

## FINAL OFFICIAL STATEMENT DATED NOVEMBER 8, 2021

*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 Bonds will be excluded from gross income for federal income tax purposes. Interest on the 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 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX EXEMPTION AND RELATED TAX MATTERS" herein.*



**\$9,130,000  
CITY OF MARSHALLTOWN  
Marshall County, Iowa  
General Obligation Corporate Purpose Bonds, Series 2021**

Dated Date of Delivery	Book-Entry	Bank Qualified	Due Serially June 1, 2023 - 2034
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The \$9,130,000 General Obligation Corporate Purpose Bonds, Series 2021 (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, 2022. 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 in the following years and amounts.

**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)
\$600,000 .....	2023	2.000%	0.300%	572767 A35	\$775,000 .....	2029	2.000%	1.100%	572767 A92
695,000 .....	2024	2.000%	0.400%	572767 A43	795,000 .....	2030*	2.000%	1.150%	572767 B26
710,000 .....	2025	2.000%	0.550%	572767 A50	810,000 .....	2031*	2.000%	1.200%	572767 B34
725,000 .....	2026	2.000%	0.700%	572767 A68	825,000 .....	2032*	2.000%	1.250%	572767 B42
740,000 .....	2027	2.000%	0.850%	572767 A76	840,000 .....	2033*	2.000%	1.300%	572767 B59
755,000 .....	2028	2.000%	1.000%	572767 A84	860,000 .....	2034*	2.000%	1.400%	572767 B67

\*These maturities have been priced to call.

**OPTIONAL REDEMPTION**

Bonds due June 1, 2023 - 2029, inclusive, are not subject to optional redemption. Bonds due June 1, 2030 - 2034, inclusive, are callable in whole or in part on any date on or after June 1, 2029, at a price of par and accrued interest. If less than all the 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 proceeds of the Bonds are expected to be used to pay the costs of: (i) constructing street, water system, sanitary sewer system and stormwater drainage improvements; (ii) acquiring and installing street lighting, signage and signalization; (iii) undertaking nuisance abatement and/or acquisition, demolition and restoration of dangerous and dilapidated properties; (iv) parking lot improvements; and (v) issuing the Bonds.

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 tax and to the extent discussed under the heading "TAX EXEMPTION AND RELATED CONSIDERATIONS" herein.

The City intends to designate the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986.

The Bonds are offered when, as and if issued and received by the Underwriter, 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 December 14, 2021.



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.

<b>Issuer:</b>	City of Marshalltown, Marshall County, Iowa.
<b>Issue:</b>	\$9,130,000 General Obligation Corporate Purpose Bonds, Series 2021.
<b>Dated Date:</b>	Date of delivery (expected to be on or about December 14, 2021).
<b>Interest Due:</b>	Each June 1 and December 1, commencing December 1, 2022.
<b>Principal Due:</b>	Serially each June 1, commencing June 1, 2023 through 2034, as detailed on the cover page of this Final Official Statement.
<b>Optional Redemption:</b>	Bonds maturing on or after June 1, 2030, are callable at the option of the City on any date on or after June 1, 2029, at a price of par plus accrued interest. See “ <b>OPTIONAL REDEMPTION</b> ” herein.
<b>Authorization:</b>	The Bonds are being issued pursuant to authority established in Code of Iowa, 2021 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.
<b>Security:</b>	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.
<b>Investment Rating:</b>	The Bonds have been rated “Aa2” by Moody’s Investors Service, New York, New York. See “ <b>INVESTMENT RATING</b> ” herein.
<b>Purpose:</b>	The proceeds of the Bonds will be used to pay the costs of: (i) constructing street, water system, sanitary sewer system and stormwater drainage improvements; (ii) acquiring and installing street lighting, signage and signalization; (iii) undertaking nuisance abatement and/or acquisition, demolition and restoration of dangerous and dilapidated properties; (iv) parking lot improvements; and (v) issuing the Bonds.
<b>Tax Exemption:</b>	Dorsey & Whitney LLP, Des Moines, Iowa, will provide an opinion as to the tax exemption of the Bonds as discussed under “ <b>TAX EXEMPTION AND RELATED TAX MATTERS</b> ” in this Final Official Statement.
<b>Bank Qualified:</b>	The City intends to designate the Bonds as “qualified tax-exempt obligations”.
<b>Bond Registrar/Paying Agent:</b>	UMB Bank, n.a., West Des Moines, Iowa (the “Registrar”).
<b>Delivery:</b>	The Bonds are expected to be delivered on or about December 14, 2021.
<b>Book-Entry Form:</b>	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 <b>APPENDIX B</b> herein.
<b>Denomination:</b>	\$5,000 or integral multiples thereof.
<b>Municipal Advisor:</b>	Speer Financial, Inc., Waterloo, Iowa and Chicago, Illinois.

**CITY OF MARSHALLTOWN**  
**Marshall County, Iowa**

Joel Greer  
*Mayor*

**Council Members**

Mike Gowdy	Al Hoop	
Gabriel Isom	Mike Ladehoff	Bill Martin
Gary Thompson	Bethany Wirin	

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**Officials**

Jessica Kinser <i>City Administrator</i>	Alicia Hunter <i>City Clerk</i>
Diana Steiner <i>Finance Director</i>	Roger Schoell, Esq. <i>City Attorney</i>

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**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 real 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. For a description of certain constitutional limits on the issuance of general obligation debt by the City, see "Debt Limitation" herein.

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 deposited 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.

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) and local option sales tax receipts. The City does not currently expect to amend its fiscal year 2022 budget due to material COVID-19-related financial impacts, however, it is too soon to fully predict the extent and duration any COVID-19-related financial impacts may have on the City. The City has received CARES ACT funding for the police, fire, transit and airport departments and FEMA funds for personal protective equipment, disinfectants etc. The City will continue to seek financial support from federal or state COVID-19 related loan or grant programs as available. The City anticipates receipt of \$3.97 million in American Rescue Plan Act of 2021 funds, payable in fiscal years 2022 and 2023. The City plans to apply approximately \$2.85 million of such to infrastructure projects and the remainder of the funds have not been allocated to a specific project as this time.

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.

### **Derecho Storm**

The City had a Derecho Storm on August 10, 2020. The City is seeking public assistance for approximately \$5.3 million. The City has also requested financial assistance for street repairs and private property demolitions. It is anticipated that 75% would be reimbursed from FEMA and 10% from the State. The City is waiting for FEMA to obligate the projects.

### **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 TAX MATTERS**” herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the City in violation of its covenants in the Resolution. Should such an event of taxability occur, the 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 Bonds, and there is no provision for an adjustment of the interest rate on the Bonds.

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

## **DTC-Beneficial Owners**

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal 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.**

## **Pension and OPEB Benefits**

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

In fiscal year 2020, 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, 2020 were \$616,287. 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, 2020, the City reported a liability of \$4,594,347 for its proportionate share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2019 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 2020, pursuant to the MFPRSI's required rate, the City's employees (members) contributed 9.40% of earnable compensation and the City contributed 24.41% of covered payroll, for a total rate of 33.81%. The City's contributions to MFPRSI for the year ended June 30, 2020 were \$1,105,918. 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, 2020, the City reported a liability of \$9,473,600 for its proportionate share of the MFPRSI net pension liability. The net pension liability was measured as of June 30, 2019 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.

The City operates a single-employer retiree 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 total OPEB liability:

Total OPEB Liability Beginning of year.....	\$15,227,115
Changes for the year:	
Service Cost.....	276,589
Interest.....	270,079
Net Difference between projected and actual earnings on pension plan investments .....	(953,812)
Change in Assumptions.....	894,265
Benefit Payments .....	(523,029)
Net Changes.....	(35,908)
Total OPEB Liability End of Year.....	\$15,191,207

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

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

## **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, commencing with the fiscal year ending June 30, 2021, 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 Cyber-Liability and Cyber-Breach 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. See "**SECURITY AND SOURCE OF PAYMENT**" 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 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 Code of Iowa, as amended, 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)(c), 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.

## **Loss of Tax Base**

Economic and other factors beyond the City's control, such as economic recession, deflation of property values, or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the corporate boundaries of the City. In addition, the State of Iowa has been susceptible to tornados, flooding and other extreme weather wherein winds and flooding have from time to time caused significant damage, which if such events were to occur, may have an adverse impact on the City's financial position. The City believes it has employed adequate risk-mitigation strategies to limit future damage due to climate change or natural disaster, but it is impossible to predict the impact, cost or necessity of future recovery or mitigation efforts.

## **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 27A (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 and could slow down completion of certain of the Projects. However, the Bonds are secured by an unlimited ad valorem property tax and are not secured by state or federal funds. See "**SECURITY AND SOURCE OF PAYMENT**" herein.

## **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. 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 176 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, health and social services, 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 and two motorized boats, 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.

Many quality of life projects are currently underway in the community. The Marshalltown Arts and Civic Center, owned by the Fisher Governor Foundation, is being renovated and will house the Fisher Art Museum and a collection of Impressionist art work. The Marshall County Arts and Culture Alliance has also worked with community groups and businesses to bring a number of murals to life in the Downtown and 13<sup>th</sup> Street District. A new sculpture is also being installed outside the Marshalltown Community School District's Performing Arts Center. The City is partnering with the Alliance to create a community art and culture master plan in 2022.

Outdoor recreational trails and parks have become very popular in the last year as residents and visitors alike seek outdoor experiences. West End Park has a new shelter and improvements, creating an event space for the 13<sup>th</sup> Street District. The City is also undertaking its first pocket park in Downtown between two City-owned buildings. This park will feature a pickleball court and a unique public art project of sidewalk poetry. The City also partnered with the Marshalltown Community School District to create the Marshalltown Court Complex, a new tennis and pickleball court complex which opened in late 2020 and recently received an Outstanding Facility Award from the U.S. Tennis Association. Trails are also an important aspect of life in the City. The City is redoing approximately three miles of trail in the City, while partnering with TRAILS Inc., a local non-profit, on the expansion of the Iowa River's Edge Trail north into Marshall County.

## **Education**

The Marshalltown Community School District is the largest of two school districts serving the City and has a total certified enrollment of 5,332 students for the 2020-21 school year. East Marshall School District has a certified enrollment of 576 students.

Vocational and technical education courses are available from Iowa Valley Community College District. The 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 Iowa Valley Community College District has enrollment of approximately 3,300 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**

The City of Marshalltown continues to recover from the 2018 tornado and the 2020 derecho. Recovery efforts are still heavily focused in the Downtown. In June 2021, the City Council accepted the Downtown Implementation Plan, a planning effort which took concepts and recommendations from the Downtown Master Plan and created a programmable implementation list. More than \$35 million of work was identified, including the replacement of aging utilities and pavement. The first phase of work will begin in 2022, with the complete reconstruction of six blocks of State Street. City staff continues to pursue funding for future phases.

In addition to the reconstruction of public infrastructure, the City has taken a leading role in the recovery of buildings and businesses in the Downtown. The City, through court-ordered title or outright purchase, has acquired five properties on or near Main Street, with three others in a legal process to be declared abandoned and the City to take title. This will result in multiple demolitions occurring in 2022. The City will partner with the Marshalltown Area Chamber of Commerce to create redevelopment options to market to developers.

In addition to the City's work, three Downtown buildings will be undergoing significant renovations starting in 2022. The Hopkins and Willard Buildings sit side-by-side and will have newly renovated first floor commercial spaces (not available since 2018) with a total of 14 upper story housing units between the two buildings. The total renovation for both buildings, which are owned by the same developer, is estimated to be around \$4 million. The Gildners Building is also undergoing a renovation of more than \$1 million to create three new upper story housing units and a large first floor commercial space which is the future home of the Marshalltown Area Chamber of Commerce. The City has also been awarded a \$500,000 Downtown Revitalization Grant through the Iowa Economic Development Authority to do façade work on 11 storefronts. This work will also start in 2022.

Housing has been a direct focus in the community recently. The City has pledged \$250,000 to a \$1 million goal set by the Chamber of Commerce to provide \$10,000 grants to 100 new construction homes (owner-occupied, single family and attached). After seeing all greenfield residential lots purchased in 2020, the City partnered with a developer to create a new subdivision with 42 new lots. The City used a development agreement with tax increment financing (TIF) to reimburse the developer for the new infrastructure required. Construction of infrastructure is underway and lot sales for new construction are expected in 2022. The City is also partnering with a developer on a small subdivision with owner-occupied townhomes and duplexes near a number of recreational amenities. The City will install a street, sanitary and storm sewer, with the developer picking up the costs of the other infrastructure. This street will be built in 2022. The City has partnered with a developer working with JBS, the City's largest employer, who is building apartments for JBS employees. This will involve the installation of a public street and infrastructure, with work also expected in 2022.

The City will undertake the construction of the Edgewood Industrial Park in 2022. Grants from the Iowa Department of Transportation and the U.S. Economic Development Administration are covering more than 75 percent of the costs to construct a new bypass roadway from Highway 14 to Marion Street and JBS. This will divert approximately 150 - 200 semi-trucks each day off of Highway 14 and away from a mix of residential and commercial properties. This opens up around 40 acres of land owned by the City which is zoned for heavy industry. The new roadway is anticipated to be open by the end of calendar year 2022.

## SOCIOECONOMIC INFORMATION

The following demographic information is for the City. Additional comparisons are made with the 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%
2020 .....	27,591	0.14%	40,105	(1.34%)	3,190,369	4.73%

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
Lennox Industries, Inc. .....	Refrigeration and Heating Equipment .....	915
Iowa Veterans Home .....	Nursing Care Facility .....	865
Marshalltown Community School District .....	Education .....	850
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 .....	190
Marshall County .....	Government .....	180
McFarland Clinic .....	Health Care .....	145
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 2021 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 2015 - 2019 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.....	257	2.1%	653	3.4%	60,131	3.7%
Construction.....	938	7.6%	1,352	7.1%	103,928	6.4%
Manufacturing.....	3,821	30.9%	5,043	26.7%	240,510	14.9%
Wholesale trade .....	191	1.5%	316	1.7%	45,805	2.8%
Retail trade.....	1,567	12.7%	2,261	12.0%	186,537	11.6%
Transportation and warehousing, and utilities.....	397	3.2%	755	4.0%	78,935	4.9%
Information .....	134	1.1%	201	1.1%	25,498	1.6%
Finance and insurance, and real estate and rental and leasing.....	380	3.1%	768	4.1%	123,750	7.7%
Professional, scientific, and management, and administrative and waste management services .....	845	6.8%	1,153	6.1%	118,156	7.3%
Educational services, and health care and social assistance .....	2,207	17.9%	3,873	20.5%	393,873	24.4%
Arts, entertainment, and recreation, and accommodation and food services .....	915	7.4%	1,312	6.9%	119,270	7.4%
Other services, except public administration.....	422	3.4%	642	3.4%	68,012	4.2%
Public administration .....	286	2.3%	572	3.0%	49,497	3.1%
<b>Total .....</b>	<b>12,360</b>	<b>100.0%</b>	<b>18,901</b>	<b>100.0%</b>	<b>1,613,902</b>	<b>100.0%</b>

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2015 - 2019.

### **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 .....	3,048	24.6%	5,093	26.9%	585,013	36.2%
Service occupations .....	2,159	17.5%	3,112	16.5%	262,868	16.3%
Sales and office occupations .....	2,063	16.7%	3,524	18.7%	333,318	20.7%
Natural resources, construction, and maintenance occupations.....	1,358	11.0%	2,079	11.0%	153,908	9.5%
Production, transportation, and material moving occupations .....	3,732	30.2%	5,093	26.9%	278,795	17.3%
<b>Total .....</b>	<b>12,360</b>	<b>100.0%</b>	<b>18,901</b>	<b>100.0%</b>	<b>1,613,902</b>	<b>100.0%</b>

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-Year Estimates from 2015 - 2019.

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>
2012 .....	6.8%	6.4%	5.1%	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%	3.7%	5.3%
2016 .....	5.4%	4.9%	3.6%	4.9%
2017 .....	5.3%	4.6%	3.1%	4.4%
2018 .....	8.2%	4.4%	2.6%	3.9%
2019 .....	6.9%	4.5%	2.8%	3.7%
2020(3).....	8.2%	7.1%	5.3%	8.1%
2021(3)(4).....	5.7%	5.0%	3.8%	5.3%

Notes: (1) Source: Iowa Workforce Development and U.S. Bureau of Labor Statistics.  
 (2) Not seasonally adjusted.  
 (3) The increase in unemployment rates may be attributable to the COVID-19 pandemic.  
 See "BONDHOLDERS RISKS – COVID-19" herein.  
 (4) Preliminary rates for the month of August 2021.

## **Building Permits**

Building permits have averaged \$53,293,400 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>
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
2021(3).....	262	124,544,000

Notes: (1) Source: the City.  
 (2) Increase partially due to a tornado in July 2018.  
 (3) Increase partially due to large commercial development including the local hospital, medical clinics, school district and community college.

## **Housing**

The U.S. Census Bureau 5-year estimated values reported that the median value of the City's owner-occupied homes was \$94,300. This compares to \$106,000 for the County and \$147,800 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 2015 - 2019 American Community Survey.

### **Home Values(1)**

<u>Value</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>
Less than \$50,000 .....	881	13.3%	1,239	11.4%	79,312	8.8%
\$50,000 to \$99,999.....	2,742	41.2%	3,844	35.4%	187,081	20.8%
\$100,000 to \$149,999.....	1,484	22.3%	2,524	23.2%	191,070	21.2%
\$150,000 to \$199,999.....	806	12.1%	1,409	13.0%	156,091	17.4%
\$200,000 to \$299,999.....	467	7.0%	1,128	10.4%	164,192	18.3%
\$300,000 to \$499,999.....	186	2.8%	545	5.0%	92,482	10.3%
\$500,000 to \$999,999.....	32	0.5%	109	1.0%	23,930	2.7%
\$1,000,000 or more .....	53	0.8%	70	0.6%	5,065	0.5%
Total .....	6,651	100.0%	10,868	100.0%	899,223	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2015 - 2019.

### **Mortgage Status(1)**

<u>Mortgage Status</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>
Housing units with a mortgage.....	4,191	63.0%	6,516	60.0%	544,728	60.6%
Housing units without a mortgage.....	2,460	37.0%	4,352	40.0%	354,495	39.4%
Total .....	6,651	100.0%	10,868	100.0%	899,223	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2015 - 2019.

## Income

The U.S. Census Bureau 5-year estimated values reported that the City had a median family income of \$63,280. This compares to \$69,134 for the County and \$77,099 for the State. The following table represents the distribution of family incomes for the City, the County and the State at the time of the 2015 - 2019 American Community Survey.

### Family Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000.....	255	4.0%	338	3.4%	22,636	2.8%
\$10,000 to \$14,999.....	128	2.0%	160	1.6%	14,901	1.9%
\$15,000 to \$24,999.....	461	7.2%	571	5.7%	41,343	5.1%
\$25,000 to \$34,999.....	624	9.8%	838	8.4%	54,569	6.8%
\$35,000 to \$49,999.....	809	12.7%	1,143	11.5%	93,819	11.7%
\$50,000 to \$74,999.....	1,589	24.9%	2,392	24.1%	160,975	20.1%
\$75,000 to \$99,999.....	1,057	16.6%	1,770	17.8%	139,580	17.4%
\$100,000 to \$149,999.....	1,041	16.3%	1,942	19.5%	164,129	20.4%
\$150,000 to \$199,999.....	253	4.0%	508	5.1%	59,624	7.4%
\$200,000 or more .....	157	2.5%	283	2.8%	51,250	6.4%
Total .....	6,374	100.0%	9,945	100.0%	802,826	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2015 to 2019.

The U.S. Census Bureau 5-year estimated values reported that the City had a median household income of \$52,035. This compares to \$56,437 for the County and \$60,523 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 2015 - 2019 American Community Survey.

### Household Income(1)

Income	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Less than \$10,000.....	602	5.9%	758	4.9%	66,420	5.3%
\$10,000 to \$14,999.....	558	5.4%	716	4.6%	52,441	4.1%
\$15,000 to \$24,999.....	1,029	10.0%	1,422	9.2%	115,414	9.1%
\$25,000 to \$34,999.....	1,239	12.1%	1,724	11.2%	119,165	9.4%
\$35,000 to \$49,999.....	1,470	14.3%	2,049	13.3%	168,905	13.4%
\$50,000 to \$74,999.....	2,284	22.2%	3,412	22.1%	243,004	19.2%
\$75,000 to \$99,999.....	1,325	12.9%	2,126	13.8%	181,100	14.3%
\$100,000 to \$149,999.....	1,274	12.4%	2,271	14.7%	194,116	15.3%
\$150,000 to \$199,999.....	335	3.3%	642	4.2%	66,951	5.3%
\$200,000 or more .....	157	1.5%	299	1.9%	57,957	4.6%
Total .....	10,273	100.0%	15,419	100.0%	1,265,473	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2015 - 2019.

## Agriculture

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

### Average Value Per Acre(1)

	2016	2017	2018	2019	2020
Average Value Per Acre:					
The County.....	\$7,474	\$7,676	\$7,471	\$7,863	\$8,146
State of Iowa.....	7,183	7,326	7,264	7,432	7,559

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)**

<b>Fiscal Year Ending June 30</b>	<b>Local Option Sales Tax Receipts(2)</b>	<b>Percent Change +(-)</b>
2013.....	\$2,895,143	n/a
2014.....	3,014,944	4.14%
2015.....	3,165,062	4.98%
2016.....	4,323,828	36.61%(3)
2017.....	3,273,231	(24.30%)
2018.....	3,177,721	(2.92%)
2019.....	3,591,861	13.03%
2020.....	3,850,716	7.21%
2021.....	3,697,871(4)	(3.97%)
2022.....	4,125,619(4)	11.57%

Notes: (1) Source: Iowa Department of Revenue.  
(2) Includes a reconciliation payment in November attributable to the previous fiscal year.  
(3) Increase due to large construction project in the City with additional temporary workers living in the City during that time.  
(4) 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<sup>(1)</sup>

<u>Fiscal Year Ending June 30</u>	<u>Taxable Sales</u>	<u>Annual Percent Change + (-)</u>
2011.....	304,662,931	n/a
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% <sup>(2)</sup>
2020.....	359,899,562	(4.07%)

Growth from 2011 to 2020..... 18.13%

Notes (1) Source: the Iowa Department of Revenue.  
(2) Increase due in part to tornado damage repairs.

## THE PROJECT

Bond proceeds will be used to pay the costs of: (i) constructing street, water system, sanitary sewer system and stormwater drainage improvements; (ii) acquiring and installing street lighting, signage and signalization; (iii) undertaking nuisance abatement and/or acquisition, demolition and restoration of dangerous and dilapidated properties; (iv) parking lot improvements; and (v) issuing the 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.

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## **DEBT INFORMATION**

After issuance of the Bonds, the City will have outstanding \$52,195,000 principal amount of general obligation debt. In addition, the City has outstanding approximately \$9,834,000 principal amount of sewer revenue debt. The City entered into a forgivable loan agreement with the Iowa Economic Development Authority in a maximum amount of \$500,000. To date the City has drawn \$125,671.

### **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, 2020 property valuations, for taxes payable in September 2021 and March 2022 the general obligation debt limit of the City for the period which began July 1, 2021 and ends June 30, 2022 is:

2020 100% Actual Valuation of Property .....	\$ 1,730,954,025
Constitutional Debt Limit .....	\$ 86,547,701
Outstanding Bonds/Notes Applicable to Debt Limit:	
Total G.O. Debt Subject to Debt Limit.....	\$ 52,195,000
Other Legal Indebtedness (TIF Rebates) .....	2,032,149
Total Applicable Debt .....	<u>\$ 54,227,149</u>
Remaining Debt Capacity.....	\$ 32,320,552

The City does not expect to issue any additional general obligation debt in fiscal year 2022.

### **Summary of Outstanding General Obligation Bonded Debt<sup>(1)</sup> (Principal Only)**

Series 2012A .....	\$ 1,675,000
Series 2012B .....	610,000
Series 2013A .....	1,000,000
Series 2015.....	950,000
Series 2016A .....	3,350,000
Series 2016B .....	3,035,000
Series 2017.....	11,505,000
Series 2018.....	2,400,000
Series 2019.....	7,725,000
Series 2020A .....	8,785,000
Series 2020B .....	2,030,000
The Bonds.....	<u>9,130,000</u>
Total.....	\$52,195,000

Note: (1) Source: the City.

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**General Obligation Debt(1)**  
**(Principal Only)**

Fiscal Year Ending <u>June 30</u>	Series 2012A	Series 2012B	Series 2013A	Series 2015	Series 2016A	Series 2016B	Series 2017	Series 2018	Series 2019	Series 2020A
2022.....	\$ 425,000	\$320,000	\$1,000,000	\$350,000	\$ 340,000	\$ 260,000	\$ 100,000	\$ 0	\$ 815,000	\$ 760,000
2023.....	425,000	290,000	0	375,000	550,000	270,000	505,000	110,000	840,000	790,000
2024.....	400,000	0	0	225,000	580,000	275,000	515,000	350,000	1,160,000	790,000
2025.....	425,000	0	0	0	605,000	275,000	535,000	360,000	1,195,000	800,000
2026.....	0	0	0	0	170,000	475,000	350,000	375,000	1,220,000	1,275,000
2027.....	0	0	0	0	175,000	485,000	360,000	385,000	650,000	1,305,000
2028.....	0	0	0	0	220,000	495,000	375,000	400,000	650,000	660,000
2029.....	0	0	0	0	230,000	500,000	390,000	420,000	600,000	775,000
2030.....	0	0	0	0	235,000	0	915,000	0	595,000	775,000
2031.....	0	0	0	0	245,000	0	950,000	0	0	425,000
2032.....	0	0	0	0	0	0	990,000	0	0	430,000
2033.....	0	0	0	0	0	0	1,020,000	0	0	0
2034.....	0	0	0	0	0	0	1,060,000	0	0	0
2035.....	0	0	0	0	0	0	1,105,000	0	0	0
2036.....	0	0	0	0	0	0	1,155,000	0	0	0
2037.....	0	0	0	0	0	0	1,180,000	0	0	0
Total.....	\$1,675,000	\$610,000	\$1,000,000	\$950,000	\$3,350,000	\$3,035,000	\$11,505,000	\$2,400,000	\$7,725,000	\$8,785,000

Fiscal Year Ending <u>June 30</u>	Series 2020B	Total Outstanding General Obligation Debt	The Bonds	Total General Obligation Debt	Cumulative Principal Retired	
					Amount	Percent
2022.....	\$ 0	\$ 4,700,000	\$ 0	\$ 4,370,000	\$ 4,370,000	8.37%
2023.....	0	4,155,000	600,000	4,755,000	9,125,000	17.48%
2024.....	210,000	4,505,000	695,000	5,200,000	14,325,000	27.45%
2025.....	210,000	4,405,000	710,000	5,115,000	19,440,000	37.24%
2026.....	215,000	4,080,000	725,000	4,805,000	24,245,000	46.45%
2027.....	220,000	3,580,000	740,000	4,320,000	28,565,000	54.73%
2028.....	225,000	3,025,000	755,000	3,780,000	32,345,000	61.97%
2029.....	230,000	3,145,000	775,000	3,920,000	36,265,000	69.48%
2030.....	235,000	2,755,000	795,000	3,550,000	39,815,000	76.28%
2031.....	240,000	1,860,000	810,000	2,670,000	42,485,000	81.40%
2032.....	245,000	1,665,000	825,000	2,490,000	44,975,000	86.17%
2033.....	0	1,020,000	840,000	1,860,000	46,835,000	89.73%
2034.....	0	1,060,000	860,000	1,920,000	48,755,000	93.41%
2035.....	0	1,105,000	0	1,105,000	49,860,000	95.53%
2036.....	0	1,155,000	0	1,155,000	51,015,000	97.74%
2037.....	0	1,180,000	0	1,180,000	52,195,000	100.00%
Total.....	\$2,030,000	\$43,065,000	\$9,130,000	\$52,195,000		

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

### **Statement of Bonded Indebtedness(1)(2)**

City Actual Value, January 1, 2020..... \$1,730,954,025  
City Taxable Value, January 1, 2020..... \$ 939,398,141

	Total	Applicable Percent	Amount	Ratio to City Actual Value	Ratio to City Taxable Value	Per Capita (2020 Pop. 27,591)
Direct Bonded Debt .....	\$52,665,000	100.00%	\$52,665,000	3.04%	5.61%	\$1,908.77
Overlapping Debt:						
Marshalltown Community School District.....	\$ 7,750,000	79.58%	\$ 6,167,807	0.36%	0.66%	\$ 223.54
East Marshall Community School District ....	1,858,340	1.08%	20,040	0.00%	0.00%	0.73
Iowa Valley Community College District(3) ..	13,305,000	16.13%	2,146,351	0.12%	0.23%	77.79
Marshall County .....	0	46.53%	0	0.00%	0.00%	0.00
Total Applicable Overlapping Bonded Debt .....			\$ 8,334,197	0.48%	0.89%	\$ 302.06
Total Direct and Overlapping Bonded Debt.....	\$60,999,197			3.52%	6.49%	\$2,210.84

Per Capita Actual Value ..... \$62,736.18  
Per Capita Taxable Value..... \$34,047.27

Notes: (1) Source: the City, Audited Financial Statements and Treasurer of the State of Iowa - Outstanding Obligations Report, debt as of June 30, 2020 for the School District, Community College and County.  
 (2) As of the date of issuance for the Direct Bonded Debt and June 30, 2020 for Overlapping Debt.  
 (3) Excludes \$5,270,000 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 & Industrial
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%
2021/22.....	56.4094%	67.5000%	84.0305%	90.0000%

Notes: (1) Source: the Iowa Department of Revenue.  
 (2) New category beginning with fiscal year 2017, to be phased into residential category with valuations beginning January 1, 2022, per House File 418 signed into law on March 8, 2021.

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, 2020, are used to calculate tax liability for the tax year starting July 1, 2021 through June 30, 2022.

## 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:	2017/18	2018/19	2019/20	2020/21	2021/22
	Levy Year:	2016	2017	2018	2019	2020
Residential .....	\$ 809,821,936	\$ 855,070,536	\$ 859,085,432	\$ 915,662,012	\$ 921,442,289	
Agricultural .....	9,853,499	8,601,940	8,500,040	6,860,080	6,713,730	
Commercial .....	217,077,808	226,758,898	229,893,416	241,524,110	241,397,185	
Industrial .....	71,218,793	68,45,170	69,089,497	65,997,471	70,332,860	
Multi-residential .....	32,339,360	36,899,124	43,549,331	38,832,294	43,784,014	
Railroads .....	4,334,016	4,311,857	4,625,251	5,117,476	5,353,467	
Utilities without Gas and Electric(3) .....	2,825,595	2,908,138	3,145,957	2,514,528	1,847,440	
Gas and Electric Utility(3) .....	307,764,842	375,124,239	435,377,442	445,705,906	441,966,524	
Less: Military Exemption .....	(2,405,701)	(2,272,404)	(2,170,544)	(2,018,680)	(1,883,484)	
Total .....	\$1,452,830,148	\$4,575,947,498	\$1,651,195,822	\$1,720,195,197	\$1,730,954,025	
Percent Change +(-) .....	6.47%(4)	8.47%	4.77%	4.18%	0.63%	

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

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

January 1:	2016	2017	2018	2019	2020
TIF Valuation .....	\$5,394,151	\$24,539,106	\$17,723,868	\$17,610,264	\$24,793,485

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

(4) Based on 2015 Actual Valuation of \$1,364,512,112.

For the January 1, 2020 levy year, the City's Taxable Valuation was comprised of approximately 55% residential, 23% commercial, 11% utilities, 7% industrial, 3% multi-residential, and less than 1% agriculture and military exemption.

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

Property Class	Fiscal Year:	2017/18	2018/19	2019/20	2020/21	2021/22
	Levy Year:	2016	2017	2018	2019	2020
Residential .....	\$461,105,154	\$475,597,834	\$488,974,237	\$504,294,410	\$519,779,974	
Agricultural .....	4,680,367	4,683,585	4,771,279	5,589,811	5,641,583	
Commercial .....	195,370,030	204,083,012	206,904,079	217,371,702	217,257,468	
Industrial .....	64,096,916	61,690,655	62,180,549	59,397,726	63,299,576	
Multi-residential .....	26,680,016	29,058,092	32,737,082	27,668,035	29,554,257	
Railroads .....	3,900,614	3,880,671	4,162,726	4,605,728	4,818,120	
Utilities without Gas and Electric(3) .....	2,825,595	2,908,138	3,145,957	2,514,528	1,820,631	
Gas and Electric Utility(3) .....	73,018,143	83,472,038	99,912,110	108,397,416	99,110,016	
Less: Military Exemption .....	(2,405,701)	(2,272,404)	(2,170,544)	(2,018,680)	(1,883,484)	
Total .....	\$829,271,134	\$863,101,621	\$900,617,475	\$927,820,676	\$939,398,141	
Percent Change +(-) .....	3.37%(4)	4.08%	4.35%	3.02%	1.25%	

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

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

January 1:	2016	2017	2018	2019	2020
TIF Valuation .....	\$5,394,151	\$24,539,106	\$17,723,868	\$17,610,264	\$24,793,485

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

(4) Based on 2015 Actual Valuation of \$802,224,689.

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>
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	11,388,008	99.58%
2017.....	2018-19.....	11,502,245	11,156,512	96.99%
2018.....	2019-20.....	12,004,303	11,396,732(3)	94.94%
2019.....	2020-21.....	12,285,038	12,558,330(3)	102.22%
2020.....	2021-22.....	12,483,630	- -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) 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 2020</u>	<u>Taxable Valuation(2)</u>
Interstate Power & Light Company .....	Utility .....	\$ 93,452,231	
JBS USA, LLC .....	Meat Processing .....	21,345,218	
Fisher Controls International .....	Manufacturing .....	19,269,765	
Menards, Inc.....	Manufacturing & Retail Store .....	13,982,526	
Unity Point Health Marshalltown .....	Health Care .....	11,403,738	
Walmart.....	Retail Store.....	9,705,969	
Lennox Manufacturing Inc.....	Manufacturing.....	7,420,118	
ITC Midwest, LLC.....	Utility .....	6,271,487	
Union Pacific Railroad .....	Railroad .....	4,818,120	
Abilit Holdings Glenwood Place, LLC.....	Assisted Living Facility .....	<u>4,660,427</u>	
Total .....		\$192,329,599	
Ten Largest Taxpayers as Percent of City's 2020 Taxable Valuation (\$939,398,141).....			20.47%

Notes: (1) Source: the 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.

### **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.

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The property tax rates for the City from levy year 2016 through levy year 2020 are shown below:

**Property Tax Rates<sup>(1)(2)</sup>**  
(Per \$1,000 Actual Valuation)

Fiscal Year: Levy Year:	2017/18 2016	2018/19 2017	2019/20 2018	2020/21 2019	2021/22 2020
<b>City:</b>					
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.....	3.61913	0.84653	0.99979	1.07205	1.04953
Employee Benefits .....	1.77860	4.45181	4.34652	4.34372	4.43710
Capital Improvement .....	0.67499	0.67500	0.67499	0.67500	0.67500
Other.....	0.83886	0.93824	0.99304	0.92357	0.83000
<b>Total City.....</b>	<b>\$15.28158</b>	<b>\$15.28158</b>	<b>\$15.38434</b>	<b>\$15.38434</b>	<b>\$15.36163</b>
<b>Marshall County .....</b>					
Marshalltown Community School District.....	\$ 6.71518	\$ 6.32150	\$ 6.01018	\$ 6.01018	\$ 6.20707
Iowa Valley Community College District .....	17.94963	17.99365	18.33912	18.34688	18.13904
Other.....	1.36842	0.99668	0.88409	1.58101	1.65540
<b>Total Tax Rate.....</b>	<b>\$41.70344</b>	<b>\$40.95522</b>	<b>\$40.98273</b>	<b>\$41.74091</b>	<b>\$41.78009</b>

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 general obligation 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 11% of the City’s levy year 2020 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 2020 is \$939,398,141.

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.

During the 2021 Iowa Legislative session, House File 418 was signed into law on March 8, 2021, applicable to valuations beginning January 1, 2022 (the “2021 Act”). HF418 removes the multi-residential property classification by reclassifying certain properties as subdivision of “residential” property. The multi-residential classification was created as part of the January 1, 2015 valuations, and became unnecessary due to the equalization of the residential and multi-residential classifications as of January 1, 2022.

The 2013 Act included a standing appropriation to replace some of the tax revenues lost by local governments due to the rollback. Iowa Code section 441.21A established this standing appropriation for reimbursement to local governments (backfill). However, SF 619, passed by the legislature on May 19, 2021 and subsequently signed into law by Governor Reynolds, phases out backfill payments beginning with fiscal years beginning on or after July 1, 2022. For cities and counties, the backfill is eliminated through annual reductions over five or eight years, depending on assessed valuation growth from 2012 to 2019. School district backfill payments will be eliminated after fiscal year 2022. Taxing authorities that are not schools, cities, or counties will have their backfill payments phased out over eight years. SF 619 also implements a tax credit for property owned by persons who are at least 70 years of age and whose annual household income is not more than 250% of the federal poverty level guidelines published by the U.S. Department of Health and Human Services. The expanded credit is available for claims filed on or after January 1, 2022. The expanded credit is exempt from the provisions of Iowa Code section 25B.7(1), which imposes a State requirement to fully fund changes to property tax credits. The legislation is anticipated to result in reduced property tax revenues as a result of the phased out property tax replacement claims and also due to expansion of the Elderly Property Tax Credit.

Notwithstanding any decrease in property tax revenues that may result from the 2013 Act, the 2019 Act or the 2021 Act or Senate File 619, the Bonds are secured by an unlimited ad valorem property tax as described more fully in the **“SECURITY AND SOURCE OF PAYMENT”** herein.

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, 2020 (the "2020 Audit"). The 2020 Audit has been prepared 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 2020 Audit; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information and the 2020 Audit in this Final Official Statement. The inclusion of the Excerpted Financial Information and the 2020 Audit 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 2020 Audit. Questions or inquiries relating to financial information of the City since the date of the 2020 Audit 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 2020 Audit. The City's expects its General Fund balance for the fiscal year ending June 30, 2021 to increase by approximately \$1,179,409. The City has approved a budget for fiscal year 2022 with an anticipated decrease to the General Fund balance of approximately \$62,000. To date, revenues and expenditures are generally within budgeted amounts.

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

	Audited as of June 30				
	2016	2017	2018	2019	2020
<b>Assets:</b>					
Cash and Cash Equivalents.....	\$ 19,233,676	\$ 26,605,875	\$ 31,366,951	\$ 28,442,351	\$ 32,087,986
Receivables					
Property Taxes:					
Delinquent .....	103,928	116,944	106,690	159,143	221,295
Succeeding Year .....	12,034,777	12,552,215	12,777,819	13,541,388	13,952,661
Accounts and Unbilled Usage.....	733,888	272,505	379,945	316,230	334,896
Special Assessments.....	37,888	28,735	22,691	11,325	5,069
Due from Component Unit .....	13,223	13,355	10,543	9,669	13,132
Due from Other Governments.....	2,520,104	1,731,970	1,176,660	908,408	1,864,773
Inventories.....	115,380	134,370	108,688	9,930	38,250
Prepaid Items .....	275,975	323,946	308,782	309,682	340,551
Capital Assets					
Land .....	4,000,014	4,665,014	4,665,014	4,753,531	4,771,231
Land Improvements.....	2,476,257	2,583,059	2,661,109	2,661,109	3,337,450
Buildings and Structures.....	17,707,821	17,707,821	17,666,013	17,358,592	31,881,317
Equipment and Vehicles .....	16,899,577	17,046,381	17,023,927	17,447,455	18,678,781
Infrastructure .....	39,738,566	40,792,336	44,392,621	44,952,134	45,265,388
Construction in Progress .....	1,182,096	3,074,150	7,743,788	17,697,205	6,270,987
Accumulated Depreciation.....	(39,140,202)	(41,434,434)	(43,367,637)	(45,398,420)	(47,491,793)
Total Assets.....	<u>\$ 77,932,968</u>	<u>\$ 86,214,242</u>	<u>\$ 97,043,604</u>	<u>\$ 103,179,732</u>	<u>\$ 111,571,974</u>
<b>Deferred Outflows of Resources:</b>					
OPEB Related Deferred Outflows.....	\$ 0	\$ 0	\$ 171,204	\$ 1,099,321	\$ 2,190,160
Pension Related Deferred Outflows.....	2,413,973	4,628,479	3,775,500	3,943,108	3,512,736
Total Deferred Outflows of Resources .....	<u>\$ 2,413,973</u>	<u>\$ 4,628,479</u>	<u>\$ 3,946,704</u>	<u>\$ 5,042,429</u>	<u>\$ 5,702,896</u>
<b>Liabilities:</b>					
Accounts Payable.....	\$ 1,176,610	\$ 1,947,009	\$ 2,136,418	\$ 1,471,162	\$ 1,972,568
Accrued Payroll and Payroll Benefits .....	169,252	250,341	269,092	244,870	381,319
Retainage Payable .....	65,988	91,859	285,545	495,914	111,178
Deposits Payable.....	147,156	155,678	156,989	166,024	173,447
Due to Other Governments.....	123,866	111,375	179,988	113,191	119,649
Accrued Interest Payable.....	31,868	45,739	64,150	100,795	169,832
Noncurrent Liabilities:					
Due Within One Year					
Bonds and Notes Payable .....	2,716,447	3,684,361	3,348,761	3,358,486	3,353,486
Compensated Absences Payable .....	256,980	266,107	230,866	241,758	250,285
Due in More Than One Year					
Bonds and Notes Payable .....	16,835,192	20,183,972	29,723,035	28,734,897	31,004,278
Compensated Absences Payable .....	860,815	864,338	995,639	908,280	958,750
Net Pension Liability .....	10,158,993	13,402,626	12,407,249	12,808,440	12,784,910
Total OPEB Liability.....	3,779,077	4,517,049	12,099,201	13,402,991	13,633,963
Total Liabilities.....	<u>\$ 36,322,244</u>	<u>\$ 45,520,454</u>	<u>\$ 61,896,933</u>	<u>\$ 62,046,808</u>	<u>\$ 64,913,665</u>
<b>Deferred Inflows of Resources:</b>					
Succeeding Year Property Taxes .....	\$ 12,034,777	\$ 12,552,215	\$ 12,777,819	\$ 13,541,388	\$ 13,952,661
Pension Related Deferred Inflows.....	1,294,912	453,289	748,998	787,242	1,304,587
OPEB Related Deferred Inflows.....	0	0	0	0	831,104
Total Deferred Inflows of Resources .....	<u>\$ 13,329,689</u>	<u>\$ 13,005,504</u>	<u>\$ 13,526,817</u>	<u>\$ 14,328,630</u>	<u>\$ 16,088,352</u>
<b>Net Position:</b>					
Net Investment in Capital Assets .....	\$ 34,132,724	\$ 35,605,495	\$ 37,973,695	\$ 39,411,094	\$ 41,349,928
Restricted for:					
Capital Improvements.....	10,281,063	8,244,518	6,373,088	8,547,182	9,074,627
Community Development .....	184,110	284,226	240,951	221,172	129,967
Debt Service .....	107,604	237,889	111,879	154,543	146,008
Employee Benefits.....	2,396,249	2,877,960	2,881,903	3,251,172	3,384,974
Emergency Communications .....	492,293	608,779	0	0	0
Other Purposes .....	3,345,316	3,358,869	3,542,203	4,141,993	5,440,645
Unrestricted.....	(20,244,351)	(18,900,973)	(25,557,161)	(23,880,433)	(23,253,296)
Total Net Position .....	<u>\$ 30,695,008</u>	<u>\$ 32,316,763</u>	<u>\$ 25,566,558</u>	<u>\$ 31,846,723</u>	<u>\$ 36,272,853</u>

Note: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2016 through 2020.

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

	Audited for Year Ended June 30				
	2016	2017	2018	2019	2020
<b>Functions/Programs:</b>					
<b>Governmental Activities:</b>					
Public Safety .....	\$ (7,781,174)	\$ (9,493,551)	\$ (10,763,566)	\$ (8,620,039)	\$ (11,177,360)
Public Works .....	(880,391)	(3,352,764)	(1,211,455)	(1,304,762)	279,025
Health and Social Services .....	(307,071)	(92,948)	27,789	686,446	(405,859)
Culture and Recreation.....	(2,687,881)	(2,401,815)	(2,259,481)	154,136	(640,489)
Community and Economic Development .....	109,178	(897,964)	(737,057)	(1,179,831)	(1,562,320)
General Government .....	(1,034,934)	(392,869)	(1,457,924)	(1,386,637)	(938,371)
Interest on Long-Term Debt.....	(429,891)	(429,296)	(764,344)	(806,440)	(938,277)
Total Governmental Activities .....	<u>\$ (13,012,164)</u>	<u>\$ (17,061,207)</u>	<u>\$ (17,166,038)</u>	<u>\$ (12,457,127)</u>	<u>\$ (15,383,651)</u>
<b>General Revenues:</b>					
Taxes:					
Property .....	\$ 9,534,568	\$ 10,156,476	\$ 10,510,365	\$ 10,611,119	\$ 10,834,252
Tax Increment Financing .....	1,276,898	435,098	164,523	814,444	578,569
Local Options Sales.....	4,248,087	3,476,514	3,121,920	3,330,991	4,003,548
Utility Excise .....	903,826	938,662	1,105,221	1,287,287	1,647,405
Hotel/Motel .....	542,180	479,576	403,116	567,559	469,544
Mobile Homes .....	12,931	17,682	28,612	13,554	12,399
Unrestricted:					
State Generated Revenues .....	1,244,225	1,384,158	1,331,709	1,353,217	1,284,875
Investment Earnings.....	90,717	113,371	456,079	678,426	655,282
Miscellaneous Revenues.....	551,452	645,749	561,844	297,453	331,183
Transfers .....	(441,321)	1,035,676	(49,377)	(216,758)	(7,276)
Total General Revenues and Transfers .....	<u>\$ 17,963,563</u>	<u>\$ 18,682,962</u>	<u>\$ 17,634,012</u>	<u>\$ 18,737,292</u>	<u>\$ 19,809,781</u>
Change In Net Position.....	\$ 4,951,399	\$ 1,621,755	\$ 467,974	\$ 6,280,165	\$ 4,426,130
Net Position - Beginning .....	<u>\$ 25,743,609</u>	<u>\$ 30,695,008</u>	<u>\$ 25,098,584(2)</u>	<u>\$ 25,566,558</u>	<u>\$ 31,846,723</u>
Net Position - Ending.....	<u>\$ 30,695,008</u>	<u>\$ 32,316,763</u>	<u>\$ 25,566,558</u>	<u>\$ 31,846,723</u>	<u>\$ 36,272,853</u>

Notes: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2016 through 2020.  
(2) Restated due to GASB 68 implementation.

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**Balance Sheet  
 General Fund(1)**

	Audited as of June 30				
	2016	2017	2018	2019	2020
<b>Assets:</b>					
Cash and Cash Equivalents.....	\$ 3,395,312	\$ 3,712,289	\$ 4,404,578	\$ 4,723,539	\$ 4,830,940
Receivables					
Property Taxes:					
Delinquent.....	54,452	64,677	62,339	85,168	122,100
Succeeding Year.....	7,016,662	7,336,744	7,550,859	7,999,133	8,179,700
Accounts and Unbilled Usage.....	191,908	188,653	121,747	141,307	209,957
Due from Other Funds.....	99,211	25,874	8,353	57,438	294,411
Due from Component Unit.....	13,223	13,355	10,543	9,669	13,132
Due from Other Governments.....	228,597	279,883	137,151	152,778	123,999
Prepaid Items.....	221,785	266,203	256,518	284,681	323,334
Total Assets.....	<u>\$11,221,150</u>	<u>\$11,887,678</u>	<u>\$12,552,088</u>	<u>\$13,453,713</u>	<u>\$14,097,573</u>
<b>Liabilities, Deferred Inflows of Resources, And Fund Balances:</b>					
Liabilities:					
Accounts Payable.....	\$ 112,878	\$ 245,086	\$ 215,255	\$ 132,443	\$ 158,155
Accrued Payroll and Payroll Benefits .....	159,689	236,408	258,411	233,957	366,581
Retainage Payable.....	0	2,770	0	0	0
Due to Other Governments.....	114,214	98,533	101,679	97,214	116,811
Total Liabilities.....	<u>\$ 386,781</u>	<u>\$ 582,797</u>	<u>\$ 575,345</u>	<u>\$ 463,614</u>	<u>\$ 641,547</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue - Property Taxes.....	\$ 7,016,662	\$ 7,336,744	\$ 7,550,859	\$ 7,999,133	\$ 8,179,700
Unavailable Revenue - Other.....	99,158	37,185	21,261	25,543	70,676
Unavailable Revenue - Intergovernmental .....	0	50,770	12,219	26,297	0
Total Deferred Inflows of Resources .....	<u>\$ 7,115,820</u>	<u>\$ 7,424,699</u>	<u>\$ 7,584,339</u>	<u>\$ 8,050,973</u>	<u>\$ 8,250,376</u>
<b>Fund Balances:</b>					
Nonspendable .....	\$ 221,785	\$ 266,203	\$ 256,518	\$ 284,681	\$ 323,334
Restricted .....	725,844	812,092	932,307	581,566	425,925
Committed .....	250,000	250,000	250,000	250,000	250,000
Unassigned .....	2,520,920	2,551,887	2,953,579	3,822,879	4,206,391
Total Fund Balances .....	<u>\$ 3,718,549</u>	<u>\$ 3,880,182</u>	<u>\$ 4,392,404</u>	<u>\$ 4,939,126</u>	<u>\$ 5,205,650</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances .....	<u>\$11,221,150</u>	<u>\$11,887,678</u>	<u>\$12,552,088</u>	<u>\$13,453,713</u>	<u>\$14,097,573</u>

Note: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2016 through 2020.

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

	Audited Fiscal Year Ended June 30				
	2016	2017	2018	2019	2020
<b>Revenues:</b>					
Property Taxes .....	\$ 5,541,436	\$ 5,923,793	\$ 6,140,079	\$ 6,270,127	\$ 6,398,640
Other City Taxes.....	1,308,014	1,253,732	1,264,471	1,541,378	1,655,123
Use of Money and Property .....	98,862	136,919	226,643	336,767	335,356
Licenses and Permits .....	289,261	285,839	238,263	395,611	295,022
Intergovernmental.....	1,263,374	1,327,827	1,195,623	985,762	990,904
Charges for Service.....	958,113	974,800	953,243	881,447	830,076
Miscellaneous.....	200,544	121,109	141,494	328,455	185,605
Total Revenue .....	<u>\$ 9,659,604</u>	<u>\$10,024,019</u>	<u>\$10,159,816</u>	<u>\$10,739,547</u>	<u>\$10,690,726</u>
<b>Expenditures:</b>					
Current:					
Public Safety .....	\$ 8,472,255	\$ 8,980,687	\$ 9,176,117	\$ 8,758,398	\$ 8,952,688
Public Works .....	1,690,083	1,766,272	1,758,430	1,672,000	1,877,718
Health and Social Services.....	409,924	33,535	53,432	11,883	2,251
Culture and Recreation.....	2,448,957	2,688,511	2,700,549	2,514,012	2,901,123
Community and Economic Development .....	122,437	400,499	408,390	488,806	610,031
General Government .....	1,185,537	1,462,058	1,425,349	1,422,342	1,379,902
Debt Service.....	11,991	25,690	10,875	10,275	0
Total Expenditures.....	<u>\$14,341,184</u>	<u>\$15,357,252</u>	<u>\$15,533,142</u>	<u>\$14,877,716</u>	<u>\$15,723,713</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures:.....	<u>\$ (4,681,580)</u>	<u>\$ (5,333,233)</u>	<u>\$ (5,373,326)</u>	<u>\$ (4,138,169)</u>	<u>\$ (5,032,987)</u>
Other Financing Sources (Uses):					
Transfers In(2).....	\$ 5,023,228	\$ 5,670,383	\$ 6,085,714	\$ 5,435,271	\$ 5,644,675
Transfers Out .....	(176,862)	(175,517)	(200,166)	(750,380)	(345,164)
Total Other Financing Sources (Uses).....	<u>\$ 4,846,366</u>	<u>\$ 5,494,866</u>	<u>\$ 5,885,548</u>	<u>\$ 4,684,891</u>	<u>\$ 5,299,511</u>
Net Change in Fund Balances .....	\$ 164,786	\$ 161,633	\$ 512,222	\$ 546,722	\$ 266,524
Fund Balances - Beginning.....	<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>
Fund Balances - Ending .....	<u>\$ 3,718,549</u>	<u>\$ 3,880,182</u>	<u>\$ 4,392,404</u>	<u>\$ 4,939,126</u>	<u>\$ 5,205,650</u>

Notes: (1) Source: Audited financial statements of the City for the fiscal years ended June 30, 2016 through 2020.  
(2) Property taxes are transferred in from a special revenue tax fund to offset the employee benefits that are expensed through the General Fund.

**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 TAX MATTERS**

### **Federal Income Tax Exemption**

The opinion of Bond Counsel will state that under present laws and rulings, interest on the 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 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 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 Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. In the Resolution authorizing the issuance of the Bonds, the City will covenant to comply with all such requirements.

There may be certain other federal tax consequences to the ownership of the 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 Bonds. Prospective purchasers of the Bonds should consult with their tax advisors as to such matters.

### **Proposed Changes in Federal and State Tax Law**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states 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 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. 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 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 exempt 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.

Purchasers of the 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 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 Obligations**

In the Resolution authorizing the issuance of the Bonds, the City will designate the 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 Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

## **Original Issue Premium**

The Bonds maturing in the years 2023 – 2034 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 Bonds at a premium must, from time to time, reduce their federal tax bases for the Bonds for purposes of determining gain or loss on the sale or payment of such 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 Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes. Bondholders who acquire any 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 Bonds acquired at a premium.

## **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 Disclosure Covenants comply with the requirements of Section (b)(5) of the Rule.

## **OPTIONAL REDEMPTION**

Bonds due June 1, 2023 - 2029 inclusive, are not subject to optional redemption. Bonds due June 1, 2030 - 2034, inclusive, are callable in whole or in part on any date on or after June 1, 2029, at a price of par and accrued interest. If selection by lot within a maturity is required, the Registrar shall designate the Bonds to be redeemed by random selection of the names of the registered owners of the entire annual maturity until the total amount of 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 TAX MATTERS**" herein) are subject to the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, a form of which is attached hereto as **APPENDIX C**. Signed copies of the opinion, 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 TAX MATTERS**" 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 Bonds were offered for sale by the City at a public, competitive sale on Monday, November 8, 2021. The best bid submitted at the sale was submitted by Robert W. Baird & Co., Inc., Milwaukee, Wisconsin (the “Underwriter”). The City awarded the contract for sale of the Bonds to the Underwriter at a price of \$9,530,159.66 (reflecting the par amount of \$9,130,000.00, plus a reoffering premium of \$477,456.80, and less an Underwriter’s discount of \$77,297.14). The Underwriter has represented to the City that the 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.

## **MISCELLANEOUS**

Brief descriptions or summaries of the City, the Bonds, the Resolution and other documents, agreements and statutes are included in this Final Official Statement. The summaries or references herein to the Bonds, the Resolution and other documents, agreements and statutes referred to herein, and the description of the Bonds included herein, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents. Copies of such documents may be obtained from the City.

Any statements in this Final Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Final Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Owners of any of the Bonds.

The attached **APPENDICES A, B, C, and D** are integral parts of this Final Official Statement and must be read together with all of the foregoing statements.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Bonds.

The City has reviewed the information contained herein which relates to it and has approved all such information for use within this Final Official Statement. The execution and delivery of this Final Official Statement has been duly authorized by the City.

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

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

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**APPENDIX A**

**CITY OF MARSHALLTOWN  
MARSHALL COUNTY, IOWA**

**FISCAL YEAR 2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT**



# **CITY OF MARSHALLTOWN, IOWA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2020**

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**Prepared by:  
City Finance Department**

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# City of Marshalltown, Iowa

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Introductory Section

June 30, 2020

**City of Marshalltown**

# MARSHALLTOWN

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IOWA

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**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**

December 11, 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, 2020 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, 2020. 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 principals generally accepted in the United States of America.

In Marshalltown, the library is overseen by a board of directors and included in the operations of the general fund. The water distribution system, administered by an independent utility board of trustees, is included as a component unit 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 31 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 6.3% as of June 2020. This is lower than the Iowa rate of 8.0% as of June 2020. Due to the Covid-19 pandemic, the City's unemployment rate was 2.5% higher than the prior year.

The number of building permits decreased in fiscal year 2020 compared to 2019. 11 new residential construction building permits were issued creating 23 housing units for a value of \$4,473,000. 42 residential remodeling, repairs, and addition permits were issued for a value of \$541,000. Total building permit activity for commercial industrial, residential and accessory structures totaled 178 building permits with a valuation of \$37,118,000. This included large projects such as Lennox Industries improvements, a new grocery store downtown, tornado recovery work to the Marshalltown Senior Residences, renovations to the Coliseum, rebuilding of Wells Fargo downtown and 8 new units at Crosby Park.

The Local Option Sales Tax (LOST) which began April 1, 2000 was voted and approved for another ten-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, 2020 the City collected approximately \$4.0 million (accrual basis).

## **Major Initiatives**

Multi-family residential growth continues to be strong in the community as well. Crosby Park was able to fill all 14 new market rate units in 2020 and began construction on another 8 units with a construction value of \$1.3 million. Kading Properties continues growth in Marshalltown as well. They have constructed and rented 40-market rate duplex units in the southeast side of the community and will be constructing 94 new market rate duplex units in the northwest part of the community in 2021. The renovation of the Marshalltown Senior Residences, which was damaged in the 2018 tornado, will be completed and reoccupied in 2021. Construction is also expected to be completed on Marshalltown Lofts in 2021, a new multi-family complex in downtown with 50 units with a construction value of \$6 million. This project is funded in part with low-income housing tax credits and most of the units will be income restricted.

The City partnered with the Marshalltown Area Chamber of Commerce to develop a Housing Strategy to help promote the development and construction of new single-family homes, putting a new emphasis on growth of the community. Both the Chamber and the City have pledged \$2,500 per home for the first 100 homes built as an incentive to new homebuyers in lieu of tax abatement. The Chamber is working to secure the remaining \$5,000 per home to provide a \$10,000 buyer incentive for new homes. This program will be available in 2021. The City also sold land acquired for the construction of South 7<sup>th</sup> Avenue, which was platted into 15 single family residential lots. Construction will start in 2021 on new homes, aligning well with the new construction incentive.

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 8<sup>th</sup> 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 received a 2.9-million-dollar grant for this project and construction has begun in September 2020. 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 3<sup>rd</sup> 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 begun 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 early 2021.

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 have sold the old Fire Station to a private investor.

## **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 5-year equipment replacement plan.

## **Awards and Acknowledgements**

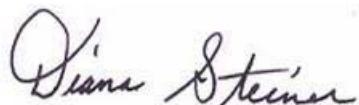
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the years ending June 30, 1990, and consecutively 1993 through 2019. The Certificate 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,

A handwritten signature in black ink, appearing to read "Diana Steiner".

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

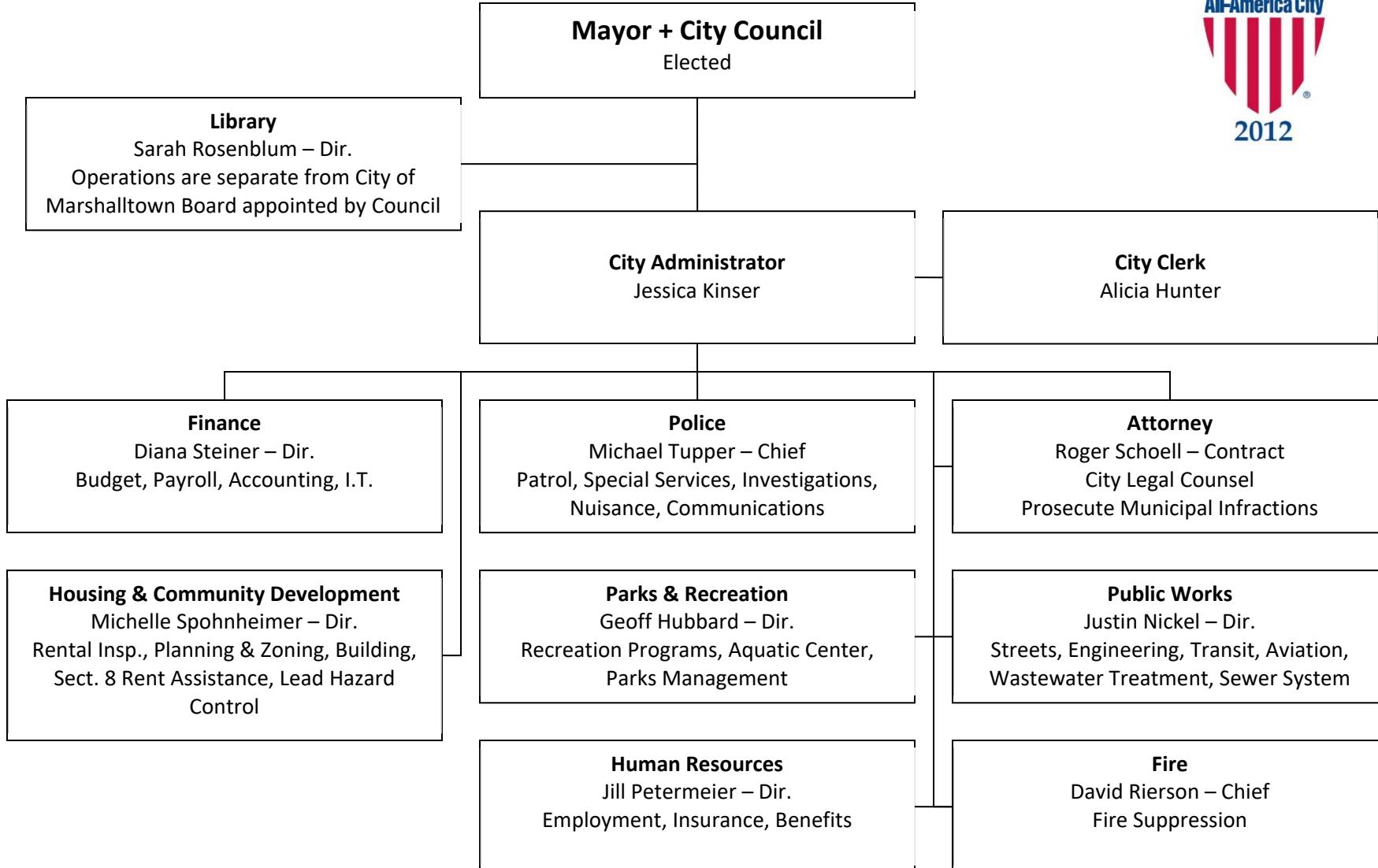
June 30, 2019

*Christopher P. Morrell*

Executive Director/CEO



# Marshalltown Organization Chart



**City of Marshalltown**

Officials

June 30, 2020

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Name	Title	Term Expires
<b>Elected officials:</b>		
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
Gary Thompson	Council Member At Large	December 31, 2023
Susan Cahill	Council Member First Ward	December 31, 2020
Gabriel Isom	Council Member Second Ward	December 31, 2023
Mike Gowdy	Council Member Third Ward	December 31, 2021
Al Hoop	Council Member Fourth Ward	December 31, 2023
 <b>Council-appointed officials:</b>		
Jessica Kinser	City Administrator	Contract Expires November 14, 2026
 <b>City Administrator appointment with Council Approval:</b>		
Alicia Hunter	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, 2020  
**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 discretely presented component unit, 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, 2020, 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, which represent the entire assets, net position and revenues of the discretely presented component unit. 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, 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.

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 unit, each major fund, and the aggregate remaining fund information of the City of Marshalltown, Iowa, as of June 30, 2020, 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*

Generally accepted accounting principles 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 basic financial statements. The introductory section, combining nonmajor fund financial statements, schedule of bond maturities, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 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  
December 11, 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, 2020. 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 plus deferred outflows of resources of the City of Marshalltown exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$96,239,720 (net position) as compared to \$88,238,928 in the prior year which is an increase of \$8,000,792. This increase is primarily due to the construction of the City's new Police and Fire Building and the remodel of the Veterans Memorial Coliseum.
- As of the close of the current fiscal year, the City of Marshalltown's governmental funds reported combined ending fund balances of \$29,924,401 an increase of \$4,270,832 in comparison with the prior year. This change was primarily from the issuance of general obligations bonds for City projects that will be completed in fiscal year 2021.
- \$3,693,467 in unassigned fund balance is available for spending at the City's discretion. Prior year unassigned fund balance was \$3,711,828. This is a decrease of \$18,361. This decrease is partially due to tornado related expenditures. The City has not received all federal or state reimbursements related to the tornado.
- The City's total debt had a net increase of \$2.9 million during the current fiscal year. This change reflects the retirement of existing bonds of \$ 5.1 million and the issuance of \$8 million GO Debt and Sewer notes. The new debt was for the streets, sidewalks, parks, trail bridge replacement, and sewer projects. In addition, \$8.2 million was refunded to lower interest rates.

## 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 component unit 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, Disaster, Debt Service, Property Tax, 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 \$96,239,720 at the close of the most recent fiscal year.

City of Marshalltown Net Position  
June 30, 2020

	Governmental Activities		Business-Type Activities		Total	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Current and Other Assets	\$ 48,858,613	\$ 43,708,126	\$ 22,104,511	\$ 19,964,240	\$ 70,963,124	\$ 63,672,366
Capital Assets	62,713,361	59,471,606	60,288,091	58,175,769	123,001,452	117,647,375
Total Assets	111,571,974	103,179,732	82,392,602	78,140,009	193,964,576	181,319,741
Deferred Outflows of Resources	5,702,896	5,042,429	513,044	524,555	6,215,940	5,566,984
Current and Other Liabilities	6,531,764	6,192,200	2,776,672	2,721,586	9,308,436	8,913,786
Noncurrent Liabilities	58,381,901	55,854,608	19,524,888	19,444,742	77,906,789	75,299,350
Total Liabilities	64,913,665	62,046,808	22,301,560	22,166,328	87,215,225	84,213,136
Deferred Inflow of Resources	16,088,352	14,328,630	637,219	106,031	16,725,571	14,434,661
Net Position						
Net investment in capital assets	41,349,928	39,411,094	41,855,980	41,571,280	83,205,908	80,982,374
Restricted	18,176,221	16,316,062	157,266	139,016	18,333,487	16,455,078
Unrestricted	(23,253,296)	(23,880,433)	17,953,621	14,681,909	(5,299,675)	(9,198,524)
Total net position	\$ 36,272,853	\$ 31,846,723	\$ 59,966,867	\$ 56,392,205	\$ 96,239,720	\$ 88,238,928

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

By far, the largest portion of the City of Marshalltown's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less depreciation and any related debt at \$83,205,908. 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 \$18,333,487 represents resources that are subject to external restrictions. Prior year comparison shows \$16,455,078, an increase of \$1,878,409.

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

City of Marshalltown Changes in Net Position  
June 30, 2020

	Governmental Activities		Business-Type Activities		Total	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,583,420	\$ 5,749,619	\$ 9,548,760	\$ 9,855,517	\$ 12,132,180	\$ 15,605,136
Operating grants and contributions	7,204,542	6,303,997	1,121,378	351,965	8,325,920	6,655,962
Capital grants and contributions	1,386,180	250,571	-	472,223	1,386,180	722,794
General revenues						
Property and other taxes	17,545,717	16,624,954	-	-	17,545,717	16,624,954
Grants and contributions not restricted to specific programs	1,284,875	1,353,217	-	-	1,284,875	1,353,217
Other	986,465	975,879	445,268	430,951	1,431,733	1,406,830
<b>Total revenues</b>	<b>30,991,199</b>	<b>31,258,237</b>	<b>11,115,406</b>	<b>11,110,656</b>	<b>42,106,605</b>	<b>42,368,893</b>
<b>Expenses:</b>						
Public safety	\$12,037,799	9,976,152	-	-	12,037,799	9,976,152
Public works	5,211,049	5,841,806	-	-	5,211,049	5,841,806
Health and social services	646,290	58,376	-	-	646,290	58,376
Culture and recreation	3,187,800	3,294,383	-	-	3,187,800	3,294,383
Community and economic development	3,003,969	2,749,981	-	-	3,003,969	2,749,981
General government	1,532,609	2,034,176	-	-	1,532,609	2,034,176
Interest on long-term debt	938,277	806,440	-	-	938,277	806,440
Business type	-	-	7,548,020	6,777,415	7,548,020	6,777,415
<b>Total expenses</b>	<b>26,557,793</b>	<b>24,761,314</b>	<b>7,548,020</b>	<b>6,777,415</b>	<b>34,105,813</b>	<b>31,538,729</b>
<b>Increase in net position before transfers</b>						
	4,433,406	6,496,923	3,567,386	4,333,241	8,000,792	10,830,164
Transfers	(7,276)	(216,758)	7,276	216,758	-	-
<b>Increase in Net Position</b>	<b>4,426,130</b>	<b>6,280,165</b>	<b>3,574,662</b>	<b>4,549,999</b>	<b>8,000,792</b>	<b>10,830,164</b>
Net Position - Beginning of Year,	31,846,723	25,566,558	56,392,205	51,842,206	88,238,928	77,408,764
<b>Net Position - End of Year</b>	<b>\$ 36,272,853</b>	<b>\$ 31,846,723</b>	<b>\$ 59,966,867</b>	<b>\$ 56,392,205</b>	<b>\$ 96,239,720</b>	<b>\$ 88,238,928</b>

**Governmental Activities.** Governmental revenues in the current year decreased by \$.3 million. Within this difference charges for services decreased by 3.2 million due to insurance proceeds from the tornado in the prior year and operating grants and contributions increased by \$.9 million due to the receipt of FEMA reimbursements for tornado expenditures. Governmental expenses increased by 1.8 million from the prior fiscal year due to increases in pension expense and additional interest on long term debt.

**Business-type Activities.** Revenue received through charges for services decreased by \$0.3 million. Business-type expenses increased by \$.8 million and are largely based on Water Pollution Control usage and an increase in services and supplies in the storm sewer utility.

#### **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 a 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 \$29,924,401, an increase of \$4,270,832 in comparison with the prior year. Of this total amount \$3,693,467 is unassigned fund balance, which is available to meet the future financial needs of the City. \$25,602,133 is restricted, \$250,000 is committed and \$378,801 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 \$266,524 to \$5,205,650, with an unassigned fund balance of \$4,206,391, a restricted balance of \$425,925, and a committed balance of \$250,000. The remaining \$323,334 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 \$6,291,390 is a decrease of \$24,724 compared to the prior year.

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 2020, the City expended \$1,379,568 under these programs.

Collections for Local Option Sales Tax (L.O.S.T.) are allocated to property tax relief (78%) and any project designated by the Council (22%). Property tax relief dollars in the amount of \$2,918,000 were transferred to the Debt Service Fund to lower the property tax levy. The Council used \$17,227 of their designated share to increase the Cash Flow Reserve Fund. Some of the other Council designated projects this fiscal year included incentive grants for local business, ADA transition plan, housing initiative plan, Fireworks, and airport design projects. The increase in the L.O.S.T. fund balance this year was \$784,949.

The Disaster Fund accounts for the activity after 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 disaster fund. In the current year an additional \$883,131 was expended by the City for both its own properties and the community clean-up. 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 FY20 from FEMA was \$1,405,099.

The Property Tax Fund is used to account for all special revenue property tax levies utilized by the City. These levies include the emergency levy, police and fire retirement, FICA and IPERS, and other employee benefits. The total fund balance in this fund increased in FY 20 due to expenditures being less than budgeted.

The Debt Service Fund accounts for the City's debt service property tax levy and all related debt. This activity is related to the debt backed by full faith and credit of the City. In the current fiscal year this fund paid \$4.2 million in principal and interest payments and saw a fund balance decrease of \$8,535.

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 FY20 for \$5.6 million for the construction of streets, sidewalks, a trail bridge, and two park projects.

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

The ending net position for the enterprise funds was \$59,966,867, a net position increase of \$3,574,662.

## **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, 2020, revenues and transfers in for the general fund operations, on the GAAP basis, were less than revenue estimates by \$534,424 and departmental expenditures and transfers out on the GAAP basis were \$760,554 less than expenditure estimates.

During the fiscal year ended June 30, 2020 there was one budget amendment dated March 23, 2020.

### 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, 2020 amounts to \$210,525,283. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park facilities, roads, highways and sewers. The total increase in the City of Marshalltown's investment in capital assets for the current fiscal year was \$9,662,456, of which \$2.75 million was from the completing of the new Police & Fire Building and the remodel of the Coliseum.

City of Marshalltown's 2020 Capital Assets  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Land and Improvements	\$ 8,108,681	\$ 7,414,640	\$ 3,128,988	\$ 3,128,988	\$ 11,237,669	\$ 10,543,628
Buildings and Structures	31,881,317	17,358,592	10,845,458	10,845,458	42,726,775	28,204,050
Equipment and vehicles	18,678,781	17,447,455	20,457,580	20,084,931	39,136,361	37,532,386
Infrastructure	45,265,388	44,952,134	61,739,952	60,032,120	107,005,340	104,984,254
Construction in Progress	6,270,987	17,697,205	4,148,151	1,901,304	10,419,138	19,598,509
<b>Total</b>	<b>\$ 110,205,154</b>	<b>\$ 104,870,026</b>	<b>\$ 100,320,129</b>	<b>\$ 95,992,801</b>	<b>\$ 210,525,283</b>	<b>\$ 200,862,827</b>

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

- Continuation of the Coliseum remodel project and the completing of the police and fire building project.
- Various machinery and equipment purchases throughout the year including new vehicles for several departments including a new dump truck and street sweeper for the Street department.
- Continuation and completing of various street and storm water projects.

Additional information on the City' of Marshalltown's capital assets can be found in Note 5 on pages 48-49 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Marshalltown had total debt outstanding and unamortized premiums and discounts of \$52,789,874. Of this amount, \$39,429,357 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 \$13,360,517 represents bonds secured solely by revenues generated from the sanitary sewer rental fees.

The City's total debt had a net increase of \$2.9 million during the current fiscal year. This change reflects the retirement of existing bonds of \$ 5.1 million and the issuance of \$8 million GO Debt and Sewer notes. The new debt was for streets, sidewalks, trail bridge replacement, parks, and sewer projects. In addition, \$8.2 million was refunded to lower interest rates.

Moody's Investors Service rated November 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 \$82,559,791 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 50-53 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 1/1/18 to 1/1/19, which was applied to FY19 to FY20, increased by \$44 million.

Multi-family residential growth continues to be strong in the community as well. Crosby Park was able to fill all 14 new market rate units in 2020 and began construction on another 8 units with a construction value of \$1.3 million. Kading Properties continues growth in Marshalltown as well. They have constructed and rented 40-market rate duplex units in the southeast side of the community and will be constructing 94 new market rate duplex units in the northwest part of the community in 2021. The renovation of the Marshalltown Senior Residences, which was damaged in the 2018 tornado, will be completed and reoccupied in 2021. Construction is also expected to be completed on Marshalltown Lofts in 2021, a new multi-family complex in downtown with 50 units with a construction value of \$6 million. This project is funded in part with low-income housing tax credits and most of the units will be income restricted.

The City partnered with the Marshalltown Area Chamber of Commerce to develop a Housing Strategy to help promote the development and construction of new single-family homes, putting a new emphasis on growth of the community. Both the Chamber and the City have pledged \$2,500 per home for the first 100 homes built as an incentive to new homebuyers in lieu of tax abatement. The Chamber is working to secure the remaining \$5,000 per home to provide a \$10,000 buyer incentive for new homes. This program will be available in 2021. The City also sold land acquired for the construction of South 7<sup>th</sup> Avenue, which was platted into 15 single family residential lots. Construction will start in 2021 on new homes, aligning well with the new construction incentive.

Downtown redevelopment continues following the 2018 tornado, with the 2019 Downtown Master Plan actively being implemented. New construction projects including Thompson True Value, a hardware store, and Supermarket Villachuato, a \$3.64 million building, and a new laundromat along 3<sup>rd</sup> Avenue. The \$4 million renovation of the City-owned Veterans Memorial Coliseum will be complete in early 2021 and provide activity/rental space in Downtown. Additional projects will come online in 2021 as existing properties transfer to new owners for restoration. The City has also hired a consultant to develop a Downtown Implementation Plan to provide a framework for upgrading City infrastructure and implementing additional recommendations from the Downtown Master Plan.

2020 has been a year of roadway construction and planning. The City broke ground on an extension of East Merle Hibbs, which is providing new land near Highway 14 for a proposed medical clinic development and multi-family residential development. The City also secured more than \$4.5 million towards the construction of an extension of Edgewood Street and 8th Avenue, which will open up more than 45 acres of new land zoned for heavy industry. This project also implements a recommendation from the 2018 Highway 14 Corridor Study.

The City also continues to work with the Iowa DOT to plan improvements to the Highway 14 /North 3rd Avenue corridor. The Highway 14 Corridor Study provided many recommendations for improving the flow of traffic as well as safety improvements for pedestrians and motorists and aesthetic improvements for residents. The City is actively working to secure grant funds for the project, with work anticipated in 2023.

The budget for the ensuing fiscal year 2021 considers many factors and estimates about the finances of the upcoming year. Sales taxes and road use taxes by the state are fairly stable. Hotel/motel taxes and other “in-person” city fees have decreased in FY21 due to the Covid-19 pandemic. The City will continue 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 an increase 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 decreased in fiscal year 2020, but increased for fiscal year 2021. This rate fluctuates on an annual basis. (b) The Iowa Public Employees Retirement System remained steady for fiscal years 2021 and 2022. (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 FY20 or FY21. 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, 2020  
**City of Marshalltown**

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**City of Marshalltown**  
**Statement of Net Position**  
**June 30, 2020**

	Primary Government			Component Unit	
			Total	Marshalltown	
	Governmental Activities	Business-Type Activities		Water Works	
<b>Assets</b>					
Cash and cash equivalents	\$ 32,087,986	\$ 19,507,884	\$ 51,595,870	\$ 4,749,566	
Receivables					
Property taxes					
Delinquent	221,295	-	221,295	-	
Succeeding year	13,952,661	-	13,952,661	-	
Accounts and unbilled usage	334,896	1,532,485	1,867,381	806,967	
Special assessments	5,069	-	5,069	-	
Due from component unit	13,132	592,768	605,900	-	
Due from other governments	1,864,773	193,263	2,058,036	-	
Inventories	38,250	21,875	60,125	-	
Prepaid items	340,551	98,970	439,521	54,135	
Restricted assets					
Cash and cash equivalents	-	157,266	157,266	826,400	
Capital assets					
Land	4,771,231	898,294	5,669,525	1,115,721	
Land improvements	3,337,450	2,230,694	5,568,144	-	
Buildings and structures	31,881,317	10,845,458	42,726,775	18,912,772	
Equipment and vehicles	18,678,781	20,457,580	39,136,361	2,692,895	
Sanitary sewers and lift stations	-	43,731,796	43,731,796	-	
Infrastructure	45,265,388	18,008,156	63,273,544	13,564,600	
Construction in progress	6,270,987	4,148,151	10,419,138	-	
Accumulated depreciation	(47,491,793)	(40,032,038)	(87,523,831)	(17,006,702)	
Total assets	<u>111,571,974</u>	<u>82,392,602</u>	<u>193,964,576</u>	<u>25,716,354</u>	
Deferred Outflows of Resources					
OPEB related deferred outflows	2,190,160	181,381	2,371,541	-	
Pension related deferred outflows	3,512,736	331,663	3,844,399	318,932	
Total deferred outflows of resources	<u>5,702,896</u>	<u>513,044</u>	<u>6,215,940</u>	<u>318,932</u>	

**City of Marshalltown**  
**Statement of Net Position**  
**June 30, 2020**

	Primary Government			Component Unit	
	Governmental Activities		Business-Type Activities	Total	Marshalltown
					Water Works
<b>Liabilities</b>					
Accounts payable	\$ 1,972,568	\$ 498,896	\$ 2,471,464	\$ 134,264	
Accrued payroll and payroll benefits	381,319	69,850	451,169	48,752	
Retainage payable	111,178	140,829	252,007	-	
Deposits payable	173,447	-	173,447	-	
Due to other governments	119,649	12,825	132,474	-	
Accrued interest payable	169,832	32,950	202,782	9,827	
Due to primary government	-	-	-	605,900	
Liabilities payable from restricted assets					
Customer deposits	-	-	-	222,385	
<b>Noncurrent liabilities</b>					
Due within one year					
Bonds and notes payable	3,353,486	1,975,556	5,329,042	321,000	
Compensated absences payable	250,285	45,766	296,051	100,307	
Due in more than one year					
Bonds and notes payable	31,004,278	16,456,554	47,460,832	5,657,000	
Compensated absences payable	958,750	228,053	1,186,803	-	
Net pension liability	12,784,910	1,283,037	14,067,947	2,036,058	
Total OPEB liability	<u>13,633,963</u>	<u>1,557,244</u>	<u>15,191,207</u>	<u>-</u>	
Total liabilities	<u>64,913,665</u>	<u>22,301,560</u>	<u>87,215,225</u>	<u>9,135,493</u>	
<b>Deferred Inflows of Resources</b>					
Succeeding year property taxes	13,952,661	-	13,952,661	-	
Pension related deferred inflows	1,304,587	233,837	1,538,424	96,445	
OPEB related deferred inflows	831,104	403,382	1,234,486	-	
Total deferred inflows of resources	<u>16,088,352</u>	<u>637,219</u>	<u>16,725,571</u>	<u>96,445</u>	
<b>Net position</b>					
Net investment in capital assets	41,349,928	41,855,980	83,205,908	13,301,286	
Restricted for					
Capital improvements	9,074,627	-	9,074,627	-	
Community development	129,967	-	129,967	-	
Debt service	146,008	157,266	303,274	-	
Employee benefits	3,384,974	-	3,384,974	-	
Other purposes	5,440,645	-	5,440,645	-	
Unrestricted	<u>(23,253,296)</u>	<u>17,953,621</u>	<u>(5,299,675)</u>	<u>3,502,062</u>	
Total net position	<u>\$ 36,272,853</u>	<u>\$ 59,966,867</u>	<u>\$ 96,239,720</u>	<u>\$ 16,803,348</u>	

**City of Marshalltown**  
**Statement of Activities**  
**Year Ended June 30, 2020**

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position						Component Unit	
		Program Revenues			Primary Government				
		Charges for Service	Operating Grants and Contributions	Capital Contributions	Governmental Activities	Business-type Activities	Total		
Primary Government									
Governmental activities									
Public safety	\$ 12,037,799	\$ 538,637	\$ 282,119	\$ 39,683	\$ (11,177,360)	\$ (11,177,360)	\$ (11,177,360)	\$ -	
Public works	5,211,049	586,097	4,792,428	111,549	279,025	-	279,025	-	
Health and social services	646,290	15,259	225,172	-	(405,859)	-	(405,859)	-	
Culture and recreation	3,187,800	1,185,031	127,332	1,234,948	(640,489)	-	(640,489)	-	
Community and economic development	3,003,969	40,519	1,401,130	-	(1,562,320)	-	(1,562,320)	-	
General government	1,532,609	217,877	376,361	-	(938,371)	-	(938,371)	-	
Interest on long-term debt	938,277	-	-	-	(938,277)	-	(938,277)	-	
Total governmental activities	<u>26,557,793</u>	<u>2,583,420</u>	<u>7,204,542</u>	<u>1,386,180</u>	<u>(15,383,651)</u>	<u>-</u>	<u>(15,383,651)</u>	<u>-</u>	
Business-type activities									
Water pollution control	5,225,179	8,032,176	1,715	-	-	2,808,712	2,808,712	-	
Storm sewer	1,141,277	1,346,034	3,242	-	-	207,999	207,999	-	
Compost	226,725	71,202	523,973	-	-	368,450	368,450	-	
Transit	930,182	76,149	592,448	-	-	(261,585)	(261,585)	-	
Concessions	24,657	23,199	-	-	-	(1,458)	(1,458)	-	
Total business-type activities	<u>7,548,020</u>	<u>9,548,760</u>	<u>1,121,378</u>	<u>-</u>	<u>-</u>	<u>3,122,118</u>	<u>3,122,118</u>	<u>-</u>	
Total primary government	<u>\$ 34,105,813</u>	<u>\$ 12,132,180</u>	<u>\$ 8,325,920</u>	<u>\$ 1,386,180</u>	<u>\$ (15,383,651)</u>	<u>\$ 3,122,118</u>	<u>\$ (12,261,533)</u>	<u>\$ -</u>	
Component Units									
Water works	<u>\$ 4,437,053</u>	<u>\$ 6,154,566</u>	<u>\$ -</u>	<u>\$ 490,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,207,552</u>	

**City of Marshalltown**  
**Statement of Activities**  
**Year Ended June 30, 2020**

		Net (Expense) Revenue and Changes in Net Position			Component Unit	
		Primary Government		Marshalltown		
Governmental Activities		Business-type Activities		Water Works		
				Total		
General Revenues						
Taxes		\$ 10,834,252	\$ -	\$ 10,834,252	\$ -	
Property		578,569	-	578,569	-	
Tax increment financing		4,003,548	-	4,003,548	-	
Local option sales		1,647,405	-	1,647,405	-	
Utility excise		469,544	-	469,544	-	
Hotel/motel		12,399	-	12,399	-	
Mobile homes						
Unrestricted						
State generated revenues		1,284,875	-	1,284,875	-	
Investment earnings		655,282	442,318	1,097,600	46,823	
Miscellaneous revenues		331,183	2,950	334,133	-	
Transfers		(7,276)	7,276	-	-	
		<b>19,809,781</b>	<b>452,544</b>	<b>20,262,325</b>	<b>46,823</b>	
Total general revenues and transfers						
Change in net position		4,426,130	3,574,662	8,000,792	2,254,375	
Net Position - Beginning		<b>31,846,723</b>	<b>56,392,205</b>	<b>88,238,928</b>	<b>14,548,973</b>	
Net Position - Ending		<b>\$ 36,272,853</b>	<b>\$ 59,966,867</b>	<b>\$ 96,239,720</b>	<b>\$ 16,803,348</b>	

**City of Marshalltown**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	Special Revenue Funds						Capital Projects Funds			Nonmajor Governmental Funds	Total		
	General	Road Use Tax	Local Option Sales Tax	Property Tax	Disaster Fund	HUD Programs	Debt Service	Public Works and Other Projects					
								\$	\$				
<b>Assets</b>													
Cash and cash equivalents	\$ 4,830,940	\$ 5,937,294	\$ 4,513,757	\$ 3,323,455	\$ 20,568	\$ 148,990	\$ 132,055	\$ 8,128,077	\$ 2,962,585	\$ 29,997,721			
Receivables													
Property taxes													
Delinquent	122,100	-	-	61,519	-	-	13,953	8,996	14,727	221,295			
Succeeding year	8,179,700	-	-	4,173,664	-	-	988,678	610,619	-	13,952,661			
Accounts and unbilled usage	209,957	-	-	-	-	-	5,931	-	-	113,801	329,689		
Special assessments	-	-	-	-	-	-	-	5,069	-	-	5,069		
Due from other funds	294,411	-	-	-	-	-	-	-	240,764	-	535,175		
Due from component unit	13,132	-	-	-	-	-	-	-	-	-	13,132		
Due from other governments	123,999	463,245	313,794	-	428,284	29,979	-	-	-	505,472	1,854,773		
Inventory	-	38,250	-	-	-	-	-	-	-	-	38,250		
Prepaid items	323,334	9,427	-	-	71	7,613	-	-	-	106	340,551		
Total assets	\$ 14,097,573	\$ 6,448,216	\$ 4,827,551	\$ 7,558,638	\$ 448,923	\$ 192,513	\$ 1,134,686	\$ 8,993,525	\$ 3,596,691	\$ 47,298,316			
Liabilities, Deferred inflows of Resources, and Fund Balances													
Liabilities													
Accounts payable	\$ 158,155	\$ 153,605	\$ -	\$ -	\$ 193,177	\$ 42,161	\$ -	\$ -	399,794	\$ 532,460	1,479,352		
Accrued payroll and payroll benefits	366,581	383	-	-	456	7,561	-	-	-	6,338	381,319		
Retainage payable	-	-	-	-	9,611	-	-	-	13,006	88,561	111,178		
Due to other governments	116,811	2,838	-	-	-	-	-	-	-	535,175	535,175		
Due to other funds	-	-	-	-	-	-	-	-	-	-	-		
Total liabilities	641,547	156,826	-	-	203,244	49,722	-	-	412,800	1,162,534	2,626,673		
Deferred inflows of Resources													
Unavailable revenue- property taxes	8,179,700	-	-	4,173,664	-	-	988,678	610,619	-	13,952,661			
Unavailable revenue- special assessments	-	-	-	-	-	-	5,211	-	-	103,443	5,069		
Unavailable revenue- other	70,676	-	-	-	413,185	-	-	-	-	196,997	179,330		
Unavailable revenue- intergovernmental	-	-	-	-	-	-	-	-	-	-	610,182		
Total deferred inflows of resources	8,250,376	-	-	4,173,664	413,185	5,211	988,678	615,688	300,440	14,747,242			
Fund Balances													
Nonspendable	323,334	47,677	-	-	71	7,613	-	-	-	106	378,801		
Restricted	425,925	6,243,713	4,827,551	3,384,974	-	129,967	146,008	7,965,037	2,478,958	25,602,133			
Committed	250,000	-	-	-	(167,577)	-	-	-	-	250,000			
Unassigned	4,206,391	-	-	-	-	-	-	-	(345,347)	3,693,467			
Total fund balances (deficit)	5,205,650	6,291,390	\$ 4,827,551	\$ 3,384,974	\$ (167,506)	137,580	\$ 146,008	\$ 7,965,037	2,133,717	29,924,401			
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,097,573	\$ 6,448,216	\$ 4,827,551	\$ 7,558,638	\$ 448,923	\$ 192,513	\$ 1,134,686	\$ 8,993,525	\$ 3,596,691	\$ 47,298,316			

**City of Marshalltown**  
 Reconciliation of the Balance Sheet  
 Governmental Funds to the Statement of Net Position  
 June 30, 2020

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Total governmental fund balances	\$ 29,924,401
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	\$ 110,205,154
Accumulated depreciation is	<u>(47,491,793)</u>
	62,713,361
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.	
	794,581
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	2,190,160
Pension related deferred outflows	3,512,736
OPEB related deferred inflows	<u>(831,104)</u>
Pension related deferred inflows	<u>(1,304,587)</u>
	3,567,205
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.	
	1,428,809
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	(34,357,764)
Accrued interest on the bonds	<u>(169,832)</u>
Compensated absences	<u>(1,209,035)</u>
Net pension liability	<u>(12,784,910)</u>
Total OPEB liability	<u>(13,633,963)</u>
	<u>(62,155,504)</u>
Net position of governmental activities	<u>\$ 36,272,853</u>

**City of Marshalltown**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2020**

	Special Revenue Funds										Capital Projects Funds			Nonmajor Governmental Funds		Total		
	General		Road Use Tax		Local Option Sales Tax		Property Tax		Disaster Fund		HUD Programs		Debt Service		Other Projects			
	\$		\$		\$		\$		\$		\$		\$		\$			
Revenues	\$	6,398,640	\$	-	\$	-	\$	3,243,128	\$	-	\$	718,397	\$	474,176	\$	10,834,251		
Property taxes	\$	-	\$	-	\$	4,003,548	\$	498,135	\$	-	\$	107,890	\$	580,979	\$	580,979		
TIF revenues	\$	1,655,123	\$	-	\$	102,448	\$	15,328	\$	-	\$	26,797	\$	158,937	\$	6,337,337		
Other city taxes	\$	335,356	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	700,147		
Use of money and property	\$	295,022	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	295,022		
Licenses and permits	\$	990,904	\$	3,720,441	\$	-	\$	388,487	\$	1,100,366	\$	1,258,113	\$	87,131	\$	8,331,123		
Intergovernmental	\$	830,076	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	834,556		
Charges for service	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	5,603		
Special assessments	\$	185,505	\$	-	\$	-	\$	-	\$	-	\$	20,246	\$	42,680	\$	1,245,821		
Miscellaneous	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1,494,352		
Total revenues	\$	10,690,726	\$	3,720,441	\$	4,105,996	\$	4,145,078	\$	1,100,366	\$	1,282,514	\$	940,125	\$	29,413,570		
Expenditures																		
Current																		
Public safety		8,952,688		-		84,457		9,939		64,787		-		1,716,371		253,544		
Public works		1,877,718		2,597,268		-		-		476,703		-		624,958		304,992		
Health and social services		2,251		-		-		-		239,713		229,218		-		5,966,096		
Culture and recreation		2,901,123		-		-		63,286		-		-		-		471,182		
Community and economic development		610,031		-		117,500		-		1,459		1,150,350		-		5,300,342		
General government		1,379,902		-		5,000		-		37,183		-		33,963		1,470,859		
Debt service		-		-		-		-		-		3,358,486		-		3,358,486		
Principal		-		-		-		-		-		874,044		-		874,044		
Interest and other fiscal charges		-		-		-		-		-		-		-		-		
Total expenditures		15,723,713		2,597,268		206,957		9,939		883,131		1,379,568		4,232,530		31,546,416		

**City of Marshalltown**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2020**

	Special Revenue Funds						Capital Projects Funds		
	General	Road Use Tax	Local Option Sales Tax	Property Tax	Disaster Fund	HUD Programs	Debt Service	Public Works and Other Projects	Nonmajor Governmental Funds
								\$ (97,054)	\$ (2,309,031)
Excess (deficiency) of revenues over (under) expenditures	\$ (5,032,987)	\$ 1,123,173	\$ 3,899,039	\$ 4,135,139	\$ 217,235	\$ (97,054)	\$ (3,292,405)	\$ (2,309,031)	\$ (775,955)
Other financing sources (uses)									
Insurance proceeds	-	-	-	-	197,733	-	-	-	834,823
General obligation bonds issued	-	-	-	-	-	-	-	5,610,000	-
Premium on general obligation bonds issued	5,644,675	-	-	-	-	-	-	81,652	81,652
Transfers in	(345,164)	(1,147,897)	(3,114,090)	(4,001,337)	30,875	-	3,283,870	152,953	1,302,753
Transfers out					(1,086,864)	-	-	(486,896)	(553,408)
Total other financing sources (uses)	5,299,511	(1,147,897)	(3,114,090)	(4,001,337)	(858,256)	-	3,283,870	5,357,709	1,584,168
Net change in fund balances	266,524	(24,724)	784,949	133,802	(641,021)	(97,054)	(8,535)	3,048,678	808,213
Fund balances - beginning	4,939,326	6,316,114	4,042,602	3,251,172	473,515	234,634	154,543	4,916,359	1,325,504
Fund balances - ending	\$ 5,205,650	\$ 6,291,390	\$ 4,827,551	\$ 3,384,974	\$ (167,506)	\$ 137,580	\$ 146,008	\$ 7,965,037	\$ 2,133,717
									\$ 29,924,401

**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, 2020**

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Net change in fund balances – total governmental funds \$ 4,270,832

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	\$ 6,511,480
Book value of disposals	(387,066)
Capital contributions	313,254
Depreciation expense	<u>(3,195,913)</u>
Net change in capital assets	3,241,755

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	6,280
Charges for service	<u>538,793</u>
Net effect	545,073

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	3,358,486
Debt proceeds, including premiums	<u>(5,691,652)</u>
Net effect	(2,333,166)

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	(252)
Change in compensated absences	(58,996)
Net effect of OPEB related activity	28,763
Net effect of pension related activity	<u>(924,188)</u>
Total additional expenses	(954,673)

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. (343,691)

Change in net position of governmental activities \$ 4,426,130

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**City of Marshalltown**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 16,979,503	\$ 2,328,910	\$ 199,471	\$ 19,507,884	\$ 2,090,265
Receivables					
Accounts and unbilled usage	1,445,330	85,785	1,370	1,532,485	5,207
Due from other funds	19,975	-	-	19,975	-
Due from component unit	471,864	120,904	-	592,768	-
Due from other governments	-	-	193,263	193,263	-
Inventories	17,339	-	4,536	21,875	-
Prepaid items	68,099	10,256	20,615	98,970	-
Total current assets	<u>19,002,110</u>	<u>2,545,855</u>	<u>419,255</u>	<u>21,967,220</u>	<u>2,095,472</u>
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	157,266	-	-	157,266	-
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	18,014,445	428,881	2,014,254	20,457,580	-
Sanitary sewers and lift stations	43,606,180	125,616	-	43,731,796	-
Infrastructure	-	18,008,156	-	18,008,156	-
Construction in progress	3,424,232	723,919	-	4,148,151	-
Accumulated depreciation	<u>(31,848,914)</u>	<u>(6,463,361)</u>	<u>(1,719,763)</u>	<u>(40,032,038)</u>	<u>-</u>
Total noncurrent assets	<u>45,829,793</u>	<u>13,363,492</u>	<u>1,252,072</u>	<u>60,445,357</u>	<u>-</u>
Total assets	<u>64,831,903</u>	<u>15,909,347</u>	<u>1,671,327</u>	<u>82,412,577</u>	<u>2,095,472</u>
<b>Deferred Outflows of Resources</b>					
OPEB related deferred outflows	117,840	24,545	38,996	181,381	-
Pension related deferred outflows	211,994	45,855	73,814	331,663	-
Total deferred outflows of resources	<u>329,834</u>	<u>70,400</u>	<u>112,810</u>	<u>513,044</u>	<u>-</u>

**City of Marshalltown**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Pollution Control		Storm Sewer		Nonmajor Enterprise	
	Total					
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable	\$ 474,134	\$ 15,960	\$ 8,802	\$ 498,896	\$ 493,216	
Accrued payroll and payroll benefits	43,246	9,097	17,507	69,850	-	
Deposits payable	-	-	-	-	-	173,447
Retainage payable	140,829	-	-	-	140,829	
Due to other governments	9,628	884	2,313	12,825	-	
Due to other funds	-	-	19,975	19,975	-	
Accrued interest payable	29,492	3,458	-	32,950	-	
Compensated absences	32,178	5,334	8,254	45,766	-	
General obligation bonds	435,000	165,000	-	600,000	-	
Capital loan notes	247,556	-	-	247,556	-	
Revenue bonds	1,128,000	-	-	1,128,000	-	
<b>Total current liabilities</b>	<b>2,540,063</b>	<b>199,733</b>	<b>56,851</b>	<b>2,796,647</b>	<b>666,663</b>	
<b>Noncurrent liabilities</b>						
Compensated absences	158,133	40,599	29,321	228,053	-	
General obligation bonds	2,384,231	1,966,418	-	4,350,649	-	
Capital loan notes	2,242,905	-	-	2,242,905	-	
Revenue bonds	9,863,000	-	-	9,863,000	-	
Net OPEB liability	1,011,713	210,728	334,803	1,557,244	-	
Net pension liability	820,100	177,389	285,548	1,283,037	-	
<b>Total noncurrent liabilities</b>	<b>16,480,082</b>	<b>2,395,134</b>	<b>649,672</b>	<b>19,524,888</b>	<b>-</b>	
<b>Total liabilities</b>	<b>19,020,145</b>	<b>2,594,867</b>	<b>706,523</b>	<b>22,321,535</b>	<b>666,663</b>	
<b>Deferred Inflows of Resources</b>						
OPEB related deferred inflows	262,000	54,613	86,769	403,382	-	
Pension related deferred inflows	149,465	32,330	52,042	233,837	-	
<b>Total deferred inflows of resources</b>	<b>411,465</b>	<b>86,943</b>	<b>138,811</b>	<b>637,219</b>	<b>-</b>	
<b>Net Position</b>						
Net investment in capital assets	29,371,834	11,232,074	1,252,072	41,855,980	-	
<b>Restricted for</b>						
Bond and interest payments	157,266	-	-	157,266	-	
Unrestricted	16,201,027	2,065,863	(313,269)	17,953,621	1,428,809	
<b>Total net position</b>	<b>\$ 45,730,127</b>	<b>\$ 13,297,937</b>	<b>\$ 938,803</b>	<b>\$ 59,966,867</b>	<b>\$ 1,428,809</b>	

**City of Marshalltown**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2020**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	
<b>Operating Revenues</b>					
Charges for service	\$ 7,963,422	\$ 1,346,034	\$ 170,550	\$ 9,480,006	\$ 2,537,432
Miscellaneous	<u>68,754</u>	<u>-</u>	<u>-</u>	<u>68,754</u>	<u>735,831</u>
<b>Total operating revenues</b>	<b><u>8,032,176</u></b>	<b><u>1,346,034</u></b>	<b><u>170,550</u></b>	<b><u>9,548,760</u></b>	<b><u>3,273,263</u></b>
<b>Operating Expenses</b>					
Salaries and benefits	1,641,439	371,989	662,827	2,676,255	-
Services and supplies	1,401,066	313,083	368,480	2,082,629	-
Claims paid	-	-	-	-	3,087,736
Health insurance premiums	-	-	-	-	370,842
Depreciation	1,701,557	408,066	150,257	2,259,880	-
Miscellaneous	<u>62,891</u>	<u>8,576</u>	<u>-</u>	<u>71,467</u>	<u>210,626</u>
<b>Total operating expenses</b>	<b><u>4,806,953</u></b>	<b><u>1,101,714</u></b>	<b><u>1,181,564</u></b>	<b><u>7,090,231</u></b>	<b><u>3,669,204</u></b>
<b>Operating income (loss)</b>	<b><u>3,225,223</u></b>	<b><u>244,320</u></b>	<b><u>(1,011,014)</u></b>	<b><u>2,458,529</u></b>	<b><u>(395,941)</u></b>
<b>Nonoperating Revenues (Expenses)</b>					
Federal and state grants	1,715	3,242	1,116,421	1,121,378	-
Interest income	373,830	63,714	4,774	442,318	52,250
Interest and other debt expense	(418,226)	(39,563)	-	(457,789)	-
Gain on disposal of capital assets	-	2,500	450	2,950	-
Net nonoperating revenues (expenses)	<u>(42,681)</u>	<u>29,893</u>	<u>1,121,645</u>	<u>1,108,857</u>	<u>52,250</u>
<b>Income (loss) before transfers</b>	<b><u>3,182,542</u></b>	<b><u>274,213</u></b>	<b><u>110,631</u></b>	<b><u>3,567,386</u></b>	<b><u>(343,691)</u></b>
<b>Transfers In</b>	<b>276,833</b>	<b>-</b>	<b>320,530</b>	<b>597,363</b>	<b>-</b>
<b>Transfers Out</b>	<b>-</b>	<b>(590,087)</b>	<b>-</b>	<b>(590,087)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>3,459,375</b>	<b>(315,874)</b>	<b>431,161</b>	<b>3,574,662</b>	<b>(343,691)</b>
<b>Net Position - Beginning</b>	<b><u>42,270,752</u></b>	<b><u>13,613,811</u></b>	<b><u>507,642</u></b>	<b><u>56,392,205</u></b>	<b><u>1,772,500</u></b>
<b>Net Position - Ending</b>	<b><u>\$ 45,730,127</u></b>	<b><u>\$ 13,297,937</u></b>	<b><u>\$ 938,803</u></b>	<b><u>\$ 59,966,867</u></b>	<b><u>\$ 1,428,809</u></b>

**City of Marshalltown**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2020**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	
<b>Cash Flows from Operating Activities</b>					
Cash received from customers	\$ 7,896,342	\$ 1,352,221	\$ 175,092	\$ 9,423,655	\$ 2,587,745
Cash payments to suppliers for goods and services	(1,188,086)	(779,013)	(372,715)	(2,339,814)	(3,705,006)
Cash payments to employees for services	(1,586,364)	(337,462)	(580,542)	(2,504,368)	-
Other operating receipts	68,754	-	-	68,754	735,831
<b>Net Cash provided by (used for) Operating Activities</b>	<b>5,190,646</b>	<b>235,746</b>	<b>(778,165)</b>	<b>4,648,227</b>	<b>(381,430)</b>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers from other funds	276,833	-	320,530	597,363	-
Transfers to other funds	-	(590,087)	-	(590,087)	-
Grants received	1,715	3,242	923,158	928,115	-
Change in due from other funds	272,782	-	-	272,782	-
Change in due to other funds	-	-	(272,782)	(272,782)	-
<b>Net Cash provided by (used for) Noncapital Financing Activities</b>	<b>551,330</b>	<b>(586,845)</b>	<b>970,906</b>	<b>935,391</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from sale of capital assets	-	-	450	450	-
Acquisition and construction of capital assets	(3,485,083)	(848,426)	(36,195)	(4,369,704)	-
Proceeds from issuance of debt	10,654,517	-	-	10,654,517	-
Payment of debt	(9,810,083)	(165,166)	-	(9,975,249)	-
Interest and fiscal charges paid	(407,410)	(39,830)	-	(447,240)	-
<b>Net Cash used for Capital and Related Financing Activities</b>	<b>(3,048,059)</b>	<b>(1,053,422)</b>	<b>(35,745)</b>	<b>(4,137,226)</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>					
Interest received on investment securities	373,830	63,714	4,774	442,318	52,250
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>3,067,747</b>	<b>(1,340,807)</b>	<b>161,770</b>	<b>1,888,710</b>	<b>(329,180)</b>
<b>Cash and Cash Equivalents, Beginning</b>	<b>14,069,022</b>	<b>3,669,717</b>	<b>37,701</b>	<b>17,776,440</b>	<b>2,419,445</b>
<b>Cash and Cash Equivalents, Ending</b>	<b><u>\$ 17,136,769</u></b>	<b><u>\$ 2,328,910</u></b>	<b><u>\$ 199,471</u></b>	<b><u>\$ 19,665,150</u></b>	<b><u>\$ 2,090,265</u></b>

**City of Marshalltown**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2020**

	<b>Business-type Activities - Enterprise Funds</b>				Governmental Activities - Internal Service Funds
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	
Reconciliation of Operating Income (Loss) to Net Cash provided by used for) Operating Activities					
Operating income (loss)	\$ 3,225,223	\$ 244,320	\$ (1,011,014)	\$ 2,458,529	\$ (395,941)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	1,701,557	408,066	150,257	2,259,880	-
Changes in assets, deferred outflows, liabilities, and deferred inflows					
Receivables	(67,080)	6,187	4,542	(56,351)	42,890
Inventories and prepaid items	(6,809)	(307)	5,169	(1,947)	-
Accounts payable	297,604	(456,724)	(7,199)	(166,319)	(35,802)
Accrued liabilities	20,514	5,223	5,490	31,227	-
Due to other governments	(14,924)	(323)	(2,205)	(17,452)	-
Unearned revenue	-	-	-	-	7,423
Total OPEB liability	(221,231)	(31,027)	(14,622)	(266,880)	-
Net pension liability	(101,171)	(11,961)	(22,027)	(135,159)	-
Deferred outflows	14,376	(494)	(2,371)	11,511	-
Deferred inflows	342,587	72,786	115,815	531,188	-
<b>Total</b>	<b>1,965,423</b>	<b>(8,574)</b>	<b>232,849</b>	<b>2,189,698</b>	<b>14,511</b>
Net Cash provided by (used for) Operating Activities	<b>\$ 5,190,646</b>	<b>\$ 235,746</b>	<b>\$ (778,165)</b>	<b>\$ 4,648,227</b>	<b>\$ (381,430)</b>

City of Marshalltown  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2020

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	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 3,503
Due from City	4,841
Due from County	46,534
Prepaid items	<u>12,356</u>
 Total assets	 <u>67,234</u>
 <b>Liabilities</b>	
Checks written in excess of deposits	51,375
Due to City	<u>15,859</u>
 Total liabilities	 <u>\$ 67,234</u>

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Notes to Financial Statements  
June 30, 2020  
**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 unit. The following component unit is an entity which is legally separate from the City, but is financially accountable to the City or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

**Discretely Presented Component Unit:** 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.

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

Marshalltown Water Works  
205 East State 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, Marshall County Solid Waste Management Commission, and the Marshall County Communication 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 its certain legally separate *component unit* 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 taxes collected and 78% to be applied towards general property tax relief and 22% for Council designated projects.

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 *Disaster 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 receivables 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 unit 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 31 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, 2020, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2019 and March 31, 2020. Any County collections on the 2019-2020 tax levy remitted to the City within sixty days subsequent to June 30, 2020, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2020, 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.

*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.

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, 2020.

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, 2020.

*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 unit, 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, 2020**

As of June 30, 2020, fund balances consisted of the following:

	General	Road Use Tax	Local Option Sales Tax	Property Tax	Disaster Fund	HUD Programs	Debt Service	Public Works and Other Projects	Nonmajor Governmental Funds	Total
<b>Nonspendable</b>	<b>\$ 323,334</b>	<b>\$ 47,677</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 71</b>	<b>\$ 7,613</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 106</b>	<b>\$ 378,801</b>
Inventory and prepaid items										
Restricted for										
Capital improvements	318,000	6,243,713	2,059,238	-	-	-	-	7,965,037	-	16,585,988
Property tax relief	107,925	-	1,041,081	-	-	-	-	-	-	1,149,006
Debt service	-	-	-	3,384,974	-	-	146,008	-	-	146,008
Employee benefits	-	-	-	-	-	-	-	-	-	3,384,974
Economic development	-	-	-	-	-	-	-	-	-	507,304
Health and welfare	-	-	-	-	-	-	-	-	-	507,304
Parks and recreation	-	-	-	-	-	-	-	-	-	176,296
Housing	-	-	-	-	129,967	-	-	-	-	1795,358
Other	-	-	1,727,732	-	-	-	-	-	-	129,967
Total restricted	425,925	6,243,713	4,827,551	3,384,974	-	129,967	146,008	7,965,037	2,478,958	25,602,133
Committed										
Capital improvements	250,000	-	-	-	-	-	-	-	-	250,000
Unassigned	4,206,391	-	-	-	(167,577)	-	-	-	(345,347)	3,693,467
Total fund balance	<b>\$ 5,205,650</b>	<b>\$ 6,291,390</b>	<b>\$ 4,827,551</b>	<b>\$ 3,384,974</b>	<b>\$ (167,506)</b>	<b>\$ 137,580</b>	<b>\$ 146,008</b>	<b>\$ 7,965,037</b>	<b>\$ 2,133,717</b>	<b>\$ 29,924,401</b>

### **Note 2 - Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. At June 30, 2020, disbursements did not exceed amounts budgeted.

### **Note 3 - Deposits and Investments**

*Deposits.* On June 30, 2020, the carrying amount of the City's deposits was \$51,756,639 and the bank balances were \$51,922,012. The City's deposits in banks at June 30, 2020, 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, 2020, the City's carrying amount of deposits, related bank balances, and other cash, including fiduciary funds, were as follows:

	Carrying Amount	Bank Balance
Demand deposits	\$ 48,710,962	\$ 48,877,860
Certificates of deposits	3,044,152	3,044,152
Petty cash	<u>1,525</u>	<u>-</u>
 Total	 <u>\$ 51,756,639</u>	 <u>\$ 51,922,012</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 \$5,575,966 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 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, 2020, consisted of the following:

Receivable Entity	Payable Entity	Amount
Primary Government:	Component Unit:	
Governmental Fund, General Fund	Water Works	\$ 13,132
Enterprise Fund, Water Pollution Control	Water Works	471,864
Enterprise Fund, Storm Sewer	Water Works	<u>120,904</u>
		<u>\$ 605,900</u>

Due from/to other funds as of June 30, 2020, consisted of the following:

Due to General Fund from Nonmajor Governmental	\$ 294,411
Due to Public Works and Other Projects Fund from Nonmajor Governmental	\$ 240,764
Due to Water Pollution Control Fund from Nonmajor Enterprise	<u>\$ 19,975</u>

The interfund balances result from negative cash balances.

**City of Marshalltown**  
**Notes to Financial Statements**  
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Interfund transfers for the year ended June 30, 2020, consisted of the following:

Transfers to General Fund from:	
Road Use Tax	\$ 1,141,301
Local Option Sales Tax	27,488
Property Tax	4,001,337
Public Works and Other Projects	427,011
Nonmajor governmental	<u>47,538</u>
 Total Transfers to General Fund	 <u>\$ 5,644,675</u>
Transfers to Public Works and Other Projects Fund from:	
General	\$ 19,634
Local Option Sales Tax	103,556
Road Use Tax	6,596
Disaster Fund	<u>23,167</u>
 Total Transfers to Public Works and Other Projects Fund	 <u>\$ 152,953</u>
Transfers to Disaster Fund from:	
Public works and other capital projects	<u>\$ 30,875</u>
Transfers to Debt Service Fund from:	
Local Option Sales Tax	\$ 2,918,000
Nonmajor governmental	<u>365,870</u>
 Total Transfers to Debt Service Fund	 <u>\$ 3,283,870</u>
Transfers to nonmajor governmental funds from:	
General fund	\$ 5,000
Local Option Sales Tax	65,046
Public works and other projects fund	29,010
Disaster Fund	1,063,697
Nonmajor governmental	<u>140,000</u>
 Total transfers to nonmajor governmental funds	 <u>\$ 1,302,753</u>
Transfers to Nonmajor Enterprise Funds from General	<u>\$ 320,530</u>
Transfers to Water Pollution Control Fund from Storm Sewer	<u>\$ 276,833</u>
Transfers to Governmental Activities from Storm Sewer	<u>\$ 313,254</u>

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

**Note 5 - Capital Assets**

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
<b>Primary Government</b>				
<b>Governmental activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 4,753,531	\$ 17,700	\$ -	\$ 4,771,231
Construction in progress	<u>17,697,205</u>	<u>5,271,386</u>	<u>(16,697,604)</u>	<u>6,270,987</u>
<b>Total capital assets, not being depreciated</b>	<u>22,450,736</u>	<u>5,289,086</u>	<u>(16,697,604)</u>	<u>11,042,218</u>
<b>Capital assets, being depreciated</b>				
Buildings and structures	17,358,592	15,486,435	(963,710)	31,881,317
Land improvements	2,661,109	676,341	-	3,337,450
Equipment and vehicles	17,447,455	1,755,165	(523,839)	18,678,781
Infrastructure	<u>44,952,134</u>	<u>313,254</u>	<u>-</u>	<u>45,265,388</u>
<b>Total capital assets, being depreciated</b>	<u>82,419,290</u>	<u>18,231,195</u>	<u>(1,487,549)</u>	<u>99,162,936</u>
<b>Less accumulated depreciation for</b>				
Buildings and structures	(7,940,959)	(899,453)	600,070	(8,240,342)
Land improvements	(1,693,528)	(119,434)	-	(1,812,962)
Equipment and vehicles	(10,966,034)	(949,186)	502,783	(11,412,437)
Infrastructure	<u>(24,798,212)</u>	<u>(1,227,840)</u>	<u>-</u>	<u>(26,026,052)</u>
<b>Total accumulated depreciation</b>	<u>(45,398,733)</u>	<u>(3,195,913)</u>	<u>1,102,853</u>	<u>(47,491,793)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>37,020,557</u>	<u>15,035,282</u>	<u>(384,696)</u>	<u>51,671,143</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 59,471,293</u>	<u>\$ 20,324,368</u>	<u>\$ (17,082,300)</u>	<u>\$ 62,713,361</u>

**City of Marshalltown**  
**Notes to Financial Statements**  
**June 30, 2020**

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	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
<b>Business-Type Activities</b>				
Capital assets, not being depreciated				
Land	\$ 898,294	\$ -	\$ -	\$ 898,294
Construction in progress	<u>1,901,304</u>	<u>3,954,680</u>	<u>(1,707,833)</u>	<u>4,148,151</u>
Total capital assets, not being depreciated	<u>2,799,598</u>	<u>3,954,680</u>	<u>(1,707,833)</u>	<u>5,046,445</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	20,084,931	417,523	(44,874)	20,457,580
Sanitary sewers and lift stations	43,454,964	276,832	-	43,731,796
Infrastructure	<u>16,577,156</u>	<u>1,431,000</u>	<u>-</u>	<u>18,008,156</u>
Total capital assets, being depreciated	<u>93,193,203</u>	<u>2,125,355</u>	<u>(44,874)</u>	<u>95,273,684</u>
Less accumulated depreciation for				
Buildings and structures	(6,640,398)	(39,377)	-	(6,679,775)
Land improvements	(2,424,816)	(282,290)	-	(2,707,106)
Equipment and vehicles	(12,518,631)	(621,086)	44,874	(13,094,843)
Sanitary sewers and lift stations	(10,443,732)	(941,966)	-	(11,385,698)
Infrastructure	<u>(5,789,455)</u>	<u>(375,161)</u>	<u>-</u>	<u>(6,164,616)</u>
Total accumulated depreciation	<u>(37,817,032)</u>	<u>(2,259,880)</u>	<u>44,874</u>	<u>(40,032,038)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b><u>55,376,171</u></b>	<b><u>(134,525)</u></b>	<b><u>-</u></b>	<b><u>55,241,646</u></b>
<b>Business-Type Activities Capital Assets, Net</b>	<b><u>\$ 58,175,769</u></b>	<b><u>\$ 3,820,155</u></b>	<b><u>\$ (1,707,833)</u></b>	<b><u>\$ 60,288,091</u></b>

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

<b>Governmental Activities</b>			
Public safety	\$ 799,690		
Public works	1,564,264		
Health and social services	7,323		
Culture and recreation	703,312		
General government	<u>121,324</u>		
<b>Total Depreciation Expense – Governmental Activities</b>	<b><u>\$ 3,195,913</u></b>		
<b>Business-Type Activities</b>			
Water pollution control	\$ 1,701,557		
Storm sewer	408,066		
Compost facility	9,768		
Bus transit	<u>140,489</u>		
<b>Total Depreciation Expense – Business-Type Activities</b>	<b><u>\$ 2,259,880</u></b>		

**City of Marshalltown**  
**Notes to Financial Statements**  
**June 30, 2020**

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**Note 6 - Long-Term Debt**

The following is a summary of changes in the City's long-term debt for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds and notes payable	\$ 31,550,000	\$ 5,610,000	\$ 3,330,000	\$ 33,830,000	\$ 3,325,000
Unamortized premiums	<u>472,168</u>	<u>81,652</u>	<u>68,785</u>	<u>485,035</u>	<u>-</u>
Total general obligation bonds and notes	32,022,168	5,691,652	3,398,785	34,315,035	3,325,000
Notes from direct borrowings	71,215	-	28,486	42,729	28,486
Compensated absences payable	<u>1,150,038</u>	<u>300,755</u>	<u>241,758</u>	<u>1,209,035</u>	<u>250,285</u>
	<u>33,243,421</u>	<u>5,992,407</u>	<u>3,669,029</u>	<u>35,566,799</u>	<u>3,603,771</u>
<b>Business-Type Activities</b>					
General obligation bonds and notes payable	\$ 5,465,000	\$ 3,220,000	\$ 3,800,000	\$ 4,885,000	\$ 600,000
Unamortized premiums	<u>61,584</u>	<u>10,000</u>	<u>5,935</u>	<u>65,649</u>	<u>-</u>
Unamortized discounts	<u>(21,826)</u>	<u>-</u>	<u>(21,826)</u>	<u>-</u>	<u>-</u>
Total general obligation bonds	5,504,758	3,230,000	3,784,109	4,950,649	600,000
Notes from direct borrowings	223,193	2,369,517	102,249	2,490,461	247,556
Revenue bonds payable	12,009,000	5,065,000	6,083,000	10,991,000	1,128,000
Compensated absences payable	<u>264,191</u>	<u>45,085</u>	<u>35,457</u>	<u>273,819</u>	<u>45,766</u>
	<u>18,001,142</u>	<u>10,709,602</u>	<u>10,004,815</u>	<u>18,705,929</u>	<u>2,021,322</u>
<b>Total</b>	<b><u>\$ 51,244,563</u></b>	<b><u>\$ 16,702,009</u></b>	<b><u>\$ 13,673,844</u></b>	<b><u>\$ 54,272,728</u></b>	<b><u>\$ 5,625,093</u></b>

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

**City of Marshalltown**  
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*Bonded Debt.* Details of the City's bonds and notes payable as of June 30, 2020, are as follows:

	Interest Rates	Govern- mental Activities	Business- type Activities	Total
General Obligation Bonds and Notes				
issued October 26, 2011	2.05-2.85	\$ 1,235,000	\$ -	\$ 1,235,000
2012A Essential corporate purpose, issued April 12, 2012	1.75-2.50	2,975,000	-	2,975,000
2012B Refunding, issued April 24, 2012	1.65-2.05	940,000	-	940,000
2013A Essential corporate purpose, issued March 12, 2013	1.63-1.75	2,000,000	-	2,000,000
2014A Essential corporate purpose, issued December 16, 2014	2.30-2.50	865,000	-	865,000
2015A Essential corporate purpose, issued November 24, 2015	2.35-2.60	1,275,000	-	1,275,000
2016A General obligation corporate purpose, issued August 9, 2016	2.00	1,610,000	2,075,000	3,685,000
2016B General obligation corporate purpose, issued December 1, 2016	2.00	3,260,000	-	3,260,000
2017A General obligation corporate purpose, issued October 10, 2017	3.00	11,660,000	-	11,660,000
2018A General obligation corporate purpose, issued December 3, 2018	3.00	2,400,000	-	2,400,000
2019 General Obligation corporate purpose issued December 12, 2019	2.00	<u>5,610,000</u>	<u>2,810,000</u>	<u>8,420,000</u>
Total general obligation bonds and notes		<u>33,830,000</u>	<u>4,885,000</u>	<u>38,715,000</u>
Capital loan notes				
Alliant loan note, issued September 17, 2014	0.00	-	120,944	120,944
IDPS fire truck loan, issued July 5, 2016	0.00	42,729	-	42,729
SRF manhole & point repair	1.75	-	<u>2,369,517</u>	<u>2,369,517</u>
Total notes payable		<u>42,729</u>	<u>2,490,461</u>	<u>2,533,190</u>
Revenue Bonds				
Water Pollution Control, improvement bonds, Series 2013, issued June 18, 2013	2.09	-	2,179,000	2,179,000
Water Pollution Control, improvement bonds, Series 2015, issued August 13, 2015	2.69	-	4,237,000	4,237,000
Water Pollution Control, improvement Series 2020 Refunding bonds issued January 8, 2020	1.96	-	<u>4,575,000</u>	<u>4,575,000</u>
Total revenue bonds		<u>-</u>	<u>10,991,000</u>	<u>10,991,000</u>
Total long-term debt		<u>\$ 33,872,729</u>	<u>\$ 18,366,461</u>	<u>\$ 52,239,190</u>

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

- (1) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to a separate sewer revenue bond and interest sinking fund for the purpose of making the bond principal and interest payments when due.

**Future Requirements to Maturity.** Principal and interest requirements to maturity for the City's bonds and notes outstanding as of June 30, 2020, 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
2021	3,353,486	828,438	847,556	161,362
2022	3,504,243	764,176	774,388	152,848
2023	3,165,000	693,340	760,000	137,680
2024	3,045,000	620,638	788,000	122,480
2025	2,915,000	547,950	816,000	106,720
2026-2030	10,430,000	1,824,215	2,352,000	342,480
2031-2035	5,125,000	822,900	1,037,517	146,300
2036-2040	2,335,000	105,450	-	-
<b>Total</b>	<b><u>\$ 33,872,729</u></b>	<b><u>\$ 6,207,107</u></b>	<b><u>\$ 7,375,461</u></b>	<b><u>\$ 1,169,870</u></b>

Years Ending June 30,	Business-Type Activities Revenues Bonds		Total Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	1,128,000	247,870	1,975,556	409,232
2022	1,153,000	222,674	1,927,388	375,522
2023	1,179,000	196,897	1,939,000	334,577
2024	1,205,000	170,531	1,993,000	293,011
2025	1,237,000	143,568	2,053,000	250,288
2026-2030	5,089,000	308,669	7,441,000	651,149
2031-2035	-	-	1,037,517	146,300
<b>Total</b>	<b><u>\$ 10,991,000</u></b>	<b><u>\$ 1,290,209</u></b>	<b><u>\$ 18,366,461</u></b>	<b><u>\$ 2,460,079</u></b>

In fiscal year ended June 30, 2020, the Water Pollution Control Fund had net revenues of \$5,300,610 and the amount of principal and interest due on the revenue bonds was \$1,401,631.

At June 30, 2020, the City had approximately \$1,130,000 of capital loan note funds available. These funds are available to the City by filing a disbursement request with the State of Iowa for the State Revolving Fund Manhole & Point Repair Project. The City expects to use the remaining available funds in fiscal year 2021.

*Legal Debt Margin.* The City's legal debt margin as of June 30, 2020, is as follows:

Regular Realty Valuations	\$ 1,198,094,512
Utility Valuations	435,377,442
Incremental Valuations	<u>17,723,868</u>
Total actual valuations applicable to debt	<u>1,651,195,822</u>
Debt Limit - 5% of Total Actual Valuations Applicable to Debt	<u>82,559,791</u>
Amount of Debt Applicable to Limitation	
General obligation bonds and notes	38,757,729
Urban renewal rebate agreements	<u>3,527,122</u>
42,284,851	42,284,851
Less funds available from	
Debt service fund	146,008
Tax increment financing	<u>507,304</u>
Total debt applicable to debt margin	<u>41,631,539</u>
Legal debt margin	<u>\$ 40,928,252</u>

On January 8, 2020, the City issued \$5,065,000 of sewer revenue bonds for a current refunding of \$4,981,000 of sewer revenue bonds. As a result, the sewer revenue bonds from that issue are considered to be defeased and the liability has been removed from the financial statements. The refunding was undertaken to reduce total future debt service payments. The result of the transaction is a reduction of \$139,995 in future debt service payments and an economic gain of \$126,393.

On January 8, 2020, the City issued \$3,220,000 of general obligation bonds for a current refunding of \$3,230,000 of general obligation bonds. As a result, the general obligation bonds from that issue are considered to be defeased and the liability has been removed from the financial statements. The refunding was undertaken to reduce total future debt service payments. The result of the transaction is a reduction of \$162,075 in future debt service payments and an economic gain of \$152,161.

#### **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 is \$2,700,971 for the primary government and \$251,602 for the Water Works. Other aggregate amounts related to pension are separately displayed in the financial statements.

#### **(a) Iowa Public Employees' Retirement System - IPERS**

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

Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefits or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – 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 2020, 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, 2020 were \$616,287. The Water Work's total contributions to IPERS for the year ended June 30, 2020 were \$63,183.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 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, 2019 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 2019 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:

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Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	27%	1.71%
Domestic Equity	22	5.6
International Equity	15	6.08
Private Equity/Debt	11	10.13
Private Real Assets	7.5	4.76
Public Real Assets	7	2.81
Public Credit	3.5	3.32
Global smart beta equity	3	5.82
Private Credit	3	3.01
Cash	1	(0.21)
	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

## City Specific IPERS Disclosures

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2020, the City reported a liability of \$4,594,347 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the City’s collective proportion was .0793407 percent which was a decrease of .0010740 percent from its proportion measured as of June 30, 2018.

**City of Marshalltown**  
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For the year ended June 30, 2020, the City recognized pension expense of \$802,395. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 12,737	\$ 165,189
Changes of Assumptions	492,120	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	517,728
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	66,486	154,418
City Contributions Subsequent to the Measurement Date	<u>616,287</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 1,187,630</u></b>	<b><u>\$ 837,335</u></b>

The \$616,287 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, 2021.

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>
2021	60,854
2022	(136,599)
2023	(79,694)
2024	(92,684)
2025	<u>(17,869)</u>
	<b><u>\$ (265,992)</u></b>

**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.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's Proportionate Share of the Net Pension Liability	\$ 8,158,077	\$ 4,594,347	\$ 1,605,129

**Payable to the Pension Plan** – At June 30, 2020, 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

Related to Pensions – At June 30, 2020, the Water Works reported a liability of \$512,025 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the Water Work's collective proportion was .008842 percent which was a decrease of .00529 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Water Works recognized pension expense of \$108,991 At June 30, 2020, 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	\$ 1,419	\$ 18,410
Changes of Assumptions	54,845	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	57,700
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	60,990	4,640
Water Works Contributions Subsequent to the Measurement Date	<u>63,183</u>	<u>-</u>
 Total	 <u>\$ 180,437</u>	 <u>\$ 80,750</u>

The \$63,183 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, 2021. 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>
2021	\$ 26,396
2022	2,470
2023	7,280
2024	(1,016)
2025	<u>1,374</u>
	 <u>\$ 36,504</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	\$ 909,191	\$ 512,025	\$ 178,886

Payable to the Pension Plan – At June 30, 2020, 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](http://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, 2020.

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 24.41% for the year ended June 30, 2020.

The City's contributions to MFPSI for the year ended June 30, 2020 was \$1,105,918.

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*.

There were no state appropriations to MFPSI during the fiscal year ended June 30, 2020.

Actuarial Assumptions - The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	3.00 percent per annum
Rates of salary increase (effective June 30, 2017)	3.75 to 15.11 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.50 percent compounded annually, net of investment expense including inflation

The actuarial assumptions used in the June 30, 2019 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:

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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 7.50%. 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](http://www.mfpsi.org).

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported a liability of \$9,473,600 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the City's collective proportion was 1.444308 percent which was a decrease of .090416 percent from its proportion measured as of June 30, 2018.

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**June 30, 2020**

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For the year ended June 30, 2020, the City recognized pension expenses of \$1,898,576. At June 30, 2020 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	\$ 326,221	\$ 88,650
Changes of Assumptions	475,652	41,232
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	521,959	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	227,019	571,207
City Contributions Subsequent to the Measurement Date	<u>1,105,918</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 2,656,769</u></b>	<b><u>\$ 701,089</u></b>

The \$1,105,918 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, 2021.

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>
2021	\$ 525,317
2022	(8,049)
2023	206,563
2024	138,921
2025	<u>(12,990)</u>
	<b><u>\$ 849,762</u></b>

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	\$ 15,424,682	\$ 9,473,600	\$ 4,544,939

Payables to the Pension Plan – At June 30, 2020, 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, 2020. 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, 2020 and 2019 was 8.93% plus an additional \$5,000 per bi-weekly payroll. The employee contribution rate for the year ended June 30, 2020 was 4.95%. Contributions paid by the Water Works for the year ended June 30, 2020 and 2019 totaled \$168,760, and the contributions paid by employees totaled \$21,485.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the Water Works reported a net pension liability of \$1,524,033. The net pension liability was measured as of April 1, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that April 1, 2020.

City of Marshalltown  
Notes to Financial Statements  
June 30, 2020

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For the year ended June 30, 2020, the Water Works recognized pension expense of \$142,611. At June 30, 2020 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	\$ -	\$ 4,400
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>138,495</u>	<u>11,295</u>
<b>Total</b>	<b><u>\$ 138,495</u></b>	<b><u>\$ 15,695</u></b>

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,	<u>Total</u>
2021	\$ 22,631
2022	34,096
2023	36,213
2024	29,860
2025	-
	<b><u>\$ 122,800</u></b>

Actuarial Assumptions – The total pension liability in the April 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rates of salary increase (effective April 1, 2020)	3.00 percent per annum
Long-term investment rate of return (effective April 1, 2020)	7.00 percent compounded annually

The actuarial assumptions used in the April 1, 2020 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 4.40% 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	40.0
 Total	 100.0%

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Water Works' Proportionate Share of the Net Pension Liability	\$ 1,737,437	\$ 1,524,033	\$ 1,340,042

#### **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, 2019 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	58
Active employees	<u>147</u>
<b>Total</b>	<b><u>205</u></b>

**Total OPEB Liability** – The City's total OPEB liability of \$15,191,207 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

**Actuarial Assumptions** – The total OPEB liability in the July 1, 2019 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, 2020)	3.00% per annum
Rates of salary increase (effective June 30, 2020)	0.00%, OPEB's directly determined by Service Years not Salary
Discount rate (effective June 30, 2020)	2.70% compounded annually, net of investment expense including inflation
Healthcare cost trend rate (effective June 30, 2020)	6.00%

**Discount Rate** – The discount rate used to measure the total OPEB liability was 2.70% 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, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

City of Marshalltown  
Notes to Financial Statements  
June 30, 2020

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Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	<u>\$ 15,227,115</u>
Changes for the year	
Service Cost	276,589
Interest	270,079
Net difference between projected and actual earnings on pension plan investments	(953,812)
Change in assumptions	894,265
Benefit payments	<u>(523,029)</u>
Net changes	<u>(35,908)</u>
Total OPEB Liability, End of Year	<u>\$ 15,191,207</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 (1.70%) or 1 % higher (3.70%) than the current discount rate.

	1% Decrease (1.70%)	Discount Rate (2.70%)	1% Increase (3.70%)
Total OPEB Liability	\$ 17,517,580	\$ 15,191,207	\$ 13,299,015

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.

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB Liability	\$ 13,077,761	\$ 15,191,207	\$ 17,781,622

**City of Marshalltown**  
 Notes to Financial Statements  
 June 30, 2020

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**OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – For the year ended June 30, 2020, the City recognized OPEB expense of \$581,056. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 693,771	\$ 1,234,486
Changes in assumptions	<u>1,677,770</u>	-
<b>Total</b>	<b><u>\$ 2,371,541</u></b>	<b><u>\$ 1,234,486</u></b>

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

<u>Years Ending June 30</u>	<u>Total</u>
2021	34,234
2022	34,234
2023	34,234
2024	34,234
2025	34,234
Thereafter	<u>965,885</u>
	<b><u>\$ 1,137,055</u></b>

#### **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, 2020 were \$248,287.

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, 2020, no liability has been recorded in the City's financial statements. As of June 30, 2020, 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 2020. 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, 2020, 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.

City of Marshalltown  
Notes to Financial Statements  
June 30, 2020

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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, 2020, 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 \$489,020 in the Group Insurance Benefits Fund and \$4,196 in the Occupational Insurance Benefits Fund are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The entire amounts will be paid within one year of year-end.

Changes in reported liabilities for the fiscal years ended June 30, 2020 and 2019, are summarized as follows:

	Group Insurance Benefits Fund	Occupational Insurance Benefits Fund
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	525,902	3,116
Claims and Changes in Estimates During Fiscal Year 2020	2,959,442	128,294
Claim Payments	<u>(2,996,324)</u>	<u>(127,214)</u>
Liabilities as of June 30, 2020	<u>\$ 489,020</u>	<u>\$ 4,196</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, 2020. The City has additional commitments for signed construction contracts of approximately \$4,887,998 as of June 30, 2020, 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 \$2,772,254 and \$464,527 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, 2020, funds with deficit balances were as follows:

Special Revenue Fund - Disaster Fund	\$ (167,506)
Non-major special revenue fund - Grant Fund	(100,401)
Non-major capital projects funds - Airports Projects Fund	(244,946)
Non-major enterprise fund - Recreation Concessions	(22,901)

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, 2020, \$78,073 of property tax was diverted from the City under the urban renewal and economic development projects.

### **Note 16 - Subsequent Events**

The City experienced a derecho windstorm on August 10, 2020. Industry, businesses and residences throughout 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. Additionally, the Federal Individual Assistance was also extended to individual citizens of the community. 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 disaster fund and insurance fund. To date the City has expended approximately 2.3 million dollars for both its own properties and the community clean-up. As of December 2020, FEMA projects have not been obligated but the City anticipates these projects will be obligated soon. Upon close-out of the projects, the City is anticipating receiving approximately \$3 million in revenues in FY21 thru FY22.

On September 28, 2020, the City of Marshalltown issued General Obligation bonds, Series 2020A in the amount of \$9,590,000 with an interest rate on the bonds of .79%, with a maturity date of June 1, 2032. The City maintained their Aa2 bond rating. \$6,500,000 of the bond will be used for two fire truck purchases, trail projects, park projects, railroad crossing safety improvement, streets, sidewalks, parking lot, tennis court reconstruction, and stormwater improvements. This part of the bond will be repaid with the property tax debt service levy and storm water revenue. The remaining \$3,000,000 of the bond was used for refunding the General Obligation Bond Series 2011B, 2012A (partial) and 2014 in order to get a lower interest rate, which produced a net present value saving over \$193,000. This refunding will be repaid with debt service levy.

On September 28, 2020, the City of Marshalltown issued General Obligation bonds, Series 2020B in the amount of \$2,030,000 with an interest rate on the bonds of 1.11 %, with a maturity date of June 1, 2032. The City maintained their Aa2 bond rating. All proceeds for this bond will be used for Airport improvements. The bond will be repaid with the property tax debt service levy.

#### **Note 17 - Contingencies**

The COVID-19 outbreak is disrupting businesses across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of the City, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to the City's operations and finances.

Through the Coronavirus Relief Fund, the CARES Act provided payments to State, Local and Tribal Governments to help navigate the impact of the COVID-19 outbreak. The State of Iowa allocated \$125 million for local governments (\$40 million for counties, \$60 million for cities, and \$25 million for the State and Local match required with FEMA projects). Marshalltown was allocated and received \$633,759 based on the City's population. In addition, the City has incurred a total of \$49,165 for personal protective equipment (PPE), disinfectants, sanitizers, thermometers, sneeze guards, etc. and has submitted the project to FEMA.

Required Supplementary Information  
June 30, 2020  
**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	Changes in assumptions	Benefit payments	Net change in total OPEB liability	Total OPEB liability beginning of year		Covered employee payroll	Total OPEB liability as a % of covered-employee payroll
							end of year		
2020	\$ 276,589	\$ 270,079	\$ (953,812)	\$ 894,265	\$ (523,029)	\$ 15,227,115	\$ 15,191,207	\$ 11,192,555	135.73%
2019	281,820	499,714	96,036	1,061,967	(540,579)	1,398,958	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, 2020	2.70%
Year ended June 30, 2019	3.15%
Year ended June 30, 2018	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, 2020**

	Actual			Budgeted Amounts		Final to Actual Variance
	Governmental Funds	Enterprise Funds	Total	Original Budget	Final Budget	
<b>Receipts</b>						
Property taxes	\$ 11,694,643	\$ -	\$ 11,694,643	\$ 12,004,303	\$ 12,004,303	\$ (309,660)
TIF revenues	639,223	-	639,223	653,848	653,848	(14,625)
Other city taxes	6,358,717	-	6,358,717	5,265,085	6,240,285	118,432
Licenses and permits	307,594	32,118	339,712	262,094	319,569	20,143
Use of money and property	734,232	512,130	1,246,362	402,922	669,236	577,126
Intergovernmental	6,880,142	928,114	7,808,256	13,202,353	9,008,718	(1,200,462)
Charges for service	804,219	9,379,949	10,184,168	9,902,730	10,242,337	(58,169)
Special assessments	5,603	-	5,603	10,000	5,000	603
Miscellaneous	2,510,427	10,530	2,520,957	3,548,624	2,876,242	(355,285)
Other financing sources	5,702,124	10,649,967	16,352,091	5,662,000	17,572,102	(1,220,011)
<b>Total receipts</b>	<b>35,636,924</b>	<b>21,512,808</b>	<b>57,149,732</b>	<b>50,913,959</b>	<b>59,591,640</b>	<b>(2,441,908)</b>
<b>Disbursements</b>						
Public safety	9,230,633	-	9,230,633	10,403,840	9,469,090	238,457
Public works	4,786,671	-	4,786,671	5,996,675	5,560,451	773,780
Health and social services	458,372	-	458,372	1,571,506	1,817,503	1,359,131
Culture and recreation	3,116,511	-	3,116,511	3,068,551	3,528,012	411,501
Community and economic development	2,467,150	-	2,467,150	1,951,258	2,905,927	438,777
General government	1,436,963	-	1,436,963	1,575,923	2,209,271	772,308
Debt service	4,232,530	-	4,232,530	4,179,531	4,233,126	596
Capital projects	5,612,748	-	5,612,748	8,978,234	10,087,318	4,474,570
Business-type activities	-	19,944,628	19,944,628	13,253,620	23,384,264	3,439,636
<b>Total disbursements</b>	<b>31,341,578</b>	<b>19,944,628</b>	<b>51,286,206</b>	<b>50,979,138</b>	<b>63,194,962</b>	<b>11,908,756</b>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>4,295,346</b>	<b>1,568,180</b>	<b>5,863,526</b>	<b>(65,179)</b>	<b>(3,603,322)</b>	<b>9,466,848</b>
<b>Transfers</b>						
Transfers in						
Transfers out	10,439,927	320,530	10,760,457	10,002,336	11,281,102	520,645
	(10,760,457)	-	(10,760,457)	(10,002,336)	(11,281,102)	(520,645)
<b>Total transfers</b>	<b>(320,530)</b>	<b>320,530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>						
Fund Balances, Beginning	3,974,816	1,888,710	5,863,526	(65,179)	(3,603,322)	9,466,848
	26,022,905	17,776,440	43,799,345	36,324,528	44,246,254	(446,909)
<b>Fund Balances, Ending</b>	<b>\$ 29,997,721</b>	<b>\$ 19,665,150</b>	<b>\$ 49,662,871</b>	<b>\$ 36,259,349</b>	<b>\$ 40,642,932</b>	<b>\$ 9,019,939</b>

**City of Marshalltown**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule – Budget to GAAP Reconciliation**  
**Year Ended June 30, 2020**

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	Governmental Funds			Proprietary Funds		
	Cash Basis		Accrual Adjustments	Modified Accrual Basis	Enterprise	
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 35,636,924	\$ 500,854	\$ 36,137,778	\$ 21,512,808	\$ (10,397,402)	\$ 11,115,406
Expenditures/Expenses	<u>31,341,578</u>	<u>204,838</u>	<u>31,546,416</u>	<u>19,944,628</u>	<u>(12,396,608)</u>	<u>7,548,020</u>
Net	4,295,346	296,016	4,591,362	1,568,180	1,999,206	3,567,386
Transfers	(320,530)	-	(320,530)	320,530	(313,254)	7,276
Beginning Fund Balances/ Net Position	<u>26,022,905</u>	<u>(369,336)</u>	<u>25,653,569</u>	<u>17,776,440</u>	<u>38,615,765</u>	<u>56,392,205</u>
Ending Fund Balances/ Net Position	<u>\$ 29,997,721</u>	<u>\$ (73,320)</u>	<u>\$ 29,924,401</u>	<u>\$ 19,665,150</u>	<u>\$ 40,301,717</u>	<u>\$ 59,966,867</u>

City of Marshalltown  
Notes to Required Supplementary Information – Budgetary Reporting  
Year Ended June 30, 2020

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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 \$12,215,824, excluding transfers out.

At June 30, 2020, 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**

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Fiscal Year Ended	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.0793407%	\$ 4,594,347	\$ 6,042,108	76.04%	85.45%
2019	0.0804147%	5,088,837	6,059,552	83.98%	83.62%
2018	0.0777900%	5,181,791	5,806,629	89.24%	82.21%
2017	0.0815720%	5,044,545	5,772,452	87.39%	81.82%
2016	0.0827000%	4,109,324	5,714,192	71.91%	85.19%
2015	0.0827556%	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**

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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
2020	\$ 616,287	\$ 616,287	\$ -	\$ 6,483,102	9.51%
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%

Changes of benefit terms

There are no significant changes in benefit terms.

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% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% 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% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

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

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Fiscal Year Ended	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	1.444308%	\$ 9,473,600	\$ 4,372,115	216.68%	79.94%
2019	1.534724%	9,137,800	4,460,800	204.85%	81.07%
2018	1.480374%	8,682,024	4,192,720	207.07%	80.60%
2017	1.560279%	9,755,815	4,229,147	230.68%	78.20%
2016	1.515981%	7,122,296	3,975,266	179.17%	83.04%
2015	1.561055%	5,658,798	3,987,282	141.92%	86.27%

**Note:** GASB Statement No.68 requires ten years of information to be presented in this table.

However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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

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

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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
2020	\$ 1,105,918	\$ 1,105,918	\$ -	\$ 4,530,594	24.41%
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%

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 one year (male only rates), with no projection of future mortality improvement.

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

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

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Other Supplementary Information  
June 30, 2020

**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, 2020

	Special Revenue Funds						Capital Projects Funds			Total Nonmajor Governmental Funds	
	Grant Fund	Special Contributions		Tax Increment Financing		Other	Airport Projects	Culture and Recreation Projects			
Assets											
Cash and cash equivalents	\$ -	\$ 304,165	\$ 492,577	\$ 173,363	\$ -	\$ -	\$ 1,992,480	\$ -	\$ 2,962,585		
Receivables											
Property taxes											
Delinquent	-	-	14,727	-	-	-	-	-	14,727		
Accounts and unbilled usage	-	2,425	-	-	7,933	-	-	-	103,443	113,801	
Due from other governments	363,881	-	-	-	-	111,549	-	30,042	505,472		
Prepaid items	-	106	-	-	-	-	-	-	-	106	
Total assets	\$ 363,881	\$ 306,696	\$ 507,304	\$ 181,296	\$ 111,549	\$ 2,125,965	\$ 2,962,585	\$ 3,596,691			

**City of Marshalltown**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds
	Grant Fund	Special Contributions	Tax Increment Financing	Other	Airport Projects	Culture and Recreation Projects			
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>									
Liabilities									
Accounts payable	\$ 79,093	\$ 3,270	\$ 1,008	\$ -	\$ 5,000	\$ 4,182	\$ 440,915	\$ 532,460	
Accrued payroll and payroll benefits	5,330	-	-	-	-	-	-	-	6,338
Retainage payable	-	-	-	-	-	-	88,561	88,561	
Due to other funds	294,411	-	-	-	-	240,764	-	-	535,175
Total liabilities	<u>378,834</u>	<u>4,278</u>			<u>5,000</u>	<u>244,946</u>	<u>529,476</u>		<u>1,162,534</u>
Deferred Inflows of Resources									
Unavailable revenue- other	-	-	-	-	-	-	103,443	103,443	
Unavailable revenue- intergovernmental	85,448	-	-	-	-	111,549	-	-	196,997
Total deferred inflows of resources	<u>85,448</u>					<u>111,549</u>	<u>103,443</u>		<u>300,440</u>
Fund Balances									
Nonspendable	-	106	-	-	-	-	-	-	106
Restricted	-	302,312	507,304	176,296	-	-	1,493,046	2,478,958	
Unassigned	(100,401)	-	-	-	(244,946)		-	(345,347)	
Total fund balances (deficit)	<u>(100,401)</u>	<u>302,418</u>	<u>507,304</u>	<u>176,296</u>	<u>(244,946)</u>		<u>1,493,046</u>		<u>2,133,717</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 363,881</u>	<u>\$ 306,696</u>	<u>\$ 507,304</u>	<u>\$ 181,296</u>	<u>\$ 111,549</u>		<u>\$ 2,125,965</u>	<u>\$ 3,596,691</u>	

**City of Marshalltown**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances (Deficit)**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2020**

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Grant Fund	Special Contributions	Tax Increment Financing	Other	Airport Projects	Culture and Recreation Projects		
<b>Revenues</b>								
TIF revenues	\$ 111	\$ 7,193	\$ 580,979	\$ 4,078	\$ -	\$ -	\$ -	\$ 580,979
Use of money and property	547,847	-	15,668	57,616	-	-	30,076	57,126
Intergovernmental	-	-	-	-	-	-	123,417	728,880
Charges for service	1,758	126,006	-	-	42,007	-	4,480	4,480
Miscellaneous							1,076,050	1,245,821
<b>Total revenues</b>	<b>549,716</b>	<b>133,199</b>	<b>654,263</b>	<b>46,085</b>			<b>1,234,023</b>	<b>2,617,286</b>
<b>Expenditures</b>								
Current								
Public safety	185,620	30,353	-	37,571	-	-	-	253,544
Public works	-	-	-	-	304,992	-	-	304,992
Culture and recreation	-	122,127	-	4,144	-	2,028,551	8,693	2,154,822
Community and economic development	381,839	-	274,540	-	-	-	-	665,072
General government	-	-	-	14,811	-	-	-	14,811
<b>Total expenditures</b>	<b>567,459</b>	<b>152,480</b>	<b>274,540</b>	<b>56,526</b>			<b>304,992</b>	<b>2,037,244</b>
								<b>3,393,241</b>

**City of Marshalltown**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances (Deficit)**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2020**

	Special Revenue Funds				Capital Projects Funds		Total Nonmajor Governmental Funds
	Grant Fund	Special Contributions	Tax Increment Financing	Other	Airport Projects	Culture and Recreation Projects	
Excess of revenues (expenditures) over expenditures (revenues)	\$ (17,743)	\$ (19,281)	\$ 379,723	\$ (10,441)	\$ (304,992)	\$ (803,221)	\$ (775,955)
Other Financing Sources (Uses)							
Insurance Proceeds	-	-	-	-	-	-	834,823
Transfers in	5,000	5,000	146,875	-	82,181	1,063,697	1,302,753
Transfers out	-	-	(553,408)	-	-	-	(553,408)
Total other financing sources (uses)	5,000	5,000	(406,533)	-	82,181	1,898,520	1,584,168
Net Change in Fund Balances	(12,743)	(14,281)	(26,810)	(10,441)	(222,811)	1,095,299	808,213
Fund Balances (Deficit) - Beginning	(87,658)	316,699	534,114	186,737	(22,135)	397,747	1,325,504
Fund Balances (Deficit) - Ending	\$ (100,401)	\$ 302,418	\$ 507,304	\$ 176,296	\$ (244,946)	\$ 1,493,046	\$ 2,133,717

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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 concession's 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, 2020

	Compost Facility	Bus Transit	Recreation Concessions	Total Nonmajor Enterprise Funds
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 30,873	\$ 168,598	\$ -	\$ 199,471
Receivables				
Accounts and unbilled usage	917	453	-	1,370
Due from other governments	44,097	149,166	-	193,263
Inventories	4,536	-	-	4,536
Prepaid items	1,073	19,298	244	20,615
<b>Total current assets</b>	<b>81,496</b>	<b>337,515</b>	<b>244</b>	<b>419,255</b>
<b>Noncurrent assets</b>				
<b>Capital assets</b>				
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	122,142	1,892,112	-	2,014,254
Accumulated depreciation	(337,910)	(1,381,853)	-	(1,719,763)
<b>Total noncurrent assets</b>	<b>56,949</b>	<b>1,195,123</b>	<b>-</b>	<b>1,252,072</b>
<b>Total assets</b>	<b>138,445</b>	<b>1,532,638</b>	<b>244</b>	<b>1,671,327</b>
<b>Deferred Outflows of Resources</b>				
OPEB related deferred outflows	-	38,996	-	38,996
Pension related deferred outflows	4,889	68,925	-	73,814
<b>Total deferred outflows of resources</b>	<b>4,889</b>	<b>107,921</b>	<b>-</b>	<b>112,810</b>

**City of Marshalltown**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2020**

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	<u>Compost Facility</u>	<u>Bus Transit</u>	<u>Recreation Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 1,028	\$ 5,557	\$ 2,217	\$ 8,802
Accrued payroll and payroll benefits	1,949	14,605	953	17,507
Due to other governments	-	2,313	-	2,313
Due to other funds	-	-	19,975	19,975
Compensated absences	<u>834</u>	<u>7,420</u>	<u>-</u>	<u>8,254</u>
Total current liabilities	<u>3,811</u>	<u>29,895</u>	<u>23,145</u>	<u>56,851</u>
Noncurrent liabilities				
Compensated absences	3,092	26,229	-	29,321
Total OPEB liability	-	334,803	-	334,803
Net pension liability	<u>18,913</u>	<u>266,635</u>	<u>-</u>	<u>285,548</u>
Total noncurrent liabilities	<u>22,005</u>	<u>627,667</u>	<u>-</u>	<u>649,672</u>
Total liabilities	<u>25,816</u>	<u>657,562</u>	<u>23,145</u>	<u>706,523</u>
<b>Deferred Inflows of Resources</b>				
OPEB related deferred inflows	-	86,769	-	86,769
Pension related deferred inflows	<u>3,447</u>	<u>48,595</u>	<u>-</u>	<u>52,042</u>
Total deferred inflows of resources	<u>3,447</u>	<u>135,364</u>	<u>-</u>	<u>138,811</u>
<b>Net Position</b>				
Net investment in capital assets	56,949	1,195,123	-	1,252,072
Unrestricted	<u>57,122</u>	<u>(347,490)</u>	<u>(22,901)</u>	<u>(313,269)</u>
Total net position	<u><u>\$ 114,071</u></u>	<u><u>\$ 847,633</u></u>	<u><u>\$ (22,901)</u></u>	<u><u>\$ 938,803</u></u>

**City of Marshalltown**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Net Position**  
**Nonmajor Enterprise Funds**  
**Year Ended June 30, 2020**

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	<u>Compost Facility</u>	<u>Bus Transit</u>	<u>Recreation Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Operating Revenues</b>				
Charges for service	<u>\$ 71,202</u>	<u>\$ 76,149</u>	<u>\$ 23,199</u>	<u>\$ 170,550</u>
<b>Operating Expenses</b>				
Salaries and benefits	61,125	591,566	10,136	662,827
Services and supplies	155,832	198,127	14,521	368,480
Depreciation	<u>9,768</u>	<u>140,489</u>	<u>-</u>	<u>150,257</u>
Total operating expenses	<u>226,725</u>	<u>930,182</u>	<u>24,657</u>	<u>1,181,564</u>
Operating loss	<u>(155,523)</u>	<u>(854,033)</u>	<u>(1,458)</u>	<u>(1,011,014)</u>
<b>Nonoperating Revenues</b>				
Federal and state grants	523,973	592,448	-	1,116,421
Interest income	3,517	1,257	-	4,774
Gain on disposal of fixed assets	<u>-</u>	<u>450</u>	<u>-</u>	<u>450</u>
Net nonoperating revenues	<u>527,490</u>	<u>594,155</u>	<u>-</u>	<u>1,121,645</u>
Income (loss) before transfers	<u>371,967</u>	<u>(259,878)</u>	<u>(1,458)</u>	<u>110,631</u>
Transfers in	<u>-</u>	<u>320,530</u>	<u>-</u>	<u>320,530</u>
Change in Net Position	371,967	60,652	(1,458)	431,161
Net Position - Beginning	<u>(257,896)</u>	<u>786,981</u>	<u>(21,443)</u>	<u>507,642</u>
Net Position - Ending	<u>\$ 114,071</u>	<u>\$ 847,633</u>	<u>\$ (22,901)</u>	<u>\$ 938,803</u>

**City of Marshalltown**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**Year Ended June 30, 2020**

	Compost Facility	Bus Transit	Recreation Concessions	Total Nonmajor Enterprise Funds
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 70,747	\$ 81,146	\$ 23,199	\$ 175,092
Cash payments to suppliers for goods and services	(150,219)	(205,717)	(16,779)	(372,715)
Cash payments to employees for services	<u>(58,685)</u>	<u>(510,051)</u>	<u>(11,806)</u>	<u>(580,542)</u>
<b>Net Cash used for Operating Activities</b>	<u>(138,157)</u>	<u>(634,622)</u>	<u>(5,386)</u>	<u>(778,165)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from other funds	-	320,530	-	320,530
Grants received	479,876	443,282	-	923,158
Change in due to other funds	<u>(278,168)</u>	<u>-</u>	<u>5,386</u>	<u>(272,782)</u>
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>201,708</u>	<u>763,812</u>	<u>5,386</u>	<u>970,906</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from sale of capital assets	-	450	-	450
Acquisition and construction of capital assets	<u>(36,195)</u>	<u>-</u>	<u>-</u>	<u>(36,195)</u>
<b>Net Cash Provided Capital and Related Financing Activities</b>	<u>-</u>	<u>450</u>	<u>-</u>	<u>(35,745)</u>
<b>Cash Flows from Investing Activities</b>				
Interest received	3,517	1,257	-	4,774
<b>Net Increase in Cash and Cash Equivalents</b>	30,873	130,897	-	161,770
<b>Cash and Cash Equivalents, Beginning</b>	<u>-</u>	<u>37,701</u>	<u>-</u>	<u>37,701</u>
<b>Cash and Cash Equivalents, Ending</b>	<u><u>\$ 30,873</u></u>	<u><u>\$ 168,598</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 199,471</u></u>

**City of Marshalltown**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**Year Ended June 30, 2020**

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	<u>Compost Facility</u>	<u>Bus Transit</u>	<u>Recreation Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash used for Operating Activities</b>				
Operating income (loss)	<u>\$ (155,523)</u>	<u>\$ (854,033)</u>	<u>\$ (1,458)</u>	<u>\$ (1,011,014)</u>
Adjustments to reconcile operating income to net cash provided for operating activities				
Depreciation	9,768	140,489	-	150,257
Changes in assets, deferred outflows, liabilities, and deferred inflows				
Receivables	(455)	4,997	-	4,542
Inventories and prepaid items	4,627	549	(7)	5,169
Accounts payable	986	(5,934)	(2,251)	(7,199)
Accrued liabilities	(323)	6,302	(489)	5,490
Due to other governments	-	(2,205)	-	(2,205)
Total OPEB liability	-	(14,622)	-	(14,622)
Net pension liability	471	(21,017)	(1,481)	(22,027)
Deferred outflows	224	(3,006)	411	(2,371)
Deferred inflows	2,068	113,858	(111)	115,815
Total adjustments	<u>17,366</u>	<u>219,411</u>	<u>(3,928)</u>	<u>232,849</u>
Net Cash used for Operating Activities	<u>\$ (138,157)</u>	<u>\$ (634,622)</u>	<u>\$ (5,386)</u>	<u>\$ (778,165)</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, 2020**

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	<u>Group Insurance Benefits</u>	<u>Occupational Insurance Benefits</u>	<u>Workmen's Compensation Deductible</u>	<u>Total</u>
<b>Assets</b>				
<b>Current assets</b>				
<b>Cash and cash equivalents</b>	\$ 1,979,822	\$ 73,495	\$ 36,948	\$ 2,090,265
<b>Receivables</b>				
<b>Accounts</b>	<u>5,207</u>	<u>-</u>	<u>-</u>	<u>5,207</u>
<b>Total current assets</b>	<u>1,985,029</u>	<u>73,495</u>	<u>36,948</u>	<u>2,095,472</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
<b>Accounts payable</b>	489,020	4,196	-	493,216
<b>Deposits payable</b>	<u>173,447</u>	<u>-</u>	<u>-</u>	<u>173,447</u>
<b>Total current liabilities</b>	<u>662,467</u>	<u>4,196</u>	<u>-</u>	<u>666,663</u>
<b>Total net position - unrestricted</b>	<u><u>\$ 1,322,562</u></u>	<u><u>\$ 69,299</u></u>	<u><u>\$ 36,948</u></u>	<u><u>\$ 1,428,809</u></u>

**City of Marshalltown**  
**Combining Statement of Revenues, Expenses, and**  
**Changes in Fund Net Position**  
**Internal Service Funds**  
**Year Ended June 30, 2020**

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	Group Insurance Benefits	Occupational Insurance Benefits	Workmen's Compensation Deductible	Total
<b>Operating Revenues</b>				
Charges for service	\$ 2,402,791	\$ 134,641	\$ -	\$ 2,537,432
Miscellaneous	<u>735,796</u>	<u>-</u>	<u>35</u>	<u>735,831</u>
<b>Total operating revenues</b>	<b><u>3,138,587</u></b>	<b><u>134,641</u></b>	<b><u>35</u></b>	<b><u>3,273,263</u></b>
<b>Operating Expenses</b>				
Claims	2,959,442	128,294	-	3,087,736
Health insurance premiums	361,521	8,146	1,175	370,842
Miscellaneous	<u>210,611</u>	<u>-</u>	<u>15</u>	<u>210,626</u>
<b>Total operating expenses</b>	<b><u>3,531,574</u></b>	<b><u>136,440</u></b>	<b><u>1,190</u></b>	<b><u>3,669,204</u></b>
<b>Operating loss</b>	<b><u>(392,987)</u></b>	<b><u>(1,799)</u></b>	<b><u>(1,155)</u></b>	<b><u>(395,941)</u></b>
<b>Nonoperating Revenues</b>				
Interest income	<u>50,058</u>	<u>1,377</u>	<u>815</u>	<u>52,250</u>
<b>Change in Net Position</b>	<b><u>(342,929)</u></b>	<b><u>(422)</u></b>	<b><u>(340)</u></b>	<b><u>(343,691)</u></b>
<b>Net Position - Beginning</b>	<b><u>1,665,491</u></b>	<b><u>69,721</u></b>	<b><u>37,288</u></b>	<b><u>1,772,500</u></b>
<b>Net Position - Ending</b>	<b><u>\$ 1,322,562</u></b>	<b><u>\$ 69,299</u></b>	<b><u>\$ 36,948</u></b>	<b><u>\$ 1,428,809</u></b>

**City of Marshalltown**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended June 30, 2020**

	<u>Group Insurance Benefits</u>	<u>Occupational Insurance Benefits</u>	<u>Workmen's Compensation Deductible</u>	<u>Total</u>
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 2,453,104	\$ 134,641	\$ -	\$ 2,587,745
Cash payments to suppliers for goods and services	(3,568,456)	(135,360)	(1,190)	(3,705,006)
Other operating receipts	<u>735,796</u>	<u>-</u>	<u>35</u>	<u>735,831</u>
<b>Net Cash used for Operating Activities</b>	<u>(379,556)</u>	<u>(719)</u>	<u>(1,155)</u>	<u>(381,430)</u>
<b>Cash Flows from Investing Activities</b>				
Interest received	<u>50,058</u>	<u>1,377</u>	<u>815</u>	<u>52,250</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(329,498)</u>	<u>658</u>	<u>(340)</u>	<u>(329,180)</u>
<b>Cash and Cash Equivalents, Beginning</b>	<u>2,309,320</u>	<u>72,837</u>	<u>37,288</u>	<u>2,419,445</u>
<b>Cash and Cash Equivalents, Ending</b>	<u><b>\$ 1,979,822</b></u>	<u><b>\$ 73,495</b></u>	<u><b>\$ 36,948</b></u>	<u><b>\$ 2,090,265</b></u>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>				
Operating income	<u>\$ (392,987)</u>	<u>\$ (1,799)</u>	<u>\$ (1,155)</u>	<u>\$ (395,941)</u>
Changes in assets and liabilities				
Receivables	<u>42,890</u>	<u>-</u>	<u>-</u>	<u>42,890</u>
Accounts payable	<u>(36,882)</u>	<u>1,080</u>	<u>-</u>	<u>(35,802)</u>
Deposits payable	<u>7,423</u>	<u>-</u>	<u>-</u>	<u>7,423</u>
<b>Total</b>	<u><b>13,431</b></u>	<u><b>1,080</b></u>	<u><b>-</b></u>	<u><b>14,511</b></u>
<b>Net Cash used for Operating Activities</b>	<u><b>\$ (379,556)</b></u>	<u><b>\$ (719)</b></u>	<u><b>\$ (1,155)</b></u>	<u><b>\$ (381,430)</b></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, 2020**

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
<b>Payroll Fund</b>				
Assets				
Cash and cash equivalents	\$ -	\$ 46,925,733	\$ 46,925,733	\$ -
Prepaid items	<u>13,563</u>	<u>12,356</u>	<u>13,563</u>	<u>12,356</u>
Total assets	<u><u>\$ 13,563</u></u>	<u><u>\$ 46,938,089</u></u>	<u><u>\$ 46,939,296</u></u>	<u><u>\$ 12,356</u></u>
Liabilities				
Accrued payroll and benefits	\$ -	\$ 46,925,733	\$ 46,925,733	\$ -
Due to City	<u>13,563</u>	<u>12,356</u>	<u>13,563</u>	<u>12,356</u>
Total liabilities	<u><u>\$ 13,563</u></u>	<u><u>\$ 46,938,089</u></u>	<u><u>\$ 46,939,296</u></u>	<u><u>\$ 12,356</u></u>
<b>911 Comission</b>				
Assets				
Due from County	<u>\$ 72,699</u>	<u>\$ 1,028,283</u>	<u>\$ 1,054,448</u>	<u>\$ 46,534</u>
Liabilities				
Checks written in excess of deposit	<u>\$ 72,699</u>	<u>\$ 1,028,283</u>	<u>\$ 1,054,448</u>	<u>\$ 46,534</u>
<b>Sleuth User Group</b>				
Assets				
Cash and cash equivalents	<u>\$ 14,972</u>	<u>\$ -</u>	<u>\$ 14,972</u>	<u>\$ -</u>
Liabilities				
Due to Sleuth User Group	<u>\$ 14,972</u>	<u>\$ -</u>	<u>\$ 14,972</u>	<u>\$ -</u>
<b>Surety Bonds/Deposits</b>				
Assets				
Cash and cash equivalents	<u>\$ 2,833</u>	<u>\$ 3,503</u>	<u>\$ 2,833</u>	<u>\$ 3,503</u>
Liabilities				
Due to City	<u>\$ 2,833</u>	<u>\$ 3,503</u>	<u>\$ 2,833</u>	<u>\$ 3,503</u>

**City of Marshalltown**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
**Year Ended June 30, 2020**

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
<b>Other Assets</b>				
Cash and cash equivalents	\$ 5,713	\$ 4,041	\$ 9,754	\$ -
Due from City	- <hr/>	4,841 <hr/>	- <hr/>	4,841 <hr/>
Total assets	<u>\$ 5,713</u>	<u>\$ 8,882</u>	<u>\$ 9,754</u>	<u>\$ 4,841</u>
<b>Liabilities</b>				
Due to other governments	\$ 5,713	\$ 4,041	\$ 9,754	\$ -
Checks written in excess of deposit	- <hr/>	4,841 <hr/>	- <hr/>	4,841 <hr/>
Total liabilities	<u>\$ 5,713</u>	<u>\$ 8,882</u>	<u>\$ 9,754</u>	<u>\$ 4,841</u>
<b>All Agency Funds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 23,518	\$ 46,933,277	\$ 46,953,292	\$ 3,503
Prepaid items	13,563	12,356	13,563	12,356
Due from City	- <hr/>	4,841 <hr/>	- <hr/>	4,841 <hr/>
Due from County	<u>72,699</u>	<u>1,028,283</u>	<u>1,054,448</u>	<u>46,534</u>
Total assets	<u>\$ 109,780</u>	<u>\$ 47,978,757</u>	<u>\$ 48,021,303</u>	<u>\$ 67,234</u>
<b>Liabilities</b>				
Checks written in excess of deposit	\$ 72,699	\$ 1,033,124	\$ 1,054,448	\$ 51,375
Accrued payroll and benefits	- <hr/>	46,925,733 <hr/>	46,925,733 <hr/>	- <hr/>
Due to Sleuth User Group	14,972	- <hr/>	14,972 <hr/>	- <hr/>
Due to City	16,396	15,859	16,396	15,859
Due to other governments	<u>5,713</u>	<u>4,041</u>	<u>9,754</u>	<u>-</u>
Total liabilities	<u>\$ 109,780</u>	<u>\$ 47,978,757</u>	<u>\$ 48,021,303</u>	<u>\$ 67,234</u>

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Long-Term Debt  
June 30, 2020  
**City of Marshalltown**

**City of Marshalltown**  
**Schedule of Bond Maturities**  
**June 30, 2020**

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Issue	Year Ending June 30,	Interest Rates	Interest	Principal
<b>Governmental Activities</b>				
<b>General Obligation</b>				
2011B Essential corporate purpose, issued October 26, 2011				
	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
			<hr/> <u>133,328</u>	<hr/> <u>1,235,000</u>
2012A Essential corporate purpose, issued April 12, 2012				
	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
			<hr/> <u>272,813</u>	<hr/> <u>2,975,000</u>
2012B Crossover advance refunding, issued April 24, 2012				
	2021	1.65%	17,470	330,000
	2022	1.90%	12,025	320,000
	2023	2.05%	5,945	290,000
			<hr/> <u>35,440</u>	<hr/> <u>940,000</u>
2013A Essential corporate purpose, issued March 12, 2013				
	2021	1.63%	33,750	1,000,000
	2022	1.75%	<u>17,500</u>	<u>1,000,000</u>
			<hr/> <u>51,250</u>	<hr/> <u>2,000,000</u>

(Continued)

**City of Marshalltown**  
**Schedule of Bond Maturities**  
**June 30, 2020**

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Issue	Year Ending June 30,	Interest Rates	Interest	Principal
<b>Governmental Activities (continued)</b>				
<b>General Obligation (continued)</b>				
2014A Essential corporate purpose, issued December 16, 2014	2021 2022 2023	2.30% 2.40% 2.50%	\$ 20,700 13,800 6,000	\$ 300,000 325,000 240,000
			40,500	865,000
2015A Essential corporate purpose, issued November 24, 2015	2021 2022 2023 2024	2.35% 2.35% 2.35% 2.60%	30,525 22,888 14,663 5,850	325,000 350,000 375,000 225,000
			73,926	1,275,000
2016A General obligation corporate purpose, issued August 9, 2016	2021 2022 2023 2024 2025	2.00% 2.00% 2.00% 2.00% 2.00%	32,200 28,800 25,300 17,200 8,800	170,000 175,000 405,000 420,000 440,000
			112,300	1,610,000
2016B General obligation corporate purpose, issued December 1, 2016	2021 2022 2023 2024 2025 2026 2027 2028 2029	2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00% 2.00%	65,200 60,700 55,500 50,100 44,600 39,100 29,600 19,900 10,000	225,000 260,000 270,000 275,000 275,000 475,000 485,000 495,000 500,000
			374,700	3,260,000

(Continued)

**City of Marshalltown**  
**Schedule of Bond Maturities**  
**June 30, 2020**

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
<b>Governmental Activities (continued)</b>				
<b>General Obligation (continued)</b>				
2017A General obligation corporate purpose, issued October 10, 2017				
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	
		3,972,900	11,660,000	
2018A General obligation corporate purpose, issued December 3, 2018				
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	
		463,650	2,400,000	
2019 General Obligation corporate purpose issued December 12, 2019				
2021	2.00%	112,200	260,000	
2022	2.00%	107,000	370,000	
2023	2.00%	99,600	375,000	
2024	2.00%	92,100	685,000	
2025	2.00%	78,400	700,000	
2026	2.00%	64,400	725,000	
2027	2.00%	49,900	650,000	
2028	2.00%	36,900	650,000	
2029	2.00%	23,900	600,000	
2030	2.00%	11,900	595,000	
		676,300	5,610,000	

(Continued)

**City of Marshalltown**  
**Schedule of Bond Maturities**  
**June 30, 2020**

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Issue	Year Ending June 30,	Interest Rates	Interest	Principal
<b>Governmental Activities (continued)</b>				
<b>Notes Payable</b>				
IDPS fire truck loan note, issued July 5, 2016				
	2021	0.00%	\$ -	\$ 28,486
	2022	0.00%	\$ -	\$ 14,243
				<hr/> \$ -
				\$ 42,729
<b>General Obligation and Notes Payable</b>				
Total governmental activities				
	2021	828,438	3,353,486	
	2022	764,176	3,504,243	
	2023	693,340	3,165,000	
	2024	620,638	3,045,000	
	2025	547,950	2,915,000	
	2026	478,557	2,565,000	
	2027	417,458	2,525,000	
	2028	355,600	1,920,000	
	2029	309,450	1,910,000	
	2030	263,150	1,510,000	
	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	
		<hr/> \$ 6,207,107	<hr/> \$ 33,872,729	

**City of Marshalltown**  
**Schedule of Bond Maturities**  
**June 30, 2020**

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Issue	Year Ending June 30	Interest Rates	Interest	Principal
<b>Business-type Activities</b>				
<b>General Obligation</b>				
2016A General obligation corporate purpose, issued August 9, 2016				
2021	2.00%	\$ 41,500	\$ 165,000	
2022	2.00%	38,200	165,000	
2023	2.00%	34,900	145,000	
2024	2.00%	32,000	160,000	
2025	2.00%	28,800	165,000	
2026	2.00%	25,500	170,000	
2027	2.00%	22,100	175,000	
2028	2.00%	18,600	220,000	
2029	2.00%	14,200	230,000	
2030	2.00%	9,600	235,000	
2031	2.00%	4,900	245,000	
		<hr/> 270,300	<hr/> 2,075,000	
2019 General Obligation corporate purpose issued December 12, 2019				
2021	2.00%	56,200	435,000	
2022	2.00%	47,500	445,000	
2023	2.00%	38,600	465,000	
2024	2.00%	29,300	475,000	
2025	2.00%	19,800	495,000	
2026	2.00%	9,900	495,000	
		<hr/> 201,300	<hr/> 2,810,000	

(Continued)

**City of Marshalltown**  
**Schedule of Bond Maturities**  
**June 30, 2020**

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Issue	Year Ending June 30	Interest Rates	Interest	Principal
<b>Business-type Activities</b>				
<b>Capital Loan Notes</b>				
Alliant Loan, issued September 17, 2014				
	2021	0.00%	\$ 935	\$ 103,556
	2022	0.00%	28	17,388
			<hr/> 963	<hr/> 120,944
State Revolving Fund, Manhole and point repair, issued July 19, 2019				
	2021	1.75%	62,727	144,000
	2022	1.75%	67,120	147,000
	2023	1.75%	64,180	150,000
	2024	1.75%	61,180	153,000
	2025	1.75%	58,120	156,000
	2026	1.75%	55,000	159,000
	2027	1.75%	51,820	162,000
	2028	1.75%	48,580	165,000
	2029	1.75%	45,280	169,000
	2030	1.75%	41,900	172,000
	2031	1.75%	38,460	175,000
	2032	1.75%	34,960	179,000
	2033	1.75%	31,380	183,000
	2034	1.75%	27,720	186,000
	2035	1.75%	8,880	69,517
			<hr/> 697,307	<hr/> 2,369,517
<b>Revenue Bonds</b>				
Sewer Revenue Improvement, Issued June 18, 2013				
	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/> 198,572	<hr/> 2,179,000

(Continued)

**City of Marshalltown**  
**Schedule of Bond Maturities**  
**June 30, 2020**

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Issue	Year Ending June 30	Interest Rates	Interest	Principal
<b>Business-type Activities</b>				
<b>Revenue Bonds</b>				
2015 Series Sewer Revenue Improvement, Issued August 13, 2015				
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/>	<hr/>	
		651,813	4,237,000	
 Sewer Revenue Improvement and Refunding, refunding of series 2012 & 2014 Issued January 8, 2020				
2021	1.96%	89,670	500,000	
2022	1.96%	79,870	510,000	
2023	1.96%	69,874	520,000	
2024	1.96%	59,682	530,000	
2025	1.96%	49,294	545,000	
2026	1.96%	38,612	555,000	
2027	1.96%	27,734	565,000	
2028	1.96%	16,660	420,000	
2029	1.96%	8,428	430,000	
		<hr/>	<hr/>	
		439,824	4,575,000	
 <b>General Obligation, Notes Payable, and Revenue Bonds</b>				
Total business-type activities				
2021		409,232	1,975,556	
2022		375,522	1,927,388	
2023		334,577	1,939,000	
2024		293,011	1,993,000	
2025		250,288	2,053,000	
2026		206,290	2,088,000	
2027		161,515	1,629,000	
2028		125,846	1,548,000	
2029		93,194	1,293,000	
2030		64,304	883,000	
2031		43,360	420,000	
2032		34,960	179,000	
2033		31,380	183,000	
2034		27,720	186,000	
2035		8,880	69,517	
		<hr/>	<hr/>	
		\$ 2,460,079	\$ 18,366,461	

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Statistical Section (Unaudited)  
June 30, 2020

**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>
<b>Financial Trends</b>	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	110
<b>Revenue Capacity</b>	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	119
<b>Debt Capacity</b>	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	124
<b>Demographic and Economic Information</b>	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	129
<b>Operating Information</b>	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	131

**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)**

	<b>Fiscal Year</b>																				
	2020		2019		2018		2017		2016		2015		2014		2013		2012		2011		
<b>Governmental activities</b>																					
Net investment in capital assets	\$ 41,349,928	\$ 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											
Restricted	18,176,221	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											
Unrestricted	(23,253,296)	(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)											
<b>Total governmental activities net position</b>	<b>\$ 36,272,853</b>	<b>\$ 31,846,723</b>	<b>\$ 25,566,558</b>	<b>\$ 32,316,763</b>	<b>\$ 30,695,008</b>	<b>\$ 25,743,609</b>	<b>\$ 33,348,259</b>	<b>\$ 33,212,274</b>	<b>\$ 39,458,352</b>	<b>\$ 38,778,871</b>											
<b>Business-type activities</b>																					
Net investment in capital assets	\$ 41,855,980	\$ 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											
Restricted	157,266	139,016	177,299	180,225	181,757	130,261	80,048	64,281	49,296	946,902											
Unrestricted	17,953,621	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											
<b>Total business-type activities net position</b>	<b>\$ 59,966,867</b>	<b>\$ 56,392,205</b>	<b>\$ 51,842,206</b>	<b>\$ 49,726,077</b>	<b>\$ 48,542,102</b>	<b>\$ 46,002,401</b>	<b>\$ 45,089,629</b>	<b>\$ 43,539,261</b>	<b>\$ 40,320,142</b>	<b>\$ 38,213,930</b>											
<b>Primary Government</b>																					
Net investment in capital assets	\$ 83,205,908	\$ 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											
Restricted	18,333,487	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											
Unrestricted	(5,299,675)	(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											
<b>Total primary government net position</b>	<b>\$ 96,239,720</b>	<b>\$ 88,238,928</b>	<b>\$ 77,408,764</b>	<b>\$ 82,042,840</b>	<b>\$ 79,237,110</b>	<b>\$ 71,746,010</b>	<b>\$ 78,437,888</b>	<b>\$ 76,751,535</b>	<b>\$ 79,778,494</b>	<b>\$ 76,992,801</b>											

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

	<b>Fiscal Year</b>									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses</b>										
Governmental activities:										
Public safety	\$ 12,037,799	\$ 9,976,152	\$ 11,732,583	\$ 10,713,027	\$ 8,996,389	\$ 8,516,307	\$ 9,092,842	\$ 8,607,561	\$ 8,731,373	\$ 8,028,333
Public works	5,211,049	5,841,806	5,594,152	8,553,684	5,706,337	6,186,551	6,465,974	13,472,047	7,049,394	6,203,182
Health and social services	646,290	58,376	654,311	1,306,389	1,274,669	1,784,302	1,301,574	903,270	1,154,023	1,771,196
Culture and recreation	3,187,800	3,294,383	3,888,793	3,654,545	3,358,064	3,505,193	3,645,774	3,435,212	2,757,409	3,801,068
Community and economic development	3,003,969	2,749,981	2,288,991	2,433,608	1,449,883	1,370,533	3,051,319	2,249,158	2,417,304	2,346,822
General government	1,532,609	2,034,176	1,575,523	685,937	1,158,789	1,299,063	1,322,112	1,285,356	1,278,776	1,174,190
Interest on long term debt	938,277	806,440	764,344	429,296	429,891	425,967	627,060	628,314	563,965	578,629
Total governmental activities expenses	26,557,793	24,761,314	26,495,697	27,776,486	22,374,022	23,087,916	25,506,655	30,580,918	23,952,244	23,903,420
Business-type activities:										
Water pollution control	5,225,179	4,385,870	5,105,834	5,574,332	5,375,656	4,584,245	4,608,246	4,295,804	4,735,491	4,275,726
Storm sewer	1,141,277	998,362	958,434	970,912	68,181	698,627	786,788	669,666	611,543	558,572
Compost	226,725	533,956	70,920	88,171	79,479	42,054	39,846	51,440	40,048	37,961
Transit	930,182	818,510	837,136	837,259	771,818	767,054	827,333	794,179	732,113	702,544
Concessions	24,657	40,717	63,800	46,512	49,816	34,907	42,535	59,267	82,739	54,447
Total business-type activities expenses	7,548,020	6,777,415	7,036,124	7,517,186	6,959,950	6,126,887	6,304,748	5,870,356	6,201,934	5,629,250
Total primary government expenses	\$ 34,105,813	\$ 31,538,729	\$ 33,531,821	\$ 35,293,672	\$ 29,333,972	\$ 29,214,803	\$ 31,811,403	\$ 36,451,274	\$ 30,154,178	\$ 29,532,670

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Program Revenues</b>										
Governmental activities										
Charges for service:										
Public safety	\$ 538,637	\$ 1,025,001	\$ 409,649	\$ 518,463	\$ 264,966	\$ 150,181	\$ 254,952	\$ 198,296	\$ 173,007	\$ 223,311
Public works	586,097	869,553	443,091	231,554	970,315	1,529,047	658,590	766,244	477,553	428,841
Health and social services	15,259	4,377	7,065	4,250	37,053	52,534	68,187	38,891	79,159	48,134
Culture and recreation	1,185,031	3,205,738	463,866	449,955	468,455	449,155	426,653	454,318	473,715	490,057
Community and economic development	40,519	49,259	93,679	106,562	265,176	278,924	360,999	153,563	170,617	227,024
Other activities	217,877	595,691	117,524	248,336	123,855	171,846	112,992	123,157	269,371	155,558
Operating grants and contributions	7,204,542	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
Capital grants and contributions	1,386,180	250,571	1,026,153	1,768,179	519,172	170,084	701,920	326,833	492,676	304,891
Total governmental activities program revenues	<u>11,174,142</u>	<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>
Business-type activities										
Charges for service:										
Water pollution control	8,032,176	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
Storm sewer	1,346,034	1,400,019	1,407,673	1,129,155	948,214	776,483	709,946	310,689	310,584	301,235
Compost	71,202	57,440	67,077	75,803	73,336	74,687	60,223	57,417	59,316	45,860
Transit	76,149	70,385	78,047	57,749	93,352	110,342	124,956	134,387	104,394	117,259
Concessions	23,199	41,003	41,200	37,777	40,917	32,522	39,208	43,706	49,559	48,180
Operating grants and contributions	1,121,378	351,965	383,646	381,810	363,188	386,922	407,338	376,900	353,216	239,651
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
Total business-type activities program revenues	<u>10,670,138</u>	<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>
Total primary government program revenues	<u>\$ 21,844,280</u>	<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>

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

	<b>Fiscal Year</b>					
	2020	2019	2018	2017	2016	2015
<b>Net (Expense)/Revenue</b>						
Governmental activities	\$ (15,383,651)	\$ (12,457,127)	\$ (17,166,038)	\$ (17,061,207)	\$ (13,012,164)	\$ (13,824,937)
Business-type activities	3,122,118	3,902,290	3,008,384	2,143,170	2,064,617	1,814,039
Total primary government net expense	\$ (12,261,533)	\$ (8,554,837)	\$ (14,157,654)	\$ (14,918,037)	\$ (10,947,547)	\$ (12,010,898)
<b>General Revenues and Other Changes in Net Position</b>						
Governmental activities:						
Taxes	\$ 10,834,252	\$ 10,611,119	\$ 10,510,365	\$ 10,156,476	\$ 9,534,568	\$ 9,777,342
Property	6,711,465	6,013,835	4,823,392	5,347,532	6,983,922	5,755,121
Other						5,778,420
Unrestricted						5,132,322
State generated revenues	1,284,875	1,353,217	1,331,709	1,384,158	1,244,225	845,140
Investment earnings	655,282	678,426	456,079	113,371	90,717	53,042
Miscellaneous revenues	331,183	297,453	561,844	645,749	551,452	660,348
Transfers	(7,276)	(216,758)	(49,377)	1,035,676	(441,321)	(172,735)
Total governmental activities	\$ 19,809,781	\$ 18,737,292	\$ 17,634,012	\$ 18,682,962	\$ 17,963,563	\$ 16,918,258
Business-type activities:						
Investment earnings	442,318	430,951	213,581	76,481	33,763	26,891
Miscellaneous revenues	2,950	-	-	-	-	-
Transfers	7,276	216,758	49,377	(1,035,676)	441,321	172,735
Total business-type activities	\$ 452,544	\$ 647,709	\$ 262,958	\$ (959,195)	\$ 475,084	\$ 199,626
Total primary government	\$ 20,262,325	\$ 19,385,001	\$ 17,896,970	\$ 17,723,767	\$ 18,438,647	\$ 17,117,884
<b>Change in Net Position</b>						
Governmental activities	\$ 4,426,130	\$ 6,280,165	\$ 467,974	\$ 1,621,755	\$ 4,951,399	\$ 3,093,321
Business-type activities	3,574,662	4,549,999	3,271,342	1,183,975	2,539,701	2,013,665
Total primary government	\$ 8,000,792	\$ 10,830,164	\$ 3,739,316	\$ 2,805,730	\$ 7,491,100	\$ 5,106,986

Governmental activities  
Business-type activities  
Total primary government

\$ (14,223,838)  
1,201,904  
\$ (13,021,934)

\$ 9,853,096  
6,063,108  
(16,265,341)

\$ 9,210,796  
5,565,923  
(15,7811)

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

Function/Program	Program Revenues by Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Public safety	\$ 860,439	\$ 1,356,113	\$ 969,017	\$ 1,219,476	\$ 1,215,215	\$ 875,300	\$ 1,478,721	\$ 1,154,130	\$ 777,123	\$ 980,216
Public works	5,490,074	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
Health and social services	240,431	744,822	682,100	1,213,441	967,598	1,470,156	1,834,718	702,887	955,529	1,531,281
Culture and recreation	2,547,311	3,448,519	1,629,312	1,252,730	670,183	638,615	565,562	571,380	707,189	1,399,468
Community and economic development	1,441,649	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
General government	594,238	647,539	117,599	293,068	123,855	173,641	171,213	137,180	284,371	208,690
Total governmental activities	<u>\$ 11,174,142</u>	<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>
Business-type activities										
Water pollution control	\$ 8,033,891	\$ 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
Storm sewer	1,349,276	1,435,587	1,610,390	1,557,188	1,477,116	992,924	887,240	3,016,135	767,941	1,197,010
Compost	595,175	57,440	67,077	75,803	73,336	74,687	60,223	57,417	59,316	45,860
Transit	668,597	859,005	461,693	439,559	456,540	462,320	764,100	470,591	700,165	409,347
Concessions	23,199	41,003	41,200	37,777	40,917	32,522	39,208	43,706	49,559	48,180
Total business-type activities	<u>\$ 10,670,138</u>	<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>

# City of Marshalltown

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

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

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues</b>										
Taxes	\$ 17,752,767	\$ 16,829,256	\$ 15,826,177	\$ 16,039,312	\$ 17,018,694	\$ 16,030,409	\$ 16,251,920	\$ 15,617,908	\$ 16,392,387	\$ 15,191,296
Use of money and property	700,147	722,104	544,479	208,132	129,003	124,857	169,135	194,543	203,524	198,097
Licenses and permits	295,022	395,611	238,263	285,839	289,261	321,446	391,091	219,392	203,813	232,542
Intergovernmental	8,331,123	7,370,622	8,965,509	10,190,351	7,931,849	7,471,242	6,618,339	6,475,308	7,229,540	7,278,810
Charges for service	834,556	1,404,943	956,493	990,972	1,023,895	964,075	874,840	915,644	897,955	866,580
Special assessments	5,603	10,292	6,445	10,406	12,991	14,738	11,688	14,306	21,759	31,019
Miscellaneous	1,494,352	688,833	606,655	1,084,447	410,616	2,102,572	684,707	912,585	651,226	741,748
Total revenues	29,413,570	27,421,661	27,144,021	28,809,459	26,816,309	27,029,339	25,001,720	24,349,686	25,600,204	24,540,092
<b>Expenditures</b>										
Public safety	10,115,758	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
Public works	2,993,961	4,596,625	3,872,055	6,930,498	4,208,292	4,669,213	4,985,535	12,081,043	5,605,515	4,841,484
Health and social services	471,182	84,067	736,559	1,282,479	1,352,206	1,907,586	1,335,246	968,457	1,223,039	1,753,967
Culture and recreation	2,347,201	2,410,945	3,059,464	2,840,820	2,539,673	2,268,546	2,739,578	2,551,437	1,853,940	2,998,877
Community and economic development	3,108,078	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
General government	1,452,659	1,385,554	1,338,066	1,245,851	1,133,255	1,273,399	1,253,001	1,177,738	1,087,036	1,071,829
Capital outlay	6,825,047	11,432,855	9,628,133	4,477,017	2,554,674	1,439,787	2,944,911	3,118,982	2,572,134	1,601,447
Debt service	3,358,486	3,348,761	3,684,361	2,730,690	3,066,991	2,971,716	5,663,840	2,788,840	2,928,840	2,613,841
Principal	874,044	773,999	886,842	419,527	436,018	457,343	649,203	643,405	626,514	581,504
Interest and other fiscal charges										
Total expenditures	31,546,416	36,107,070	35,774,487	31,077,004	25,586,518	25,112,049	31,225,377	33,698,977	26,289,153	25,174,486
Excess (deficiency) of revenues over (under) expenditures	(2,132,846)	(8,685,409)	(8,630,466)	(2,267,545)	1,229,791	1,917,290	(6,223,657)	(9,349,291)	(688,949)	(634,394)
<b>Other Financing Sources (Uses)</b>										
Sale of governmental assets	-	-	-	-	-	-	4,000	35,298	166,128	2,152
Insurance Proceeds	1,032,556	4,192,646	-	6,957,430	2,000,000	2,225,000	67,463	-	10,460,000	1,520,000
Debt issued	5,610,000	2,433,566	12,720,000	-	-	-	-	-	53,462	-
Payment of refunded bonds	-	-	-	-	-	-	-	-	-	-
Premium and accrued interest on debt issued	81,652	-	226,555	136,991	94,422	58,295	-	117,359	-	-
Transfers in	10,415,126	9,996,948	12,200,051	9,692,037	8,003,404	8,268,840	8,195,955	7,813,126	7,182,963	7,085,563
Transfers out	(10,735,656)	(10,213,706)	(12,249,428)	(8,656,361)	(8,444,725)	(8,441,575)	(8,365,906)	(7,976,186)	(7,352,624)	(7,243,374)
Total other financing sources (uses)	6,409,454	6,409,454	12,897,178	8,130,097	1,653,101	2,110,560	(98,488)	5,589,597	10,509,929	1,364,341
Net change in fund balances	\$ 4,270,832	\$ (2,275,955)	\$ 4,266,712	\$ 5,862,552	\$ 2,882,892	\$ 4,027,850	\$ (6,322,145)	\$ (3,759,694)	\$ 9,820,980	\$ 729,947
Debt service as a percentage of noncapital expenditures	16.9%	16.9%	17.5%	11.8%	15.2%	14.5%	22.3%	11.2%	15.0%	13.6%

**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
2010-11	\$ 9,204,384	\$ 1,402,010	\$ 797,989	\$ 229,291	\$ 370,541	\$ 2,939,704	\$ 234,195	\$ 13,182	\$ 15,182	\$ 15,191,296	
2011-12	9,864,582	1,513,164	857,689	223,436	415,196	3,250,865	253,941	13,514	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	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	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	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	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	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	28,612	15,826,177	
2018-19	10,611,119	814,444	1,262,499	206,346	567,559	3,330,991	–	36,298	36,298	16,829,256	
2019-20	10,834,251	580,979	1,647,407	204,641	469,544	4,003,548	–	12,397	12,397	17,752,767	

**City of Marshalltown**  
**General Governmental Tax Revenues by Source**  
**Year Ended June 30, 2020**  
**(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	\$ 6,398,640	\$ -	\$ 973,713	\$ 204,641	\$ 469,544	\$ -	\$ 7,225	\$ 8,053,763
Tax Increment	-	580,979	-	-	-	-	-	580,979
Financing	-	-	-	-	-	-	-	-
Local Option	-	-	-	-	-	-	-	-
Sales Tax	3,243,128	-	494,353	-	-	4,003,548	-	4,003,548
Property tax	718,307	-	107,061	-	-	-	3,782	3,741,263
Debt Service	<u>474,176</u>	<u>-</u>	<u>72,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>829</u>	<u>826,197</u>
Capital Projects							<u>561</u>	<u>547,017</u>
<b>Total</b>	<b><u>\$ 10,834,251</u></b>	<b><u>\$ 580,979</u></b>	<b><u>\$ 1,647,407</u></b>	<b><u>\$ 204,641</u></b>	<b><u>\$ 469,544</u></b>	<b><u>\$ 4,003,548</u></b>	<b><u>\$ 12,397</u></b>	<b><u>\$ 17,752,767</u></b>

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

Levy Year	Fiscal Year	Residential Property		Commercial Property		Industrial Property		Total Regular Realty		TIF		Agland Realty		Total Taxable Assessed Value		Total Direct Tax		Estimated Actual Gross Value		Taxable Assessed Value as a Percentage of Actual Gross Value	
		Levy Year	Fiscal Year	Residential Property	Commercial Property	Industrial Property	Total Regular Realty	TIF	Agland Realty	Total Taxable Assessed Value	Tax Rate	Total Direct Tax	Estimated Actual Gross Value	Taxable Assessed Value	Value as a Percentage of Actual Gross Value						
2009	2010-11	\$ 397,183,541	\$ 216,744,087	\$ 57,440,303	\$ 671,367,931	\$ 39,224,720	\$ 4,089,857	\$ 714,682,508	13,93650	\$ 1,280,682,454	55.805%										
2010	2011-12	417,071,906	212,845,232	59,866,238	689,783,376	41,694,319	4,377,890	735,855,585	14,51331	1,310,087,232	56.168%										
2011	2012-13	431,280,150	221,772,457	61,505,293	714,557,900	31,552,130	4,605,496	750,715,526	14,28339	1,312,105,030	57.215%										
2012	2013-14	449,211,004	219,544,651	64,114,746	732,870,401	44,270,422	4,695,878	781,856,701	14,18432	1,333,053,884	58.650%										
2013	2014-15	434,833,408	202,005,765	58,618,711	695,457,884	37,409,137	4,496,113	737,363,134	14,76356	1,281,885,530	57.522%										
2014	2015-16	448,390,423	183,199,944	57,943,159	689,533,526	40,194,757	4,601,327	734,329,610	14,76257	1,322,550,079	55.524%										
2015	2016-17	477,738,442	184,047,569	60,250,209	722,036,220	14,353,482	4,665,045	741,054,747	15,28158	1,356,883,195	54.614%										
2016	2017-18	462,642,384	213,234,801	70,301,288	746,178,473	5,394,151	4,680,367	756,252,991	15,28158	1,445,382,350	52.322%										
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%										
2018	2019-20	493,017,822	219,841,198	65,351,198	778,210,218	17,723,868	4,771,279	800,705,365	15,38434	1,644,866,326	48.679%										

Fiscal Year	Gas & Electric	Tax Exempt Property		Multi-Residential		Agricultural		Commercial		Railroad	
		Residential	Property	Residential	Property	Agricultural	Commercial	Commercial	Railroad		
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		55,73330		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	
2019-20	375,124,239	170,951,592		55,07430		71,25000		81,48320		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
2009	2010-11	7.73661	17.84133	13.93650	0.266635	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
2018	2019-20	6.01018	18.33190	15.38434	0.21338	0.88410	0.14882	0.00290	40.97562

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, 2018		Percentage of Total City		Jan 1, 2009		Percentage of Total City	
	Taxable Assessed Value Payable 19-		Taxable Assessed Value		Taxable Assessed Value Payable 10-		Taxable Assessed Value	
	20	Rank	11	Rank	10	Rank	10	Rank
IES Utilities(Interstate Power)	\$ 93,857,210	1	10.5%	\$ 56,985,365	1	7.8%		
Emerson Process Mgt/Fisher Controls	19,269,765	2	2.2%	14,422,964	4	2.0%		
UnityPoint Health Marshalltown	12,403,944	3	1.4%					
Menard, Inc	11,809,143	4	1.3%					
Swift & Company	10,004,184	5	1.1%	9,565,564	7	1.3%		
Swift, Pork Company	9,665,024	6	1.1%					
Walmart, Real Estate Business	9,393,606	7	1.0%	11,041,130	5	1.5%		
Lennox Industries Inc	8,631,806	8	1.0%	14,684,500	3	2.0%		
ITC Midwest LLC	5,769,508	9	0.6%					
Abilit Holdings, Glenwood Place LLC	4,707,944	10	0.5%					
MMSC, Ventures Inc				19,339,017	2	2.7%		
Marshalltown Town Center Partners				10,250,343	6	1.4%		
Members 1st Credit Union				5,080,390	8	0.7%		
Gethmann Investments Co				4,388,037	9	0.6%		
FHS Marshalltown LP				4,309,740	10	0.6%		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 185,512,134		20.7%	\$ 150,067,050				20.6%

## City of Marshalltown

### Sales Tax

### Last Ten Years

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Calendar Year	Taxable Retail Sales
2010	\$ 326,686,187
2011	327,832,928
2012	348,039,169
2013	346,378,427
2014	328,920,980
2015	331,780,905
2016	352,326,540
2017	360,825,713
2018	361,952,957
2019	375,183,985

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)	99.93% \$			
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%	
2019-20	2018	12,004,303	11,392,194	94.90%	4,538	11,396,732	94.94%	

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

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

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

Source: General Purpose Financial Statements

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

Fiscal Year	Governmental Activities			Business-type Activities			Sewer Revenue			Percentage of Personal Income		
	General Obligation Bonds	Notes Payable	Bonds	General Obligation Bonds	Revenue Bonds	Note Payable	Capital Loan	Total Primary Government	Personal Income	Personal Income	Population	Per Capita
2011	\$ 16,324,658	\$ 55,363	\$ 6,053,230	\$ 775,000	\$ 3,062,701	\$ 26,270,952	\$ 22,204	1,183	27,552	954		
2012	23,918,462	41,523	5,746,348	4,595,000	-	34,301,333	22,204	1,545	27,552	1,245		
2013	26,852,789	27,683	5,404,466	7,822,000	-	40,106,938	21,924	1,829	27,683	1,449		
2014	21,185,242	81,304	4,720,834	12,727,000	-	38,714,380	21,880	1,769	27,844	1,390		
2015	20,512,103	44,588	4,705,702	11,710,000	619,452	37,591,845	22,512	1,670	27,727	1,356		
2016	19,519,042	32,597	4,343,820	16,308,000	522,266	40,725,725	22,403	1,818	27,727	1,469		
2017	23,718,996	149,337	6,593,854	14,911,000	423,838	45,797,025	22,535	2,032	27,328	1,676		
2018	32,961,820	109,976	6,061,806	13,473,000	324,152	52,930,754	23,059	2,295	27,280	1,940		
2019	32,022,168	71,215	5,504,758	12,009,000	223,193	49,830,334	23,042	2,163	27,068	1,841		
2020	34,315,035	42,729	4,950,649	10,991,000	2,490,461	52,789,874	24,060	2,194	26,666	1,980		

Source: Census Quick Facts

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

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Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Estimated Actual	
	General Obligation Bonds	Taxable Value of Property	Per Capita	
2011	\$ 22,377,888	1.36%	\$ 594.34	
2012	29,664,810	1.80%	916.91	
2013	32,257,255	1.95%	965.13	
2014	25,906,076	1.57%	941.54	
2015	25,217,805	1.53%	933.45	
2016	23,862,862	1.45%	880.65	
2017	30,312,850	1.84%	1,113.93	
2018	39,023,626	2.36%	1,446.40	
2019	37,526,926	2.27%	1,397.27	
2020	39,265,684	2.38%	1,544.22	

**City of Marshalltown**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2020**

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Name of Governmental Unit	Debt Outstanding	Percentage Applicable to Marshalltown	City of Marshalltown Share of Debt
Iowa Valley Schools	\$ 11,845,000	52.74%	\$ 6,247,053
Marshalltown Community School District	7,750,000	89.37%	6,926,175
Marshall County	<u>71,984</u>	48.49%	<u>34,905</u>
 City of Marshalltown	 <u>19,666,984</u>	 100.00%	 <u>13,208,133</u>
	<u>34,357,764</u>		<u>34,357,764</u>
	 <u>\$ 54,024,748</u>		 <u>\$ 47,565,897</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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Gross assessed valuations:</b>										
Regular realty	1,198,094,512	\$ 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
Utility	435,377,442	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
Incremental	17,723,868	24,559,106	5,394,151	14,353,482	40,194,757	37,409,137	44,270,422	31,552,130	41,694,319	39,224,720
<b>Total actual valuations applicable to debt</b>	<b>1,651,195,822</b>	<b>1,575,947,498</b>	<b>1,452,830,148</b>	<b>1,364,512,112</b>	<b>1,565,123,297</b>	<b>1,484,657,847</b>	<b>1,333,053,884</b>	<b>1,312,105,030</b>	<b>1,310,087,232</b>	<b>1,280,682,454</b>
Debt limit - 5% of total actual valuations applicable to debt	82,559,791	78,797,375	72,641,507	68,225,606	78,306,165	74,232,392	66,652,694	65,605,252	65,504,362	64,034,123
<b>Amount of debt applicable to limitation:</b>										
General obligation bonds and notes	38,757,729	37,086,215	38,914,128	30,508,175	24,204,863	25,734,040	26,216,304	32,284,938	29,706,333	22,475,363
Urban Renewal Rebate agreements	3,527,122	3,727,567	3,907,856	4,023,000	1,690,000	-	-	-	-	-
<b>Total debt applicable to limitation</b>	<b>42,284,851</b>	<b>40,813,782</b>	<b>42,821,984</b>	<b>34,531,175</b>	<b>25,894,863</b>	<b>25,734,040</b>	<b>26,216,304</b>	<b>32,284,938</b>	<b>29,706,333</b>	<b>22,475,363</b>
<b>Less:</b>										
<b>Funds available from:</b>										
Debt service	146,008	154,543	111,879	237,889	107,604	2,722,301	2,517,292	3,079,346	3,082,247	-
Special revenue	507,304	534,114	501,381	943,301	-	-	-	-	474,917	417,812
<b>Total debt applicable to debt margin</b>	<b>41,631,539</b>	<b>40,125,125</b>	<b>42,175,991</b>	<b>33,349,985</b>	<b>25,787,259</b>	<b>23,011,739</b>	<b>23,699,012</b>	<b>29,205,592</b>	<b>26,149,169</b>	<b>22,057,551</b>
<b>Legal debt margin</b>	<b>\$ 40,928,252</b>	<b>\$ 38,672,250</b>	<b>\$ 30,465,516</b>	<b>\$ 34,875,621</b>	<b>\$ 52,518,906</b>	<b>\$ 51,221,153</b>	<b>\$ 42,953,682</b>	<b>\$ 36,399,660</b>	<b>\$ 39,355,193</b>	<b>\$ 41,976,572</b>

**City of Marshalltown**  
**Pledged – Revenue Coverage**  
**Last Ten Fiscal Years**

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**Water Pollution Control**

Year	Gross			Available For			Debt Service Requirements		
	Revenue		Expenses (1)	Debt Service	Principal	Interest & other debt expense	Total	Coverage	
	\$								
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		
2019-20	8,406,006	3,105,396	5,300,610	1,102,000	311,559	1,401,631	3.78		

(1) Total operating expenses, less depreciation.

Sources: City Financial Records and Water Works Financial Records

**City of Marshalltown**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

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Calendar Year	Median Age (Zip 50158)	School Enrollment		Unemployment Percent (4)
		Public (2)	Private (3)	
2011	38.0	5,317	208	7.0%
2012	38.0	5,322	227	6.7%
2013	38.0	5,308	228	6.2%
2014	37.3	5,085	218	5.9%
2015	35.3	5,385	216	5.0%
2016	35.3	5,322	221	4.0%
2017	36.1	5,435	215	3.7%
2018	36.6	5,458	227	4.0%
2019	35.9	5,173	269	2.8%
2020	37.8	5,420	232	6.3%

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**

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Employer	Industry	2020- Employees	2011- Employees
(JBS) Swift & Company	Pork processors	2,400	2,400
Emerson Process Mgt/Fisher Controls	Valves and regulators manufacturer	1,100	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	800	800
Unity Point Health	Hospital	400	700
HyVee Food Stores *	Grocery store	350	340
Wal-Mart*	Retail	300	325
Marshalltown Community College	Education	245	245
McFarland Clinic PC	Medical clinic	185	223
City of Marshalltown*	Municipal government	192	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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Safety	91.77	90.71	93.25	90.26	98.28	97.32	99.1	99.00	99.00	88.00
Public Works	20.63	19.35	20.72	20.46	20.61	21.14	21.02	21.00	21.00	20.00
Health and Social Services	1.88	0.39	1.94	4.13	8.38	9.44	8.49	8.00	8.00	6.50
Culture and Recreation	30.27	28.62	28.55	26.81	26.39	27.28	27.6	29.00	29.00	28.00
Community and Economic Development	2.75	3.81	3.39	2.26	2.6	3.29	4.21	4.00	3.00	5.50
General Government	16.04	15.93	15.62	15.93	15.57	17.67	17.91	18.00	17.00	18.00
Business-Type	33.14	29.14	29.9	29.01	32.57	32.25	32.89	34.00	35.00	34.00
Capital Projects	-	-	-	-	-	-	-	-	1.00	1.00
<b>Total</b>	<b>196.48</b>	<b>187.95</b>	<b>193.37</b>	<b>188.86</b>	<b>204.40</b>	<b>208.39</b>	<b>211.22</b>	<b>213.00</b>	<b>213.00</b>	<b>201.00</b>

Sources: City Department information.

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

Function/Program	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
Building Permits:										
New Construction:										
Number of permits	79	205	47	28	29	46	42	36	58	37
Value of permits	14,423,000	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
Remodeling, repairs and additions:										
Number of permits	92	158	55	120	102	80	72	71	101	95
Value of permits	22,783,000	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
Police										
Physical arrests	1,899	2,955	2,392	2,320	2,216	3,114	3,438	3,000		2,254
Violations:										
Parking	3,890	2,850	4,832	2,775	3,005	5,420	5,835	4,248	5,629	10,269
Traffic	1,683	2,654	2,662	1,801	1,255	1,889	1,803	2,500	2,939	3,290
Drunk driving	120	110	140	131	100	122	164	112	110	120
Narcotics	331	393	438	396	358	577	449	308	398	369
Fire										
Emergency responses	2,705	2,749	2,573	2,653	2,527	2,530	2,321	2,218	689	1,885
Fires extinguished	86	83	166	156	131	127	112	169	54	71
Inspections	261	223	343	555	519	223	471	541	353	376
Parks and recreation										
Adult team sports										
Leagues	4	4	4	6	6	8	12	8	10	8
Participation	4280	7,782	8,165	9,327	9,656	8,492	5,670	8,705	8,611	6,762
Youth activities										
Programs	8	18	23	30	27	32	33	32	28	31
Participation	861	1,980	2,955	3,256	3,224	3,249	3,502	3,569	3,587	4,246
Library										
Volumes in collection	209,589	127,867	194,703	144,143	143,783	100,376	101,034	101,194	133,971	129,219
Total volumes borrowed	199,014	245,730	281,205	250,941	287,092	274,787	290,606	292,964	300,784	310,849
Sewage system										
Per million										
Daily average treatment in gallons	4,296	5.64	3.08	3.95	4.73	4.26	4.75	6.4	6.4	6.4
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	9450	9,286	9,877	10,159	9,481	9,785	9,383	9,409	9,405	9,447
* Computer software was counting sewer credit meters										
Sewer rates in effect										
Base charge per month	\$23.75	\$23.75	\$22.67	\$20.25	\$17.57	\$15.60	\$14.31	\$12.12	\$10.27	\$10.27
Flow charge per 100 cubic feet	\$3.08	\$3.08	\$2.94	\$2.63	\$2.27	\$2.11	\$2.03	\$1.89	\$1.76	\$1.76
Transit										
Total route miles	124,793	122,545	142,667	131,829	134,737	110,394	133,405	132,475	131,749	135,711
# of passengers	76,490	76,132	100,178	90,353	101,805	111,542	104,513	113,728	112,318	130,974
General Elections - November of each year										
Registered voters	22,911	22,911	23,072	24,920	16,231	25,549	15,796	15,196	16,659	17,494
Number of votes cast	2,743	2,743	2,437	18,175	3,492	13,844	N/A	11,836	1,063	8,643
Percentage of registered voters voting	11.97%	11.97%	10.56%	72.93%	21.51%	54.19%	N/A	77.89%	6.38%	49.41%

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police										
# of stations	1	1	1	1	1	1	1	1	1	1
# of employees	68	70	70	62	57	55	55	63	59	61
Non-dispatch	52	54	57	49	45	42	43	50	47	48
Dispatch	16	14	13	13	12	13	12	13	12	13
Fire										
# of stations	1	1	1	1	1	1	1	1	1	1
# of employees	28	29	27	29	28	28	27	30	29	29
Parks and recreation										
Park areas										
# parks	23	25	25	21	21	26	26	26	26	26
# acres	315.61	357	357	210	210	328	328	325	325	325
Athletics										
# Baseball/softball fields	5	3	3	5	5	6	6	10	6	6
# Soccer/football fields	4	8	8	0	0	6	6	4	6	6
# Tennis courts	2	1	1	5	5	12	12	13	12	
# Basketball Courts	6	5	5	4	4					
Other										
# playgrounds	20	19	19	20	20	21	21	20	17	17
Miles of bike trails	14.26	12.5	12.5	7	7	9.6	9.6	8	8	8
# Swimming pools	1	1	1	1	1	1	1	1	1	1
# Park Shelters	29	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	60.9	60.48	60.48	59.7	59.31	59.31	59.04	58.8
Sanitary	150.7	150.7	150.7	148.85	148.85	146.6	146.5	146.5	146.5	146.5
Transit										
# of buses	9	9	8	7	8	10	8	9	9	10
Education - Public and private										
Number of elementary schools	6	6	8	7	6	6	8	9	9	9
Number of elementary school instructors	185	188	205	262	283	299	305	243	237	248
Number of secondary schools	4	4	4	2	3	3	3	2	2	2
Number of secondary school instructors	226	224	204	150	280	250	238	143	146	150
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	49	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**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Sewer Rental	\$ 7,963,422	\$ 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
Interest Income	373,830	336,086	160,716	62,404	30,154	24,526	36,356	32,361	37,704	53,312
Grants	1,715	-	-	-	-	-	39,669	39,669	1,582,043	849,787
Miscellaneous	68,754	76,527	118,298	119,147	221,791	190,654	218,797	218,797	275,547	128,066
Total revenues	<u>8,407,721</u>	<u>8,622,756</u>	<u>8,017,913</u>	<u>7,552,524</u>	<u>6,593,505</u>	<u>6,091,170</u>	<u>5,906,341</u>	<u>5,151,326</u>	<u>6,557,228</u>	<u>5,184,069</u>
Expenses:										
Costs of Service	3,105,396	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
Depreciation	1,701,557	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
Debt Service	2,014,216	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
Total expenses	<u>6,821,169</u>	<u>6,335,059</u>	<u>7,014,829</u>	<u>7,439,754</u>	<u>7,197,265</u>	<u>5,464,697</u>	<u>5,517,218</u>	<u>5,113,804</u>	<u>6,210,491</u>	<u>4,859,493</u>
Net income (loss)	<u>\$ 1,586,552</u>	<u>\$ 2,287,697</u>	<u>\$ 1,003,084</u>	<u>\$ 112,770</u>	<u>\$ (603,760)</u>	<u>\$ 626,473</u>	<u>\$ 389,123</u>	<u>\$ 37,522</u>	<u>\$ 346,737</u>	<u>\$ 324,576</u>
Water Pollution Control Historic Coverage										
Last Ten Fiscal Years										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net Income (Loss)	\$ 1,586,552	\$ 2,287,697	\$ 1,003,084	\$ 112,770	\$ (603,760)	\$ 626,473	\$ 389,123	\$ 37,522	\$ 346,737	\$ 324,576
Add depreciation	1,701,557	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
Add debt retirement	2,014,216	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
Net income available for debt service	<u>\$ 5,302,325</u>	<u>\$ 6,331,879</u>	<u>\$ 5,052,208</u>	<u>\$ 4,009,365</u>	<u>\$ 3,375,857</u>	<u>\$ 3,412,763</u>	<u>\$ 2,911,539</u>	<u>\$ 2,351,020</u>	<u>\$ 3,332,095</u>	<u>\$ 2,238,224</u>
Historic debt service	\$ 2,014,216	\$ 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
Historic coverage	2,63	2,61	2,08	1,65	1,35	2,32	2,32	2,08	1,79	2,87
Projected max future debt	\$ 2,384,787	\$ 2,430,980	\$ 2,430,980	\$ 2,430,980	\$ 1,343,085	\$ 1,343,085	\$ 1,085,594	\$ 1,085,594	\$ 1,211,115	
Projected coverage	2,22	2,60	2,08	1,65	1,39	2,16	2,17	2,17	3,07	1,85

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

Year	Residential	Multi-Family	Commercial	Industrial	Total	Incr (Decr)
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
2020	8,832	391	959	48	10,230	52

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

City of Marshalltown  
Water Pollution Control  
Present Net Position  
As of June 30, 2020

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Sewer Revenue Operating and Maintenance Accounts	\$ 451,407
Sewer Revenue Sinking Reserve Fund Account	157,266
Additional Capital Replacement Fund Account	1,186,206
Undesignated	<u>14,563,414</u>
 Total Water Pollution Control Net Position	 <u>\$ 16,358,293</u>

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

	2020			2019		
	Avg Gallons Per Month	Monthly Bill	2020 Ranking	Avg Gallons Per Month	Monthly Bill	2019 Ranking
JBS Swift & Company	73,130,331	230,683	1	72,115,033	\$ 238,651	1
IA Veterans Home	1,668,788	6,895	2	1,667,666	6,891	2
Unity Point Health	899,283	3,727	3	1,073,692	4,445	3
Emerson Processing/Fisher Controls	822,177	3,409	4	849,229	3,521	4
Marshalltown Community School District	645,399	2,681	5	656,495	2,727	5
Sunset Village Mobile Home Park	624,642	2,596	6	609,246	2,532	6
Packaging Corporation	601,517	2,501	7	465,318	1,940	8
Rainbow Carwash I & III	469,993	1,959	8	423,430	1,767	9
Central Iowa Truckwash LLC	467,126	1,947	9	541,677	2,254	7
BW Marshalltown Venture LLC	386,467	1,615	10	321,017	1,346	10

Source: City Financial Records and Marshalltown Water Works

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Compliance Section

June 30, 2020

**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 discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Marshalltown, Iowa, (City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 11, 2020. Our report includes a reference to other auditors who audited the financial statement of the Marshalltown Waterworks, 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.

**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) as a basis for designing 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying schedule of findings and questioned costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dubuque, Iowa  
December 11, 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, 2020. 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 types of 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, 2020.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of 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  
December 11, 2020

**City of Marshalltown**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

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		\$ 225,000	\$ -
Department of Housing and Urban Development				
Pass-through program from				
Iowa Department of Economic Development				
Community Development Block Grants/ States Program and Non-Entitlement				
Grants in Hawaii	14.228	19-OT-005	9,534	-
Direct program				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871		1,024,775	-
COVID-19 - Section 8 Housing Choice				
Vouchers	14.871		8,166	-
			1,032,941	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		225,206	-
Total Department of Housing and Urban Development			1,267,681	-
Department of Justice				
Direct program				
COVID-19 - Coronavirus Emergency				
Supplemental Funding Program	16.034		15,995	-
Pass-through program from				
Iowa Department of Justice				
Violence Against Women Formula Grants	16.588	VW-19-06-CJ	41,221	-
Direct program				
Bulletproof Vest Partnership Program	16.607		4,748	-
Pass-through program from				
Iowa Department of Justice				
Public Safety Partnership and Community				
Policing Grants	16.710	18-CAMP-08	4,315	-
Marshall County				
Edward Byrne Memorial Justice				
Assistance Grant Program	16.738	17-JAG-301037	28,500	-
Direct program				
Edward Byrne Memorial Justice				
Assistance Grant Program	16.738		18,918	18,918
			47,418	18,918
Total Department of Justice			113,697	18,918

(continued)

**City of Marshalltown**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed-Through to Subrecipients
<b>Department of Transportation</b>				
Direct program:				
Airport Improvement Program	20.106		\$ 49,765	\$ -
Airport Improvement Program	20.106		61,784	-
			<u>111,549</u>	<u>-</u>
Pass-through program from				
Iowa Department of Transportation				
Formula Grants for Rural Areas and				
Tribal Transit Program	20.509	IA-19-X030	245,427	-
COVID-19 - Formula Grants for Rural Areas	20.509	2020-010-00-FY2020	149,124	-
and Tribal Transit Program			<u>394,551</u>	<u>-</u>
Highway Safety Cluster				
State and Community Highway Safety	20.600	PAP 20-402 MOAL, Task 06-00-00	3,018	-
State and Community Highway Safety	20.600	PAP 19-402 MOAL, Task11-00-00	2,966	-
Cluster total			<u>5,984</u>	<u>-</u>
Total Department of Transportation			<u>512,084</u>	<u>-</u>
<b>Department of Homeland Security</b>				
Pass-through program from				
Iowa Department of Homeland Security				
Disaster Grants - Public Assistance				
(Presidentially Declared Disasters)	97.036	DR-4392-IA	<u>1,868,660</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 3,987,122</u>	<u>\$ 18,918</u>

City of Marshalltown  
Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

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**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, 2020. 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, 2020**

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

**Financial Statements**

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

**Federal Awards**

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

Identification of major program:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
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, 2020

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**Part II: Findings Related to the Financial Statements:**

There were no findings to report.

**Part III: Findings and Questioned Costs for Federal Awards:**

There were no findings and questioned costs to report.

**Part IV: Other Findings Related to Required Statutory Reporting:**

- 2020-IA-A Certified Budget** – Disbursements during the year ended June 30, 2020 did not exceed the amount budgeted.
- 2020-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.
- 2020-IA-C Travel Expense** - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- 2020-IA-D Business Transactions** - No business transactions between the City and City officials or employees were noted.
- 2020-IA-E Restricted Donor Activity** - No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2020-IA-F 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.
- 2020-IA-G Council Minutes** - No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2020-IA-H 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.
- 2020-IA-I Revenue Bonds** – No instances of noncompliance with provisions of the City's revenue bond resolutions were noted.
- 2020-IA-J 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.

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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](http://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 FORM 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 (the "Issuer"), in Marshall County, Iowa, passed preliminary to the issue by the Issuer of its General Obligation Corporate Purpose Bonds, Series 2021 (the "Bonds") in the amount of \$9,130,000, in the denomination of 5,000 each, or any integral multiple thereof, dated December 14, 2021, in evidence of the Issuer's obligation under a certain loan agreement (the "Loan Agreement"), dated as of December 14, 2021. The Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually on June 1 and December 1 in each year, commencing December 1, 2022, at the respective rates as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>
2023	\$600,000	____%	2029	\$775,000	____%
2024	\$695,000	____%	2030	\$795,000	____%
2025	\$710,000	____%	2031	\$810,000	____%
2026	\$725,000	____%	2032	\$825,000	____%
2027	\$740,000	____%	2033	\$840,000	____%
2028	\$755,000	____%	2034	\$860,000	____%

Principal of the Bonds maturing in the years 2030 through 2034, inclusive, is subject to optional redemption prior to maturity on June 1, 2029, or on any date thereafter on terms of par plus 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 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**

**\*This form of bond counsel opinion is subject to change pending the results of the sale of the Bonds contemplated herein.**

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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 \$9,130,000 General Obligation Corporate Purpose Bonds, Series 2021 (the “Bonds”), dated December 14, 2021. The Bonds are being issued pursuant to resolution of the Issuer approved on November 22, 2021 (the “Resolution”). 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 Resolution, 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 2020-2021 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 Resolution.

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 Resolution, 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: December 14, 2021

CITY OF MARSHALLTOWN, IOWA

By \_\_\_\_\_  
Mayor

Attest:

By \_\_\_\_\_  
City Clerk