



# **CITY OF MARSHALLTOWN, IOWA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2018**

**Prepared by:  
City Finance Department**

Introductory Section

Letter of Transmittal ..... 1  
 Certificate of Achievement for Excellence in Financial Reporting ..... 5  
 City Organizational Chart ..... 6  
 Officials..... 7

Financial Section

Independent Auditor’s Report..... 8  
 Management Discussion and Analysis (MD&A) ..... 11  
 Basic Financial Statements  
 Government-Wide Financial Statements:  
     Statement of Net Position ..... 19  
     Statement of Activities..... 20  
 Governmental Fund Financial Statements:  
     Balance Sheet – Governmental Funds ..... 21  
     Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Position..... 22  
     Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds ..... 23  
     Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental  
     Funds to the Statement of Activities ..... 24  
 Proprietary Fund Financial Statements:  
     Statement of Net Position – Proprietary Funds..... 25  
     Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds ..... 27  
     Statement of Cash Flows – Proprietary Funds..... 28  
     Statement of Fiduciary Net Position – Fiduciary Funds ..... 30  
     Notes to Financial Statements..... 31

Required Supplementary Information

Schedule of Changes in the City’s Total OPEB Liability, Related Ratios, and Notes ..... 73  
 Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual  
 (Cash Basis) – Governmental Funds and Enterprise Funds..... 74  
 Budgetary Comparison Schedule – Budget to GAAP Reconciliation ..... 75  
 Notes to Required Supplementary Information – Budgetary Reporting..... 76  
 Schedule of City’s Proportionate Share of Net Pension Liability – Iowa Public Employees’ Retirement System  
 – IPERS..... 77  
 Schedule of City Contributions – Iowa Public Employees’ Retirement System – IPERS ..... 78  
 Notes to Required Supplementary Information – Pension Liability – Iowa Public Employees’ Retirement  
 System – IPERS ..... 79  
 Schedule of City’s Proportionate Share of Net Pension Liability Municipal Fire and Police Retirement System  
 of Iowa – MFPRSI..... 81  
 Schedule of City Contributions – Municipal Fire and Police Retirement System of Iowa – MFPRSI ..... 82

Other Supplementary Information

Nonmajor Governmental Funds  
     Combining Balance Sheet – Nonmajor Governmental Funds ..... 83  
     Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) – Nonmajor  
     Governmental Funds ..... 84  
 Combining Financial Statements  
     Combining Statement of Net Position – Nonmajor Enterprise Funds ..... 85  
     Combining Statement of Revenues, Expenditures and Changes in Fund Net Position – Nonmajor Enterprise  
     Funds..... 86  
     Combining Statement of Cash Flows – Nonmajor Enterprise Funds ..... 87

Other Supplementary Information (continued)

Combining Financial Statements

    Combining Statement of Net Position – Internal Service Funds ..... 89

    Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds ..... 90

    Combining Statement of Cash Flows – Internal Service Funds ..... 91

Combining Financial Statements

    Combining Statement of Changes in Assets and Liabilities – All Agency Funds ..... 92

Long-Term Debt

    Schedule of Bond Maturities ..... 94

Statistical Section (Unaudited)

Statistical Section - Contents ..... 112

Net Position by Component ..... 101

Program Revenues by Function/Program ..... 104

Fund Balances – Governmental Funds ..... 105

Changes in Fund Balances – Governmental Funds ..... 106

Tax Revenues by Source – Governmental Funds ..... 107

General Governmental Tax Revenues by Source ..... 108

Assessed Value and Estimated Actual Value of Taxable Property ..... 109

Tax Rates – Direct and Overlapping Governments ..... 110

Principal Property Taxpayers ..... 111

Sales Tax ..... 112

Ratios of Outstanding Debt by Type ..... 114

Ratios of General Bonded Debt Outstanding ..... 115

Direct and Overlapping Governmental Activities Debt ..... 116

Legal Debt Margin Information ..... 117

Pledged – Revenue Coverage ..... 118

Demographic and Economic Statistics ..... 119

Principal Employers ..... 120

Full-Time Equivalent City Government Employees by Function/Program ..... 121

Operating Indicators by Function/Program ..... 122

Water Pollution Control – Historic Earnings ..... 124

Water Pollution Control – Number of Customers by Type ..... 125

Water Pollution Control – Present Net Position ..... 126

Water Pollution Control – Major Users – Two Year Comparison ..... 127

Compliance Section

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* ..... 128

Independent Auditor’s Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance ..... 130

Schedule of Expenditures of Federal Awards ..... 132

Notes to the Schedule of Expenditures of Federal Awards ..... 134

Schedule of Findings and Questioned Costs ..... 135

Introductory Section  
June 30, 2018

# City of Marshalltown

# MARSHALLTOWN

— I O W A —

January 17, 2019

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, 2018 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, 2018. 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 the Major Federal 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 the Marshall County Communications 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 3.7% as of June 2018. This is higher than the Iowa rate of 2.5% as of June 2018.

The number of building permits decreased in fiscal year 2018 compared to 2017. 16 new residential construction building permits were issued creating 38 housing units for a value of \$6,802,000. 26 residential remodeling, repairs, and addition permits were issued for a value of \$586,000. Total building permit activity for commercial industrial, residential and accessory structures totaled 102 building permits with a valuation of \$31,354,000. This included large projects such as the Public Safety Building, SNT Trucking Addition, and East Olive Apartments.

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 voters passed a referendum August 1, 2017 to reallocate the LOST from 75% being designated for property tax relief, 20% for street projects and 5% allocated for council designated to 78% for property tax relief and 22% for council designated. This became effective November 1, 2017. For fiscal year ending June 30, 2018 the City collected approximately \$3.1 million (accrual basis).

## **Major Initiatives**

Hawkeye Hotels, LLC: Built a Holiday Inn Express hotel with an estimated construction value of \$8 million. It opened in the spring of 2018.

Crosby Park: Underway with Phase 1, which is to build two 7-plexes with an estimated valuation of \$2 million

T. Kading Properties, LLC: Has plans for 24 buildings (48 duplex units) with an estimated cost of \$5 million.

Highway 14 Corridor Study: Utilizing grant dollars from the Martha Ellen Tye Foundation and Region 6, the City of Marshalltown completed a study of the Highway 14/3<sup>rd</sup> Avenue Corridor from the north city limits to Anson Street. The results of this study showed significant opportunities for improving the safety, functionality and aesthetics of this area in conjunction with a planned Iowa DOT repaving project, which will now occur in 2021.

Veterans Memorial Coliseum: Following the completion of a feasibility study in early 2017, the City of Marshalltown hired GTG Architects to proceed with developing plans and specifications for a renovation of the Coliseum into two full-sized gym spaces along with multiple flex spaces in the front of the building. Work was put on hold due to significant damage from the July 19, 2018, tornado but will continue into 2019.

Iowa River Trail: In May, the City was notified of a \$25,000 grant from the National Endowment for the Arts- Our Town program. The project is a design master plan for the Iowa River Trail, which will involve working with Hardin County and the communities along the trail to develop a cohesive strategy for design. Work on this plan will begin in 2019

Wayfinding Master Plan: With a fifty-percent grant from the Martha Ellen Tye Foundation, the City of Marshalltown, along with a steering committee of community stakeholders, completed a Wayfinding Master Plan to provide a cohesive brand and appearance to the signage within the community and to update a 30-year old system. The plan can be implemented as needed and will be incorporated into upcoming capital projects and the capital improvement plan.

Marshalltown School District: Completed the renovation and addition of the Marshalltown High School Roundhouse. 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 safe/comfortable bleachers, and locker and weight rooms. It also included a new roof and other features. Phase two is underway and includes an auxiliary gym and wrestling room.

## **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 five 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 is being funded with general obligation bonds. The anticipated completion date of the construction is March 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 2017. 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.

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, 2017**

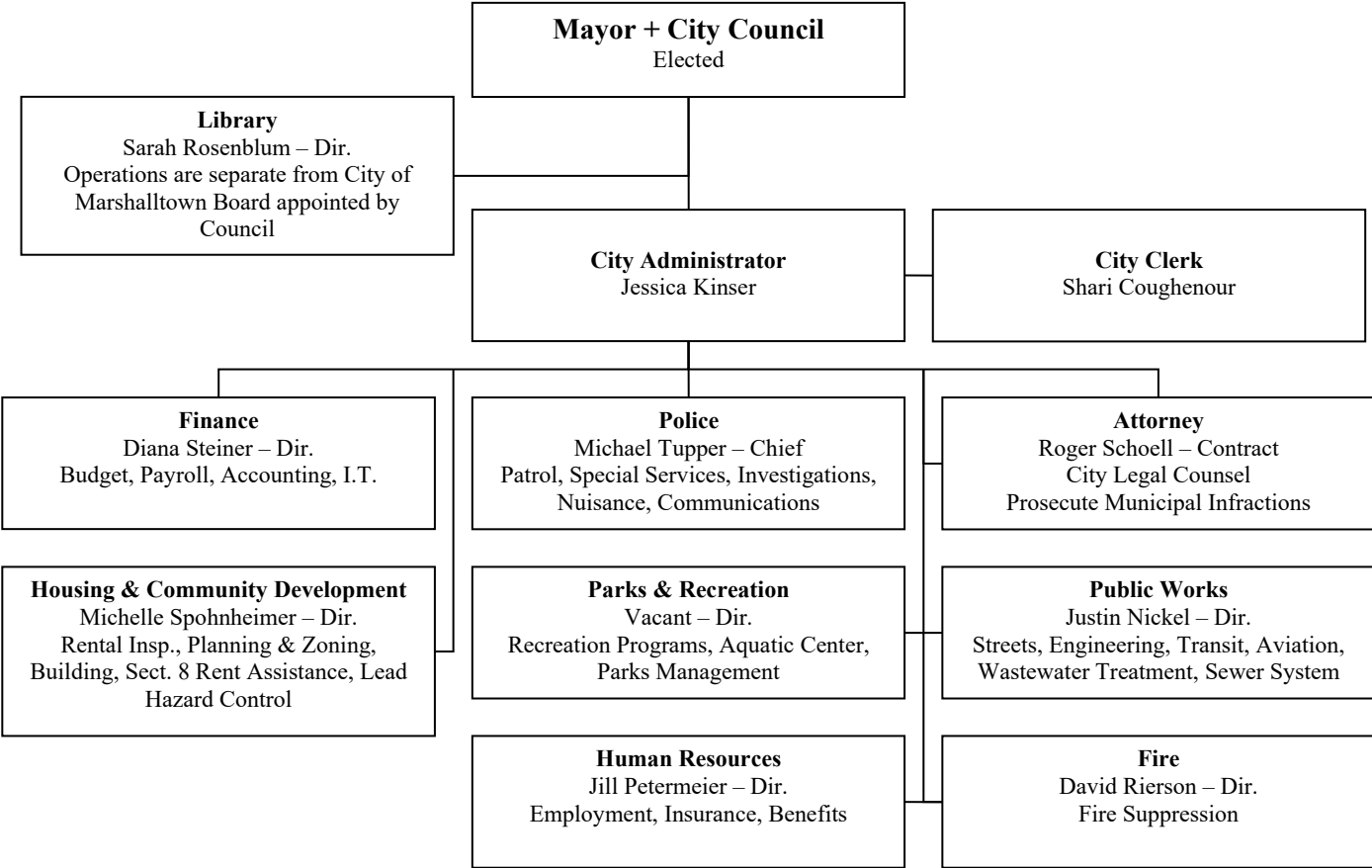
*Christopher P. Morill*

Executive Director/CEO

# MARSHALLTOWN

I O W A

## Organization Chart



Name	Title	Term Expires
Elected officials:		
Joel Greer	Mayor	December 31, 2021
Bethany Wirin	Mayor Pro-Tem, Council At Large	December 31, 2021
Bill Martin	Council Member At Large	December 31, 2021
Leon Lamer	Council Member At Large	December 31, 2019
Susan Cahill	Council Member First Ward	December 31, 2021
Gabriel Isom	Council Member Second Ward	December 31, 2019
Mike Gowdy	Council Member Third Ward	December 31, 2021
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
Vacant	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, 2018  
**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, 2018, 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, 2018, 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.

### **Emphasis of Matter**

As discussed in Notes 1 and 16 to the financial statements, the City has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

### **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 or 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 January 17, 2019, 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.



Dubuque, Iowa  
January 17, 2019



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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, 2018. 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 \$77,408,764 (net position) as compared to \$73,669,448 in the prior year.
- The City's total net position increased by \$3,739,316. This is primarily attributable to increased revenue and decreased expenses in the Business-Type Activities.
- As of the close of the current fiscal year, the City of Marshalltown's governmental funds reported combined ending fund balances of \$27,929,524 an increase of \$4,266,712 in comparison with the prior year. This change was primarily from property taxes and proceeds from debt for the police and fire building not yet spent.
- \$2,614,277 in unassigned fund balance is available for spending at the City's discretion. Prior year unassigned fund balance was \$2,452,890. This is an increase of \$161,387.
- The City's total debt had a net increase of \$7.1 million during the current fiscal year. This change reflects the retirement of existing bonds and the issuance of \$12.7 million in new GO Debt. The new debt was for the Police and Fire building.

### **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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them 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, Local Option Sales Tax, HUD Programs, Debt Service, Property Tax and Public Works and Other Projects Funds. Data from the other seven 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 \$77,408,764 at the close of the most recent fiscal year.

City of Marshalltown Net Position  
June 30, 2018

	Governmental Activities		Business-Type Activities		Total	
	FY 2017-18	FY 2016-17 (not restated)	FY 2017-18	FY 2016-17 (not restated)	FY 2017-18	FY 2016-17 (not restated)
Current and Other Assets	\$ 46,258,769	\$ 41,779,915	\$ 17,176,132	\$ 15,427,099	\$ 63,434,901	\$ 57,207,014
Capital Assets	50,784,835	44,434,327	57,997,288	58,806,482	108,782,123	103,240,809
Total Assets	<u>97,043,604</u>	<u>86,214,242</u>	<u>75,173,420</u>	<u>74,233,581</u>	<u>172,217,024</u>	<u>160,447,823</u>
Deferred Outflows of Resources	<u>3,946,704</u>	<u>4,628,479</u>	<u>438,154</u>	<u>376,486</u>	<u>4,384,858</u>	<u>5,004,965</u>
Current and Other Liabilities	6,671,809	6,552,469	2,545,737	2,820,202	9,217,546	9,372,671
Noncurrent Liabilities	55,225,124	38,967,985	21,144,146	22,014,961	76,369,270	60,982,946
Total liabilities	<u>61,896,933</u>	<u>45,520,454</u>	<u>23,689,883</u>	<u>24,835,163</u>	<u>85,586,816</u>	<u>70,355,617</u>
Deferred Inflow of Resources	<u>13,526,817</u>	<u>13,005,504</u>	<u>79,485</u>	<u>48,827</u>	<u>13,606,302</u>	<u>13,054,331</u>
Net Position						
Net investment in capital assets	37,973,695	35,605,495	39,699,525	38,990,163	77,673,220	74,595,658
Restricted	13,150,024	15,612,241	177,299	180,225	13,327,323	15,792,466
Unrestricted	(25,557,161)	(18,900,973)	11,965,382	10,555,689	(13,591,779)	(8,345,284)
Total net position	<u>\$ 25,566,558</u>	<u>\$ 32,316,763</u>	<u>\$ 51,842,206</u>	<u>\$ 49,726,077</u>	<u>\$ 77,408,764</u>	<u>\$ 82,042,840</u>

By far, the largest portion of the City of Marshalltown's net position of \$77,673,220 reflects 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.

A portion of the City of Marshalltown's governmental and business-type activities net position of \$13,327,323 represents resources that are subject to external restrictions. Prior year comparison shows \$15,792,466, a decrease of \$2,465,143.

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

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

City of Marshalltown Changes in Net Position  
June 30, 2018

	Governmental Activities		Business-Type Activities		Total	
	FY 2017-18	FY 2016-17 (not restated)	FY 2017-18	FY 2016-17 (not restated)	FY 2017-18	FY 2016-17 (not restated)
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,534,874	\$ 1,559,120	\$ 9,451,194	\$ 8,846,146	\$ 10,986,068	\$ 10,405,266
Operating grants and contributions	6,768,632	7,387,980	383,646	381,810	7,152,278	7,769,790
Capital grants and contributions	1,026,153	1,768,179	209,668	432,400	1,235,821	2,200,579
General revenues						
Property and other taxes	15,333,757	15,504,008	-	-	15,333,757	15,504,008
Grants and contributions not restricted to specific programs	1,331,709	1,384,158	-	-	1,331,709	1,384,158
Other	1,017,923	759,120	213,581	76,481	1,231,504	835,601
Total revenues	<u>27,013,048</u>	<u>28,362,565</u>	<u>10,258,089</u>	<u>9,736,837</u>	<u>37,271,137</u>	<u>38,099,402</u>
<b>Expenses:</b>						
Public safety	\$11,732,583	10,713,027	-	-	11,732,583	10,713,027
Public works	5,591,152	8,553,684	-	-	5,591,152	8,553,684
Health and social services	654,311	1,306,389	-	-	654,311	1,306,389
Culture and recreation	3,888,793	3,654,545	-	-	3,888,793	3,654,545
Community and economic development	2,288,991	2,433,608	-	-	2,288,991	2,433,608
General government	1,575,523	685,937	-	-	1,575,523	685,937
Interest on long-term debt	764,344	429,296	-	-	764,344	429,296
Business type	-	-	7,036,124	7,517,186	7,036,124	7,517,186
Total expenses	<u>26,495,697</u>	<u>27,776,486</u>	<u>7,036,124</u>	<u>7,517,186</u>	<u>33,531,821</u>	<u>35,293,672</u>
Increase in net position before transfers	517,351	586,079	3,221,965	2,219,651	3,739,316	2,805,730
Transfers	(49,377)	1,035,676	49,377	(1,035,676)	-	-
Increase in Net Position	<u>467,974</u>	<u>1,621,755</u>	<u>3,271,342</u>	<u>1,183,975</u>	<u>3,739,316</u>	<u>2,805,730</u>
Net Position - Beginning of Year, as restated	25,098,584	30,695,008	48,570,864	48,542,102	73,669,448	79,237,110
Net Position - End of Year	<u>\$ 25,566,558</u>	<u>\$ 32,316,763</u>	<u>\$ 51,842,206</u>	<u>\$ 49,726,077</u>	<u>\$ 77,408,764</u>	<u>\$ 82,042,840</u>

**Governmental Activities.** Governmental revenues in the current year decreased by \$1.35 million primarily due to decreased revenues in the Capital Projects area. Governmental expenses decreased \$1.28 million from the prior fiscal year and this was largely due to savings in the Public Works area.

**Business-type Activities.** Revenue received through charges for services increased by \$0.6 million. Business-type expenses decreased by \$0.5 million and are largely based on Water Pollution Control usage.

**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 \$27,929,524, an increase of \$4,266,712 in comparison with the prior year. Of this total amount \$2,614,277 is unassigned fund balance, which is available to meet the future financial needs of the City. \$24,663,943 is restricted, \$250,000 is committed and \$401,304 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 \$512,222 to \$4,392,404, with an unassigned fund balance of \$2,953,579, a restricted balance of \$932,307, and a committed balance of \$250,000. The remaining \$256,518 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 \$4,887,932 is an decrease of \$395,505 compared to the prior year. This decrease is due to an increase in project costs and a decrease in revenue.

The Lead Abatement program was continued through November 2017, which was funded 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 \$634,107 under this program.

Voters passed a referendum in August 1, 2017 reallocating the Local Option Sales Tax (LOST) from property tax relief (75%), storm sewer and other capital improvements (20%), and any project designated by the Council (5%) to property tax relief (78%) and any project designated by the Council (22%). This became effective November 1, 2017. Property tax relief dollars were transferred to the Debt Service Fund and Employee Benefit Fund. The Council used their share primarily for general fund support, early hires of positions, security cameras, and fireworks for this fiscal year. The decrease in the balance this year was \$1,110,656.

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. The City issued bonds in FY17 & FY18 for \$17.5 million for the construction of a new Police & Fire building.

**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 \$51,842,206, a net position increase of \$3,271,342.

## Budgetary Highlights

### General Fund

The City of Marshalltown presents budgetary information as allowed by GASB Statement No. 41. Budgets are based on nine functional areas as required by state statute, not by fund or fund type. During the year ended June 30, 2018, revenues and transfers in for the general fund operations, on the GAAP basis, were less than revenue estimates by \$411,364 and departmental expenditures and transfers out on the GAAP basis were \$1,134,944 less than expenditure estimates.

During the fiscal year ended June 30, 2018 there were two budget amendments, dated March 5, 2018 and May 29, 2018.

### 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, 2018 amount to \$187,839,711. 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 \$9,232,441.

City of Marshalltown's 2018 Capital Assets  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17
Land and Improvements	\$ 7,326,123	\$ 7,248,073	\$ 3,121,325	\$ 3,121,325	\$ 10,447,448	\$ 10,369,398
Buildings and Structures	17,666,013	17,707,821	10,845,457	10,845,457	28,511,470	28,553,278
Equipment and vehicles	17,023,927	17,046,381	17,993,497	18,165,805	35,017,424	35,212,186
Infrastructure	44,392,621	40,792,336	58,029,056	53,088,621	102,421,677	93,880,957
Construction in Progress	7,743,788	3,074,150	3,697,904	7,517,301	11,441,692	10,591,451
<b>Total</b>	<b>\$ 94,152,472</b>	<b>\$ 85,868,761</b>	<b>\$ 93,687,239</b>	<b>\$ 92,738,509</b>	<b>\$ 187,839,711</b>	<b>\$ 178,607,270</b>

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.
- Replaced telephone system.
- Continuation of construction of Police and Fire Building.

Additional information on the City' of Marshalltown's capital assets can be found in Note 5 on pages 45-47 of this report.

**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 \$52,930,754. Of this amount, \$39,457,754 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.

The City of Marshalltown's total debt increased by approximately \$7 million during the current fiscal year due to the issuance of approximately \$13 million less normal retirement of debt of approximately \$6 million.

Moody's Investors Service rated the City on September 11, 2017 and October 30, 2018. 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 \$72,641,507, 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 47-51 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. Holiday Inn Express Hotel opened in the spring of 2018. Two 7-plexes are underway, as well as 24 buildings (48 Duplex units). A Highway 14/3<sup>rd</sup> Ave. corridor study was completed. The results showed opportunities for improving the safety, functionality and aesthetics of this area in conjunction with a planned Iowa DOT repaving project, which will occur in 2021. The City is receiving a \$25,000 grant from the National Endowment for the Arts Our Town Program. which will develop a cohesive strategy for design of the Iowa River Trail.

The budget for the ensuing fiscal year 2019 considers many factors and estimates about the finances of the upcoming year. Voters passed a referendum in August 2017 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. Sales taxes and hotel/motel tax are expected to remain steady. The road use taxes collected by the state are stable but the forecast is to maintain a conservative projection for these revenue sources. The City experienced an EF-3 tornado on July 19, 2018. Industry, businesses and residences on the north side of the community were affected. The County Assessor will review the progress on repairs in 2019 and make adjustments to property tax valuations which will impact fiscal year 2021. The City will be proactively taking steps in fiscal years 2019 and 2020 to mitigate any potential valuation loss in future years. The City did receive a Federal Public Assistance Disaster Declaration, which will allow the City to request reimbursement of up to 85% (75% federal and 10% state) for debris removal, emergency protective measures and other projects to be completed in the coming years as a result of the damage. The City experienced damage to multiple municipal buildings and parks. The City's insurance will result in a cost of only \$10,000 for all covered losses for property and vehicles. The City and community are already developing plans for Marshalltown to come back stronger than ever.



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 occurred in FY18; however, the City is planning an increase 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.

### **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.

Basic Financial Statements  
June 30, 2018

# City of Marshalltown

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	Primary Government			Component Units	
	Governmental	Business-Type	Total	Marshalltown	Marshalltown
	Activities	Activities		Water	Convention and
			Works	Visitors Bureau	
<b>Assets</b>					
Cash and cash equivalents	\$ 31,366,951	\$ 14,982,510	\$ 46,349,461	\$ 2,941,386	\$ 192,583
Receivables					
Property taxes					
Delinquent	106,690	-	106,690	-	-
Succeeding year	12,777,819	-	12,777,819	-	-
Accounts and unbilled usage	379,945	1,393,857	1,773,802	700,631	-
Special assessments	22,691	-	22,691	-	-
Due from component unit	10,543	507,972	518,515	-	-
Due from other governments	1,176,660	-	1,176,660	-	-
Inventories	108,688	23,010	131,698	-	-
Prepaid items	308,782	91,484	400,266	46,174	396
Restricted assets					
Cash and cash equivalents	-	177,299	177,299	736,992	-
Capital assets					
Land	4,665,014	890,631	5,555,645	1,112,721	-
Land improvements	2,661,109	2,230,694	4,891,803	-	-
Buildings and structures	17,666,013	10,845,457	28,511,470	18,560,413	-
Equipment and vehicles	17,023,927	17,993,497	35,017,424	2,566,021	102,086
Sanitary sewers and lift stations	-	41,451,901	41,451,901	-	-
Infrastructure	44,392,621	16,577,155	60,969,776	13,065,721	-
Construction in progress	7,743,788	3,697,904	11,441,692	-	-
Accumulated depreciation	(43,367,637)	(35,689,951)	(79,057,588)	(16,008,158)	(24,316)
<b>Total assets</b>	<b>97,043,604</b>	<b>75,173,420</b>	<b>172,217,024</b>	<b>23,721,901</b>	<b>270,749</b>
<b>Deferred Outflows of Resources</b>					
OPEB related deferred outflows	171,204	19,595	190,799	-	-
Pension related deferred outflows	3,775,500	418,559	4,194,059	163,459	-
<b>Total deferred outflows</b>					
of resources	<b>3,946,704</b>	<b>438,154</b>	<b>4,384,858</b>	<b>163,459</b>	<b>-</b>

City of Marshalltown  
Statement of Net Position  
June 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Marshalltown Water Works	Marshalltown Convention and Visitors Bureau
<b>Liabilities</b>					
Accounts payable	\$ 2,136,418	\$ 145,809	\$ 2,282,227	\$ 87,851	\$ 16,030
Accrued payroll and payroll benefits	269,092	44,578	313,670	25,052	3,372
Retainage payable	285,545	126,801	412,346	-	-
Deposits payable	156,989	-	156,989	-	-
Due to other governments	179,988	30,595	210,583	-	-
Accrued interest payable	64,150	42,538	106,688	11,634	-
Due to primary government	-	-	-	518,515	-
Liabilities payable from restricted assets					
Customer deposits	-	-	-	221,610	-
<b>Noncurrent liabilities</b>					
Due within one year					
Bonds and notes payable	3,348,761	2,119,959	5,468,720	357,000	-
Compensated absences payable	230,866	35,457	266,323	115,152	-
Due in more than one year					
Bonds and notes payable	29,723,035	17,738,999	47,462,034	6,720,079	-
Compensated absences payable	995,639	219,627	1,215,266	-	-
Net pension liability	12,407,249	1,456,564	13,863,813	1,922,413	-
Total OPEB liability	12,099,201	1,728,956	13,828,157	184,799	-
Total liabilities	<u>61,896,933</u>	<u>23,689,883</u>	<u>85,586,816</u>	<u>10,164,105</u>	<u>19,402</u>
<b>Deferred Inflows of Resources</b>					
Succeeding year property taxes	12,777,819	-	12,777,819	-	-
Pension related deferred inflows	748,998	79,485	828,483	20,966	-
Total deferred inflows of resources	<u>13,526,817</u>	<u>79,485</u>	<u>13,606,302</u>	<u>20,966</u>	<u>-</u>
<b>Net position</b>					
Net investment in capital assets	37,973,695	39,699,525	77,673,220	12,219,639	77,770
Restricted for					
Capital improvements	6,373,088	-	6,373,088	-	-
Community development	240,951	-	240,951	-	-
Debt service	111,879	177,299	289,178	-	-
Employee benefits	2,881,903	-	2,881,903	-	-
Other purposes	3,542,203	-	3,542,203	-	-
Unrestricted	<u>(25,557,161)</u>	<u>11,965,382</u>	<u>(13,591,779)</u>	<u>1,480,650</u>	<u>173,577</u>
Total net position	<u>\$ 25,566,558</u>	<u>\$ 51,842,206</u>	<u>\$ 77,408,764</u>	<u>\$ 13,700,289</u>	<u>\$ 251,347</u>

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
Public safety	\$ 11,732,583	\$ 409,649	\$ 549,055	\$ 10,313
Public works	5,591,152	443,091	3,532,179	404,427
Health and social services	654,311	7,065	675,035	-
Culture and recreation	3,888,793	463,866	554,033	611,413
Community and economic development	2,288,991	93,679	1,458,255	-
General government	1,575,523	117,524	75	-
Interest on long-term debt	764,344	-	-	-
Total governmental activities	<u>26,495,697</u>	<u>1,534,874</u>	<u>6,768,632</u>	<u>1,026,153</u>
Business-type activities				
Water pollution control	5,105,834	7,857,197	-	6,951
Storm sewer	958,434	1,407,673	-	202,717
Compost	70,920	67,077	-	-
Transit	837,136	78,047	383,646	-
Concessions	63,800	41,200	-	-
Total business-type activities	<u>7,036,124</u>	<u>9,451,194</u>	<u>383,646</u>	<u>209,668</u>
Total primary government	<u>\$ 33,531,821</u>	<u>\$ 10,986,068</u>	<u>\$ 7,152,278</u>	<u>\$ 1,235,821</u>
<b>Component Units</b>				
Water works	\$ 4,009,161	\$ 5,118,558	\$ -	\$ -
Convention and visitors bureau	313,302	277,880	-	-
Total component units	<u>\$ 4,322,463</u>	<u>\$ 5,396,438</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General Revenues</b>				
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, as restated				
Net Position - Ending				

See Notes to Financial Statements

City of Marshalltown  
Statement of Activities  
Year Ended June 30, 2018

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
\$ (10,763,566)	\$ -	\$ (10,763,566)	\$ -	\$ -
(1,211,455)	-	(1,211,455)	-	-
27,789	-	27,789	-	-
(2,259,481)	-	(2,259,481)	-	-
(737,057)	-	(737,057)	-	-
(1,457,924)	-	(1,457,924)	-	-
(764,344)	-	(764,344)	-	-
<u>(17,166,038)</u>	<u>-</u>	<u>(17,166,038)</u>	<u>-</u>	<u>-</u>
-	2,758,314	2,758,314	-	-
-	651,956	651,956	-	-
-	(3,843)	(3,843)	-	-
-	(375,443)	(375,443)	-	-
-	(22,600)	(22,600)	-	-
<u>-</u>	<u>3,008,384</u>	<u>3,008,384</u>	<u>-</u>	<u>-</u>
<u>\$ (17,166,038)</u>	<u>\$ 3,008,384</u>	<u>\$ (14,157,654)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 1,109,397	\$ -
-	-	-	-	(35,422)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,109,397</u>	<u>\$ (35,422)</u>
\$ 10,510,365	\$ -	\$ 10,510,365	\$ -	\$ -
164,523	-	164,523	-	-
3,121,920	-	3,121,920	-	-
1,105,221	-	1,105,221	-	-
403,116	-	403,116	-	-
28,612	-	28,612	-	-
1,331,709	-	1,331,709	-	-
456,079	213,581	669,660	15,890	208
561,844	-	561,844	-	-
(49,377)	49,377	-	-	-
<u>17,634,012</u>	<u>262,958</u>	<u>17,896,970</u>	<u>15,890</u>	<u>208</u>
467,974	3,271,342	3,739,316	1,125,287	(35,214)
<u>25,098,584</u>	<u>48,570,864</u>	<u>73,669,448</u>	<u>12,575,002</u>	<u>286,561</u>
<u>\$ 25,566,558</u>	<u>\$ 51,842,206</u>	<u>\$ 77,408,764</u>	<u>\$ 13,700,289</u>	<u>\$ 251,347</u>

	General	Special Revenue	
		Road Use Tax	Local Option Sales Tax
<b>Assets</b>			
Cash and cash equivalents	\$ 4,404,578	\$ 4,534,181	\$ 4,084,222
Receivables			
Property taxes			
Delinquent	62,339	-	-
Succeeding year	7,550,859	-	-
Accounts and unbilled usage	121,747	-	13,658
Special assessments	-	-	-
Due from other funds	8,353	-	-
Due from component unit	10,543	-	-
Due from other governments	137,151	262,767	243,084
Inventory	-	108,688	-
Prepaid items	256,518	24,828	-
Total assets	<u>\$ 12,552,088</u>	<u>\$ 4,930,464</u>	<u>\$ 4,340,964</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 215,255	\$ 38,539	\$ 15,924
Accrued payroll and payroll benefits	258,411	260	-
Retainage payable	-	-	-
Due to other governments	101,679	3,733	-
Due to other funds	-	-	-
Total liabilities	<u>575,345</u>	<u>42,532</u>	<u>15,924</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue- property taxes	7,550,859	-	-
Unavailable revenue- special assessments	-	-	-
Unavailable revenue- other	21,261	-	-
Unavailable revenue- intergovernmental	12,219	-	-
Total deferred inflows of resources	<u>7,584,339</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>			
Nonspendable	256,518	133,516	-
Restricted	932,307	4,754,416	4,325,040
Committed	250,000	-	-
Unassigned	2,953,579	-	-
Total fund balances	<u>4,392,404</u>	<u>4,887,932</u>	<u>4,325,040</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,552,088</u>	<u>\$ 4,930,464</u>	<u>\$ 4,340,964</u>

See Notes to Financial Statements



City of Marshalltown  
Balance Sheet  
Governmental Funds  
Year Ended June 30, 2018

Funds			Capital Projects Funds		Nonmajor Governmental Funds	Total
Property Tax	HUD Programs	Debt Service	Public Works and Other Projects			
\$ 2,867,808	\$ 243,203	\$ 86,909	\$ 11,643,299	\$ 1,011,090	\$ 28,875,290	
14,095	-	24,970	4,644	642	106,690	
3,937,418	-	726,674	562,868	-	12,777,819	
-	7,911	-	136,273	53,216	332,805	
-	-	-	22,691	-	22,691	
-	-	-	346,865	-	355,218	
-	-	-	-	-	10,543	
-	9,764	-	69,985	453,909	1,176,660	
-	-	-	-	-	108,688	
-	11,251	-	-	16,185	308,782	
<u>\$ 6,819,321</u>	<u>\$ 272,129</u>	<u>\$ 838,553</u>	<u>\$ 12,786,625</u>	<u>\$ 1,535,042</u>	<u>\$ 44,075,186</u>	
\$ -	\$ 3,366	\$ -	\$ 1,365,157	\$ 34,180	\$ 1,672,421	
-	6,797	-	-	3,624	269,092	
-	-	-	237,209	48,336	285,545	
-	-	-	-	74,576	179,988	
-	-	-	-	355,218	355,218	
-	10,163	-	1,602,366	515,934	2,762,264	
3,937,418	-	726,674	562,868	-	12,777,819	
-	-	-	22,691	-	22,691	
-	6,731	-	101,199	52,242	181,433	
-	9,764	-	69,985	309,487	401,455	
<u>3,937,418</u>	<u>16,495</u>	<u>726,674</u>	<u>756,743</u>	<u>361,729</u>	<u>13,383,398</u>	
-	11,251	-	-	19	401,304	
2,881,903	234,220	111,879	10,427,516	996,662	24,663,943	
-	-	-	-	-	250,000	
-	-	-	-	(339,302)	2,614,277	
<u>2,881,903</u>	<u>245,471</u>	<u>111,879</u>	<u>10,427,516</u>	<u>657,379</u>	<u>27,929,524</u>	
<u>\$ 6,819,321</u>	<u>\$ 272,129</u>	<u>\$ 838,553</u>	<u>\$ 12,786,625</u>	<u>\$ 1,535,042</u>	<u>\$ 44,075,186</u>	

City of Marshalltown  
Reconciliation of the Balance Sheet  
Governmental Funds to the Statement of Net Position  
June 30, 2018

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Total governmental fund balances \$ 27,929,524

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	\$ 94,152,472	
Accumulated depreciation is	<u>(43,367,637)</u>	
		50,784,835

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.		605,579
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OPEB and 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.

OPEB related deffered outflows	171,204	
Pension related deferred outflows	3,775,500	
Pension related deferred inflows	<u>(748,998)</u>	
		3,197,706

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.		1,917,815
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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:

Bonds and notes payable	(33,071,796)	
Accrued interest on the bonds	(64,150)	
Compensated absences	(1,226,505)	
Net pension liability	(12,407,249)	
Total OPEB liability	<u>(12,099,201)</u>	
		<u>(58,868,901)</u>

Net position of governmental activities		<u>\$ 25,566,558</u>
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	<u>Special Revenue</u>		
	<u>General</u>	<u>Road Use Tax</u>	<u>Local Option Sales Tax</u>
Revenues			
Property taxes	\$ 6,140,079	\$ -	\$ -
TIF revenues	-	-	-
Other city taxes	1,264,471	-	3,121,920
Use of money and property	226,643	-	75,158
Licenses and permits	238,263	-	-
Intergovernmental	1,195,623	3,421,287	-
Charges for service	953,243	-	-
Special assessments	-	-	-
Miscellaneous	141,494	-	-
Total revenues	<u>10,159,816</u>	<u>3,421,287</u>	<u>3,197,078</u>
Expenditures			
Current			
Public safety	9,176,117	-	63,588
Public works	1,758,430	1,233,683	37,740
Health and social services	53,432	-	-
Culture and recreation	2,700,549	-	4,375
Community and economic development	408,390	-	-
General government	1,425,349	-	32,198
Debt service			
Principal	10,875	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>15,533,142</u>	<u>1,233,683</u>	<u>137,901</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,373,326)</u>	<u>2,187,604</u>	<u>3,059,177</u>
Other financing sources (uses)			
General obligation bonds issued	-	-	-
Premium on general obligation bonds issued	-	-	-
Transfers in	6,085,714	-	130,152
Transfers out	(200,166)	(2,583,109)	(4,299,985)
Total other financing sources (uses)	<u>5,885,548</u>	<u>(2,583,109)</u>	<u>(4,169,833)</u>
Net change in fund balances	512,222	(395,505)	(1,110,656)
Fund balances - beginning	<u>3,880,182</u>	<u>5,283,437</u>	<u>5,435,696</u>
Fund balances - ending	<u>\$ 4,392,404</u>	<u>\$ 4,887,932</u>	<u>\$ 4,325,040</u>

See Notes to Financial Statements

City of Marshalltown  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2018

Funds				Capital Projects Funds		
Property Tax	HUD Programs	Debt Service		Public Works and Other Projects	Nonmajor Governmental Funds	Total
\$ 1,404,160	\$ -	\$ 2,498,588		\$ 467,538	\$ -	\$ 10,510,365
-	-	-		-	169,316	169,316
169,577	-	265,053		44,550	280,925	5,146,496
7,738	3,952	12,789		191,122	27,077	544,479
-	-	-		-	-	238,263
158,049	2,010,695	317,218		399,134	1,463,503	8,965,509
-	-	-		-	3,250	956,493
-	-	-		6,445	-	6,445
-	41,760	-		2,663	420,738	606,655
<u>1,739,524</u>	<u>2,056,407</u>	<u>3,093,648</u>		<u>1,111,452</u>	<u>2,364,809</u>	<u>27,144,021</u>
70,400	-	-		5,977,665	1,132,211	16,419,981
-	-	-		2,844,925	613,421	6,488,199
-	677,173	-		-	5,954	736,559
-	-	-		-	1,158,636	3,863,560
-	1,497,533	-		-	326,515	2,232,438
-	-	-		-	5,000	1,462,547
-	-	3,673,486		-	-	3,684,361
-	-	750,387		136,455	-	886,842
<u>70,400</u>	<u>2,174,706</u>	<u>4,423,873</u>		<u>8,959,045</u>	<u>3,241,737</u>	<u>35,774,487</u>
<u>1,669,124</u>	<u>(118,299)</u>	<u>(1,330,225)</u>		<u>(7,847,593)</u>	<u>(876,928)</u>	<u>(8,630,466)</u>
-	-	-		12,720,000	-	12,720,000
-	-	-		226,555	-	226,555
2,250,000	72,249	1,204,215		2,431,690	26,031	12,200,051
<u>(3,915,181)</u>	<u>-</u>	<u>-</u>		<u>(791,291)</u>	<u>(459,696)</u>	<u>(12,249,428)</u>
<u>(1,665,181)</u>	<u>72,249</u>	<u>1,204,215</u>		<u>14,586,954</u>	<u>(433,665)</u>	<u>12,897,178</u>
3,943	(46,050)	(126,010)		6,739,361	(1,310,593)	4,266,712
<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>\$ 2,881,903</u>	<u>\$ 245,471</u>	<u>\$ 111,879</u>		<u>\$ 10,427,516</u>	<u>\$ 657,379</u>	<u>\$ 27,929,524</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, 2018

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Net change in fund balances – total governmental funds \$ 4,266,712

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	\$ 9,628,133	
Book value of disposals	(429,898)	
Depreciation expense	<u>(2,847,727)</u>	
Net change in capital assets		6,350,508

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	(126,674)	
Charges for service	<u>(4,302)</u>	
Net effect		(130,976)

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	3,684,361	
Debt proceeds, including premiums	<u>(12,946,555)</u>	
Net effect		(9,262,194)

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:

Change in accrued interest and premium amortization	40,320	
Change in compensated absences	(96,061)	
Net effect of OPEB related activity	(192,769)	
Net effect of pension related activity	<u>(153,310)</u>	
Total additional expenses		(401,820)

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.

(354,256)

Change in net position of governmental activities \$ 467,974

City of Marshalltown  
Statement of Net Position  
Proprietary Funds  
June 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 11,221,837	\$ 3,452,973	\$ 307,700	\$ 14,982,510	\$ 2,491,661
Receivables					
Accounts and unbilled usage	1,304,676	85,611	3,570	1,393,857	47,140
Due from other funds	13,461	-	-	13,461	-
Due from component unit	410,824	97,148	-	507,972	-
Inventories	11,010	-	12,000	23,010	-
Prepaid items	62,083	11,098	18,303	91,484	-
Total current assets	<u>13,023,891</u>	<u>3,646,830</u>	<u>341,573</u>	<u>17,012,294</u>	<u>2,538,801</u>
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	177,299	-	-	177,299	-
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	16,107,284	425,662	1,460,551	17,993,497	-
Sanitary sewers and lift stations	41,326,285	125,616	-	41,451,901	-
Infrastructure	-	16,577,155	-	16,577,155	-
Construction in progress	3,260,920	436,984	-	3,697,904	-
Accumulated depreciation	<u>(28,591,496)</u>	<u>(5,689,920)</u>	<u>(1,408,535)</u>	<u>(35,689,951)</u>	<u>-</u>
Total noncurrent assets	<u>44,749,211</u>	<u>12,415,779</u>	<u>1,009,597</u>	<u>58,174,587</u>	<u>-</u>
Total assets	<u>57,773,102</u>	<u>16,062,609</u>	<u>1,351,170</u>	<u>75,186,881</u>	<u>2,538,801</u>
Deferred Outflows of Resources					
OPEB related deferred outflows	12,969	2,547	4,079	19,595	
Pension related deferred outflows	271,066	53,172	94,321	418,559	-
Total deferred outflows of resources	<u>284,035</u>	<u>55,719</u>	<u>98,400</u>	<u>438,154</u>	<u>-</u>

City of Marshalltown  
Statement of Net Position  
Proprietary Funds  
June 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Internal Service Funds
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 83,942	\$ 53,207	\$ 8,660	\$ 145,809	\$ 463,997
Accrued payroll and payroll benefits	27,554	4,793	12,231	44,578	-
Deposits payable	-	-	-	-	156,989
Retainage payable	126,801	-	-	126,801	-
Due to other governments	24,462	776	5,357	30,595	-
Due to other funds	-	-	13,461	13,461	-
Accrued interest payable	38,546	3,992	-	42,538	-
Compensated absences	26,396	3,676	5,385	35,457	-
General obligation bonds	395,000	160,000	-	555,000	-
Sewer revenue capital loan note	100,959	-	-	100,959	-
Revenue bonds	1,464,000	-	-	1,464,000	-
Total current liabilities	<u>2,287,660</u>	<u>226,444</u>	<u>45,094</u>	<u>2,559,198</u>	<u>620,986</u>
Noncurrent liabilities					
Compensated absences	159,266	36,462	23,899	219,627	-
General obligation bonds	3,205,056	2,301,750	-	5,506,806	-
Sewer revenue capital loan note	223,193	-	-	223,193	-
Revenue bonds	12,009,000	-	-	12,009,000	-
Total OPEB liability	1,144,327	224,742	359,887	1,728,956	-
Net pension liability	943,293	185,036	328,235	1,456,564	-
Total noncurrent liabilities	<u>17,684,135</u>	<u>2,747,990</u>	<u>712,021</u>	<u>21,144,146</u>	<u>-</u>
Total liabilities	<u>19,971,795</u>	<u>2,974,434</u>	<u>757,115</u>	<u>23,703,344</u>	<u>620,986</u>
<b>Deferred Inflows of Resources</b>					
Pension related deferred inflows	51,476	10,097	17,912	79,485	-
<b>Net Position</b>					
Net investment in capital assets	27,174,704	11,515,224	1,009,597	39,699,525	-
Restricted for					
Bond and interest payments	177,299	-	-	177,299	-
Unrestricted	10,681,863	1,618,573	(335,054)	11,965,382	1,917,815
Total net position	<u>\$ 38,033,866</u>	<u>\$ 13,133,797</u>	<u>\$ 674,543</u>	<u>\$ 51,842,206</u>	<u>\$ 1,917,815</u>



City of Marshalltown  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Internal Service Funds
Operating Revenues					
Charges for service	\$ 7,738,899	\$ 1,406,988	\$ 186,098	\$ 9,331,985	\$ 2,351,816
Miscellaneous	118,298	685	-	118,983	387,285
Total operating revenues	<u>7,857,197</u>	<u>1,407,673</u>	<u>186,098</u>	<u>9,450,968</u>	<u>2,739,101</u>
Operating Expenses					
Salaries and benefits	1,514,650	323,725	612,685	2,451,060	-
Services and supplies	1,485,737	178,528	225,666	1,889,931	-
Claims paid	-	-	-	-	2,552,061
Health insurance premiums	-	-	-	-	381,680
Depreciation	1,583,463	377,476	133,505	2,094,444	-
Miscellaneous	12,212	32,924	-	45,136	197,660
Total operating expenses	<u>4,596,062</u>	<u>912,653</u>	<u>971,856</u>	<u>6,480,571</u>	<u>3,131,401</u>
Operating income (loss)	<u>3,261,135</u>	<u>495,020</u>	<u>(785,758)</u>	<u>2,970,397</u>	<u>(392,300)</u>
Nonoperating Revenues (Expenses)					
Federal and state grants	-	-	383,646	383,646	-
Interest income	160,716	49,561	3,304	213,581	38,044
Interest and other debt expense	(514,723)	(45,780)	-	(560,503)	-
Gain (loss) on disposal of capital assets	4,951	-	225	5,176	-
Net nonoperating revenues (expenses)	<u>(349,056)</u>	<u>3,781</u>	<u>387,175</u>	<u>41,900</u>	<u>38,044</u>
Income (loss) before capital contributions and transfers	<u>2,912,079</u>	<u>498,801</u>	<u>(398,583)</u>	<u>3,012,297</u>	<u>(354,256)</u>
Capital Contributions	6,951	202,717	-	209,668	-
Transfers In	10,526	-	185,853	196,379	-
Transfers Out	-	(147,002)	-	(147,002)	-
Change in Net Position	<u>2,929,556</u>	<u>554,516</u>	<u>(212,730)</u>	<u>3,271,342</u>	<u>(354,256)</u>
Net Position - Beginning, as restated	<u>35,104,310</u>	<u>12,579,281</u>	<u>887,273</u>	<u>48,570,864</u>	<u>2,272,071</u>
Net Position - Ending	<u>\$ 38,033,866</u>	<u>\$ 13,133,797</u>	<u>\$ 674,543</u>	<u>\$ 51,842,206</u>	<u>\$ 1,917,815</u>

City of Marshalltown  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2018

	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	\$ 7,519,304	\$ 1,446,095	\$ 185,285	\$ 9,150,684	\$ 2,315,721
Cash payments to suppliers for goods and services	(1,691,536)	(190,154)	(230,359)	(2,112,049)	(2,941,093)
Cash payments to employees for services	(1,521,960)	(310,642)	(563,166)	(2,395,768)	-
Other operating receipts	118,298	685	-	118,983	387,285
Net Cash provided by (used for) Operating Activities	<u>4,424,106</u>	<u>945,984</u>	<u>(608,240)</u>	<u>4,761,850</u>	<u>(238,087)</u>
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	10,526	-	185,853	196,379	-
Transfers to other funds	-	(147,002)	-	(147,002)	-
Grants received	-	-	405,700	405,700	-
Change in due from other funds	(13,461)	-	-	(13,461)	850
Change in due to other funds	-	-	13,461	13,461	(850)
Net Cash provided by (used for) Noncapital Financing Activities	<u>(2,935)</u>	<u>(147,002)</u>	<u>605,014</u>	<u>455,077</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities					
Proceeds from sale of capital assets	-	-	225	225	-
Acquisition and construction of capital assets	(1,040,762)	(173,208)	-	(1,213,970)	-
Payment of debt	(1,912,520)	(155,166)	-	(2,067,686)	-
Interest and fiscal charges paid	(520,959)	(46,029)	-	(566,988)	-
Net Cash provided by (used for) Capital and Related Financing Activities	<u>(3,474,241)</u>	<u>(374,403)</u>	<u>225</u>	<u>(3,848,419)</u>	<u>-</u>
Cash Flows from Investing Activities					
Interest received on investment securities	160,716	49,561	3,304	213,581	38,044
Net Increase (Decrease) in Cash and Cash Equivalents	1,107,646	474,140	303	1,582,089	(200,043)
Cash and Cash Equivalents, Beginning	10,291,490	2,978,833	307,397	13,577,720	2,691,704
Cash and Cash Equivalents, Ending	<u>\$ 11,399,136</u>	<u>\$ 3,452,973</u>	<u>\$ 307,700</u>	<u>\$ 15,159,809</u>	<u>\$ 2,491,661</u>

City of Marshalltown  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2018

	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)	\$ 3,261,135	\$ 495,020	\$ (785,758)	\$ 2,970,397	\$ (392,300)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	1,583,463	377,476	133,505	2,094,444	-
Changes in assets, deferred outflows, liabilities, and deferred inflows					
Receivables	(219,595)	39,107	(813)	(181,301)	(37,406)
Inventories and prepaid items	(4,140)	124	(3,681)	(7,697)	-
Accounts payable	(181,597)	20,760	(2,627)	(163,464)	190,308
Accrued liabilities	(9,082)	1,563	(4,304)	(11,823)	-
Due to other governments	(7,850)	414	1,615	(5,821)	-
Unearned revenue	-	-	-	-	1,311
Total OPEB liability	(1,319)	(6,590)	47,203	39,294	-
Net pension liability	18,968	26,588	13,275	58,831	-
Deferred outflows	(35,064)	(13,040)	(13,564)	(61,668)	-
Deferred inflows	19,187	4,562	6,909	30,658	-
Total	<u>1,162,971</u>	<u>450,964</u>	<u>177,518</u>	<u>1,791,453</u>	<u>154,213</u>
Net Cash provided by (used for) Operating Activities	<u>\$ 4,424,106</u>	<u>\$ 945,984</u>	<u>\$ (608,240)</u>	<u>\$ 4,761,850</u>	<u>\$ (238,087)</u>
Noncash Capital Activities					
Donations of capital assets	<u>\$ 6,951</u>	<u>\$ 202,717</u>	<u>\$ -</u>	<u>\$ 209,668</u>	<u>\$ -</u>

City of Marshalltown  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2018

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	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 16,990
Due from City	2,114
Due from County	26,445
Prepaid items	14,296
Total assets	59,845
<b>Liabilities</b>	
Checks written in excess of deposits	28,559
Due to City	16,314
Due to Sleuth User Group	14,972
Total liabilities	\$ 59,845

Notes to Financial Statements  
June 30, 2018  
**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 of not less than 9 nor 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.

*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, 2018, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2017 and March 31, 2018. Any County collections on the 2017-2018 tax levy remitted to the City within sixty days subsequent to June 30, 2018, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2018, 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 OPEB 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 unavailable revenues and unrecognized items not yet charged to pension expense.

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, 2018.

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, 2018.

*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.

	Years
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 attributable to the governmental activities will be paid primarily by the General Fund.

*Total OPEB Liability.* For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

*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 assigned 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.

*Implementation of GASB Statement No. 75.* As of July 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. The effect of the implementation of this standard on beginning net position is disclosed in Note 16 and the additional disclosures required by this standard are included in Note 8.

As of June 30, 2018, fund balances consisted of the following:

	General	Road Use Tax	Local Option Sales Tax	HUD Programs	Property Tax
Nonspendable					
Inventory and prepaid items	\$ 256,518	\$ 133,516	\$ -	\$ 11,251	\$ -
Restricted for					
Capital improvements	330,802	4,754,416	2,378,555	-	-
Property tax relief	601,505	-	1,946,485	-	-
Debt service	-	-	-	-	-
Employee benefits	-	-	-	-	2,881,903
Economic development	-	-	-	-	-
Health and welfare	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Housing	-	-	-	234,220	-
Total restricted	<u>932,307</u>	<u>4,754,416</u>	<u>4,325,040</u>	<u>234,220</u>	<u>2,881,903</u>
Committed					
Capital improvements	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>2,953,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 4,392,404</u>	<u>\$ 4,887,932</u>	<u>\$ 4,325,040</u>	<u>\$ 245,471</u>	<u>\$ 2,881,903</u>

	Debt Service	Public Works and Other Projects	Nonmajor Governmental Funds	Total
Nonspendable				
Inventory and prepaid items	\$ -	\$ -	\$ 19	\$ 401,304
Restricted for				
Capital improvements	-	10,427,516	-	17,891,289
Property tax relief	-	-	-	2,547,990
Debt service	111,879	-	-	111,879
Employee benefits	-	-	-	2,881,903
Economic development	-	-	501,381	501,381
Health and welfare	-	-	169,370	169,370
Parks and recreation	-	-	317,870	317,870
Housing	-	-	8,041	242,261
Total restricted	<u>111,879</u>	<u>10,427,516</u>	<u>996,662</u>	<u>24,663,943</u>
Committed				
Capital improvements	-	-	-	250,000
Unassigned	-	-	(339,302)	2,614,277
Total fund balance	<u>\$ 111,879</u>	<u>\$ 10,427,516</u>	<u>\$ 657,379</u>	<u>\$ 27,929,524</u>

## Note 2 - Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. At June 30, 2018, disbursements did not exceed amounts budgeted.

## Note 3 - Deposits and Investments

*Deposits.* On June 30, 2018, the carrying amount of the City's deposits was \$46,543,750 and the bank balances were \$47,401,377. The City's deposits in banks at June 30, 2018, 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, 2018, 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	\$ 5,255,288	\$ 5,255,288
Demand Deposits	9,679,052	10,538,379
Certificates of Deposits	31,607,710	31,607,710
Petty Cash	1,700	-
Total	<u>\$ 46,543,750</u>	<u>\$ 47,401,377</u>



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 \$3,678,378 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 \$192,583 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, 2018, consisted of the following:

Receivable Entity	Payable Entity	Amount
Primary Government:	Component Unit:	
Governmental Fund, General Fund	Water Works	\$ 10,543
Enterprise Fund, Water Pollution Control	Water Works	410,824
Enterprise Fund, Storm Sewer	Water Works	97,148
		\$ 518,515

Due from/to other funds as of June 30, 2018, consisted of the following:

Due to General Fund from Nonmajor Governmental	\$ 8,353
Due to Public Works and Other Projects Fund from Nonmajor Governmental	\$ 346,865
Due to water pollution control fund from Nonmajor Enterprise	\$ 13,461

The interfund balances result from negative cash balances.

Interfund transfers for the year ended June 30, 2018, consisted of the following:

Transfers to General Fund from	
Road Use Tax	\$ 1,088,124
Local Option Sales Tax	299,072
Property Tax	3,915,181
Public Works and Other Projects	774,837
Nonmajor governmental	8,500
Total Transfers to General Fund	<u>\$ 6,085,714</u>
Transfers to Local Option Sales Tax Fund from Storm Sewer	<u>\$ 130,152</u>
Transfers to Public Works and Other Projects Fund from:	
Local Option Sales Tax	\$ 825,183
Road Use Tax	1,484,459
Nonmajor governmental	105,198
Storm Water Fund	16,850
Total Transfers to Public Works and Other Projects Fund	<u>\$ 2,431,690</u>
Transfers to Property Tax Fund from Local Option Sales Tax	<u>\$ 2,250,000</u>
Transfers to HUD programs fund from	
General	\$ 14,237
Nonmajor governmental	58,012
Total transfers to HUD programs fund	<u>\$ 72,249</u>
Transfers to Debt Service Fund from:	
Local Option Sales Tax	\$ 900,000
Nonmajor governmental	287,986
Public Works and Other Projects	16,229
Total Transfers to Debt Service Fund	<u>\$ 1,204,215</u>
Transfers to Water Pollution Control Public Works and Other from Road Use Tax	<u>\$ 10,526</u>
Transfers to nonmajor governmental funds from:	
General Fund	\$ 76
Local Option Sales Tax	25,730
Public Works and Other Projects	225
Total transfers to nonmajor governmental funds	<u>\$ 26,031</u>
Transfers to Nonmajor Enterprise Funds from General	<u>\$ 185,853</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, 2018, was as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Primary Government				
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 4,665,014	\$ -	\$ -	\$ 4,665,014
Construction in progress	3,074,150	8,648,287	(3,978,649)	7,743,788
Total capital assets, not being depreciated	<u>7,739,164</u>	<u>8,648,287</u>	<u>(3,978,649)</u>	<u>12,408,802</u>
Capital assets, being depreciated				
Buildings and structures	17,707,821	-	(41,808)	17,666,013
Land improvements	2,583,059	112,553	(34,503)	2,661,109
Equipment and vehicles	17,046,381	1,245,657	(1,268,111)	17,023,927
Infrastructure	40,792,336	3,600,285	-	44,392,621
Total capital assets, being depreciated	<u>78,129,597</u>	<u>4,958,495</u>	<u>(1,344,422)</u>	<u>81,743,670</u>
Less accumulated depreciation for				
Buildings and structures	(7,480,178)	(495,655)	34,874	(7,940,959)
Land improvements	(1,475,157)	(128,032)	31,610	(1,571,579)
Equipment and vehicles	(10,135,797)	(1,028,936)	848,040	(10,316,693)
Infrastructure	(22,343,302)	(1,195,104)	-	(23,538,406)
Total accumulated depreciation	<u>(41,434,434)</u>	<u>(2,847,727)</u>	<u>914,524</u>	<u>(43,367,637)</u>
Total Capital Assets, Being Depreciated, Net	<u>36,695,163</u>	<u>2,110,768</u>	<u>(429,898)</u>	<u>38,376,033</u>
Governmental Activities Capital Assets, Net	<u>\$ 44,434,327</u>	<u>\$ 10,759,055</u>	<u>\$ (4,408,547)</u>	<u>\$ 50,784,835</u>

City of Marshalltown  
Notes to Financial Statements  
June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<b>Business-Type Activities</b>				
Capital assets, not being depreciated				
Land	\$ 890,631	\$ -	\$ -	\$ 890,631
Construction in progress	7,517,301	1,127,987	(4,947,384)	3,697,904
Total capital assets, not being depreciated	8,407,932	1,127,987	(4,947,384)	4,588,535
Capital assets, being depreciated				
Buildings and structures	10,845,457	-	-	10,845,457
Land improvements	2,230,694	-	-	2,230,694
Equipment and vehicles	18,165,805	145,579	(317,887)	17,993,497
Sanitary sewers and lift stations	37,277,440	4,174,461	-	41,451,901
Infrastructure	15,811,181	765,974	-	16,577,155
Total capital assets, being depreciated	84,330,577	5,086,014	(317,887)	89,098,704
Less accumulated depreciation for				
Buildings and structures	(6,312,775)	(290,092)	-	(6,602,867)
Land improvements	(2,093,850)	(40,930)	-	(2,134,780)
Equipment and vehicles	(11,770,204)	(536,432)	336,520	(11,970,116)
Sanitary sewers and lift stations	(8,659,922)	(880,147)	-	(9,540,069)
Infrastructure	(5,095,276)	(346,843)	-	(5,442,119)
Total accumulated depreciation	(33,932,027)	(2,094,444)	336,520	(35,689,951)
Total Capital Assets, Being Depreciated, Net	50,398,550	2,991,570	18,633	53,408,753
Business-Type Activities Capital Assets, Net	\$ 58,806,482	\$ 4,119,557	\$ (4,928,751)	\$ 57,997,288

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

Governmental Activities	
Public safety	\$ 446,437
Public works	1,546,165
Health and social services	9,787
Culture and recreation	744,675
General government	<u>100,663</u>
 Total Depreciation Expense – Governmental Activities	 <u><u>\$ 2,847,727</u></u>
 Business-Type Activities	
Water pollution control	\$ 1,583,463
Storm sewer	377,476
Compost facility	9,107
Bus transit	<u>124,398</u>
 Total Depreciation Expense – Business-Type Activities	 <u><u>\$ 2,094,444</u></u>

### 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, 2018:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Governmental Activities					
General obligation bonds and notes payable	\$ 23,534,337	\$ 12,720,000	\$ 3,684,361	\$ 32,569,976	\$ 3,348,761
Unamortized premiums	333,996	226,555	58,731	501,820	-
Total general obligation bonds	<u>23,868,333</u>	<u>12,946,555</u>	<u>3,743,092</u>	<u>33,071,796</u>	<u>3,348,761</u>
Compensated absences payable	1,130,445	362,167	266,107	1,226,505	230,866
Net pension liability	13,402,626	-	995,377	12,407,249	-
Total OPEB liability, as restated	<u>11,735,228</u>	<u>363,973</u>	<u>-</u>	<u>12,099,201</u>	<u>-</u>
	<u><u>50,136,632</u></u>	<u><u>13,672,695</u></u>	<u><u>5,004,576</u></u>	<u><u>58,804,751</u></u>	<u><u>3,579,627</u></u>

City of Marshalltown  
Notes to Financial Statements  
June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Business-Type Activities					
General obligation bonds and notes payable	\$ 6,973,838	\$ -	\$ 629,686	\$ 6,344,152	\$ 655,959
Unamortized premiums	71,916	-	5,166	66,750	-
Unamortized discounts	(28,062)	-	(3,118)	(24,944)	-
Total general obligation bonds	7,017,692	-	631,734	6,385,958	655,959
Revenue bonds payable	14,911,000	-	1,438,000	13,473,000	1,464,000
Compensated absences payable	266,482	33,312	44,710	255,084	35,457
Net pension liability	1,397,733	58,831	-	1,456,564	-
Total OPEB liability, as restated	1,689,662	39,294	-	1,728,956	-
	<u>25,282,569</u>	<u>131,437</u>	<u>2,114,444</u>	<u>23,299,562</u>	<u>2,155,416</u>
Total	<u>\$ 75,419,201</u>	<u>\$ 13,804,132</u>	<u>\$ 7,119,020</u>	<u>\$ 82,104,313</u>	<u>\$ 5,735,043</u>

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

*Bonded Debt.* Details of the City's bonds and notes payable as of June 30, 2018, are as follows:

	Interest Rates	Govern- mental Activities	Business- type Activities	Total
<b>General Obligation Bonds and Notes</b>				
2011A Essential corporate purpose, issued April 1, 2011	2.45-3.45	\$ -	\$ 3,625,000	\$ 3,625,000
2011B Essential corporate purpose, issued October 26, 2011	1.65-2.85	1,540,000	-	1,540,000
2012A Essential corporate purpose, issued April 12, 2012	1.25-2.50	3,775,000	-	3,775,000
2012B Refunding, issued April 24, 2012	1.50-2.05	1,620,000	-	1,620,000
2013A Essential corporate purpose, issued March 12, 2013	1.50-1.75	3,945,000	-	3,945,000
2014A Essential corporate purpose, issued December 16, 2014	2.00-2.50	1,415,000	-	1,415,000
2015A Essential corporate purpose, issued November 24, 2015	2.00-2.60	1,800,000	-	1,800,000
2016A General obligation corporate purpose, issued August 9, 2016	2.00	1,945,000	2,395,000	4,340,000
2016B General obligation corporate purpose, issued December 1, 2016	2.00	3,700,000	-	3,700,000
2017A General obligation corporate purpose, issued October 10, 2017	3.00	12,720,000	-	12,720,000
Total general obligation bonds and notes		<u>32,460,000</u>	<u>6,020,000</u>	<u>38,480,000</u>
<b>Notes Payable</b>				
Software loan note, issued March 3, 2014	0.00	10,275	-	10,275
Alliant loan note, issued September 17, 2014	0.00	-	324,152	324,152
IDPS fire truck loan, issued July 5, 2016	0.00	99,701	-	99,701
Total notes payable		<u>109,976</u>	<u>324,152</u>	<u>434,128</u>
<b>Revenue Bonds</b>				
Water Pollution Control, improvement and refunding bonds, Series 2012C, issued May 8, 2012	2.58	-	1,592,000	1,592,000
Water Pollution Control, improvement bonds, Series 2013, issued June 18, 2013	2.09	-	2,669,000	2,669,000
Water Pollution Control, improvement bonds, Series 2014, issued June 18, 2013	2.90	-	4,255,000	4,255,000
Water Pollution Control, improvement bonds, Series 2015, issued August 13, 2015	2.69	-	4,957,000	4,957,000
Total revenue bonds		<u>-</u>	<u>13,473,000</u>	<u>13,473,000</u>
Total long-term debt		<u>\$ 32,569,976</u>	<u>\$ 19,817,152</u>	<u>\$ 52,387,128</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, 2018, 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
2019	\$ 3,348,761	\$ 769,796	\$ 655,959	\$ 161,649
2020	3,358,486	708,345	672,249	147,481
2021	3,093,486	644,238	693,556	132,111
2022	3,134,243	585,176	622,388	115,578
2023	2,680,000	521,740	605,000	99,050
2024-2028	7,690,000	1,863,453	2,385,000	229,520
2029-2033	4,765,000	1,108,900	710,000	28,700
2034-2038	4,500,000	343,650		
Total	<u>\$ 32,569,976</u>	<u>\$ 6,545,298</u>	<u>\$ 6,344,152</u>	<u>\$ 914,089</u>

Years Ending June 30,	Business-Type Activities Water Pollution Control Revenue Bonds		Total Business-Type Activities	
	Principal	Interest	Principal	Interest
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	1,164,000	227,684	1,769,000	326,734
2024-2028	6,144,000	666,041	8,529,000	895,561
2029-2033	1,384,000	50,966	2,094,000	79,666
Total	<u>\$ 13,473,000</u>	<u>\$ 2,154,748</u>	<u>\$ 19,817,152</u>	<u>\$ 3,068,837</u>

In fiscal year ended June 30, 2018, the Water Pollution Control Fund had net revenues of \$5,005,314 and the amount of principal and interest due on the revenue bonds was \$1,827,721.

*Legal Debt Margin.* The City’s legal debt margin as of June 30, 2018, is as follows:

Regular Realty Valuations	\$ 1,139,671,155
Utility Valuations	307,764,842
Incremental Valuations	5,394,151
Total actual valuations applicable to debt	\$ 1,452,830,148
 Debt Limit - 5% of Total Actual Valuations Applicable to Debt	 \$ 72,641,507
 Amount of Debt Applicable to Limitation	
General obligation bonds and notes	38,914,128
Urban renewal rebate agreements	3,907,856
	42,821,984
Less funds available from	
Debt service fund	111,879
Tax increment financing	501,381
Total debt applicable to debt margin	42,208,724
Legal debt margin	\$ 30,432,783

**Note 7 - Retirement Plans**

The primary government participates in two public pension systems, Iowa Public Employees’ Retirement System (IPERS) and Municipal Fire and Police Retirement System of Iowa (MFPRSI). The component unit Water Works participates in IPERS only. The following sections outline the pension related disclosures for each pension of both entities. The aggregate amount of recognized pension expense for the period associated with the net pension liability for all plans for is \$1,887,383 for the primary government and \$206,002 for the Water Works. Other aggregate amounts related to pension are separately displayed in the financial statements.

***(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 P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://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 2018, 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, 2018 were \$541,118. The Water Work’s total contributions to IPERS for the year ended June 30, 2018 were \$55,792.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2017 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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Plus Fixed Income	27%	2.25%
Domestic Equity	24	6.25
International Equity	16	6.71
Private Equity/Debt	11	11.15
Private Real Assets	8	4.18
Public Real Assets	7	3.27
Public Credit	3	3.46
Private Credit	3	4.25
Cash	1	(0.31)
	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.0 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](http://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, 2018, the City reported a liability of \$5,181,791 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the City’s collective proportion was .077790 percent which was a decrease of .00237 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$654,631. At June 30, 2018, 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 Experience	\$ 47,574	\$ 44,896
Changes of Assumptions	900,356	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	54,121
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	183,762
City Contributions Subsequent to the Measurement Date	541,118	-
Total	\$ 1,489,048	\$ 282,779

The \$541,118 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:

Years Ending June 30	Total
2018	\$ 67,451
2019	352,138
2020	194,001
2021	(2,602)
2022	54,163
	\$ 665,151

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 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate Share of the Net Pension Liability	\$ 8,537,513	\$ 5,181,791	\$ 2,362,340

Payable to the Pension Plan – At June 30, 2018, 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, 2018, the Water Works reported a liability of \$476,503 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the Water Work's collective proportion was .0071533 percent which was a decrease of .000190 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Water Works recognized pension expense of \$64,509. At June 30, 2018, 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	\$ 4,375	\$ 4,129
Changes of Assumptions	82,794	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	4,976
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	4,719	10,406
Water Works Contributions Subsequent to the Measurement Date	55,792	-
Total	\$ 147,680	\$ 19,511

The \$55,792 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
2019	\$ 10,516
2020	35,162
2021	20,696
2022	939
2023	5,064
	\$ 72,377

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 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Water Works' Proportionate Share of the Net Pension Liability	\$ 785,086	\$ 476,503	\$ 217,234

Payable to the Pension Plan – At June 30, 2018, 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](http://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, 2018.

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 25.68% for the year ended June 30, 2018.

The City's contributions to MFPRSI for the year ended June 30, 2018 was \$1,145,545.

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, 2018.

Actuarial Assumptions - The total pension liability in the June 30, 2017, 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)	4.50 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, 2017 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.

Postretirement mortality rates were based on RP-2000 Blue Collar Combined Healthy Mortality table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with five years projection of future mortality improvement with Scale BB.

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:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap	5.5%
Small Cap	5.8%
International Large Cap	7.3%
Emerging Markets	9.0%
Emerging Market Debt	6.3%
Private Non-Core Real Estate	8.0%
Master Limited Partnerships	9.0%
Private Equity	9.0%
Core Plus Fixed Income	3.3%
Private Core Real Estate	6.0%
Tactical Asset Allocation	6.4%

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](http://www.mfprsi.org).

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the City reported a liability of \$8,682,024 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the City’s collective proportion was 1.48037 percent which was a decrease of .079905 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expenses of \$1,232,752. At June 30, 2018 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	\$ 333,174	\$ 5,283
Changes of Assumptions	737,785	98,610
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	355,736	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	132,773	441,819
City Contributions Subsequent to the Measurement Date	1,145,545	-
Total	\$ 2,705,013	\$ 545,712

The \$1,145,545 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
2019	\$ 107,461
2020	710,516
2021	356,683
2022	(190,141)
2023	29,237
	\$ 1,013,756

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	\$ 14,268,384	\$ 8,682,024	\$ 4,035,600

Payables to the Pension Plan – At June 30, 2018, 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, 2018. 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, 2018 was 8.93% plus an additional \$4,000 per bi-weekly payroll. The employee contribution rate for the year ended June 30, 2018 was 4.95%. Contributions paid by the Water Works for the year ended June 30, 2018 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, 2018, the Water Works reported a net pension liability of \$1,445,910. 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, 2018, the Water Works recognized pension expense of \$141,493. At June 30, 2018 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	\$ 7,564	\$ 1,455
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	8,215	-
Total	\$ 15,779	\$ 1,455

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

Years Ending June 30,	Total
2018	\$ 16,206
2019	9,413
2020	(9,180)
2021	(2,115)
2022	-
	\$ 14,324

Actuarial Assumptions – The total pension liability in the April 1, 2018 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, 2018 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 7.45% 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 (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Water Works' Proportionate Share of the Net Pension Liability	\$ 1,672,279	\$ 1,445,910	\$ 1,251,666

**Note 8 - Other Postemployment Benefits**

Plan Description - The City operates a single-employer retiree benefit plan which provides postemployment medical and dental benefits for retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a stand-alone financial report.

OPEB Benefits - 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). At July 1, 2017 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	59
Active employees	144
Total	203

Total OPEB Liability – The City's total OPEB liability of \$13,828,157 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions – The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	3.00 percent per annum
Rates of salary increase (effective June 30, 2018)	0.00 percent, OPEB's directly determined by Service Years not Salary
Discount rate (effective June 30, 2018)	3.72 percent compounded annually, net of investment expense including inflation
Healthcare cost trend rate (effective June 30, 2018)	6.00 percent per annum

Discount Rate – The discount rate used to measure the total OPEB liability was 3.72% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 Annuity Mortality table. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year, as restated	\$ 13,424,890
Changes for the year	
Service Cost	242,496
Interest	458,043
Differences between expected and actual assumptions	206,821
Benefit payments	(504,093)
Net changes	403,267
Total OPEB Liability, End of Year	\$ 13,828,157

Sensitivity of the City’s Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.72%) or 1 % higher (4.72%) than the current discount rate.

	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB Liability	\$ 15,737,769	\$ 13,828,157	\$ 12,245,325



Sensitivity of the City’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.00%) or 1 % higher (7.00%) than the current healthcare cost trend rates.

	Healthcare Cost Trend		
	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Total OPEB Liability	\$ 12,934,587	\$ 13,828,157	\$ 16,020,773

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2018, the City recognized OPEB expense of \$716,559. At June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 190,799

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Years Ending June 30	Total
2019	\$ 16,020
2020	16,020
2021	16,020
2022	16,020
2023	16,020
Thereafter	110,699
	\$ 190,799

## 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 775 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, 2018 were \$221,641.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing certificate. 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, 2018, no liability has been recorded in the City's financial statements. As of June 30, 2018, 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 \$2,740,000 for 2018. 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, 2018, 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, 2018, 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 \$379,176 in the Group Insurance Benefits Fund and \$84,821 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, 2018 and 2017, are summarized as follows:

	Group Insurance Benefits Fund	Occupational Insurance Benefits Fund
	<u>                    </u>	<u>                    </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	272,641	1,048
Claims and Changes in Estimates During Fiscal Year 2018	2,432,518	119,105
Claim Payments	<u>(2,325,983)</u>	<u>(35,332)</u>
 Liabilities as of June 30, 2018	 <u>\$ 379,176</u>	 <u>\$ 84,821</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, 2018. The City has additional commitments for signed construction contracts of approximately \$8,130,166 as of June 30, 2018, 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 \$2,366,954 and \$264,997, 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, 2018, funds with deficit balances were as follows:

Capital Projects Funds - Airports Projects Fund	\$ 147,121
Capital Projects Funds - Culture & Recreation Projects Fund	192,181
Internal Service Funds - Occupational Insurance Benefits Fund	186
Enterprise Funds - Recreation Concessions	21,729

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, 2018, \$115,145 of property tax was diverted from the City under the urban renewal and economic development projects.

**Note 16 - Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental and business-type activities was restated to retroactively report the change in calculation of the beginning total OPEB liability, as follows:

	Net Position June 30, 2017 As Previously Reported	Restated June 30, 2017 OPEB Balance	Removal of Old OPEB Obligation	Net Position July 1, 2017 as Restated
Governmental Activities	\$ 32,316,763	\$ (11,735,228)	\$ 4,517,049	\$ 25,098,584
Business-type Activities	49,726,077	(1,689,662)	534,449	48,570,864
Major Enterprise Funds:				
Water Pollution Control	35,899,889	(1,145,646)	350,067	35,104,310
Storm Sewer	12,663,108	(231,332)	147,505	12,579,281
Aggregate Remaining	1,163,080	(312,684)	36,877	887,273
Component Unit:				
Marshalltown Water Works	12,596,299	(128,487)	107,190	12,575,002

**Note 17 - Subsequent Events**

On November 5, 2018 the City of Marshalltown issued General Obligation Municipal Building Bonds, Series 2018 in the amount of \$2,400,000. The bonds were issued to finance the construction of streets, sidewalks, and a parking lot. 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, 2029.

The City experienced an EF-3 tornado on July 19, 2018. Industry, businesses and residences on the north side of the community were affected. There are approximately 60 residences with structural damage that have been or are planned to be demolished. There are at least 15 parcels in Marshalltown Central Business District which will be demolished, and at least five other businesses outside of the Central Business District which were destroyed or experienced significant damage. JBS USA, LLC and Lennox Industries, Inc. have committed to rebuilding. The County Assessor will review progress on repairs in 2019 and make adjustments to valuations which will impact fiscal year 2021. The City will be proactively taking steps in fiscal years 2019 and 2020 to mitigate any potential valuation loss in future years.

The City did receive a Federal Public Assistance Disaster Declaration, which will allow the City to request reimbursement of up to 85 percent (75 percent federal and 10 percent state) for debris removal, emergency protective measures and other projects to be completed in the coming years as a result of the damage. The Federal Individual Assistance Disaster Declaration was denied.

The City experienced damage to multiple municipal buildings and parks as part of the disaster. The City's insurance through the Iowa Communities Assurance Pool (ICAP) will result in a cost of only \$10,000 for all covered losses for property and vehicles.

Required Supplementary Information  
June 30, 2018

## City of Marshalltown



City of Marshalltown  
Required Supplementary Information  
Schedule of Changes in the City's Total OPEB Liability, Related Ratios, and Notes

	Service Cost	Interest Cost	Difference between expected and actual	Changes in assumptions	Benefit payments	Net change in total OPEB liability	Total OPEB liability beginning of year, as restated	Total OPEB liability end of year	Covered employee payroll	Total OPEB liability as a % of covered- employee payroll
2018	\$ 242,496	\$ 458,043	\$ 206,821	\$ -	\$ (504,093)	\$ 403,267	\$ 13,424,890	\$ 13,828,157	\$ 10,496,813	131.74%

**Note:** GASB Statement No. 75 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.

Notes to Schedule of Changes in the City of Marshalltown's Total OPEB Liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Changes in benefit terms – There were no significant changes in benefit terms.

Changes in assumptions – There were no changes in assumptions.

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, 2018

	Actual			Budgeted Amounts		Final to Actual Variance
	Governmental Funds	Enterprise Funds	Total	Original Budget	Final Budget	
<b>Receipts</b>						
Property taxes	\$ 11,422,400	\$ -	\$ 11,422,400	\$ 11,436,367	\$ 11,436,367	\$ (13,967)
TIF revenues	174,524	-	174,524	185,519	185,519	(10,995)
Other city taxes	5,185,809	-	5,185,809	5,468,848	5,456,848	(271,039)
Licenses and permits	276,470	3,146	279,616	258,775	268,775	10,841
Use of money and property	487,666	252,176	739,842	230,810	449,072	290,770
Intergovernmental	8,356,321	405,700	8,762,021	8,905,405	9,223,327	(461,306)
Charges for service	1,047,730	9,129,182	10,176,912	9,767,109	9,731,389	445,523
Special assessments	6,445	-	6,445	32,206	11,000	(4,555)
Miscellaneous	480,910	45,570	526,480	225,097	1,074,052	(547,572)
Other financing sources	12,888,547	225	12,888,772	15,380,000	12,630,000	258,772
Total receipts	<u>40,326,822</u>	<u>9,835,999</u>	<u>50,162,821</u>	<u>51,890,136</u>	<u>50,466,349</u>	<u>(303,528)</u>
<b>Disbursements</b>						
Public safety	10,413,639		10,413,639	9,942,930	10,654,424	240,785
Public works	3,175,300		3,175,300	4,297,466	4,162,689	987,389
Health and social services	755,694		755,694	1,299,067	769,413	13,719
Culture and recreation	3,004,127		3,004,127	2,668,747	3,074,365	70,238
Community and economic development	2,169,387		2,169,387	2,021,052	2,251,540	82,153
General government	1,441,370		1,441,370	1,614,226	1,881,813	440,443
Debt service	4,423,873		4,423,873	4,150,572	4,424,418	545
Capital projects	9,932,936	-	9,932,936	12,971,216	14,197,102	4,264,166
Business-type activities	-	8,303,287	8,303,287	11,378,427	10,123,449	1,820,162
Total disbursements	<u>35,316,326</u>	<u>8,303,287</u>	<u>43,619,613</u>	<u>50,343,703</u>	<u>51,539,213</u>	<u>7,919,600</u>
Excess (deficiency) of receipts over (under) disbursements	<u>5,010,496</u>	<u>1,532,712</u>	<u>6,543,208</u>	<u>1,546,433</u>	<u>(1,072,864)</u>	<u>7,616,072</u>
<b>Transfers</b>						
Transfers in	12,302,070	196,378	12,498,448	10,319,298	12,077,371	(421,077)
Transfers out	(12,351,447)	(147,001)	(12,498,448)	(10,319,298)	(12,077,371)	421,077
Total transfers	<u>(49,377)</u>	<u>49,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,961,119	1,582,089	6,543,208	1,546,433	(1,072,864)	7,616,072
Fund Balances, Beginning	<u>23,914,171</u>	<u>13,577,720</u>	<u>37,491,891</u>	<u>30,822,828</u>	<u>41,176,122</u>	<u>(3,684,231)</u>
Fund Balances, Ending	<u>\$ 28,875,290</u>	<u>\$ 15,159,809</u>	<u>\$ 44,035,099</u>	<u>\$ 32,369,261</u>	<u>\$ 40,103,258</u>	<u>\$ 3,931,841</u>

City of Marshalltown  
 Required Supplementary Information  
 Budgetary Comparison Schedule – Budget to GAAP Reconciliation  
 Year Ended June 30, 2018

	Governmental Funds			Proprietary Funds Enterprise		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 40,326,822	\$ (236,246)	\$ 40,090,576	\$ 9,835,999	\$ 421,864	\$ 10,257,863
Expenditures/Expenses	35,316,326	458,161	35,774,487	8,303,287	(1,267,389)	7,035,898
Net	5,010,496	(694,407)	4,316,089	1,532,712	1,689,253	3,221,965
Transfers	(49,377)	-	(49,377)	49,377	-	49,377
Beginning Fund Balances/ Net Position, as restated	23,914,171	(251,359)	23,662,812	13,577,720	34,993,144	48,570,864
Ending Fund Balances/ Net Position	<u>\$ 28,875,290</u>	<u>\$ (945,766)</u>	<u>\$ 27,929,524</u>	<u>\$ 15,159,809</u>	<u>\$ 36,682,397</u>	<u>\$ 51,842,206</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, two budget amendments were prepared with the required public hearing. The amendments increased budgeted disbursements by \$1,195,510.

At June 30, 2018, disbursements did not exceed the amended budgeted amounts. Additionally, disbursements never exceeded the amounts budgeted before an amendment during the year.

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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

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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
2018	0.0778%	\$ 5,181,791	\$ 5,806,629	89.24%	82.21%
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
2018	\$ 541,118	\$ 541,118	\$ -	\$ 6,059,552	8.93%
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%

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.

Changes of assumptions

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

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

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

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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
2018	1.4804%	\$ 8,682,024	\$ 4,192,720	207.07%	80.60%
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 – MFPRSI

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
2018	\$ 1,145,545	\$ 1,145,545	\$ -	\$ 4,460,800	25.68%
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%

Notes to Required Supplementary Information – Pension Liability:

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

Changes of assumptions:

The 2017 valuation added five years projection of future mortality improvement with Scale BB.

The 2016 valuation changed postretirement mortality rates to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward on year (male only rates), with no projection of future mortality improvement.

The 2015 valuation phased in the 1994 Group Annuity Mortality Table for post-retirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1994 Group Annuity Mortality Table for post-retirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

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Other Supplementary Information  
June 30, 2018

**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
<b>Assets</b>		
Cash and cash equivalents	\$ 464	\$ -
Receivables		
Property taxes		
Delinquent	-	-
Accounts and unbilled usage	-	-
Due from other governments	47,035	50,500
Prepaid items	16,166	-
	<u>63,665</u>	<u>50,500</u>
Total assets	<u>\$ 63,665</u>	<u>\$ 50,500</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 6,885
Accrued payroll and payroll benefits	-	3,134
Retainage payable	-	-
Due to other governments	63,665	10,911
Due to other funds	-	8,353
	<u>63,665</u>	<u>29,283</u>
Total liabilities	<u>63,665</u>	<u>29,283</u>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue- other	-	-
Unavailable revenue- Intergovernmental	-	13,176
	<u>-</u>	<u>13,176</u>
Total deferred inflows of resources	<u>-</u>	<u>13,176</u>
<b>Fund Balances</b>		
Nonspendable	-	-
Restricted	-	8,041
Unassigned	-	-
	<u>-</u>	<u>8,041</u>
Total fund balances	<u>-</u>	<u>8,041</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 63,665</u>	<u>\$ 50,500</u>

City of Marshalltown  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018

Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
Special Contributions	Tax Increment Financing	Other	Airport Projects	Culture and Recreation Projects	
\$ 335,930	\$ 500,739	\$ 173,957	\$ -	\$ -	\$ 1,011,090
-	642	-	-	-	642
-	-	974	-	52,242	53,216
-	-	-	69,973	286,401	453,909
19	-	-	-	-	16,185
<u>\$ 335,949</u>	<u>\$ 501,381</u>	<u>\$ 174,931</u>	<u>\$ 69,973</u>	<u>\$ 338,643</u>	<u>\$ 1,535,042</u>
\$ 17,570	\$ -	\$ 5,561	\$ -	\$ 4,164	\$ 34,180
490	-	-	-	-	3,624
-	-	-	23,766	24,570	48,336
-	-	-	-	-	74,576
-	-	-	123,355	223,510	355,218
<u>18,060</u>	<u>-</u>	<u>5,561</u>	<u>147,121</u>	<u>252,244</u>	<u>515,934</u>
-	-	-	-	52,242	52,242
-	-	-	69,973	226,338	309,487
-	-	-	69,973	278,580	361,729
19	-	-	-	-	19
317,870	501,381	169,370	-	-	996,662
-	-	-	(147,121)	(192,181)	(339,302)
<u>317,889</u>	<u>501,381</u>	<u>169,370</u>	<u>(147,121)</u>	<u>(192,181)</u>	<u>657,379</u>
<u>\$ 335,949</u>	<u>\$ 501,381</u>	<u>\$ 174,931</u>	<u>\$ 69,973</u>	<u>\$ 338,643</u>	<u>\$ 1,535,042</u>



	Special	
	E-911 Surcharge	Grant Fund
Revenues		
TIF revenues	\$ -	\$ -
Other city taxes	280,925	-
Use of money and property	6,550	600
Intergovernmental	17,645	230,241
Charges for service	-	-
Miscellaneous	509	67,776
Total revenues	<u>305,629</u>	<u>298,617</u>
Expenditures		
Current		
Public safety	932,295	148,576
Public works	-	-
Health and social services	-	-
Culture and recreation	-	-
Community and economic development	-	87,545
General government	-	-
Total expenditures	<u>932,295</u>	<u>236,121</u>
Excess of revenues (expenditures) over expenditures (revenues)	<u>(626,666)</u>	<u>62,496</u>
Other Financing Sources (Uses)		
Transfers in	-	26,031
Transfers out	-	(58,012)
Total other financing sources (uses)	<u>-</u>	<u>(31,981)</u>
Net Change in Fund Balances	(626,666)	30,515
Fund Balances (Deficit) - Beginning	<u>626,666</u>	<u>(22,474)</u>
Fund Balances (Deficit) - Ending	<u><u>\$ -</u></u>	<u><u>\$ 8,041</u></u>

City of Marshalltown  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (Deficit)  
Nonmajor Governmental Funds  
Year Ended June 30, 2018

Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
Special Contributions	Tax Increment Financing	Other	Airport Projects	Culture and Recreation Projects	
\$ -	\$ 169,316	\$ -	\$ -	\$ -	\$ 169,316
-	-	-	-	-	280,925
4,094	10,078	2,914	-	2,841	27,077
46,170	14,781	-	400,950	753,716	1,463,503
3,250	-	-	-	-	3,250
264,205	-	82,002	-	6,246	420,738
<u>317,719</u>	<u>194,175</u>	<u>84,916</u>	<u>400,950</u>	<u>762,803</u>	<u>2,364,809</u>
36,390	-	14,950	-	-	1,132,211
-	-	99,455	513,966	-	613,421
-	-	5,954	-	-	5,954
250,437	-	-	-	908,199	1,158,636
-	234,411	-	-	4,559	326,515
-	-	5,000	-	-	5,000
<u>286,827</u>	<u>234,411</u>	<u>125,359</u>	<u>513,966</u>	<u>912,758</u>	<u>3,241,737</u>
<u>30,892</u>	<u>(40,236)</u>	<u>(40,443)</u>	<u>(113,016)</u>	<u>(149,955)</u>	<u>(876,928)</u>
-	-	-	-	-	26,031
-	(401,684)	-	-	-	(459,696)
-	(401,684)	-	-	-	(433,665)
30,892	(441,920)	(40,443)	(113,016)	(149,955)	(1,310,593)
286,997	943,301	209,813	(34,105)	(42,226)	1,967,972
<u>\$ 317,889</u>	<u>\$ 501,381</u>	<u>\$ 169,370</u>	<u>\$ (147,121)</u>	<u>\$ (192,181)</u>	<u>\$ 657,379</u>

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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, 2018

	Compost Facility	Bus Transit	Recreation Concessions	Total Nonmajor Enterprise Funds
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 181,574	\$ 126,126	\$ -	\$ 307,700
Receivables				
Accounts and unbilled usage	1,252	2,318	-	3,570
Inventories	12,000	-	-	12,000
Prepaid items	657	17,402	244	18,303
Total current assets	<u>195,483</u>	<u>145,846</u>	<u>244</u>	<u>341,573</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	1,374,604	-	1,460,551
Accumulated depreciation	(319,315)	(1,089,220)	-	(1,408,535)
Total noncurrent assets	<u>39,349</u>	<u>970,248</u>	<u>-</u>	<u>1,009,597</u>
Total assets	<u>234,832</u>	<u>1,116,094</u>	<u>244</u>	<u>1,351,170</u>
Deferred Outflows of Resources				
OPEB related deferred outflows	-	4,079	-	4,079
Pension related deferred outflows	5,610	87,712	999	94,321
Total deferred outflows of resources	<u>5,610</u>	<u>91,791</u>	<u>999</u>	<u>98,400</u>
Liabilities				
Current liabilities				
Accounts payable	113	4,276	4,271	8,660
Accrued payroll and payroll benefits	1,191	9,468	1,572	12,231
Due to other governments	-	5,357	-	5,357
Due to other funds	-	-	13,461	13,461
Compensated absences	240	5,145	-	5,385
Total current liabilities	<u>1,544</u>	<u>24,246</u>	<u>19,304</u>	<u>45,094</u>
Noncurrent liabilities				
Compensated absences	4,147	19,752	-	23,899
Total OPEB liability	-	359,887	-	359,887
Net pension liability	19,524	305,233	3,478	328,235
Total noncurrent liabilities	<u>23,671</u>	<u>684,872</u>	<u>3,478</u>	<u>712,021</u>
Total liabilities	<u>25,215</u>	<u>709,118</u>	<u>22,782</u>	<u>757,115</u>
Deferred Inflows of Resources				
Pension related deferred inflows	1,065	16,657	190	17,912
Net Position				
Net investment in capital assets	39,349	970,248	-	1,009,597
Unrestricted	174,813	(488,138)	(21,729)	(335,054)
Total net position	<u>\$ 214,162</u>	<u>\$ 482,110</u>	<u>\$ (21,729)</u>	<u>\$ 674,543</u>

City of Marshalltown  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Net Position  
Nonmajor Enterprise Funds  
Year Ended June 30, 2018

	Compost Facility	Bus Transit	Recreation Concessions	Total Nonmajor Enterprise Funds
Operating Revenues				
Charges for service	\$ 67,077	\$ 77,822	\$ 41,199	\$ 186,098
Operating Expenses				
Salaries and benefits	54,064	535,656	22,965	612,685
Services and supplies	7,749	177,082	40,835	225,666
Depreciation	9,107	124,398	-	133,505
Total operating expenses	70,920	837,136	63,800	971,856
Operating loss	(3,843)	(759,314)	(22,601)	(785,758)
Nonoperating Revenues				
Federal and state grants	-	383,646	-	383,646
Interest income	2,389	891	24	3,304
Gain on disposal of capital assets	-	225	-	225
Net nonoperating revenues	2,389	384,762	24	387,175
Loss before transfers	(1,454)	(374,552)	(22,577)	(398,583)
Transfers in	-	185,853	-	185,853
Change in Net Position	(1,454)	(188,699)	(22,577)	(212,730)
Net Position - Beginning, as restated	215,616	670,809	848	887,273
Net Position - Ending	\$ 214,162	\$ 482,110	\$ (21,729)	\$ 674,543

City of Marshalltown  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
Year Ended June 30, 2018

	Compost Facility	Bus Transit	Recreation Concessions	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities				
Cash received from customers	\$ 67,179	\$ 76,907	\$ 41,199	\$ 185,285
Cash payments to suppliers for goods and services	(12,881)	(175,306)	(42,172)	(230,359)
Cash payments to employees for services	(54,480)	(485,848)	(22,838)	(563,166)
Net Cash used for Operating Activities	(182)	(584,247)	(23,811)	(608,240)
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	-	185,853	-	185,853
Grants received	-	405,700	-	405,700
Increase in due to other funds	-	-	13,461	13,461
Net Cash Provided by Noncapital Financing Activities	-	591,553	13,461	605,014
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	225	-	225
Cash Flows from Investing Activities				
Interest received on investment securities	2,389	891	24	3,304
Net Increase (Decrease) in Cash and Cash Equivalents	2,207	8,422	(10,326)	303
Cash and Cash Equivalents, Beginning	179,367	117,704	10,326	307,397
Cash and Cash Equivalents, Ending	\$ 181,574	\$ 126,126	\$ -	\$ 307,700

City of Marshalltown  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
Year Ended June 30, 2018

	Compost Facility	Bus Transit	Recreation Concessions	Total Nonmajor Enterprise Funds
Reconciliation of Operating Loss to Net Cash used for Operating Activities				
Operating loss	\$ (3,843)	\$ (759,314)	\$ (22,601)	\$ (785,758)
Adjustments to reconcile operating loss to net cash used for operating activities				
Depreciation	9,107	124,398	-	133,505
Changes in assets, deferred outflows, liabilities, and deferred inflows				
Receivables	102	(915)	-	(813)
Inventories and prepaid items	(5,064)	1,415	(32)	(3,681)
Accounts payable	(68)	(1,254)	(1,305)	(2,627)
Accrued liabilities	290	(4,659)	65	(4,304)
Due to other governments	-	1,615	-	1,615
Total OPEB liability	-	47,203	-	47,203
Net pension liability	(964)	14,166	73	13,275
Deferred outflows	(91)	(13,391)	(82)	(13,564)
Deferred inflows	349	6,489	71	6,909
Total adjustments	3,661	175,067	(1,210)	177,518
Net Cash used for Operating Activities	\$ (182)	\$ (584,247)	\$ (23,811)	\$ (608,240)



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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, 2018

	Group Insurance Benefits	Occupational Insurance Benefits	Workmen's Compensation Deductible	Total
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 2,369,658	\$ 84,635	\$ 37,368	\$ 2,491,661
Receivables				
Accounts	47,140	-	-	47,140
Total current assets	2,416,798	84,635	37,368	2,538,801
<b>Liabilities</b>				
Current liabilities				
Accounts payable	379,176	84,821	-	463,997
Deposits payable	156,989	-	-	156,989
Total current liabilities	536,165	84,821	-	620,986
Total net position - unrestricted	\$ 1,880,633	\$ (186)	\$ 37,368	\$ 1,917,815

City of Marshalltown  
Combining Statement of Revenues, Expenses, and  
Changes in Fund Net Position  
Internal Service Funds  
Year Ended June 30, 2018

	Group Insurance Benefits	Occupational Insurance Benefits	Workmen's Compensation Deductible	Total
Operating Revenues				
Charges for service	\$ 2,219,937	\$ 131,879	\$ -	\$ 2,351,816
Miscellaneous	387,285	-	-	387,285
Total operating revenues	<u>2,607,222</u>	<u>131,879</u>	<u>-</u>	<u>2,739,101</u>
Operating Expenses				
Claims paid	2,432,518	119,105	438	2,552,061
Health insurance premiums	370,034	11,646	-	381,680
Miscellaneous	197,660	-	-	197,660
Total operating expenses	<u>3,000,212</u>	<u>130,751</u>	<u>438</u>	<u>3,131,401</u>
Operating income (loss)	(392,990)	1,128	(438)	(392,300)
Nonoperating Revenues				
Interest income	36,974	584	486	38,044
Change in Net Position	(356,016)	1,712	48	(354,256)
Net Position - Beginning	<u>2,236,649</u>	<u>(1,898)</u>	<u>37,320</u>	<u>2,272,071</u>
Net Position - Ending	<u>\$ 1,880,633</u>	<u>\$ (186)</u>	<u>\$ 37,368</u>	<u>\$ 1,917,815</u>

City of Marshalltown  
Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2018

	Group Insurance Benefits	Occupational Insurance Benefits	Workmen's Compensation Deductible	Total
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 2,183,842	\$ 131,879	\$ -	\$ 2,315,721
Cash payments to suppliers for goods and services	(2,893,677)	(46,978)	(438)	(2,941,093)
Other operating receipts	387,285	-	-	387,285
<b>Net Cash from (used for) Operating Activities</b>	<b>(322,550)</b>	<b>84,901</b>	<b>(438)</b>	<b>(238,087)</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Change in due from other funds	850	-	-	850
Change in due to other funds	-	(850)	-	(850)
<b>Net Cash provided by (used for) Noncapital Financing Activities</b>	<b>850</b>	<b>(850)</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>				
Interest received on investment securities	36,974	584	486	38,044
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(284,726)</b>	<b>84,635</b>	<b>48</b>	<b>(200,043)</b>
Cash and Cash Equivalents, Beginning	2,654,384	-	37,320	2,691,704
Cash and Cash Equivalents, Ending	<u>\$ 2,369,658</u>	<u>\$ 84,635</u>	<u>\$ 37,368</u>	<u>\$ 2,491,661</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities</b>				
Operating income (loss)	\$ (392,990)	\$ 1,128	\$ (438)	\$ (392,300)
Changes in assets and liabilities				
Receivables	(37,406)	-	-	(37,406)
Accounts payable	106,535	83,773	-	190,308
Deposits payable	1,311	-	-	1,311
Total	<u>70,440</u>	<u>83,773</u>	<u>-</u>	<u>154,213</u>
<b>Net Cash provided from (used for) Operating Activities</b>	<b>\$ (322,550)</b>	<b>\$ 84,901</b>	<b>\$ (438)</b>	<b>\$ (238,087)</b>

## **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.

**911 Commission** – To account for funds of a legally separate entity governed by the Marshall County Communications Commission Board of Directors.

**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, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<b>Payroll Fund</b>				
Assets				
Cash and cash equivalents	\$ -	\$ 38,272,339	\$ 38,272,339	\$ -
Prepaid items	22,223	14,296	22,223	14,296
<b>Total assets</b>	<b>\$ 22,223</b>	<b>\$ 38,286,635</b>	<b>\$ 38,294,562</b>	<b>\$ 14,296</b>
Liabilities				
Accrued payroll and benefits	\$ -	\$ 38,272,339	\$ 38,272,339	\$ -
Due to City	22,223	14,296	22,223	14,296
<b>Total liabilities</b>	<b>\$ 22,223</b>	<b>\$ 38,286,635</b>	<b>\$ 38,294,562</b>	<b>\$ 14,296</b>
<b>911 Comission</b>				
Assets				
Due from County	\$ -	\$ 667,197	\$ 640,752	\$ 26,445
Liabilities				
Checks written in excess of deposit	\$ -	\$ 667,197	\$ 640,752	\$ 26,445
<b>Sleuth User Group</b>				
Assets				
Cash and cash equivalents	\$ 14,972	\$ -	\$ -	\$ 14,972
Liabilities				
Due to Sleuth User Group	\$ 14,972	\$ -	\$ -	\$ 14,972
<b>Surety Bonds/Deposits</b>				
Assets				
Cash and cash equivalents	\$ 1,501	\$ 2,018	\$ 1,501	\$ 2,018
Liabilities				
Due to City	\$ 1,501	\$ 2,018	\$ 1,501	\$ 2,018

City of Marshalltown  
Combining Statement of Changes in Assets and Liabilities  
All Agency Funds  
Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<b>Other</b>				
Assets				
Cash and cash equivalents	\$ 1,523	\$ -	\$ 1,523	\$ -
Due from city	-	6,370	4,256	2,114
<b>Total assets</b>	<b>\$ 1,523</b>	<b>\$ 6,370</b>	<b>\$ 5,779</b>	<b>\$ 2,114</b>
Liabilities				
Due to other governments	\$ 1,523	\$ -	\$ 1,523	\$ -
Checks written in excess of deposit	-	6,370	4,256	2,114
<b>Total liabilities</b>	<b>\$ 1,523</b>	<b>\$ 6,370</b>	<b>\$ 5,779</b>	<b>\$ 2,114</b>
<b>All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 17,996	\$ 38,274,357	\$ 38,275,363	\$ 16,990
Prepaid items	22,223	14,296	22,223	14,296
Due from city	-	6,370	4,256	2,114
Due from county	-	667,197	640,752	26,445
<b>Total assets</b>	<b>\$ 40,219</b>	<b>\$ 38,962,220</b>	<b>\$ 38,942,594</b>	<b>\$ 59,845</b>
Liabilities				
Checks written in excess of deposit	\$ -	\$ 673,567	\$ 645,008	\$ 28,559
Accrued payroll and benefits	-	38,272,339	38,272,339	-
Due to Sleuth User Group	14,972	-	-	14,972
Due to City	23,724	16,314	23,724	16,314
Due to other governments	1,523	-	1,523	-
<b>Total liabilities</b>	<b>\$ 40,219</b>	<b>\$ 38,962,220</b>	<b>\$ 38,942,594</b>	<b>\$ 59,845</b>



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Long-Term Debt  
June 30, 2018

## City of Marshalltown

City of Marshalltown  
Schedule of Bond Maturities  
June 30, 2018

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
<b>Governmental Activities</b>				
<b>General Obligation</b>				
2011B Essential corporate purpose, issued October 26, 2011				
	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>203,003</u>	<u>1,540,000</u>
2012A Essential corporate purpose, issued April 12, 2012				
	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>417,688</u>	<u>3,775,000</u>
2012B Crossover advance refunding, issued April 24, 2012				
	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>85,605</u>	<u>1,620,000</u>
2013A Essential corporate purpose, issued March 12, 2013				
	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>162,550</u>	<u>3,945,000</u>

(Continued)

City of Marshalltown  
Schedule of Bond Maturities  
June 30, 2018

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
<b>Governmental Activities (continued)</b>				
<b>General Obligation (continued)</b>				
2014A Essential corporate purpose, issued				
December 16, 2014	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
			98,400	1,415,000
2015A Essential corporate purpose, issued				
November 24, 2015	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
			152,902	1,800,000
2016A General obligation corporate purpose, issued				
August 9, 2016	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
			186,800	1,945,000
2016B General obligation corporate purpose, issued				
December 1, 2016	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
			518,300	3,700,000

(Continued)

City of Marshalltown  
Schedule of Bond Maturities  
June 30, 2018

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
<b>Governmental Activities (continued)</b>				
<b>General Obligation (continued)</b>				
2017A General obligation corporate purpose, issued October 10, 2017				
	2019	3.00%	\$ 381,600	\$ 535,000
	2020	3.00%	365,550	525,000
	2021	3.00%	349,800	155,000
	2022	3.00%	345,150	100,000
	2023	3.00%	342,150	505,000
	2024	3.00%	327,000	515,000
	2025	3.00%	311,550	535,000
	2026	3.00%	295,500	350,000
	2027	3.00%	285,000	360,000
	2028	3.00%	274,200	375,000
	2029	3.00%	262,950	390,000
	2030	3.00%	251,250	915,000
	2031	3.00%	223,800	950,000
	2032	3.00%	195,300	990,000
	2033	3.00%	165,600	1,020,000
	2034	3.00%	135,000	1,060,000
	2035	3.00%	103,200	1,105,000
	2036	3.00%	70,050	1,155,000
	2037	3.00%	35,400	1,180,000
			4,720,050	12,720,000
 <b>Notes Payable</b>				
Software loan note, issued March 3, 2014				
	2019	0.00%	-	10,275
			-	10,275
 IDPS fire truck loan note, issued July 5, 2016				
	2019	0.00%	-	28,486
	2020	0.00%	-	28,486
	2021	0.00%	-	28,486
	2022	0.00%	-	14,243
			-	99,701

(Continued)

City of Marshalltown  
Schedule of Bond Maturities  
June 30, 2018

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
<b>Governmental Activities (continued)</b>				
<b>General Obligation and Notes Payable</b>				
Total governmental activities				
	2019		\$ 769,796	\$ 3,348,761
	2020		708,345	3,358,486
	2021		644,238	3,093,486
	2022		585,176	3,134,243
	2023		521,740	2,680,000
	2024		459,838	2,010,000
	2025		411,350	1,855,000
	2026		366,757	1,465,000
	2027		331,408	1,490,000
	2028		294,100	870,000
	2029		272,950	890,000
	2030		251,250	915,000
	2031		223,800	950,000
	2032		195,300	990,000
	2033		165,600	1,020,000
	2034		135,000	1,060,000
	2035		103,200	1,105,000
	2036		70,050	1,155,000
	2037		35,400	1,180,000
			<u>\$ 6,545,298</u>	<u>\$ 32,569,976</u>

City of Marshalltown  
Schedule of Bond Maturities  
June 30, 2018

Issue	Year Ending June 30	Interest Rates	Interest	Principal
<b>Business-type Activities</b>				
<b>General Obligation</b>				
2011 Essential corporate purpose, issued April 1, 2011	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>544,454</u>	<u>3,625,000</u>
2016A General obligation corporate purpose, issued August 9, 2016	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>362,900</u>	<u>2,395,000</u>
<b>Note Payable</b>				
Alliant Loan, issued September 17, 2014	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>6,735</u>	<u>324,152</u>
<b>Revenue Bonds</b>				
Sewer Revenue Improvement and Refunding, Issued May 8, 2012	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>167,830</u>	<u>1,592,000</u>

(Continued)

City of Marshalltown  
Schedule of Bond Maturities  
June 30, 2018

Issue	Year Ending June 30	Interest Rates	Interest	Principal
<b>Business-type Activities (Continued)</b>				
<b>Revenue Bonds (Continued)</b>				
Sewer Revenue Improvement Issued 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
			302,508	2,669,000
2014 Series Sewer Revenue Improvement Issued 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
			775,460	4,255,000

(Continued)



City of Marshalltown  
Schedule of Bond Maturities  
June 30, 2018

Issue	Year Ending June 30	Interest Rates	Interest	Principal
<b>Business-type Activities (Continued)</b>				
<b>Revenue Bonds (Continued)</b>				
Sewer Revenue Improvement Issued 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>908,950</u>	<u>4,957,000</u>
Total business-type activities	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>\$ 3,068,837</u>	<u>\$ 19,817,152</u>

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Statistical Section (Unaudited)  
June 30, 2018

**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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	101
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	109
<b>Debt Capacity</b> 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.	114
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	119
<b>Operating Information</b> 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.	121

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

	<b>Fiscal</b>					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Governmental activities</b>						
Net investment in capital assets	\$ 37,973,695	\$ 35,605,495	\$ 34,132,724	\$ 32,948,014	\$ 30,504,272	\$ 29,002,766
Restricted	13,150,024	26,679,991	16,806,635	10,119,191	8,457,793	9,706,673
Unrestricted	<u>(25,557,161)</u>	<u>(29,968,723)</u>	<u>(20,244,351)</u>	<u>(17,323,596)</u>	<u>(5,613,806)</u>	<u>(5,497,165)</u>
Total governmental activities net position	<u>\$ 25,566,558</u>	<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>
<b>Business-type activities</b>						
Net investment in capital assets	\$ 39,699,525	\$ 38,990,163	\$ 39,370,548	\$ 38,458,793	\$ 40,565,122	\$ 37,861,816
Restricted	177,299	180,225	181,757	130,261	80,048	64,281
Unrestricted	<u>11,965,382</u>	<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>
Total business-type activities net position	<u>\$ 51,842,206</u>	<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>
<b>Primary Government</b>						
Net investment in capital assets	\$ 77,673,220	\$ 74,595,658	\$ 73,503,272	\$ 71,406,807	\$ 71,069,394	\$ 66,864,582
Restricted	13,327,323	26,860,216	16,988,392	10,249,452	8,537,841	9,770,954
Unrestricted	<u>(13,591,779)</u>	<u>(19,413,034)</u>	<u>(11,254,554)</u>	<u>(9,910,249)</u>	<u>(1,169,347)</u>	<u>115,999</u>
Total primary government net position	<u>\$ 77,408,764</u>	<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>

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

<b>Year</b>			
<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 28,325,116	\$ 27,720,521	\$ 26,650,049	\$ 23,043,549
11,863,770	8,246,658	5,480,294	4,092,324
<u>(730,534)</u>	<u>2,811,692</u>	<u>5,344,963</u>	<u>7,751,144</u>
<u>\$ 39,458,352</u>	<u>\$ 38,778,871</u>	<u>\$ 37,475,306</u>	<u>\$ 34,887,017</u>
\$ 35,454,854	\$ 31,937,474	\$ 30,006,298	\$ 29,462,000
49,296	946,902	947,675	948,423
<u>4,815,992</u>	<u>5,329,554</u>	<u>5,842,883</u>	<u>5,736,915</u>
<u>\$ 40,320,142</u>	<u>\$ 38,213,930</u>	<u>\$ 36,796,856</u>	<u>\$ 36,147,338</u>
\$ 63,779,970	\$ 59,657,995	\$ 56,656,347	\$ 52,505,549
11,913,066	9,193,560	6,427,969	5,040,747
<u>4,085,458</u>	<u>8,141,246</u>	<u>11,187,846</u>	<u>13,488,059</u>
<u>\$ 79,778,494</u>	<u>\$ 76,992,801</u>	<u>\$ 74,272,162</u>	<u>\$ 71,034,355</u>

	<b>Fiscal</b>					
	2018	2017	2016	2015	2014	2013
<b>Expenses</b>						
Governmental activities:						
Public safety	\$ 11,732,583	\$ 10,713,027	\$ 8,996,389	\$ 8,516,307	\$ 9,092,842	\$ 8,607,561
Public works	5,591,152	8,553,684	5,706,337	6,186,551	6,465,974	13,472,047
Health and social services	654,311	1,306,389	1,274,669	1,784,302	1,301,574	903,270
Culture and recreation	3,888,793	3,654,545	3,358,064	3,505,193	3,645,774	3,435,212
Community and economic development	2,288,991	2,433,608	1,449,883	1,370,533	3,051,319	2,249,158
General government	1,575,523	685,937	1,158,789	1,299,063	1,322,112	1,285,356
Interest on long term debt	764,344	429,296	429,891	425,967	627,060	628,314
Total governmental activities expenses	<u>26,495,697</u>	<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>
Business-type activities:						
Water pollution control	5,105,834	5,574,332	5,375,656	4,584,245	4,608,246	4,295,804
Storm sewer	958,434	970,912	683,181	698,627	786,788	669,666
Compost	70,920	88,171	79,479	42,054	39,846	51,440
Transit	837,136	837,259	771,818	767,054	827,333	794,179
Concessions	63,800	46,512	49,816	34,907	42,535	59,267
Total business-type activities expenses	<u>7,036,124</u>	<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>
Total primary government expenses	<u>\$ 33,531,821</u>	<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>
<b>Program Revenues</b>						
Governmental activities						
Charges for service:						
Public safety	\$ 409,649	\$ 518,463	\$ 264,966	\$ 150,181	\$ 254,952	\$ 198,296
Public works	443,091	231,554	970,315	1,529,047	658,590	766,244
Health and social services	7,065	4,250	37,053	52,534	68,187	38,891
Culture and recreation	463,866	449,955	468,455	449,155	426,653	454,318
Community and economic development	93,679	106,562	265,176	278,924	360,999	153,563
Other activities	117,524	248,336	123,855	171,846	112,992	123,157
Operating grants and contributions	6,768,632	7,387,980	6,712,866	6,461,208	6,354,163	6,202,784
Capital grants and contributions	1,026,153	1,768,179	519,172	170,084	701,920	326,833
Total governmental activities program revenues	<u>9,329,659</u>	<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>
Business-type activities						
Charges for service:						
Water pollution control	7,857,197	7,545,682	6,563,351	6,066,644	5,860,659	5,079,296
Storm sewer	1,407,673	1,129,135	948,214	776,483	709,946	310,689
Compost	67,077	75,803	73,336	74,687	60,223	57,417
Transit	78,047	57,749	93,352	110,342	124,956	134,387
Concessions	41,200	37,777	40,917	32,522	39,208	43,706
Operating grants and contributions	383,646	381,810	363,188	386,922	407,338	376,900
Capital grants and contributions	209,668	432,400	942,209	493,326	444,674	2,889,069
Total business-type activities program revenues	<u>10,044,508</u>	<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>
Total primary government program revenues	<u>\$ 19,374,167</u>	<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>

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

<b>Year</b>			
2012	2011	2010	2009
\$ 8,731,373	\$ 8,028,333	\$ 8,065,379	\$ 7,633,307
7,049,394	6,203,182	4,652,177	4,783,710
1,154,023	1,771,196	1,330,332	710,361
2,757,409	3,801,068	3,842,524	2,744,793
2,417,304	2,346,822	2,343,854	2,369,887
1,278,776	1,174,190	707,425	1,073,832
563,965	578,629	659,449	846,296
<u>23,952,244</u>	<u>23,903,420</u>	<u>21,601,140</u>	<u>20,162,186</u>
4,735,491	4,275,726	4,451,055	4,104,671
611,543	558,572	536,859	484,772
40,048	37,961	39,067	45,822
732,113	702,544	596,690	569,665
82,739	54,447	48,738	107,677
<u>6,201,934</u>	<u>5,629,250</u>	<u>5,672,409</u>	<u>5,312,607</u>
<u>\$ 30,154,178</u>	<u>\$ 29,532,670</u>	<u>\$ 27,273,549</u>	<u>\$ 25,474,793</u>
\$ 173,007	\$ 223,311	\$ 194,712	\$ 79,976
477,553	428,841	717,658	720,300
79,159	48,134	78,181	41,585
473,715	490,057	443,268	436,038
170,617	227,024	157,415	287,548
269,371	155,658	98,728	153,242
5,656,234	7,801,666	5,935,212	4,952,094
492,676	304,891	2,106,963	1,766,302
<u>7,792,332</u>	<u>9,679,582</u>	<u>9,732,137</u>	<u>8,437,085</u>
4,937,481	4,280,970	4,772,834	4,921,428
310,584	301,235	299,772	279,142
59,316	45,860	31,943	33,404
104,394	117,259	118,331	115,486
49,559	48,180	48,570	59,669
353,216	239,651	669,067	572,393
2,281,955	1,797,999	621,223	611,649
<u>8,096,505</u>	<u>6,831,154</u>	<u>6,561,740</u>	<u>6,593,171</u>
<u>\$ 15,888,837</u>	<u>\$ 16,510,736</u>	<u>\$ 16,293,877</u>	<u>\$ 15,030,256</u>

(continued)



	<b>Fiscal</b>					
	2018	2017	2016	2015	2014	2013
<b>Net (Expense)/Revenue</b>						
Governmental activities	\$ (17,166,038)	\$ (17,061,207)	\$ (13,012,164)	\$ (13,824,937)	\$ (16,568,199)	\$ (22,316,832)
Business-type activities	3,008,384	2,143,170	2,064,617	1,814,039	1,342,256	3,021,108
Total primary government net expense	<u>\$ (14,157,654)</u>	<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>
<b>General Revenues and Other Changes in Net Position</b>						
Governmental activities:						
Taxes						
Property	\$ 10,510,365	\$ 10,156,476	\$ 9,534,568	\$ 9,777,342	\$ 10,036,577	\$ 9,967,944
Other	4,823,392	5,347,532	6,983,922	5,755,121	5,778,420	5,132,322
Unrestricted						
State generated revenues	1,331,709	1,384,158	1,244,225	845,140	453,645	369,337
Investment earnings	456,079	113,371	90,717	53,042	112,280	126,436
Miscellaneous revenues	561,844	645,749	551,452	660,348	493,213	637,775
Transfers	(49,377)	1,035,676	(441,321)	(172,735)	(169,951)	(163,060)
Total governmental activities	<u>17,634,012</u>	<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>
Business-type activities:						
Investment earnings	213,581	76,481	33,763	26,891	38,161	34,951
Miscellaneous revenues	-	-	-	-	-	-
Transfers	49,377	(1,035,676)	441,321	172,735	169,951	163,060
Total business-type activities	<u>262,958</u>	<u>(959,195)</u>	<u>475,084</u>	<u>199,626</u>	<u>208,112</u>	<u>198,011</u>
Total primary government	<u>\$ 17,896,970</u>	<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>
<b>Change in Net Position</b>						
Governmental activities	\$ 467,974	\$ 1,621,755	\$ 4,951,399	\$ 3,093,321	\$ 135,985	\$ (6,246,078)
Business-type activities	3,271,342	1,183,975	2,539,701	2,013,665	1,550,368	3,219,119
Total primary government	<u>\$ 3,739,316</u>	<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>

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

Year	2012	2011	2010	2009
	\$ (16,159,912)	\$ (14,223,838)	\$ (11,869,003)	\$ (11,725,101)
	<u>1,894,571</u>	<u>1,201,904</u>	<u>889,331</u>	<u>1,280,564</u>
	<u>\$ (14,265,341)</u>	<u>\$ (13,021,934)</u>	<u>\$ (10,979,672)</u>	<u>\$ (10,444,537)</u>
	\$ 9,853,096	\$ 9,210,796	\$ 8,957,392	\$ 8,617,322
	6,063,108	5,565,923	5,206,539	5,787,467
	317,412	305,694	333,259	339,243
	173,169	167,610	162,173	325,699
	602,269	435,191	641,234	468,253
	<u>(169,661)</u>	<u>(157,811)</u>	<u>(192,057)</u>	<u>(156,108)</u>
	<u>16,839,393</u>	<u>15,527,403</u>	<u>15,108,540</u>	<u>15,381,876</u>
	41,980	57,359	55,775	139,224
	-	-	-	-
	<u>169,661</u>	<u>157,811</u>	<u>192,057</u>	<u>156,108</u>
	<u>211,641</u>	<u>215,170</u>	<u>247,832</u>	<u>295,332</u>
	<u>\$ 17,051,034</u>	<u>\$ 15,742,573</u>	<u>\$ 15,356,372</u>	<u>\$ 15,677,208</u>
	\$ 679,481	\$ 1,303,565	\$ 3,239,537	\$ 3,656,775
	<u>2,106,212</u>	<u>1,417,074</u>	<u>1,137,163</u>	<u>1,575,896</u>
	<u>\$ 2,785,693</u>	<u>\$ 2,720,639</u>	<u>\$ 4,376,700</u>	<u>\$ 5,232,671</u>

Function/Program	Program Revenues						
	2018	2017	2016	2015	2014	2013	2012
<b>Governmental activities</b>							
Public safety	\$ 969,017	\$ 1,219,476	\$ 1,215,215	\$ 875,300	\$ 1,478,721	\$ 1,154,130	\$ 777,123
Public works	4,379,697	5,200,920	4,825,946	4,657,620	3,501,138	4,272,126	3,602,446
Health and social services	682,100	1,213,441	967,598	1,470,156	1,834,718	702,887	955,529
Culture and recreation	1,629,312	1,252,730	670,183	638,615	565,562	571,380	707,189
Community and economic development	1,551,934	1,535,644	1,559,061	1,447,647	1,387,104	1,426,383	1,465,674
General government	117,599	293,068	123,855	173,641	171,213	137,180	284,371
Total governmental activities	<u>\$ 9,329,659</u>	<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>
<b>Business-type activities</b>							
Water pollution control	\$ 7,864,148	\$ 7,550,029	\$ 6,976,658	\$ 6,378,473	\$ 5,896,233	\$ 5,303,615	\$ 6,519,524
Storm sewer	1,610,390	1,557,188	1,477,116	992,924	887,240	3,016,135	767,941
Compost	67,077	75,803	73,336	74,687	60,223	57,417	59,316
Transit	461,693	439,559	456,540	462,320	764,100	470,591	700,165
Concessions	41,200	37,777	40,917	32,522	39,208	43,706	49,559
Total business-type activities	<u>\$ 10,044,508</u>	<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>

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

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**by Fiscal Year**

2011	2010	2009
\$ 980,216	\$ 960,979	\$ 854,028
3,737,210	4,029,975	3,260,842
1,531,281	1,300,200	321,478
1,399,468	925,422	2,010,582
1,822,717	1,651,247	1,836,913
<u>208,690</u>	<u>864,314</u>	<u>153,242</u>
<u>\$ 9,679,582</u>	<u>\$ 9,732,137</u>	<u>\$ 8,437,085</u>
\$ 5,130,757	\$ 5,315,535	\$ 5,426,868
1,197,010	454,271	465,414
45,860	31,943	33,404
409,347	711,421	607,816
48,180	48,570	59,669
<u>\$ 6,831,154</u>	<u>\$ 6,561,740</u>	<u>\$ 6,593,171</u>

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Fund</b>										
Nonspendable	\$ 256,518	\$ 266,203	\$ 221,785	\$ 237,568	\$ 249,958	\$ 241,974	\$ 258,309	\$ 230,633	N/A	N/A
Restricted	932,307	812,092	725,844	694,247	588,928	1,153,313	517,008	456,488	N/A	N/A
Committed	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	N/A	N/A
Unassigned	2,953,579	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
Reserved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 233,410	\$ 266,493
Unreserved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,587,644	3,778,280
<b>Total general fund</b>	<b>4,392,404</b>	<b>3,880,182</b>	<b>3,718,549</b>	<b>3,553,763</b>	<b>3,752,147</b>	<b>4,381,496</b>	<b>3,808,372</b>	<b>3,776,223</b>	<b>3,821,054</b>	<b>4,044,773</b>
<b>All Other Governmental Funds</b>										
Nonspendable	144,786	192,113	169,570	146,258	79,862	141,231	222,131	178,954	N/A	N/A
Restricted	23,731,636	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
Unassigned	(339,302)	(98,997)	(195,159)	(84,155)	(270,543)	(198,484)	(323,895)	(506,674)	N/A	N/A
Reserved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5,485,108	5,280,068
Unreserved reported in:										
Special revenue funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,003,450	1,692,822
Capital projects funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	110,818	129,053
<b>Total all other governmental funds</b>	<b>23,537,120</b>	<b>19,782,630</b>	<b>14,081,711</b>	<b>11,363,605</b>	<b>7,137,371</b>	<b>12,830,167</b>	<b>17,162,985</b>	<b>7,374,154</b>	<b>6,599,376</b>	<b>7,101,943</b>
<b>Total fund balances of governmental funds</b>	<b>\$ 27,929,524</b>	<b>\$ 23,662,812</b>	<b>\$ 17,800,260</b>	<b>\$ 14,917,368</b>	<b>\$ 10,889,518</b>	<b>\$ 17,211,663</b>	<b>\$ 20,971,357</b>	<b>\$ 11,150,377</b>	<b>\$ 10,420,430</b>	<b>\$ 11,146,716</b>

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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	<b>Fiscal Year</b>						
	2018	2017	2016	2015	2014	2013	2012
<b>Revenues</b>							
Taxes	\$ 15,826,177	\$ 16,039,312	\$ 17,018,694	\$ 16,030,409	\$ 16,251,920	\$ 15,617,908	\$ 16,392,387
Use of money and property	544,479	208,132	129,003	124,857	169,135	194,543	203,524
Licenses and permits	238,263	285,839	289,261	321,446	391,091	219,392	203,813
Intergovernmental	8,965,509	10,190,351	7,931,849	7,471,242	6,618,339	6,475,308	7,229,540
Charges for service	956,493	990,972	1,023,895	964,075	874,840	915,644	897,955
Special assessments	6,445	10,406	12,991	14,738	11,688	14,306	21,759
Miscellaneous	606,655	1,084,447	410,616	2,102,572	684,707	912,585	651,226
Total revenues	<u>27,144,021</u>	<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>
<b>Expenditures</b>							
Public safety	10,336,569	9,337,823	8,864,323	8,743,014	8,559,357	8,135,052	7,977,604
Public works	3,872,055	6,930,498	4,208,292	4,669,213	4,985,535	12,081,043	5,605,515
Health and social services	736,559	1,282,479	1,352,206	1,907,586	1,385,246	968,157	1,223,039
Culture and recreation	3,059,464	2,840,820	2,539,673	2,268,546	2,739,578	2,551,437	1,853,940
Community and economic development	2,232,438	1,812,299	1,431,086	1,381,445	3,044,706	2,234,323	2,414,531
General government	1,338,066	1,245,851	1,133,255	1,273,399	1,253,001	1,177,738	1,087,036
Capital outlay	9,628,133	4,477,017	2,554,674	1,439,787	2,944,911	3,118,982	2,572,134
Debt service							
Principal	3,684,361	2,730,690	3,066,991	2,971,716	5,663,840	2,788,840	2,928,840
Interest and other fiscal charges	886,842	419,527	436,018	457,343	649,203	643,405	626,514
Total expenditures	<u>35,774,487</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,630,466)</u>	<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>
<b>Other Financing Sources (Uses)</b>							
Sale of governmental assets	-	-	-	-	4,000	35,298	166,128
Debt issued	12,720,000	6,957,430	2,000,000	2,225,000	67,463	5,600,000	10,460,000
Payment of refunded bonds	-	-	-	-	-	-	53,462
Premium and accrued interest on debt issued	226,555	136,991	94,422	58,295	-	117,359	-
Transfers in	12,200,051	9,692,037	8,003,404	8,268,840	8,195,955	7,813,126	7,182,963
Transfers out	(12,249,428)	(8,656,361)	(8,444,725)	(8,441,575)	(8,365,906)	(7,976,186)	(7,352,624)
Total other financing sources (uses)	<u>12,897,178</u>	<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>
Net change in fund balances	<u>\$ 4,266,712</u>	<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>
Debt service as a percentage of noncapital expenditures	17.5%	11.8%	15.2%	14.5%	22.3%	11.2%	15.0%

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

<b>Ended June 30,</b>		
2011	2010	2009
\$ 15,191,296	\$ 14,569,739	\$ 14,855,452
198,097	206,909	343,980
232,542	212,918	294,196
7,278,810	7,168,913	6,031,273
866,580	845,703	820,780
31,019	51,581	83,043
<u>741,748</u>	<u>1,125,338</u>	<u>1,525,314</u>
<u>24,540,092</u>	<u>24,181,101</u>	<u>23,954,038</u>
7,370,014	7,492,213	7,143,869
4,841,484	3,787,116	3,498,289
1,753,967	1,318,373	718,526
2,998,877	3,081,402	2,176,451
2,341,523	2,347,611	1,975,245
1,071,829	1,990,657	1,023,774
1,601,447	2,160,036	5,767,146
2,613,841	2,660,000	2,553,840
<u>581,504</u>	<u>651,854</u>	<u>1,286,096</u>
<u>25,174,486</u>	<u>25,489,262</u>	<u>26,143,236</u>
<u>(634,394)</u>	<u>(1,308,161)</u>	<u>(2,189,198)</u>
2,152	224,484	14,015
1,520,000	700,000	3,500,000
-	-	(3,445,000)
-	-	-
7,085,563	5,825,922	6,496,136
<u>(7,243,374)</u>	<u>(6,017,979)</u>	<u>(6,652,244)</u>
<u>1,364,341</u>	<u>732,427</u>	<u>(87,093)</u>
<u>\$ 729,947</u>	<u>\$ (575,734)</u>	<u>\$ (2,276,291)</u>
13.6%	14.2%	18.8%



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 Excise Tax	Utility Franchise Fee	Hotel/Motel Tax	Local Option Sales Tax	911 Surcharge	Mobile Home Tax	Total
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
2017-18	10,510,365	169,316	1,105,221	206,702	403,116	3,121,920	280,925	28,612	15,826,177

City of Marshalltown  
 General Governmental Tax Revenues by Source  
 Year Ended June 30, 2018  
 (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	\$ 6,140,079	\$ -	\$ 646,492	\$ 206,702	\$ 403,116	\$ -	\$ -	\$ 8,161	\$ 7,404,550
Tax Increment									
Financing	-	169,316	-	-	-	-	-	-	169,316
E-911 Surcharge	-	-	-	-	-	-	280,925	-	280,925
Local Option									
Sales Tax	-	-	-	-	-	3,121,920	-	-	3,121,920
Property tax	1,404,160	-	148,162	-	-	-	-	21,415	1,573,737
Debt Service	2,498,588	-	261,749	-	-	-	-	3,304	2,763,641
Capital Projects	467,538	-	48,818	-	-	-	-	(4,268)	512,088
Total	<u>\$ 10,510,365</u>	<u>\$ 169,316</u>	<u>\$ 1,105,221</u>	<u>\$ 206,702</u>	<u>\$ 403,116</u>	<u>\$ 3,121,920</u>	<u>\$ 280,925</u>	<u>\$ 28,612</u>	<u>\$ 15,826,177</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			Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Gross Value	Taxable Assessed Value as a Percentage of Actual Gross Value
					Realty	TIF	Agland Realty				
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%
2016	2017-18	462,642,384	213,234,801	70,301,288	746,178,473	5,394,151	4,680,367	756,252,991	15.28158	1,445,382,350	52.322%

Rollback Factors by Class

Fiscal Year	Gas & Electric	Tax Exempt Property	Multi-				
			Residential	Residential	Agricultural	Commercial	Railroad
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
2017-18	307,764,842	171,600,722	56.93910	82.50000	47.49960	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
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
2016	2017-18	6.71518	17.94963	15.28158	0.23909	1.36842	0.14644	0.00310	41.70344

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, 2016		Percentage of Total City		Jan 1, 2007		Percentage of Total City	
	Taxable Assessed Value Payable 17- 18	Rank	Taxable Assessed Value	%	Taxable Assessed Value Payable 08- 09	Rank	Taxable Assessed Value	%
IES Utilities (Interstate Power)	\$ 94,568,378	1	11.5%		\$ 98,829,870	1	14.6%	
Emerson Process Mgt/Fisher Controls	19,269,765	2	2.4%		10,812,010	6	1.6%	
UnityPoint Health Marshalltown	12,403,944	3	1.5%					
Menard, Inc	11,809,143	4	1.4%					
Swift & Company	10,004,184	5	1.2%		9,118,774	7	1.4%	
Swift, Pork Company	9,665,024	6	1.2%					
Walmart, Real Estate Business	9,393,606	7	1.1%		11,041,130	5	1.6%	
Lennox Industries Inc	8,631,806	8	1.1%		14,684,500	3	2.2%	
ITC Midwest LLC	5,769,508	9	0.7%					
Marshalltown Town Center Partners	4,916,079	10	0.6%		12,315,627	4	1.8%	
MMSC, Ventures Inc					19,140,886	2	2.8%	
Embers of Marshalltown					6,128,054	8	0.9%	
Inns of Iowa Ltd					6,116,082	9	0.9%	
Southern Hills Cooperative					4,605,546	10	0.7%	
	<u>\$ 186,431,437</u>		<u>22.8%</u>		<u>\$ 192,792,479</u>		<u>28.5%</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

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<u>CalendarYear</u>	<u>Taxable Retail Sales</u>	<u>No. of Businesses</u>
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
2017	360,825,713	2,783

Source: Iowa Department of Revenue Sales and Use Tax Report based on

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

Collection year	Levy year	Current levy	Collected within the fiscal year of the levy		Delinquent tax collections (3)	Total tax collections	Collections to total tax levy (2)
			Amount (1)	Percent of levy collected (2)			
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%
2017-18	2016	11,436,367	11,386,656	99.57%	1,352	11,388,008	99.58%

(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	
	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			Personal Income	Population
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
2018	32,961,820	109,976	-	6,061,806	13,473,000	324,152	52,930,754	23,059	2,295	27,280	1,940

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		
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	1.83	1,113.93
2018	39,023,626	434,128	39,457,754	2.34	1,446.40

City of Marshalltown  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2018

Name of Governmental Unit	Debt Outstanding	Percentage Applicable to Marshalltown	City of Marshalltown Share of Debt
Iowa Valley Schools	\$ 11,043,750	51.88%	\$ 5,729,581
Marshalltown Community School District	11,385,000	83.44%	9,499,432
Marshall County	306,472	48.99%	150,126
	<u>22,735,222</u>		<u>15,379,139</u>
City of Marshalltown	33,071,796	100.00%	33,071,796
	<u>\$ 55,807,018</u>		<u>\$ 48,450,935</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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Gross assessed valuations:										
Regular realty	\$ 1,139,671,155	\$ 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
Utility	307,764,842	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
Incremental	5,394,151	14,353,482	40,194,757	37,409,137	44,270,422	31,552,130	41,694,319	39,224,720	36,639,623	50,679,345
<b>Total actual valuations applicable to debt</b>	<b>1,452,830,148</b>	<b>1,364,512,112</b>	<b>1,566,123,297</b>	<b>1,484,657,847</b>	<b>1,333,053,884</b>	<b>1,312,105,030</b>	<b>1,310,087,232</b>	<b>1,280,682,454</b>	<b>1,262,319,793</b>	<b>1,255,060,705</b>
Debt limit - 5% of total actual valuations applicable to debt	72,641,507	68,225,606	78,306,165	74,232,892	66,652,694	65,605,252	65,504,362	64,034,123	63,115,990	62,753,035
Amount of debt applicable to limitation:										
General obligation bonds and notes	38,914,128	30,508,175	24,204,863	25,734,040	26,216,304	32,284,938	29,706,333	22,475,363	16,380,021	19,443,044
Urban Renewal Rebate agreements	3,907,856	4,023,000	1,690,000	-	-	-	-	-	-	-
<b>Total debt applicable to limitation</b>	<b>42,821,984</b>	<b>34,531,175</b>	<b>25,894,863</b>	<b>25,734,040</b>	<b>26,216,304</b>	<b>32,284,938</b>	<b>29,706,333</b>	<b>22,475,363</b>	<b>16,380,021</b>	<b>19,443,044</b>
Less:										
Funds available from:										
Debt service	111,879	237,889	107,604	2,722,301	2,517,292	3,079,346	3,082,247	-	-	220,960
Special revenue	501,381	943,301	-	-	-	-	474,917	417,812	430,750	430,750
<b>Total debt applicable to debt margin</b>	<b>42,208,724</b>	<b>33,349,985</b>	<b>25,787,259</b>	<b>23,011,739</b>	<b>23,699,012</b>	<b>29,205,592</b>	<b>26,149,169</b>	<b>22,057,551</b>	<b>15,949,271</b>	<b>18,791,334</b>
<b>Legal debt margin</b>	<b>\$ 30,432,783</b>	<b>\$ 34,875,621</b>	<b>\$ 52,518,906</b>	<b>\$ 51,221,153</b>	<b>\$ 42,953,682</b>	<b>\$ 36,399,660</b>	<b>\$ 39,355,193</b>	<b>\$ 41,976,572</b>	<b>\$ 47,166,719</b>	<b>\$ 43,961,701</b>

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
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	3,535,085	4,017,439	1,397,000	426,022	1,823,022	2.20
2017-18	8,017,913	3,012,599	5,005,314	1,438,000	389,721	1,827,721	2.74

(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

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Calendar Year	Median Age (Zip 50158)	School Enrollment		Unemployment Percent
		Public	Private	
	(1)	(2)	(3)	(4)
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
2018	36.6	5,458	227	4.00

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	2018- Employees	2009- Employees
(JBS) Swift & Company	Pork processors	2,400	2,300
Emerson Process Mgt/Fisher Controls	Valves and regulators manufacturer	1,135	1,200
Marshalltown Community School District	Education	950	1,002
Iowa Veteran's Home	Hospital Care Facility	865	1,000
Lennox Industries, Inc	Furnace and air conditioning manufacturer	915	800
Unity Point Health	Hospital	400	715
HyVee Food Stores *	Grocery store	340	340
Wal-Mart*	Retail	300	325
Marshalltown Community College	Education	245	245
McFarland Clinic PC	Medical clinic	185	223
City of Marshalltown*	Municipal government	199	198
Marshall County	County government	183	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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety	93.25	90.26	98.28	97.32	99.1	99.00	99.00	88.00	86.00	98.91
Public Works	20.72	20.46	20.61	21.14	21.02	21.00	21.00	20.00	21.00	20.06
Health and Social Services	1.94	4.13	8.38	9.44	8.49	8.00	8.00	6.50	6.50	6.26
Culture and Recreation	28.55	26.81	26.39	27.28	27.6	29.00	29.00	28.00	29.00	25.95
Community and Economic Development	3.39	2.26	2.6	3.29	4.21	4.00	3.00	5.50	5.50	3.55
General Government	15.62	15.93	15.57	17.67	17.91	18.00	17.00	18.00	18.00	17.55
Business-Type	29.9	29.01	32.57	32.25	32.89	34.00	35.00	34.00	36.00	31.95
Capital Projects	-	-	-	-	-	-	1.00	1.00	1.00	0.13
Total	<u>193.37</u>	<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>

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Function/Program	Fiscal Year				
	2018	2017	2016	2015	2014
General Government					
Building Permits:					
New Construction:					
Number of permits	47	28	29	46	42
Value of permits	18,955,000	22,091,000	13,434,000	27,124,000	29,427,000
Remodeling, repairs and additions:					
Number of permits	55	120	102	80	72
Value of permits	12,399,000	7,434,000	11,915,000	10,719,000	24,001,000
Police					
Physical arrests	2,392	2,320	2,216	3,114	3,438
Violations:					
Parking	4,832	2,775	3,005	5,420	5,835
Traffic	2,662	1,801	1,255	1,889	1,803
Drunk driving	140	131	100	122	164
Narcotics	438	396	358	577	449
Fire					
Emergency responses	2,573	2,653	2,527	2,530	2,321
Fires extinguished	166	156	131	127	112
Inspections	343	555	519	223	471
Parks and recreation					
Adult team sports					
Leagues	4	6	6	8	12
Participation	8,165	9,327	9,656	8,492	5,670
Youth activities					
Programs	23	30	27	32	33
Participation	2,955	3,256	3,224	3,249	3,502
Library					
Volumes in collection	194,703	144,143	143,783	100,376	101,034
Total volumes borrowed	281,205	250,941	287,092	274,787	290,606
Sewage system					
Per million					
Daily average treatment in gallons	3.08	3.95	4.73	4.26	4.75
Maximum daily capacity of treatment plant in thousands of gallons	17,440	17,440	17,440	17,440	17,440
Sewer customers served	9,877	10,159	9,481	9,785	9,383
* Computer software was counting sewer credit meters					
Sewer rates in effect					
Base charge per month	\$22.67	\$20.25	\$17.57	\$15.60	\$14.31
Flow charge per 100 cubic feet	\$2.94	\$2.63	\$2.27	\$2.11	\$2.03
Transit					
Total route miles	142,667	131,829	134,737	110,394	133,405
# of passengers	100,178	90,353	101,805	111,542	104,513
General Elections - November of each year					
Registered voters	23,072	24,920	16,231	25,549	15,796
Number of votes cast	2,437	18,175	3,492	13,844	N/A
Percentage of registered voters voting	10.56%	72.93%	21.51%	54.19%	N/A

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

Ending June 30,				
2013	2012	2011	2010	2009
36	58	37	37	51
2,553,000	10,523,000	1,967,000	17,798,500	12,191,800
71	101	95	74	103
16,435,000	5,275,000	26,630,000	3,951,800	14,757,000
3,000		2,254	3,421	3,581
4,248	5,629	10,269	N/A	N/A
2,500	2,939	3,290	3,787	4,758
112	110	120	224	218
308	398	369	385	460
2,218	689	1,885	N/A	N/A
169	54	71	N/A	N/A
541	353	376	N/A	N/A
8	10	8	10	10
8,705	8,611	6,762	6,105	5,373
32	28	31	27	40
3,569	3,587	4,246	3,780	3,478
101,194	133,971	129,219	101,194	93,755
292,964	300,784	310,849	327,106	262,755
6.4	6.4	6.4	7.51	6.82
17,440	17,440	17,440	17,440	17,440
9,409	9,405	9,447	10,248	9,397
\$12.12	\$10.27	\$10.27	\$10.27	\$9.51
\$1.89	\$1.76	\$1.76	\$1.76	\$1.76
132,475	131,749	135,711	107,157	105,282
113,728	112,318	130,974	111,586	113,934
15,196	16,659	17,494	16,860	17,015
11,836	1,063	8,643	1,335	N/A
77.89%	6.38%	49.41%	7.92%	N/A

Function/Program	Fiscal Year					
	2018	2017	2016	2015	2014	2013
<b>Police</b>						
# of stations	1	1	1	1	1	1
# of employees	70	62	57	55	55	63
Non-dispatch	57	49	45	42	43	50
Dispatch	13	13	12	13	12	13
<b>Fire</b>						
# of stations	1	1	1	1	1	1
# of employees	27	29	28	28	27	30
<b>Parks and recreation</b>						
Park areas						
# parks	25	21	21	26	26	26
# acres	357	210	210	328	328	325
Athletics						
# Baseball/softball fields	3	5	5	6	6	10
# Soccer/football fields	8	0	0	6	6	4
# Tennis courts	1	5	5	12	12	13
# Basketball Courts	5	4	4			
Other						
# playgrounds	19	20	20	21	21	20
Miles of bike trails	12.5	7	7	9.6	9.6	8
# Swimming pools	1	1	1	1	1	1
# Park Shelters	29	29	29			
<b>Public works</b>						
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
<b>Sewage system</b>						
Number of treatment plants	1	1	1	1	1	1
Miles of sewers						
Storm	60.9	60.48	60.48	59.7	59.31	59.31
Sanitary	150.7	148.85	148.85	146.6	146.5	146.5
<b>Transit</b>						
# of buses	8	7	8	10	8	9
<b>Education - Public and private</b>						
Number of elementary schools	8	7	6	6	8	9
Number of elementary school instructors	205	262	283	299	305	243
Number of secondary schools	4	2	3	3	3	2
Number of secondary school instructors	204	150	280	250	238	143
<b>Cemeteries</b>						
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
<b>Hospitals</b>						
Number of hospitals	1	1	1	1	1	1
Number of beds	49	49	49	125	125	125

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

Ending June 30,			
2012	2011	2010	2009
1	1	1	1
59	61	59	58
47	48	46	45
12	13	13	13
1	1	1	1
29	29	26	29
26	26	26	26
325	325	325	328
6	6	6	6
6	6	6	6
12		12	12
17	17	17	17
8	8	8	8
1	1	1	1
157.5	157.5	157.5	157.5
5.8	5.8	5.8	5.8
1	1	1	1
59.04	58.8	58.5	57.1
146.5	146.5	146.5	145.7
9	10	10	9
9	9	7	7
237	248	225	225
2	2	2	2
146	150	156	150
2	2	2	2
135	135	135	135
80	80	80	80
1	1	1	1
125	125	125	125

	2018	2017	2016	2015	2014	2013
<b>Revenues:</b>						
Sewer Rental	\$ 7,738,899	\$ 7,370,973	\$ 6,341,560	\$ 5,875,990	\$ 5,611,519	\$ 4,860,499
Interest Income	160,716	62,404	30,154	24,526	36,356	32,361
Grants	-	-	-	-	39669	39669
Miscellaneous	118,298	119,147	221,791	190,654	218,797	218,797
<b>Total revenues</b>	<b>8,017,913</b>	<b>7,552,524</b>	<b>6,593,505</b>	<b>6,091,170</b>	<b>5,906,341</b>	<b>5,151,326</b>
<b>Expenses:</b>						
Costs of Service	3,000,387	3,543,159	3,217,648	2,678,407	2,994,802	2,800,306
Depreciation	1,583,463	1,470,579	1,487,116	1,283,352	1,269,460	1,182,359
Debt Service	2,443,191	2,426,016	2,492,501	1,502,938	1,252,956	1,131,139
<b>Total expenses</b>	<b>7,027,041</b>	<b>7,439,754</b>	<b>7,197,265</b>	<b>5,464,697</b>	<b>5,517,218</b>	<b>5,113,804</b>
<b>Net Income (Loss)</b>	<b>\$ 990,872</b>	<b>\$ 112,770</b>	<b>\$ (603,760)</b>	<b>\$ 626,473</b>	<b>\$ 389,123</b>	<b>\$ 37,522</b>

### **Water Pollution Control Historic Coverage**

Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013
Net Income (Loss)	\$ 990,872	\$ 112,770	\$ (603,760)	\$ 626,473	\$ 389,123	\$ 37,522
Add depreciation	1,583,463	1,470,579	1,487,116	1,283,352	1,269,460	1,182,359
Add debt retirement	2,443,191	2,426,016	2,492,501	1,502,938	1,252,956	1,131,139
<b>Net income available for debt service</b>	<b>\$ 5,017,526</b>	<b>\$ 4,009,365</b>	<b>\$ 3,375,857</b>	<b>\$ 3,412,763</b>	<b>\$ 2,911,539</b>	<b>\$ 2,351,020</b>
Historic debt service	\$ 2,443,191	\$ 2,426,016	\$ 2,492,501	\$ 1,502,938	\$ 1,252,956	\$ 1,131,139
Historic coverage	2.05	1.65	1.35	2.32	2.32	2.08
Projected max future debt	\$ 2,430,980	\$ 2,430,980	\$ 2,430,980	\$ 1,343,085	\$ 1,343,085	\$ 1,085,594
Projected coverage	2.06	1.65	1.39	2.16	2.17	2.17

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

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2012	2011	2010	2009
\$ 4,661,934	\$ 4,152,904	\$ 4,558,315	\$ 4,868,033
37,704	53,312	50,336	116,922
158,204	84,978	39,113	29,206
<u>275,547</u>	<u>128,066</u>	<u>214,519</u>	<u>53,395</u>
<u>6,557,228</u>	<u>5,184,069</u>	<u>5,214,302</u>	<u>5,330,410</u>
3,225,133	2,945,845	3,142,187	2,828,873
1,126,174	1,134,959	1,119,009	1,079,643
<u>1,859,184</u>	<u>778,689</u>	<u>749,863</u>	<u>771,155</u>
<u>6,210,491</u>	<u>4,859,493</u>	<u>5,011,059</u>	<u>4,679,671</u>
<u>\$ 346,737</u>	<u>\$ 324,576</u>	<u>\$ 203,243</u>	<u>\$ 650,739</u>

2012	2011	2010	2009
\$ 346,737	\$ 324,576	\$ 203,243	\$ 650,739
1,126,174	1,134,959	1,119,009	1,079,643
<u>1,859,184</u>	<u>778,689</u>	<u>749,863</u>	<u>771,155</u>
<u>\$ 3,332,095</u>	<u>\$ 2,238,224</u>	<u>\$ 2,072,115</u>	<u>\$ 2,501,537</u>
\$ 1,859,184	\$ 778,689	\$ 749,863	\$ 771,155
1.79	2.87	2.76	3.24
\$ 1,085,594	\$ 1,211,115	\$ 735,293	\$ 744,273
3.07	1.85	2.82	3.36

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

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Year	Residential	Multi-Family	Commercial	Industrial	Total	Incr (Decr)
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
2018	8,751	396	964	52	10,163	4

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, 2018

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Sewer Revenue Operating and Maintenance Accounts	\$ 512,967
Sewer Revenue Sinking Reserve Fund Account	177,299
Additional Capital Replacement Fund Account	1,110,080
Undesignated	<u>9,058,816</u>
 Total Water Pollution Control Net Position	 <u>\$ 10,859,162</u>



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

	2018			2017		
	Avg Gallons Per Month	Monthly Bill	2018 Ranking	Avg Gallons Per Month	Monthly Bill	2017 Ranking
JBS Swift & Company	64,596,933	\$ 210,538	1	63,421,892	\$ 215,854	1
IA Veterans Home	1,891,256	7,463	2	2,211,150	7,780	2
Unity Point Health	1,036,790	4,101	3	NA	NA	NA
Emerson Processing/Fisher Controls	881,830	3,492	4	926,710	3,272	3
Marshalltown Community School District	723,191	2,868	5	675,008	2,389	4
Central Iowa Truckwash LLC	602,265	2,392	6	564,802	2002	7
Rainbow Carwash I & III	568,044	2,257	7	566,174	2,007	6
Sunset Village Mobile Home Park	566,735	2,252	8	616,165	2,183	5
Packaging Corporation	447,473	1,901	9	513,315	1,822	8
Super Shine Inc.	261,738	1,052	10	NA	NA	NA
YMCA	295,398	1,057	NA	295,398	1,057	9
BM Marshalltown Venture, LLC	281,560	1,008	NA	281,560	1,008	10

Source: City Financial Records and Marshalltown Water Works

Compliance Section  
June 30, 2018

**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, 2018, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated January 17, 2019. 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, 2018 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.

### **City's Response to Finding**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.



Dubuque, Iowa  
January 17, 2019



## **Independent Auditor’s Report on Compliance for the Major Federal Program and Report 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 the 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 the City’s major federal program for the year ended June 30, 2018. The City’s major federal program is 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 the City’s major federal program 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 the major federal program. However, our audit does not provide a legal determination of the City’s compliance.

### **Opinion on the 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 its major Federal program for the year ended June 30, 2018.

### **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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.



Dubuque, Iowa  
January 17, 2019

City of Marshalltown  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

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		\$ 1,325,988	\$ -
Lead-Based Paint Hazard Control in				
Privately-Owned Housing	14.900		634,107	-
Total U.S. Department of Housing and Urban Development			<u>1,960,095</u>	<u>-</u>
U.S. Department of Justice:				
Pass-through program from:				
Iowa Department of Justice:				
Organized Crime Drug Enforcement Task Force	16.111	WC-IAN-0117	3,964	-
Violence Against Women Formula Grants	16.588	VW-11-52	41,674	-
Direct program:				
Bulletproof Vest Partnership Program	16.607		1,403	-
Pass through program from:				
Marshall County:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18-JAG-200382	25,129	-
Direct:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		10,911	10,911
Total U.S. Department of Justice			<u>36,040</u>	<u>10,911</u>
			<u>83,081</u>	<u>10,911</u>

(continued)

City of Marshalltown  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

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		\$ 467,623	\$ -
Pass-through program from:				
Iowa Department of Transportation:				
Highway Planning and Construction	20.205	TAP-U-4797(620)--8164	211,803	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	FHWA SPR-FTA 5305E	25,000	-
Formula Grants for Rural Areas	20.509	IA-18-X030	209,273	-
Highway Safety Cluster:				
State and Community Highway Safety	20.600	17-402-M0AL, Task 12-00-00	893	-
State and Community Highway Safety	20.600	PAP 16-402-M0OP, Task 07-00-00	14,082	-
Cluster total			14,975	-
Total U.S. Department of Transportation			928,674	-
 Total			 \$ 2,971,850	 \$ 10,911



**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City of Marshalltown, Iowa under programs of the federal government for the year ended June 30, 2018. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in fund balance of the City.

**Note 2 – Significant Accounting Policies**

Expenditures reported in the schedule of expenditures of federal awards are recognized on the modified accrual basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 – Indirect Cost Rate**

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 program:	
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 program:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Housing Voucher Cluster	
Section 8 Housing Choice Vouchers	14.871
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee	Yes

**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:**

- 2018-IA-A Certified Budget** – Disbursements during the year ended June 30, 2018, did not exceed the amounts budgeted by function.
- 2018-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.
- 2018-IA-C Travel Expense** - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- 2018-IA-D Business Transactions** - No business transactions between the City and City officials or employees were noted.
- 2018-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.
- 2018-IA-F Council Minutes** - No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2018-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.
- 2018-IA-H Revenue Bonds** – No instances of noncompliance with provisions of the City’s revenue bond resolutions were noted.
- 2018-IA-I Annual Urban Renewal Report** – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.
- 2018-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.

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