

FINAL OFFICIAL STATEMENT DATED AUGUST 24, 2020

*In the opinion of Dorsey & Whitney LLP, Bond Counsel, according to present laws, rulings and decisions and assuming compliance with certain covenants, the interest on the Series 2020A Bonds will be excluded from gross income for federal income tax purposes. Interest on the Series 2020A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax under the Internal Revenue Code of 1986 (the "Code"). In the opinion of Bond Counsel, the Series 2020A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "**TAX EXEMPTION AND RELATED CONSIDERATIONS**" herein.*

*In the opinion of Dorsey & Whitney LLP, Bond Counsel, under present law interest on the Series 2020B Bonds is includable in gross income of the owners thereof for purposes of present federal income taxation as more fully discussed under the heading "**TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2020B)**" herein.*



**CITY OF MARSHALLTOWN
Marshall County, Iowa**

**\$9,590,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2020A
\$2,030,000 Taxable General Obligation Airport Improvement Bonds, Series 2020B**

Dated Date of Delivery Book-Entry Bank Qualified Tax-Exempt Bonds (Series 2020A) Due Serially as Described Herein

The \$9,590,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2020A (the "Tax-Exempt Bonds" or the "Series 2020A Bonds") and the \$2,030,000 Taxable General Obligation Airport Improvement Bonds, Series 2020B (the "Taxable Bonds" or the "Series 2020B Bonds", and collectively with the Series 2020A Bonds, the "Bonds") are being issued by the City of Marshalltown, Marshall County, Iowa (the "City"). Interest is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2020. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on June 1 as described herein.

OPTIONAL REDEMPTION

The Tax-Exempt Bonds due June 1, 2021 - 2027, inclusive, are not subject to optional redemption. The Tax-Exempt Bonds due June 1, 2028 - 2032, inclusive, are callable in whole or in part on any date on or after June 1, 2027, at a price of par and accrued interest. If less than all the Tax-Exempt Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "**OPTIONAL REDEMPTION**" herein.

The Taxable Bonds due June 1, 2024 - 2027, inclusive, are not subject to optional redemption. The Taxable Bonds due June 1, 2028 - 2032, inclusive, are callable in whole or in part on any date on or after June 1, 2027, at a price of par and accrued interest. If less than all the Taxable Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "**OPTIONAL REDEMPTION**" herein.

PURPOSE, LEGALITY AND SECURITY

The Bond proceeds are expected to be used to: (i) finance the cost of various essential and general corporate purpose capital improvements; (ii) currently refunding the City's outstanding General Obligation Corporate Purpose Bonds, Series 2011B, General Obligation Corporate Purpose Bonds, Series 2014; and partially refund the City's General Obligation Corporate Purpose Bonds, Series 2012A; and (iii) pay the costs of issuing the Bonds. See "**THE PLAN OF FINANCING**" herein.

In the opinion of Dorsey & Whitney LLP, Des Moines, Iowa, the Bonds are valid and binding general obligations of the City, and all taxable property within the boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount. The City will furnish the written approving opinion of Bond Counsel, Dorsey & Whitney LLP, Des Moines, Iowa, evidencing legality of the Bonds and that the interest thereon is exempt from federal income taxes as and to the extent discussed under the heading "**TAX EXEMPTION AND RELATED CONSIDERATIONS**" and "**TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2020B)**" herein.

The Bonds are offered when, as and if issued and received by the Underwriters subject to the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, and certain other conditions. It is expected that the Bonds will be made available for delivery on or about September 28, 2020.

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No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness. **THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATES THEREOF.**

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

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BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Final Official Statement which is provided for the convenience of potential investors and should be reviewed in its entirety by potential investors. The following descriptions apply equally to both series of the Bonds. Other terms specific to each series are provided separately herein.

Issuer:	City of Marshalltown, Marshall County, Iowa.
Dated Date:	Date of delivery (expected to be on or about September 28, 2020).
Interest Due:	Each June 1 and December 1, commencing December 1, 2020.
Optional Redemption:	Bonds maturing on or after June 1, 2028, are callable at the option of the City on any date on or after June 1, 2027, at a price of par plus accrued interest. See “ OPTIONAL REDEMPTION ” herein.
Authorization:	The Bonds are being issued pursuant to authority established in Code of Iowa, 2019 as amended, Chapter 384 (the “Act”), and all laws amendatory thereof and supplementary thereto, and in conformity with a resolution (the “Resolution” or the “Bond Resolution”) of the City duly passed and approved.
Security:	The Bonds are valid and binding general obligations of the City, and all taxable property within the boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.
Investment Rating:	The Bonds have been rated “Aa2” by Moody’s Investors Service, New York, New York. See “ INVESTMENT RATING ” herein.
Bond Registrar/Paying Agent:	UMB Bank, n.a., West Des Moines, Iowa (the “Registrar”).
Delivery:	The Bonds are expected to be delivered on or about September 28, 2020.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Bonds. See APPENDIX B herein.
Denomination:	\$5,000 or integral multiples thereof.
Municipal Advisor:	Speer Financial, Inc., Waterloo, Iowa and Chicago, Illinois.

\$9,590,000 GENERAL OBLIGATION CORPORATE PURPOSE AND REFUNDING BONDS, SERIES 2020A

AMOUNTS, MATURITIES, INTEREST RATES, YIELDS AND CUSIP NUMBERS

Principal Amount	Due June 1	Interest Rate	Yield	CUSIP Number(1)	Principal Amount	Due June 1	Interest Rate	Yield	CUSIP Number(1)
\$ 805,000.....	2021	1.000%	0.230%	572767 ZE4	\$1,305,000.....	2027	1.000%	0.600%	572767 ZL8
760,000.....	2022	1.000%	0.240%	572767 ZF1	660,000.....	2028*	1.000%	0.700%	572767 ZM6
790,000.....	2023	1.000%	0.250%	572767 ZG9	775,000.....	2029*	1.000%	0.800%	572767 ZN4
790,000.....	2024	1.000%	0.300%	572767 ZH7	775,000.....	2030*	1.000%	0.900%	572767 ZP9
800,000.....	2025	1.000%	0.350%	572767 ZJ3	425,000.....	2031	1.000%	1.000%	572767 ZQ7
1,275,000.....	2026	1.000%	0.500%	572767 ZK0	430,000.....	2032	1.000%	1.100%	572767 ZR5

**These maturities have been priced to call.*

Issue: \$9,590,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2020A.

Principal Due: Serially each June 1, commencing June 1, 2021 through 2032, as detailed above.

Optional Redemption: The Tax-Exempt Bonds maturing on or after June 1, 2028, are callable at the option of the City on any date on or after June 1, 2027, at a price of par plus accrued interest. See “**OPTIONAL REDEMPTION**” herein.

Purpose: The proceeds of the Tax-Exempt Bonds are expected to be used to: (i) finance the cost of various essential and general corporate purpose capital improvements; (ii) currently refunding the City’s outstanding General Obligation Corporate Purpose Bonds, Series 2011B, General Obligation Corporate Purpose Bonds, Series 2014, and partially refund the City’s General Obligation Corporate Purpose Bonds, Series 2012A; and (iii) pay the costs of issuing the Bonds. See “**THE PLAN OF FINANCING**” herein.

Tax Matters: Dorsey & Whitney LLP, Des Moines, Iowa, will provide an opinion as to the tax exemption of the Tax-Exempt Bonds as discussed under “**TAX EXEMPTION AND RELATED CONSIDERATIONS**” in this Final Official Statement. See **APPENDIX C** for a draft form of legal opinion for the Tax-Exempt Bonds.

Bank Qualified: The City intends to designate the Tax-Exempt Bonds as “qualified tax-exempt obligations”.

(1) CUSIP numbers appearing in this Final Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw Hill Financial Inc. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth above.

\$2,030,000 TAXABLE GENERAL OBLIGATION AIRPORT IMPROVEMENT BONDS, SERIES 2020B

AMOUNTS, MATURITIES, INTEREST RATES, YIELDS AND CUSIP NUMBERS

Principal <u>Amount</u>	Due <u>June 1</u>	Interest <u>Rate</u>	Yield	CUSIP <u>Number(1)</u>	Principal <u>Amount</u>	Due <u>June 1</u>	Interest <u>Rate</u>	Yield	CUSIP <u>Number(1)</u>
\$210,000	2024	1.000%	0.400%	572767 ZS3	\$230,000	2029	1.050%	1.050%	572767 ZX2
210,000	2025	1.000%	0.520%	572767 ZT1	235,000	2030	1.150%	1.150%	572767 ZY0
215,000	2026	1.000%	0.670%	572767 ZU8	240,000	2031	1.250%	1.250%	572767 ZZ7
220,000	2027	1.000%	0.800%	572767 ZV6	245,000	2032	1.350%	1.350%	572767 A27
225,000	2028*	1.000%	0.950%	572767 ZW4					

**This maturity has been priced to call.*

Issue: \$2,030,000 Taxable General Obligation Airport Improvement Bonds, Series 2020B.

Principal Due: Serially each June 1, commencing June 1, 2024 through 2032, as detailed above.

Optional Redemption: The Taxable Bonds maturing on or after June 1, 2028, are callable at the option of the City on any date on or after June 1, 2027, at a price of par plus accrued interest. See **“OPTIONAL REDEMPTION”** herein.

Purpose: The proceeds of the Taxable Bonds are expected to be used to: (i) finance the cost of various essential and general corporate purpose capital improvements, and (ii) pay the costs of issuing the Taxable Bonds. See **“THE PLAN OF FINANCING”** herein.

Tax Matters: The interest to be paid on the Taxable Bonds is subject to federal income taxes as discussed under **“TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2020B)”** in this Final Official Statement. See **APPENDIX C** for a draft form of legal opinion for the Taxable Bonds.

(1) CUSIP numbers appearing in this Final Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw Hill Financial Inc. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth above.

**CITY OF MARSHALLTOWN
Marshall County, Iowa**

Joel Greer
Mayor

Council Members

Susan Cahill

Mike Gowdy

Al Hoop

Gabriel Isom

Bill Martin

Gary Thompson

Bethany Wirin

Officials

Jessica Kinser
City Administrator

Alicia Hunter
City Clerk

Diana Steiner
Finance Director

Roger Schoell, Esq.
City Attorney

SECURITY AND SOURCE OF PAYMENT

Pursuant to the Resolution and the Act, the Bonds and the interest thereon are general obligations of the City, and all taxable property within the corporate boundaries of the City is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.

Section 76.2 of the Act provides that when an Iowa political subdivision issues general obligation bonds, the governing authority of such political subdivision shall, by resolution adopted before issuing the bonds, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds. A certified copy of this resolution shall be filed with the County Auditor in which the City is located, giving rise to a duty of the County Auditor to annually enter this levy for collection from the taxable property within the boundaries of the City, until funds are realized to pay the bonds in full.

For the purpose of providing for the levy and collection of a direct annual tax sufficient to pay the principal of and interest on the Bonds as the same become due, the Resolution provides for the levy of a tax sufficient for that purpose on all the taxable property in the City in each of the years while the Bonds are outstanding. The City shall file a certified copy of the Resolution with the County Auditor, pursuant to which the County Auditor is instructed to enter for collection and assess the tax authorized. When annually entering such taxes for collection, the County Auditor shall include the same as a part of the tax levy for Debt Service Fund purposes of the City and when collected, the proceeds of the taxes shall be converted into the Debt Service Fund of the City and set aside therein as a special account to be used solely and only for the payment of the principal of and interest on the Bonds and for no other purpose whatsoever.

Pursuant to the provisions of Section 76.4 of the Code of Iowa, each year while the Bonds remain outstanding and unpaid, any funds of the City which may lawfully be applied for such purpose, may be appropriated, budgeted and, if received, used for the payment of the principal of and interest on the Bonds as the same become due, and if so appropriated, the taxes for any given fiscal year as provided for in the Resolution, shall be reduced by the amount of such alternate funds as have been appropriated for said purpose and evidenced in the City's budget.

BONDHOLDERS' RISKS

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Final Official Statement (including the appendices hereto) in order to make a judgement as to whether the Bonds are an appropriate investment.

COVID-19

The City is monitoring developments and directives of federal, state and local officials to determine what precautions and procedures the City may need to implement or revise in light of the spread of COVID-19. Some procedures and precautions resulting from the spread of COVID-19 with respect to operations, personnel and services may be mandated by federal and/or state entities. Because of the unprecedented nature of COVID-19, the behavior of businesses and people is being altered in a manner that cannot fully be determined or predicted but has had negative effects on economic activity, and therefore could adversely affect the financial condition of the City, either directly or indirectly. The continued spread of COVID-19 in the future may: (i) limit the ability of the City to conduct its operations in an historically normal manner, (ii) increase the cost of operations of the City, (iii) impact the ability of the City to provide personnel to carry out the services routinely provided by the City, (iv) impact certain revenues received by the City, as further described below, (v) affect the secondary market with respect to the Bonds, and (vi) affect liquidity sources of the City.

On March 20, 2020, Governor Reynolds issued an emergency declaration that temporarily suspends penalties and interest in connection with delays in property tax payments, which suspension has been continued by Governor Reynolds through July 31, 2020. The City cannot predict the impact, if any, the suspension (or any extension thereof) of penalties and interest on late property tax payments may have on its timely receipt of property tax revenues.

The City is monitoring both expenses and revenues of the City that might be impacted by COVID-19, including the road use tax fund receipts (statewide gas tax), hotel/motel tax, and local option sales tax receipts. The City plans to amend its fiscal year 2021 budget once these revenue streams can be better estimated. The City is currently seeking financial support from federal and state COVID-19 related loan or grant programs. A FEMA project has already been submitted and a DOJ grant has already been awarded related to COVID-19 expenses.

This information is based on current information available to the City that may be incomplete and unknown. This information is forward-looking and subject to change.

Changes in Property Taxation

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Any alteration in property taxation structure could affect property tax revenues available to pay the Bonds.

Historically, the Iowa General Assembly has applied changes in property taxation structure on a prospective basis; however, there is no assurance that future changes in property taxation structure by the Iowa General Assembly will not be retroactive. It is impossible to predict the outcome of future property tax changes by the Iowa General Assembly or their potential impact on the Bonds and the security for the Bonds.

Matters Relating to Enforceability of Agreements

Bondholders shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Bonds, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Resolution.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Resolution or the Loan Agreement. The remedies available to the Bondholders upon an event of default under the Resolution or the Loan Agreement, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the federal bankruptcy code, certain of the remedies specified in the Loan Agreement or the Resolution may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made, and no assurance is given, that the enforcement of any remedies will result in sufficient funds to pay all amounts due under the Resolution or the Loan Agreement, including principal of and interest on the Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, secondary marketing practices in connection with a particular bond or note issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT. THE SECONDARY MARKET FOR THE BONDS, IF ANY, COULD BE LIMITED.

Ratings Loss

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa2" to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody's, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Various factors, including additional regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

Forward-Looking Statements

This Final Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Final Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the City to pay debt service when due on the Bonds.

Tax Matters, Bank Qualification and Loss of Tax Exemption

As discussed under the heading “**TAX EXEMPTION AND RELATED CONSIDERATIONS**” herein the interest on the Tax-Exempt Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Tax-Exempt Bonds, as a result of acts or omissions of the City in violation of its covenants in the Resolution authorizing issuance of the Tax-Exempt Bonds. Should such an event of taxability occur, the Tax-Exempt Bonds would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Tax-Exempt Bonds, and there is no provision for an adjustment of the interest rate on the Tax-Exempt Bonds.

The City intends to designate the Tax-Exempt Bonds as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The City has further covenanted to comply with certain other requirements, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code. Actions, or inactions, by the City in violation of its covenants could affect the designation, which could also affect the pricing and marketability of the Tax-Exempt Bonds.

It is possible that legislation will be proposed or introduced that could result in changes in the way that tax exemption is calculated, or whether interest on certain securities are exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding any pending or proposed federal income tax legislation. The likelihood of any pending or future legislation being enacted or whether the currently proposed terms of any pending legislation will be altered or removed during the legislative process cannot be reliably predicted.

It is also possible that actions of the City after the closing of the Tax-Exempt Bonds will alter the tax status of the Tax-Exempt Bonds, and, in the extreme, remove the tax exempt status from the Tax-Exempt Bonds. In that instance, the Tax-Exempt Bonds are not subject to mandatory prepayment, and the interest rate on the Tax-Exempt Bonds does not increase or otherwise reset. A determination of taxability on the Tax-Exempt Bonds, after closing of the Tax-Exempt Bonds, could materially adversely affect the value and marketability of the Tax-Exempt Bonds.

DTC-Beneficial Owners

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the City nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See **APPENDIX B – Describing Book-Entry Only Issuance.**

Continuing Disclosure

A failure by the City to comply with continuing disclosure obligations (see “**CONTINUING DISCLOSURE**” herein) will not constitute an event of default on the Bonds. Any such failure must be disclosed in accordance with Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and may adversely affect the transferability and liquidity of the Bonds and their market price.

The City will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the City (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the City no later than June 30 after the close of each fiscal year, commencing with the fiscal year ending June 30, 2020, with the Municipal Securities Rulemaking Board, at its internet repository named “Electronic Municipal Market Access” (“EMMA”). The notices of events, if any, are also to be filed with EMMA. See “**APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE.**” The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in “**APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE.**” These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the “Rule”).

Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the City’s information systems could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. Along with significant liability claims or regulatory penalties, any security breach could have a material adverse impact on the City’s operations and financial condition. The City has a \$1,000,000 Cyber-Liability Policy. The City cannot predict whether this policy will be sufficient in the event of a cyberattack. However, the Bonds are secured by an unlimited ad valorem property tax as described herein.

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Final Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Bankruptcy and Insolvency

The rights and remedies provided in the Resolution may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditor's rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State of Iowa. The various opinions of counsel to be delivered with respect to the Bonds, the Loan Agreement and the Resolution, including the opinion of Bond Counsel, will be similarly qualified. If the City were to file a petition under chapter nine of the federal bankruptcy code, the owners of the Bonds could be prohibited from taking any steps to enforce their rights under the Resolution. In the event the City fails to comply with its covenants under the Resolution or fails to make payments on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Bonds.

Under sections 76.16 and 76.16A of the Act, a city, county, or other political subdivision may become a debtor under chapter nine of the federal bankruptcy code, if it is rendered insolvent, as defined in 11 U.S.C. §101(32)®, as a result of a debt involuntarily incurred. As used therein, "debt" means an obligation to pay money, other than pursuant to a valid and binding collective bargaining agreement or previously authorized bond issue, as to which the governing body of the city, county, or other political subdivision has made a specific finding set forth in a duly adopted resolution of each of the following: (1) that all or a portion of such obligation will not be paid from available insurance proceeds and must be paid from an increase in general tax levy; (2) that such increase in the general tax levy will result in a severe, adverse impact on the ability of the city, county, or political subdivision to exercise the powers granted to it under applicable law, including without limitation providing necessary services and promoting economic development; (3) that as a result of such obligation, the city, county, or other political subdivision is unable to pay its debts as they become due; and (4) that the debt is not an obligation to pay money to a city, county, entity organized pursuant to chapter 28E of the Code of Iowa, or other political subdivision.

Legislation

From time to time, there are proposals pending in Congress and in the Iowa Legislature that could, if enacted, alter or amend one or more of the matters described herein in certain respects or would adversely affect the market value of the Bonds, or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In addition regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

During the 2019 legislative session, the Iowa General Assembly passed Senate File 634 which was later signed into law by the Governor. This bill modifies the process for hearing and approval of the total maximum property tax dollars under certain levies in the City budget, including levies for the General Fund, the Emergency Fund, Trust and Agency Funds for pensions, insurance, transit, civic centers, certain bridges, sanitary disposal, and emergency management. The bill also includes a provision that requires the affirmative vote of 2/3 of the City Council when the maximum property tax dollars under these levies exceed an amount determined under a prescribed formula. The bill does not change the process for hearing and approval of the Debt Service Levy pledged for repayment of the Bonds. It is too early to evaluate the effect this legislation will have on the overall financial position of the City or its ability to fund essential services.

Tax Levy Procedures

The Bonds are general obligations of the City, payable from and secured by a continuing ad valorem tax levied against all of the taxable property valuation within the City. See “**PROPERTY ASSESSMENT AND TAX INFORMATION**” herein for more details. As part of the budgetary process each fiscal year, the City will have an obligation to request a debt service levy to be applied against all of the taxable property within the City. A failure on the part of the City to make a timely levy request or a levy request by the City that is inaccurate or is insufficient to make full payments of the debt service of the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Resolution for the Bonds) may have to be enforced from year to year.

Federal Funds Orders and State Funds Legislation

Various federal executive orders, and Iowa Code Chapter 825 (collectively “ICE Enforcement Initiatives”), impose requirements intended to ensure compliance with the federal immigration detainment processes. The ICE Enforcement Initiatives impose various penalties for non-compliance, including the loss of state and/or federal funding under certain circumstances. The loss of state and/or federal funds in any significant amount could negatively impact the City’s overall financial position and may affect its rating.

Other Factors

An investment in the Bonds involves an element of risk. The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Final Official Statement and the Appendices hereto.

THE CITY

The City is located in East Central Iowa and was incorporated in 1863 under the laws of the state of Iowa (the “State”), later amended in July 1975, under the City Home Rule Act. The City is approximately 19.19 square miles with a 2010 Census population of 27,552, which is a 5.93% increase over the 2000 Census population of 26,009. The City is the largest city in Marshall County (the “County”).

City Organization and Services

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 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. Policy is established by the Mayor and the City Council.

The City employs approximately 183 full-time equivalent employees, including sworn police officers and firefighters. The different City departments are organized under four unions. The union contracts have been ratified and expire on June 30, 2022 for UAW and June 30, 2024 for PPME, Police, & Fire.

The City provides the following services as authorized by its charter: public safety, public works, culture and recreation, and community development. The City also provides additional services including sewage collection and disposal, compost facility, a transit system, storm water system, and municipal parking lots. The Fire Department has 10 trucks and special vehicles, including a boat, and operates out of one station, which is now in the same building as the Police Department. City government services are administered at City Hall. The City owns and operates a water works system and a sewage collection, and secondary treatment system. The City's Water Works is organized as a separate entity and is managed by a separate board of trustees, which is appointed.

Community Life

The City considers itself a central hub for the State and offers four diverse golf courses, art galleries, historic Main Street, antique shopping, annual festivals and events/architectural tours, Lincoln Highway, indoor and outdoor aquatic centers, and 9.6 miles of bike and walking trails. The City is located just 30 miles north of the Iowa Speedway of Newton and close to vineyards and wineries, a Las Vegas-style casino and other attractions. The City offers a small-town lifestyle within reach of a large metropolitan area for culture and transportation.

The City completed the construction of their new Police and Fire Building in 2019 which was a voter approved \$17.5 million investment. The City is currently remodeling the Veterans Memorial Coliseum that was damaged in July 2018 by a tornado. The \$3.5 million remodeling will be paid with grants, donations, insurance payments and other funds. In addition, new housing projects, business expansions, and renovation projects continue throughout the City.

Education

The Marshalltown Community School District is the largest of two school districts serving the City and has a total enrollment of approximately 5,420 students. East Marshall School District has an enrollment of approximately 604.

Vocational and technical education courses are available from Iowa Valley Community College District. This community college district is comprised of Ellsworth Community College in Iowa Falls, Iowa Valley Continuing Education, Buena Vista College and Marshalltown Community College in the City, and Iowa Valley Grinnell, located in Grinnell. The community college has enrollment of approximately 3,000 full-time and part-time students. College and graduate level degree programs are available from several colleges and universities including the University of Iowa, located 100 miles southeast of the City in Iowa City; Iowa State University, located 41 miles west of the City in Ames, Drake University, located 52 miles southwest in Des Moines, and the University of Northern Iowa located 52 miles northeast in Cedar Falls.

Transportation

The City is located 52 miles northeast of Des Moines, Iowa, approximately 245 miles northeast of Kansas City, Missouri and, 320 miles west of Chicago, Illinois. It is accessible by U.S. Highway 30 and State Highway 14. Interstate 80 runs south of the City approximately 30 miles, linking the City to other communities east and west throughout Iowa and the nation. The Union Pacific Railroad runs through the City and provides a direct route from Chicago to the West Coast. Its north-south lines run through nearby Des Moines connecting Minneapolis and Kansas City.

Recent Events

A Downtown Master Plan was accepted by the City Council in June 2019. New construction projects are underway with assistance provided from the City. The Iowa Economic Development Authority granted a \$1 million Catalyst Building Remediation grant to the City. This has been sub-granted to six new construction and renovation projects. The City has also obtained a \$500,000 forgivable loan from the State to assist property owners with repairs of exposed walls resulting from demolition from the 2018 tornado. This program is still active, with nearly \$150,000 granted to current projects. The City Council has also provided direct assistance to projects through \$50,000 new construction grants (total award of \$200,000), as well as development agreements for the rebate of future incremental taxes for some significant new construction projects. In addition, the City is continuing to fund a long-time Incentive Grant program through the Marshalltown Central Business District for facade and code building upgrade grants.

The City did experience an EF-3 tornado on July 19, 2018, which affected many of the businesses located in the downtown and northeast corner of the City. They have invested in repairing their buildings and sustaining their workforce.

This includes:

- Lennox Industries \$10.1 million in tornado recovery, with planned rebuilding in 2021 at an unknown scale
- Abborotes Villachauto, a new grocery store and restaurant downtown to replace and expand their loss from the tornado \$3.5 million (to open in Fall 2020)
- Marshalltown Senior Residences (income-restricted senior housing) \$2.3 million in tornado recovery (to open in late 2020)
- Flying Elbow restaurant \$1.35 million to replace loss from tornado
- Wells Fargo Bank \$1.6 million to replace loss from tornado

Other construction projects completed recently or soon to be under construction throughout the City include:

- Crosby Park Apartments: \$1.3 million for 8 new units
- Marshalltown Lofts: 50 units LIHTC project starting fall/winter of 2020
- New Kwik Trip gas and convenience store: \$1.5 million
- New laundromat: \$380,000
- Hy-Vee grocery store renovation: \$750,000
- Eyecare Associates expansion: \$1.3 million
- Kading properties nearing completion of Plaza Heights project: \$4.4 million with 8:40 units yet to be built
- Kading Properties starting infrastructure phases of Park Place project for 79 units

SOCIOECONOMIC INFORMATION

The following demographic information is for the City. Additional comparisons are made with County and the State.

Population

The following table reflects population trends for the City, the County and the State.

Population Comparison(1)

<u>Year</u>	<u>The City</u>	<u>Percent Change</u>	<u>The County</u>	<u>Percent Change</u>	<u>The State</u>	<u>Percent Change</u>
1970	26,219	n/a	41,076	n/a	2,824,376	n/a
1980	26,938	2.74%	41,652	1.40%	2,913,808	3.17%
1990	25,178	(6.53%)	38,276	(8.11%)	2,776,755	(4.70%)
2000	26,009	3.30%	39,311	2.70%	2,926,324	5.39%
2010	27,552	5.93%	40,648	3.40%	3,046,355	4.10%

Note: (1) Source: U.S. Bureau of the Census.

Employment

Following are lists of large employers located in the City.

Major City Employers(1)

<u>Name</u>	<u>Product/Service</u>	<u>Approximate Employment (2)</u>
JBS USA, LLC. a/k/a Swift & Company	Pork Processing.....	2,300
Emerson Process Management, LLC	Relays and Industrial Controls	1,135
Marshalltown Community School District	Education	950
Lennox Industries, Inc.	Refrigeration and Heating Equipment	915
Iowa Veterans Home	Nursing Care Facility	865
Iowa Valley Community College District	Higher Education	835(3)
Unity Point Health.....	Health Care	400
Hy-Vee	Grocery Store	340
Walmart.....	Retail Store.....	300
City of Marshalltown	Government.....	200
McFarland Clinic.....	Health Care	185
Marshall County	Government.....	180
Packaging Corporation of America	Shipping Containers	130
Marshalltown Company	Masonry and Concrete Tools	100
Mechdyne Corporation	Electronic Computers.....	100
Mid-Iowa Workshops, Inc.	Packaging and Assembling.....	100

Note: (1) Source: Area Chamber of Commerce, selected telephone surveys and the 2019 Manufacturers database.

(2) Includes part-time employees and seasonal employees.

(3) Includes all employees of the District including those in facilities not located in the City.

The following tables show employment by industry and by occupation for the City, the County and the State as reported by the U.S. Census Bureau 2014 – 2018 American Community Survey 5-year estimated values.

Employment By Industry(1)

<u>Classification</u>	<u>The City</u>		<u>The County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, forestry, fishing and hunting, and mining.....	263	2.1%	666	3.5%	55,931	3.5%
Construction	856	6.8%	1,262	6.6%	99,730	6.2%
Manufacturing.....	3,971	31.6%	5,320	27.9%	244,422	15.1%
Wholesale trade	234	1.9%	388	2.0%	44,363	2.7%
Retail trade.....	1,440	11.5%	2,158	11.3%	193,329	12.0%
Transportation and warehousing, and utilities.....	521	4.1%	883	4.6%	83,327	5.2%
Information	146	1.2%	234	1.2%	23,298	1.4%
Finance and insurance, and real estate and rental and leasing.....	338	2.7%	770	4.0%	121,852	7.5%
Professional, scientific, and management, and administrative and waste management services	745	5.9%	1,006	5.3%	114,447	7.1%
Educational services, and health care and social assistance	2,339	18.6%	3,794	19.9%	396,587	24.5%
Arts, entertainment, and recreation, and accommodation and food services	888	7.1%	1,253	6.6%	124,491	7.7%
Other services, except public administration.....	602	4.8%	859	4.5%	65,574	4.1%
Public administration	220	1.8%	492	2.6%	48,648	3.0%
Total.....	12,563	100.0%	19,085	100.0%	1,615,999	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2014 – 2018.

Employment By Occupation(1)

<u>Classification</u>	<u>The City</u>		<u>The County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Management, business, science, and arts occupations	3,066	24.4%	5,109	26.8%	589,859	36.3%
Service occupations	2,288	18.2%	3,197	16.8%	267,948	16.6%
Sales and office occupations	2,075	16.5%	3,536	18.5%	334,410	20.7%
Natural resources, construction, and maintenance occupations.....	1,222	9.7%	1,924	10.1%	148,324	9.2%
Production, transportation, and material moving occupations	3,912	31.1%	5,319	27.9%	278,458	17.2%
Total.....	12,563	100.0%	19,085	100.0%	1,615,999	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2014 – 2018.

The following shows the annual average unemployment rates for the City, the County, the State and the United States.

Annual Average Unemployment Rates(1)(2)

<u>Calendar Year</u>	<u>The City</u>	<u>The County</u>	<u>The State</u>	<u>United States</u>
2011	6.9%	6.6%	5.5%	8.9%
2012	6.8%	6.4%	5.0%	8.1%
2013	6.5%	6.0%	4.7%	7.4%
2014	5.8%	5.4%	4.2%	6.2%
2015	5.6%	5.1%	3.8%	5.3%
2016	5.4%	4.9%	3.6%	4.9%
2017	5.3%	4.6%	3.1%	4.4%
2018	5.2%	4.4%	2.5%	3.9%
2019	5.3%	4.5%	2.7%	3.7%
2020(3)(4).....	11.9%	10.8%	9.7%	13.3%

Notes: (1) Source: Iowa Workforce Development and U.S. Bureau of Labor Statistics.
 (2) Not seasonally adjusted.
 (3) Preliminary rates for the month of May 2020.
 (4) Increase due to the COVID-19 pandemic.

Building Permits

Building permits have averaged \$33,454,400 annually over the last five fiscal years in the City, excluding the value of land.

City Building Permits(1)
 (Excludes the Value of Land)

<u>Fiscal Year</u>	<u>Number of Permits</u>	<u>Total Value</u>
2011.....	132	\$28,597,000
2012.....	159	15,798,000
2013.....	143	18,988,000
2014.....	114	53,428,000
2015.....	126	37,843,000
2016.....	131	25,349,000
2017.....	148	29,485,000
2018.....	119	31,354,000
2019(2).....	364	43,966,000
2020(2).....	178	37,118,000

Notes: (1) Source: the City.
 (2) Increase partially due to a tornado in July 2018.

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Housing

The U.S. Census Bureau 5-year estimated values reported that the median value of the City's owner-occupied homes was \$95,900. This compares to \$105,500 for the County and \$152,000 for the State. The following table represents the five year average market value of specified owner-occupied units for the City, the County and the State at the time of the 2014 - 2018 American Community Survey.

Home Values(1)

<u>Value</u>	The City		The County		The State	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$50,000	887	13.3%	1,312	12.0%	77,434	8.6%
\$50,000 to \$99,999.....	2,677	40.1%	3,789	34.7%	180,511	20.0%
\$100,000 to \$149,999.....	1,636	24.5%	2,718	24.9%	186,423	20.6%
\$150,000 to \$199,999.....	775	11.6%	1,397	12.8%	152,388	16.9%
\$200,000 to \$299,999.....	427	6.4%	949	8.7%	171,170	18.9%
\$300,000 to \$499,999.....	214	3.2%	564	5.2%	107,672	11.9%
\$500,000 to \$999,999.....	14	0.2%	120	1.1%	23,665	2.6%
\$1,000,000 or more	52	0.8%	73	0.7%	4,488	0.5%
Total	6,682	100.0%	10,922	100.0%	903,751	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2014 - 2018.

Mortgage Status(1)

<u>Mortgage Status</u>	The City		The County		The State	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Housing units with a mortgage.....	4,188	62.7%	6,516	59.7%	543,108	60.1%
Housing units without a mortgage.....	2,494	37.3%	4,406	40.3%	360,643	39.9%
Total	6,682	100.0%	10,922	100.0%	903,751	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2014 - 2018.

Income

Family Income(1)

<u>Income</u>	The City		The County		The State	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$10,000.....	199	3.1%	298	3.0%	21,893	2.7%
\$10,000 to \$14,999.....	104	1.6%	139	1.4%	15,189	1.9%
\$15,000 to \$24,999.....	440	6.9%	567	5.7%	43,777	5.5%
\$25,000 to \$34,999.....	561	8.8%	812	8.1%	58,349	7.3%
\$35,000 to \$49,999.....	1,115	17.4%	1,454	14.5%	93,488	11.7%
\$50,000 to \$74,999.....	1,676	26.2%	2,579	25.8%	160,626	20.1%
\$75,000 to \$99,999.....	977	15.3%	1,729	17.3%	141,089	17.6%
\$100,000 to \$149,999.....	955	14.9%	1,712	17.1%	158,447	19.8%
\$150,000 to \$199,999.....	218	3.4%	454	4.5%	55,240	6.9%
\$200,000 or more	148	2.3%	269	2.7%	52,231	6.5%
Total	6,393	100.0%	10,013	100.0%	800,329	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2014 to 2018.

The U.S. Census Bureau 5-year estimated values reported that the City had a median household income of \$50,612. This compares to \$54,027 for the County and \$59,955 for the State. The following table represents the distribution of household incomes for the City, the County and the State at the time of the 2014 - 2018 American Community Survey.

Household Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000.....	497	4.9%	669	4.4%	69,432	5.5%
\$10,000 to \$14,999.....	510	5.0%	684	4.5%	54,690	4.3%
\$15,000 to \$24,999.....	1,173	11.5%	1,567	10.2%	114,217	9.0%
\$25,000 to \$34,999.....	1,059	10.4%	1,530	10.0%	119,692	9.4%
\$35,000 to \$49,999.....	1,804	17.6%	2,411	15.7%	171,801	13.6%
\$50,000 to \$74,999.....	2,301	22.5%	3,480	22.7%	244,306	19.3%
\$75,000 to \$99,999.....	1,342	13.1%	2,196	14.3%	181,944	14.4%
\$100,000 to \$149,999.....	1,055	10.3%	1,889	12.3%	190,059	15.0%
\$150,000 to \$199,999.....	297	2.9%	557	3.6%	62,459	4.9%
\$200,000 or more	193	1.9%	355	2.3%	59,273	4.7%
Total	10,231	100.0%	15,338	100.0%	1,267,843	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2014 - 2018.

Agriculture

Shown below is information on the agricultural value of the County and the statewide average.

Average Value Per Acre(1)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Average Value Per Acre:					
Marshall County.....	\$7,995	\$7,474	\$7,676	\$7,471	\$7,863
State of Iowa.....	7,633	7,183	7,326	7,264	7,432

Note: (1) Source: Cooperative Extension Service - Iowa State University.

Local Option Sales Tax

The City approved a 1% local option sales and service tax (“Local Option Tax”) at a special referendum. The Local Option Tax for the City became effective April 1, 2000. In 2011 the City held a referendum, which was approved by voters, to extend the Local Option Tax through fiscal year 2025. The City held a special referendum on August 1, 2017 to change the allocation of the Local Option Tax. The City’s Local Option Tax proceeds are designated 78% for property tax relief, and the remaining 22% to be used for any legal purpose.

Once approved, a Local Option Tax can only be repealed through a public referendum at which a majority voting approve the repeal or tax rate change, or, in certain circumstances, upon adoption of a motion by the governing body of the incorporated city requesting the repeal. If a Local Option Tax is not imposed county-wide, then the question of repeal is voted upon only by voters in such areas of a county where the tax has been imposed. A Local Option Tax may not be repealed within one year of the effective date.

The State of Iowa Department of Revenue (the “Department”) administers collection and disbursement of all local option sales and services taxes in conjunction with administration of the State-wide sales, services and use tax presently assessed at 6%. The Department is required by statute to remit at least 95% of the estimated tax receipts to a county board of supervisors (for taxes imposed in unincorporated areas) and to each incorporated city. Such remittances are on a monthly basis. Once a year the Department reconciles its monthly estimated payments and makes an adjustment payment or debit at the November 10 payment date. Remittance of collections within a county are based upon the following statutory formula for county-wide collections:

75 percent: Based on a pro rata share of population (the most recent certified federal census) of those incorporated or unincorporated areas in a county which have approved a Local Option Tax.

25 percent: Based on a pro rata share of total property tax dollars levied during the three year period beginning July 1, 1982, through June 30, 1985, for those incorporated or unincorporated areas of a county which have approved a Local Option Tax.

Local Option Taxes are based on the same sales currently taxed by the state-wide 6% sales and services tax, with the present statutory exceptions of (i) certain sales of motor fuel or special fuel as defined in Chapter 452A, (ii) the sale of natural gas or electric energy in a city or county where the gross receipts are subject to a franchise fee or user fee during the period the franchise or user fee is imposed, (iii) the sales price from a pay television service consisting of a direct-to-home satellite service, or (iv) the sale of equipment by the State Department of Transportation.

The following table shows the trend of City Local Option tax receipts.

Local Option Tax Receipts(1)

<u>Fiscal Year Ending June 30</u>	<u>Local Option Sales Tax Receipts(2)</u>	<u>Percent Change +(-)</u>
2011.....	\$2,915,686	n/a
2012.....	2,997,102	2.79%
2013.....	2,895,143	(3.40%)
2014.....	3,014,944	4.14%
2015.....	3,165,062	4.98%
2016.....	4,323,828	36.61%
2017.....	3,273,231	(24.30%)
2018.....	3,177,721	(2.92%)
2019.....	3,591,861	13.03%
2020.....	3,617,860(3)	0.72%

Notes: (1) Source: Iowa Department of Revenue.
(2) Includes a reconciliation payment in November attributable to the previous fiscal year.
(3) Collections received or expected to be received, not including any allowance for the reconciliation payment.

Retail Sales

The Department of Revenue of the State of Iowa provides retail sales figures based on sales tax reports for years ending June 30. The Department of Revenue figures provide recent data to confirm trends in retail sales activity in the City. The following amounts exclude the City's Local Option Tax.

Retail Taxable Sales(1)

<u>Fiscal Year Ending June 30</u>	<u>Taxable Sales</u>	<u>Annual Percent Change + (-)</u>
2010.....	\$301,294,760	n/a
2011.....	304,662,931	1.12%
2012.....	322,643,986	5.90%
2013.....	321,699,702	(0.29%)
2014.....	328,920,980	2.24%
2015.....	331,780,905	0.87%
2016.....	352,326,540	6.19%
2017.....	360,825,713	2.41%
2018.....	361,952,959	0.31%
2019.....	375,183,985	3.66%

Growth from 2010 to 2019..... 24.52%

Note: (1) Source: the Iowa Department of Revenue.

PLAN OF FINANCING

A portion of the Tax-Exempt Bond proceeds will be used to currently refund the City's outstanding General Obligation Corporate Purpose Bonds, Series 2011B; General Obligation Corporate Purpose Bonds, Series 2014; and partially refund the City's General Obligation Corporate Purpose Bonds, Series 2012A (the "Refunded Bonds") as described below:

The Refunded Bonds

\$2,380,000 General Obligation Corporate Purpose Bonds, Series 2011B (Dated October 26, 2011)

<u>Refunded Maturities</u>	<u>Outstanding Amount</u>	<u>Amount Refunded</u>	<u>Redemption Price</u>	<u>Redemption Date</u>
06/01/2021	\$ 160,000	\$ 160,000	100.00%	10/01/20
06/01/2022	165,000	165,000	100.00%	10/01/20
06/01/2023	170,000	170,000	100.00%	10/01/20
06/01/2024	175,000	175,000	100.00%	10/01/20
06/01/2025	180,000	180,000	100.00%	10/01/20
06/01/2026	190,000	190,000	100.00%	10/01/20
06/01/2027	195,000	195,000	100.00%	10/01/20
Total	\$1,235,000	\$1,235,000		

\$5,000,000 General Obligation Corporate Purpose Bonds, Series 2012A (Dated April 12, 2012)

<u>Refunded Maturities</u>	<u>Outstanding Amount</u>	<u>Amount Refunded</u>	<u>Redemption Price</u>	<u>Redemption Date</u>
06/01/2026	\$450,000	\$450,000	100.00%	10/01/20
06/01/2027	450,000	450,000	100.00%	10/01/20
Total	\$900,000	\$900,000		

\$2,225,000 General Obligation Corporate Purpose Bonds, Series 2014 (Dated December 30, 2014)

<u>Refunded Maturities</u>	<u>Outstanding Amount</u>	<u>Amount Refunded</u>	<u>Redemption Price</u>	<u>Redemption Date</u>
06/01/2021	\$300,000	\$300,000	100.00%	10/01/20
06/01/2022	325,000	325,000	100.00%	10/01/20
06/01/2023	240,000	240,000	100.00%	10/01/20
Total	\$865,000	\$865,000		

The remaining Tax-Exempt Bond proceeds are expected to be used to pay costs of constructing improvements to storm sewers, improvements to a parking lot at a municipal park softball complex; engineering and planning costs for improvements to downtown streets and sidewalks; resurface bike trails, reconstruct tennis courts, construct railroad crossing safety improvements (quiet zone), purchasing equipment for the fire department; and pay the costs of issuance of the Tax-Exempt Bonds.

The Taxable Bond proceeds are expected to be used to pay costs of constructing improvements to municipal airport hangars and terminal and pay the costs of issuance of the Taxable Bonds.

DEFAULT RECORD

The City has no record of default and has met its debt repayment obligations promptly.

SHORT-TERM BORROWING

The City has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

DEBT INFORMATION

After issuance of the Bonds and refunding the Refunded Bonds, the City will have outstanding \$47,407,729 principal amount of general obligation debt. In addition, the City has outstanding approximately \$11,111,944 principal amount of sewer revenue debt. The City also has a State Revolving Fund loan in which they are authorized to draw up to a principal amount of \$3,500,000. To date, the City has drawn a total of \$2,369,517.

Debt Limitation

The constitutional general obligation debt limit of a political subdivision of the state of Iowa is equal to five percent (5%) of the actual value of taxable property within its borders. According to and based upon the January 1, 2019 property valuations, for taxes payable in September 2020 and March 2021 the general obligation debt limit of the City for the period which began July 1, 2020 and ends June 30, 2021 is:

2019 100% Actual Valuation of Property	\$ 1,720,195,197
Constitutional Debt Limit	\$ 86,009,760
Outstanding Bonds/Notes Applicable to Debt Limit:	
Total G.O. Debt Subject to Debt Limit.....	\$ 47,377,729
Other Legal Indebtedness (TIF Rebates)	3,527,122
Total Applicable Debt	<u>50,904,851</u>
Remaining Debt Capacity.....	\$ 35,104,909

The City does not expect to issue any additional general obligation debt in calendar year 2020.

Summary of Outstanding General Obligation Bonded Debt⁽¹⁾ (Principal Only)

Bonded Debt:	
Series 2011B	\$ 1,235,000
Series 2012A	2,975,000
Series 2012B	940,000
Series 2013A	2,000,000
Series 2014A	865,000
Series 2015A	1,275,000
Series 2016A	3,685,000
Series 2016B	3,260,000
Series 2017.....	11,660,000
Series 2018.....	2,400,000
Series 2019.....	8,420,000
The Tax-Exempt Bonds.....	9,590,000
The Taxable Bonds	2,030,000
Less the Refunded Bonds	(3,000,000)

Other Loans:	
Fire Equipment.....	42,729
Total.....	<u>\$47,377,729</u>

Note: (1) Source: the City.

General Obligation Debt(1)
(Principal Only – As of June 1, 2020)

Fiscal Year Ending <u>June 30</u>	Series 2011B	Series 2012A	Series 2012B	Series 2013A	Series 2014A	Series 2015	Fire Equipment Loan	Series 2016A	Series 2016B	Series 2017
2021.....	\$ 160,000	\$ 400,000	\$330,000	\$1,000,000	\$300,000	\$ 325,000	\$28,486	\$ 335,000	\$ 225,000	\$ 155,000
2022.....	165,000	425,000	320,000	1,000,000	325,000	350,000	14,243	340,000	260,000	100,000
2023.....	170,000	425,000	290,000	0	240,000	375,000	0	550,000	270,000	505,000
2024.....	175,000	400,000	0	0	0	225,000	0	580,000	275,000	515,000
2025.....	180,000	425,000	0	0	0	0	0	605,000	275,000	535,000
2026.....	190,000	450,000	0	0	0	0	0	170,000	475,000	350,000
2027.....	195,000	450,000	0	0	0	0	0	175,000	485,000	360,000
2028.....	0	0	0	0	0	0	0	220,000	495,000	375,000
2029.....	0	0	0	0	0	0	0	230,000	500,000	390,000
2030.....	0	0	0	0	0	0	0	235,000	0	915,000
2031.....	0	0	0	0	0	0	0	245,000	0	950,000
2032.....	0	0	0	0	0	0	0	0	0	990,000
2033.....	0	0	0	0	0	0	0	0	0	1,020,000
2034.....	0	0	0	0	0	0	0	0	0	1,060,000
2035.....	0	0	0	0	0	0	0	0	0	1,105,000
2036.....	0	0	0	0	0	0	0	0	0	1,155,000
2037.....	0	0	0	0	0	0	0	0	0	1,180,000
Total	\$1,235,000	\$2,975,000	\$940,000	\$2,000,000	\$865,000	\$1,275,000	\$42,729	\$3,685,000	\$3,260,000	\$11,660,000

Fiscal Year Ending <u>June 30</u>	Series 2018	Total Outstanding			The Tax-Exempt Bonds	The Taxable Bonds	Less: The Refunded Bonds:			Total G.O. Debt	Cumulative Principal Retired
		Series 2019	G.O. Debt	Series 2011B			Series 2011B	Series 2012A	Series 2014		
2021.....	\$ 0	\$ 695,000	\$ 3,953,486	\$ 805,000	\$ 0	\$ (160,000)	\$ 0	\$ (300,000)	\$ 4,298,486	\$ 4,298,486	9.07%
2022.....	0	815,000	4,114,243	760,000	0	(165,000)	0	(325,000)	4,384,243	8,682,729	18.33%
2023.....	110,000	840,000	3,775,000	790,000	0	(170,000)	0	(240,000)	4,155,000	12,837,729	27.10%
2024.....	350,000	1,160,000	3,680,000	790,000	210,000	(175,000)	0	0	4,505,000	17,342,729	36.61%
2025.....	360,000	1,195,000	3,575,000	800,000	210,000	(180,000)	0	0	4,405,000	21,747,729	45.90%
2026.....	375,000	1,220,000	3,230,000	1,275,000	215,000	(190,000)	(450,000)	0	4,080,000	25,827,729	54.51%
2027.....	385,000	650,000	2,700,000	1,305,000	220,000	(195,000)	(450,000)	0	3,580,000	29,407,729	62.07%
2028.....	400,000	650,000	2,140,000	660,000	225,000	0	0	0	3,025,000	32,432,729	68.46%
2029.....	420,000	600,000	2,140,000	775,000	230,000	0	0	0	3,145,000	35,577,729	75.09%
2030.....	0	595,000	1,745,000	775,000	235,000	0	0	0	2,755,000	38,332,729	80.91%
2031.....	0	0	1,195,000	425,000	240,000	0	0	0	1,860,000	40,192,729	84.83%
2032.....	0	0	990,000	430,000	245,000	0	0	0	1,665,000	41,857,729	88.35%
2033.....	0	0	1,020,000	0	0	0	0	0	1,020,000	42,877,729	90.50%
2034.....	0	0	1,060,000	0	0	0	0	0	1,060,000	43,937,729	92.74%
2035.....	0	0	1,105,000	0	0	0	0	0	1,105,000	45,042,729	95.07%
2036.....	0	0	1,155,000	0	0	0	0	0	1,155,000	46,197,729	97.51%
2037.....	0	0	1,180,000	0	0	0	0	0	1,180,000	47,377,729	100.00%
Total	\$2,400,000	\$8,420,000	\$38,757,729	\$9,590,000	\$2,030,000	\$ (1,235,000)	\$ (900,000)	\$ (865,000)	\$47,377,729		

Note: (1) Source: the City. For term bonds, mandatory redemption amounts are shown.

Statement of Bonded Indebtedness(1)(2)

City Actual Value, January 1, 2019.....						\$1,720,195,197
City Taxable Value, January 1, 2019						\$ 927,820,676

	Total	Applicable Percent	Amount	Ratio to City Actual Value	Ratio to City Taxable Value	Per Capita (2010 Pop. 27,552)
Direct Bonded Debt	\$47,377,729	100.00%	\$47,377,729	2.75%	5.11%	\$1,719.57
Overlapping Debt:						
Marshalltown School District.....	\$ 7,750,000	79.66%	\$ 6,173,650	0.36%	0.67%	\$ 224.07
East Marshall School District	1,858,339	1.10%	20,442	0.00%	0.00%	0.74
Iowa Valley Community College District(3) ..	17,000,000	16.35%	2,779,500	0.16%	0.30%	100.88
Marshall County	0	46.85%	0	0.00%	0.00%	0.00
Total Overlapping Bonded Debt.....			<u>\$ 8,973,592</u>	<u>0.52%</u>	<u>0.97%</u>	<u>\$ 325.70</u>
Total Direct and Overlapping Bonded Debt.....			\$56,351,321	3.28%	6.07%	\$2,045.27

Per Capita Actual Value						\$62,434.49
Per Capita Taxable Value.....						\$33,675.26

Notes: (1) Source: the City, Audited Financial Statements and EMMA for the County, School Districts and Community College.
 (2) As of the date of issuance for the Direct Bonded Debt and July 14, 2020 for Overlapping Debt.
 (3) Excludes \$6,865,000 in Industrial New Jobs Training Certificates, which are expected to be paid by proceeds from anticipated job credits from withholding taxes.

PROPERTY ASSESSMENT AND TAX INFORMATION

Property Tax Assessment

In compliance with Section 441.21 of the Code of Iowa, as amended, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The final values, called Actual Valuation, are then adjusted by the County Auditor. Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Taxable Valuation. Such rollback percentages may be changed in future years. Certain historical rollback percentages for residential, multi-residential, agricultural and commercial valuations are as follows:

Percentages for Taxable Valuation After Rollbacks(1)

Fiscal Year	Residential	Multi- Residential(2)	Ag Land & Buildings	Commercial
2011/12.....	48.5299%	N/A	69.0152%	100.0000%
2012/13.....	50.7518%	N/A	57.5411%	100.0000%
2013/14.....	52.8166%	N/A	59.9334%	100.0000%
2014/15.....	54.4002%	N/A	43.3997%	95.0000%
2015/16.....	55.7335%	N/A	44.7021%	90.0000%
2016/17.....	55.6259%	86.2500%	46.1068%	90.0000%
2017/18.....	56.9391%	82.5000%	47.4996%	90.0000%
2018/19.....	55.6209%	78.7500%	54.4480%	90.0000%
2019/20.....	56.9180%	75.0000%	56.1324%	90.0000%
2020/21.....	55.0743%	71.2500%	81.4832%	90.0000%

Notes: (1) Source: the Iowa Department of Revenue.
 (2) New category beginning with fiscal year 2017.

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following tax year. For example, the assessments finalized on January 1, 2019, are used to calculate tax liability for the tax year starting July 1, 2020 through June 30, 2021.

Property Tax Collection

Each county is required by State law to collect all tax levies within its jurisdiction and remit, before the fifteenth of each month, the amount collected through the last day of the preceding month to underlying units of government, including the City. Property tax payments are made at the office of each county treasurer in full or one-half by September 30 and March 31, pursuant to the Code of Iowa, Sections 445.36 and 445.37. Where the first half of any property tax has not been paid by October 1, such installment becomes delinquent. If the second installment is not paid, it becomes delinquent on April 1. Delinquent taxes and special assessments are subject to a penalty at the rate of one and one-half percent per month, to a maximum of eighteen percent per annum.

If taxes are not paid when due, the property may be offered at the regular tax sale on the third Tuesday of June following the delinquency date. Purchasers at the tax sale must pay an amount equal to the taxes, special assessments, interest and penalties due on the property, and funds so received are applied to the payment of taxes. A property owner may redeem from the regular tax sale, but failing redemption within two years, the tax sale purchaser is entitled to a deed which in general conveys the title free and clear of all liens except future installments of taxes.

Actual (100%) Valuations for the City(1)(2)

Property Class	Fiscal Year:	2016/17	2017/18	2018/19	2019/20	2020/21
	Levy Year:	2015	2016	2017	2018	2019
Residential	\$ 807,301,571	\$ 809,821,936	\$ 855,070,536	\$ 859,085,432	\$ 915,662,012	
Agricultural	10,117,916	9,853,499	8,601,940	8,500,040	6,860,080	
Commercial	214,809,890	217,077,808	226,758,898	229,893,416	241,524,110	
Industrial	69,490,286	71,218,793	68,545,170	69,089,497	65,997,471	
Multi-residential	32,072,856	32,339,360	36,899,124	43,649,331	38,832,294	
Railroads	3,573,135	4,334,016	4,311,857	4,625,251	5,117,476	
Utilities without Gas and Electric(3)	3,061,092	2,825,595	2,908,138	3,145,957	2,514,528	
Gas and Electric Utility(3)	226,574,365	307,764,842	375,124,239	435,377,442	445,705,906	
Less: Military Exemption	(2,488,999)	(2,405,701)	(2,272,404)	(2,170,544)	(2,018,680)	
Total	\$1,364,512,112	\$1,452,830,148	\$1,575,947,498	\$1,651,195,822	\$1,720,195,197	
Percent Change +(-)	2.57%(4)	6.47%	8.47%	4.77%	4.18%	

Notes: (1) Source: Iowa Department of Management.

(2) Includes tax increment finance (TIF) valuations used in the following amounts:

January 1:	2015	2016	2017	2018	2019
TIF Valuation	\$14,353,482	\$5,394,151	\$24,539,106	\$17,723,868	\$17,610,264

(3) See "PROPERTY TAX INFORMATION - Utility Property Tax Replacement" herein.

(4) Based on 2014 Actual Valuation of \$1,330,281,479.

For the January 1, 2019 levy year, the City's Taxable Valuation was comprised of approximately 54% residential, 23% commercial, 7% industrial, 3% multi-residential, 12% utilities and less than 1% agriculture and military exemption.

Taxable ("Rollback") Valuations for the City(1)(2)

Property Class	Fiscal Year:	2016/17	2017/18	2018/19	2019/20	2020/21
	Levy Year:	2015	2016	2017	2018	2019
Residential	\$449,068,758	\$461,105,154	\$475,597,834	\$488,974,237	\$504,294,410	
Agricultural	4,665,045	4,680,367	4,683,585	4,771,279	5,589,811	
Commercial	193,328,904	195,370,030	204,083,012	206,904,079	217,371,702	
Industrial	62,541,260	64,096,916	61,690,655	62,180,549	59,397,726	
Multi-residential	27,662,865	26,680,016	29,058,092	32,737,082	27,668,035	
Railroads	3,215,822	3,900,614	3,880,671	4,162,726	4,605,728	
Utilities without Gas and Electric(3)	3,061,092	2,825,595	2,908,138	3,145,957	2,514,528	
Gas and Electric Utility(3)	61,169,942	73,018,143	83,472,038	99,912,110	108,397,416	
Less: Military Exemption	(2,488,999)	(2,405,701)	(2,272,404)	(2,170,544)	(2,018,680)	
Total	\$802,224,689	\$829,271,134	\$863,101,621	\$900,617,475	\$927,820,676	
Percent Change +(-)	0.88%(3)	3.37%	4.08%	4.35%	3.02%	

Notes: (1) Source: Iowa Department of Management.

(2) Includes tax increment finance (TIF) valuations used in the following amounts:

January 1:	2015	2016	2017	2018	2019
TIF Valuation	\$14,353,482	\$5,394,151	\$24,539,106	\$17,723,868	\$17,610,264

(3) See "PROPERTY TAX INFORMATION - Utility Property Tax Replacement" herein.

(4) Based on 2014 Taxable Valuation of \$795,260,086.

The following shows the trend in the City's tax extensions and collections.

Tax Extensions and Collections(1)

<u>Levy Year</u>	<u>Fiscal Year</u>	<u>Amount Levied</u>	<u>Amount Collected(2)</u>	<u>Percent Collected</u>
2009.....	2010-11.....	\$ 9,505,825	\$ 9,502,757	99.97%
2010.....	2011-12.....	10,167,673	10,174,664	100.07%
2011.....	2012-13.....	10,317,995	10,329,141	100.11%
2012.....	2013-14.....	10,535,094	10,482,871	99.50%
2013.....	2014-15.....	10,397,290	10,388,476	99.92%
2014.....	2015-16.....	10,329,114	10,317,745	99.89%
2015.....	2016-17.....	11,100,009	11,058,824	99.63%
2016.....	2017-18.....	11,436,367	11,432,600	99.97%
2017.....	2018-19.....	11,502,245	11,413,853	99.23%
2018.....	2019-20.....	12,004,303	11,672,127(3)	97.34%
2019.....	2020-21.....	12,285,038	- -In Collection - -	

Notes: (1) Source: the State of Iowa Department of Management and the City. Does not include Levies or Collections for Utility Replacement or the City's tax increment finance district.
 (2) Includes delinquent taxes.
 (3) Unaudited. Due to the pandemic, the Governor extended the property tax due date from March 31 to July 31, 2020 and no penalties or interest would be incurred until that date.

Principal Taxpayers(1)

<u>Taxpayer Name</u>	<u>Business/Service</u>	<u>Levy Year 2019</u>	<u>Taxable Valuation(2)</u>
Interstate Power & Light Company	Utility	\$101,286,695	
JBS USA, LLC a/k/a Swift & Company	Meat Processing	21,026,470	
Fisher Controls International	Manufacturing	19,269,765	
Menard, Inc.	Manufacturing and Retail Store	13,545,333	
Unity Point Health Marshalltown	Health Care	11,403,738	
Walmart.....	Retail Store.....	9,705,969	
ITC Midwest LLC	Utility	6,844,347	
Lennox Manufacturing Inc.....	Manufacturing	5,309,663	
Abilit Holdings Glenwood Place LLC.....	Senior Care	4,869,234	
Union Pacific Railroad	Railroad	4,605,728	
Total		\$197,866,942	
Ten Largest Taxpayers as Percent of City's 2019 Taxable Valuation (\$927,820,676)			21.33%

Notes: (1) Source: Marshall County.
 (2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked.

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Levy Limits

Normal municipal operations and maintenance costs are generally funded through the corporate property tax levy. Iowa State Code does not allow the municipal general fund to be taxed above \$8.10 per thousand dollars of taxable value in any one year. In addition to the General Fund, there are several other tax funds that the City can create and use for specific purposes.

The property tax rates for the City from levy year 2015 through levy year 2019 are shown below:

Property Tax Rates: Levy Years 2015 - 2019(1)(2)

(Per \$1,000 Actual Valuation)

Fiscal Year: Levy Year:	2016/17 2015	2017/18 2016	2018/19 2017	2019/20 2018	2020/21 2019
City:					
General Fund	\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ 8.10000	\$ 8.10000
Emergency Levy.....	0.27000	0.27000	0.27000	0.27000	0.27000
Debt Service Fund.....	3.63269	3.61913	0.84653	0.99979	1.07205
Employee Benefits	1.76288	1.77860	4.45181	4.34652	4.34372
Capital Improvement	0.67500	0.67499	0.67500	0.67499	0.67500
Other	0.84101	0.83886	0.93824	0.99304	0.92357
Total City Rate.....	\$15.28158	\$15.28158	\$15.28158	\$15.38434	\$15.38434
Marshall County	\$ 6.94499	\$ 6.71518	\$ 6.32150	\$ 6.01018	\$ 6.01018
Marshalltown Community School District.....	17.97478	17.94963	17.99365	18.33912	18.34688
Iowa Valley Community College District	1.74505	1.36842	0.99668	0.88409	1.58101
Other	0.41278	0.38863	0.36181	0.36500	0.41850
Total Tax Rate.....	\$42.35918	\$41.70344	\$40.95522	\$40.98273	\$41.74091

Notes: (1) Source: Iowa Department of Management.
(2) Does not include the tax rate for agriculture.

Tax Levy Procedures

The Bonds are general obligations of the City, payable from and secured by a continuing ad valorem tax levied against all of the property valuation within the City. As part of the budgetary process each fiscal year, the City will have an obligation to request a debt service levy to be applied against all of the taxable property within the City. A failure on the part of the City to make a timely levy request or a levy request by the City that is inaccurate or is insufficient to make full payments of the debt service of the Bonds for a particular fiscal year may cause Bond holders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

Notwithstanding the foregoing, Iowa Code section 76.2 provides when an Iowa political subdivision issues bonds, "the governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditor(s) to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full."

Utility Property Tax Replacement

Property owned by entities involved primarily in the production, delivery, service and sale of electricity and natural gas (“Utilities”) pay a replacement tax based upon the delivery of energy by Utilities in lieu of property taxes. All replacement taxes are allocated among local taxing bodies by the State Department of Revenue and the Department of Management. This allocation is made in accordance with a general allocation formula developed by the Department of Management on the basis of general property tax equivalents. Utility properties paying the replacement tax are exempt from the levy of property tax by political subdivisions. In addition to the replacement tax, Utility property will continue to be valued by a special method as provided in the statute and taxed at the rate of three cents per one thousand dollars for the general fund of the State.

By statute, the replacement tax collected by the State and allocated among local taxing bodies (including the City) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. It is possible that the general obligation debt capacity of the City could be adjudicated to be proportionately reduced in future years if Utility property were determined to be other than “taxable property” for purposes of computing the City’s debt limit under Article XI of the Constitution of the State of Iowa. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the City can issue or (ii) adversely affect the City’s ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Bonds. Approximately 12% of the City’s levy year 2019 taxable valuation currently is utility property.

Tax Increment Financing

The Code of Iowa currently authorizes the use of two types of tax increment financing by local taxing districts in the State of Iowa. The first type allows local governments to establish TIF districts for the purposes of financing designated urban renewal projects which contribute to the urban redevelopment and economic development of the immediate area. The taxable valuation used for this type of TIF district in the City for levy year 2019 was \$17,610,264.

The second type of tax increment financing was authorized by state legislative action in the mid-1980’s. The area community colleges can establish TIF districts by contract with specific local businesses and industries to provide jobs training programming for new employees of existing expanding businesses or employees of new businesses. The revenues from these job training TIF districts then retires the debt incurred from the issuance of jobs training certificates which finance the cost of jobs training programming over a maximum of ten years. Upon payment of all jobs training certificates, the district dissolves and the incremental value from the new or expanded business reverts to the general tax base. There is no current valuation for this second type of TIF district.

Legislation

From time to time, legislative proposals are pending in Congress and the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described herein. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for taxes levied by the City or have an adverse impact on the future tax collections of the City. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed federal or state tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending federal or state tax legislation.

During the 2019 legislative session, the Iowa General Assembly enacted Senate File 634 (the “2019 Act”). This bill modifies the process for hearing and approval of the total maximum property tax dollars under certain levies in the county budget. The bill also includes a provision that will require the affirmative vote of 2/3 of the City Council when the maximum property tax dollars under these levies exceed an amount determined under a prescribed formula.

The 2019 Act does not change the process for hearing and approval of the Debt Service Levy pledged for repayment of the Bonds. It is too early to evaluate the affect the 2019 Act will have on the overall financial position of the City or its ability to fund essential services.

During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the “2013 Act”). Among other things, the Act (i) reduced the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property to 3%, (ii) assigned a “rollback” (the percentage of a property’s value that is subject to tax) to commercial, industrial and railroad property of 90%, (iii) created a new property tax classification for multi-residential properties (apartments, nursing homes, assisted living facilities and certain other rental property) and assigned a declining rollback percentage to such properties for each year until the residential rollback percentage is reached in the 2022 assessment year, after which the rollback percentage for such properties will be equal to the residential rollback percentage each assessment year, and (iv) exempted a specified portion of the assessed value of telecommunication properties.

The Act includes a standing appropriation to replace some of the tax revenues lost by local governments, including tax increment districts, resulting from the new rollback for commercial and industrial property. Beginning in fiscal year 2018 the standing appropriation cannot exceed the actual 2017 appropriation amount. The appropriation does not replace losses to local governments resulting from the Act’s provisions that reduce the annual revaluation growth limit for residential and agricultural properties to 3%, the gradual transition for multi-residential properties from the residential rollback percentage (currently 53% of market value), or the reduction in the percentage of telecommunications property that is subject to taxation.

Given the wide scope of the statutory changes, and the State’s discretion in establishing the annual replacement amount that is appropriated each year commencing in fiscal 2018, the impact of the 2013 Act on the City’s future property tax collections is uncertain and the City has not attempted to quantify the financial impact of the 2013 Act’s provisions on the City’s future operations.

Notwithstanding any decrease in property tax revenues that may result from the 2013 Act, Iowa Code section 76.2 provides that when an Iowa political subdivision issues bonds, “[t]he governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full.”

From time to time, other legislative proposals may be considered by the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described in this Final Official Statement. It cannot be predicted whether or in what forms any of such proposals may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for the levy of taxes by the City.

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FINANCIAL INFORMATION

Investment Policy

Each investment made by the City must be authorized by applicable law and the City's Investment Policy. Only the City Treasurer and City Administrator, as limited by a special City resolution, and others authorized by resolution of the City may invest City funds. The City Treasurer when investing or depositing public funds is required to exercise care, skill, prudence, and diligence.

Financial Reports

The City's financial statements are audited annually by certified public accountants. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. See **APPENDIX A** for more detail.

No Consent or Updated Information Requested of the Auditor

The tables and excerpts (collectively, the "Excerpted Financial Information") contained in this "**FINANCIAL INFORMATION**" section are from the audited financial statements of the City, including the audited financial statements for the fiscal year ended June 30, 2019 (the "2019 CAFR"). The 2019 CAFR has been audited by EideBailly, P.C., Certified Public Accountants, Dubuque, Iowa, (the "Auditor"), and received by the City Council. The City has not requested the Auditor to update information contained in the Excerpted Financial Information and the 2019 CAFR; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information and the 2019 CAFR in this Final Official Statement. The inclusion of the Excerpted Financial Information and the 2019 CAFR in this Final Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2019 CAFR. Questions or inquiries relating to financial information of the City since the date of the 2019 CAFR should be directed to the City.

Summary Financial Information

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. See **APPENDIX A** for the City's 2019 CAFR. The City expects its General Fund balance for the fiscal year ending June 30, 2020 to increase by approximately \$316,000. The City approved a budget for fiscal year 2021, prior to the pandemic, with an anticipated decrease to the General Fund balance of approximately \$391,000. This decrease is the result of using funds set aside from prior years to purchase a fire truck in fiscal year 2021. The City will be doing a budget amendment to account for the revenue loss from local option sales tax, road use tax, hotel/motel tax, and other citizen usage fees once better estimates are provided by the State.

**Statement of Net Position
 Governmental Activities(1)**

	Audited as of June 30				
	2015	2016	2017	2018	2019
ASSETS:					
Cash and Cash Equivalents.....	\$16,936,244	\$19,233,676	\$26,605,875	\$31,366,951	\$ 28,442,351
Receivables					
Property Taxes:					
Delinquent.....	119,079	103,928	116,944	106,690	159,143
Succeeding Year.....	11,228,611	12,034,777	12,552,215	12,777,819	13,541,388
Accounts and Unbilled Usage.....	680,741	733,888	272,505	379,945	316,230
Special Assessments.....	56,876	37,888	28,735	22,691	11,325
Due from Component Unit.....	13,690	13,223	13,355	10,543	9,669
Due from Other Governments.....	1,323,859	2,520,104	1,731,970	1,176,660	908,408
Inventories.....	107,955	115,380	134,370	108,688	9,930
Prepaid Items.....	275,871	275,975	323,946	308,782	309,682
Capital Assets					
Land.....	4,000,014	4,000,014	4,665,014	4,665,014	4,753,531
Land Improvements.....	2,389,084	2,476,257	2,583,059	2,661,109	2,661,109
Buildings and Structures.....	17,707,821	17,707,821	17,707,821	17,666,013	17,358,592
Equipment and Vehicles.....	16,260,561	16,899,577	17,046,381	17,023,927	17,447,455
Infrastructure.....	38,486,018	39,738,566	40,792,336	44,392,621	44,952,134
Construction in Progress.....	1,113,923	1,182,096	3,074,150	7,743,788	17,697,205
Accumulated Depreciation.....	(36,806,184)	(39,140,202)	(41,434,434)	(43,367,637)	(45,398,420)
Total Assets.....	<u>\$73,894,163</u>	<u>\$77,932,968</u>	<u>\$86,214,242</u>	<u>\$97,043,604</u>	<u>\$103,179,732</u>
DEFERRED OUTFLOWS OF RESOURCES:					
OPEB Related Deferred Outflows.....	\$ 0	\$ 0	\$ 0	\$ 171,204	\$ 1,099,321
Pension Related Deferred Outflows.....	<u>2,141,995</u>	<u>2,413,973</u>	<u>4,628,479</u>	<u>3,775,500</u>	<u>3,943,108</u>
Total Deferred Outflows of Resources	<u>\$ 2,141,995</u>	<u>\$ 2,413,973</u>	<u>\$ 4,628,479</u>	<u>\$ 3,946,704</u>	<u>\$ 5,042,429</u>
LIABILITIES:					
Accounts Payable.....	\$ 870,197	\$ 1,176,610	\$ 1,947,009	\$ 2,136,418	\$ 1,471,162
Accrued Payroll and Payroll Benefits	492,561	169,252	250,341	269,092	244,870
Retainage Payable	315,217	65,988	91,859	285,545	495,914
Deposits Payable.....	152,162	147,156	155,678	156,989	166,024
Due to Other Governments.....	100,335	123,866	111,375	179,988	113,191
Accrued Interest Payable.....	34,012	31,868	45,739	64,150	100,795
Noncurrent Liabilities:					
Due Within One Year					
Bonds and Notes Payable	3,066,991	2,716,447	3,684,361	3,348,761	3,358,486
Compensated Absences Payable	311,726	256,980	266,107	230,866	241,758
Due in More Than One Year					
Bonds and Notes Payable	17,489,700	16,835,192	20,183,972	29,723,035	28,734,897
Compensated Absences Payable	814,847	860,815	864,338	995,639	908,280
Net Pension Liability	8,146,627	10,158,993	13,402,626	12,407,249	12,808,440
Total OPEB Liability.....	<u>3,533,359</u>	<u>3,779,077</u>	<u>4,517,049</u>	<u>12,099,201</u>	<u>13,402,991</u>
Total Liabilities.....	<u>\$35,327,734</u>	<u>\$36,322,244</u>	<u>\$45,520,454</u>	<u>\$61,896,933</u>	<u>\$ 62,046,808</u>
DEFERRED INFLOWS OF RESOURCES:					
Succeeding Year Property Taxes	\$11,228,611	\$12,034,777	\$12,552,215	\$12,777,819	\$ 13,541,388
Pension Related Deferred Inflows.....	<u>3,736,204</u>	<u>1,294,912</u>	<u>453,289</u>	<u>748,998</u>	<u>787,242</u>
Total Deferred Inflows of Resources	<u>\$14,964,815</u>	<u>\$13,329,689</u>	<u>\$13,005,504</u>	<u>\$13,526,817</u>	<u>\$ 14,328,630</u>
NET POSITION:					
Net Investment in Capital Assets	\$32,948,014	\$34,132,724	\$35,605,495	\$37,973,695	\$ 39,411,094
Restricted for:					
Capital Improvements.....	5,504,376	10,281,063	8,244,518	6,373,088	8,547,182
Community Development	216,297	184,110	284,226	240,951	221,172
Debt Service.....	46,959	107,604	237,889	111,879	154,543
Employee Benefits.....	2,161,420	2,396,249	2,877,960	2,881,903	3,251,172
Emergency Communications	367,709	492,293	608,779	0	0
Other Purposes	1,822,430	3,345,316	3,358,869	3,542,203	4,141,993
Unrestricted.....	<u>(17,323,596)</u>	<u>(20,244,351)</u>	<u>(18,900,973)</u>	<u>(25,557,161)</u>	<u>(23,880,433)</u>
Total Net Position	<u>\$25,743,609</u>	<u>\$30,695,008</u>	<u>\$32,316,763</u>	<u>\$25,566,558</u>	<u>\$ 31,846,723</u>

Note: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2015 through 2019.

Statement of Activities
Governmental Activities(1)

	Audited for Year Ended June 30				
	2015	2016	2017	2018	2019
FUNCTIONS/PROGRAMS:					
Governmental Activities:					
Public Safety	\$ (7,641,007)	\$ (7,781,174)	\$ (9,493,551)	\$ (10,763,566)	\$ (8,620,039)
Public Works	(1,528,931)	(880,391)	(3,352,764)	(1,211,455)	(1,304,762)
Health and Social Services	(314,146)	(307,071)	(92,948)	27,789	686,446
Culture and Recreation	(2,866,578)	(2,687,881)	(2,401,815)	(2,259,481)	154,136
Community and Economic Development	77,114	109,178	(897,964)	(737,057)	(1,179,831)
General Government	(1,125,422)	(1,034,934)	(392,869)	(1,457,924)	(1,386,637)
Interest on Long-Term Debt	(425,967)	(429,891)	(429,296)	(764,344)	(806,440)
Total Governmental Activities	<u>\$ (13,824,937)</u>	<u>\$ (13,012,164)</u>	<u>\$ (17,061,207)</u>	<u>\$ (17,166,038)</u>	<u>\$ (12,457,127)</u>
GENERAL REVENUES:					
Taxes:					
Property	\$ 9,777,342	\$ 9,534,568	\$ 10,156,476	\$ 10,510,365	\$ 10,611,119
Tax Increment Financing	1,219,210	1,276,898	435,098	164,523	814,444
Local Options Sales Tax	3,164,249	4,248,087	3,476,514	3,121,920	3,330,991
Utility Excise	884,215	903,826	938,662	1,105,221	1,287,287
Hotel/Motel	474,474	542,180	479,576	403,116	567,559
Mobile Homes	12,973	12,931	17,682	28,612	13,554
Unrestricted:					
State Generated Revenues	845,140	1,244,225	1,384,158	1,331,709	1,353,217
Investment Earnings	53,042	90,717	113,371	456,079	678,426
Miscellaneous Revenues	660,348	551,452	645,749	561,844	297,453
Transfers	<u>(172,735)</u>	<u>(441,321)</u>	<u>1,035,676</u>	<u>(49,377)</u>	<u>(216,758)</u>
Total General Revenues and Transfers	<u>\$ 16,918,258</u>	<u>\$ 17,963,563</u>	<u>\$ 18,682,962</u>	<u>\$ 17,634,012</u>	<u>\$ 18,737,292</u>
Change In Net Position	\$ 3,093,321	\$ 4,951,399	\$ 1,621,755	\$ 467,974	\$ 6,280,165
Net Position - Beginning	<u>\$ 22,650,288(2)</u>	<u>\$ 25,743,609</u>	<u>\$ 30,695,008</u>	<u>\$ 25,098,584(2)</u>	<u>\$ 25,566,558</u>
Net Position - Ending	<u>\$ 25,743,609</u>	<u>\$ 30,695,008</u>	<u>\$ 32,316,763</u>	<u>\$ 25,566,558</u>	<u>\$ 31,846,723</u>

Notes: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2015 through 2019.
(2) Restated due to GASB 68 implementation.

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Balance Sheet
General Fund(1)

	Audited as of June 30				
	2015	2016	2017	2018	2019
ASSETS:					
Cash and Cash Equivalents.....	\$ 3,614,228	\$ 3,395,312	\$ 3,712,289	\$ 4,404,578	\$ 4,723,539
Receivables					
Property Taxes:					
Delinquent	56,759	54,452	64,677	62,339	85,168
Succeeding Year	6,530,994	7,016,662	7,336,744	7,550,859	7,999,133
Accounts and Unbilled Usage.....	219,670	191,908	188,653	121,747	141,307
Due from Other Funds	106,099	99,211	25,874	8,353	57,438
Due from Component Unit	13,690	13,223	13,355	10,543	9,669
Due from Other Governments.....	193,267	228,597	279,883	137,151	152,778
Prepaid Items	237,568	221,785	266,203	256,518	284,681
Total Assets.....	<u>\$10,972,275</u>	<u>\$11,221,150</u>	<u>\$11,887,678</u>	<u>\$12,552,088</u>	<u>\$13,453,713</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts Payable.....	\$ 248,477	\$ 112,878	\$ 245,086	\$ 215,255	\$ 132,443
Accrued Payroll and Payroll Benefits	467,075	159,689	236,408	258,411	233,957
Retainage Payable	0	0	2,770	0	0
Due to Other Governments.....	100,335	114,214	98,533	101,679	97,214
Total Liabilities.....	<u>\$ 815,887</u>	<u>\$ 386,781</u>	<u>\$ 582,797</u>	<u>\$ 575,345</u>	<u>\$ 463,614</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue - Property Taxes.....	\$ 6,530,994	\$ 7,016,662	\$ 7,336,744	\$ 7,550,859	\$ 7,999,133
Unavailable Revenue - Other.....	62,792	99,158	37,185	21,261	25,543
Unavailable Revenue - Intergovernmental	8,839	0	50,770	12,219	26,297
Total Deferred Inflows of Resources	<u>\$ 6,602,625</u>	<u>\$ 7,115,820</u>	<u>\$ 7,424,699</u>	<u>\$ 7,584,339</u>	<u>\$ 8,050,973</u>
FUND BALANCES:					
Nonspendable	\$ 237,568	\$ 221,785	\$ 266,203	\$ 256,518	\$ 284,681
Restricted	694,247	725,844	812,092	932,307	581,566
Committed.....	250,000	250,000	250,000	250,000	250,000
Unassigned	2,371,948	2,520,920	2,551,887	2,953,579	3,822,879
Total Fund Balances.....	<u>\$ 3,553,763</u>	<u>\$ 3,718,549</u>	<u>\$ 3,880,182</u>	<u>\$ 4,392,404</u>	<u>\$ 4,939,126</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances.....	<u>\$10,972,275</u>	<u>\$11,221,150</u>	<u>\$11,887,678</u>	<u>\$12,552,088</u>	<u>\$13,453,713</u>

Note: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2015 through 2019.

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Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund(1)

	Audited Fiscal Year Ended June 30				
	2015	2016	2017	2018	2019
REVENUES:					
Property Taxes	\$ 5,684,978	\$ 5,541,436	\$ 5,923,793	\$ 6,140,079	\$ 6,270,127
Other City Taxes.....	1,224,633	1,308,014	1,253,732	1,264,471	1,541,378
Use of Money and Property	101,113	98,862	136,919	226,643	336,767
Licenses and Permits	321,446	289,261	285,839	238,263	395,611
Intergovernmental.....	1,012,319	1,263,374	1,327,827	1,195,623	985,762
Charges for Service.....	895,920	958,113	974,800	953,243	881,447
Miscellaneous.....	<u>273,096</u>	<u>200,544</u>	<u>121,109</u>	<u>141,494</u>	<u>328,455</u>
Total Revenue	<u><u>\$ 9,513,505</u></u>	<u><u>\$ 9,659,604</u></u>	<u><u>\$10,024,019</u></u>	<u><u>\$10,159,816</u></u>	<u><u>\$10,739,547</u></u>
EXPENDITURES:					
Current:					
Public Safety	\$ 8,185,211	\$ 8,472,255	\$ 8,980,687	\$ 9,176,117	\$ 8,758,398
Public Works	1,677,313	1,690,083	1,766,272	1,758,430	1,672,000
Health and Social Services.....	441,290	409,924	33,535	53,432	11,883
Culture and Recreation.....	2,684,275	2,448,957	2,688,511	2,700,549	2,514,012
Community and Economic Development	131,238	122,437	400,499	408,390	488,806
General Government	1,273,399	1,185,537	1,462,058	1,425,349	1,422,342
Debt Service.....	<u>36,716</u>	<u>11,991</u>	<u>25,690</u>	<u>10,875</u>	<u>10,275</u>
Total Expenditures.....	<u><u>\$14,429,442</u></u>	<u><u>\$14,341,184</u></u>	<u><u>\$15,357,252</u></u>	<u><u>\$15,533,142</u></u>	<u><u>\$14,877,716</u></u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures:	<u><u>\$ (4,915,937)</u></u>	<u><u>\$ (4,681,580)</u></u>	<u><u>\$ (5,333,233)</u></u>	<u><u>\$ (5,373,326)</u></u>	<u><u>\$ (4,138,169)</u></u>
Other Financing Sources (Uses):					
Transfers In(2).....	\$ 4,896,538	\$ 5,023,228	\$ 5,670,383	\$ 6,085,714	\$ 5,435,271
Transfers Out	<u>(178,985)</u>	<u>(176,862)</u>	<u>(175,517)</u>	<u>(200,166)</u>	<u>(750,380)</u>
Total Other Financing Sources (Uses).....	<u><u>\$ 4,717,553</u></u>	<u><u>\$ 4,846,366</u></u>	<u><u>\$ 5,494,866</u></u>	<u><u>\$ 5,885,548</u></u>	<u><u>\$ 4,684,891</u></u>
Net Change in Fund Balances	<u><u>\$ (198,384)</u></u>	<u><u>\$ 164,786</u></u>	<u><u>\$ 161,633</u></u>	<u><u>\$ 512,222</u></u>	<u><u>\$ 546,722</u></u>
Fund Balances - Beginning.....	<u><u>\$ 3,752,147</u></u>	<u><u>\$ 3,553,763</u></u>	<u><u>\$ 3,718,549</u></u>	<u><u>\$ 3,880,182</u></u>	<u><u>\$ 4,392,404</u></u>
Fund Balances - Ending	<u><u>\$ 3,553,763</u></u>	<u><u>\$ 3,718,549</u></u>	<u><u>\$ 3,880,182</u></u>	<u><u>\$ 4,392,404</u></u>	<u><u>\$ 4,939,126</u></u>

Notes: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2015 through 2019.
(2) Property taxes are transferred in from a special revenue tax fund to offset the employee benefits that are expensed through the General Fund.

EMPLOYEE RETIREMENT AND OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS

Pensions

The City participates in two public pension systems, Iowa Public Employee's Retirement System (IPERS) and Municipal Fire and Police Retirement System of Iowa (MFPSI). Summary descriptions of each Plan follows, for more detail as to each available plans see **APPENDIX A – Note 7**.

In fiscal year 2019, pursuant to the IPERS' required rate, the City's Regular employees (members) contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. The City's contributions to IPERS for the year ended June 30, 2019 were \$570,375. The City's share of the contributions, payable from the applicable funds of the City, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The City has always made its full required contributions to IPERS.

At June 30, 2019, the City reported a liability of \$5,088,837 for its proportionate share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7%. 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.

In fiscal year 2019, pursuant to the MFPRSI's required rate, the City's employees (members) contributed 9.40% of earnable compensation and the City contributed 26.02% of covered payroll, for a total rate of 35.42%. The City's contributions to MFPRSI for the year ended June 30, 2019 were \$1,137,624. The City's share of the contributions, payable from the applicable funds of the City, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The City has always made its full required contributions to MFPRSI.

At June 30, 2019, the City reported a liability of \$9,137,800 for its proportionate share of the MFPRSI net pension liability. The net pension liability was measured as of June 30, 2018 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.

Other Post-Employment Benefits (OPEB)

The City operates a single-employer benefit plan which provides postemployment medical and dental benefits for retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The following table shows the City's changes in the total OPEB liability:

Total OPEB Liability Beginning of year.....	\$13,828,157
Changes for the year:	
Service Cost.....	281,820
Interest.....	499,714
Net Difference Between Projected and Actual	
Earnings on Pension Plan Investments	96,036
Changes in Assumptions	1,061,967
Benefit Payments	(540,579)
Net Changes.....	<u>1,398,958</u>
Total OPEB Liability, End of Year.....	\$15,227,115

See **APPENDIX A – Notes (7) and (8)** herein for further discussion of the City's employee retirement benefit obligations.

Defined Benefit Pension Plan – Municipal Fire and Police Retirement System of Iowa

The City contributes to the Municipal Fire and Police Retirement System of Iowa Plan ("MFPRSI"). Membership is mandatory for fire fighters and police officers covered by the 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 50266 or at www.mfprsi.org.

Defined Benefit Pension Plan – Iowa Public Employee's Retirement System

The City also contributes to the Iowa Public Employees' Retirement System ("IPERS"). The City's employees are provided with pensions through a cost-sharing multiple employer defined pension plan administered by IPERS. IPERS benefits are established under Iowa Code, Chapter 97B and the administrative rules thereunder. The City's employee who completed seven years of covered service or has reached the age of 65 while in IPERS covered employment becomes vested. If the City's employee retires before normal retirement age, the employee's monthly retirement benefit will be permanently reduced by an early retirement reduction. IPERS provides pension benefits as well as disability benefits to City employees and benefits to the employees' beneficiaries upon the death of the eligible employee. Additionally, copies of IPERS annual financial report may be obtained from www.ipers.org. However, the information presented in such financial reports or on such websites is not incorporated into this Final Official Statement by any reference.

Although the actuarial contribution rates are calculated each year, the contribution rates were set by state law through June 30, 2012 and did not necessarily coincide with the actuarially calculated contribution rate. As a result, from June 30, 2002 through June 30, 2013, the rate allowed by statute was less than the actuarially required rate. Effective July 1, 2012, as a result of a 2010 law change, IPERS contribution rates for the City and its employees are established by IPERS following the annual actuarial valuation (which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization method.) State statute, however, limits the amount rates can increase or decrease each year to one (1) percentage point. Therefore, any difference between the actuarial contribution rates and the contributions paid is due entirely to statutorily set contributions that may differ from the actual contribution rates. As a result, while the contribution rate in the fiscal year ended June 30, 2017 equaled the actuarially required rate, there is no guarantee, due to this statutory limitation on rate increases, that the contribution rate will meet or exceed the actuarially required rate in the future.

The following table sets forth the contributions made by the City and employees to IPERS for the period indicated.

<u>Fiscal Year</u>	<u>% of Payroll Paid by the City</u>	<u>% of Payroll Paid by Employee</u>
2017.....	8.93%	5.95%
2018.....	8.93%	5.95%
2019.....	9.44%	6.29%
2020.....	9.44%	6.29%
2021.....	9.44%	6.29%

The City cannot predict the levels of funding that will be required in the future as any IPERS unfunded pension benefit obligation could be reflected in future years in higher contribution rates. The investment of moneys, assumptions underlying the same and the administration of IPERS is not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of IPERS ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, adjustments, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAAL could be substantial in the future, requiring significantly increased contributions from the City which could affect other budgetary matters.

The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial reports of IPERS for fiscal years ended June 30, 2015 through, and including, 2019 (collectively, the "IPERS CAFRs (2015-2019)"), and the actuarial valuation reports provided to IPERS by Cavanaugh MacDonald Consulting, LLC (collectively, the "IPERS Actuarial Reports (2015-2019)"). Additional information regarding IPERS and its latest actuarial valuations can be obtained by contacting IPERS administrative staff.

<u>Valuation Date</u>	<u>Actuarial Value of Assets [a]</u>	<u>Market Value of Assets [b]</u>	<u>Actuarial Accrued Liability [c]</u>	<u>Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]</u>	<u>Funded Ratio (Actuarial Value) [a]/[c]</u>	<u>Unfunded Actuarial Accrued Liability (Market Value) [c]-[b]</u>	<u>Funded Ratio (Market Value) [a]/[b]</u>	<u>Covered Payroll [d]</u>	<u>UAAL as a Percentage of Covered (Actuarial Value) [b]-[a]/[c]</u>
2015.....	\$27,915,379,103	\$28,429,834,829	\$33,370,318,731	\$5,454,939,628	83.65%	\$4,940,483,902	85.19%	\$7,326,348,141	74.46%
2016.....	29,033,696,587	28,326,433,656	34,619,749,147	5,586,052,560	83.86%	6,293,315,491	81.82%	7,556,515,720	73.92%
2017.....	30,472,423,914	30,779,116,326	37,440,382,029	6,967,958,115	81.39%	6,661,265,703	82.21%	7,863,160,443	88.62%
2018.....	31,827,755,864	32,314,588,595	38,642,833,653	6,815,077,789	82.36%	6,328,245,058	83.62%	7,983,219,527	85.37%
2019.....	33,324,327,606	34,010,680,731	39,801,338,797	6,477,011,191	83.73%	5,790,658,066	85.45%	8,151,043,468	79.46%

Source: IPERS Reports.

According to IPERS, the market value investment return on program assets is as follows:

<u>Fiscal Year Ended June 30</u>	<u>Investment Return %</u>
2015.....	3.96%
2016.....	2.15%
2017.....	11.70%
2018.....	7.97%
2019.....	8.35%

Source: IPERS Reports

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.

Bond Counsel, the City and the Municipal Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the Auditor of State's website or links to other website site or links to other websites through the IPERS website.

REGISTRATION, TRANSFER AND EXCHANGE

See also **APPENDIX B - BOOK-ENTRY SYSTEM** for information on registration, transfer and exchange of book-entry bonds. The Bonds will be initially issued as book-entry bonds.

The City shall cause books (the "Bond Register") for the registration and for the transfer of the Bonds to be kept at the principal office maintained for the purpose by the Bond Registrar in West Des Moines, Iowa. The City will authorize to be prepared, and the Bond Registrar shall keep custody of, multiple bond blanks executed by the City for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Resolution. Upon surrender for transfer or exchange of any Bond at the principal office maintained for the purpose by the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner's attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously paid.

The Bond Registrar shall not be required to transfer or exchange any Bond following the close of business on the fifteenth day of the month next preceding an interest payment date on such bond (known as the record date), nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a bond surrendered for redemption.

TAX EXEMPTION AND RELATED CONSIDERATIONS (SERIES 2020A BONDS)

Tax Exemption

The opinion of Bond Counsel will state that under present laws and rulings, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed under the Internal Revenue Code of 1986 (the "Code").

The opinions set forth in the preceding sentence will be subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Tax-Exempt Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Tax-Exempt Bonds. In the resolution authorizing the issuance of the Tax-Exempt Bonds, the City will covenant to comply with all such requirements.

There may be certain other federal tax consequences to the ownership of the Tax-Exempt Bonds by certain taxpayers, including without limitation, corporations subject to the branch profit tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will express no opinion with respect to other federal tax consequences to owners of the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult with their tax advisors as to such matters.

Proposed Changes in Federal Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Tax-Exempt Bonds or otherwise prevent holders of the Tax-Exempt Bonds from realizing the full benefit of the tax exemption of interest on the Tax-Exempt Bonds. Further, such proposals may impact the marketability or market value of the Tax-Exempt Bonds simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Tax-Exempt Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Tax-Exempt Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Tax-Exempt Bonds would be impacted thereby.

Purchasers of the Tax-Exempt Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Tax-Exempt Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Qualified Tax-Exempt Qualification

In the resolutions authorizing the issuance of the Tax-Exempt Bonds, the City will designate the Tax-Exempt Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to tax-exempt obligations. In the opinion of Bond Counsel, the Tax-Exempt Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Original Issue Premium

The Tax-Exempt Bonds maturing in the years 2021 - 2030, inclusive, are being issued at a premium to the principal amount payable at maturity. Except in the case of dealers, which are subject to special rules, Bondholders who acquire the Tax-Exempt Bonds at a premium must, from time to time, reduce their federal tax bases for the Tax-Exempt Bonds for purposes of determining gain or loss on the sale or payment of such Tax-Exempt Bonds. Premium generally is amortized for federal income tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Bondholders who acquire any Tax-Exempt Bonds at a premium might recognize taxable gain upon sale of the Tax-Exempt Bonds, even if such Tax-Exempt Bonds are sold for an amount equal to or less than their any original cost. Amortized premium is not deductible for federal income tax purposes. Bondholders who acquire any Tax-Exempt Bonds at a premium should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the state and local tax consequences of owning and selling the Tax-Exempt Bonds acquired at a premium.

Original Issue Discount

The Tax-Exempt Bonds maturing in the years 2032 (the "Discount Bonds") are being sold at a discount from the principal amount payable on such Tax-Exempt Bonds at maturity. The difference between the price at which a substantial amount of the Discount Bonds of a given maturity is first sold to the public (the "Issue Price") and the principal amount payable at maturity constitutes "original issue discount" under the Code. The amount of original issue discount that accrues to a holder of a Discount Bond under section 1288 of the Code is excluded from federal gross income to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that accrues with respect to a Discount Bond under section 1288 is added to the owner's federal tax basis in determining gain or loss upon disposition of such Discount Bonds (whether by sale, exchange, redemption or payment at maturity).

Interest in the form of original issue discount accrues under section 1288 pursuant to a constant yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of original issue discount that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For purposes of the preceding sentence, the adjusted issue price is determined by adding to the Issue Price for such Discount Bonds the original issue discount that is treated as having accrued during all prior semiannual accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that semiannual accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

An owner of a Discount Bond who disposes of such Discount Bond prior to maturity should consult owner's tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bond prior to maturity.

Owners who purchase Discount Bonds in the initial public offering but at a price different than the Issue Price should consult their own tax advisor with respect to the tax consequences of the ownership of Discount Bonds.

The Code contains provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bond such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Original issue discount that accrues in each year to an owner of a Discount Bond may result in collateral federal income tax consequences to certain taxpayers. No opinion is expressed as to state and local income tax treatment of original issue discount. All owners of Discount Bonds should consult their own tax advisors with respect to the federal, state, local and foreign tax consequences associated with the purchase, ownership, redemption, sale or other disposition of Discount Bonds.

TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2020B)

Interest on the Taxable Bonds is includable in gross income of owners thereof for federal income tax purposes.

Prospective purchasers should consult with their own tax advisors concerning the federal, state, and local tax consequences of the purchase, ownership, and disposition of the Taxable Bonds, including, without limitation, the additional tax on net investment income, anticipated and potential changes in tax rates on interest income, the treatment of interest in other jurisdictions, the calculation and timing of the inclusion of interest in income, the tax consequences of dispositions of Taxable Bonds at a gain or loss and the determination of the amount thereof, and rules applicable if Taxable Bonds are issued or acquired at a premium or discount from their face amount (including possible treatment of accrued market discount as ordinary income, deferral of certain interest deductions attributable to indebtedness incurred or continued to purchase or hold Taxable Bonds, and the amortization of bond premium).

Payments of interest on the Taxable Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Taxable Bonds are expected to be reported to the Internal Revenue Service as required under applicable Treasury Regulations. Backup withholding may apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Non-U.S. holders and holders who receive payments through non-U.S. entities may also be subject to withholding tax in certain circumstances.

Opinions

Bond Counsel's opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise. See "**APPENDIX C**" for form of Bond Counsel opinion for the Taxable Bonds.

CONTINUING DISCLOSURE

For the purpose of complying with Rule 15c2-12 of the Securities Exchange Commission, as amended and interpreted from time to time (the "Rule"), the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds to provide reports of specified information and notice of the occurrence of certain events, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, and the events as to which notice is to be given, is set forth in "**APPENDIX D – Form of Continuing Disclosure Certificate**". This covenant is being made by the City to assist the Underwriter(s) in complying with the Rule.

Breach of the Disclosure Covenants will not constitute a default or an "Event of Default" under the Bonds or Resolution, respectively. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the City to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

Pursuant to the Rule, in the last five years, the City believes it has complied in all material respects with regard to its prior Disclosure Covenants.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

OPTIONAL REDEMPTION

The Tax-Exempt Bonds due June 1, 2021 - 2027 inclusive, are not subject to optional redemption. The Tax-Exempt Bonds due June 1, 2028 - 2032, inclusive, are callable in whole or in part on any date on or after June 1, 2027, at a price of par and accrued interest. If selection by lot within a maturity is required, the Registrar shall designate the Tax-Exempt Bonds to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Tax-Exempt Bonds to be called has been reached.

The Taxable Bonds due June 1, 2024 - 2027 inclusive, are not subject to optional redemption. The Taxable Bonds due June 1, 2028 - 2032, inclusive, are callable in whole or in part on any date on or after June 1, 2027, at a price of par and accrued interest. If selection by lot within a maturity is required, the Registrar shall designate the Taxable Bonds to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of Taxable Bonds to be called has been reached.

If less than all of the maturity is called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed prior to maturity. DTC will determine by lot the amount of each Participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed.

Thirty days' written notice of redemption shall be given to the registered owner of the Bond. Failure to give written notice to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment. Written notice will be deemed completed upon transmission to the owner of record.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof. There is no litigation now pending, or to the knowledge of the City, threatened against the City that is expected to materially impact the financial condition of the City.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax-exempt status of the interest thereon (see "**TAX EXEMPTION AND RELATED CONSIDERATIONS (SERIES 2020A)**" and "**TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2020B)**" herein) are subject to the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, forms of which is attached hereto as **APPENDIX C**. Signed copies of the opinions, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of such original delivery. The Bonds are offered subject to prior sale and to the approval of legality of the Bonds by Bond Counsel.

The legal opinion to be delivered will express the professional judgment of Bond Counsel and by rendering a legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction.

Bond Counsel has not been engaged, nor has it undertaken, to prepare or to independently verify the accuracy of the Final Official Statement, including but not limited to financial or statistical information of the City and risks associated with the purchase of the Bonds, except Bond Counsel has reviewed the information and statements contained in the Final Official Statement under, "**TAX EXEMPTION AND RELATED CONSIDERATIONS (SERIES 2020A)** and **TAXABILITY OF INTEREST – TAXABLE BONDS (SERIES 2020B)**" and "**LEGAL MATTERS**", insofar as such statements contained under such captions purport to summarize certain provisions of the Internal Revenue Code of 1986, the Bonds and any opinions rendered by Bond Counsel. Bond Counsel has prepared the documents contained in **APPENDIX C** and **APPENDIX D**.

FINAL OFFICIAL STATEMENT AUTHORIZATION

This Final Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the City, and all expressions of opinion, whether or not so stated, are intended only as such.

This Final Official Statement is not to be construed as a contract or agreement amongst the City, the Underwriter, or the holders of any of the Bonds. Any statements made in this Final Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinions contained herein are subject to change without notice and neither the delivery of this Final Official Statement or the sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. The information contained in this Final Official Statement is not guaranteed.

INVESTMENT RATING

The Bonds have been rated “Aa2” by Moody’s Investors Service, New York, New York. The City has supplied certain information and material concerning the Bonds and the City to the rating service shown on the cover page, including certain information and materials which may not have been included in this Final Official Statement, as part of its application for an investment rating on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. An explanation of the significance of the investment rating may be obtained from the rating agency: Moody’s Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone 212-553-1658.

UNDERWRITING

The Tax-Exempt Bonds were offered for sale by the City at a public, competitive sale on August 24, 2020. The best bid submitted at the sale was submitted by Piper Sandler & Co., Minneapolis, Minnesota (the “Tax-Exempt Bonds Underwriter”). The City awarded the contract for sale of the Tax-Exempt Bonds to the Tax-Exempt Bonds Underwriter at a price of \$9,700,057.55 (reflecting the par amount of \$9,590,000.00, plus a reoffering premium of \$166,839.30, and less an Underwriter’s discount of \$56,781.75). The Tax-Exempt Bonds Underwriter has represented to the City that the Tax-Exempt Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the Final Official Statement.

The Taxable Bonds were offered for sale by the City at a public, competitive sale on August 24, 2020. The best bid submitted at the sale was submitted by D.A. Davidson & Co., Denver, Colorado (the “Taxable Bonds Underwriter”). The City awarded the contract for sale of the Taxable Bonds to the Taxable Bonds Underwriter at a price of \$2,032,530.40 (reflecting the par amount of \$2,030,000.00, plus a reoffering premium of \$16,758.90, and less an Underwriter’s discount of \$14,228.50). The Taxable Bonds Underwriter has represented to the City that the Taxable Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the Final Official Statement.

MUNICIPAL ADVISOR

The City has engaged Speer Financial, Inc. as municipal advisor (the “Municipal Advisor”) in connection with the issuance and sale of the Bonds. The Municipal Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in the Final Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Final Official Statement, nor is the Municipal Advisor obligated by the City’s continuing disclosure undertaking.

CERTIFICATION

We have examined this Final Official Statement dated August 24, 2020, for the \$9,590,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2020A and the \$2,030,000 Taxable General Obligation Airport Improvement Bonds, Series 2020B, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge, information and belief, information in the Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ **DIANA STEINER**
Finance Director
CITY OF MARSHALLTOWN
Marshall County, Iowa

/s/ **JOEL GREER**
Mayor
CITY OF MARSHALLTOWN
Marshall County, Iowa

*City of Marshalltown, Marshall County, Iowa
\$9,590,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2020A
\$2,030,000 Taxable General Obligation Airport Improvement Bonds, Series 2020B*

APPENDIX A

CITY OF MARSHALLTOWN MARSHALL COUNTY, IOWA

FISCAL YEAR 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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CITY OF MARSHALLTOWN, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2019

**Prepared by:
City Finance Department**

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Introductory Section

June 30, 2019

City of Marshalltown

MARSHALLTOWN

IOWA

Joel Greer, Mayor
Jessica Kinser, Administrator
Diana Steiner, Finance Director
24 North Center Street
Marshalltown, IA 50158-4911
Tel - (641) 754-5760
Fax - (641) 754-5781

January 15, 2020

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, 2019 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, 2019. 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 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.

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, a 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 principles 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. 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 January through March 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 3.8% as of June 2019. This is higher than the Iowa rate of 2.4% as of June 2019.

The number of building permits increased in fiscal year 2019 compared to 2018. 32 new residential construction building permits were issued creating 64 housing units for a value of \$8,718,000. 82 residential remodeling, repairs, and addition permits were issued for a value of \$1,816,000. Total building permit activity for commercial industrial, residential and accessory structures totaled 363 building permits with a valuation of \$43,350,000. This included large projects such as the new rental housing projects with Kading Properties and Crosby Park. It also included several commercial projects including work at JBS, RACOM, Casey's, Thompson True Value and the Marshall County Courthouse.

The Local Option Sales Tax (LOST) which began 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, 2019 the City collected approximately \$3.3 million (accrual basis).

Major Initiatives

The community continues to see new multi-family residential development, which is a verified need from a 2019 Housing Study. New projects include a market rate 14-unit development called Crosby Park, which has an estimated valuation of \$2 million. Units started renting in Fall 2019. Market rate duplex units are also being constructed by Kading Properties in two locations, totaling 48 units. All units are not fully constructed but renting started in December 2019 on those that are completed. The total cost of this development is \$5 million. The City, Chamber of Commerce and Vision Marshalltown continue to work closely together to ensure housing opportunities exist in all types and at a variety of price ranges.

Downtown redevelopment is well underway following the July 2018 tornado. The City was able to complete a grant-funded Downtown Master Plan in June 2019 to provide direction to redevelopment and preservation activities. Work has continued to preserve a number of buildings, and new construction projects are underway. The first new construction project to open was Thompson True Value. Future new construction projects include an ethnic grocery store and restaurant, a commercial and multi-family building, a restaurant, laundromat, and an income-restricted multi-family complex.

The City is also planning two major new roadway projects which will open up hundreds of acres for industrial and commercial development. A grant from the Iowa DOT will help fund an extension of Edgewood Street and 8th Avenue. This project will address safety issues along Highway 14 while also opening up approximately 50 acres of new land owned by the City for industrial development. The City is also moving forward with continuing East Merle Hibbs Road, which will make connections to a densely populated neighborhood and open up nearly 100 acres of agricultural land for new commercial and residential development.

The City also continues to work with the Iowa DOT to plan improvements to the Highway 14 /North 3rd Avenue corridor. A study completed in 2018 provided many recommendations for improving the flow of traffic as well as safety improvements for pedestrians and motorists and aesthetic improvements for residents. This project is targeted for 2022.

The City has also taken bids and will be starting the renovation of the Veterans Memorial Coliseum. This project is funded with insurance proceeds, donations and grants, and cash to be designated by the City Council, totaling more than \$3.8 million. The anticipated open date is October 2020.

The City completed the construction of a new \$17.5 million Police and Fire Building in August of 2019. Both departments have a state of the art location which is designed to meet the future needs of public safety in the community. The City has sold the former Police Station to YSS of Marshall County and will be seeking to sell the former Fire Station in 2020.

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.

Awards and Acknowledgements

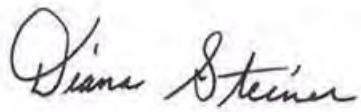
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the years ending June 30, 1990, and consecutively 1993 through 2018. The Certificate 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, 2018

Christopher P. Morrell

Executive Director/CEO

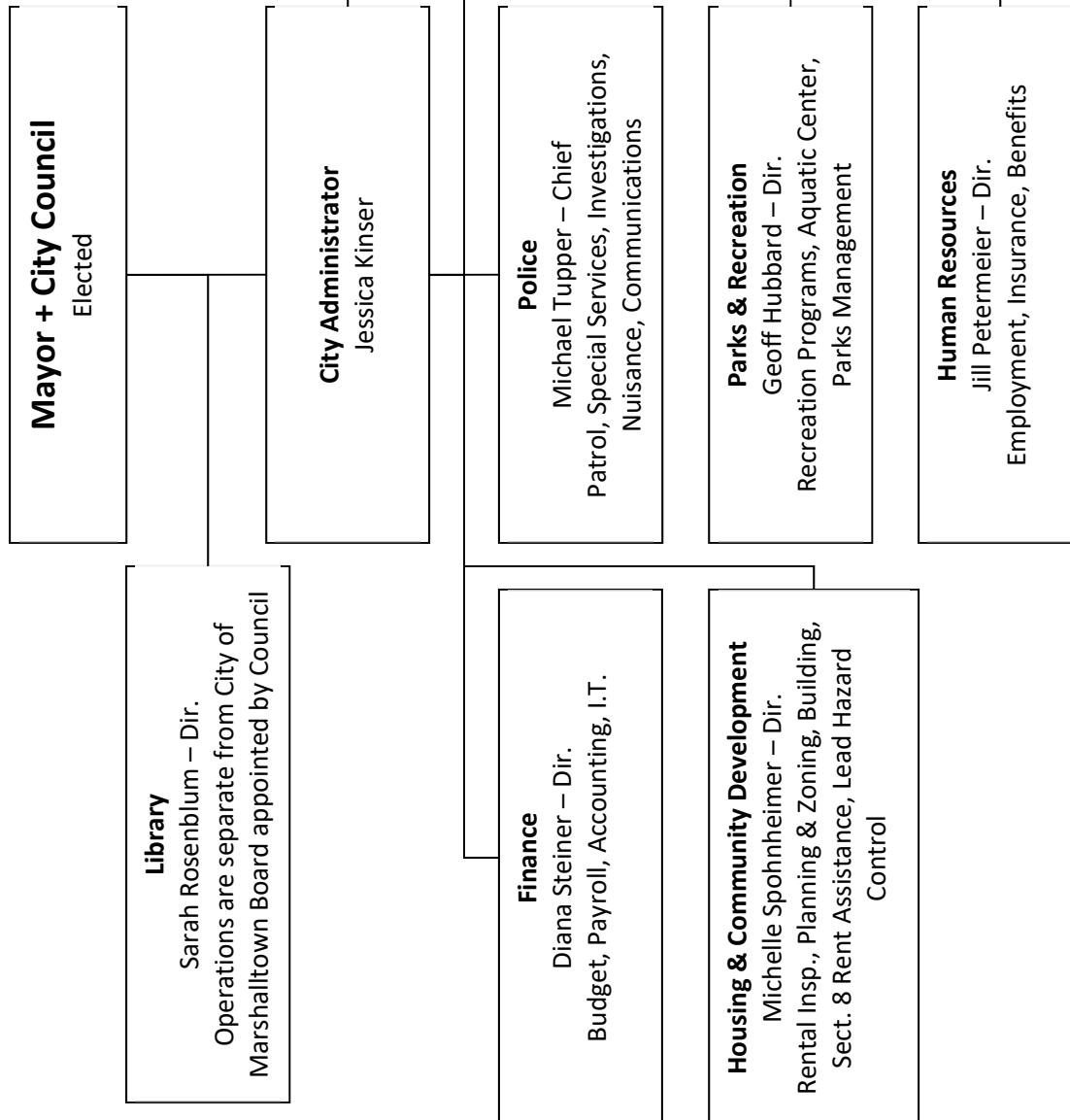


Marshalltown



2012

Marshalltown Organization Chart



City of Marshalltown

Officials

June 30, 2019

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
Geoff Hubbard	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, 2019
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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods 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 15, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eric Baily, LLP". The signature is fluid and cursive, with "Eric" and "Baily" connected, and "LLP" written in a smaller, separate section.

Dubuque, Iowa
January 15, 2020

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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, 2019. 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 and the City's financial statements, which begin on page 20. 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

- Government-wide, assets of the City of Marshalltown exceeded its liabilities at the close of the most recent fiscal year by \$88,238,928 (net position) as compared to \$77,408,764 in the prior year which is an increase of \$10,830,164. This increase is primarily due to the construction of the City's new Police and Fire Building.
- As of the close of the current fiscal year, the City of Marshalltown's governmental funds reported combined ending fund balances of \$25,653,569 a decrease of \$2,275,955 in comparison with the prior year. This change was primarily from the expenditures of the construction of the police and fire building in fiscal year 2019 when the bond proceeds were received in fiscal year 2018.
- \$3,711,828 in unassigned fund balance is available for spending at the City's discretion. Prior year unassigned fund balance was \$2,614,277. This is an increase of \$1,097,551. This increase is partially due to tornado related expenditures relating to staff time being recorded in a special revenue fund, which in turn reduced the amount of expenditures normally charged to the general fund. In addition, City Council has been allocating funds from the Local Option Sales Tax Council Designated portion to increase the cash flow reserve. Between this allocation and the interest earned on the cash flow reserve fund, the unassigned fund balance increased an additional \$209,630. At June 30, 2019, the amount in reserve was \$2.3 million. This helps to bridge the gap between the highs and lows throughout the fiscal year
- The City's total debt had a net decrease of \$3.1 million during the current fiscal year. This change reflects the retirement of existing bonds of \$5.5 million and the issuance of \$2.4 million in new GO Debt. The new debt was for the streets, sidewalks and a City parking lot.

Overview of the Financial Statements

This discussion and analysis are 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.

The focus of governmental funds is narrower than that of the government-wide financial statements, so 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, Tornado, Public Works and Other Projects Funds. Data from the other six 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. This service predominantly benefits governmental rather than business-type functions, so 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 \$88,238,928 at the close of the most recent fiscal year.

City of Marshalltown Net Position
June 30, 2019

	Governmental Activities		Business-Type Activities		Total	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Current and Other Assets	\$ 43,708,126	\$ 46,258,769	\$ 19,964,240	\$ 17,176,132	\$ 63,672,366	\$ 63,434,901
Capital Assets	59,471,606	50,784,835	58,175,769	57,997,288	117,647,375	108,782,123
Total Assets	103,179,732	97,043,604	78,140,009	75,173,420	181,319,741	172,217,024
Deferred Outflows of Resources	5,042,429	3,946,704	524,555	438,154	5,566,984	4,384,858
Current and Other Liabilities	6,192,200	6,671,809	2,721,586	2,545,737	8,913,786	9,217,546
Noncurrent Liabilities	55,854,608	55,225,124	19,444,742	21,144,146	75,299,350	76,369,270
Total Liabilities	62,046,808	61,896,933	22,166,328	23,689,883	84,213,136	85,586,816
Deferred Inflow of Resources	14,328,630	13,526,817	106,031	79,485	14,434,661	13,606,302
Net Position						
Net investment in capital assets	39,411,094	37,973,695	41,571,280	39,699,525	80,982,374	77,673,220
Restricted	16,316,062	13,150,024	139,016	177,299	16,455,078	13,327,323
Unrestricted	(23,880,433)	(25,557,161)	14,681,909	11,965,382	(9,198,524)	(13,591,779)
Total net position	\$ 31,846,723	\$ 25,566,558	\$ 56,392,205	\$ 51,842,206	\$ 88,238,928	\$ 77,408,764

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

By far, the largest portion of the City of Marshalltown's net position of \$80,982,374 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 \$16,455,078 represents resources that are subject to external restrictions. Prior year comparison shows \$13,327,323, an increase of \$3,127,755.

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

City of Marshalltown Changes in Net Position
 June 30, 2019

	Governmental Activities		Business-Type Activities		Total	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Revenues:						
Program revenues:						
Charges for services	\$ 5,749,619	\$ 1,534,874	\$ 9,855,517	\$ 9,451,194	\$ 15,605,136	\$ 10,986,068
Operating grants and contributions	6,303,997	6,768,632	351,965	383,646	6,655,962	7,152,278
Capital grants and contributions	250,571	1,026,153	472,223	209,668	722,794	1,235,821
General revenues						
Property and other taxes	16,624,954	15,333,757	-	-	16,624,954	15,333,757
Grants and contributions not restricted to specific programs	1,353,217	1,331,709	-	-	1,353,217	1,331,709
Other	975,879	1,017,923	430,951	213,581	1,406,830	1,231,504
Total revenues	31,258,237	27,013,048	11,110,656	10,258,089	42,368,893	37,271,137
Expenses:						
Public safety	\$ 9,976,152	11,732,583	-	-	9,976,152	11,732,583
Public works	5,841,806	5,591,152	-	-	5,841,806	5,591,152
Health and social services	58,376	654,311	-	-	58,376	654,311
Culture and recreation	3,294,383	3,888,793	-	-	3,294,383	3,888,793
Community and economic development	2,749,981	2,288,991	-	-	2,749,981	2,288,991
General government	2,034,176	1,575,523	-	-	2,034,176	1,575,523
Interest on long-term debt	806,440	764,344	-	-	806,440	764,344
Business type	-	-	6,777,415	7,036,124	6,777,415	7,036,124
Total expenses	24,761,314	26,495,697	6,777,415	7,036,124	31,538,729	33,531,821
Increase in net position before transfers						
before transfers	6,496,923	517,351	4,333,241	3,221,965	10,830,164	3,739,316
Transfers	(216,758)	(49,377)	216,758	49,377	-	-
Increase in Net Position	6,280,165	467,974	4,549,999	3,271,342	10,830,164	3,739,316
Net Position - Beginning of Year, as restated						
Net Position - End of Year	\$ 25,566,558	\$ 25,098,584	\$ 51,842,206	\$ 48,570,864	\$ 77,408,764	\$ 73,669,448
	\$ 31,846,723	\$ 25,566,558	\$ 56,392,205	\$ 51,842,206	\$ 88,238,928	\$ 77,408,764

Governmental Activities. Governmental revenues in the current year increased by \$4.25 million primarily due to increased revenues in the Charges for Services area, which includes insurance proceeds from the tornado damage. Governmental expenses decreased \$1.73 million from the prior fiscal year and this was largely due to savings in the Public Safety area due to 911 operations being operated by Marshall County Communications Commission and the Marshall County 911 Services Board, rather than the City.

Business-type Activities. Revenue received through charges for services increased by \$0.4 million. Business-type expenses decreased by \$0.3 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 \$25,653,569, a decrease of \$2,275,955 in comparison with the prior year. Of this total amount \$3,711,828 is unassigned fund balance, which is available to meet the future financial needs of the City. \$21,372,129 is restricted, \$250,000 is committed and \$319,612 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 \$546,722 to \$4,939,126, with an unassigned fund balance of \$3,822,879, a restricted balance of \$581,566, and a committed balance of \$250,000. The remaining \$284,681 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 \$6,316,114 is an increase of \$1,428,182 compared to the prior year. This net increase is due to an increase in revenues and a decrease in transfers out. With the tornado, Public Works staff were assigned to debris removal, so less costs were paid out of the Road Use Tax Fund.

The Housing and Urban Development (HUD) program for Section 8 housing assistance continued all year and the Lead Abatement grant was awarded in the spring of 2019, which was funded from the Lead-Based Paint Hazard Control grant. The City administers these grants in collaboration with many health and welfare agencies throughout the community. For fiscal year 2019, the City expended \$1,349,571 under these programs.

Voters passed a referendum in August 1, 2017 reallocating the Local Option Sales Tax (L.O.S.T.) 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 in the amount of \$3,016,268 were transferred to the Debt Service Fund to lower the property tax levy. The Council used \$158,683 of their designated share to increase the Cash Flow Reserve Fund and \$14,840 to cover the General Fund budgeted deficit. Some of the other Council designated projects included providing grant match for a Wayfinding Signage grant, Development of an ADA Transition Plan, Fireworks, Electronic Devices for the Mayor and Council Members, and Bike Trail Engineering & Design. The decrease in the L.O.S.T. fund balance this year was \$282,438. Some of the cash on hand at the beginning of the year was used to reduce the property tax levy and cash remaining from capital improvements prior to the referendum passing was used to construct streets.

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 City received a Federal Public Assistance Disaster Declaration, which allows 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 repair projects throughout the City. However, the Federal Individual Assistance was denied. City properties and equipment were also damaged, but the City's insurance mostly covered its damage except for a \$10,000 deductible. Revenue and expenses were tracked in a tornado fund. \$3,749,135 was expended by the City for both its own properties and the community clean-up. Since the major FEMA projects were not obligated at the end of our fiscal year at June 30, 2019, we could not set up a receivable from FEMA or the State for the projected amount owed to the City. As of January 2020, all of our FEMA projects have been obligated. The street repair project related to the tornado will begin in the spring of 2020. Upon close-out of the projects, the City is anticipating receiving \$2.6 million in revenues in FY20 thru FY21. The amount received in FY19 from FEMA was \$9,068.

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 and the continued construction of the new Police & Fire Building. The City issued bonds in FY19 for \$2.4 million for the construction of streets, sidewalks, and a parking lot.

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 \$56,392,205, a net position increase of \$4,549,999.

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, 2019, revenues and transfers in for the general fund operations, on the GAAP basis, were less than revenue estimates by \$312,271 and departmental expenditures and transfers out on the GAAP basis were \$1,004,834 less than expenditure estimates.

During the fiscal year ended June 30, 2019 there was one budget amendment dated May 28, 2019.

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, 2019 amount to \$200,862,827. 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 \$13,023,116, of which \$9.2million was from the continuing construction of the new Police & Fire Building.

City of Marshalltown's 2019 Capital Assets
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Land and Improvements	\$ 7,414,640	\$ 7,326,123	\$ 3,128,988	\$ 3,121,325	\$ 10,543,628	\$ 10,447,448
Buildings and Structures	17,358,592	17,666,013	10,845,458	10,845,457	28,204,050	28,511,470
Equipment and vehicles	17,447,455	17,023,927	20,084,931	17,993,497	37,532,386	35,017,424
Infrastructure	44,952,134	44,392,621	60,032,120	58,029,056	104,984,254	102,421,677
Construction in Progress	17,697,205	7,743,788	1,901,304	3,697,904	19,598,509	11,441,692
Total	\$ 104,870,026	\$ 94,152,472	\$ 95,992,801	\$ 93,687,239	\$ 200,862,827	\$ 187,839,711

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 (some to replace vehicles damaged in the tornado).
- Two new transit buses
- Skatepark equipment.
- 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 48-50 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 \$49,830,334. Of this amount, \$37,821,334 comprises debt backed by the full faith and credit of the City. The remainder of the City of Marshalltown's debt in the amount of \$12,009,000 represents bonds secured solely by revenues generated from the sanitary sewer rental fees.

The City of Marshalltown's total debt decreased by approximately \$3.1 million during the current fiscal year due to the issuance of approximately \$2.4 million less normal retirement of debt of approximately \$5.5 million.

Moody's Investors Service rated the City on October 30, 2018 and November 14, 2019. The City maintained their Aa2 bond rating.

State statute limits 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 \$78,797,375 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 50-54 in 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. The actual property tax valuations from 1/1/17 to 1/1/18, which was applied to FY18 to FY19, increased by \$75 million.

The community continues to see new multi-family residential development, which is a verified need from a 2019 Housing Study. New projects include a market rate 14-unit development called Crosby Park, which has an estimated valuation of \$2 million. Units started renting in Fall 2019. Market rate duplex units are also being constructed by Kading Properties in two locations, totaling 48 units. All units are not fully constructed but renting started in December 2019 on those that are completed. The total cost of this development is \$5 million. The City, Chamber of Commerce and Vision Marshalltown continue to work closely together to ensure housing opportunities exist in all types and at a variety of price ranges.

Downtown redevelopment is well underway following the July 2018 tornado. The City was able to complete a grant-funded Downtown Master Plan in June 2019 to provide direction to redevelopment and preservation activities. Work has continued to preserve a number of buildings, and new construction projects are underway. The first new construction project to open was Thompson True Value. Future new construction projects include an ethnic grocery store and restaurant, a commercial and multi-family building, a restaurant, laundromat, and an income-restricted multi-family complex.

The City is also planning two major new roadway projects which will open up hundreds of acres for industrial and commercial development. A grant from the Iowa DOT will help fund an extension of Edgewood Street and 8th Avenue that will address safety issues along Highway 14 while also opening up approximately 50 acres of new land owned by the City for industrial development. The City is also moving forward with continuing East Merle Hibbs Road, which will make connections to a densely populated neighborhood and open up nearly 100 acres of agricultural land for new commercial and residential development.

The City also continues to work with the Iowa DOT to plan improvements to the Highway 14 /North 3rd Avenue corridor. A study completed in 2018 provided many recommendations for improving the flow of traffic as well as safety improvements for pedestrians and motorists and aesthetic improvements for residents. This project is targeted for 2022.

The City has also taken bids and will be starting the renovation of the Veterans Memorial Coliseum. This project is funded with insurance proceeds, donations and grants, and cash to be designated by the City Council, totaling more than \$3.8 million. The anticipated open date is October 2020.

The budget for the ensuing fiscal year 2020 considers many factors and estimates about the finances of the upcoming year. 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. Since then, the County Assessor has reviewed the progress on repairs from the tornado and made adjustments to property tax valuations which impacts fiscal year 2021. City-wide there was not a decrease in overall valuations. The City and community are continuing to develop 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 increased in fiscal year 2019, but decreased for fiscal year 2020. This rate fluctuates on an annual basis. (b) The Iowa Public Employees Retirement System increased in fiscal year 2019, but remains steady for fiscal years 2020 and 2021. (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 FY19 or FY20. 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.

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Basic Financial Statements
June 30, 2019
City of Marshalltown

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City of Marshalltown
Statement of Net Position
June 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Marshalltown	Marshalltown
				Water Works	Convention and Visitors Bureau
Assets					
Cash and cash equivalents	\$ 28,442,351	\$ 17,637,424	\$ 46,079,775	\$ 3,803,353	\$ 327,811
Receivables					
Property taxes					
Delinquent	159,143	-	159,143	-	-
Succeeding year	13,541,388	-	13,541,388	-	-
Accounts and unbilled usage	316,230	1,597,135	1,913,365	733,112	-
Special assessments	11,325	-	11,325	-	-
Due from component unit	9,669	471,767	481,436	-	-
Due from other governments	908,408	-	908,408	-	-
Inventories	9,930	24,431	34,361	-	-
Prepaid items	309,682	94,467	404,149	47,998	421
Restricted assets					
Cash and cash equivalents	-	139,016	139,016	711,904	-
Capital assets					
Land	4,753,531	898,294	5,651,825	1,115,721	-
Land improvements	2,661,109	2,230,694	4,891,803	-	-
Buildings and structures	17,358,592	10,845,458	28,204,050	18,656,373	-
Equipment and vehicles	17,447,455	20,084,931	37,532,386	2,617,117	102,086
Sanitary sewers and lift stations	-	43,454,964	43,454,964	-	-
Infrastructure	44,952,134	16,577,156	61,529,290	13,200,320	-
Construction in progress	17,697,205	1,901,304	19,598,509	-	-
Accumulated depreciation	(45,398,420)	(37,817,032)	(83,215,452)	(16,565,202)	(30,810)
Total assets	<u>103,179,732</u>	<u>78,140,009</u>	<u>181,319,741</u>	<u>24,320,696</u>	<u>399,508</u>
Deferred Outflows of Resources					
OPEB related deferred outflows	1,099,321	131,330	1,230,651	-	-
Pension related deferred outflows	3,943,108	393,225	4,336,333	217,620	-
Total deferred outflows of resources	<u>5,042,429</u>	<u>524,555</u>	<u>5,566,984</u>	<u>217,620</u>	<u>-</u>

City of Marshalltown
Statement of Net Position
June 30, 2019

	Primary Government			Component Units	
	Governmental Activities		Business-Type Activities	Total	Marshalltown
					Water Works
Liabilities					
Accounts payable	\$ 1,471,162	\$ 732,161	\$ 2,203,323	\$ 144,208	\$ 13,048
Accrued payroll and payroll benefits	244,870	48,253	293,123	26,558	3,944
Retainage payable	495,914	73,883	569,797	-	-
Deposits payable	166,024	-	166,024	-	-
Due to other governments	113,191	30,277	143,468	-	-
Accrued interest payable	100,795	38,292	139,087	11,143	-
Due to primary government	-	-	-	481,436	-
Deferred revenue	-	-	-	26,227	59,342
Liabilities payable from restricted assets					
Customer deposits	-	-	-	225,800	-
Noncurrent liabilities					
Due within one year					
Bonds and notes payable	3,358,486	1,749,249	5,107,735	364,000	-
Compensated absences payable	241,758	49,471	291,229	93,141	-
Due in more than one year					
Bonds and notes payable	28,734,897	15,987,702	44,722,599	6,414,531	-
Compensated absences payable	908,280	214,720	1,123,000	-	-
Net pension liability	12,808,440	1,418,196	14,226,636	1,957,289	-
Total OPEB liability	<u>13,402,991</u>	<u>1,824,124</u>	<u>15,227,115</u>	<u>200,516</u>	<u>-</u>
Total liabilities	<u>62,046,808</u>	<u>22,166,328</u>	<u>84,213,136</u>	<u>9,944,849</u>	<u>76,334</u>
Deferred Inflows of Resources					
Succeeding year property taxes	13,541,388	-	13,541,388	-	-
Pension related deferred inflows	<u>787,242</u>	<u>106,031</u>	<u>893,273</u>	<u>44,494</u>	<u>-</u>
Total deferred inflows of resources	<u>14,328,630</u>	<u>106,031</u>	<u>14,434,661</u>	<u>44,494</u>	<u>-</u>
Net position					
Net investment in capital assets	39,411,094	41,571,280	80,982,374	12,245,798	71,276
Restricted for					
Capital improvements	8,547,182	-	8,547,182	-	-
Community development	221,172	-	221,172	-	-
Debt service	154,543	139,016	293,559	-	-
Employee benefits	3,251,172	-	3,251,172	-	-
Other purposes	4,141,993	-	4,141,993	-	-
Unrestricted	<u>(23,880,433)</u>	<u>14,681,909</u>	<u>(9,198,524)</u>	<u>2,303,175</u>	<u>251,898</u>
Total net position	<u>\$ 31,846,723</u>	<u>\$ 56,392,205</u>	<u>\$ 88,238,928</u>	<u>\$ 14,548,973</u>	<u>\$ 323,174</u>

City of Marshalltown
Statement of Activities
Year Ended June 30, 2019

		Net (Expense) Revenue and Changes in Net Position					
Functions/Programs	Primary Government	Program Revenues			Primary Government		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Component Units
Governmental activities							
Public safety	\$ 9,976,152	\$ 1,025,001	\$ 309,290	\$ 21,822	\$ (8,620,039)	\$ (8,620,039)	\$ -
Public works	5,841,306	869,553	3,559,664	10,827	(1,304,762)	(1,304,762)	\$ -
Health and social services	58,376	4,377	740,445	686,446	-	686,446	\$ -
Culture and recreation	3,294,383	3,205,738	121,859	120,922	154,136	-	154,136
Community and economic development	2,749,981	49,259	1,520,891	-	(1,179,831)	-	(1,179,831)
General government	2,034,176	595,691	51,848	-	(1,386,637)	-	(1,386,637)
Interest on long-term debt	806,440	-	-	-	(806,440)	-	(806,440)
Total governmental activities	24,761,314	5,749,619	6,303,997	250,571	(12,457,127)	-	(12,457,127)
Business-type activities							
Water pollution control	4,385,870	8,286,670	-	-	35,568	-	3,900,800
Storm sewer	998,362	1,400,019	-	-	-	43,7225	43,7225
Compost	533,956	57,440	-	-	-	(476,516)	(476,516)
Transit	818,510	70,385	351,965	436,655	-	40,495	40,495
Concessions	40,717	41,003	-	-	-	286	286
Total business-type activities	6,777,415	9,855,517	351,965	472,223	-	3,902,290	3,902,290
Total primary government	\$ 31,538,729	\$ 15,605,136	\$ 6,655,962	\$ 722,794	\$ (12,457,127)	\$ 3,902,290	\$ (8,554,837)
Component Units							
Water works	\$ 4,261,348	\$ 5,070,981	\$ -	\$ -	\$ -	\$ -	\$ 809,433
Convention and visitors bureau	324,315	393,969	-	-	-	-	\$ -
Total component units	\$ 4,585,863	\$ 5,464,950	\$ -	\$ -	\$ -	\$ -	\$ 809,433

City of Marshalltown
Statement of Activities
Year Ended June 30, 2019

Net (Expense) Revenue and Changes in Net Position					
		Primary Government		Component Units	
Governmental Activities		Business-type Activities		Total	
				Water	Works
General Revenues					
Taxes					
Property	\$ 10,611,119	\$ -	\$ -	\$ 10,611,119	\$ -
Tax increment financing	814,444	-	-	814,444	-
Local option sales	3,330,991	-	-	3,330,991	-
Utility excise	1,287,287	-	-	1,287,287	-
Hotel/motel	567,559	-	-	567,559	-
Mobile homes	13,554	-	-	13,554	-
Unrestricted					
State generated revenues	1,353,217	-	-	1,353,217	-
Investment earnings	678,426	430,951	1,109,377	39,251	2,173
Miscellaneous revenues	297,453	-	297,453	-	-
Transfers	(216,758)	216,758	-	-	-
	18,737,292	647,709	19,385,001	39,251	2,173
Total general revenues and transfers					
Change in net position	6,280,165	4,549,999	10,830,164	848,684	71,827
Net Position - Beginning	25,566,558	51,842,206	77,408,764	13,700,289	251,347
Net Position - Ending	\$ 31,846,723	\$ 56,392,205	\$ 88,238,928	\$ 14,548,973	\$ 323,174

City of Marshalltown
Balance Sheet
Governmental Funds
June 30, 2019

	Special Revenue Funds										Capital Projects Funds			Nonmajor Governmental Funds	Total
	General		Road Use Tax		Local Option Sales Tax		Property Tax		Tornado		HUD Programs	Debt Service	Other Projects		
	\$		\$		\$		\$		\$		\$		\$		
Assets															
Cash and cash equivalents															
Receivables															
Property taxes	\$ 4,723,539	\$ 6,078,798	\$ 3,741,657	\$ 3,205,314	\$ 506,203	\$ 208,840	\$ 146,286	\$ 5,952,306							\$ 26,022,906
Delinquent	85,168	-	-	44,063	-	-	8,257	6,300	15,355	159,143	-	-	-		
Succeeding year	7,999,133	-	-	4,053,866	1,795	58,506	5,277	895,661	592,728	47,903	268,133	-	-		
Accounts and unbilled usage	141,307	-	8,078	-	-	-	-	-	-	11,325	-	-	-		
Special assessments	-	-	-	-	-	-	-	-	-	22,135	-	-	-		
Due from other funds	57,438	-	-	-	-	-	-	-	-	-	-	-	-		
Due from component unit	9,669	-	-	-	-	-	-	-	-	-	-	-	-		
Due from other governments	152,778	284,422	316,584	-	-	-	19,597	-	-	-	-	-	-		
Inventory	-	9,930	-	-	-	-	-	-	-	-	-	-	-		
Prepaid items	284,681	8,849	-	-	-	-	259	13,462	-	-	-	-	-		
Total assets	\$ 13,453,713	\$ 6,381,999	\$ 4,066,319	\$ 7,305,038	\$ 564,968	\$ 247,176	\$ 1,050,204	\$ 6,591,202	\$ 1,659,538	\$ 41,320,157					
Liabilities, Deferred inflow of Resources, and Fund Balances															
Liabilities															
Accounts payable	\$ 132,443	\$ 60,021	\$ 23,717	\$ -	\$ 84,870	\$ 1,089	\$ -	\$ -	\$ 586,110	53,894	\$ 942,144	-	-		
Accrued payroll and payroll benefits	233,957	269	-	-	-	6,525	-	-	-	4,119	244,870	-	-		
Retainage payable	-	-	-	-	-	-	-	-	-	484,680	11,234	495,914	-		
Due to other governments	97,244	5,595	-	-	-	-	-	-	-	-	10,382	113,191	-		
Due to other funds	-	-	-	-	-	-	-	-	-	-	79,573	79,573	-		
Total liabilities	463,614	65,885	23,717	-	84,870	7,614	-	-	1,070,790	159,202	1,875,692	-	-		
Deferred inflows of Resources															
Unavailable revenue- property taxes	7,999,133	-	-	4,053,866	-	-	-	895,661	592,728	-	-	-	-		
Unavailable revenue- special assessments	-	-	-	-	-	-	-	-	11,325	-	-	-	-		
Unavailable revenue- other	25,543	-	-	-	6,583	4,928	-	-	-	-	46,705	83,759	-		
Unavailable revenue- intergovernmental	26,297	-	-	-	-	-	-	-	-	-	128,127	154,424	-		
Total deferred inflows of resources	8,050,973	-	-	4,053,866	6,583	4,928	895,661	604,053	174,832	13,790,896					
Fund Balances															
Nonspendable	284,681	18,779	-	-	259	13,462	-	-	1,141	1,290	319,612	-	-		
Restricted	581,156	6,297,335	4,042,602	3,251,172	473,256	221,172	154,543	4,915,218	1,435,265	21,372,129	-	-	-		
Committed	250,000	-	-	-	-	-	-	-	-	-	250,000	371,828	-		
Unassigned	3,822,879	-	-	-	-	-	-	-	-	-	-	-	-		
Total fund balances	4,939,126	6,316,114	4,042,602	3,251,172	473,515	234,634	154,543	4,916,359	1,325,504	25,653,569					
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,453,713	\$ 6,381,999	\$ 4,066,319	\$ 7,305,038	\$ 564,968	\$ 247,176	\$ 1,050,204	\$ 6,591,202	\$ 1,659,538	\$ 41,320,157					

City of Marshalltown
 Reconciliation of the Balance Sheet
 Governmental Funds to the Statement of Net Position
 June 30, 2019

Total governmental fund balances	\$ 25,653,569
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	\$ 104,870,026
Accumulated depreciation is	<u>(45,398,420)</u>
	59,471,606
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.	
	249,508
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 deferred outflows	1,099,321
Pension related deferred outflows	3,943,108
Pension related deferred inflows	<u>(787,242)</u>
	4,255,187
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.	
	1,772,500
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	(32,093,383)
Accrued interest on the bonds	(100,795)
Compensated absences	(1,150,038)
Net pension liability	(12,808,440)
Total OPEB liability	<u>(13,402,991)</u>
	<u>(59,555,647)</u>
Net position of governmental activities	<u>\$ 31,846,723</u>

City of Marshalltown
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	Special Revenue Funds										Capital Projects Funds			Nonmajor Governmental Funds	Total			
	General			Road Use Tax			Local Option Sales Tax			Property Tax		HUD Programs		Debt Service				
Revenues	\$ 6,270,127	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,268,919	\$ -	\$ -	\$ -	\$ -	\$ 604,760	\$ -	\$ 467,313	\$ -	\$ 10,611,119		
Property taxes	1,541,378	-	-	3,330,991	-	401,837	-	-	-	-	-	72,042	-	814,444	-	814,444		
TIF revenues	336,767	-	-	104,668	-	21,283	-	-	-	9,599	-	23,920	195,191	30,676	-	5,403,693		
Other city taxes	395,611	-	-	-	-	-	396,021	-	28,406	1,302,777	-	74,940	50	-	-	395,611		
Use of money and property	985,762	3,581,109	-	-	-	-	-	-	-	-	-	188,253	-	813,354	7,370,622	7,370,622		
Licenses and permits	881,447	-	-	-	-	-	-	-	-	-	-	10,292	-	523,446	1,404,943	1,404,943		
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,292	10,292		
Charges for service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Special assessments	328,455	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total revenues	10,739,547	3,581,109	3,435,659	4,088,060	30,004	1,338,734	775,662	1,021,555	2,411,331	27,421,661								
Expenditures																		
Current																		
Public safety	8,758,398	-	37,065	12,593	266,130	-	-	-	-	8,605,055	315,327	17,994,568	-	-	-	-		
Public works	1,672,000	1,258,821	39,306	-	1,277,700	-	-	-	-	543,546	7,855	4,799,228	-	-	-	-		
Health and social services	11,883	-	-	-	28,346	43,838	-	-	-	-	-	-	-	-	84,067	84,067		
Culture and recreation	2,514,012	-	8,875	-	1,593,289	-	-	-	-	-	-	-	-	-	4,475,456	4,475,456		
Community and economic development	488,806	-	-	19,978	-	111,403	1,305,733	-	-	177,369	578,146	2,661,437	-	-	-	-		
General government	1,422,342	-	-	-	-	472,267	-	-	-	54,535	412	1,969,534	-	-	-	-		
Debt service	10,275	-	-	-	-	-	-	-	-	3,338,486	-	-	-	-	3,348,761	3,348,761		
Principal	-	-	-	-	-	-	-	-	-	773,999	-	-	-	-	773,999	773,999		
Total expenditures	14,877,716	1,258,821	105,224	12,593	3,749,135	1,349,571	4,112,485	9,380,505	1,261,020	36,107,070								

City of Marshalltown
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General	Road Use Tax	Local Option Sales Tax	Special Revenue Funds			Capital Projects Funds		
				Property Tax	Tornado	HUD Programs	Debt Service	Nonmajor Governmental Funds	
								Other Projects	Total
Excess (deficiency) of revenues over (under) expenditures	\$ (4,138,169)	\$ 2,322,288	\$ 3,330,435	\$ 4,075,467	\$ (3,719,131)	\$ (10,837)	\$ (3,336,823)	\$ (8,358,950)	\$ 1,150,311
Other financing sources (uses)									
Insurance proceeds	-	-	-	-	4,192,646	-	-	-	4,192,646
General obligation bonds issued	-	-	-	-	-	-	-	2,400,000	2,400,000
Premium on bonds issued	5,435,271	-	-	-	-	-	-	33,566	33,566
Transfers in	(750,380)	(894,106)	(3,659,667)	(46,794)	(3,706,198)	-	-	1,005,438	9,996,948
Transfers out								(631,211)	(572,144)
Total other financing sources (uses)	4,684,891	(894,106)	(3,612,873)	(3,706,198)	4,192,646	-	3,379,487	2,847,793	(482,186)
Net change in fund balances	546,722	1,428,182	(282,438)	369,269	473,515	(10,837)	42,664	(5,511,157)	668,125
Fund balances - beginning	4,392,404	4,387,932	4,325,040	2,881,903	-	245,471	111,879	10,427,516	657,379
Fund balances - ending	\$ 4,939,126	\$ 6,316,114	\$ 4,042,602	\$ 3,251,172	\$ 473,515	\$ 234,634	\$ 154,543	\$ 4,916,359	\$ 1,325,504
									\$ 25,653,569

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, 2019

Net change in fund balances – total governmental funds \$ (2,275,955)

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	\$ 11,771,382
Book value of disposals	(202,065)
Depreciation expense	<u>(2,882,548)</u>
Net change in capital assets	8,686,769

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 changed by these amounts this year:

Intergovernmental	33,266
Charges for service	<u>(389,336)</u>
Net effect	(356,070)

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	3,348,761
Debt proceeds, including premiums	<u>(2,433,566)</u>
Net effect	915,195

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	26,573
Change in compensated absences	76,467
Net effect of OPEB related activity	(375,672)
Net effect of pension related activity	<u>(271,827)</u>
Total additional expenses	(544,459)

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. (145,315)

Change in net position of governmental activities \$ 6,280,165

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City of Marshalltown
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	
Assets					
Current assets					
Cash and cash equivalents	\$ 13,930,006	\$ 3,669,717	\$ 37,701	\$ 17,637,424	\$ 2,419,445
Receivables					
Accounts and unbilled usage	1,473,647	117,576	5,912	1,597,135	48,097
Due from other funds	292,757	-	-	292,757	-
Due from component unit	376,467	95,300	-	471,767	-
Inventories	14,911	-	9,520	24,431	-
Prepaid items	63,718	9,949	20,800	94,467	-
Total current assets	<u>16,151,506</u>	<u>3,892,542</u>	<u>73,933</u>	<u>20,117,981</u>	<u>2,467,542</u>
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	139,016	-	-	139,016	-
Capital assets					
Land	383,576	504,281	10,437	898,294	-
Land improvements	1,957,598	30,000	243,096	2,230,694	-
Buildings and structures	10,135,410	6,000	704,048	10,845,458	-
Equipment and vehicles	17,694,136	412,736	1,978,059	20,084,931	-
Sanitary sewers and lift stations	43,329,348	125,616	-	43,454,964	-
Infrastructure	-	16,577,156	-	16,577,156	-
Construction in progress	579,185	1,322,119	-	1,901,304	-
Accumulated depreciation	<u>(30,190,251)</u>	<u>(6,057,275)</u>	<u>(1,569,506)</u>	<u>(37,817,032)</u>	<u>-</u>
Total noncurrent assets	<u>44,028,018</u>	<u>12,920,633</u>	<u>1,366,134</u>	<u>58,314,785</u>	<u>-</u>
Total assets	<u>60,179,524</u>	<u>16,813,175</u>	<u>1,440,067</u>	<u>78,432,766</u>	<u>2,467,542</u>
Deferred Outflows of Resources					
OPEB related deferred outflows	88,768	17,405	25,157	131,330	-
Pension related deferred outflows	255,442	52,501	85,282	393,225	-
Total deferred outflows of resources	<u>344,210</u>	<u>69,906</u>	<u>110,439</u>	<u>524,555</u>	<u>-</u>

City of Marshalltown
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	
Liabilities					
Current liabilities					
Accounts payable	\$ 275,916	\$ 440,244	\$ 16,001	\$ 732,161	\$ 529,018
Accrued payroll and payroll benefits	30,026	6,464	11,763	48,253	-
Deposits payable	-	-	-	-	166,024
Retainage payable	41,443	32,440	-	73,883	-
Due to other governments	24,552	1,207	4,518	30,277	-
Due to other funds	-	-	292,757	292,757	-
Accrued interest payable	34,567	3,725	-	38,292	-
Compensated absences	32,561	6,666	10,244	49,471	-
General obligation bonds	410,000	160,000	-	570,000	-
Sewer revenue capital loan note	102,249	-	-	102,249	-
Revenue bonds	<u>1,077,000</u>	<u>-</u>	<u>-</u>	<u>1,077,000</u>	<u>-</u>
Total current liabilities	<u>2,028,314</u>	<u>650,746</u>	<u>335,283</u>	<u>3,014,343</u>	<u>695,042</u>
Noncurrent liabilities					
Compensated absences	150,457	36,678	27,585	214,720	-
General obligation bonds	2,798,174	2,136,584	-	4,934,758	-
Sewer revenue capital loan note	120,944	-	-	120,944	-
Revenue bonds	10,932,000	-	-	10,932,000	-
Total OPEB liability	1,232,944	241,755	349,425	1,824,124	-
Net pension liability	<u>921,271</u>	<u>189,350</u>	<u>307,575</u>	<u>1,418,196</u>	<u>-</u>
Total noncurrent liabilities	<u>16,155,790</u>	<u>2,604,367</u>	<u>684,585</u>	<u>19,444,742</u>	<u>-</u>
Total liabilities	<u>18,184,104</u>	<u>3,255,113</u>	<u>1,019,868</u>	<u>22,459,085</u>	<u>695,042</u>
Deferred Inflows of Resources					
Pension related deferred inflows	<u>68,878</u>	<u>14,157</u>	<u>22,996</u>	<u>106,031</u>	<u>-</u>
Net Position					
Net investment in capital assets	28,448,634	11,756,512	1,366,134	41,571,280	-
Restricted for					
Bond and interest payments	139,016	-	-	139,016	-
Unrestricted	<u>13,683,102</u>	<u>1,857,299</u>	<u>(858,492)</u>	<u>14,681,909</u>	<u>1,772,500</u>
Total net position	<u>\$ 42,270,752</u>	<u>\$ 13,613,811</u>	<u>\$ 507,642</u>	<u>\$ 56,392,205</u>	<u>\$ 1,772,500</u>

City of Marshalltown
 Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	
Operating Revenues					
Charges for service	\$ 8,210,143	\$ 1,400,019	\$ 168,829	\$ 9,778,991	\$ 2,397,575
Miscellaneous	76,527	-	-	76,527	510,082
Total operating revenues	<u>8,286,670</u>	<u>1,400,019</u>	<u>168,829</u>	<u>9,855,518</u>	<u>2,907,657</u>
Operating Expenses					
Salaries and benefits	1,512,188	267,349	504,636	2,284,173	-
Services and supplies	778,689	307,969	727,577	1,814,235	-
Claims paid	-	-	-	-	2,550,107
Health insurance premiums	-	-	-	-	373,133
Depreciation	1,618,145	380,281	160,971	2,159,397	-
Miscellaneous	9,131	-	-	9,131	187,271
Total operating expenses	<u>3,918,153</u>	<u>955,599</u>	<u>1,393,184</u>	<u>6,266,936</u>	<u>3,110,511</u>
Operating income (loss)	<u>4,368,517</u>	<u>444,420</u>	<u>(1,224,355)</u>	<u>3,588,582</u>	<u>(202,854)</u>
Nonoperating Revenues (Expenses)					
Federal and state grants	-	-	788,620	788,620	-
Interest income	336,086	89,583	5,282	430,951	57,539
Interest and other debt expense	(467,717)	(42,763)	-	(510,480)	-
Net nonoperating revenues (expenses)	<u>(131,631)</u>	<u>46,820</u>	<u>793,902</u>	<u>709,091</u>	<u>57,539</u>
Income (loss) before capital contributions and transfers	<u>4,236,886</u>	<u>491,240</u>	<u>(430,453)</u>	<u>4,297,673</u>	<u>(145,315)</u>
Capital Contributions	-	35,568	-	35,568	-
Transfers In	-	-	263,552	263,552	-
Transfers Out	-	(46,794)	-	(46,794)	-
Change in Net Position	4,236,886	480,014	(166,901)	4,549,999	(145,315)
Net Position - Beginning	<u>38,033,866</u>	<u>13,133,797</u>	<u>674,543</u>	<u>51,842,206</u>	<u>1,917,815</u>
Net Position - Ending	<u>\$ 42,270,752</u>	<u>\$ 13,613,811</u>	<u>\$ 507,642</u>	<u>\$ 56,392,205</u>	<u>\$ 1,772,500</u>

City of Marshalltown
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	
Cash Flows from Operating Activities					
Cash received from customers	\$ 8,075,529	\$ 1,369,902	\$ 166,487	\$ 9,611,918	\$ 2,405,653
Cash payments to suppliers for goods and services	(559,849)	(295,341)	(721,092)	(1,576,282)	(3,045,490)
Cash payments to employees for services	(1,488,538)	(251,272)	(534,636)	(2,274,446)	-
Other operating receipts	76,527	-	-	76,527	510,082
Net Cash provided by (used for) Operating Activities	<u>6,103,669</u>	<u>823,289</u>	<u>(1,089,241)</u>	<u>5,837,717</u>	<u>(129,755)</u>
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	-	-	263,552	263,552	-
Transfers to other funds	-	(46,794)	-	(46,794)	-
Grants received	-	-	788,620	788,620	-
Change in due from other funds	(279,296)	-	-	(279,296)	-
Change in due to other funds	-	-	279,296	279,296	-
Net Cash provided by (used for) Noncapital Financing Activities	<u>(279,296)</u>	<u>(46,794)</u>	<u>1,331,468</u>	<u>1,005,378</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(1,062,036)	(441,139)	(517,508)	(2,020,683)	-
Payment of debt	(1,954,793)	(165,166)	-	(2,119,959)	-
Interest and fiscal charges paid	(473,744)	(43,029)	-	(516,773)	-
Net Cash used for Capital and Related Financing Activities	<u>(3,490,573)</u>	<u>(649,334)</u>	<u>(517,508)</u>	<u>(4,657,415)</u>	<u>-</u>
Cash Flows from Investing Activities					
Interest received on investment securities	<u>336,086</u>	<u>89,583</u>	<u>5,282</u>	<u>430,951</u>	<u>57,539</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>2,669,886</u>	<u>216,744</u>	<u>(269,999)</u>	<u>2,616,631</u>	<u>(72,216)</u>
Cash and Cash Equivalents, Beginning	<u>11,399,136</u>	<u>3,452,973</u>	<u>307,700</u>	<u>15,159,809</u>	<u>2,491,661</u>
Cash and Cash Equivalents, Ending	<u>\$ 14,069,022</u>	<u>\$ 3,669,717</u>	<u>\$ 37,701</u>	<u>\$ 17,776,440</u>	<u>\$ 2,419,445</u>

City of Marshalltown
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2019

	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)	\$ 4,368,517	\$ 444,420	\$ (1,224,355)	\$ 3,588,582	\$ (202,854)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	1,618,145	380,281	160,971	2,159,397	-
Changes in assets, deferred outflows, liabilities, and deferred inflows					
Receivables	(134,614)	(30,117)	(2,342)	(167,073)	(957)
Inventories and prepaid items	(5,536)	1,149	(17)	(4,404)	-
Accounts payable	233,417	11,048	7,341	251,806	65,021
Accrued liabilities	(172)	4,877	8,077	12,782	-
Due to other governments	90	431	(839)	(318)	-
Unearned revenue	-	-	-	-	9,035
Total OPEB liability	88,617	17,013	(10,462)	95,168	-
Net pension liability	(22,022)	4,314	(20,660)	(38,368)	-
Deferred outflows	(60,175)	(14,187)	(12,039)	(86,401)	-
Deferred inflows	17,402	4,060	5,084	26,546	-
Total	<u>1,735,152</u>	<u>378,869</u>	<u>135,114</u>	<u>2,249,135</u>	<u>73,099</u>
Net Cash provided by (used for) Operating Activities	<u>\$ 6,103,669</u>	<u>\$ 823,289</u>	<u>\$ (1,089,241)</u>	<u>\$ 5,837,717</u>	<u>\$ (129,755)</u>
Noncash Capital Activities					
Donations of capital assets	<u>\$ -</u>	<u>\$ 35,568</u>	<u>\$ -</u>	<u>\$ 35,568</u>	<u>\$ -</u>

City of Marshalltown
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Agency</u> <u>Funds</u>
Assets	
Cash and cash equivalents	\$ 23,518
Due from County	72,699
Prepaid items	<u>13,563</u>
 Total assets	 <u>109,780</u>
 Liabilities	
Checks written in excess of deposits	72,699
Due to City	16,396
Due to Sleuth User Group	14,972
Due to other governments	<u>5,713</u>
 Total liabilities	 <u>109,780</u>

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Notes to Financial Statements
June 30, 2019
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 *Tornado Fund* is used to account for insurance proceeds and receipts from Federal Emergency Management Agency (FEMA).

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 capital 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, 2019, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2018 and March 31, 2019. Any County collections on the 2018-2019 tax levy remitted to the City within sixty days subsequent to June 30, 2019, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2019, 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 of unavailable revenues and unrecognized items not yet charged to pension expense or OPEB 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 60 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, 2019.

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, 2019.

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:

	Years
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 and deferred inflows 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.

City of Marshalltown
Notes to Financial Statements
June 30, 2019

As of June 30, 2019, fund balances consisted of the following:

	General	Road Use Tax	Local Option Sales Tax	Property Tax	Tornado	HUD Programs	Debt Service	Public Works and Other Projects	Nonmajor Governmental Funds	Total
Nonspendable	\$ 284,681	\$ 18,779	\$ -	\$ -	\$ 259	\$ 13,462	\$ -	\$ 1,141	\$ 1,290	\$ 319,612
Inventory and prepaid items										
Restricted for										
Capital improvements	449,271	6,297,335	2,092,305	-	-	-	-	4,915,218	-	13,754,129
Property tax relief	132,295	-	1,950,297	-	-	-	-	-	-	2,082,592
Debt service	-	-	-	3,251,172	-	-	-	154,543	-	154,543
Employee benefits	-	-	-	-	-	-	-	-	-	3,251,172
Economic development	-	-	-	-	-	-	-	-	-	534,114
Health and welfare	-	-	-	-	-	-	-	-	-	534,114
Parks and recreation	-	-	-	-	473,256	221,172	-	-	-	186,737
Housing	-	-	-	-	-	-	-	-	-	714,414
Total restricted	581,566	6,297,335	4,042,602	3,251,172	473,256	221,172	154,543	4,915,218	1,435,265	21,372,129
Committed										
Capital improvements	250,000	-	-	-	-	-	-	-	-	250,000
Unassigned	3,822,879	-	-	-	-	-	-	(111,051)	3,711,828	
Total fund balance	\$ 4,939,126	\$ 6,316,114	\$ 4,042,602	\$ 3,251,172	\$ 473,515	\$ 234,634	\$ 154,543	\$ 4,916,359	\$ 1,325,504	\$ 25,653,569

Note 2 - Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. At June 30, 2019, disbursements did not exceed amounts budgeted.

Note 3 - Deposits and Investments

Deposits. On June 30, 2019, the carrying amount of the City's deposits was \$46,242,309 and the bank balances were \$46,755,211. The City's deposits in banks at June 30, 2019, 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, 2019, 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	\$ 8,407,216	\$ 8,407,216
Demand Deposits	10,168,922	10,683,349
Certificates of Deposits	27,664,646	27,664,646
Petty Cash	<u>1,525</u>	<u>-</u>
 Total	 <u>\$ 46,242,309</u>	 <u>\$ 46,755,211</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 \$4,515,257 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 \$327,357 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, 2019, consisted of the following:

Receivable Entity	Payable Entity	Amount
Primary Government:	Component Unit:	
Governmental Fund, General Fund	Water Works	\$ 9,669
Enterprise Fund, Water Pollution Control	Water Works	376,467
Enterprise Fund, Storm Sewer	Water Works	<u>95,300</u>
		<u><u>\$ 481,436</u></u>

Due from/to other funds as of June 30, 2019, consisted of the following:

Due to General Fund from Nonmajor Governmental	\$ <u>57,438</u>
Due to Public Works and Other Projects Fund from Nonmajor Governmental	\$ <u>22,135</u>
Due to Water Pollution Control Fund from Nonmajor Enterprise	\$ <u>292,757</u>

The interfund balances result from negative cash balances.

City of Marshalltown
Notes to Financial Statements
June 30, 2019

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Transfers to General Fund from	
Road Use Tax	\$ 894,106
Local Option Sales Tax	179,157
Property Tax	3,706,198
Public Works and Other Projects	593,911
Nonmajor governmental	<u>61,899</u>
 Total Transfers to General Fund	 <u>\$ 5,435,271</u>
 Transfers to Local Option Sales Tax Fund from Storm Sewer	 <u>\$ 46,794</u>
 Transfers to Public Works and Other Projects Fund from:	
General	\$ 478,745
Local Option Sales Tax	420,183
Nonmajor governmental	<u>146,510</u>
 Total Transfers to Public Works and Other Projects Fund	 <u>\$ 1,045,438</u>
 Transfers to Debt Service Fund from:	
Local Option Sales Tax	\$ 3,016,268
Nonmajor governmental	<u>363,219</u>
 Total Transfers to Debt Service Fund	 <u>\$ 3,379,487</u>
 Transfers to nonmajor governmental funds from:	
General fund	\$ 8,083
Local Option Sales Tax	44,059
Public works and other projects fund	37,300
Nonmajor governmental	<u>516</u>
 Total transfers to nonmajor governmental funds	 <u>\$ 89,958</u>
 Transfers to Nonmajor Enterprise Funds from General	 <u>\$ 263,552</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.

City of Marshalltown
Notes to Financial Statements
June 30, 2019

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Primary Government				
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 4,665,014	\$ 88,517	\$ -	\$ 4,753,531
Construction in progress	<u>7,743,788</u>	<u>10,553,220</u>	<u>(599,803)</u>	<u>17,697,205</u>
Total capital assets, not being depreciated	<u>12,408,802</u>	<u>10,641,737</u>	<u>(599,803)</u>	<u>22,450,736</u>
Capital assets, being depreciated				
Buildings and structures	17,666,012	282,215	(589,635)	17,358,592
Land improvements	2,661,109	-	-	2,661,109
Equipment and vehicles	17,023,927	887,723	(464,195)	17,447,455
Infrastructure	<u>44,392,621</u>	<u>559,513</u>	<u>-</u>	<u>44,952,134</u>
Total capital assets, being depreciated	<u>81,743,669</u>	<u>1,729,451</u>	<u>(1,053,830)</u>	<u>82,419,290</u>
Less accumulated depreciation for				
Buildings and structures	(7,940,959)	(493,215)	493,528	(7,940,646)
Land improvements	(1,571,579)	(121,949)	-	(1,693,528)
Equipment and vehicles	(10,316,693)	(1,007,578)	358,237	(10,966,034)
Infrastructure	<u>(23,538,406)</u>	<u>(1,259,806)</u>	<u>-</u>	<u>(24,798,212)</u>
Total accumulated depreciation	<u>(43,367,637)</u>	<u>(2,882,548)</u>	<u>851,765</u>	<u>(45,398,420)</u>
Total Capital Assets, Being Depreciated, Net	<u>38,376,032</u>	<u>(1,153,097)</u>	<u>(202,065)</u>	<u>37,020,870</u>
Governmental Activities Capital Assets, Net	<u>\$ 50,784,834</u>	<u>\$ 9,488,640</u>	<u>\$ (801,868)</u>	<u>\$ 59,471,606</u>

City of Marshalltown
Notes to Financial Statements
June 30, 2019

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Business-Type Activities				
Capital assets, not being depreciated				
Land	\$ 890,631	\$ 7,663	\$ -	\$ 898,294
Construction in progress	<u>3,697,904</u>	<u>1,575,599</u>	<u>(3,372,199)</u>	<u>1,901,304</u>
Total capital assets, not being depreciated	<u>4,588,535</u>	<u>1,583,262</u>	<u>(3,372,199)</u>	<u>2,799,598</u>
Capital assets, being depreciated				
Buildings and structures	10,845,458	-	-	10,845,458
Land improvements	2,230,694	-	-	2,230,694
Equipment and vehicles	17,993,497	2,123,751	(32,317)	20,084,931
Sanitary sewers and lift stations	41,451,901	2,003,063	-	43,454,964
Infrastructure	<u>16,577,156</u>	<u>-</u>	<u>-</u>	<u>16,577,156</u>
Total capital assets, being depreciated	<u>89,098,706</u>	<u>4,126,814</u>	<u>(32,317)</u>	<u>93,193,203</u>
Less accumulated depreciation for				
Buildings and structures	(6,602,867)	(37,531)	-	(6,640,398)
Land improvements	(2,134,780)	(290,036)	-	(2,424,816)
Equipment and vehicles	(11,970,116)	(580,831)	32,316	(12,518,631)
Sanitary sewers and lift stations	(9,540,069)	(903,663)	-	(10,443,732)
Infrastructure	<u>(5,442,119)</u>	<u>(347,336)</u>	<u>-</u>	<u>(5,789,455)</u>
Total accumulated depreciation	<u>(35,689,951)</u>	<u>(2,159,397)</u>	<u>32,316</u>	<u>(37,817,032)</u>
Total Capital Assets, Being Depreciated, Net	<u>53,408,755</u>	<u>1,967,417</u>	<u>(1)</u>	<u>55,376,171</u>
Business-Type Activities Capital Assets, Net	<u>\$ 57,997,290</u>	<u>\$ 3,550,679</u>	<u>\$ (3,372,200)</u>	<u>\$ 58,175,769</u>

City of Marshalltown
 Notes to Financial Statements
 June 30, 2019

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

Governmental Activities				
Public safety				\$ 417,653
Public works				1,553,574
Health and social services				11,793
Culture and recreation				780,114
General government				<u>119,414</u>
 Total Depreciation Expense – Governmental Activities				 <u>\$ 2,882,548</u>
Business-Type Activities				
Water pollution control				\$ 1,618,145
Storm sewer				380,281
Compost facility				8,827
Bus transit				<u>152,144</u>
 Total Depreciation Expense – Business-Type Activities				 <u>\$ 2,159,397</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, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Governmental Activities					
General obligation bonds and notes payable	\$ 32,470,275	\$ 2,400,000	\$ 3,320,275	\$ 31,550,000	\$ 3,330,000
Unamortized premiums	501,820	33,566	63,218	472,168	-
Total general obligation bonds and notes	32,972,095	2,433,566	3,383,493	32,022,168	3,330,000
Notes from direct borrowings	99,701	-	28,486	71,215	28,486
Compensated absences payable	1,226,505	154,399	230,866	1,150,038	241,758
	<u>34,298,301</u>	<u>2,587,965</u>	<u>3,642,845</u>	<u>33,243,421</u>	<u>3,600,244</u>

City of Marshalltown
Notes to Financial Statements
June 30, 2019

	Balance June 30, 2018		Additions	Deletions	Balance June 30, 2019		Due Within One Year
Business-Type Activities							
General obligation bonds and notes payable	\$ 6,020,000	\$ -	\$ 555,000	\$ 5,465,000	\$ 570,000		
Unamortized premiums	66,750	-	5,166	61,584	-		
Unamortized discounts	(24,944)	-	(3,118)	(21,826)	-		
Total general obligation bonds	6,061,806	-	557,048	5,504,758	570,000		
Notes from direct borrowings	324,152	-	100,959	223,193	102,249		
Revenue bonds payable	13,473,000	-	1,464,000	12,009,000	1,077,000		
Compensated absences payable	255,084	44,564	35,457	264,191	49,471		
	<u>20,114,042</u>	<u>44,564</u>	<u>2,157,464</u>	<u>18,001,142</u>	<u>1,798,720</u>		
Total	<u>\$ 54,412,343</u>	<u>\$ 2,632,529</u>	<u>\$ 5,800,309</u>	<u>\$ 51,244,563</u>	<u>\$ 5,398,964</u>		

For the governmental activities, compensated absences are generally liquidated by the general fund.

City of Marshalltown
Notes to Financial Statements
June 30, 2019

Bonded Debt. Details of the City's bonds and notes payable as of June 30, 2019, are as follows:

	Interest Rates	Govern- mental Activities	Business- type Activities	Total
General Obligation Bonds and Notes				
2011A Essential corporate purpose, issued April 1, 2011	2.65-3.45	\$ -	\$ 3,230,000	\$ 3,230,000
2011B Essential corporate purpose, issued October 26, 2011	1.90-2.85	1,390,000	-	1,390,000
2012A Essential corporate purpose, issued April 12, 2012	1.50-2.50	3,375,000	-	3,375,000
2012B Refunding, issued April 24, 2012	1.50-2.05	1,275,000	-	1,275,000
2013A Essential corporate purpose, issued March 12, 2013	1.50-1.75	2,975,000	-	2,975,000
2014A Essential corporate purpose, issued December 16, 2014	2.00-2.50	1,140,000	-	1,140,000
2015A Essential corporate purpose, issued November 24, 2015	2.35-2.60	1,550,000	-	1,550,000
2016A General obligation corporate purpose, issued August 9, 2016	2.00	1,780,000	2,235,000	4,015,000
2016B General obligation corporate purpose, issued December 1, 2016	2.00	3,480,000	-	3,480,000
2017A General obligation corporate purpose, issued October 10, 2017	3.00	12,185,000	-	12,185,000
2018A General obligation corporate purpose, issued December 3, 2018	3.00	2,400,000	-	2,400,000
Total general obligation bonds and notes		<u>31,550,000</u>	<u>5,465,000</u>	<u>37,015,000</u>
Notes Payable				
Alliant loan note, issued September 17, 2014	0.00	-	223,193	223,193
IDPS fire truck loan, issued July 5, 2016	0.00	<u>71,215</u>	-	<u>71,215</u>
Total notes payable		<u>71,215</u>	<u>223,193</u>	<u>294,408</u>
Revenue Bonds				
Water Pollution Control, improvement and refunding bonds, Series 2012C, issued May 8, 2012	2.58	-	1,060,000	1,060,000
Water Pollution Control, improvement bonds, Series 2013, issued June 18, 2013	2.09	-	2,426,000	2,426,000
Water Pollution Control, improvement bonds, Series 2014, issued June 26, 2014	2.90	-	3,921,000	3,921,000
Water Pollution Control, improvement bonds, Series 2015, issued August 13, 2015	2.69	-	<u>4,602,000</u>	<u>4,602,000</u>
Total revenue bonds		-	<u>12,009,000</u>	<u>12,009,000</u>
Total long-term debt		<u>\$ 31,621,215</u>	<u>\$ 17,697,193</u>	<u>\$ 49,318,408</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.

City of Marshalltown
Notes to Financial Statements
June 30, 2019

Future Requirements to Maturity. Principal and interest requirements to maturity for the City's bonds and notes outstanding as of June 30, 2019, 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
2020	\$ 3,358,486	\$ 815,945	\$ 672,249	\$ 147,481
2021	3,093,486	716,238	693,556	132,111
2022	3,134,243	657,176	622,388	115,578
2023	2,790,000	593,740	605,000	99,050
2024	2,360,000	528,538	635,000	81,890
2025-2029	8,510,000	1,855,515	1,980,000	161,830
2030-2034	4,935,000	970,950	480,000	14,500
2035-2039	<u>3,440,000</u>	<u>208,650</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 31,621,215</u>	<u>\$ 6,346,752</u>	<u>\$ 5,688,193</u>	<u>\$ 752,440</u>
Business-Type Activities Water Pollution Control Revenue Bonds				
Total Business-Type Activities				
Years Ending June 30,	Principal		Principal	
	Interest		Interest	
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	1,194,000	197,284	1,829,000	279,174
2025-2029	5,858,000	506,919	7,838,000	668,749
2030-2034	<u>476,000</u>	<u>12,804</u>	<u>956,000</u>	<u>27,304</u>
Total	<u>\$ 12,009,000</u>	<u>\$ 1,802,418</u>	<u>\$ 17,697,193</u>	<u>\$ 2,554,858</u>

In fiscal year ended June 30, 2019, the Water Pollution Control Fund had net revenues of \$6,322,748 and the amount of principal and interest due on the revenue bonds was \$1,816,330.

City of Marshalltown
Notes to Financial Statements
June 30, 2019

Legal Debt Margin. The City's legal debt margin as of June 30, 2019, is as follows:

Regular Realty Valuations	\$ 1,176,284,153
Utility Valuations	375,124,239
Incremental Valuations	<u>24,539,106</u>
Total actual valuations applicable to debt	<u>1,575,947,498</u>
Debt Limit - 5% of Total Actual Valuations Applicable to Debt	<u>78,797,375</u>
Amount of Debt Applicable to Limitation	37,086,215
General obligation bonds and notes	<u>3,727,567</u>
Urban renewal rebate agreements	
	40,813,782
Less funds available from	154,543
Debt service fund	<u>534,114</u>
Tax increment financing	
	40,125,125
Total debt applicable to debt margin	<u>38,672,250</u>

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 (MFPSI). 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 \$1,993,332 for the primary government and \$203,690 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.

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 – 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 2019, pursuant to the required rate, Regular members contributed 6.29% of pay and the City contributed 9.44% for a total rate of 15.73%.

The City's total contributions to IPERS for the year ended June 30, 2019 were \$570,375. The Water Work's total contributions to IPERS for the year ended June 30, 2019 were \$63,525.

There were no non-employer contributing entities to IPERS.

City of Marshalltown

Notes to Financial Statements

June 30, 2019

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, 2018 valuation were based on the results of economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	27%	1.97%
Domestic Equity	22	6.01
International Equity	15	6.48
Private Equity/Debt	11	10.81
Private Real Assets	7	4.14
Public Real Assets	7	2.91
Public Credit	4	3.93
Global smart beta equity	3	6.23
Private Credit	3	3.11
Cash	1	(0.25)
	<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.

City Specific IPERS Disclosures

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Related to Pensions – At June 30, 2019, the City reported a liability of \$5,088,837 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's collective proportion was .08041 percent which was an increase of .00262 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$653,169. At June 30, 2019, 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	\$ 27,901	\$ 115,016
Changes of Assumptions	725,954	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	139,825
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	86,756	125,622
City Contributions Subsequent to the Measurement Date	<u>570,375</u>	<u>-</u>
Total	<u>\$ 1,410,986</u>	<u>\$ 380,463</u>

The \$570,375 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, 2020.

City of Marshalltown
Notes to Financial Statements
June 30, 2019

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30</u>	<u>Total</u>
2020	\$ 322,426
2021	160,242
2022	(41,550)
2023	16,068
2024	<u>2,962</u>
	<u><u>\$ 460,148</u></u>

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0 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	\$ 8,636,778	\$ 5,088,837	\$ 2,112,641

Payable to the Pension Plan – At June 30, 2019, 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, 2019, the Water Works reported a liability of \$526,041 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the Water Work's collective proportion was .008313 percent which was a decrease of .001159 percent from its proportion measured as of June 30, 2017.

City of Marshalltown
Notes to Financial Statements
June 30, 2019

For the year ended June 30, 2019, the Water Works recognized pension expense of \$81,720. At June 30, 2019, 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	\$ 2,884	\$ 11,889
Changes of Assumptions	75,043	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	14,454
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	51,926	7,523
Water Works Contributions Subsequent to the Measurement Date	<u>63,525</u>	-
Total	<u>\$ 193,378</u>	<u>\$ 33,866</u>

The \$63,525 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, 2020. 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
2020	\$ 46,012
2021	29,267
2022	6,587
2023	11,192
2024	<u>2,929</u>
	<u>\$ 95,987</u>

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	\$ 892,798	\$ 526,041	\$ 218,387

Payable to the Pension Plan – At June 30, 2019, 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 – MFPSI

Plan Description – MFPSI 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 MFPSI. MFPSI 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.mfpsi.org.

MFPSI 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, 2019.

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 26.02% for the year ended June 30, 2019.

The City's contributions to MFPSI for the year ended June 30, 2019 was \$1,137,624.

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 MFPSI during the fiscal year ended June 30, 2019.

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, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	3.75 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, 2018 valuation were based on the results of an actuarial experience study for the period of July 1, 2007 to June 30, 2017. There were no significant changes of benefit terms.

Postretirement mortality rates were based on the RP-2014 Blue Collar Combined Healthy Annuitant Table with males set-forward zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

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

Asset Class	Long-Term Expected Real Rate of Return
Large Cap	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 MFPSI financial report which is available on MFPSI's website at www.mfpsi.org.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the City reported a liability of \$9,137,800 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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 MFPSI participating employers. At June 30, 2018, the City's collective proportion was 1.53472 percent which was an increase of .05435 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expenses of \$1,340,163. At June 30, 2019 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	\$ 245,305	\$ 123,959
Changes of Assumptions	780,461	73,022
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	446,969	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	314,988	315,828
City Contributions Subsequent to the Measurement Date	<u>1,137,624</u>	<u>-</u>
 Total	 <u>\$ 2,925,347</u>	 <u>\$ 512,809</u>

The \$1,137,624 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, 2020.

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

<u>Years Ended June 30,</u>	<u>Total</u>
2020	\$ 813,160
2021	445,431
2022	(121,672)
2023	104,888
2024	<u>33,107</u>
	<u><u>\$ 1,274,914</u></u>

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

	1% Decrease (6.5%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's Proportionate Share of the Net Pension Liability	\$ 15,246,108	\$ 9,137,800	\$ 4,080,327

Payables to the Pension Plan – At June 30, 2019, 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 MFPSI.

(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, 2019. 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, 2019 was 8.93% plus an additional \$4,000 per bi-weekly payroll. The employee contribution rate for the year ended June 30, 2019 was 4.95%. Contributions paid by the Water Works for the year ended June 30, 2019 totaled \$136,630, and the contributions paid by employees totaled \$18,087.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the Water Works reported a net pension liability of \$1,431,248. The net pension liability was measured as of April 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that April 1, 2019.

For the year ended June 30, 2019, the Water Works recognized pension expense of \$121,970. At June 30, 2019 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	\$ -	\$ 10,628
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>24,242</u>	-
Total	<u>\$ 24,242</u>	<u>\$ 10,628</u>

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

Years Ending June 30,	Total
2020	\$ 10,261
2021	(7,231)
2022	4,234
2023	6,350
2024	-
	<u>\$ 13,614</u>

Actuarial Assumptions – The total pension liability in the April 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rates of salary increase (effective April 1, 2019)	3.00 percent per annum
Long-term investment rate of return (effective April 1, 2019)	7.00 percent compounded annually

The actuarial assumptions used in the April 1, 2019 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:

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

Water Works' Proportionate Share of the Net Pension Liability	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
	\$ 1,651,925	\$ 1,431,248	\$ 1,240,929

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 (MFPSI). At July 1, 2017 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	64
Active employees	<hr/> 144
Total	<hr/> <hr/> 208

Total OPEB Liability – The City's total OPEB liability of \$15,227,115 was measured as of June 30, 2019, 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, 2019)	3.15 percent compounded annually, net of investment expense including inflation
Healthcare cost trend rate (effective June 30, 2019)	6.00 percent per annum

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Discount Rate – The discount rate used to measure the total OPEB liability was 3.15% 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	<u>\$ 13,828,157</u>
Changes for the year	
Service Cost	281,820
Interest	499,714
Net difference between projected and actual earnings on pension plan investments	96,036
Change in assumptions	1,061,967
Benefit payments	<u>(540,579)</u>
Net changes	<u>1,398,958</u>
Total OPEB Liability, End of Year	<u>\$ 15,227,115</u>

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 (2.15%) or 1 % higher (4.15%) than the current discount rate.

	1% Decrease (2.15%)	Discount Rate (3.15%)	1% Increase (4.15%)
Total OPEB Liability	\$ 16,077,795	\$ 15,227,115	\$ 12,585,766

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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	\$ 13,269,289	\$ 15,227,115	\$ 16,532,448

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2019, the City recognized OPEB expense of \$892,551. At June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 261,138
Changes in assumptions	<u>969,513</u>
Total	<u>\$ 1,230,651</u>

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

Years Ending June 30	Total
2020	\$ 118,166
2021	118,166
2022	118,166
2023	118,166
2024	118,166
Thereafter	<u>639,821</u>
	<u>\$ 1,230,651</u>

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, 2019 were \$222,846.

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, 2019, no liability has been recorded in the City's financial statements. As of June 30, 2019, 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 \$3,100,000 for 2019. 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, 2019, 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, 2019, 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 \$525,902 in the Group Insurance Benefits Fund and \$3,116 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.

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Changes in reported liabilities for the fiscal years ended June 30, 2019 and 2018, are summarized as follows:

	Group Insurance Benefits Fund	Occupational Insurance Benefits Fund
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	379,176	84,821
Claims and Changes in Estimates During Fiscal Year 2019	2,490,144	58,992
Claim Payments	<u>(2,343,418)</u>	<u>(140,697)</u>
Liabilities as of June 30, 2019	<u><u>\$ 525,902</u></u>	<u><u>\$ 3,116</u></u>

Note 10 - Deferred Compensation Plan

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

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

Note 11 - Commitments

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2019. The City has additional commitments for signed construction contracts of approximately \$4,052,819 as of June 30, 2019, 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 \$2,868,871 and \$428,548, 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, 2019, funds with deficit balances were as follows:

Non-major special revenue fund - Grant Fund	\$ 87,658
Non-major capital projects funds - Airports Projects Fund	22,135
Non-major enterprise fund - Recreation Concessions	21,443
Non-major enterprise fund - Compost Facility	257,896

These deficit balances will be recovered through future grant funding and future charges for services.

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, 2019, \$70,545 of property tax was diverted from the City under the urban renewal and economic development projects.

Note 16 - Subsequent Events

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 City received a Federal Public Assistance Disaster Declaration, which allows 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 repair projects throughout the City. However, the Federal Individual Assistance was denied. City properties and equipment were also damaged, but the City's insurance mostly covered its damage except for a \$10,000 deductible. Revenue and expenses were tracked in a tornado fund. \$3,749,135 was expended by the City for both its own properties and the community clean-up. Since all of the FEMA large projects and some of the small projects were not obligated at the end of the fiscal year at June 30, 2019, we could not set up a receivable from FEMA or the State for the projected amount owed to the City. As of January 2020, all of our FEMA projects have now been obligated. The street repair project related to the tornado will begin in the spring of 2020. Upon close-out of the projects, the City is anticipating receiving \$2.6 million in revenues in FY20 thru FY21. The amount received in FY19 from FEMA was \$9,068.

On July 19, 2019, the City of Marshalltown entered into a loan and disbursement agreement with the Iowa Finance Authority (Sewer Revenue Bonds SRF Series 2019) in the amount of \$3.5 million as a participant in the State Revolving Fund Program. Rather than receiving the full amount upfront, funds are drawn down as expenses are incurred. The proceeds received by the City through December 31, 2019 were \$477,848 plus the Iowa Finance Authority deducted \$17,500 from the proceeds of the loan for the loan initiation fee. The loan has an interest rate of 1.75% per annum and matures on June 1, 2040. The bonds are not general obligations of the City and are not repaid via property taxes; rather, the bonds will be repaid by revenues collected through the sewer revenue fees. The proceeds from the bond are being used for the Manhole and Point Repair Project.

On December 10, 2019, the City of Marshalltown issued General Obligation bonds, Series 2019 in the amount of \$8,830,000 with an interest rate on the bonds of 2%, with a maturity date of June 1, 2030. The City maintained their Aa2 bond rating. \$5.6 million of the bond will be used for a bridge replacement, update 2 parks, sidewalks and streets. This part of the bond will be repaid with the property tax debt service levy. The remaining \$3.23 million of the bond was used for refunding the General Obligation Bond Series 2011 in order to get a lower interest rate, which produced a net present value savings over \$150,000. This refunding will be repaid with sewer revenues.

On January 8, 2020, the City of Marshalltown issued Sewer Revenue Bonds, Series 2020, for \$5,065,000 to refund the Series 2012 and 2014 Revenue Bonds in order to reduce the interest rates. The net present value savings is over \$130,000. The interest rate on the new bond is 1.96% and matures June 1, 2029.

Required Supplementary Information
June 30, 2019
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	Total OPEB liability end of year	Covered employee payroll	Total OPEB liability as a % of covered-employee payroll
				2019	2018						
2019	\$ 281,820	\$ 499,714	\$ 96,036	\$ 1,061,967	\$ (540,579)	\$ 1,398,958	\$ 13,828,157	\$ 15,227,115	\$ 10,534,199	144.55%	
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 – Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2019
 Year ended June 30, 2018

3.15%
 3.72%

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, 2019

	Actual			Budgeted Amounts		Final to Actual Variance
	Governmental Funds	Enterprise Funds	Total	Original Budget	Final Budget	
Receipts						
Property taxes	\$ 11,334,258	\$ -	\$ 11,334,258	\$ 11,502,245	\$ 11,502,245	\$ (167,987)
TIF revenues	963,037	-	963,037	837,649	837,649	125,388
Other city taxes	5,379,616	-	5,379,616	5,046,574	5,265,937	113,679
Licenses and permits	379,899	34,083	413,982	253,775	315,669	98,313
Use of money and property	754,400	475,132	1,229,532	386,728	757,118	472,414
Intergovernmental	6,495,726	788,620	7,284,346	6,882,713	7,328,059	(43,713)
Charges for service	936,367	9,596,340	10,532,707	9,710,969	9,679,630	853,077
Special assessments	10,292	-	10,292	10,000	10,000	292
Miscellaneous	5,288,452	13,840	5,302,292	225,085	4,424,115	878,177
Other financing sources	2,442,467	-	2,442,467	5,570,000	5,941,241	(3,498,774)
Total receipts	33,984,514	10,908,015	44,892,529	40,425,738	46,061,663	(1,169,134)
Disbursements						
Public safety	9,467,186	-	9,467,186	9,081,909	9,794,900	327,714
Public works	4,096,007	-	4,096,007	4,229,416	5,689,509	1,593,502
Health and social services	98,668	-	98,668	42,731	914,961	816,293
Culture and recreation	4,205,926	-	4,205,926	2,982,628	4,670,652	464,726
Community and economic development	2,505,752	-	2,505,752	2,240,823	2,803,467	297,715
General government	1,897,749	-	1,897,749	1,463,431	2,217,748	319,999
Debt service	4,112,485	-	4,112,485	4,113,282	4,113,282	797
Capital projects	10,236,367	-	10,236,367	8,503,250	13,167,953	2,931,586
Business-type activities	-	8,508,142	8,508,142	13,090,192	10,786,523	2,278,381
Total disbursements	36,620,140	8,508,142	45,128,282	45,747,662	54,158,995	9,030,713
Excess (deficiency) of receipts over (under) disbursements	(2,635,626)	2,399,873	(235,753)	(5,321,924)	(8,097,332)	7,861,579
Transfers						
Transfers in	10,033,827	263,552	10,297,379	10,975,001	10,682,424	385,045
Transfers out	(10,250,585)	(46,794)	(10,297,379)	(10,975,001)	(10,682,424)	(385,045)
Total transfers	(216,758)	216,758	-	-	-	-
Net change in fund balances	(2,852,384)	2,616,631	(235,753)	(5,321,924)	(8,097,332)	7,861,579
Fund Balances, Beginning	28,875,290	15,159,809	44,035,099	37,196,315	44,316,921	(281,822)
Fund Balances, Ending	\$ 26,022,906	\$ 17,776,440	\$ 43,799,346	\$ 31,874,391	\$ 36,219,589	\$ 7,579,757

City of Marshalltown
Required Supplementary Information
Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Year Ended June 30, 2019

	Governmental Funds			Proprietary Funds		
			Modified Accrual Basis			Enterprise
	Cash Basis	Accrual Adjustments		Cash Basis	Accrual Adjustments	
Revenues	\$ 33,984,514	\$ 63,359	\$ 34,047,873	\$ 10,908,015	\$ 202,642	\$ 11,110,657
Expenditures/Expenses	<u>36,620,140</u>	<u>(513,070)</u>	<u>36,107,070</u>	<u>8,508,142</u>	<u>(1,730,726)</u>	<u>6,777,416</u>
Net	(2,635,626)	576,429	(2,059,197)	2,399,873	1,933,368	4,333,241
Transfers	(216,758)	-	(216,758)	216,758	-	216,758
Beginning 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>
Ending Fund Balances/ Net Position	<u><u>\$ 26,022,906</u></u>	<u><u>\$ (369,337)</u></u>	<u><u>\$ 25,653,569</u></u>	<u><u>\$ 17,776,440</u></u>	<u><u>\$ 38,615,765</u></u>	<u><u>\$ 56,392,205</u></u>

City of Marshalltown
Notes to Required Supplementary Information – Budgetary Reporting
Year Ended June 30, 2019

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except internal service funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon nine (9) major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, the Debt Service Fund, Capital Projects Funds and Enterprise Funds. Although the budget document presents function disbursements by fund type, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment was prepared with the required public hearing. The amendment increased budgeted disbursements by \$8,411,333.

At June 30, 2019, disbursements did not exceed the amended budgeted amounts.

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

Fiscal Year Ended	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.0804%	\$ 5,088,837	\$ 6,059,552	83.98%	83.62%
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
2019	\$ 570,375	\$ 570,375	\$ -	\$ 6,042,108	9.44%
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%

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 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017
- Adjusted retirement rates
- Lowered disability rates
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit
- Adjusted the merit component of the salary increase assumption

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 refinements 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.

City of Marshalltown

Notes to Required Supplementary Information – Pension Liability
Iowa Public Employees’ Retirement System – IPERS

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

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

Fiscal Year Ended	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	1.5347%	\$ 9,137,800	\$ 4,460,800	204.85%	81.07%
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 – MFPSI

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
2019	\$ 1,137,624	\$ 1,137,624	\$ -	\$ 4,372,114	26.02%
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%

Notes to Required Supplementary Information – Pension Liability:

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

Changes of assumptions:

The 2018 valuation changed the Postretirement mortality rates to the RP-2014 Blue Collar Combined Health Mortality Table with males set-forward two years, females set-forward two years and individuals with disabilities set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB in 2017.

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

The 2016 valuation changed postretirement morality 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.

Other Supplementary Information
June 30, 2019

City of Marshalltown

Special Revenue Funds

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.

City of Marshalltown
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds
	Grant Fund	Special Contributions	Tax Increment Financing	Other	Airport Projects	Culture and Recreation Projects			
			\$ 325,135	\$ 518,759	\$ 191,071	\$ -	\$ 424,998	\$ -	
Assets									
Cash and cash equivalents									
Receivables									
Property taxes									
Delinquent									
Accounts and unbilled usage									
Due from other governments									
Prepaid items									
Total assets	\$ 131,285	\$ 325,167	\$ 534,114	\$ 192,269	\$ -	\$ 476,703	\$ 1,659,538	\$ -	

City of Marshalltown
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds						Capital Projects Funds			Total Nonmajor Governmental Funds	
	Grant Fund	Special Contributions	Tax Increment Financing			Airport Projects	Culture and Recreation Projects				
			Other								
Liabilities, Deferred inflows of Resources, and Fund Balances											
Liabilities											
Accounts payable	\$ 24,353	\$ 7,992	\$ -	\$ 5,532	\$ -	\$ 16,017	\$ 53,894				
Accrued payroll and payroll benefits	3,643	476	-	-	-	-	-			4,119	
Retainage payable	-	-	-	-	-	-	11,234	11,234			
Due to other governments	10,382	-	-	-	-	-	-			10,382	
Due to other funds	57,438	-	-	-	22,135	-	-			79,573	
Total liabilities	<u>95,816</u>	<u>8,468</u>	<u>-</u>	<u>5,532</u>	<u>22,135</u>	<u>27,251</u>	<u>159,202</u>				
Deferred inflows of Resources											
Unavailable revenue- other	-	-	-	-	-	-	46,705	46,705			
Unavailable revenue- Intergovernmental	<u>123,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>128,127</u>		
Total deferred inflows of resources	<u>123,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,705</u>	<u>51,705</u>	<u>174,832</u>		
Fund Balances											
Nonspendable	1,258	32	-	-	-	-	-	397,747	-	1,290	
Restricted	-	316,667	534,114	186,737	-	(22,135)	-	-	397,747	1,435,265	
Unassigned	<u>(88,916)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,135)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,051)</u>	
Total fund balances (deficit)	<u>(87,658)</u>	<u>316,699</u>	<u>534,114</u>	<u>186,737</u>	<u>(22,135)</u>	<u>397,747</u>	<u>397,747</u>	<u>1,325,504</u>			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 131,285</u>	<u>\$ 325,167</u>	<u>\$ 534,114</u>	<u>\$ 192,269</u>	<u>\$ -</u>	<u>\$ 476,703</u>	<u>\$ 476,703</u>	<u>\$ 1,659,538</u>			

City of Marshalltown
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
Year Ended June 30, 2019

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Grant Fund	Special Contributions	Tax Increment Financing	Other	Airport Projects	Culture and Recreation Projects		
			\$	\$	\$	\$		
Revenues								
TIF revenues	\$ 918	\$ -	\$ 814,444	\$ 5,127	\$ -	\$ -	\$ 814,444	
Use of money and property	306,858	-	16,586	-	68,843	129	30,676	
Intergovernmental	-	-	89,019	-	-	348,634	813,354	
Charges for service	20	168,420	-	-	-	523,446	523,446	
Miscellaneous				60,971	-	-	-	229,411
Total revenues	<u>307,796</u>	<u>176,336</u>	<u>920,049</u>	<u>66,098</u>	<u>68,843</u>	<u>872,209</u>	<u>2,411,331</u>	
Expenditures								
Current								
Public safety	166,697	117,041	-	31,589	-	-	-	315,327
Public works	-	-	-	7,854	1	-	-	7,855
Culture and recreation	-	59,954	-	8,876	-	290,450	359,280	
Community and economic development	254,998	-	315,703	-	-	7,445	578,146	
General government	-	-	-	412	-	-	-	412
Total expenditures	<u>421,695</u>	<u>176,995</u>	<u>315,703</u>	<u>48,731</u>	<u>1</u>	<u>297,895</u>	<u>1,261,020</u>	

City of Marshalltown
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
Year Ended June 30, 2019

	Special Revenue Funds				Capital Projects Funds		Total Nonmajor Governmental Funds	
	Grant Fund	Special Contributions	Tax	Increment	Other	Airport Projects		
			Financing	Other				
Excess of revenues (expenditures) over expenditures (revenues)	\$ (113,899)	\$ (659)	\$ 604,346	\$ 17,367	\$ 68,842	\$ 574,314	\$ 1,150,311	
Other Financing Sources (Uses)								
Transfers in	18,200	-	(531)	(571,613)	-	56,144	15,614	
Transfers out	-					-	89,958 (572,144)	
Total other financing sources (uses)	18,200	(531)	(571,613)	-	56,144	15,614	(482,186)	
Net Change in Fund Balances	(95,699)	(1,190)	32,733	17,367	124,986	589,928	668,125	
Fund Balances (Deficit) - Beginning	8,041	317,889	501,381	169,370	(147,121)	(192,181)	657,379	
Fund Balances (Deficit) - Ending	\$ (87,658)	\$ 316,699	\$ 534,114	\$ 186,737	\$ (22,135)	\$ 397,747	\$ 1,325,504	

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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, 2019

	<u>Compost Facility</u>	<u>Bus Transit</u>	<u>Recreation Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 37,701	\$ -	\$ 37,701
Receivables				
Accounts and unbilled usage	462	5,450	-	5,912
Inventories	9,520	-	-	9,520
Prepaid items	<u>716</u>	<u>19,847</u>	<u>237</u>	<u>20,800</u>
Total current assets	10,698	62,998	237	73,933
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	1,892,112	-	1,978,059
Accumulated depreciation	<u>(328,142)</u>	<u>(1,241,364)</u>	<u>-</u>	<u>(1,569,506)</u>
Total noncurrent assets	30,522	1,335,612	-	1,366,134
Total assets	41,220	1,398,610	237	1,440,067
Deferred Outflows of Resources				
OPEB related deferred outflows	-	25,157	-	25,157
Pension related deferred outflows	<u>5,113</u>	<u>79,758</u>	<u>411</u>	<u>85,282</u>
Total deferred outflows of resources	5,113	104,915	411	110,439

City of Marshalltown
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2019

	<u>Compost Facility</u>	<u>Bus Transit</u>	<u>Recreation Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 42	\$ 11,491	\$ 4,468	\$ 16,001
Accrued payroll and payroll benefits	1,224	9,097	1,442	11,763
Due to other governments	-	4,518	-	4,518
Due to other funds	278,168	-	14,589	292,757
Compensated absences	<u>1,498</u>	<u>8,746</u>	<u>-</u>	<u>10,244</u>
Total current liabilities	<u>280,932</u>	<u>33,852</u>	<u>20,499</u>	<u>335,283</u>
Noncurrent liabilities				
Compensated absences	3,476	24,109	-	27,585
Total OPEB liability	-	349,425	-	349,425
Net pension liability	<u>18,442</u>	<u>287,652</u>	<u>1,481</u>	<u>307,575</u>
Total noncurrent liabilities	<u>21,918</u>	<u>661,186</u>	<u>1,481</u>	<u>684,585</u>
Total liabilities	<u>302,850</u>	<u>695,038</u>	<u>21,980</u>	<u>1,019,868</u>
Deferred Inflows of Resources				
Pension related deferred inflows	<u>1,379</u>	<u>21,506</u>	<u>111</u>	<u>22,996</u>
Net Position				
Net investment in capital assets	30,522	1,335,612	-	1,366,134
Unrestricted	<u>(288,418)</u>	<u>(548,631)</u>	<u>(21,443)</u>	<u>(858,492)</u>
Total net position	<u>\$ (257,896)</u>	<u>\$ 786,981</u>	<u>\$ (21,443)</u>	<u>\$ 507,642</u>

City of Marshalltown
Combining Statement of Revenues, Expenditures
and Changes in Fund Net Position
Nonmajor Enterprise Funds
Year Ended June 30, 2019

	<u>Compost Facility</u>	<u>Bus Transit</u>	<u>Recreation Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating Revenues				
Charges for service	<u>\$ 57,440</u>	<u>\$ 70,385</u>	<u>\$ 41,004</u>	<u>\$ 168,829</u>
Operating Expenses				
Salaries and benefits	48,511	438,479	17,646	504,636
Services and supplies	476,618	227,887	23,072	727,577
Depreciation	<u>8,827</u>	<u>152,144</u>	<u>-</u>	<u>160,971</u>
Total operating expenses	<u>533,956</u>	<u>818,510</u>	<u>40,718</u>	<u>1,393,184</u>
Operating income (loss)	<u>(476,516)</u>	<u>(748,125)</u>	<u>286</u>	<u>(1,224,355)</u>
Nonoperating Revenues				
Federal and state grants	-	788,620	-	788,620
Interest income	<u>4,458</u>	<u>824</u>	<u>-</u>	<u>5,282</u>
Net nonoperating revenues	<u>4,458</u>	<u>789,444</u>	<u>-</u>	<u>793,902</u>
Loss before transfers	<u>(472,058)</u>	<u>41,319</u>	<u>286</u>	<u>(430,453)</u>
Transfers in	<u>-</u>	<u>263,552</u>	<u>-</u>	<u>263,552</u>
Change in Net Position	<u>(472,058)</u>	<u>304,871</u>	<u>286</u>	<u>(166,901)</u>
Net Position - Beginning	<u>214,162</u>	<u>482,110</u>	<u>(21,729)</u>	<u>674,543</u>
Net Position - Ending	<u><u>\$ (257,896)</u></u>	<u><u>\$ 786,981</u></u>	<u><u>\$ (21,443)</u></u>	<u><u>\$ 507,642</u></u>

City of Marshalltown
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2019

	<u>Compost Facility</u>	<u>Bus Transit</u>	<u>Recreation Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash Flows from Operating Activities				
Cash received from customers	\$ 58,230	\$ 67,253	\$ 41,004	\$ 166,487
Cash payments to suppliers for goods and services	(474,268)	(223,956)	(22,868)	(721,092)
Cash payments to employees for services	<u>(48,162)</u>	<u>(467,210)</u>	<u>(19,264)</u>	<u>(534,636)</u>
Net Cash used for Operating Activities	<u>(464,200)</u>	<u>(623,913)</u>	<u>(1,128)</u>	<u>(1,089,241)</u>
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	-	263,552	-	263,552
Grants received	-	788,620	-	788,620
Increase in due to other funds	<u>278,168</u>	<u>-</u>	<u>1,128</u>	<u>279,296</u>
Net Cash Provided by Noncapital Financing Activities	<u>278,168</u>	<u>1,052,172</u>	<u>1,128</u>	<u>1,331,468</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	-	(517,508)	-	(517,508)
Cash Flows from Investing Activities				
Interest received on investment securities	<u>4,458</u>	<u>824</u>	<u>-</u>	<u>5,282</u>
Net Decrease in Cash and Cash Equivalents	<u>(181,574)</u>	<u>(88,425)</u>	<u>-</u>	<u>(269,999)</u>
Cash and Cash Equivalents, Beginning	<u>181,574</u>	<u>126,126</u>	<u>-</u>	<u>307,700</u>
Cash and Cash Equivalents, Ending	<u><u>\$ -</u></u>	<u><u>\$ 37,701</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 37,701</u></u>

City of Marshalltown
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2019

	<u>Compost Facility</u>	<u>Bus Transit</u>	<u>Recreation Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash used for Operating Activities				
Operating income (loss)	\$ (476,516)	\$ (748,125)	\$ 286	\$ (1,224,355)
Adjustments to reconcile operating income to net cash provided for operating activities				
Depreciation	8,827	152,144	-	160,971
Changes in assets, deferred outflows, liabilities, and deferred inflows				
Receivables	790	(3,132)	-	(2,342)
Inventories and prepaid items	2,421	(2,445)	7	(17)
Accounts payable	(71)	7,215	197	7,341
Accrued liabilities	620	7,587	(130)	8,077
Due to other governments	-	(839)	-	(839)
Total OPEB liability	-	(10,462)	-	(10,462)
Net pension liability	(1,082)	(17,581)	(1,997)	(20,660)
Deferred outflows	497	(13,124)	588	(12,039)
Deferred inflows	314	4,849	(79)	5,084
Total adjustments	<u>12,316</u>	<u>124,212</u>	<u>(1,414)</u>	<u>135,114</u>
Net Cash used for Operating Activities	<u>\$ (464,200)</u>	<u>\$ (623,913)</u>	<u>\$ (1,128)</u>	<u>\$ (1,089,241)</u>

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, 2019

	<u>Group Insurance Benefits</u>	<u>Occupational Insurance Benefits</u>	<u>Workmen's Compensation Deductible</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 2,309,320	\$ 72,837	\$ 37,288	\$ 2,419,445
Receivables				
Accounts	<u>48,097</u>	<u>-</u>	<u>-</u>	<u>48,097</u>
Total current assets	<u>2,357,417</u>	<u>72,837</u>	<u>37,288</u>	<u>2,467,542</u>
Liabilities				
Current liabilities				
Accounts payable	525,902	3,116	-	529,018
Deposits payable	<u>166,024</u>	<u>-</u>	<u>-</u>	<u>166,024</u>
Total current liabilities	<u>691,926</u>	<u>3,116</u>	<u>-</u>	<u>695,042</u>
Total net position - unrestricted	<u><u>\$ 1,665,491</u></u>	<u><u>\$ 69,721</u></u>	<u><u>\$ 37,288</u></u>	<u><u>\$ 1,772,500</u></u>

City of Marshalltown
Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2019

	Group Insurance Benefits	Occupational Insurance Benefits	Workmen's Compensation Deductible	Total
Operating Revenues				
Charges for service	\$ 2,263,905	\$ 133,670	\$ -	\$ 2,397,575
Miscellaneous	<u>510,082</u>	<u>-</u>	<u>-</u>	<u>510,082</u>
Total operating revenues	<u>2,773,987</u>	<u>133,670</u>	<u>-</u>	<u>2,907,657</u>
Operating Expenses				
Claims	2,490,144	58,992	971	2,550,107
Health insurance premiums	367,242	5,891	-	373,133
Miscellaneous	<u>187,241</u>	<u>-</u>	<u>30</u>	<u>187,271</u>
Total operating expenses	<u>3,044,627</u>	<u>64,883</u>	<u>1,001</u>	<u>3,110,511</u>
Operating income (loss)	<u>(270,640)</u>	<u>68,787</u>	<u>(1,001)</u>	<u>(202,854)</u>
Nonoperating Revenues				
Interest income	<u>55,498</u>	<u>1,120</u>	<u>921</u>	<u>57,539</u>
Change in Net Position	<u>(215,142)</u>	<u>69,907</u>	<u>(80)</u>	<u>(145,315)</u>
Net Position - Beginning	<u>1,880,633</u>	<u>(186)</u>	<u>37,368</u>	<u>1,917,815</u>
Net Position - Ending	<u>\$ 1,665,491</u>	<u>\$ 69,721</u>	<u>\$ 37,288</u>	<u>\$ 1,772,500</u>

City of Marshalltown
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2019

	Group Insurance Benefits	Occupational Insurance Benefits	Workmen's Compensation Deductible	Total
Cash Flows from Operating Activities				
Cash received from customers	\$ 2,271,983	\$ 133,670	\$ -	\$ 2,405,653
Cash payments to suppliers for goods and services	(2,897,901)	(146,588)	(1,001)	(3,045,490)
Other operating receipts	<u>510,082</u>	<u>-</u>	<u>-</u>	<u>510,082</u>
Net Cash used for Operating Activities	(115,836)	(12,918)	(1,001)	(129,755)
Cash Flows from Investing Activities				
Interest received on investment securities	55,498	1,120	921	57,539
Net Decrease in Cash and Cash Equivalents	(60,338)	(11,798)	(80)	(72,216)
Cash and Cash Equivalents, Beginning	2,369,658	84,635	37,368	2,491,661
Cash and Cash Equivalents, Ending	<u>\$ 2,309,320</u>	<u>\$ 72,837</u>	<u>\$ 37,288</u>	<u>\$ 2,419,445</u>
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities				
Operating income (loss)	\$ (270,640)	\$ 68,787	\$ (1,001)	\$ (202,854)
Changes in assets and liabilities				
Receivables	(957)	-	-	(957)
Accounts payable	146,726	(81,705)	-	65,021
Deposits payable	<u>9,035</u>	<u>-</u>	<u>-</u>	<u>9,035</u>
Total	<u>154,804</u>	<u>(81,705)</u>	<u>-</u>	<u>73,099</u>
Net Cash used for Operating Activities	<u>\$ (115,836)</u>	<u>\$ (12,918)</u>	<u>\$ (1,001)</u>	<u>\$ (129,755)</u>

Fiduciary Funds

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

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

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, 2019

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Payroll Fund				
Assets				
Cash and cash equivalents	\$ -	\$ 41,021,085	\$ 41,021,085	\$ -
Prepaid items	<u>14,296</u>	<u>13,563</u>	<u>14,296</u>	<u>13,563</u>
Total assets	<u><u>\$ 14,296</u></u>	<u><u>\$ 41,034,648</u></u>	<u><u>\$ 41,035,381</u></u>	<u><u>\$ 13,563</u></u>
Liabilities				
Accrued payroll and benefits	\$ -	\$ 41,021,085	\$ 41,021,085	\$ -
Due to City	<u>14,296</u>	<u>13,563</u>	<u>14,296</u>	<u>13,563</u>
Total liabilities	<u><u>\$ 14,296</u></u>	<u><u>\$ 41,034,648</u></u>	<u><u>\$ 41,035,381</u></u>	<u><u>\$ 13,563</u></u>
911 Comission				
Assets				
Due from County	<u>\$ 26,445</u>	<u>\$ 991,756</u>	<u>\$ 945,502</u>	<u>\$ 72,699</u>
Liabilities				
Checks written in excess of deposit	<u>\$ 26,445</u>	<u>\$ 991,756</u>	<u>\$ 945,502</u>	<u>\$ 72,699</u>
Sleuth User Group				
Assets				
Cash and cash equivalents	<u>\$ 14,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,972</u>
Liabilities				
Due to Sleuth User Group	<u>\$ 14,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,972</u>
Surety Bonds/Deposits				
Assets				
Cash and cash equivalents	<u>\$ 2,018</u>	<u>\$ 2,833</u>	<u>\$ 2,018</u>	<u>\$ 2,833</u>
Liabilities				
Due to City	<u>\$ 2,018</u>	<u>\$ 2,833</u>	<u>\$ 2,018</u>	<u>\$ 2,833</u>

City of Marshalltown
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Other Assets				
Cash and cash equivalents	\$ -	\$ 13,198	\$ 7,485	\$ 5,713
Due from City	<u>2,114</u>	-	<u>2,114</u>	-
Total assets	<u><u>2,114</u></u>	<u><u>13,198</u></u>	<u><u>9,599</u></u>	<u><u>5,713</u></u>
Liabilities				
Due to other governments	\$ -	\$ 13,198	\$ 7,485	\$ 5,713
Checks written in excess of deposit	<u>2,114</u>	-	<u>2,114</u>	-
Total liabilities	<u><u>2,114</u></u>	<u><u>13,198</u></u>	<u><u>9,599</u></u>	<u><u>5,713</u></u>
All Agency Funds				
Assets				
Cash and cash equivalents	\$ 16,990	\$ 41,037,116	\$ 41,030,588	\$ 23,518
Prepaid items	14,296	13,563	14,296	13,563
Due from City	2,114	-	2,114	-
Due from County	<u>26,445</u>	<u>991,756</u>	<u>945,502</u>	<u>72,699</u>
Total assets	<u><u>59,845</u></u>	<u><u>42,042,435</u></u>	<u><u>41,992,500</u></u>	<u><u>109,780</u></u>
Liabilities				
Checks written in excess of deposit	\$ 28,559	\$ 991,756	\$ 947,616	\$ 72,699
Accrued payroll and benefits	-	41,021,085	41,021,085	-
Due to Sleuth User Group	14,972	-	-	14,972
Due to City	16,314	16,396	16,314	16,396
Due to other governments	-	13,198	7,485	5,713
Total liabilities	<u><u>59,845</u></u>	<u><u>42,042,435</u></u>	<u><u>41,992,500</u></u>	<u><u>109,780</u></u>

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Long-Term Debt
June 30, 2019
City of Marshalltown

City of Marshalltown
Schedule of Bond Maturities
June 30, 2019

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
Governmental Activities				
General Obligation				
2011B Essential corporate purpose, issued October 26, 2011				
	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>166,928</u>	<u>1,390,000</u>
2012A Essential corporate purpose, issued April 12, 2012				
	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>342,750</u>	<u>3,375,000</u>
2012B Crossover advance refunding, issued April 24, 2012				
	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>57,935</u>	<u>1,275,000</u>
2013A Essential corporate purpose, issued March 12, 2013				
	2020	1.50%	48,375	975,000
	2021	1.63%	33,750	1,000,000
	2022	1.75%	17,500	1,000,000
			<u>99,625</u>	<u>2,975,000</u>

(Continued)

City of Marshalltown
Schedule of Bond Maturities
June 30, 2019

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
Governmental Activities (continued)				
General Obligation (continued)				
2014A Essential corporate purpose, issued December 16, 2014				
	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
			<hr/>	<hr/>
			66,700	1,140,000
2015A Essential corporate purpose, issued November 24, 2015				
	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
			<hr/>	<hr/>
			110,914	1,550,000
2016A General obligation corporate purpose, issued August 9, 2016				
	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
			<hr/>	<hr/>
			147,900	1,780,000
2016B General obligation corporate purpose, issued December 1, 2016				
	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
			<hr/>	<hr/>
			444,300	3,480,000

(Continued)

City of Marshalltown
Schedule of Bond Maturities
June 30, 2019

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
Governmental Activities (continued)				
General Obligation (continued)				
2017A General obligation corporate purpose, issued October 10, 2017				
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	
		<u>4,338,450</u>	<u>12,185,000</u>	
2018A General obligation corporate purpose, issued December 3, 2018				
2020	3.00%	107,600	-	
2021	3.00%	72,000	-	
2022	3.00%	72,000	-	
2023	3.00%	72,000	110,000	
2024	3.00%	68,700	350,000	
2025	3.00%	58,200	360,000	
2026	3.00%	47,400	375,000	
2027	3.00%	36,150	385,000	
2028	3.00%	24,600	400,000	
2029	3.00%	12,600	420,000	
		<u>571,250</u>	<u>2,400,000</u>	

Notes Payable

IDPS fire truck loan note, issued July 5, 2016

2020	0.00%	-	28,486
2021	0.00%	-	28,486
2022	0.00%	-	14,243
		<u>-</u>	<u>71,215</u>

(Continued)

City of Marshalltown

Schedule of Bond Maturities

June 30, 2019

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
Governmental Activities (continued)				
General Obligation and Notes Payable				
Total governmental activities				
	2020	\$ 815,945	\$ 3,358,486	
	2021	716,238	3,093,486	
	2022	657,176	3,134,243	
	2023	593,740	2,790,000	
	2024	528,538	2,360,000	
	2025	469,550	2,215,000	
	2026	414,157	1,840,000	
	2027	367,558	1,875,000	
	2028	318,700	1,270,000	
	2029	285,550	1,310,000	
	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	
		\$ 6,346,752	\$ 31,621,215	

City of Marshalltown
Schedule of Bond Maturities
June 30, 2019

Issue	Year Ending June 30	Interest Rates	Interest	Principal
Business-type Activities				
General Obligation				
2011A Essential corporate purpose, issued April 1, 2011	2020 2021 2022 2023 2024 2025 2026	2.65% 2.90% 3.00% 3.10% 3.20% 3.35% 3.45%	\$ 100,540 89,676 77,350 64,150 49,890 34,690 17,940	\$ 410,000 425,000 440,000 460,000 475,000 500,000 520,000
			434,236	3,230,000
2016A General obligation corporate purpose, issued August 9, 2016	2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031	2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00%	44,700 41,500 38,200 34,900 32,000 28,800 25,500 22,100 18,600 14,200 9,600 4,900	160,000 165,000 165,000 145,000 160,000 165,000 170,000 175,000 220,000 230,000 235,000 245,000
			315,000	2,235,000
Note Payable				
Alliant Loan, issued September 17, 2014	2020 2021 2022	0.00% 0.00% 0.00%	2,241 935 28	102,249 103,556 17,388
			3,204	223,193
Revenue Bonds				
Sewer Revenue Improvement and Refunding, Issued May 8, 2012	2020 2021 2022 2023 2024 2025 2026 2027	2.58% 2.58% 2.58% 2.58% 2.58% 2.58% 2.58% 2.58%	27,348 24,226 21,028 17,750 14,370 10,914 7,378 3,742	121,000 124,000 127,000 131,000 134,000 137,000 141,000 145,000
			126,756	1,060,000

(Continued)

City of Marshalltown
Schedule of Bond Maturities
June 30, 2019

Issue	Year Ending June 30	Interest Rates	Interest	Principal
Business-type Activities (Continued)				
Revenue Bonds (Continued)				
Sewer Revenue Improvement, Issued June 18, 2013				
	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
			<hr/>	<hr/>
			247,990	2,426,000
 2014 Series Sewer Revenue Improvement, Issued June 26, 2014				
	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
			<hr/>	<hr/>
			652,065	3,921,000

City of Marshalltown
Schedule of Bond Maturities
June 30, 2019

Issue	Year Ending June 30	Interest Rates	Interest	Principal
Business-type Activities (Continued)				
Revenue Bonds (Continued)				
Sewer Revenue Improvement Issued				
August 13, 2015	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
			<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
			775,607	4,602,000
Total business-type activities	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
			<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
			\$ 2,554,858	\$ 17,697,193

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Statistical Section (Unaudited)
June 30, 2019

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.

<u>Contents</u>		<u>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	111
Revenue Capacity	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	120
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	125
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	130
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	132

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

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Net investment in capital assets	\$ 39,411,094	\$ 37,973,695	\$ 35,605,495	\$ 34,132,724	\$ 32,948,014	\$ 30,504,272	\$ 29,002,766	\$ 28,325,116	\$ 27,720,521	\$ 26,650,049
Restricted	16,316,062	13,150,024	26,679,991	16,806,635	10,119,191	8,457,793	9,706,673	11,863,770	8,246,658	5,480,294
Unrestricted	(23,880,433)	(25,557,161)	(29,968,723)	(20,244,351)	(17,323,596)	(5,613,806)	(5,497,165)	(730,534)	2,811,692	5,344,963
Total governmental activities net position	\$ 31,846,723	\$ 25,566,558	\$ 32,316,763	\$ 30,695,008	\$ 25,743,609	\$ 33,348,259	\$ 33,212,274	\$ 39,458,352	\$ 38,778,871	\$ 37,475,306
Business-type activities										
Net investment in capital assets	\$ 41,571,280	\$ 39,699,525	\$ 38,990,163	\$ 39,370,548	\$ 38,458,793	\$ 40,565,122	\$ 37,861,816	\$ 35,454,854	\$ 31,937,474	\$ 30,006,298
Restricted	139,016	177,299	180,225	181,757	130,261	80,048	64,281	49,296	946,902	947,675
Unrestricted	14,681,909	11,965,382	10,555,689	8,989,797	7,413,347	4,444,459	5,613,164	4,815,992	5,329,554	5,842,883
Total business-type activities net position	\$ 56,392,205	\$ 51,842,206	\$ 49,726,077	\$ 48,542,102	\$ 46,002,401	\$ 45,089,629	\$ 43,539,261	\$ 40,320,142	\$ 38,213,930	\$ 36,796,856
Primary Government										
Net investment in capital assets	\$ 80,982,374	\$ 77,673,220	\$ 74,595,658	\$ 73,503,272	\$ 71,406,807	\$ 71,069,394	\$ 66,864,582	\$ 63,779,970	\$ 59,657,995	\$ 56,656,347
Restricted	16,455,078	13,327,323	26,860,216	16,988,392	10,249,452	8,537,841	9,770,954	11,913,066	9,193,560	6,427,969
Unrestricted	(9,198,524)	(13,591,779)	(19,413,034)	(11,254,554)	(9,910,249)	(1,169,347)	115,999	4,085,458	8,141,246	11,187,846
Total primary government net position	\$ 88,238,928	\$ 77,408,764	\$ 82,042,840	\$ 79,237,110	\$ 71,746,010	\$ 78,437,888	\$ 76,751,535	\$ 79,778,494	\$ 76,992,801	\$ 74,272,162

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

Fiscal Year	Fiscal Year						2010
	2019	2018	2017	2016	2015	2014	
Expenses							
Governmental activities:							
Public safety	\$ 9,976,152	\$ 11,732,583	\$ 10,713,027	\$ 8,996,389	\$ 8,516,307	\$ 9,092,842	\$ 8,607,561
Public works	5,841,806	5,591,152	8,553,684	5,706,337	6,186,551	6,465,974	13,472,047
Health and social services	58,376	654,311	1,306,389	1,274,669	1,784,302	1,301,574	903,270
Culture and recreation	3,294,383	3,888,793	3,654,545	3,358,064	3,505,193	3,645,774	3,435,212
Community and economic development	2,749,981	2,288,991	2,433,608	1,449,883	1,370,533	3,051,319	2,249,158
General government	2,034,176	1,575,523	685,937	1,158,789	1,299,063	1,322,112	1,285,356
Interest on long term debt	806,440	764,344	429,296	429,891	425,967	627,060	628,314
Total governmental activities expenses	<u>24,761,314</u>	<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	4,385,870	5,105,834	5,574,332	5,375,656	4,584,245	4,608,246	4,295,804
Storm sewer	998,362	958,434	970,912	683,181	698,627	786,788	669,666
Compost	533,956	70,920	88,171	79,479	42,054	39,846	51,440
Transit	818,510	837,136	837,259	771,818	767,054	827,333	794,179
Concessions	40,717	63,800	46,512	49,816	34,907	42,535	59,267
Total business-type activities expenses	<u>6,777,415</u>	<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>\$ 31,538,729</u>	<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>

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Program Revenues										
Governmental activities										
Charges for service:										
Public safety	\$ 1,025,001	\$ 409,649	\$ 518,463	\$ 264,966	\$ 150,181	\$ 254,952	\$ 198,296	\$ 173,007	\$ 223,311	\$ 194,712
Public works	869,553	443,091	231,554	970,315	1,529,047	658,590	766,244	477,553	428,841	717,658
Health and social services	4,377	7,065	4,250	37,053	52,534	68,187	38,891	79,159	48,134	78,181
Culture and recreation	3,205,738	463,866	449,955	468,455	449,155	426,653	454,318	473,715	490,057	443,268
Community and economic development	49,259	93,679	106,562	265,176	278,924	360,999	153,563	170,617	227,024	157,415
Other activities	595,691	117,524	248,336	123,855	171,846	112,992	123,157	269,371	155,658	98,728
Operating grants and contributions	6,303,997	6,768,632	7,387,980	6,712,866	6,461,208	6,354,163	6,202,784	5,656,234	7,801,666	5,935,212
Capital grants and contributions	250,571	1,026,153	1,768,179	519,172	170,084	701,920	326,833	492,676	304,891	2,106,963
Total governmental activities program revenues	<u>12,304,187</u>	<u>9,329,559</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>	<u>9,679,582</u>	<u>9,732,137</u>
Business-type activities										
Charges for service:										
Water pollution control	8,286,670	7,857,197	7,545,682	6,563,351	6,066,644	5,860,659	5,079,296	4,937,481	4,280,970	4,772,834
Storm sewer	1,400,019	1,407,673	1,129,135	948,214	776,483	709,946	310,689	310,584	301,235	299,772
Compost	57,440	67,077	75,803	73,336	74,687	60,223	57,417	59,316	45,860	31,943
Transit	70,385	78,047	57,749	93,352	110,342	124,956	134,387	104,394	117,259	118,331
Concessions	41,003	41,200	37,777	40,917	32,552	39,208	43,706	49,559	48,180	48,570
Operating grants and contributions	351,965	383,646	381,810	363,188	386,922	407,338	376,900	353,216	239,651	669,667
Capital grants and contributions	472,223	209,668	432,400	942,209	493,326	444,674	2,889,069	2,281,955	1,797,999	621,223
Total business-type activities program revenues	<u>10,679,705</u>	<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>	<u>6,831,154</u>	<u>6,561,740</u>
Total primary government program revenues	<u>\$ 22,983,892</u>	<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>	<u>\$ 15,888,837</u>	<u>\$ 16,510,736</u>	<u>\$ 16,293,877</u>

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net (Expense)/Revenue										
Governmental activities	\$ (12,457,127)	\$ (17,166,038)	\$ (17,061,207)	\$ (13,012,164)	\$ (13,824,937)	\$ (16,568,199)	\$ (22,316,832)	\$ (16,159,912)	\$ (14,223,838)	\$ (11,869,003)
Business-type activities	3,902,290	3,008,384	2,143,170	2,064,617	1,814,039	1,342,256	3,021,108	1,894,571	1,201,904	889,331
Total primary government net expense	\$ (8,554,837)	\$ (14,157,654)	\$ (14,918,037)	\$ (10,947,547)	\$ (12,010,898)	\$ (15,225,943)	\$ (19,295,724)	\$ (14,265,341)	\$ (13,021,934)	\$ (10,979,672)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes	\$ 10,611,119	\$ 10,510,365	\$ 10,156,476	\$ 9,534,568	\$ 9,777,342	\$ 10,036,577	\$ 9,967,944	\$ 9,853,096	\$ 9,210,796	\$ 8,957,392
Property	6,013,835	4,823,392	5,347,532	6,983,922	5,755,121	5,778,420	5,132,322	6,063,108	5,565,923	5,206,539
Other										
Unrestricted										
State generated revenues	1,353,217	1,331,709	1,384,158	1,244,225	845,140	453,645	369,337	317,412	305,694	333,259
Investment earnings	678,426	456,079	113,371	90,717	53,042	112,280	126,436	173,169	167,610	162,173
Miscellaneous revenues	297,453	561,844	645,749	551,432	660,348	493,213	637,775	602,269	435,191	641,234
Transfers	(216,758)	(49,377)	1,035,676	(441,321)	(172,735)	(169,951)	(163,060)	(169,661)	(157,811)	(192,057)
Total governmental activities	\$ 18,737,292	\$ 17,634,012	\$ 18,682,962	\$ 17,963,563	\$ 16,918,258	\$ 16,704,184	\$ 16,070,754	\$ 16,839,393	\$ 15,527,403	\$ 15,108,540
Business-type activities:										
Investment earnings	430,951	213,581	76,481	33,763	26,891	38,161	34,951	41,980	57,359	55,775
Miscellaneous revenues	-	-	-	-	-	-	-	-	-	-
Transfers	216,758	49,377	(1,035,676)	441,321	172,735	169,951	163,060	169,661	157,811	192,057
Total business-type activities	\$ 647,709	\$ 262,958	\$ (959,195)	\$ 475,084	\$ 199,626	\$ 208,112	\$ 198,011	\$ 211,641	\$ 215,170	\$ 247,832
Total primary government	\$ 19,385,001	\$ 17,896,970	\$ 17,723,767	\$ 18,438,647	\$ 17,117,884	\$ 16,912,296	\$ 16,268,765	\$ 17,051,034	\$ 15,742,573	\$ 15,356,372
Change in Net Position										
Governmental activities	\$ 6,280,165	\$ 467,974	\$ 1,621,755	\$ 4,951,399	\$ 3,093,321	\$ 135,985	\$ (6,246,078)	\$ 679,481	\$ 1,303,565	\$ 3,239,537
Business-type activities	4,549,999	3,271,342	1,183,975	2,539,701	2,013,665	1,550,368	3,219,119	2,106,212	1,417,074	1,137,163
Total primary government	\$ 10,830,164	\$ 3,739,316	\$ 2,805,730	\$ 7,491,100	\$ 5,106,986	\$ 1,686,353	\$ (3,026,959)	\$ 2,785,693	\$ 2,720,639	\$ 4,376,700

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

Function/Program	Program Revenues by Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Public safety	\$ 1,356,113	\$ 969,017	\$ 1,219,476	\$ 1,215,215	\$ 875,300	\$ 1,478,721	\$ 1,154,130	\$ 777,123	\$ 980,216	\$ 960,979
Public works	4,537,044	4,379,697	5,200,920	4,825,946	4,657,620	3,501,138	4,272,126	3,602,446	3,737,210	4,029,975
Health and social services	744,822	682,100	1,213,441	967,598	1,470,156	1,834,718	702,887	955,529	1,531,281	1,300,200
Culture and recreation	3,448,519	1,629,312	1,252,730	670,183	638,615	565,562	571,380	707,189	1,399,468	925,422
Community and economic development	1,570,150	1,551,934	1,535,644	1,559,061	1,447,647	1,387,104	1,426,383	1,465,674	1,822,717	1,651,247
General government	647,539	117,599	293,068	123,855	173,641	171,213	137,180	284,371	208,690	864,314
	<u>\$ 12,304,187</u>	<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>	<u>\$ 9,679,582</u>	<u>\$ 9,732,137</u>
Business-type activities										
Water pollution control	\$ 8,286,670	\$ 7,864,148	\$ 7,550,029	\$ 6,976,658	\$ 6,378,473	\$ 5,896,233	\$ 5,303,615	\$ 6,519,524	\$ 5,130,757	\$ 5,315,535
Storm sewer	1,435,587	1,610,390	1,557,188	1,477,116	992,924	887,240	3,016,135	767,941	1,197,010	454,271
Compost	57,440	67,077	75,803	73,336	74,687	60,223	57,417	59,316	45,860	31,943
Transit	859,005	461,693	439,559	456,540	462,320	764,100	470,591	700,165	409,347	711,421
Concessions	41,003	41,200	37,777	40,917	32,522	39,203	43,706	49,559	48,180	48,570
	<u>\$ 10,679,705</u>	<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>	<u>\$ 6,831,154</u>	<u>\$ 6,561,740</u>

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

	Fiscal Year							
	2019	2018	2017	2016	2015	2014	2013	
General Fund								
Nonspendable	\$ 284,681	\$ 256,518	\$ 266,203	\$ 221,785	\$ 237,568	\$ 249,958	\$ 241,974	\$ 258,309
Restricted	581,566	932,307	812,092	725,844	694,247	588,928	1,153,313	517,008
Committed	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Unassigned	3,822,879	2,953,579	2,551,887	2,520,920	2,371,948	2,663,261	2,736,209	2,783,055
Reserved	N/A							
Unreserved	N/A							
Total general fund	<u>4,939,126</u>	<u>4,392,404</u>	<u>3,880,182</u>	<u>3,718,549</u>	<u>3,553,763</u>	<u>3,752,147</u>	<u>4,381,496</u>	<u>3,808,372</u>
All Other Governmental Funds								
Nonspendable	34,931	144,786	192,113	169,570	146,258	79,862	141,231	222,131
Restricted	20,790,563	23,731,636	19,689,514	14,107,300	11,301,502	7,328,052	12,887,420	17,264,749
Unassigned	(111,051)	(339,302)	(98,997)	(195,159)	(84,155)	(270,543)	(198,484)	(323,895)
Reserved	N/A							
Unreserved reported in:								
Special revenue funds	N/A							
Capital projects funds	N/A							
Total all other governmental funds	<u>20,714,443</u>	<u>23,537,120</u>	<u>19,782,630</u>	<u>14,081,711</u>	<u>11,363,605</u>	<u>7,137,371</u>	<u>12,830,167</u>	<u>17,162,985</u>
Total fund balances of governmental funds	<u>\$ 25,653,569</u>	<u>\$ 27,929,524</u>	<u>\$ 23,662,812</u>	<u>\$ 17,800,260</u>	<u>\$ 14,917,368</u>	<u>\$ 10,889,518</u>	<u>\$ 17,211,663</u>	<u>\$ 20,971,357</u>
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.

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

	Fiscal Year Ended June 30,														
	2019		2018		2017		2016		2015		2014	2013	2012	2011	2010
Revenues															
Taxes	\$ 16,829,256	\$ 15,826,177	\$ 16,039,312	\$ 17,018,694	\$ 129,003	\$ 124,857	\$ 16,251,920	\$ 15,617,908	\$ 194,543	\$ 203,524	\$ 15,191,287	\$ 198,097	\$ 16,392,387	\$ 14,569,739	
Use of money and property	722,104	544,479	208,132	285,839	289,261	321,446	391,091	219,392	205,813	232,542	198,097	232,542	198,097	206,909	
Licenses and permits	395,611	238,263	10,190,351	990,972	1,023,895	7,931,849	7,471,242	6,618,339	6,475,308	7,229,540	7,228,810	866,580	897,955	7,188,913	212,918
Intergovernmental	7,370,622	8,965,509	956,493	10,404,943	10,292	6,445	10,406	12,991	14,738	915,644	14,306	21,759	31,019	845,703	
Charges for service															
Special assessments															
Miscellaneous	688,833	606,555	1,084,447	410,616	2,102,572	410,616	2,102,572	684,707	912,555	651,226	741,748	651,226	741,748	511,581	1,155,338
Total revenues	27,421,661	27,144,021	28,809,459	26,816,309	27,029,339	27,029,339	27,029,339	25,001,720	24,349,686	25,600,204	24,540,092	24,540,092	24,540,092	24,181,101	
Expenditures															
Public safety	8,912,807	10,336,569	9,337,823	8,864,323	8,743,014	8,559,357	8,135,052	7,977,604	7,370,014	5,605,515	5,605,515	5,605,515	5,605,515	7,492,213	
Public works	4,596,625	3,872,055	6,930,498	4,208,292	4,669,213	4,985,535	12,081,043	4,841,484	4,841,484	4,382,039	4,382,039	4,382,039	4,382,039	3,787,116	
Health and social services	84,067	736,559	1,282,479	1,352,206	1,907,586	1,385,246	968,157	1,223,039	1,753,967	2,551,437	1,853,940	2,551,437	1,853,940	1,318,373	
Culture and recreation	2,410,945	3,059,464	2,840,820	2,539,673	2,268,546	2,739,578	2,739,578	2,739,578	2,739,578	2,739,578	2,739,578	2,739,578	2,739,578	3,081,402	
Community and economic development															
General government	2,661,457	2,232,438	1,812,299	1,431,086	1,381,445	3,044,706	2,234,323	2,414,531	2,341,523	1,177,738	1,177,738	1,087,036	1,087,036	2,347,611	
Capital outlay	1,885,554	1,338,066	1,245,851	1,133,255	1,273,399	1,253,001	1,177,738	1,177,738	1,177,738	3,118,982	3,118,982	2,572,134	2,572,134	1,900,657	
Debt service	11,432,855	9,628,133	4,477,017	2,554,674	1,439,787	2,944,911	2,944,911	2,944,911	2,944,911	1,601,447	1,601,447	1,601,447	1,601,447	2,160,036	
Principal	3,348,761	3,684,361	2,730,690	3,066,991	2,971,716	5,663,840	2,788,840	2,928,840	2,928,840	643,405	643,405	626,514	626,514	2,660,000	
Interest and other fiscal charges	773,999	886,842	419,527	436,018	457,343	649,203	649,203	649,203	649,203	581,504	581,504	581,504	581,504	651,854	
Total expenditures	36,107,070	35,774,487	31,077,004	25,586,518	25,112,049	31,225,377	33,698,977	33,698,977	33,698,977	26,289,153	26,289,153	25,174,486	25,174,486	25,489,262	
Excess (deficiency) of revenues over (under) expenditures	(8,685,409)	(8,630,466)	(2,267,545)	(1,229,791)	(1,917,290)	(6,223,657)	(9,349,291)	(6,888,949)	(6,888,949)	(6,888,949)	(6,888,949)	(6,888,949)	(6,888,949)	(1,308,161)	
Other Financing Sources (Uses)															
Sale of governmental assets	-	-	-	-	-	-	-	-	-	-	-	-	-	224,484	
Insurance Proceeds	4,192,646	-	-	-	-	-	-	-	-	-	-	-	-	-	
Debt issued	2,433,566	12,720,000	6,957,430	2,000,000	-	2,225,000	67,463	5,600,000	10,460,000	53,462	1,520,000	1,520,000	-	700,000	
Payment of refunded bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Premium and accrued interest on debt issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers in	9,996,948	12,200,051	9,692,037	8,003,404	8,268,840	8,195,955	7,813,126	7,182,963	7,083,563	7,352,624	7,352,624	7,352,624	7,352,624	5,825,922	
Transfers out	(10,213,706)	(12,249,428)	(8,656,361)	(8,444,725)	(8,441,575)	(8,365,906)	(7,976,186)	(7,976,186)	(7,976,186)	(7,243,374)	(7,243,374)	(7,243,374)	(7,243,374)	(6,017,979)	
Total other financing sources (uses)	6,409,454	12,897,178	8,130,097	1,653,101	2,110,560	(98,488)	5,589,597	10,509,929	10,509,929	1,364,341	1,364,341	1,364,341	1,364,341	732,427	
Net change in fund balances	\$ (2,275,955)	\$ 4,266,712	\$ 5,862,552	\$ 2,882,892	\$ 4,027,850	\$ (6,322,145)	\$ (3,759,694)	\$ 9,820,980	\$ 9,820,980	\$ 729,947	\$ 729,947	\$ 729,947	\$ 729,947	\$ (575,734)	
Debt service as a percentage of noncapital expenditures	16.9%	17.5%	11.8%	15.2%	14.5%	22.3%	11.2%	15.0%	13.6%	14.2%	14.2%	14.2%	14.2%	14.2%	

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 Excise Tax	Utility Excise Tax	Franchise Fee	Hotel/Motel Tax	Local Option Sales Tax	911 Surcharge	Mobile Home Tax	Total
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		
2018-19	10,611,119	814,444	1,262,499	206,346	567,559	3,330,991	-	36,298	16,829,256		

City of Marshalltown
General Governmental Tax Revenues by Source
Year Ended June 30, 2019
(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	Mobile Home Tax	Total
General Tax Increment	\$ 6,270,127	\$ -	\$ 759,317	\$ 206,346	\$ 567,559	\$ -	\$ 8,156	\$ 7,811,505
Financing	-	814,444	-	-	-	-	-	814,444
Local Option	-	-	-	-	-	3,330,991	-	3,330,991
Sales Tax	3,268,919	-	375,011	-	-	-	26,826	3,670,756
Property tax	604,760	-	71,310	-	-	-	732	676,802
Debt Service	467,313	-	56,861	-	-	-	584	524,758
Capital Projects								
Total	\$ 10,611,119	\$ 814,444	\$ 1,262,499	\$ 206,346	\$ 567,559	\$ 3,330,991	\$ 36,298	\$ 16,829,256

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 Reality		TIF		Agland Realty		Total Taxable Assessed Value		Total Direct Tax Rate		Estimated Actual Gross Value		Taxable Assessed Value as a Percentage of Actual Gross Value		
		Residential	Property	Commercial	Property	Industrial	Property	Total	Regular	Reality	TIF	Industrial	Property	Assessed	Value	Total	Direct	Tax	Rate	Gross	Value	Value as a Percentage of Actual Gross Value
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%											55.805%
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%											56.168%
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%											57.215%
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%											58.650%
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%											57.522%
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%											55.524%
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%											54.614%
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%											52.322%
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%											49.670%
2017	2018-19	\$ 504,172,982	\$ 189,737,930	\$ 56,495,980	\$ 750,406,892	\$ 24,539,106	\$ 4,683,585	\$ 779,629,583	\$ 15,28158	\$ 1,569,617,962	49.670%											
Rollback Factors by Class																						
Fiscal Year		Tax Exempt		Gas & Electric		Property		Residential		Residential		Agricultural		Commercial		Railroad						
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	\$ 46,10680		90,00000		90,00000													
2017-18	\$ 307,764,842	\$ 171,600,722		56,93910	\$ 47,49960		90,00000		90,00000													
2018-19	\$ 375,124,239	\$ 172,069,004		56,91800	\$ 56,13240		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
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
2017	2018-19	6.32150	17.99365	15.28158	0.21350	0.99668	0.14541	0.00290	40.95522

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, 2017		Percentage of Total City		Jan 1, 2008		Percentage of Total City	
	Taxable Assessed Value Payable 18-		Taxable Assessed Value	Taxable Assessed Value Payable 09-		Taxable Assessed Value	Taxable Assessed Value	
	19	Rank	Value	10	Rank	Value		
IES Utilities (Interstate Power)	\$ 77,370,251	1	9.3%	\$ 121,852,811	1		14.2%	
Emerson Process Mgt/Fisher Controls	19,269,765	2	2.3%	14,490,970	4		1.6%	
Marshalltown Center IO LLC	14,748,237	3	1.8%					
Menard, Inc	11,809,143	4	1.4%					
UnityPoint Health Marshalltown	10,545,122	5	1.3%					
Swift & Company	10,022,265	6	1.2%	9,565,564	7		1.3%	
Swift, Pork Company	9,663,514	7	1.2%					
Walmart, Real Estate Business	9,393,606	8	1.1%	11,041,130	5		1.6%	
Lennox Industries Inc	8,631,806	9	1.0%	14,684,500	3		2.1%	
ITC Midwest LLC	5,818,298	10	0.7%					
Abilit Holdings, Glenwood Place LLC				10,250,343	6		1.8%	
MMSC, Ventures Inc				19,551,127	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%	
	\$ 177,272,007		21.3%	\$ 218,286,127			27.9%	

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, 2017 was \$83,472,038.

City of Marshalltown

Sales Tax

Last Ten Years

Calendar Year	Taxable Retail Sales	No. of Businesses
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
2018	361,952,957	2,728

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

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

Collection year	Levy year	Current levy	Amount (1)	Collected within the fiscal year of the levy		Delinquent tax collections (3)	Total tax collections	Collections to total tax levy (2)
				Percent of levy collected (2)	99.98% \$			
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%	
2018-19	2017	\$ 11,502,245	\$ 11,155,160	96.98%	1,352	\$ 11,156,512	96.99%	

(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

(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				Business-type Activities			
	Urban		Renewal Tax		Sewer		Capital Loan		Total Primary		Personal Income	
	General Obligation	Bonds	Notes Payable	Bonds and Notes	Revenue Bonds	Revenue	Bonds	Revenue Bonds	Government	Personal Income	Personal Income	Per Capita
2010	\$ 17,405,245	\$ 69,204	\$ 69,204	\$ -	\$ -	\$ 1,035,000	\$ 3,396,914	\$ 21,906,363	\$ 22,436	976	26,073	840
2011	16,324,658	55,363	55,363	-	6,055,230	775,000	3,062,701	26,270,952	22,204	1,183	27,552	954
2012	23,918,462	41,523	41,523	-	5,746,348	4,555,000	-	34,301,333	22,204	1,545	27,552	1,245
2013	26,852,789	27,683	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	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	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	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	149,337	-	6,593,854	14,941,000	423,838	45,797,025	22,535	2,032	27,328	1,676
2018	32,961,820	109,976	109,976	-	6,061,806	13,473,000	324,152	52,930,754	23,059	2,295	27,280	1,940
2019	32,022,168	71,215	71,215	-	5,504,758	12,009,000	223,193	49,830,334	23,042	2,163	27,068	1,841

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			Total	Percentage of Estimated Actual Taxable Value of		
	General Obligation		Notes Payable		Property		
	Bonds					Per Capita	
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		2.50	1,446.40	
2019	37,526,926	294,408	37,821,334		2.40	1,397.27	

City of Marshalltown
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

Name of Governmental Unit	Debt Outstanding	Percentage Applicable to Marshalltown	City of Marshalltown Share of Debt
Iowa Valley Schools	\$ 8,845,000	51.80%	\$ 4,581,573
Marshalltown Community School District	9,580,000	86.86%	8,321,287
Marshall County	<u>9,580,000</u>	48.64%	<u>4,660,087</u>
 City of Marshalltown	 <u>28,005,000</u>	 100.00%	 <u>17,562,947</u>
	<u>32,093,383</u>		<u>32,093,383</u>
	 <u>\$ 60,098,383</u>		 <u>\$ 49,656,330</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,																				
	2019		2018		2017		2016		2015		2014		2013		2012		2011		2010		
Gross assessed valuations:																					
Regular realty	\$ 1,176,284,153	\$ 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											
Utility	375,124,239	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											
Incremental	24,539,106	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											
Total actual valuations applicable to debt	1,575,947,498	1,452,830,148	1,364,512,112	1,566,123,297	1,484,657,847	1,333,053,884	1,312,105,030	1,310,087,232	1,280,682,454	1,262,319,793											
Debt limit - 5% of total actual valuations applicable to debt	78,797,375	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											
Amount of debt applicable to limitation:																					
General obligation bonds and notes	37,086,215	38,914,128	30,508,175	24,204,863	25,734,040	26,216,304	32,284,938	32,284,938	29,706,333	22,475,363											
Urban Renewal Rebate agreements	3,727,567	3,907,856	4,023,000	1,690,000	-	-	-	-	-	-											
Total debt applicable to limitation	40,813,782	42,821,984	34,531,175	25,894,863	25,734,040	26,216,304	32,284,938	32,284,938	29,706,333	22,475,363	16,380,021										
Less:																					
Funds available from:																					
Debt service	154,543	111,879	237,889	107,604	2,722,301	2,517,292	3,079,346	3,082,247	-	-											
Special revenue	534,114	501,381	943,301	-	-	-	-	474,917	417,812	430,750											
Total debt applicable to debt margin	40,125,125	42,175,991	33,349,985	25,787,259	23,011,739	23,699,012	29,205,592	26,149,169	22,057,551	15,949,271											
Legal debt margin	\$ 38,672,250	\$ 30,465,516	\$ 34,875,621	\$ 52,518,906	\$ 51,221,153	\$ 42,953,682	\$ 36,399,660	\$ 39,355,193	\$ 41,976,572	\$ 47,166,719											

City of Marshalltown
Pledged – Revenue Coverage
Last Ten Fiscal Years

Water Pollution Control

Year	Gross			Available For			Debt Service Requirements			
	Revenue		Expenses (1)	Debt Service		Principal	Interest & other debt		Total	Coverage
						Principal	Interest & other debt			
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	3,000,387	5,017,526	1,438,000	389,721	1,827,721	2.75			
2018-19	8,622,756	2,300,008	6,322,748	1,464,000	352,330	1,816,330	3.48			

(1) Total operating expenses, less depreciation.

Sources: City Financial Records and Water Works Financial Records

City of Marshalltown
Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Median Age (Zip 50158)	School Enrollment		Unemployment Percent (4)
		Public (2)	Private (3)	
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
2019	35.9	5,173	269	2.80

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	2019- Employees	2010- 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	1,000
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	193	198

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public Safety	90.71	93.25	90.26	98.28	97.32	99.1	99.00	99.00	88.00	86.00
Public Works	19.35	20.72	20.46	20.61	21.14	21.02	21.00	21.00	20.00	21.00
Health and Social Services	0.39	1.94	4.13	8.38	9.44	8.49	8.00	8.00	6.50	6.50
Culture and Recreation	28.62	28.55	26.81	26.39	27.28	27.6	29.00	29.00	28.00	29.00
Community and Economic Development	3.81	3.39	2.26	2.6	3.29	4.21	4.00	3.00	5.50	5.50
General Government	15.93	15.62	15.93	15.57	17.67	17.91	18.00	17.00	18.00	18.00
Business-Type	29.14	29.9	29.01	32.57	32.25	32.89	34.00	35.00	34.00	36.00
Capital Projects	-	-	-	-	-	-	-	1.00	1.00	1.00
Total	187.95	193.37	188.86	204.40	208.39	211.22	213.00	213.00	201.00	203.00

Sources: City Department information.

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

Function/Program	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government										
Building Permits:										
New Construction:										
Number of permits	205	47	28	29	46	42	36	58	37	37
Value of permits	14,258,000	18,955,000	22,091,000	13,434,000	27,124,000	29,427,000	2,553,000	10,523,000	1,967,000	17,798,500
Remodeling, repairs and additions:										
Number of permits	158	55	120	102	80	72	71	101	95	74
Value of permits	29,092,000	12,399,000	7,434,000	11,915,000	10,719,000	24,001,000	16,435,000	5,275,000	26,630,000	3,951,800
Police										
Physical arrests	2,955	2,392	2,320	2,216	3,114	3,438	3,000		2,254	3,421
Violations:										
Parking	2,850	4,832	2,775	3,005	5,420	5,835	4,248	5,629	10,269	N/A
Traffic	2,654	2,662	1,801	1,255	1,889	1,803	2,500	2,939	3,290	3,787
Drunk driving	110	140	131	100	122	164	112	110	120	224
Narcotics	393	438	396	358	577	449	308	398	369	385
Fire										
Emergency responses	2,749	2,573	2,653	2,527	2,530	2,321	2,218	689	1,885	N/A
Fires extinguished	83	166	156	131	127	112	169	54	71	N/A
Inspections	223	343	555	519	223	471	541	353	376	N/A
Parks and recreation										
Adult team sports										
Leagues	4	4	6	6	8	12	8	10	8	10
Participation	7,782	8,165	9,327	9,656	8,492	5,670	8,705	8,611	6,762	6,105
Youth activities										
Programs	18	23	30	27	32	33	32	28	31	27
Participation	1,980	2,955	3,256	3,224	3,249	3,502	3,569	3,587	4,246	3,780
Library										
Volumes in collection	127,867	194,703	144,143	143,783	100,376	101,034	101,194	133,971	129,219	101,194
Total volumes borrowed	245,730	281,205	250,941	287,092	274,787	290,606	292,964	300,784	310,849	327,106
Sewage system										
Per million										
Daily average treatment in gallons	5.64	3.08	3.95	4.73	4.26	4.75	6.4	6.4	6.4	7.51
Maximum daily capacity of treatment plant in thousands of gallons	17,440	17,440	17,440	17,440	17,440	17,440	17,440	17,440	17,440	17,440
Sewer customers served	9,286	9,877	10,159	9,481	9,785	9,383	9,409	9,405	9,447	10,248
* Computer software was counting sewer credit meters										
Sewer rates in effect										
Base charge per month	\$23.75	\$22.67	\$20.25	\$17.57	\$15.60	\$14.31	\$12.12	\$10.27	\$10.27	\$10.27
Flow charge per 100 cubic feet	\$3.08	\$2.94	\$2.63	\$2.27	\$2.11	\$2.03	\$1.89	\$1.76	\$1.76	\$1.76
Transit										
Total route miles	122,545	142,667	131,829	134,737	110,394	133,405	132,475	131,749	135,711	107,157
# of passengers	76,132	100,178	90,353	101,805	111,542	104,513	113,728	112,318	130,974	111,586
General Elections - November of each year										
Registered voters	22,911	23,072	24,920	16,231	25,549	15,796	15,196	16,659	17,494	16,860
Number of votes cast	2,743	2,437	18,175	3,492	13,844	N/A	11,836	1,063	8,643	1,335
Percentage of registered voters voting	11.97%	10.56%	72.93%	21.51%	54.19%	N/A	77.89%	6.38%	49.41%	7.92%

Sources: City Department information.

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

Function/Program	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police										
# of stations	1	1	1	1	1	1	1	1	1	1
# of employees	70	70	62	57	55	55	63	59	61	59
Non-dispatch	54	57	49	45	42	43	50	47	48	46
Dispatch	14	13	13	12	13	12	13	12	13	13
Fire										
# of stations	1	1	1	1	1	1	1	1	1	1
# of employees	29	27	29	28	28	27	30	29	29	26
Parks and recreation										
Park areas										
# parks	25	25	21	21	26	26	26	26	26	26
# acres	357	357	210	210	328	328	325	325	325	325
Athletics										
# Baseball/softball fields	3	3	5	5	6	6	10	6	6	6
# Soccer/football fields	8	8	0	0	6	6	4	6	6	6
# Tennis courts	1	1	5	5	12	12	13	12		12
# Basketball Courts	5	5	4	4						
Other										
# playgrounds	19	19	20	20	21	21	20	17	17	17
Miles of bike trails	12.5	12.5	7	7	9.6	9.6	8	8	8	8
# Swimming pools	1	1	1	1	1	1	1	1	1	1
# Park Shelters	29	29	29	29						
Public works										
Streets:										
Paved	157.5	157.5	157.5	157.5	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	5.8	5.8	5.8	5.8
Sewage system										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Miles of sewers										
Storm	60.9	60.9	60.48	60.48	59.7	59.31	59.31	59.04	58.8	58.5
Sanitary	150.7	150.7	148.85	148.85	146.6	146.5	146.5	146.5	146.5	146.5
Transit										
# of buses	9	8	7	8	10	8	9	9	10	10
Education - Public and private										
Number of elementary schools	6	8	7	6	6	8	9	9	9	7
Number of elementary school instructors	188	205	262	283	299	305	243	237	248	225
Number of secondary schools	4	4	2	3	3	3	2	2	2	2
Number of secondary school instructors	224	204	150	280	250	238	143	146	150	156
Cemeteries										
Number of facilities	2	2	2	2	2	2	2	2	2	2
Number of acres										
Developed	135	135	135	135	135	135	135	135	135	135
Undeveloped	80	80	80	80	80	80	80	80	80	80
Hospitals										
Number of hospitals	1	1	1	1	1	1	1	1	1	1
Number of beds	49	49	49	49	125	125	125	125	125	125

Sources: City Department information.

Note: as of January 15, 2018, the dispatch employees became employees of Marshall County Communications Commission, rather than City employees.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Sewer Rental	\$ 8,210,143	\$ 7,738,899	\$ 7,370,973	\$ 6,341,560	\$ 5,875,990	\$ 5,611,519	\$ 4,860,499	\$ 4,661,934	\$ 4,152,904	\$ 4,558,315
Interest Income	336,086	160,716	62,404	30,154	24,526	36,356	32,361	37,704	53,312	50,336
Grants	-	-	-	-	-	39,669	39,669	1,582,043	849,787	391,132
Miscellaneous	76,527	118,298	119,147	221,791	190,654	218,797	218,797	275,547	128,066	214,519
Total revenues	8,622,756	8,017,913	7,552,524	6,593,505	6,091,170	5,906,341	5,151,326	6,557,228	5,184,069	5,214,302
Expenses:										
Costs of Service	2,290,877	3,000,387	3,543,159	3,217,648	2,678,407	2,994,802	2,800,306	3,225,133	2,945,845	3,142,187
Depreciation	1,618,145	1,583,463	1,470,579	1,487,116	1,283,352	1,269,460	1,182,359	1,126,174	1,134,959	1,119,009
Debt Service	2,426,037	2,430,979	2,426,016	2,492,501	1,502,938	1,252,956	1,131,139	1,859,184	778,689	749,863
Total expenses	6,335,059	7,014,829	7,439,754	7,197,265	5,464,697	5,517,218	5,113,804	6,210,491	4,859,493	5,011,059
Net income (loss)	\$ 2,287,697	\$ 1,003,084	\$ 112,770	\$ (603,760)	\$ 626,473	\$ 389,123	\$ 37,522	\$ 346,737	\$ 324,576	\$ 203,243
Water Pollution Control Historic Coverage										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net Income (Loss)	\$ 2,287,697	\$ 1,003,084	\$ 112,770	\$ (603,760)	\$ 626,473	\$ 389,123	\$ 37,522	\$ 346,737	\$ 324,576	\$ 203,243
Add depreciation	1,618,145	1,618,145	1,470,579	1,487,116	1,283,352	1,269,460	1,182,359	1,126,174	1,134,959	1,119,009
Add debt retirement	2,426,037	2,430,979	2,426,016	2,492,501	1,502,938	1,252,956	1,131,139	1,859,184	778,689	749,863
Net income available for debt service	\$ 6,331,879	\$ 5,052,208	\$ 4,009,365	\$ 3,375,857	\$ 3,412,763	\$ 2,911,539	\$ 2,351,020	\$ 3,332,095	\$ 2,238,224	\$ 2,072,115
Historic debt service	\$ 2,426,037	\$ 2,430,979	\$ 2,426,016	\$ 2,492,501	\$ 1,502,938	\$ 1,252,956	\$ 1,131,139	\$ 1,859,184	\$ 778,689	\$ 749,863
Historic coverage	2,61	2,08	1,65	1,35	2,32	2,32	2,08	1,79	2,87	2,76
Projected max future debt	\$ 2,430,980	\$ 2,430,980	\$ 2,430,980	\$ 1,343,085	\$ 1,343,085	\$ 1,085,594	\$ 1,085,594	\$ 1,211,115	\$ 735,293	
Projected coverage	2,60	2,08	1,65	1,39	2,16	2,17	2,17	3,07	1,85	2,82

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

Year	Residential	Multi-Family	Commercial	Industrial	Total	Incr (Decr)
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
2019	8,785	390	954	49	10,178	15

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

City of Marshalltown
Water Pollution Control
Present Net Position
As of June 30, 2019

Sewer Revenue Operating and Maintenance Accounts	\$ 446,849
Sewer Revenue Sinking Reserve Fund Account	139,016
Additional Capital Replacement Fund Account	1,142,122
Undesignated	<u>12,094,131</u>
 Total Water Pollution Control Net Position	 <u>\$ 13,822,118</u>

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

	2019			2018		
	Avg Gallons Per Month	Monthly Bill	2019 Ranking	Avg Gallons Per Month	Monthly Bill	2018 Ranking
JBS Swift & Company	72,115,033	\$ 238,651	1	64,596,933	\$ 210,538	1
IA Veterans Home	1,667,666	6,891	2	1,891,256	7,463	2
Unity Point Health	1,073,692	4,445	3	1,036,790	4,101	3
Emerson Processing/Fisher Controls	849,229	3,521	4	881,830	3,492	4
Marshalltown Community School District	656,495	2,727	5	723,191	2,868	5
Sunset Village Mobile Home Park	609,246	2,532	6	566,735	2,252	8
Central Iowa Truckwash LLC	541,677	2,254	7	602,265	2,392	6
Packaging Corporation	465,318	1,940	8	477,473	1,901	9
Rainbow Carwash I & II	423,430	1,767	9	568,044	2,257	-
BW Marshalltown Venture LLC	321,017	1,346	10	-	-	-
Super Shine Inc.				261,738	1,052	10

Source: City Financial Records and Marshalltown Water Works

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Compliance Section

June 30, 2019

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, 2019, 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 15, 2020. 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

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*. However, we noted certain immaterial instances of non-compliance which are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2019 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 Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 15, 2020



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, 2019. 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, 2019.

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 15, 2020

City of Marshalltown
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Department of Commerce				
Direct program				
Economic Development Cluster				
Economic Adjustment Assistance	11.307		\$ 100,000	\$ -
Department of Housing and Urban Development				
Direct program				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871		1,245,138	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		47,839	-
Total Department of Housing and Urban Development			<u>1,292,977</u>	<u>-</u>
Department of Justice				
Pass-through program from				
Iowa Department of Justice				
Violence Against Women Formula Grants	16.588	VW-11-52	41,333	-
Direct program				
Bulletproof Vest Partnership Program	16.607		3,406	-
Public Safety Partnership and Community Policing Grants	16.710		2,147	-
Pass through program from				
Marshall County				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	19-JAG-200382	28,479	-
Direct program				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		20,765	10,765
			<u>49,244</u>	<u>10,765</u>
Total Department of Justice			<u>96,130</u>	<u>10,765</u>

(continued)

City of Marshalltown
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Department of Transportation				
Pass-through program from				
Iowa Department of Transportation				
Formula Grants for Rural Areas	20.509	IA-18-X030	\$ 632,377	\$ -
Highway Safety Cluster				
State and Community Highway Safety	20.600	PAP 16-402-MOOP, Task 07-00-00	12,944	-
Total Department of Transportation			<u>670,321</u>	<u>-</u>
National Endowment for the Arts				
Direct program				
Promotion of the Arts - Grants to				
Organizations and Individuals	45.024		<u>25,000</u>	<u>-</u>
Department of Homeland Security				
Pass-through program from				
Iowa Department of Homeland Security				
Disaster Grants - Public Assistance				
(Presidentially Declared Disasters)	97.036	PA-07-IA-4392-PW00009	9,068	5,688
Total Federal Financial Assistance			<u>\$ 2,168,496</u>	<u>\$ 16,453</u>

City of Marshalltown
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

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, 2019. 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, except for subrecipient expenditures, which are recorded on the cash 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.

City of Marshalltown
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

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	Yes
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

City of Marshalltown
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCY:

2019-001 Significant Audit Adjustments

Criteria: A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition: During the course of our engagement, we proposed significant audit adjustments to the financial statements that were not identified as a result of the City's existing internal controls and, therefore, could have resulted in a misstatement of the City's financial statements.

Cause: There is a limited number of office employees with varying levels of experience with the reporting requirements.

Effect: The effect of this condition was that prior to posting audit adjustments financial data was not in accordance with generally accepted accounting principles.

Recommendation: We recommend that finance staff continue to receive relevant training and that management review all documentation completed by staff for use in preparing the financial statements.

Views of Responsible Officials: Management agrees.

Part III: Findings and Questioned Costs for Federal Awards:

There were no findings and questioned costs to report.

City of Marshalltown
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Part IV: Other Findings Related to Required Statutory Reporting:

- 2019-IA-A Certified Budget** – Disbursements during the year ended June 30, 2019 did not exceed the amount budgeted.
- 2019-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.
- 2019-IA-C Travel Expense** - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- 2019-IA-D Business Transactions** - No business transactions between the City and City officials or employees were noted.
- 2019-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.
- 2019-IA-F Council Minutes** - No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2019-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.
- 2019-IA-H Revenue Bonds** – No instances of noncompliance with provisions of the City's revenue bond resolutions were noted.
- 2019-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. However, the City misreported the debt in its original submission.
 - Recommendation** – The City should implement additional preparation and review procedures relating to the annual urban renewal report.
 - Response** – The City will have a second staff member review the annual Urban Renewal reports to ensure accurate certifications and reports.

City of Marshalltown
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

2019-IA-J Documentation of Public Purpose – Article III, Section 31, of the Iowa Constitution requires public funds may only be spent for public benefit. An Attorney General's opinion dated April 25, 1979 discusses the concept of public purpose, including the requirement to properly document public benefit for those disbursements for which public benefit is not clear, i.e. – “so clear and palpable as to be perceived by every mind at first blush.” After the tornado, the City allowed a nonprofit organization to occupy a City building rent free. Since the public benefits to be derived have not been clearly documented, this transaction may not meet the requirements of public purpose. There was also a disposal of real property, the former police station, which may not have had the public purpose properly documented.

Recommendation – The City Council should determine and document the public purpose served by these transactions prior to authorizing any further transactions.

Response – We will comply with this recommendation.

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APPENDIX B

DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX C

DRAFT FORMS OF BOND COUNSEL OPINION

We hereby certify that we have examined certified copies of the proceedings (the "Proceedings") of the City Council of the City of Marshalltown, Marshall County, State of Iowa (the "Issuer"), passed preliminary to the issue by the Issuer of its General Obligation Corporate Purpose and Refunding Bonds, Series 2020A (the "Bonds") in the amount of \$9,590,000*, dated September 28, 2020, in the denomination of \$5,000 each, or any integral multiple thereof, in evidence of the Issuer's obligation under a certain loan agreement (the "Loan Agreement"), dated as of September 28, 2020. The Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually, commencing December 1, 2020, at the respective rates as follows:

<u>Year</u>	Principal <u>Amount</u>	Interest Rate <u>Per Annum</u>	<u>Year</u>	Principal <u>Amount</u>	Interest Rate <u>Per Annum</u>
2021	\$805,000	____ %	2027	\$1,305,000	____ %
2022	\$760,000	____ %	2028	\$ 660,000	____ %
2023	\$790,000	____ %	2029	\$ 775,000	____ %
2024	\$790,000	____ %	2030	\$ 775,000	____ %
2025	\$800,000	____ %	2031	\$ 425,000	____ %
2026	\$1,275,000	____ %	2032	\$ 430,000	____ %

but the Bonds maturing in each of the years 2028 through 2032, inclusive, are subject to redemption prior to maturity on June 1, 2027 or any date thereafter, upon terms of par and accrued interest.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.

2. The Bonds and the Loan Agreement are valid and binding general obligations of the Issuer.

3. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.

4. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not treated as a preference item in calculating the federal alternative minimum tax imposed under the Internal Revenue Code of 1986 (the "Code"). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

5. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the Bonds be, or continue to be, qualified tax-exempt obligations. The Issuer has covenanted to comply with each such requirement.

We express no opinion regarding other federal or state tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

*Subject to adjustment

We hereby certify that we have examined certified copies of the proceedings (the "Proceedings") of the City Council of the City of Marshalltown, Marshall County, State of Iowa (the "Issuer"), passed preliminary to the issue by the Issuer of its Taxable General Obligation Airport Improvement Bonds, Series 2020B (the "Bonds") in the amount of \$2,030,000*, dated September 28, 2020, in the denomination of \$5,000 each, or any integral multiple thereof, in evidence of the Issuer's obligation under a certain loan agreement (the "Loan Agreement"), dated as of September 28, 2020. The Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually, commencing December 1, 2020, at the respective rates as follows:

<u>Year</u>	Principal <u>Amount</u>	Interest Rate <u>Per Annum</u>	<u>Year</u>	Principal <u>Amount</u>	Interest Rate <u>Per Annum</u>
2024	\$210,000	____%	2029	\$230,000	____%
2025	\$210,000	____%	2030	\$235,000	____%
2026	\$215,000	____%	2031	\$240,000	____%
2027	\$220,000	____%	2032	\$245,000	____%
2028	\$225,000	____%			

but the Bonds maturing in each of the years 2028 through 2032, inclusive, are subject to redemption prior to maturity on June 1, 2027 or any date thereafter, upon terms of par and accrued interest.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.
2. The Bonds and the Loan Agreement are valid and binding general obligations of the Issuer.
3. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.
4. The interest on the Bonds is not excluded from gross income for federal income tax purposes.

We express no opinion regarding other federal or state tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

*Subject to adjustment

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APPENDIX D

DRAFT CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Marshalltown, Iowa (the “Issuer”), in connection with the issuance of \$9,590,000 General Obligation Corporate Purpose and Refunding Bonds, Series 2020A and \$2,030,000 Taxable General Obligation Airport Improvement Bonds, Series 2020B (collectively, the “Bonds”), dated September 28, 2020. The Bonds are being issued pursuant to resolutions of the Issuer approved on September 14, 2020 (the “Resolutions”). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12.

Section 2. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the Dissemination Agent, if any, designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system available at <http://emma.msrb.org>.

“Financial Obligation” shall mean a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or, (iii) guarantee of either (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

“Holders” shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Iowa.

Section 3. Provision of Annual Reports.

(a) Not later than June 30 (the “Submission Deadline”) of each year following the end of the 2019-2020 fiscal year, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file on EMMA an electronic copy of its Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate in a format and accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the Submission Deadline if they are not available by that date. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and the Submission Deadline beginning with the subsequent fiscal year will become one year following the end of the changed fiscal year.

(b) If the Issuer has designated a Dissemination Agent, then not later than fifteen (15) business days prior to the Submission Deadline, the Issuer shall provide the Annual Report to the Dissemination Agent.

(c) If the Issuer is unable to provide an Annual Report by the Submission Deadline, in a timely manner thereafter, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file a notice on EMMA stating that there has been a failure to provide an Annual Report on or before the Submission Deadline.

Section 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include by reference the following:

(a) The **audited financial statements** of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such audited financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer’s audited financial statements are not available by the Submission Deadline, the Annual Report shall contain unaudited financial information (which may include any annual filing information required by State law) accompanied by a notice that the audited financial statements are not yet available, and the audited financial statements shall be filed on EMMA when they become available.

(b) Tables, schedules or other information contained in the official statement for the Bonds, under the following captions:

- **Debt Information**
- **Property Assessment and Tax Information**
- **Financial Information**

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which are available on EMMA or are filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available on EMMA. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.

- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note to paragraph (12): For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) If a Listed Event described in Section 5(a) paragraph (2), (7), (8) (but only with respect to bond calls under (8)), (10), (13), (14), or (15) has occurred and the Issuer has determined that such Listed Event is material under applicable federal securities laws, the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB.

(c) If a Listed Event described in Section 5(a) paragraph (1), (3), (4), (5), (6), (8) (but only with respect to tender offers under (8)), (9), (11), (12), or (16) above has occurred the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in Section (5)(a) paragraphs (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolutions.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or Annual Report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Speer Financial, Inc.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; (ii) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver either (1) is approved by a majority of the Holders, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners; or

(b) the amendment or waiver is necessary to comply with modifications to or interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing audited financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the audited financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent, if any, shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: September 28, 2020

CITY OF MARSHALLTOWN, IOWA

By _____
Mayor

Attest:

By _____
City Clerk