,978</u>	<u>10,538</u>	<u>358,830</u>
Noncurrent assets				
Capital assets				
Land	10,437	-	-	10,437
Land improvements	235,361	7,735	-	243,096
Buildings and structures	26,919	677,129	-	704,048
Equipment and vehicles	85,947	1,562,504	-	1,648,451
Accumulated depreciation	(310,208)	(1,152,722)	-	(1,462,930)
Total noncurrent assets	<u>48,456</u>	<u>1,094,646</u>	<u>-</u>	<u>1,143,102</u>
Total assets	<u>236,770</u>	<u>1,254,624</u>	<u>10,538</u>	<u>1,501,932</u>
Deferred Outflows of Resources				
Pension related deferred outflows	<u>5,519</u>	<u>78,400</u>	<u>917</u>	<u>84,836</u>
Liabilities				
Current liabilities				
Accounts payable	181	5,530	5,576	11,287
Accrued payroll and payroll benefits	1,189	8,607	1,507	11,303
Due to other governments	-	3,742	-	3,742
Compensated absences	290	7,844	-	8,134
Total current liabilities	<u>1,660</u>	<u>25,723</u>	<u>7,083</u>	<u>34,466</u>
Noncurrent liabilities				
Compensated absences	3,809	22,573	-	26,382
Net OPEB liability	-	36,877	-	36,877
Net pension liability	20,488	291,067	3,405	314,960
Total noncurrent liabilities	<u>24,297</u>	<u>350,517</u>	<u>3,405</u>	<u>378,219</u>
Total liabilities	<u>25,957</u>	<u>376,240</u>	<u>10,488</u>	<u>412,685</u>
Deferred Inflows of Resources				
Pension related deferred inflows	<u>716</u>	<u>10,168</u>	<u>119</u>	<u>11,003</u>
Net Position				
Net investment in capital assets	48,456	1,094,646	-	1,143,102
Unrestricted	<u>167,160</u>	<u>(148,030)</u>	<u>848</u>	<u>19,978</u>
Total net position	<u>\$ 215,616</u>	<u>\$ 946,616</u>	<u>\$ 848</u>	<u>\$ 1,163,080</u>

City of Marshalltown
Combining Statement of Revenues, Expenditures
and Changes in Fund Net Position
Nonmajor Enterprise Funds
Year Ended June 30, 2017

	Compost Facility	Bus Transit	Recreation Concessions	Total Nonmajor Enterprise Funds
Operating Revenues				
Charges for service	75,798	73,342	37,778	186,918
Operating Expenses				
Salaries and benefits	67,349	474,054	21,329	562,732
Services and supplies	8,631	224,098	25,184	257,913
Depreciation	12,189	139,107	-	151,296
Total operating expenses	88,169	837,259	46,513	971,941
Operating loss	(12,371)	(763,917)	(8,735)	(785,023)
Nonoperating Revenues (Expenses)				
Federal and state grants	-	381,810	-	381,810
Interest income	858	502	53	1,413
Loss on disposal of fixed assets	-	(15,593)	-	(15,593)
Net nonoperating revenues	858	366,719	53	367,630
Loss before transfers	(11,513)	(397,198)	(8,682)	(417,393)
Transfers in	-	175,517	-	175,517
Change in Net Position	(11,513)	(221,681)	(8,682)	(241,876)
Net Position - Beginning	227,129	1,168,297	9,530	1,404,956
Net Position - Ending	\$ 215,616	\$ 946,616	\$ 848	\$ 1,163,080

City of Marshalltown
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2017

	Compost Facility	Bus Transit	Recreation Concessions	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities				
Cash received from customers	\$ 75,398	\$ 72,121	\$ 37,980	\$ 185,499
Cash payments to suppliers for goods and services	(11,050)	(223,915)	(23,290)	(258,255)
Cash payments to employees for services	(58,908)	(454,807)	(21,181)	(534,896)
Net Cash provided by (used for) Operating Activities	5,440	(606,601)	(6,491)	(607,652)
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	-	175,517	-	175,517
Grants received	-	359,756	-	359,756
Net Cash Provided by Noncapital Financing Activities	-	535,273	-	535,273
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	100	-	100
Cash Flows from Investing Activities				
Interest received on investment securities	858	502	53	1,413
Net Increase (Decrease) in Cash and Cash Equivalents	6,298	(70,726)	(6,438)	(70,866)
Cash and Cash Equivalents, Beginning	173,069	188,430	16,764	378,263
Cash and Cash Equivalents, Ending	\$ 179,367	\$ 117,704	\$ 10,326	\$ 307,397

City of Marshalltown
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2017

	Compost Facility	Bus Transit	Recreation Concessions	Total Nonmajor Enterprise Funds
Reconciliation of Operating Loss to Net Cash provided by (used for) Operating Activities				
Operating loss	\$ (12,371)	\$ (763,917)	\$ (8,735)	\$ (785,023)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities				
Depreciation	12,189	139,107	-	151,296
Changes in assets, deferred outflows, liabilities, and deferred inflows				
Decrease (increase) in receivables	(400)	(1,221)	202	(1,419)
Increase in inventories and prepaid items	(2,152)	(1,020)	(113)	(3,285)
Increase (decrease) in accounts payable	(267)	(2,539)	2,007	(799)
Increase in accrued liabilities	555	7,369	430	8,354
Increase in due to other governments	-	3,742	-	3,742
Increase in net OPEB liability	-	6,025	-	6,025
Increase in net pension liability	8,728	56,055	173	64,956
Increase in deferred outflows	(1,558)	(40,512)	(521)	(42,591)
Increase (decrease) in deferred inflows	716	(9,690)	66	(8,908)
Total adjustments	17,811	157,316	2,244	177,371
Net Cash provided by (used for) Operating Activities	\$ 5,440	\$ (606,601)	\$ (6,491)	\$ (607,652)

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Internal Service Funds

Group Insurance Benefits – To account for employee health insurance premiums and claim payments.

Occupational Insurance Benefits – To account for medical claims associated with work related injuries and disabled policemen and firemen.

Workmen's Compensation Deductible – To account for workmen's compensation deductible insurance claims.

City of Marshalltown
Combining Statement of Net Position
Internal Service Funds
June 30, 2017

	Group Insurance Benefits	Occupational Insurance Benefits	Workmen's Compensation Deductible	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 2,654,384	\$ -	\$ 37,320	\$ 2,691,704
Receivables				
Accounts	9,734	-	-	9,734
Due from other funds	850	-	-	850
Total current assets	2,664,968	-	37,320	2,702,288
Liabilities				
Current liabilities				
Accounts payable	272,641	1,048	-	273,689
Deposits payable	155,678	-	-	155,678
Due to other funds	-	850	-	850
Total current liabilities	428,319	1,898	-	430,217
Total net position - unrestricted	\$ 2,236,649	\$ (1,898)	\$ 37,320	\$ 2,272,071

City of Marshalltown
Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2017

	Group Insurance Benefits	Occupational Insurance Benefits	Workmen's Compensation Deductible	Total
Operating Revenues				
Charges for service	\$ 2,150,196	\$ -	\$ -	\$ 2,150,196
Miscellaneous	462,777	20,000	-	482,777
Total operating revenues	2,612,973	20,000	-	2,632,973
Operating Expenses				
Claims paid	2,011,711	126,493	416	2,138,620
Health insurance premiums	399,920	6,805	-	406,725
Miscellaneous	206,982	-	30	207,012
Total operating expenses	2,618,613	133,298	446	2,752,357
Operating loss	(5,640)	(113,298)	(446)	(119,384)
Nonoperating Revenues				
Interest income	23,558	232	182	23,972
Change in Net Position	17,918	(113,066)	(264)	(95,412)
Net Position - Beginning	2,218,731	111,168	37,584	2,367,483
Net Position - Ending	\$ 2,236,649	\$ (1,898)	\$ 37,320	\$ 2,272,071

City of Marshalltown
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2017

	Group Insurance Benefits	Occupational Insurance Benefits	Workmen's Compensation Deductible	Total
Cash Flows from Operating Activities				
Cash received from customers	\$ 2,167,759	\$ -	\$ -	\$ 2,167,759
Cash payments to suppliers for goods and services	(2,556,514)	(135,001)	(446)	(2,691,961)
Other operating receipts	462,777	20,000	-	482,777
Net Cash from (used for) Operating Activities	74,022	(115,001)	(446)	(41,425)
Cash Flows from Noncapital				
Financing Activities				
Decrease in due from other funds	(850)	-	-	(850)
Increase in due to other funds	-	850	-	850
Net Cash provided by (used for) Noncapital Financing Activities	(850)	850	-	-
Cash Flows from Investing Activities				
Interest received on investment securities	23,558	232	182	23,972
Net Increase (Decrease) in Cash and Cash Equivalents	96,730	(113,919)	(264)	(17,453)
Cash and Cash Equivalents, Beginning	2,557,654	113,919	37,584	2,709,157
Cash and Cash Equivalents, Ending	<u>\$ 2,654,384</u>	<u>\$ -</u>	<u>\$ 37,320</u>	<u>\$ 2,691,704</u>
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities				
Operating loss	\$ (5,640)	\$ (113,298)	\$ (446)	\$ (119,384)
Changes in assets and liabilities				
Decrease in receivables	9,041	-	-	9,041
Increase (decrease) in accounts payable	62,099	(1,703)	-	60,396
Increase in deposits payable	8,522	-	-	8,522
Total	79,662	(1,703)	-	77,959
Net Cash provided from (used for) Operating Activities	<u>\$ 74,022</u>	<u>\$ (115,001)</u>	<u>\$ (446)</u>	<u>\$ (41,425)</u>

Fiduciary Funds

Agency funds are used to account for funds where the City acts as custodian. Agency funds include:

Payroll Fund – For the internal accounting of payroll and associated liability payments.

Sleuth User Group – To account for membership fees and operations for public safety user group.

Surety Bonds/Deposits – To account for developer's deposits for construction inspections required by the City.

Other – To account for other miscellaneous activities associated with City agencies.

City of Marshalltown
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Payroll Fund				
Assets				
Cash and cash equivalents	\$ 238,480	\$ 36,776,760	\$ 37,015,240	\$ -
Prepaid items	32,546	22,223	32,546	22,223
	<u>\$ 271,026</u>	<u>\$ 36,798,983</u>	<u>\$ 37,047,786</u>	<u>\$ 22,223</u>
Total assets				
	<u>\$ 271,026</u>	<u>\$ 36,798,983</u>	<u>\$ 37,047,786</u>	<u>\$ 22,223</u>
Liabilities				
Accrued payroll and benefits	\$ 238,000	\$ 36,777,240	\$ 37,015,240	\$ -
Accounts Payable	480	-	480	-
Due to City	32,546	22,223	32,546	22,223
	<u>\$ 271,026</u>	<u>\$ 36,799,463</u>	<u>\$ 37,048,266</u>	<u>\$ 22,223</u>
Total liabilities				
	<u>\$ 271,026</u>	<u>\$ 36,799,463</u>	<u>\$ 37,048,266</u>	<u>\$ 22,223</u>
Sleuth User Group				
Assets				
Cash and cash equivalents	\$ 14,909	\$ 63	\$ -	\$ 14,972
	<u>\$ 14,909</u>	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ 14,972</u>
Liabilities				
Due to Sleuth User Group	\$ 14,909	\$ 63	\$ -	\$ 14,972
	<u>\$ 14,909</u>	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ 14,972</u>
Surety Bonds/Deposits				
Assets				
Cash and cash equivalents	\$ 1,247	\$ 1,501	\$ 1,247	\$ 1,501
	<u>\$ 1,247</u>	<u>\$ 1,501</u>	<u>\$ 1,247</u>	<u>\$ 1,501</u>
Liabilities				
Due to City	\$ 1,247	\$ 1,501	\$ 1,247	\$ 1,501
	<u>\$ 1,247</u>	<u>\$ 1,501</u>	<u>\$ 1,247</u>	<u>\$ 1,501</u>

City of Marshalltown
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Other				
Assets				
Cash and cash equivalents	\$ 3,058	\$ 2,424	\$ 3,959	\$ 1,523
Liabilities				
Due to other governments	\$ 3,058	\$ 2,424	\$ 3,959	\$ 1,523
All Agency Funds				
Assets				
Cash and cash equivalents	\$ 257,694	\$ 36,780,748	\$ 37,020,446	\$ 17,996
Prepaid items	32,546	22,223	32,546	22,223
Total assets	\$ 290,240	\$ 36,802,971	\$ 37,052,992	\$ 40,219
Liabilities				
Accounts payable	\$ 480	\$ -	\$ 480	\$ -
Accrued payroll and benefits	238,000	36,777,240	37,015,240	-
Due to Sleuth User Group	14,909	63	-	14,972
Due to City	33,793	23,724	33,793	23,724
Due to other governments	3,058	2,424	3,959	1,523
Total liabilities	\$ 290,240	\$ 36,803,451	\$ 37,053,472	\$ 40,219

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Long-Term Debt
June 30, 2017

City of Marshalltown

City of Marshalltown
Schedule of Bond Maturities
June 30, 2017

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
Governmental Activities				
General Obligation				
2009A Essential corporate purpose refunding bonds issued May 1, 2009	2018	3.00%	\$ 9,000	\$ 300,000
			<u>9,000</u>	<u>300,000</u>
2011B Essential corporate purpose, issued October 26, 2011	2018	1.45%	38,177	145,000
	2019	1.65%	36,075	150,000
	2020	1.90%	33,600	155,000
	2021	2.05%	30,655	160,000
	2022	2.20%	27,375	165,000
	2023	2.35%	23,745	170,000
	2024	2.45%	19,750	175,000
	2025	2.60%	15,463	180,000
	2026	2.75%	10,782	190,000
	2027	2.85%	5,558	195,000
			<u>241,180</u>	<u>1,685,000</u>

City of Marshalltown
Schedule of Bond Maturities
June 30, 2017

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
Governmental Activities (continued)				
General Obligation (continued)				
2012A Essential corporate purpose, issued April 12, 2012	2018	1.00%	\$ 78,437	\$ 350,000
	2019	1.25%	74,938	400,000
	2020	1.50%	69,937	400,000
	2021	1.75%	63,938	400,000
	2022	2.00%	56,938	425,000
	2023	2.00%	48,437	425,000
	2024	2.25%	39,938	400,000
	2025	2.25%	30,937	425,000
	2026	2.25%	21,375	450,000
	2027	2.50%	11,250	450,000
			<u>496,125</u>	<u>4,125,000</u>
2012B Crossover advance refunding, issued April 24, 2012	2018	1.50%	32,995	355,000
	2019	1.50%	27,670	345,000
	2020	1.50%	22,495	335,000
	2021	1.65%	17,470	330,000
	2022	1.90%	12,025	320,000
	2023	2.05%	5,945	290,000
			<u>118,600</u>	<u>1,975,000</u>
2013A Essential corporate purpose, issued March 12, 2013	2018	1.50%	77,175	950,000
	2019	1.50%	62,925	970,000
	2020	1.50%	48,375	975,000
	2021	1.63%	33,750	1,000,000
	2022	1.75%	17,500	1,000,000
			<u>239,725</u>	<u>4,895,000</u>
2014A Essential corporate purpose, issued December 16, 2014	2018	2.00%	35,200	175,000
	2019	2.00%	31,700	275,000
	2020	2.00%	26,200	275,000
	2021	2.30%	20,700	300,000
	2022	2.40%	13,800	325,000
	2023	2.50%	6,000	240,000
			<u>133,600</u>	<u>1,590,000</u>

City of Marshalltown
Schedule of Bond Maturities
June 30, 2017

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
Governmental Activities (continued)				
General Obligation (continued)				
2015A Essential corporate purpose, issued November 24, 2015	2018	2.00%	\$ 45,988	\$ 200,000
	2019	2.00%	41,988	250,000
	2020	2.35%	36,988	275,000
	2021	2.35%	30,525	325,000
	2022	2.35%	22,888	350,000
	2023	2.35%	14,663	375,000
	2024	2.60%	5,850	225,000
			<u>198,890</u>	<u>2,000,000</u>
2016A General obligation corporate purpose, issued August 9, 2016	2018	2.00%	40,700	90,000
	2019	2.00%	38,900	165,000
	2020	2.00%	35,600	170,000
	2021	2.00%	32,200	170,000
	2022	2.00%	28,800	175,000
	2023	2.00%	25,300	405,000
	2024	2.00%	17,200	420,000
	2025	2.00%	8,800	440,000
			<u>227,500</u>	<u>2,035,000</u>
2016B General obligation corporate purpose, issued December 1, 2016	2018	2.00%	143,400	1,080,000
	2019	2.00%	74,000	220,000
	2020	2.00%	69,600	220,000
	2021	2.00%	65,200	225,000
	2022	2.00%	60,700	260,000
	2023	2.00%	55,500	270,000
	2024	2.00%	50,100	275,000
	2025	2.00%	44,600	275,000
	2026	2.00%	39,100	475,000
	2027	2.00%	29,600	485,000
	2028	2.00%	19,900	495,000
	2029	2.00%	10,000	500,000
			<u>661,700</u>	<u>4,780,000</u>
Notes Payable				
Software loan note, issued March 3, 2014	2018	0.00%	-	10,875
	2019	0.00%	-	10,275
			<u>-</u>	<u>21,150</u>

(continued)

City of Marshalltown
Schedule of Bond Maturities
June 30, 2017

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
Governmental Activities (continued)				
Notes Payable (continued)				
IDPS fire truck loan note, issued July 5, 2016	2018	0.00%	\$ -	\$ 28,486
	2019	0.00%	-	28,486
	2020	0.00%	-	28,486
	2021	0.00%	-	28,486
	2022	0.00%	-	14,243
			<u>-</u>	<u>128,187</u>
General Obligation and Notes Payable				
Total governmental activities	2018		501,072	3,684,361
	2019		388,196	2,813,761
	2020		342,795	2,833,486
	2021		294,438	2,938,486
	2022		240,026	3,034,243
	2023		179,590	2,175,000
	2024		132,838	1,495,000
	2025		99,800	1,320,000
	2026		71,257	1,115,000
	2027		46,408	1,130,000
	2028		19,900	495,000
	2029		10,000	500,000
			<u>\$ 2,326,320</u>	<u>\$ 23,534,337</u>

City of Marshalltown
Schedule of Bond Maturities
June 30, 2017

Issue	Year Ending June 30	Interest Rates	Interest	Principal
Business-type Activities				
General Obligation				
2011 Essential corporate purpose, issued April 1, 2011	2018	2.25%	\$ 118,768	\$ 380,000
	2019	2.45%	110,218	395,000
	2020	2.65%	100,540	410,000
	2021	2.90%	89,676	425,000
	2022	3.00%	77,350	440,000
	2023	3.10%	64,150	460,000
	2024	3.20%	49,890	475,000
	2025	3.35%	34,690	500,000
	2026	3.45%	17,940	520,000
			<u>663,222</u>	<u>4,005,000</u>
2016A General obligation corporate purpose, issued August 9, 2016	2018	2.00%	50,900	150,000
	2019	2.00%	47,900	160,000
	2020	2.00%	44,700	160,000
	2021	2.00%	41,500	165,000
	2022	2.00%	38,200	165,000
	2023	2.00%	34,900	145,000
	2024	2.00%	32,000	160,000
	2025	2.00%	28,800	165,000
	2026	2.00%	25,500	170,000
	2027	2.00%	22,100	175,000
	2028	2.00%	18,600	220,000
	2029	2.00%	14,200	230,000
	2030	2.00%	9,600	235,000
	2031	2.00%	4,900	245,000
			<u>413,800</u>	<u>2,545,000</u>
Note Payable				
Alliant Loan, issued September 17, 2014	2018	0.00%	4,805	99,686
	2019	0.00%	3,531	100,959
	2020	0.00%	2,241	102,249
	2021	0.00%	935	103,556
	2022	0.00%	28	17,388
			<u>11,540</u>	<u>423,838</u>
Revenue Bonds				
Sewer Revenue Improvement and Refunding, Issued May 8, 2012	2018	2.58%	54,748	530,000
	2019	2.58%	41,074	532,000
	2020	2.58%	27,348	121,000
	2021	2.58%	24,226	124,000
	2022	2.58%	21,028	127,000
	2023	2.58%	17,750	131,000
	2024	2.58%	14,370	134,000
	2025	2.58%	10,914	137,000
	2026	2.58%	7,378	141,000
	2027	2.58%	3,742	145,000
			<u>222,578</u>	<u>2,122,000</u>

City of Marshalltown
Schedule of Bond Maturities
June 30, 2017

Issue	Year Ending June 30	Interest Rates	Interest	Principal
Business-type Activities (Continued)				
Revenue Bonds (Continued)				
Sewer Revenue Improvement Issued	2018	2.09%	\$ 59,502	\$ 237,000
June 18, 2013	2019	2.09%	54,518	243,000
	2020	2.09%	49,418	247,000
	2021	2.09%	44,225	253,000
	2022	2.09%	38,916	258,000
	2023	2.09%	33,492	264,000
	2024	2.09%	27,943	269,000
	2025	2.09%	22,290	275,000
	2026	2.09%	16,511	281,000
	2027	2.09%	10,607	287,000
	2028	2.09%	4,588	292,000
			<u>362,010</u>	<u>2,906,000</u>
2014 Series Sewer Revenue Improvement Issued	2018	2.90%	132,820	325,000
June 18, 2013	2019	2.90%	123,395	334,000
	2020	2.90%	113,709	344,000
	2021	2.90%	103,733	354,000
	2022	2.90%	93,467	364,000
	2023	2.90%	82,911	374,000
	2024	2.90%	72,065	385,000
	2025	2.90%	60,900	396,000
	2026	2.90%	49,416	408,000
	2027	2.90%	37,584	420,000
	2028	2.90%	25,404	432,000
	2029	2.90%	12,876	444,000
			<u>908,280</u>	<u>4,580,000</u>

City of Marshalltown
Schedule of Bond Maturities
June 30, 2017

Issue	Year Ending June 30	Interest Rates	Interest	Principal
Business-type Activities (Continued)				
Revenue Bonds (Continued)				
Sewer Revenue Improvement Issued	2018	2.69%	\$ 142,651	\$ 346,000
August 13, 2015	2019	2.69%	133,343	355,000
	2020	2.69%	123,794	365,000
	2021	2.69%	113,975	375,000
	2022	2.69%	103,888	385,000
	2023	2.69%	93,531	395,000
	2024	2.69%	82,906	406,000
	2025	2.69%	71,984	417,000
	2026	2.69%	60,767	428,000
	2027	2.69%	49,254	440,000
	2028	2.69%	37,418	451,000
	2029	2.69%	25,286	464,000
	2030	2.69%	12,804	476,000
			<u>1,051,601</u>	<u>5,303,000</u>
 Total business-type activities	2018		564,194	2,067,686
	2019		513,979	2,119,959
	2020		461,750	1,749,249
	2021		418,270	1,799,556
	2022		372,877	1,756,388
	2023		326,734	1,769,000
	2024		279,174	1,829,000
	2025		229,578	1,890,000
	2026		177,512	1,948,000
	2027		123,287	1,467,000
	2028		86,010	1,395,000
	2029		52,362	1,138,000
	2030		22,404	711,000
	2031		4,900	245,000
			<u>\$ 3,633,031</u>	<u>\$ 21,884,838</u>

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Statistical Section (Unaudited)
June 30, 2017

City of Marshalltown

This part of the City's statistical comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	109
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These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	117
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	122
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	127
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	129

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

	Fiscal					
	2017	2016	2015	2014	2013	2012
Governmental activities						
Net investment in capital assets	\$ 35,605,495	\$ 34,132,724	\$ 32,948,014	\$ 30,504,272	\$ 29,002,766	\$ 28,325,116
Restricted	15,612,241	16,806,635	10,119,191	8,457,793	9,706,673	11,863,770
Unrestricted	<u>(18,900,973)</u>	<u>(20,244,351)</u>	<u>(17,323,596)</u>	<u>(5,613,806)</u>	<u>(5,497,165)</u>	<u>(730,534)</u>
Total governmental activities net position	<u>\$ 32,316,763</u>	<u>\$ 30,695,008</u>	<u>\$ 25,743,609</u>	<u>\$ 33,348,259</u>	<u>\$ 33,212,274</u>	<u>\$ 39,458,352</u>
Business-type activities						
Net investment in capital assets	\$ 38,990,163	\$ 39,370,548	\$ 38,458,793	\$ 40,565,122	\$ 37,861,816	\$ 35,454,854
Restricted	180,225	181,757	130,261	80,048	64,281	49,296
Unrestricted	<u>10,555,689</u>	<u>8,989,797</u>	<u>7,413,347</u>	<u>4,444,459</u>	<u>5,613,164</u>	<u>4,815,992</u>
Total business-type activities net position	<u>\$ 49,726,077</u>	<u>\$ 48,542,102</u>	<u>\$ 46,002,401</u>	<u>\$ 45,089,629</u>	<u>\$ 43,539,261</u>	<u>\$ 40,320,142</u>
Primary Government						
Net investment in capital assets	\$ 74,595,658	\$ 73,503,272	\$ 71,406,807	\$ 71,069,394	\$ 66,864,582	\$ 63,779,970
Restricted	15,792,466	16,988,392	10,249,452	8,537,841	9,770,954	11,913,066
Unrestricted	<u>(8,345,284)</u>	<u>(11,254,554)</u>	<u>(9,910,249)</u>	<u>(1,169,347)</u>	<u>115,999</u>	<u>4,085,458</u>
Total primary government net position	<u>\$ 82,042,840</u>	<u>\$ 79,237,110</u>	<u>\$ 71,746,010</u>	<u>\$ 78,437,888</u>	<u>\$ 76,751,535</u>	<u>\$ 79,778,494</u>

City of Marshalltown
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

Year			
2011	2010	2009	2008
\$ 27,720,521	\$ 26,650,049	\$ 23,043,549	\$ 19,020,002
8,246,658	5,480,294	4,092,324	3,466,011
<u>2,811,692</u>	<u>5,344,963</u>	<u>7,751,144</u>	<u>8,744,229</u>
<u>\$ 38,778,871</u>	<u>\$ 37,475,306</u>	<u>\$ 34,887,017</u>	<u>\$ 31,230,242</u>
\$ 31,937,474	\$ 30,006,298	\$ 29,462,000	\$ 28,057,883
946,902	947,675	948,423	949,146
<u>5,329,554</u>	<u>5,842,883</u>	<u>5,736,915</u>	<u>5,564,413</u>
<u>\$ 38,213,930</u>	<u>\$ 36,796,856</u>	<u>\$ 36,147,338</u>	<u>\$ 34,571,442</u>
\$ 59,657,995	\$ 56,656,347	\$ 52,505,549	\$ 47,077,885
9,193,560	6,427,969	5,040,747	4,415,157
<u>8,141,246</u>	<u>11,187,846</u>	<u>13,488,059</u>	<u>14,308,642</u>
<u>\$ 76,992,801</u>	<u>\$ 74,272,162</u>	<u>\$ 71,034,355</u>	<u>\$ 65,801,684</u>

	Fiscal					
	2017	2016	2015	2014	2013	2012
Expenses						
Governmental activities:						
Public safety	\$ 10,713,027	\$ 8,996,389	\$ 8,516,307	\$ 9,092,842	\$ 8,607,561	\$ 8,731,373
Public works	8,553,684	5,706,337	6,186,551	6,465,974	13,472,047	7,049,394
Health and social services	1,306,389	1,274,669	1,784,302	1,301,574	903,270	1,154,023
Culture and recreation	3,654,545	3,358,064	3,505,193	3,645,774	3,435,212	2,757,409
Community and economic development	2,433,608	1,449,883	1,370,533	3,051,319	2,249,158	2,417,304
General government	685,937	1,158,789	1,299,063	1,322,112	1,285,356	1,278,776
Interest on long term debt	429,296	429,891	425,967	627,060	628,314	563,965
Total governmental activities expenses	<u>27,776,486</u>	<u>22,374,022</u>	<u>23,087,916</u>	<u>25,506,655</u>	<u>30,580,918</u>	<u>23,952,244</u>
Business-type activities:						
Water pollution control	5,574,332	5,375,656	4,584,245	4,608,246	4,295,804	4,735,491
Storm sewer	970,912	683,181	698,627	786,788	669,666	611,543
Compost	88,171	79,479	42,054	39,846	51,440	40,048
Transit	837,259	771,818	767,054	827,333	794,179	732,113
Concessions	46,512	49,816	34,907	42,535	59,267	82,739
Total business-type activities expenses	<u>7,517,186</u>	<u>6,959,950</u>	<u>6,126,887</u>	<u>6,304,748</u>	<u>5,870,356</u>	<u>6,201,934</u>
Total primary government expenses	<u>\$ 35,293,672</u>	<u>\$ 29,333,972</u>	<u>\$ 29,214,803</u>	<u>\$ 31,811,403</u>	<u>\$ 36,451,274</u>	<u>\$ 30,154,178</u>
Program Revenues						
Governmental activities						
Charges for service:						
Public safety	\$ 518,463	\$ 264,966	\$ 150,181	\$ 254,952	\$ 198,296	\$ 173,007
Public works	231,554	970,315	1,529,047	658,590	766,244	477,553
Health and social services	4,250	37,053	52,534	68,187	38,891	79,159
Culture and recreation	449,955	468,455	449,155	426,653	454,318	473,715
Community and economic development	106,562	265,176	278,924	360,999	153,563	170,617
Other activities	248,336	123,855	171,846	112,992	123,157	269,371
Operating grants and contributions	7,387,980	6,712,866	6,461,208	6,354,163	6,202,784	5,656,234
Capital grants and contributions	1,768,179	519,172	170,084	701,920	326,833	492,676
Total governmental activities program revenues	<u>10,715,279</u>	<u>9,361,858</u>	<u>9,262,979</u>	<u>8,938,456</u>	<u>8,264,086</u>	<u>7,792,332</u>
Business-type activities						
Charges for service:						
Water pollution control	7,545,682	6,563,351	6,066,644	5,860,659	5,079,296	4,937,481
Storm sewer	1,129,135	948,214	776,483	709,946	310,689	310,584
Compost	75,803	73,336	74,687	60,223	57,417	59,316
Transit	57,749	93,352	110,342	124,956	134,387	104,394
Concessions	37,777	40,917	32,522	39,208	43,706	49,559
Operating grants and contributions	381,810	363,188	386,922	407,338	376,900	353,216
Capital grants and contributions	432,400	942,209	493,326	444,674	2,889,069	2,281,955
Total business-type activities program revenues	<u>9,660,356</u>	<u>9,024,567</u>	<u>7,940,926</u>	<u>7,647,004</u>	<u>8,891,464</u>	<u>8,096,505</u>
Total primary government program revenues	<u>\$ 20,375,635</u>	<u>\$ 18,386,425</u>	<u>\$ 17,203,905</u>	<u>\$ 16,585,460</u>	<u>\$ 17,155,550</u>	<u>\$ 15,888,837</u>

City of Marshalltown
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

Year			
2011	2010	2009	2008
\$ 8,028,333	\$ 8,065,379	\$ 7,633,307	\$ 7,542,266
6,203,182	4,652,177	4,783,710	5,083,392
1,771,196	1,330,332	710,361	1,273,679
3,801,068	3,842,524	2,744,793	2,900,972
2,346,822	2,343,854	2,369,887	1,795,613
1,174,190	707,425	1,073,832	1,120,708
578,629	659,449	846,296	841,587
<u>23,903,420</u>	<u>21,601,140</u>	<u>20,162,186</u>	<u>20,558,217</u>
4,275,726	4,451,055	4,104,671	4,127,563
558,572	536,859	484,772	516,213
37,961	39,067	45,822	89,164
702,544	596,690	569,665	562,279
54,447	48,738	107,677	59,936
<u>5,629,250</u>	<u>5,672,409</u>	<u>5,312,607</u>	<u>5,355,155</u>
<u>\$ 29,532,670</u>	<u>\$ 27,273,549</u>	<u>\$ 25,474,793</u>	<u>\$ 25,913,372</u>
\$ 223,311	\$ 194,712	\$ 79,976	\$ 186,932
428,841	717,658	720,300	446,564
48,134	78,181	41,585	66,515
490,057	443,268	436,038	469,169
227,024	157,415	287,548	312,835
155,658	98,728	153,242	159,155
7,801,666	5,935,212	4,952,094	6,006,627
304,891	2,106,963	1,766,302	1,570,148
<u>9,679,582</u>	<u>9,732,137</u>	<u>8,437,085</u>	<u>9,217,945</u>
4,280,970	4,772,834	4,921,428	4,915,786
301,235	299,772	279,142	303,621
45,860	31,943	33,404	26,155
117,259	118,331	115,486	129,841
48,180	48,570	59,669	61,986
239,651	669,067	572,393	290,701
1,797,999	621,223	611,649	165,849
<u>6,831,154</u>	<u>6,561,740</u>	<u>6,593,171</u>	<u>5,893,939</u>
<u>\$ 16,510,736</u>	<u>\$ 16,293,877</u>	<u>\$ 15,030,256</u>	<u>\$ 15,111,884</u>

	Fiscal					
	2017	2016	2015	2014	2013	2012
Net (Expense)/Revenue						
Governmental activities	\$ (17,061,207)	\$ (13,012,164)	\$ (13,824,937)	\$ (16,568,199)	\$ (22,316,832)	\$ (16,159,912)
Business-type activities	<u>2,143,170</u>	<u>2,064,617</u>	<u>1,814,039</u>	<u>1,342,256</u>	<u>3,021,108</u>	<u>1,894,571</u>
Total primary government net expense	<u>\$ (14,918,037)</u>	<u>\$ (10,947,547)</u>	<u>\$ (12,010,898)</u>	<u>\$ (15,225,943)</u>	<u>\$ (19,295,724)</u>	<u>\$ (14,265,341)</u>
General Revenues and Other Changes in Net Position						
Governmental activities:						
Taxes						
Property	\$ 10,156,476	\$ 9,534,568	\$ 9,777,342	\$ 10,036,577	\$ 9,967,944	\$ 9,853,096
Other	5,347,532	6,983,922	5,755,121	5,778,420	5,132,322	6,063,108
Unrestricted						
State generated revenues	1,384,158	1,244,225	845,140	453,645	369,337	317,412
Investment earnings	113,371	90,717	53,042	112,280	126,436	173,169
Miscellaneous revenues	645,749	551,452	660,348	493,213	637,775	602,269
Transfers	<u>1,035,676</u>	<u>(441,321)</u>	<u>(172,735)</u>	<u>(169,951)</u>	<u>(163,060)</u>	<u>(169,661)</u>
Total governmental activities	<u>18,682,962</u>	<u>17,963,563</u>	<u>16,918,258</u>	<u>16,704,184</u>	<u>16,070,754</u>	<u>16,839,393</u>
Business-type activities:						
Investment earnings	76,481	33,763	26,891	38,161	34,951	41,980
Miscellaneous revenues	-	-	-	-	-	-
Transfers	<u>(1,035,676)</u>	<u>441,321</u>	<u>172,735</u>	<u>169,951</u>	<u>163,060</u>	<u>169,661</u>
Total business-type activities	<u>(959,195)</u>	<u>475,084</u>	<u>199,626</u>	<u>208,112</u>	<u>198,011</u>	<u>211,641</u>
Total primary government	<u>\$ 17,723,767</u>	<u>\$ 18,438,647</u>	<u>\$ 17,117,884</u>	<u>\$ 16,912,296</u>	<u>\$ 16,268,765</u>	<u>\$ 17,051,034</u>
Change in Net Position						
Governmental activities	\$ 1,621,755	\$ 4,951,399	\$ 3,093,321	\$ 135,985	\$ (6,246,078)	\$ 679,481
Business-type activities	<u>1,183,975</u>	<u>2,539,701</u>	<u>2,013,665</u>	<u>1,550,368</u>	<u>3,219,119</u>	<u>2,106,212</u>
Total primary government	<u>\$ 2,805,730</u>	<u>\$ 7,491,100</u>	<u>\$ 5,106,986</u>	<u>\$ 1,686,353</u>	<u>\$ (3,026,959)</u>	<u>\$ 2,785,693</u>

City of Marshalltown
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

Year				
	2011	2010	2009	2008
	\$ (14,223,838)	\$ (11,869,003)	\$ (11,725,101)	\$ (11,340,272)
	<u>1,201,904</u>	<u>889,331</u>	<u>1,280,564</u>	<u>538,784</u>
	<u>\$ (13,021,934)</u>	<u>\$ (10,979,672)</u>	<u>\$ (10,444,537)</u>	<u>\$ (10,801,488)</u>
	\$ 9,210,796	\$ 8,957,392	\$ 8,617,322	\$ 7,821,311
	<u>5,565,923</u>	<u>5,206,539</u>	<u>5,787,467</u>	<u>5,735,724</u>
	305,694	333,259	339,243	368,341
	167,610	162,173	325,699	602,711
	435,191	641,234	468,253	653,069
	<u>(157,811)</u>	<u>(192,057)</u>	<u>(156,108)</u>	<u>(151,256)</u>
	<u>15,527,403</u>	<u>15,108,540</u>	<u>15,381,876</u>	<u>15,029,900</u>
	57,359	55,775	139,224	245,262
	-	-	-	2,151
	<u>157,811</u>	<u>192,057</u>	<u>156,108</u>	<u>151,256</u>
	<u>215,170</u>	<u>247,832</u>	<u>295,332</u>	<u>398,669</u>
	<u>\$ 15,742,573</u>	<u>\$ 15,356,372</u>	<u>\$ 15,677,208</u>	<u>\$ 15,428,569</u>
	\$ 1,303,565	\$ 3,239,537	\$ 3,656,775	\$ 3,689,628
	<u>1,417,074</u>	<u>1,137,163</u>	<u>1,575,896</u>	<u>937,453</u>
	<u>\$ 2,720,639</u>	<u>\$ 4,376,700</u>	<u>\$ 5,232,671</u>	<u>\$ 4,627,081</u>

Function/Program	Program Revenues						
	2017	2016	2015	2014	2013	2012	2011
Governmental activities							
Public safety	\$ 1,219,476	\$ 1,215,215	\$ 875,300	\$ 1,478,721	\$ 1,154,130	\$ 777,123	\$ 980,216
Public works	5,200,920	4,825,946	4,657,620	3,501,138	4,272,126	3,602,446	3,737,210
Health and social services	1,213,441	967,598	1,470,156	1,834,718	702,887	955,529	1,531,281
Culture and recreation	1,252,730	670,183	638,615	565,562	571,380	707,189	1,399,468
Community and economic development	1,535,644	1,559,061	1,447,647	1,387,104	1,426,383	1,465,674	1,822,717
General government	<u>293,068</u>	<u>123,855</u>	<u>173,641</u>	<u>171,213</u>	<u>137,180</u>	<u>284,371</u>	<u>208,690</u>
Total governmental activities	<u>\$ 10,715,279</u>	<u>\$ 9,361,858</u>	<u>\$ 9,262,979</u>	<u>\$ 8,938,456</u>	<u>\$ 8,264,086</u>	<u>\$ 7,792,332</u>	<u>\$ 9,679,582</u>
Business-type activities							
Water pollution control	\$ 7,550,029	\$ 6,976,658	\$ 6,378,473	\$ 5,896,233	\$ 5,303,615	\$ 6,519,524	\$ 5,130,757
Storm sewer	1,557,188	1,477,116	992,924	887,240	3,016,135	767,941	1,197,010
Compost	75,803	73,336	74,687	60,223	57,417	59,316	45,860
Transit	439,559	456,540	462,320	764,100	470,591	700,165	409,347
Concessions	<u>37,777</u>	<u>40,917</u>	<u>32,522</u>	<u>39,208</u>	<u>43,706</u>	<u>49,559</u>	<u>48,180</u>
Total business-type activities	<u>\$ 9,660,356</u>	<u>\$ 9,024,567</u>	<u>\$ 7,940,926</u>	<u>\$ 7,647,004</u>	<u>\$ 8,891,464</u>	<u>\$ 8,096,505</u>	<u>\$ 6,831,154</u>

City of Marshalltown
Program Revenues by Function/Program
Last Ten Fiscal Years (Accrual Basis of Accounting)

by Fiscal Year

<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 960,979	\$ 854,028	\$ 969,752
4,029,975	3,260,842	3,342,003
1,300,200	321,478	975,487
925,422	2,010,582	1,862,073
1,651,247	1,836,913	1,909,475
<u>864,314</u>	<u>153,242</u>	<u>159,155</u>
<u>\$ 9,732,137</u>	<u>\$ 8,437,085</u>	<u>\$ 9,217,945</u>
\$ 5,315,535	\$ 5,426,868	\$ 4,915,859
454,271	465,414	427,640
31,943	33,404	59,235
711,421	607,816	429,219
<u>48,570</u>	<u>59,669</u>	<u>61,986</u>
<u>\$ 6,561,740</u>	<u>\$ 6,593,171</u>	<u>\$ 5,893,939</u>

City of Marshalltown
Fund Balances – Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Nonspendable	\$ 266,203	\$ 221,785	\$ 237,568	\$ 249,958	\$ 241,974	\$ 258,309	\$ 230,633	N/A	N/A	N/A
Restricted	812,092	725,844	694,247	588,928	1,153,313	517,008	456,488	N/A	N/A	N/A
Committed	250,000	250,000	250,000	250,000	250,000	250,000	250,000	N/A	N/A	N/A
Unassigned	2,551,887	2,520,920	2,371,948	2,663,261	2,736,209	2,783,055	2,839,102	N/A	N/A	N/A
Reserved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 233,410	\$ 266,493	\$ 254,813
Unreserved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,587,644	3,778,280	3,719,837
Total general fund	3,880,182	3,718,549	3,553,763	3,752,147	4,381,496	3,808,372	3,776,223	3,821,054	4,044,773	3,974,650
All Other Governmental Funds										
Nonspendable	192,113	169,570	146,258	79,862	141,231	222,131	178,954	N/A	N/A	N/A
Restricted	19,689,514	14,107,300	11,301,502	7,328,052	12,887,420	17,264,749	7,701,874	N/A	N/A	N/A
Unassigned	(98,997)	(195,159)	(84,155)	(270,543)	(198,484)	(323,895)	(506,674)	N/A	N/A	N/A
Reserved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5,485,108	5,280,068	7,071,466
Unreserved reported in:										
Special revenue funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,003,450	1,692,822	2,376,891
Capital projects funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	110,818	129,053	-
Total all other governmental funds	19,782,630	14,081,711	11,363,605	7,137,371	12,830,167	17,162,985	7,374,154	6,599,376	7,101,943	9,448,357
Total fund balances of governmental funds	\$ 23,662,812	\$ 17,800,260	\$ 14,917,368	\$ 10,889,518	\$ 17,211,663	\$ 20,971,357	\$ 11,150,377	\$ 10,420,430	\$ 11,146,716	\$ 13,423,007

Note:

In 2011, the City implemented new accounting presentations under GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", which requires a new presentation of fund balances.

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	Fiscal Year						
	2017	2016	2015	2014	2013	2012	2011
Revenues							
Taxes	\$ 16,039,312	\$ 17,018,694	\$ 16,030,409	\$ 16,251,920	\$ 15,617,908	\$ 16,392,387	\$ 15,191,296
Use of money and property	208,132	129,003	124,857	169,135	194,543	203,524	198,097
Licenses and permits	285,839	289,261	321,446	391,091	219,392	203,813	232,542
Intergovernmental	10,190,351	7,931,849	7,471,242	6,618,339	6,475,308	7,229,540	7,278,810
Charges for service	990,972	1,023,895	964,075	874,840	915,644	897,955	866,580
Special assessments	10,406	12,991	14,738	11,688	14,306	21,759	31,019
Miscellaneous	1,084,447	410,616	2,102,572	684,707	912,585	651,226	741,748
Total revenues	<u>28,809,459</u>	<u>26,816,309</u>	<u>27,029,339</u>	<u>25,001,720</u>	<u>24,349,686</u>	<u>25,600,204</u>	<u>24,540,092</u>
Expenditures							
Public safety	9,337,823	8,864,323	8,743,014	8,559,357	8,135,052	7,977,604	7,370,014
Public works	6,930,498	4,208,292	4,669,213	4,985,535	12,081,043	5,605,515	4,841,484
Health and social services	1,282,479	1,352,206	1,907,586	1,385,246	968,157	1,223,039	1,753,967
Culture and recreation	2,840,820	2,539,673	2,268,546	2,739,578	2,551,437	1,853,940	2,998,877
Community and economic development	1,812,299	1,431,086	1,381,445	3,044,706	2,234,323	2,414,531	2,341,523
General government	1,245,851	1,133,255	1,273,399	1,253,001	1,177,738	1,087,036	1,071,829
Capital outlay	4,477,017	2,554,674	1,439,787	2,944,911	3,118,982	2,572,134	1,601,447
Debt service							
Principal	2,730,690	3,066,991	2,971,716	5,663,840	2,788,840	2,928,840	2,613,841
Interest and other fiscal charges	419,527	436,018	457,343	649,203	643,405	626,514	581,504
Total expenditures	<u>31,077,004</u>	<u>25,586,518</u>	<u>25,112,049</u>	<u>31,225,377</u>	<u>33,698,977</u>	<u>26,289,153</u>	<u>25,174,486</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,267,545)</u>	<u>1,229,791</u>	<u>1,917,290</u>	<u>(6,223,657)</u>	<u>(9,349,291)</u>	<u>(688,949)</u>	<u>(634,394)</u>
Other Financing Sources (Uses)							
Sale of governmental assets	-	-	-	4,000	35,298	166,128	2,152
Debt issued	6,957,430	2,000,000	2,225,000	67,463	5,600,000	10,460,000	1,520,000
Payment of refunded bonds	-	-	-	-	-	53,462	-
Premium and accrued interest on debt issued	136,991	94,422	58,295	-	117,359	-	-
Transfers in	9,692,037	8,003,404	8,268,840	8,195,955	7,813,126	7,182,963	7,085,563
Transfers out	(8,656,361)	(8,444,725)	(8,441,575)	(8,365,906)	(7,976,186)	(7,352,624)	(7,243,374)
Total other financing sources (uses)	<u>8,130,097</u>	<u>1,653,101</u>	<u>2,110,560</u>	<u>(98,488)</u>	<u>5,589,597</u>	<u>10,509,929</u>	<u>1,364,341</u>
Net change in fund balances	<u>\$ 5,862,552</u>	<u>\$ 2,882,892</u>	<u>\$ 4,027,850</u>	<u>\$ (6,322,145)</u>	<u>\$ (3,759,694)</u>	<u>\$ 9,820,980</u>	<u>\$ 729,947</u>
Debt service as a percentage of noncapital expenditures	11.8%	15.2%	14.5%	22.3%	11.2%	15.0%	13.6%

City of Marshalltown
Changes in Fund Balances – Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

Ended June 30,		
2010	2009	2008
\$ 14,569,739	\$ 14,855,452	\$ 14,053,501
206,909	343,980	617,026
212,918	294,196	365,034
7,168,913	6,031,273	7,587,326
845,703	820,780	874,706
51,581	83,043	28,083
<u>1,125,338</u>	<u>1,525,314</u>	<u>1,157,194</u>
<u>24,181,101</u>	<u>23,954,038</u>	<u>24,682,870</u>
7,492,213	7,143,869	7,588,682
3,787,116	3,498,289	3,913,315
1,318,373	718,526	1,284,767
3,081,402	2,176,451	2,552,969
2,347,611	1,975,245	1,462,263
1,990,657	1,023,774	1,082,742
2,160,036	5,767,146	5,923,147
2,660,000	2,553,840	2,152,278
<u>651,854</u>	<u>1,286,096</u>	<u>1,190,984</u>
<u>25,489,262</u>	<u>26,143,236</u>	<u>27,151,147</u>
<u>(1,308,161)</u>	<u>(2,189,198)</u>	<u>(2,468,277)</u>
224,484	14,015	20,465
700,000	3,500,000	15,455,000
-	(3,445,000)	(11,205,000)
-	-	-
5,825,922	6,496,136	7,506,477
<u>(6,017,979)</u>	<u>(6,652,244)</u>	<u>(7,657,733)</u>
<u>732,427</u>	<u>(87,093)</u>	<u>4,119,209</u>
<u>\$ (575,734)</u>	<u>\$ (2,276,291)</u>	<u>\$ 1,650,932</u>
14.2%	18.8%	15.7%

City of Marshalltown
Tax Revenues by Source – Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

Fiscal year	Property Tax	Tax Increment Financing Tax	Utility ExciseTax	Utility Franchise Fee	Hotel/Motel Tax	Local Option Sales Tax	911 Surcharge	Mobile Home Tax	Total
2007-08	\$ 7,820,995	\$ 1,935,170	\$ 844,407	\$ 229,721	\$ 290,531	\$ 2,657,617	\$ 260,185	\$ 14,875	\$ 14,053,501
2008-09	8,615,820	1,801,960	891,859	217,600	342,176	2,738,030	234,078	13,929	14,855,452
2009-10	8,954,147	1,312,611	868,422	221,034	393,823	2,618,645	188,530	12,527	14,569,739
2010-11	9,204,384	1,402,010	797,989	229,291	370,541	2,939,704	234,195	13,182	15,191,296
2011-12	9,864,582	1,513,164	857,689	223,436	415,196	3,250,865	253,941	13,514	16,392,387
2012-13	9,967,944	1,138,171	820,070	277,060	378,567	2,781,316	240,582	14,198	15,617,908
2013-14	10,036,577	1,475,200	921,454	163,488	432,108	2,936,344	273,435	13,314	16,251,920
2014-15	9,777,342	1,219,210	884,215	223,758	474,474	3,164,249	274,188	12,973	16,030,409
2015-16	9,534,568	1,276,898	903,826	226,548	542,180	4,248,087	273,656	12,931	17,018,694
2016-17	10,156,477	435,098	938,663	217,475	479,576	3,476,514	317,829	17,680	16,039,312

City of Marshalltown
General Governmental Tax Revenues by Source
Year Ended June 30, 2017
(Modified Accrual Basis of Accounting)

Fund	Property Tax	Tax Increment Financing Tax	Utility Excise Tax	Utility Franchise Fee	Hotel/Motel Tax	Local Option Sales Tax	911 Surcharge	Mobile Home Tax	Total
General	\$ 5,923,793	\$ -	\$ 549,196	\$ 217,475	\$ 479,576	\$ -	\$ -	\$ 7,486	\$ 7,177,526
Tax Increment									
Financing	-	435,098	-	-	-	-	-	-	435,098
E-911 Surcharge	-	-	-	-	-	-	317,829	-	317,829
Local Option									
Sales Tax	-	-	-	-	-	3,476,514	-	-	3,476,514
Property tax	1,343,892	-	124,869	-	-	-	-	1,702	1,470,463
Debt Service	2,447,447	-	223,136	-	-	-	-	3,045	2,673,628
Capital Projects	441,345	-	41,462	-	-	-	-	5,447	488,254
Total	<u>\$10,156,477</u>	<u>\$ 435,098</u>	<u>\$ 938,663</u>	<u>\$ 217,475</u>	<u>\$ 479,576</u>	<u>\$ 3,476,514</u>	<u>\$ 317,829</u>	<u>\$ 17,680</u>	<u>\$ 16,039,312</u>

City of Marshalltown
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Levy Year	Fiscal Year	Residential Property	Commercial Property	Industrial Property	Total Regular Realty	TIF	Agland Realty	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Gross Value	Taxable Assessed Value as a Percentage of Actual Gross Value
2006	2007-08	341,564,905	270,177,904	57,589,054	669,331,863	54,807,718	2,534,103	726,673,684	12.93500	1,186,917,748	61.224%
2007	2008-09	354,114,382	234,223,608	49,224,985	637,562,975	50,679,345	3,533,390	691,775,710	13.68652	1,255,060,705	55.119%
2008	2009-10	380,636,723	225,880,427	56,224,469	662,741,619	36,639,623	3,804,309	703,185,551	13.76759	1,262,319,793	55.706%
2009	2010-11	397,183,541	216,744,087	57,440,303	671,367,931	39,224,720	4,089,857	714,682,508	13.93650	1,280,682,454	55.805%
2010	2011-12	417,071,906	212,845,232	59,866,238	689,783,376	41,694,319	4,377,890	735,855,585	14.51331	1,310,087,232	56.168%
2011	2012-13	431,280,150	221,772,457	61,505,293	714,557,900	31,552,130	4,605,496	750,715,526	14.28339	1,312,105,030	57.215%
2012	2013-14	449,211,004	219,544,651	64,114,746	732,870,401	44,270,422	4,695,878	781,836,701	14.18432	1,333,053,884	58.650%
2013	2014-15	434,833,408	202,005,765	58,618,711	695,457,884	37,409,137	4,496,113	737,363,134	14.76356	1,281,885,530	57.522%
2014	2015-16	448,390,423	183,199,944	57,943,159	689,533,526	40,194,757	4,601,327	734,329,610	14.76257	1,322,550,079	55.524%
2015	2016-17	477,738,442	184,047,569	60,250,209	722,036,220	14,353,482	4,665,045	741,054,747	15.28158	1,356,883,195	54.614%

Rollback Factors by Class

Fiscal Year	Tax Exempt		Multi-				
	Gas & Electric	Property	Residential	Residential	Agricultural	Commercial	Railroad
2006-07	67,247,692	116,058,327	45.99600		100.00000	99.15090	99.15090
2007-08	64,804,167	117,919,100	45.55960		100.00000	100.00000	100.00000
2008-09	99,127,772	109,139,073	44.08030		90.10230	99.73120	99.73120
2009-10	101,313,932	89,188,699	45.58930		93.85680	100.00000	100.00000
2010-11	117,499,581	95,951,150	46.90940		66.27150	100.00000	100.00000
2011-12	135,852,760	86,651,379	48.52990		69.01520	100.00000	100.00000
2012-13	147,398,057	112,284,058	50.75180		57.54110	100.00000	100.00000
2013-14	153,467,212	112,570,348	52.81660		59.93340	100.00000	100.00000
2014-15	165,363,180	156,351,613	54.40020		43.39970	95.00000	100.00000
2015-16	203,378,461	148,643,971	55.73350		44.02100	90.00000	90.00000
2016-17	226,574,365	168,759,389	55.62590	86.25000	46.10680	90.00000	90.00000

Source: Marshall County Auditor's Office and IA Dept of Mgmt website.

Notes: Effective with the January 1, 1999 valuations, Alliant Energy, the local gas and electric provider, is assessed a utility excise tax instead of taxes based upon property valuations.

Each year the State of Iowa assigns a rollback factor to calculate the percent of assessed value which will be taxable.

This rate is assigned per property classification and can fluctuate each year. Industrial property is taxed at 100% of its gross assessed value.

City of Marshalltown
Tax Rates – Direct and Overlapping Governments
Last Ten Fiscal Years (Per \$1,000 Assessed Valuations)

Levy year Jan 1,	Collection Year	Marshall County	Community Schools	Marshalltown	City Assessor	Community College	County Extension	State of Iowa	Total
2006	2007-08	7.60000	18.07061	12.93500	0.31708	1.81770	0.10587	0.00350	40.84976
2007	2008-09	7.59349	18.01415	13.68652	0.32982	2.19223	0.11859	0.00350	41.93830
2008	2009-10	7.73919	18.00985	13.76759	0.29308	2.15454	0.11078	0.00300	42.07803
2009	2010-11	7.73661	17.84133	13.93650	0.26635	2.03379	0.12442	0.00340	41.94240
2010	2011-12	7.72562	17.65203	14.51331	0.24816	1.95682	0.12408	0.00320	42.22322
2011	2012-13	7.44499	17.54224	14.28339	0.26539	1.88711	0.12385	0.00330	41.55027
2012	2013-14	7.44499	17.52934	14.18432	0.27661	1.80632	0.13567	0.00330	41.38055
2013	2014-15	7.44499	18.15000	14.76355	0.29712	1.79487	0.15194	0.00330	42.60577
2014	2015-16	7.44499	18.33104	14.76257	0.29197	1.78170	0.15594	0.00330	42.77151
2015	2016-17	6.94499	17.97478	15.28158	0.25199	1.74505	0.15749	0.00330	42.35918

Source: Marshall County Auditor's Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Marshalltown. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

City of Marshalltown
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Jan 1, 2015 Taxable Assessed Value Payable 16- 17	Rank	Percentage of Total City Taxable Assessed Value	Jan 1, 2006 Taxable Assessed Value Payable 07- 08	Rank	Percentage of Total City Taxable Assessed Value
IES Utilities (Interstate Power)	\$ 57,720,441	1	7.4%	\$ 98,575,149	1	14.6%
Emerson Process Mgt/Fisher Controls	19,057,320	2	2.4%	10,812,010	6	1.6%
MMSC, Ventures Inc	10,080,885	3	1.3%	19,140,866	2	2.8%
Lennox Industries Inc	9,981,806	4	1.3%	14,684,500	3	2.2%
Walmart, Real Estate Business	9,494,955	5	1.2%	11,365,164	5	1.7%
Swift, Pork Company	9,346,914	6	1.2%			
Swift & Company	8,950,734	7	1.1%	9,118,774	7	1.4%
Menard, Inc	8,233,578	8	1.1%			
Marshalltown Town Center Partners	4,896,090	9	0.6%	12,315,627	4	1.8%
Packaging Corporation of America	4,623,930	10	0.6%			0.9%
Embers of Marshalltown				6,128,054	8	0.9%
Inns of Iowa Ltd				6,116,082	9	0.8%
Marshalltown Medical and Surgical				<u>5,245,690</u>	10	
	<u>\$ 142,386,653</u>		<u>18.2%</u>	<u>\$ 193,501,916</u>		<u>28.7%</u>

Note: Alliant Energy (IES Utilities), the local gas and electric provider, is now assessed a utility excise tax instead of taxes based upon their property valuation. The gas and electric assessed property value for January 1, 2015 was \$61,169,942.

City of Marshalltown

Sales Tax Last Ten Years

CalendarYear	Taxable Retail Sales	No. of Businesses
2007	349,978,209	3,937
2008	348,367,544	4,084
2009	324,325,683	4,031
2010	326,686,187	3,971
2011	327,832,928	3,944
2012	348,039,169	3,950
2013	346,378,427	3,947
2014	328,920,980	2,935
2015	331,780,905	2,870
2016	352,326,540	2,875

Source: Iowa Department of Revenue Sales and Use Tax Report based on year ending March 31 following the calendar year.

City of Marshalltown
Property Tax Levies and Collections
Last Ten Fiscal Years

Collection year	Levy year	Current levy	Amount (1)	Percent of levy collected (2)	Delinquent tax collections (3)	Total tax collections	Collections to total tax levy (2)
2007-08	2006	8,143,010	8,157,864	100.18%	3,656	8,161,520	100.23%
2008-09	2007	8,945,150	8,955,138	100.11%	1,427	8,956,565	100.13%
2009-10	2008	9,293,081	9,291,663	99.98%	1,727	9,293,390	100.00%
2010-11	2009	9,505,825	9,498,727	99.93%	4,030	9,502,757	99.97%
2011-12	2010	10,167,673	10,166,706	99.99%	7,958	10,174,664	100.07%
2012-13	2011	10,317,995	10,324,685	100.06%	4,456	10,329,141	100.11%
2013-14	2012	10,535,094	10,478,161	99.46%	4,710	10,482,871	99.50%
2014-15	2013	10,397,290	10,381,760	99.85%	6,716	10,388,476	99.92%
2015-16	2014	10,329,114	10,314,800	99.86%	2,945	10,317,745	99.89%
2016-17	2015	11,100,009	11,056,848	99.61%	1,976	11,058,824	99.63%

(1) Current tax collections reflect payments received by the Marshall County Treasurer's office from July 1 through June 30 of each year. Taxes levied for the current year are classified as delinquent if not paid by June 30 each year.

(2) Collection percentages are close to 100% each year since the State of Iowa provides for "tax sales" in June of each year for properties with unpaid taxes. Substantially all of the taxes are paid by investors purchasing tax certificates from the "tax sales." Collections in excess of 100% are due to rounding differences when tax rates are applied to property valuations, differences in tax credits reimbursed by the State of Iowa, or changes in taxable valuations by the County Assessor after the City's budget is certified.

(3) Delinquent tax collections reflect amounts of delinquent taxes the City received during the year. Information is not available from the County Treasurer's Office as to the year(s) for which the delinquent tax collections apply.

Source: General Purpose Financial Statements

City of Marshalltown
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities			Total Primary Government	Personal Income	Percentage of		Per Capita
	General Obligation Bonds	Notes Payable	Urban Renewal Tax Increment Revenue Bonds and Notes	General Obligation Bonds	Revenue Bonds	Sewer Revenue Capital Loan Note Payable			Personal Income	Population	
2008	21,845,000	96,884	-	-	1,555,000	4,040,000	27,536,884	22,919	1,201	26,073	1,056
2009	19,360,000	83,044	-	-	1,295,000	3,725,000	24,463,044	22,894	1,069	26,073	938
2010	17,405,245	69,204	-	-	1,035,000	3,396,914	21,906,363	22,436	976	26,073	840
2011	16,324,658	55,363	-	6,053,230	775,000	3,062,701	26,270,952	22,204	1,183	27,552	954
2012	23,918,462	41,523	-	5,746,348	4,595,000	-	34,301,333	22,204	1,545	27,552	1,245
2013	26,852,789	27,683	-	5,404,466	7,822,000	-	40,106,938	21,924	1,829	27,683	1,449
2014	21,185,242	81,304	-	4,720,834	12,727,000	-	38,714,380	21,880	1,769	27,844	1,390
2015	20,512,103	44,588	-	4,705,702	11,710,000	619,452	37,591,845	22,512	1,670	27,727	1,356
2016	19,519,042	32,597	-	4,343,820	16,308,000	522,266	40,725,725	22,403	1,818	27,727	1,469
2017	23,718,996	149,337	-	6,593,854	14,911,000	423,838	45,797,025	22,535	2,032	27,328	1,676

Source: Census Quick Facts

City of Marshalltown
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Estimated Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Notes Payable	Total		
2008	21,845,000	96,884	21,941,884	1.85	841.56
2009	19,360,000	83,044	19,443,044	1.55	745.72
2010	17,405,245	69,204	17,474,449	1.25	670.01
2011	22,377,888	55,363	22,433,251	1.15	594.34
2012	29,664,810	41,523	29,706,333	1.58	916.91
2013	32,257,255	27,683	32,284,938	1.76	965.13
2014	25,906,076	81,304	25,987,380	1.66	941.54
2015	25,217,805	664,040	25,881,845	1.69	933.45
2016	23,862,862	554,863	24,417,725	1.57	880.65
2017	30,312,850	573,175	30,886,025	1.98	1,130.20

City of Marshalltown
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017

Name of Governmental Unit	Debt Outstanding	Percentage Applicable to Marshalltown	City of Marshalltown Share of Debt
Iowa Valley Schools	\$ 14,096,250	50.18%	\$ 7,073,504
Marshalltown Community School District	13,160,000	80.70%	10,620,506
Marshall County	<u>1,070,478</u>	49.55%	<u>530,458</u>
	28,326,728		18,224,468
City of Marshalltown	<u>23,868,333</u>	100.00%	<u>23,868,333</u>
	<u><u>\$ 52,195,061</u></u>		<u><u>\$ 42,092,801</u></u>

Source:

- 1) State of Iowa Treasurer's Office
- 2) IA Valley School District

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Marshalltown. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping governments.

City of Marshalltown
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Gross assessed valuations:										
Regular realty	\$ 1,123,584,265	\$ 1,322,550,079	\$ 1,281,885,530	\$ 1,135,316,250	\$ 1,133,154,843	\$ 1,132,540,153	\$ 1,123,958,153	\$ 1,124,366,238	\$ 1,105,253,588	\$ 1,027,939,554
Utility	226,574,365	203,378,461	165,363,180	153,467,212	147,398,057	135,852,760	117,499,581	101,313,932	99,127,772	107,436,245
Incremental	<u>14,353,482</u>	<u>40,194,757</u>	<u>37,409,137</u>	<u>44,270,422</u>	<u>31,552,130</u>	<u>41,694,319</u>	<u>39,224,720</u>	<u>36,639,623</u>	<u>50,679,345</u>	<u>54,807,718</u>
Total actual valuations applicable to debt	<u>1,364,512,112</u>	<u>1,566,123,297</u>	<u>1,484,657,847</u>	<u>1,333,053,884</u>	<u>1,312,105,030</u>	<u>1,310,087,232</u>	<u>1,280,682,454</u>	<u>1,262,319,793</u>	<u>1,255,060,705</u>	<u>1,190,183,517</u>
Debt limit - 5% of total actual valuations applicable to debt	<u>68,225,606</u>	<u>78,306,165</u>	<u>74,232,892</u>	<u>66,652,694</u>	<u>65,605,252</u>	<u>65,504,362</u>	<u>64,034,123</u>	<u>63,115,990</u>	<u>62,753,035</u>	<u>59,509,176</u>
Amount of debt applicable to limitation:										
General obligation bonds and notes	30,508,175	24,204,863	25,734,040	26,216,304	32,162,683	29,696,523	22,475,363	17,469,204	19,443,044	21,941,884
Urban Renewal Rebate agreements	4,023,000	1,690,000	-	-	-	-	-	-	-	-
Urban renewal tax increment revenue bonds	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limitation	<u>34,531,175</u>	<u>25,894,863</u>	<u>25,734,040</u>	<u>26,216,304</u>	<u>32,162,683</u>	<u>29,696,523</u>	<u>22,475,363</u>	<u>17,469,204</u>	<u>19,443,044</u>	<u>21,941,884</u>
Less:										
Funds available from:										
Debt service	237,889	107,604	46,959	48,225	3,079,346	3,082,247	-	-	262,165	232,719
Special revenue	<u>943,301</u>	<u>771,750</u>	<u>250,051</u>	<u>-</u>	<u>-</u>	<u>474,917</u>	<u>417,812</u>	<u>348,685</u>	<u>413,834</u>	<u>438,585</u>
Total debt applicable to debt limit	<u>33,349,985</u>	<u>25,015,509</u>	<u>25,437,030</u>	<u>26,168,079</u>	<u>29,083,337</u>	<u>26,139,359</u>	<u>22,057,551</u>	<u>17,120,519</u>	<u>18,767,045</u>	<u>21,270,580</u>
Legal debt margin	<u>\$ 34,875,621</u>	<u>\$ 53,290,656</u>	<u>\$ 48,795,862</u>	<u>\$ 40,484,615</u>	<u>\$ 36,521,915</u>	<u>\$ 39,365,003</u>	<u>\$ 41,976,572</u>	<u>\$ 45,995,471</u>	<u>\$ 43,985,990</u>	<u>\$ 38,238,596</u>

City of Marshalltown
Pledged – Revenue Coverage
Last Ten Fiscal Years

Water Pollution Control				Debt Service Requirements			
Year	Gross Revenue	Expenses (1)	Available For Debt Service	Principal	Interest & other debt expense	Total	Coverage
2007-08	5,128,279	2,746,362	2,381,917	566,000	197,189	763,189	3.12
2008-09	5,330,410	2,828,873	2,501,537	575,000	196,155	771,155	3.24
2009-10	5,214,302	3,154,596	2,059,706	585,000	165,650	750,650	2.74
2010-11	5,184,069	2,943,228	2,240,841	595,000	192,539	787,539	2.85
2011-12	6,557,228	3,225,133	3,332,095	605,000	384,184	989,184	3.37
2012-13	5,151,326	2,800,306	2,351,050	610,000	313,139	923,139	2.55
2013-14	5,897,218	2,994,802	2,902,416	595,000	307,956	902,956	3.21
2014-15	6,091,170	2,731,357	3,359,813	1,017,000	503,890	1,520,890	2.21
2015-16	6,593,505	3,246,028	3,347,477	1,402,000	641,312	2,043,312	1.64
2016-17	7,552,524	3,543,159	4,009,365	1,397,000	560,588	1,957,588	2.05

(1) Total operating expenses, less depreciation.

Sources: City Financial Records and Water Works Financial Records

City of Marshalltown
Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Median Age (Zip 50158)	School Enrollment		Unemployment Percent
		Public	Private	
	(1)	(2)	(3)	(4)
2008	40.2	5,065	235	4.80
2009	40.8	4,938	181	6.70
2010	38.0	5,123	170	6.70
2011	38.0	5,317	208	7.00
2012	38.0	5,322	227	6.70
2013	38.0	5,308	228	6.20
2014	37.3	5,085	218	5.90
2015	35.3	5,385	216	5.00
2016	35.3	5,322	221	4.00
2017	36.1	5,435	215	3.70

Note: Total personal income information for the City of Marshalltown is not available.

Sources:

- (1) Citydata.com web site
- (2) Iowa Department of Education
- (3) Iowa Dept of Education website for nonpublic schools: St. Francis Catholic School, and Marshalltown Christian School
- (4) Job Service of Iowa: <http://www.iowaworkforce.org>

City of Marshalltown
Principal Employers
Current Year and Nine Years Ago

Employer	Industry	2017- Employees	2008- Employees
(JBS) Swift & Company	Pork processors	2,300	2,200
Emerson Process Mgt/Fisher Controls	Valves and regulators manufacturer	1,200	1,200
Marshalltown Community School District	Education	1,002	915
Iowa Veteran's Home	Hospital Care Facility	1,000	1,000
Lennox Industries, Inc	Furnace and air conditioning manufacturer	800	1,065
Central Iowa Health Care	Hospital	715	715
HyVee Food Stores *	Grocery store	340	340
Wal-Mart*	Retail	325	325
Marshalltown Community College	Education	245	245
McFarland Clinic PC	Medical clinic	223	223
City of Marshalltown*	Municipal government	210	198
Marshall County	County government	176	166

Note: Total employment information for the City of Marshalltown is not available. Consequently, each employer's percentage of total employment can not be calculated.

Source: Marshalltown Chamber of Commerce

* Includes full time, part time and seasonal employees

City of Marshalltown
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Full-time-Equivalent Employees as of June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public Safety	90.26	98.28	97.32	99.1	99.00	99.00	88.00	86.00	98.91	101.94
Public Works	20.46	20.61	21.14	21.02	21.00	21.00	20.00	21.00	20.06	19.88
Health and Social Services	4.13	8.38	9.44	8.49	8.00	8.00	6.50	6.50	6.26	7.14
Culture and Recreation	26.81	26.39	27.28	27.6	29.00	29.00	28.00	29.00	25.95	26.17
Community and Economic Development	2.26	2.6	3.29	4.21	4.00	3.00	5.50	5.50	3.55	3.09
General Government	15.93	15.57	17.67	17.91	18.00	17.00	18.00	18.00	17.55	18.16
Business-Type	29.01	32.57	32.25	32.89	34.00	35.00	34.00	36.00	31.95	30.70
Capital Projects	-	-	-	-	-	1.00	1.00	1.00	0.13	0.02
Total	<u>188.86</u>	<u>204.40</u>	<u>208.39</u>	<u>211.22</u>	<u>213.00</u>	<u>213.00</u>	<u>201.00</u>	<u>203.00</u>	<u>204.36</u>	<u>207.10</u>

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Function/Program	Fiscal Year				
	2017	2016	2015	2014	2013
General Government					
Building Permits:					
New Construction:					
Number of permits	28	29	46	42	36
Value of permits	22,091,000	13,434,000	27,124,000	29,427,000	2,553,000
Remodeling, repairs and additions:					
Number of permits	120	102	80	72	71
Value of permits	7,434,000	11,915,000	10,719,000	24,001,000	16,435,000
Police					
Physical arrests	2,320	2,216	3,114	3,438	3,000
Violations:					
Parking	2,775	3,005	5,420	5,835	4,248
Traffic	1,801	1,255	1,889	1,803	2,500
Drunk driving	131	100	122	164	112
Narcotics	396	358	577	449	308
Fire					
Emergency responses	2,653	2,527	2,530	2,321	2,218
Fires extinguished	156	131	127	112	169
Inspections	555	519	223	471	541
Parks and recreation					
Adult team sports					
Leagues	6	6	8	12	8
Participation	9,327	9,656	8,492	5,670	8,705
Youth activities					
Programs	30	27	32	33	32
Participation	3,256	3,224	3,249	3,502	3,569
Library					
Volumes in collection	144,143	143,783	100,376	101,034	101,194
Total volumes borrowed	250,941	287,092	274,787	290,606	292,964
Sewage system					
Per million					
Daily average treatment in gallons	3.95	4.73	4.26	4.75	6.4
Maximum daily capacity of treatment					
plant in thousands of gallons	17,440	17,440	17,440	17,440	17,440
Sewer customers served	10,159	9,481	9,785	9,383	9,409
* Computer software was counting sewer credit meters					
Sewer rates in effect					
Base charge per month	\$20.25	\$17.57	\$15.60	\$14.31	\$12.12
Flow charge per 100 cubic feet	\$2.63	\$2.27	\$2.11	\$2.03	\$1.89
Transit					
Total route miles	131,829	134,737	110,394	133,405	132,475
# of passengers	90,353	101,805	111,542	104,513	113,728
General Elections - November of each year					
Registered voters	24,920	16,231	25,549	15,796	15,196
Number of votes cast	18,175	3,492	13,844	N/A	11,836
Percentage of registered voters voting	72.93%	21.51%	54.19%	N/A	77.89%

City of Marshalltown
Operating Indicators by Function/Program
Last Ten Fiscal Years

Ending June 30,				
2012	2011	2010	2009	2008
58	37	37	51	39
10,523,000	1,967,000	17,798,500	12,191,800	22,522,000
101	95	74	103	149
5,275,000	26,630,000	3,951,800	14,757,000	25,418,400
	2,254	3,421	3,581	3,045
5,629	10,269	N/A	N/A	6,802
2,939	3,290	3,787	4,758	4,793
110	120	224	218	234
398	369	385	460	512
689	1,885	N/A	N/A	2,274
54	71	N/A	N/A	51
353	376	N/A	N/A	380
10	8	10	10	4
8,611	6,762	6,105	5,373	2,201
28	31	27	40	35
3,587	4,246	3,780	3,478	7,268
133,971	129,219	101,194	93,755	91,914
300,784	310,849	327,106	262,755	253,855
6.4	6.4	7.51	6.82	7.38
17,440	17,440	17,440	17,440	17,440
9,405	9,447	10,248	9,397	9,435
\$10.27	\$10.27	\$10.27	\$9.51	\$9.51
\$1.76	\$1.76	\$1.76	\$1.76	\$1.63
131,749	135,711	107,157	105,282	105,435
112,318	130,974	111,586	113,934	111,849
16,659	17,494	16,860	17,015	17,015
1,063	8,643	1,335	N/A	N/A
6.38%	49.41%	7.92%	N/A	N/A

Function/Program	Fiscal Year					
	2017	2016	2015	2014	2013	2012
Police						
# of stations	1	1	1	1	1	1
# of employees	62	57	55	55	63	59
Non-dispatch	49	45	42	43	50	47
Dispatch	13	12	13	12	13	12
Fire						
# of stations	1	1	1	1	1	1
# of employees	29	28	28	27	30	29
Parks and recreation						
Park areas						
# parks	21	21	26	26	26	26
# acres	210	210	328	328	325	325
Athletics						
# Baseball/softball fields	5	5	6	6	10	6
# Soccer/football fields	0	0	6	6	4	6
# Tennis courts	5	5	12	12	13	12
# Basketball Courts	4	4				
Other						
# playgrounds	20	20	21	21	20	17
Miles of bike trails	7	7	9.6	9.6	8	8
# Swimming pools	1	1	1	1	1	1
# Park Shelters	29	29				
Public works						
Streets:						
Paved	157.5	157.5	157.5	157.5	157.5	157.5
Unpaved	5.8	5.8	5.8	5.8	5.8	5.8
Sewage system						
Number of treatment plants	1	1	1	1	1	1
Miles of sewers						
Storm	60.48	60.48	59.7	59.31	59.31	59.04
Sanitary	148.85	148.85	146.6	146.5	146.5	146.5
Transit						
# of buses	7	8	10	8	9	9
Education - Public and private						
Number of elementary schools	7	6	6	8	9	9
Number of elementary school instructors	262	283	299	305	243	237
Number of secondary schools	2	3	3	3	2	2
Number of secondary school instructors	150	280	250	238	143	146
Cemeteries						
Number of facilities	2	2	2	2	2	2
Number of acres						
Developed	135	135	135	135	135	135
Undeveloped	80	80	80	80	80	80
Hospitals						
Number of hospitals	1	1	1	1	1	1
Number of beds	49	49	125	125	125	125

City of Marshalltown
Capital Asset and Employment Statistics by Function/Program
Last Ten Fiscal Years

Ending June 30,			
2011	2010	2009	2008
1	1	1	1
61	59	58	58
48	46	45	45
13	13	13	13
1	1	1	1
29	26	29	29
26	26	26	26
325	325	328	328
6	6	6	6
6	6	6	6
	12	12	4
17	17	17	17
8	8	8	8
1	1	1	1
157.5	157.5	157.5	157.4
5.8	5.8	5.8	5.8
1	1	1	1
58.8	58.5	57.1	57.1
146.5	146.5	145.7	145.7
10	10	9	10
9	7	7	7
248	225	225	203
2	2	2	2
150	156	150	147
2	2	2	2
135	135	135	135
80	80	80	80
1	1	1	1
125	125	125	125

	2017	2016	2015	2014	2013	2012	2011
Revenues:							
Sewer Rental	\$ 7,370,973	\$ 6,341,560	\$ 5,875,990	\$ 5,611,519	\$ 4,860,499	\$ 4,661,934	\$ 4,152,904
Interest Income	62,404	30,154	24,526	36,356	32,361	37,704	53,312
Grants	-	-	-	39,669	39,669	1,582,043	849,787
Miscellaneous	119,147	221,791	190,654	218,797	218,797	275,547	128,066
Total revenues	<u>7,552,524</u>	<u>6,593,505</u>	<u>6,091,170</u>	<u>5,906,341</u>	<u>5,151,326</u>	<u>6,557,228</u>	<u>5,184,069</u>
Expenses:							
Costs of Service	3,543,159	3,217,648	2,678,407	2,994,802	2,800,306	3,225,133	2,945,845
Depreciation	1,470,579	1,487,116	1,283,352	1,269,460	1,182,359	1,126,174	1,134,959
Debt Service	<u>2,426,016</u>	<u>2,492,501</u>	<u>1,502,938</u>	<u>1,252,956</u>	<u>1,131,139</u>	<u>1,859,184</u>	<u>778,689</u>
Total expenses	<u>7,439,754</u>	<u>7,197,265</u>	<u>5,464,697</u>	<u>5,517,218</u>	<u>5,113,804</u>	<u>6,210,491</u>	<u>4,859,493</u>
Net Income (Loss)	<u>\$ 112,770</u>	<u>\$ (603,760)</u>	<u>\$ 626,473</u>	<u>\$ 389,123</u>	<u>\$ 37,522</u>	<u>\$ 346,737</u>	<u>\$ 324,576</u>

Water Pollution Control Historic Coverage

Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011
Net Income (Loss)	\$ 112,770	\$ (603,760)	\$ 626,473	\$ 389,123	\$ 37,522	\$ 346,737	\$ 324,576
Add depreciation	1,470,579	1,487,116	1,283,352	1,269,460	1,182,359	1,126,174	1,134,959
Add debt retirement	<u>2,426,016</u>	<u>2,492,501</u>	<u>1,502,938</u>	<u>1,252,956</u>	<u>1,131,139</u>	<u>1,859,184</u>	<u>778,689</u>
Net income available for debt service	<u>\$ 4,009,365</u>	<u>\$ 3,375,857</u>	<u>\$ 3,412,763</u>	<u>\$ 2,911,539</u>	<u>\$ 2,351,020</u>	<u>\$ 3,332,095</u>	<u>\$ 2,238,224</u>
Historic debt service	\$ 2,426,016	\$ 2,492,501	\$ 1,502,938	\$ 1,252,956	\$ 1,131,139	\$ 1,859,184	\$ 778,689
Historic coverage	1.65	1.35	2.32	2.32	2.08	1.79	2.87
Projected max future debt	\$ 2,430,980	\$ 2,430,980	\$ 1,343,085	\$ 1,343,085	\$ 1,085,594	\$ 1,085,594	\$ 1,211,115
Projected coverage	1.65	1.39	2.16	2.17	2.17	3.07	1.85

City of Marshalltown
Water Pollution Control
Historic Earnings
Last Ten Fiscal Years

<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 4,558,315	\$ 4,868,033	\$ 4,584,414
50,336	116,922	212,420
391,132	292,060	73
<u>214,519</u>	<u>53,395</u>	<u>331,372</u>
 <u>5,214,302</u>	 <u>5,330,410</u>	 <u>5,128,279</u>
 3,142,187	 2,828,873	 2,746,362
1,119,009	1,079,643	1,184,012
<u>749,863</u>	<u>771,155</u>	<u>763,189</u>
 <u>5,011,059</u>	 <u>4,679,671</u>	 <u>4,693,563</u>
 <u>\$ 203,243</u>	 <u>\$ 650,739</u>	 <u>\$ 434,716</u>

<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 203,243	\$ 650,739	\$ 434,716
1,119,009	1,079,643	1,184,012
<u>749,863</u>	<u>771,155</u>	<u>763,189</u>
 <u>\$ 2,072,115</u>	 <u>\$ 2,501,537</u>	 <u>\$ 2,381,917</u>
 \$ 749,863	 \$ 771,155	 \$ 763,189
2.76	3.24	3.12
\$ 735,293	\$ 744,273	\$ 752,953
2.82	3.36	3.16

City of Marshalltown
Water Pollution Control
Number of Customers by Type
Last Ten Fiscal Years

Year	Residential	Multi-Family	Commercial	Industrial	Total	Incr (Decr)
2008	8,229	418	741	47	9,435	(13)
2009	8,206	412	735	44	9,397	(38)
2010	8,247	421	732	33	9,433	36
2011	8,251	406	749	41	9,447	14
2012	8,216	406	743	40	9,405	(42)
2013	8,228	405	737	39	9,409	4
2014	8,469	397	824	50	9,740	331
2015	8,505	398	823	51	9,777	37
2016	8,525	394	840	50	9,809	32
2017	8,730	389	988	52	10,159	350

Note: Due to a computer modification in fiscal year 2003, a more accurate count can be ascertained.

Prior years included credit meters. Information based upon number of meters.

Source: Marshalltown Water Works

City of Marshalltown
Water Pollution Control
Present Net Position
As of June 30, 2017

Sewer Revenue Operating and Maintenance Accounts	\$ 483,707
Sewer Revenue Sinking Reserve Fund Account	180,225
Additional Capital Replacement Fund Account	1,387,420
Undesignated	<u>7,602,420</u>
 Total Water Pollution Control Net Position	 <u><u>\$ 9,653,772</u></u>

City of Marshalltown
Water Pollution Control
Major Users – Two Year Comparison

	2017			2016		
	Avg Gallons Per Month	Monthly Bill	2017 Ranking	Avg Gallons Per Month	Monthly Bill	2016 Ranking
JBS Swift & Company	63,421,892	\$ 215,854	1	61,035,000	\$ 180,117	1
IA Veterans Home	2,211,150	7,780	2	2,306,209	7,016	2
Emerson Processing/Fisher Controls	926,710	3,272	3	709,291	2,170	4
Marshalltown Community School District	675,008	2,389	4	324,819	1,003	9
Sunset Village Mobile Home Park	616,165	2,183	5	744,260	2,276	3
Rainbow Carwash I & III	566,174	2,007	6	416,013	1,280	8
Central Iowa Truckwash LLC	564,802	2,002	7	491,124	1,508	7
Packaging Corporation	513,315	1,822	8	524,535	1,609	5
YMCA	295,398	1,057	9	NA	NA	NA
BM Marshalltown Venture, LLC	281,560	1,008	10	NA	NA	NA
Unity Point Health	NA	NA	NA	515,746	1,583	6
Concrete Inc.	NA	NA	NA	318,087	983	10

Source: City Financial Records and Marshalltown Water Works

Compliance Section

June 30, 2017

City of Marshalltown



**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
City of Marshalltown, 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Marshalltown, Iowa, (City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 20, 2017. Our report includes a reference to other auditors who audited the financial statements of the Marshalltown Waterworks and the Marshalltown Convention and Visitor's Bureau, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

The financial statements of the Marshalltown Convention and Visitor's Bureau, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not extend to those financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying schedule of findings and questioned costs. 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in cursive script that reads "Eide Sallly LLP".

Dubuque, Iowa
December 20, 2017



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the City of Marshalltown, Iowa's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Dubuque, Iowa
December 20, 2017

City of Marshalltown
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Housing and Urban Development:				
Direct program:				
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871		\$ 1,425,146	\$ -
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		1,222,630	-
Total U.S. Department of Housing and Urban Development			2,647,776	-
U.S. Department of Justice:				
Pass-through program from:				
Iowa Department of Justice:				
Organized Crime Drug Enforcement Task Force	16.111	WC-IAN-0117	975	-
Direct:				
Law Enforcement Assistance FBI Field Police Training	16.302		490	-
Pass-through program from:				
Iowa Department of Justice:				
Violence Against Women Formula Grants	16.588	VW-11-52	41,674	-
Direct program:				
Bulletproof Vest Partnership Program	16.607		2,125	-
Pass through program from:				
Marshall County:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14-JAG-159844	27,816	-
Direct:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		20,625	10,313
			48,441	10,313
Total U.S. Department of Justice			93,705	10,313

City of Marshalltown
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Transportation:				
Direct program:				
Airport Improvement Program	20.106		\$ 9,283	\$ -
Pass-through program from:				
Iowa Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	STP-U-4797(618)--70-64	628,094	-
Highway Planning and Construction	20.205	STP-U-4797(617)--70-64	427,816	-
Highway Planning and Construction	20.205	STP-U-4797(619)--70-64	338,628	-
Highway Planning and Construction	20.205	TAP-U-4797(620)--8164	148,197	-
Highway Planning and Construction	20.205	NRT-nt10(004)9g-00	22,756	-
Cluster total			<u>1,565,491</u>	<u>-</u>
Formula Grants for Rural Areas	20.509	IA-18-X030	<u>208,006</u>	<u>-</u>
Highway Safety Cluster:				
State and Community Highway Safety	20.600	17-402-M0AL, Task 12-00-00	6,918	-
State and Community Highway Safety	20.600	PAP 16-402-M0OP, Task 07-00-00	1,624	-
Cluster total			<u>8,542</u>	<u>-</u>
Total U.S. Department of Transportation			<u>1,791,322</u>	<u>-</u>
Total			<u>\$ 4,532,803</u>	<u>\$ 10,313</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Marshalltown, Iowa, and is presented on the modified accrual basis of accounting for governmental funds and the full accrual basis of accounting for proprietary funds. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note 2 – Significant Accounting Policies

Governmental fund types account for the City's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources in the governmental fund types and on the full accrual basis – when expenditures are incurred in the proprietary funds. The City's summary of significant accounting policies is presented in Note 1 in the City's basic financial statements.

The City has not elected to use the 10% de minimis cost rate.

Part I: Summary of the Independent Auditor's Results:

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency not considered to be a material weakness	None Reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiency not considered to be a material weakness	None reported
Type of auditor's report issued on compliance for the major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.871
Highway Planning and Construction Cluster Highway Planning and Construction	20.205
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee	No

Part II: Findings Related to the Financial Statements:

There were no findings to report.

Part III: Findings and Questioned Costs for Federal Awards:

There were no findings and questioned costs to report.

Part IV: Other Findings Related to Required Statutory Reporting:

2017-IA-A Certified Budget – Disbursements at June 30, 2017, exceeded the amended budget amounts in the health and social services function. Additionally, before the budget was amended, disbursements exceeded the original amount budgeted for the capital projects function.

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed budget.

Response – The budget will continue to be monitored on a regular basis. Additional budget amendments, other than the normal May amendment that is done on an annual basis, will be completed if necessary.

2017-IA-B Questionable Expenditures - We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

2017-IA-C Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

2017-IA-D Business Transactions - No business transactions between the City and City officials or employees were noted.

2017-IA-E 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 the coverage is adequate for current operations.

2017-IA-F Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

2017-IA-G Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

2017-IA-H Revenue Bonds – No instances of noncompliance with provisions of the City’s revenue bond resolutions were noted.

2017-IA-I Annual Urban Renewal Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.

Part IV: Other Findings Related to Required Statutory Reporting: (continued)

2017-IA-J TIF Certifications – It was noted during our reconciliation procedures the total TIF requested from the County exceeds the amount of TIF obligations outstanding.

Recommendation – The City should reconcile its remaining TIF obligations with TIF funds on hand and future requests from the County.

Response – The City will reconcile all TIF obligations in the upcoming year.

2017-IA-K Fire Truck Loan – During the year ended June 30, 2017, the City entered into a loan agreement with Iowa Finance Authority. However, a public hearing was not held prior to the authorization of the agreement as required by Chapter 384.24A of the Code of Iowa.

Recommendation – The City should consult legal counsel for the disposition of this matter. In the future, the City should hold a public hearing prior to the authorization of a loan agreement in accordance with Chapter 384.24A of the Code of Iowa.

Response – The City held a public hearing after the receipt of loan funds with the Iowa Finance Authority and will hold the required public hearings in the future.