

CITY OF MARSHALLTOWN, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2012

**Prepared by:
City Finance Department**

CITY OF MARSHALLTOWN, IOWA

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INTRODUCTORY SECTION



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Randy Wetmore, City Administrator
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February 21, 2013

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, 2012, 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 unqualified ("clean") opinion on the City's financial statements for the year ended June 30, 2012. 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 with Requirements that Could Have a Direct and Material Effect on Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133, 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, 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 State of America.

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

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

Local Economy

The 2010 census showed Marshalltown's population increasing 5.9% from 26,009 to 27,552. Unemployment in the City was at 5.7% which is below the national rate of 7.5%, but higher than the Iowa rate of 4.6% as of October 2012.

The City is experiencing new growth. The numbers of building permits went up for new construction from 37 permits with a value of \$1,967,000 for fiscal year ending June 30, 2011 to 58 permits with a value of \$10,523,000 for the current fiscal year.

Building renovations have begun within the downtown area's largest building. Common Bond Communities of Minneapolis purchased the Tallcorn Towers building and will be investing nearly \$10 million of private and public funds. This building is a landmark in the downtown area and is 85 years old. It was originally built as a hotel and converted into apartments several years ago. The renovation will convert the current 64 efficiencies and one-bedroom apartments to 49 one and two-bedroom apartments for low-income families. The renovation will adhere to the historic guidelines of the State of Iowa historical preservation office.

The Local Option Sales Tax (LOST) which began April 1, 2000 was voted and approved for another 10 year extension which will end in 2025. The allocation remained the same with 75% being designated for property tax relief, 20% for street projects and 5% allocated for council discretion. For fiscal year ending June 30, 2012 the City collected approximately \$3.2 million.

Major Initiatives

IES Utilities (Alliant Energy), the City's largest taxpayer, is pursuing the construction of a \$650 to \$750 million 600-megawatt natural gas-fired plant. This would replace a large portion of the current coal-fired generating station, with 150 watts to remain for peak generation. The plant would be capable of producing enough energy to power more than 500,000 Iowa and Minnesota homes. The project is currently awaiting approval by state regulators. If the project goes forward, it is expected to create 15 to 20 permanent jobs and 250-350 jobs, on average, during construction. Construction is expected to take two years and will require approximately 1.2 million labor hours.

The City's local hospital is celebrating their 100th anniversary in 2014. In conjunction with this landmark date, the hospital is reviewing the potential options to either expand and modernize their current facility or build in another location. Estimated cost is between \$45 and \$70 million.

The Marshalltown School District committed to the renovation and addition of the Marshalltown High School Roundhouse. The project has been broken into two phases with phase one having an estimated cost of \$9.1 million and phase two \$3.7 million. Phase one would include the renovation of the current gym, updating bleachers, locker room additions, weight room, new roof and other features. This phase will be paid by the school district, with some financing. The second phase would include an auxiliary gym and wrestling room. The district will look to the Community to raise funds for this phase.

Projects in the downtown area are continuing to progress with the renovation of another four-story downtown building. Cohen-Esrey Affordable Partners, a developer from Kansas will be developing one of downtown's historic buildings into 28 senior housing units for those 55 and over. A \$1 million HOPE VI Main Street Grant to revitalize the three story building was awarded to the City. The total investment within this project will be approximately \$5.3 million.

A committee was formed several years ago and came up with 7 big ideas to "Target on Beautification". The committee looked at specific area for improvements around the community. One area that is coming to life and being beautified is "the revitalization of 13th Street area to serve as a proud community gateway to our Iowa Veterans Home". A concept plan was developed by RDG Associates in 2008. Local business people have purchased property and begun revitalizing buildings in the area. The City acquired properties for storm sewer infrastructure improvements, new sanitary sewer lines were installed in the area, mill and overlay of the street were done as well as a new plaza for parking. Private funds were acquired for some of the beautification aspects including decorative street lights. Future plans include acquiring funds for amphitheater, additions for parking and a water feature.

Inter-governmental Cooperation

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

A group of community leaders, Chamber of Commerce, MEDIC (Marshall Economic Development Impact Committee) and government officials continue to make an annual visit to Washington DC to explore available programs and funding assistance. The County Board of Supervisors meets with the City Council on a quarterly basis to continue management's involvement in intergovernmental cooperation and efficiencies.

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, which will continue into next year. During the next fiscal year, an additional five million dollars of bonds have been sold to continue to improve the city's streets. The City annually adopts a five-year Capital Improvement Program that provides a framework for the development and maintenance of infrastructure to meet current and future needs. In conjunction with this program, the City of Marshalltown includes a five year equipment replacement plan.

The City Council has committed to looking at costs associated with the building of a new fire station, police station or combined public safety building. A feasibility study will be done to see which option works the best for the City. If approved general obligation bonds would be issued.

Risk Management

The city is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; worker's compensation; and health care of its employees. The city has participated in the Iowa Cities Assurance Pool since 2005 to insure itself from such losses. This is an intergovernmental organization created to secure affordable insurance to municipalities and counties with similar risk exposures. The City covers its worker's compensation coverage with the Iowa Worker's Compensation Association. Strategic planning of worker's compensation cases including medical case management, a safety committee, supervisory/employee relations, transitional work and litigation management have been incorporated into the City's risk management program. More details on the City's risk management can be found in the Notes to the Financial Statements found later in this report.

The City's self-funded health insurance also promotes safety and wellness through preventative incentives, publications and various activities. Third party coverage insures a stop loss limit of \$85,000 minimizing catastrophic exposure to losses. The Group Health Advisory Committee, made up of City employees and support staff, was formed to examine the City's self-administered insurance program. The committee continues to implement and monitor changes to the coverage of the group.

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 2011. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

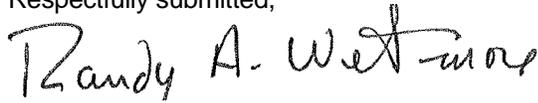
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In June of 2012 Marshalltown was selected as an All America City by the National Civic League. Marshalltown was one of 13 communities selected for the prestigious award. The City is working closely with local non-profits, the business community as well the school district to have the children of the community reading at grade level by the end of 3rd grade. This is a national issue and one that Marshalltown is on the forefront to help solve. In three years the 13 cities that received the award will return to a conference to explain what programs worked and what programs did not. This is just one of the many positive initiatives that are in progress throughout the community.

In May 2012, the City was evaluated by ISO (Insurance Services Organization) who evaluates cities for their capabilities of fire protection. The class that they award is what most homeowners and businesses insurance is based on. The lower your number the lower your insurance premiums will be. A new rating was assigned for Marshalltown and its residents. The Fire Department's rating moved from a class 4 to a class 3 rating. A rating of 3 is the highest rating any fire department in Iowa has been awarded.

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,



Randy Wetmore
City Manager



Lori Stansberry, CPA
Finance Director

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morinell

President

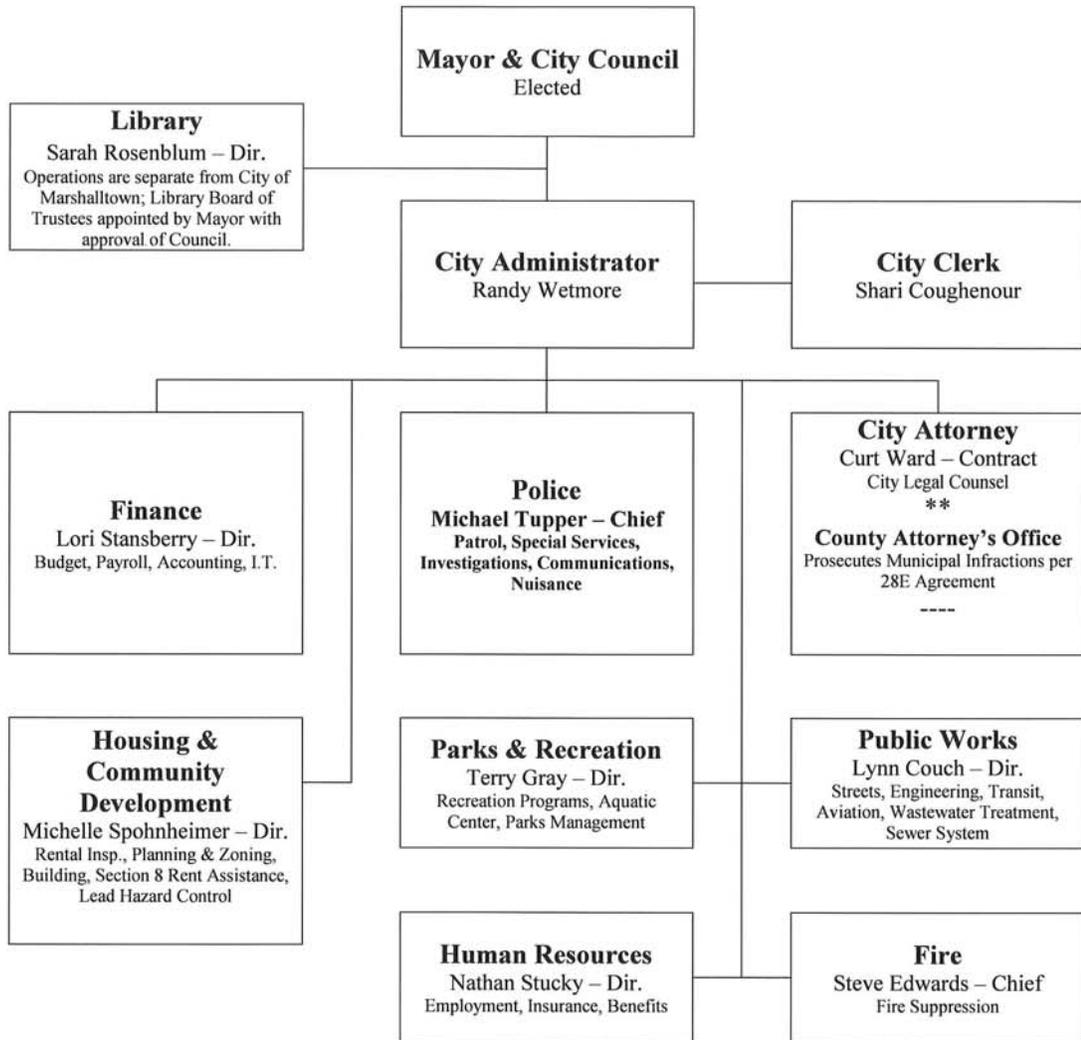
Jeffrey R. Emer

Executive Director



Organization Chart

June 30, 2012



CITY OF MARSHALLTOWN, IOWA
OFFICIALS
JUNE 30, 2012

Name	Title	Term Expires
Elected officials:		
Gene Beach	Mayor	December 31, 2013
Bethany Wirin	Mayor Pro-Tem, Council At Large	December 31, 2013
Robert Wenner	Council Member At Large	December 31, 2013
Leon Lamer	Council Member At Large	December 31, 2015
Robert Schubert	Council Member First Ward	December 31, 2013
Joel Greer	Council Member Second Ward	December 31, 2015
Marla Grabenbauer	Council Member Third Ward	December 31, 2013
Al Hoop	Council Member Fourth Ward	December 31, 2015
Council-appointed officials:		
Randy Wetmore	City Administrator	Contract Expires June 28, 2013
City Administrator appointment with Council Approval:		
Shari Coughenour	City Clerk	Indefinite
Lori Stansberry	Finance Director	Indefinite
Steve Edwards	Fire Chief	Indefinite
Michelle Spohnheimer	Housing & Community Dev. Director	Indefinite
Terry Gray	Parks and Recreation Director	Indefinite
Michael Tupper	Police Chief	Indefinite
Lynn Couch	Public Works Director	Indefinite
Nathan Stucky	Human Resources Director	Indefinite

FINANCIAL SECTION



Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshalltown, Iowa, (City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Marshalltown. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Marshalltown Water Works or the Marshalltown Convention and Visitors Bureau, which represents 100 percent of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Marshalltown Water Works and the Marshalltown Convention and Visitors Bureau, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Marshalltown Convention and Visitors Bureau were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshalltown, Iowa, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2013, 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, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Eide Bailly LLP

Dubuque, Iowa
February 21, 2013

Management's Discussion & Analysis (MD&A)

The following is a narrative overview and analysis of the financial activities of the City of Marshalltown for the fiscal year ended June 30, 2012. 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 1-5 of this report. Additional historical information can be found in the Statistical Section of this report supporting some of the analysis presented in this discussion and the transmittal letter.

Financial Highlights of Primary Government

- Assets of the City of Marshalltown exceeded its liabilities at the close of the most recent fiscal year by \$79,778,494 (net assets) as compared to \$76,992,801 in the prior year.
- The City's total net assets increased by \$2,785,693. This increase is attributable primarily to an increase in tax collections from property and local option sales tax, and utility excise tax.
- As of the close of the current fiscal year, the City of Marshalltown's governmental funds reported combined ending fund balances of \$20,971,357 an increase of \$9,820,980 in comparison with the prior year.
- \$2,459,160 in unassigned fund balance is available for spending at the City's discretion. Prior year unassigned fund balance was 2,332,428.
- The City's total debt had a net increase of \$7,976,000 during the current fiscal year. This change reflects the retirement of existing bonds and the issuance of \$7,380,000 in new general obligation debt, and \$4,985,00 in sewer revenue debt.

Overview of the Financial Statements

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

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

The statement of net assets presents information on all of the City of Marshalltown's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Marshalltown that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Marshalltown include public safety, public works (roads, utilities and traffic controls), health and social services, parks and recreation, library, economic development and general government. The business-type activities of the City of Marshalltown include compost, concessions, storm sewer, water pollution control and transportation activities.

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Marshalltown, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Marshalltown can be divided into three categories: governmental, proprietary and fiduciary.

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

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

The City of Marshalltown maintains 14 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances. Major funds include General, Road Use Tax, Debt Service, HUD Programs and other capital project and special revenue 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. Because this service predominantly benefits governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the supplementary information section.

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets 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 \$79,778,494 at the close of the most recent fiscal year.

By far, the largest portion of the City of Marshalltown's net assets \$63,779,970 reflect its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less depreciation and any related debt. The City of Marshalltown uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Marshalltown's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF MARSHALLTOWN NET ASSETS

June 30, 2012

Governmental Activities

		<u>FY 2011-12</u>		<u>FY 2010-11</u>	<u>Increase (decrease)</u>
Current and other assets	\$	37,260,305	\$	28,147,055	\$ 9,113,250
Capital assets		43,170,870		43,202,193	(31,323)
Total Assets		<u>80,431,175</u>		<u>71,349,248</u>	9,081,927
Current and other liabilities		13,616,381		13,644,391	(28,010)
Noncurrent liabilities		27,356,442		18,925,986	8,430,456
Total Liabilities		<u>40,972,823</u>		<u>32,570,377</u>	8,402,446
Net assets:					
Invested in capital assets, net of related debt		28,325,116		27,720,521	604,595
Restricted		11,863,770		8,246,658	3,617,112
Unrestricted		(730,534)		2,811,692	(3,542,226)
Total Net assets	\$	<u><u>39,458,352</u></u>	\$	<u><u>38,778,871</u></u>	\$ 679,481

Business-type Activities

	<u>FY 2011-12</u>	<u>FY 2010-11</u>	<u>Increase (decrease)</u>
Current and other assets	\$ 8,712,367	\$ 13,049,590	\$ (4,337,223)
Capital assets	43,606,582	37,510,223	6,096,359
Total Assets	<u>52,318,949</u>	<u>50,559,813</u>	1,759,136
Current and other liabilities	1,165,487	2,097,656	(932,169)
Noncurrent liabilities	10,833,320	10,248,227	585,093
Total Liabilities	<u>11,998,807</u>	<u>12,345,883</u>	(347,076)
Net assets:			
Invested in capital assets, net of related debt	35,454,854	31,937,474	3,517,380
Restricted	49,296	946,902	(897,606)
Unrestricted	4,815,992	5,329,554	(513,562)
Total Net assets	<u>\$ 40,320,142</u>	<u>\$ 38,213,930</u>	<u>\$ 2,106,212</u>

Total Net Assets

	<u>FY 2011-12</u>	<u>FY 2010-11</u>	<u>Increase (decrease)</u>
Current and other assets	\$ 45,972,672	\$ 41,196,645	4,776,027
Capital assets	86,777,452	80,712,416	6,065,036
Total Assets	<u>132,750,124</u>	<u>121,909,061</u>	10,841,063
Current and other liabilities	14,781,868	15,742,047	(960,179)
Noncurrent liabilities	38,189,762	29,174,213	9,015,549
Total Liabilities	<u>52,971,630</u>	<u>44,916,260</u>	8,055,370
Net assets:			
Invested in capital assets, net of related debt	63,779,970	59,657,995	4,121,975
Restricted	11,913,066	9,193,560	2,719,506
Unrestricted	4,085,458	8,141,246	(4,055,788)
Total Net assets	<u>\$ 79,778,494</u>	<u>\$ 76,992,801</u>	<u>\$ 2,785,693</u>

A portion of the City of Marshalltown's activities net assets \$11,913,066 represents resources that are subject to external restrictions. Prior year comparison shows \$9,193,560, an increase of \$2,719,506. The remaining balance of unrestricted net assets \$4,085,458 may be used to meet the government's ongoing obligations to citizens and creditors. This is a decrease in available net assets over 2010-2011 by \$4,055,788.

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

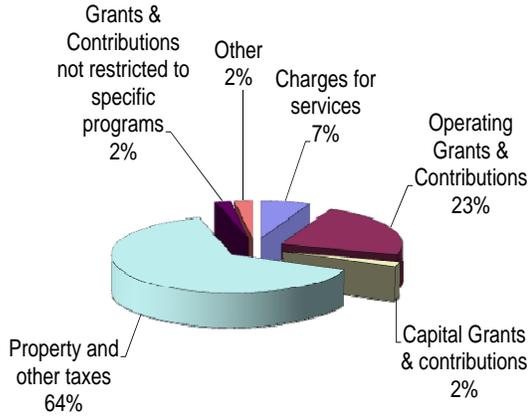
City of Marshalltown Changes in Net Assets

	Governmental Activities		
	<u>FY 2011-12</u>	<u>FY 2010-11</u>	<u>Increase (decrease)</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 1,643,422	\$ 1,573,025	\$ 70,397
Operating grants and contributions	5,656,234	7,801,666	(2,145,432)
Capital grants and contributions	492,676	304,891	187,785
General Revenues			
Property and other taxes	15,916,204	14,776,719	1,139,485
Grants & contributions not restricted to specific programs	490,581	305,694	184,887
Other	602,269	602,801	(532)
Total Revenues	<u>24,801,386</u>	<u>25,364,796</u>	<u>(563,410)</u>
Expenses:			
Public safety	8,731,373	8,028,333	703,040
Public works	7,049,394	6,203,182	846,212
Health & social services	1,154,023	1,771,196	(617,173)
Culture and recreation	2,757,409	3,801,068	(1,043,659)
Community & economic development	2,417,304	2,346,822	70,482
General government	1,278,776	1,174,190	104,586
Interest on long term debt	563,965	578,629	(14,664)
Total expenses	<u>23,952,244</u>	<u>23,903,420</u>	<u>48,824</u>
Increase (decrease) in net assets before transfers	849,142	1,461,376	(612,234)
Transfers	<u>(169,661)</u>	<u>(157,811)</u>	<u>(11,850)</u>
Increase (decrease) in net assets	679,481	1,303,565	(624,084)
Net Assets - beginning of year	<u>38,778,871</u>	<u>37,475,306</u>	<u>1,303,565</u>
Net assets - end of year	<u>\$ 39,458,352</u>	<u>\$ 38,778,871</u>	<u>\$ 679,481</u>

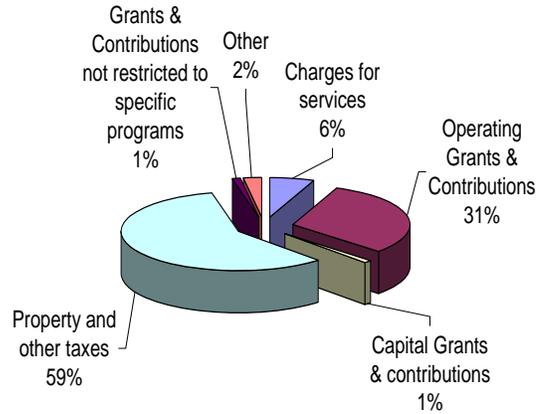
Operating grants and contributions decreased by \$2,145,432 and health and social services expense decreased by \$617,173 due to the City completing the lead hazard control for low income homeowners. Property and other taxes increased during the year, due to an increase in the property tax levy and additional local option sales tax collections.

Governmental Revenues as a Percent - Two Year Comparison

2011-2012



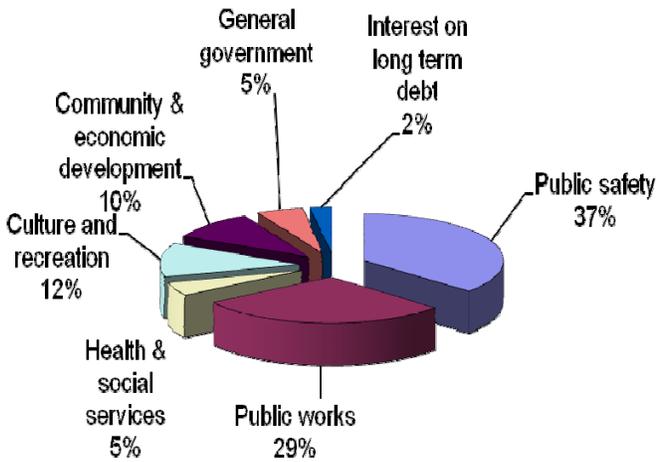
2010-2011



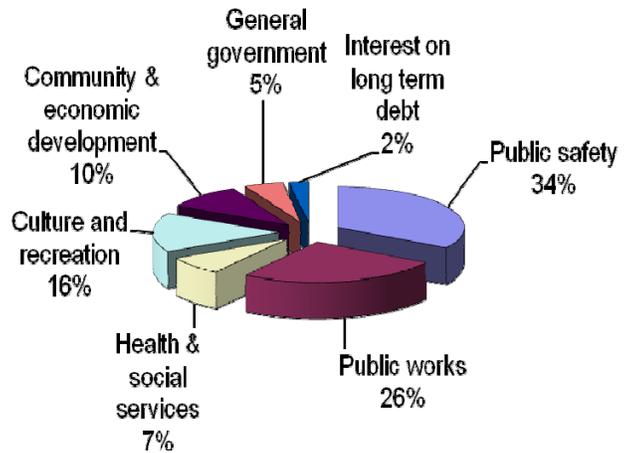
Public works expenses increased \$846,212 due to Council putting road construction and repairs as a priority of the City. Bonds were sold in the current year and this will be a multi year project.

Governmental Expenses as a Percent - Two Year Comparison

2011-2012



2010-2011



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, unreserved fund balance may serve as useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Marshalltown's governmental funds reported a combined ending fund balance of \$20,971,357, an increase of \$9,820,980 in comparison with the prior year. Of this total amount \$2,459,160 is unassigned fund balance, which is available to meet the future financial needs of the City. \$17,781,757 is restricted, \$250,000 is committed and \$480,440 is nonspendable.

The General fund is the chief operating fund of the City of Marshalltown. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,783,055, \$517,008 has been restricted and \$250,000 committed. The remaining \$258,309 is nonspendable.

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 \$1,452,421 is a increase of 772,178 compared to the prior year. This increase is due to a majority of the current year street projects being funded through bond proceeds.

The Lead Abatement program was sustained due to the award of another three-year Lead-Based Paint Hazard Control grant. This grant was awarded as part of the American Recovery and Reinvestment Act (ARRA). The program was extended into multiple counties due to the high incidents of lead poisoning in young children. The City administers the grant in collaboration with many health and welfare agencies and the local hospital. For the current fiscal year, the City expended \$755,724 under this program

The renewal of the Local Option Sales Tax (LOST) referendum insures property tax relief (75%), storm sewer and other capital improvements (20%), and any project designated by the Council (5%) until 2025. Property tax relief dollars are transferred to other funds with the remaining funds going towards capital projects. The council has designated their 5% to go towards street repairs over the next two to three fiscal years. The entire balance is restricted for these two purposes. The decrease in the balance this year \$58,262 was due to increase in spending for street repairs.

The Tax Increment Financing (TIF) fund does not qualify as a major fund this year, but has been included in order to give the reader consistency for this very important revenue source. Numerous projects are focusing on City private partnerships for the removal of blighted housing and economic growth. During the last fiscal year the community and economic development expenses have increased due to rebating a local manufacturing fund their portion of taxes paid on their improvements.

A increase of \$3,094,434 in the Debt Service fund reflects the refunding of bonds issued.

Changes in the Public Works and Other Projects capital project fund is due to the selling of \$7,380,000 in general obligation bonds for overall street repairs throughout the City.

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

The ending net assets for the proprietary funds were \$40,320,142, a net asset increase of \$2,106,212.

Budgetary Highlights

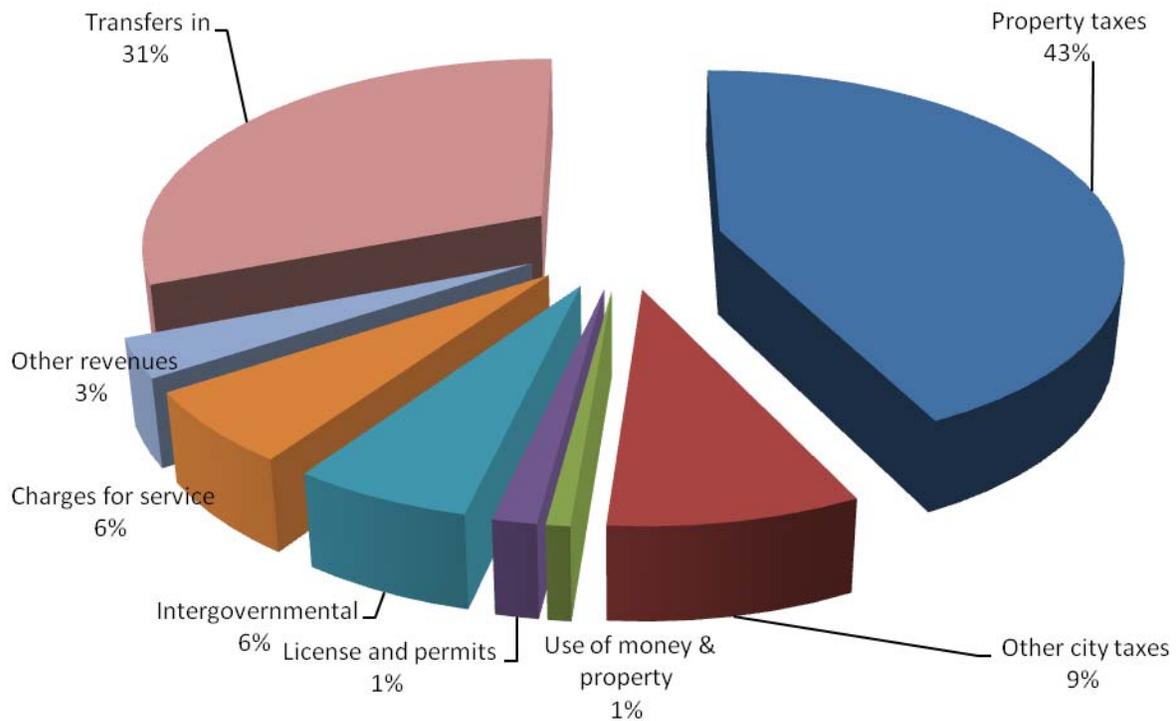
General Fund

Revenues and transfers in for the general fund operations, on the GAAP basis, were less than revenues estimates by \$799,182 and departmental expenditures and transfers out on the GAAP basis were \$32,149 less than revenues.

The following schedule presents a summary of General Fund revenues and transfers in on the GAAP basis for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases

Revenues	FY 2011-12	Percentage of Total	FY 2010-11	Percentage of Total	Change	Percentage of Change
Property taxes	\$ 5,823,981	42.76%	\$ 5,670,426	43.82%	\$ 153,555	22.66%
Other city taxes	1,160,036	8.52%	1,106,466	8.55%	53,570	7.91%
Use of money & property	110,026	0.81%	108,677	0.84%	1,609	0.24%
License and permits	203,813	1.50%	232,542	1.80%	(28,729)	(4.24%)
Intergovernmental	826,676	6.07%	604,318	4.67%	222,428	32.83%
Charges for service	832,879	6.12%	808,925	6.25%	23,954	3.54%
Other revenues	446,553	3.28%	360,066	2.78%	86,487	12.76%
Transfers in	4,214,946	30.95%	4,050,210	31.30%	164,736	24.31%
Total	13,619,240	100.00%	12,941,630	100.00%	677,610	100.00%

2012 General Fund Revenues and Transfers



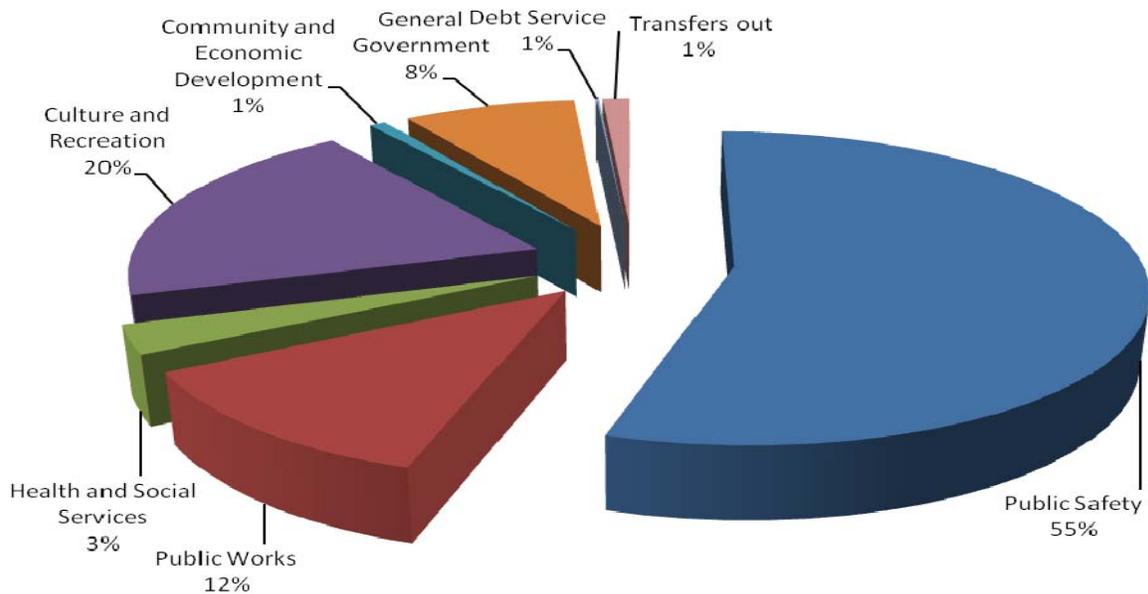
Current and prior year's property taxes continue to represent the largest revenue source, with \$5.8 million or 43% of all general fund revenues. The increase in property tax revenues from 2011 of \$153,555 is due to a very modest increase in the taxable value of real estate. The next largest revenue is Transfers In. All general fund employee benefits are reflected in the operating fund even though a transfer is required from the special revenue fund, which collects the tax. The increase in transfers reflects the increase in benefits such as retirement and group health insurance and retirement payouts to health savings account.

In the General Fund, the largest increase was in the intergovernmental category which represents a decrease in federal/state grants and local government contributions

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

Expenditures	FY 2011-12	Percentage of Total	FY 2010-11	Percentage of Total	Change	Percentage of Change
Public Safety	\$ 7,467,014	54.96%	\$ 6,896,049	53.10%	\$ 570,965	95.06%
Public Works	1,656,092	12.19%	1,582,989	12.19%	73,103	12.17%
Health and Social Services	410,087	3.02%	407,812	3.14%	2,275	.38%
Culture and Recreation	2,689,182	19.79%	2,709,936	20.87%	(20,754)	(3.46%)
Community and Economic Development	100,852	0.74%	106,579	0.82%	(5,727)	(.95%)
General Government	1,080,363	7.95%	1,085,965	8.36%	(5,602)	(.93%)
Debt Service	13,840	0.10%	13,841	0.11%	(1)	0.0%
Transfers out	169,661	1.25%	183,290	1.41%	(16,629)	(2.27%)
Total	13,587,091	100.0%	12,986,461	100.00%	600,630	100.0%

2012 General Fund Expenditures and Transfers Out



Even though negotiated wages increased an average of approximately 2%, which was part of multiyear union contracts; overall the general fund expenditures increased approximately \$600,000 from the prior year. Departments worked throughout the year to maintain their operating costs, postponing training and minor equipment purchases. Current cash flow projections and the management's stability of the City's general fund balance provide continued assurance that the City will not need to enter the short-term debt market to pay for current expenditures now or in the foreseeable future.

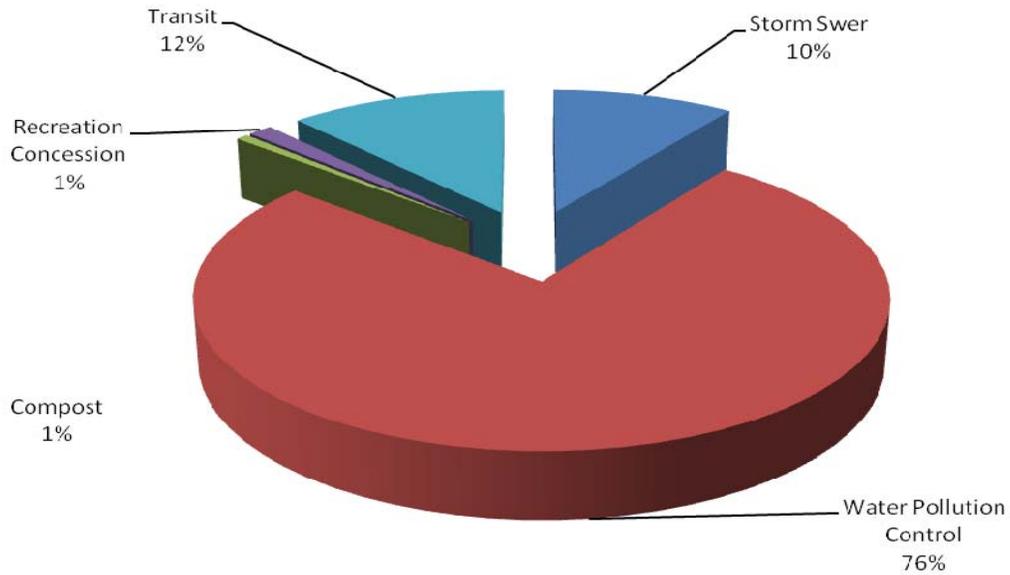
Enterprise Operations

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

Operating revenues for the City's combined enterprise operations increased by \$1,261,822. This increase is primarily due to capital grant for sanitary and storm sewer projects. Transit capital grants increased due to a bus purchase. Total operating expenses for the combined enterprise operations increased by \$572,684. This was due to ongoing capital related projects at water pollution control.

Revenues	FY 2011-12	Percentage of Total	FY 2010-11	Percentage of Total	Change	Percentage of Total
Operating Revenues						
Charges for service	\$ 5,461,334	65.73%	\$ 4,793,504	68.0%	\$ 667,830	52.9%
Operating Grants and Contributions	353,216	4.25%	239,651	3.4%	113,565	9.0%
Capital Grants and contributions	2,281,955	27.47%	1,797,999	25.5%	483,956	38.4%
General Revenues						
Other	41,980	.5%	57,359	0.8%	(15,379)	(1.2%)
Transfers	169,661	2.0%	157,811	2.2%	11,850	.9%
Total Revenues and Transfers	\$ 8,308,146	100.0%	\$ 7,046,324	100.0%	1,261,822	100.0%
Business type Expenses						
Storm Sewer	611,543	9.9%	558,572	9.9%	52,971	9.2%
Water Pollution Control	4,735,491	76.4%	4,275,726	76.0%	459,765	80.3%
Compost	40,048	0.6%	37,961	0.7%	2,087	0.4%
Recreation						
Concession	82,739	1.3%	54,447	1.0%	28,292	4.9%
Transit	732,113	11.8%	702,544	12.5%	29,569	5.2%
Total Expenditures and Transfers	\$ 6,201,934	100.0%	5,629,250	100.0%	572,684	100.0%

Enterprise Expenses 2012



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, 2012 amount to \$143,006,062. 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 \$9,583,572

City of Marshalltown's 2012 Capital Assets

	Governmental Activities		Increase (decrease)
	FY 2011-12	FY 2010-11	
Land and Improvements	6,296,196	6,119,194	177,002
Buildings and Structures	17,645,221	17,680,447	(35,226)
Equipment and vehicles	14,073,645	13,699,029	374,616
Infrastructure	33,490,429	32,875,483	614,946
Construction in Progress	1,461,230	521,251	939,979
Total	72,966,721	70,894,404	2,071,317

Business Type Activities

	FY 2011-12	FY 2010-11	Increase (decrease)
Land and Improvements	2,869,873	2,869,873	-
Buildings and Structures	11,301,487	11,301,487	-
Machinery and Equipment	15,290,611	14,732,061	558,550
Infrastructure, sewers & lift stations	30,494,751	30,459,937	34,814
Construction in Progress	10,082,619	3,163,728	6,918,891
Total	70,039,341	62,527,086	7,512,255

Total Governmental and Business Type Activities

	FY 2011-12	FY 2010-11	Increase (decrease)
Land and Improvements	9,166,069	8,989,067	177,002
Buildings and Structures	28,946,708	28,981,934	(35,226)
Machinery and Equipment	29,364,256	28,431,090	933,166
Infrastructure, sewers & lift stations	63,985,180	63,335,420	649,760
Construction in Progress	11,543,849	3,684,979	7,858,870
Total	143,006,062	133,422,490	9,583,572

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

- Sanitary sewer projects required by Department of Natural Resources
- Various machinery and equipment purchases throughout the year including a new bus for Transit, and new vehicles for several departments.

Long-term debt. At the end of the current fiscal year, the City of Marshalltown had total bonded debt outstanding of \$34,301,333. Of this amount, \$29,706,333 comprises debt backed by the full faith and credit of the City. The remainder of the City of Marshalltown's debt represents bonds secured solely by revenues generated from the sanitary sewer rental fees.

General Obligation and Revenue Bonds

(Stated in \$1,000)

Governmental Activities

	FY 2011-2012	FY 2010-11	Increase (decrease)
General obligation bonds and notes payable	23,960	16,375	7,585
Revenue bonds and notes payable	-	-	-
Total	23,960	16,375	7,585

Business Type Activities			
	FY 2011-2012	FY 2010-11	Increase (decrease)
General obligation bonds and notes payable	5,746	6,100	(354)
Revenue bonds and notes payable	4,595	3,840	755
Total	10,341	9,940	401

Total Governmental and Business Type Activities			
	FY 2011-2012	FY 2010-11	Increase (decrease)
General obligation bonds and notes payable	29,706	22,475	7,231
Revenue bonds and notes payable	4,595	3,840	755
Total	34,301	26,315	7,986

The City of Marshalltown's total bonded debt increased by approximately \$8,000,000, during the current fiscal year due to:

- The issuance of \$15,445,000 less normal retirement of debt in the amount of \$3,238,840, and the early retirement of \$3,065,000 revenue capital notes payable.

Moody's Investors Service rated the City on February 7, 2013. The City maintained their Aa2 rating.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total assessed valuation. The current debt limitation for the City of Marshalltown is \$65,504,362, significantly in excess of the City of Marshalltown's outstanding general obligation debt.

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 renovations of Emerson Processing/Fisher Controls, a local manufacturing company, have been completed. The total estimated investment in this project is approximately \$19 million. A development agreement was drawn up to rebate up to \$1.8 million paid in taxes by the company. The City's obligation will end in fiscal year 2014 allowing the increment to go back into the general fund.

Cohen-Esrey Affordable Partners is currently developing the Iowa Wholesale building in the downtown district. The City received a \$1 million dollar HOPE VI Main Street Grant to revitalize the building. The final renovated building will include 28 senior housing units for those 55 and over, with a total investment of \$5.3 million.

The budget for the ensuing fiscal year 2013 considers many factors and estimates about the finances of the upcoming year. Sales and road use taxes collected by the state are stable but the forecast is to maintain a conservative projection for these revenue sources. The Department of Natural Resources has mandated many changes to cities. The City of Marshalltown is currently in the process of meeting their obligation. Over the next fiscal years, the City will issue approximately \$16 million in bonds for sewer related projects. The City Council has also committed to improving the streets within the City. This was done by issuing bonds in amount not to exceed \$12,380 over a three year period. The last 5.6 million was sold on February 11, 2013. Within this commitment the bonds were structured to stay within the self-imposed \$3.50 debt service levy per \$1,000 of taxable valuation. The bond proceeds will go toward street rebuilds and mil and overlays.

The following items are also forefront in revenue and expenditure projections:

- The City's contribution rate for Police and Fire retirement system and IPERS is projected to increase over the next few years.
- Compliance with sanitary and storm water regulations will be implemented over the next several years.
- The cost of health care continues to rise. Cost containment and changes in the City's plan have curbed the drain on the plan and single digit increases are anticipated to continue. The City is also looking at more preventive care options to help avoid the high dollar claims.
- Developments in commercial ventures will positively impact the property tax base and sales tax revenues within the next two to five years

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 Office of the Finance Director, 24 N. Center Street, Marshalltown, IA 50158-4911.

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Marshalltown Water Works	Marshalltown Convention and Visitors Bureau
Assets					
Cash and cash equivalents	\$ 20,741,760	\$ 7,295,782	\$ 28,037,542	\$ 1,677,825	\$ 173,314
Receivables					
Property taxes					
Delinquent	135,278	-	135,278	-	-
Succeeding year	11,112,726	-	11,112,726	-	-
Accounts and unbilled usage	259,382	646,258	905,640	407,180	-
Special assessments	100,534	-	100,534	-	-
Interest	-	-	-	1,694	-
Due from component unit	10,501	224,928	235,429	-	-
Due from other governments	1,317,611	411,111	1,728,722	-	-
Inventories	179,727	22,086	201,813	-	-
Prepaid items	325,159	62,906	388,065	36,639	3,474
Restricted assets					
Cash and cash equivalents	-	49,296	49,296	135,050	-
Resources held in escrow for bond refunding	3,077,627	-	3,077,627	-	-
Capital assets					
Land	3,915,612	658,888	4,574,500	1,112,721	-
Land improvements	2,380,584	2,210,985	4,591,569	-	-
Buildings and structures	17,645,221	11,301,487	28,946,708	10,221,184	-
Equipment and vehicles	14,073,645	15,290,611	29,364,256	2,278,852	98,890
Sanitary sewers and lift stations	-	18,011,179	18,011,179	-	-
Infrastructure	33,490,429	12,483,572	45,974,001	10,666,907	-
Construction in progress	1,461,230	10,082,619	11,543,849	-	-
Accumulated depreciation	(29,795,851)	(26,432,759)	(56,228,610)	(12,540,542)	(34,508)
Total assets	<u>80,431,175</u>	<u>52,318,949</u>	<u>132,750,124</u>	<u>13,997,510</u>	<u>241,170</u>

(continued)

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF NET ASSETS (continued)
JUNE 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Marshalltown Water Works	Marshalltown Convention and Visitors Bureau
Liabilities					
Accounts payable	\$ 1,706,359	\$ 635,650	\$ 2,342,009	\$ 61,970	\$ 20,149
Accrued payroll and payroll benefits	386,468	69,200	455,668	35,072	600
Retainage payable	89,926	420,203	510,129	-	-
Unearned revenue					
Succeeding year property tax	11,112,726	-	11,112,726	-	-
Other	153,168	-	153,168	-	-
Due to other governments	99,784	18,370	118,154	-	-
Accrued interest payable	67,950	22,064	90,014	-	-
Due to primary government	-	-	-	235,429	-
Liabilities payable from restricted assets					
Customer deposits	-	-	-	135,050	-
Noncurrent liabilities					
Due within one year					
Bonds and notes payable	2,788,840	818,000	3,606,840	215,000	-
Compensated absences payable	637,146	41,985	679,131	78,303	-
Due in more than one year					
Bonds and notes payable	21,171,145	9,523,348	30,694,493	225,000	-
Compensated absences payable	220,355	149,582	369,937	-	-
Net OPEB liability	2,538,956	300,405	2,839,361	47,386	-
Total liabilities	<u>40,972,823</u>	<u>11,998,807</u>	<u>52,971,630</u>	<u>1,033,210</u>	<u>20,749</u>
Net assets					
Invested in capital assets, net of related debt	28,325,116	35,454,854	63,779,970	11,299,122	64,382
Restricted for					
Capital improvements	8,353,089	-	8,353,089	-	-
Community development	520,826	-	520,826	-	-
Debt service	477,164	49,296	526,460	229,300	-
Other purposes	2,512,691	-	2,512,691	-	-
Unrestricted	<u>(730,534)</u>	<u>4,815,992</u>	<u>4,085,458</u>	<u>1,435,878</u>	<u>156,039</u>
Total net assets	<u>\$ 39,458,352</u>	<u>\$ 40,320,142</u>	<u>\$ 79,778,494</u>	<u>\$ 12,964,300</u>	<u>\$ 220,421</u>

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
Public safety	\$ 8,731,373	\$ 173,007	\$ 593,880	\$ 10,236
Public works	7,049,394	477,553	2,720,585	404,308
Health and social services	1,154,023	79,159	876,370	-
Culture and recreation	2,757,409	473,715	155,342	78,132
Community and economic development	2,417,304	170,617	1,295,057	-
General government	1,278,776	269,371	15,000	-
Interest on long-term debt	563,965	-	-	-
Total governmental activities	<u>23,952,244</u>	<u>1,643,422</u>	<u>5,656,234</u>	<u>492,676</u>
Business-type activities				
Water pollution control	4,735,491	4,937,481	-	1,582,043
Storm sewer	611,543	310,584	-	457,357
Compost	40,048	59,316	-	-
Transit	732,113	104,394	353,216	242,555
Concessions	82,739	49,559	-	-
Total business-type activities	<u>6,201,934</u>	<u>5,461,334</u>	<u>353,216</u>	<u>2,281,955</u>
Total primary government	<u>\$ 30,154,178</u>	<u>\$ 7,104,756</u>	<u>\$ 6,009,450</u>	<u>\$ 2,774,631</u>
Component units				
Water works	\$ 3,063,456	\$ 3,221,536	\$ -	\$ -
Convention and visitors bureau	269,178	282,746	-	-
Total component units	<u>\$ 3,332,634</u>	<u>\$ 3,504,282</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues				
Taxes				
Property				
Tax increment financing				
Local option sales				
Utility excise				
Hotel/motel				
Mobile homes				
Unrestricted				
State generated revenues				
Investment earnings				
Miscellaneous revenues				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

See notes to financial statements.

Net (Expense) Revenue and
Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Marshalltown Water Works	Marshalltown Convention and Visitors Bureau
\$ (7,954,250)	\$ -	\$ (7,954,250)	\$ -	\$ -
(3,446,948)	-	(3,446,948)	-	-
(198,494)	-	(198,494)	-	-
(2,050,220)	-	(2,050,220)	-	-
(951,630)	-	(951,630)	-	-
(994,405)	-	(994,405)	-	-
(563,965)	-	(563,965)	-	-
<u>(16,159,912)</u>	<u>-</u>	<u>(16,159,912)</u>	<u>-</u>	<u>-</u>
-	1,784,033	1,784,033	-	-
-	156,398	156,398	-	-
-	19,268	19,268	-	-
-	(31,948)	(31,948)	-	-
-	(33,180)	(33,180)	-	-
-	1,894,571	1,894,571	-	-
<u>\$ (16,159,912)</u>	<u>\$ 1,894,571</u>	<u>\$ (14,265,341)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 158,080	\$ -
-	-	-	-	13,568
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,080</u>	<u>\$ 13,568</u>
\$ 9,853,096	\$ -	\$ 9,853,096	\$ -	\$ -
1,513,164	-	1,513,164	-	-
3,250,865	-	3,250,865	-	-
913,583	-	913,583	-	-
372,683	-	372,683	-	-
12,813	-	12,813	-	-
317,412	-	317,412	-	-
173,169	41,980	215,149	8,879	186
602,269	-	602,269	457	1,147
(169,661)	169,661	-	-	-
<u>16,839,393</u>	<u>211,641</u>	<u>17,051,034</u>	<u>9,336</u>	<u>1,333</u>
679,481	2,106,212	2,785,693	167,416	14,901
<u>38,778,871</u>	<u>38,213,930</u>	<u>76,992,801</u>	<u>12,796,884</u>	<u>205,520</u>
<u>\$ 39,458,352</u>	<u>\$ 40,320,142</u>	<u>\$ 79,778,494</u>	<u>\$ 12,964,300</u>	<u>\$ 220,421</u>

CITY OF MARSHALLTOWN, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds			
	General	Road Use Tax	HUD Programs	Local Option Sales Tax
Assets				
Cash and cash equivalents	\$ 3,410,860	\$ 1,137,452	\$ 365,178	\$ 2,944,174
Receivables				
Property taxes				
Delinquent	71,748	-	-	-
Succeeding year	6,726,645	-	-	-
Accounts and unbilled usage	168,018	-	61,036	-
Special assessments	-	-	-	-
Due from other funds	239,588	-	-	-
Due from component unit	10,501	-	-	-
Due from other governments	254,389	192,751	100,304	498,190
Advance to other funds	50,000	-	-	-
Inventory	-	179,727	-	-
Prepaid items	258,309	1,917	9,468	-
Resources held in escrow for bond refunding	-	-	-	-
Total assets	<u>\$ 11,190,058</u>	<u>\$ 1,511,847</u>	<u>\$ 535,986</u>	<u>\$ 3,442,364</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 110,151	\$ 59,426	\$ 2,004	\$ 72,527
Accrued payroll and payroll benefits	364,971	-	13,156	-
Retainage payable	-	-	-	-
Deferred revenue				
Succeeding year property tax	6,726,645	-	-	-
Other	91,483	-	149,304	-
Due to other governments	88,436	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	<u>7,381,686</u>	<u>59,426</u>	<u>164,464</u>	<u>72,527</u>
Fund balances				
Nonspendable	258,309	181,644	9,468	-
Restricted	517,008	1,270,777	362,054	3,369,837
Committed	250,000	-	-	-
Unassigned	2,783,055	-	-	-
Total fund balances	<u>3,808,372</u>	<u>1,452,421</u>	<u>371,522</u>	<u>3,369,837</u>
Total liabilities and fund balances	<u>\$ 11,190,058</u>	<u>\$ 1,511,847</u>	<u>\$ 535,986</u>	<u>\$ 3,442,364</u>

See notes to financial statements.

Tax Increment Financing	Property Tax	Debt Service	Capital Projects Funds		Nonmajor Governmental Funds	Total
			Public Works and Other Projects			
\$ 453,378	\$ 535,851	\$ -	\$ 8,369,041	\$ 972,710	\$ 18,188,644	
14,085	14,135	29,736	5,574	-	135,278	
-	1,438,616	2,423,801	523,664	-	11,112,726	
-	-	-	11,348	-	240,402	
-	-	-	100,534	-	100,534	
56,841	-	29,621	98,513	-	424,563	
-	-	-	-	-	10,501	
613	2,136	4,354	843	264,031	1,317,611	
-	-	-	-	-	50,000	
-	-	-	-	-	179,727	
-	-	-	-	31,019	300,713	
-	-	3,077,627	-	-	3,077,627	
<u>\$ 524,917</u>	<u>\$ 1,990,738</u>	<u>\$ 5,565,139</u>	<u>\$ 9,109,517</u>	<u>\$ 1,267,760</u>	<u>\$ 35,138,326</u>	
\$ -	\$ -	\$ 2,250	\$ 1,199,061	\$ 56,187	\$ 1,501,606	
-	-	-	-	8,341	386,468	
-	-	-	89,926	-	89,926	
-	1,438,616	2,423,801	523,664	-	11,112,726	
-	-	-	111,769	149,340	501,896	
-	-	-	11,348	-	99,784	
-	-	56,841	29,621	338,101	424,563	
50,000	-	-	-	-	50,000	
<u>50,000</u>	<u>1,438,616</u>	<u>2,482,892</u>	<u>1,965,389</u>	<u>551,969</u>	<u>14,166,969</u>	
-	-	-	-	31,019	480,440	
474,917	552,122	3,082,247	7,144,128	1,008,667	17,781,757	
-	-	-	-	-	250,000	
-	-	-	-	(323,895)	2,459,160	
<u>474,917</u>	<u>552,122</u>	<u>3,082,247</u>	<u>7,144,128</u>	<u>715,791</u>	<u>20,971,357</u>	
<u>\$ 524,917</u>	<u>\$ 1,990,738</u>	<u>\$ 5,565,139</u>	<u>\$ 9,109,517</u>	<u>\$ 1,267,760</u>	<u>\$ 35,138,326</u>	

CITY OF MARSHALLTOWN, IOWA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total governmental fund balances \$ 20,971,357

Amounts reported for governmental activities in the Statement of
Net Assets 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	\$ 72,966,721	
Accumulated depreciation is	<u>(29,795,851)</u>	
		43,170,870

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 deferred in the
funds. Those revenues consist of:

Intergovernmental revenue	184,232	
Charges for service	<u>317,664</u>	
		501,896

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 Assets.

2,238,621

Some liabilities are not due and payable in the current period
and, therefore, are not reported as liabilities in the funds.
Those liabilities consist of:

Long-term debt, net of deferrals	(23,959,985)	
Accrued interest on the bonds	(67,950)	
Compensated absences	(857,501)	
Net OPEB liability	<u>(2,538,956)</u>	
		<u>(27,424,392)</u>

Net assets of governmental activities \$ 39,458,352

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	Special Revenue Funds			
	General	Road Use Tax	HUD Programs	Local Option Sales Tax
Revenues				
Property taxes	\$ 5,823,981	\$ -	\$ -	\$ -
TIF revenues	-	-	-	-
Other city taxes	1,160,036	-	-	3,250,865
Use of money and property	110,286	-	8,464	32,162
Licenses and permits	203,813	-	-	-
Intergovernmental	826,746	2,591,984	2,295,982	-
Charges for service	832,879	-	13	-
Special assessments	-	-	-	-
Miscellaneous	280,425	-	32,857	-
Total revenues	<u>9,238,166</u>	<u>2,591,984</u>	<u>2,337,316</u>	<u>3,283,027</u>
Expenditures				
Current				
Public safety	7,467,014	-	-	93,845
Public works	1,656,092	1,019,806	-	1,072,379
Health and social services	410,087	-	755,724	-
Culture and recreation	2,689,182	-	-	-
Community and economic development	100,852	-	1,596,556	-
General government	1,080,363	-	-	-
Debt service				
Principal	13,840	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>13,417,430</u>	<u>1,019,806</u>	<u>2,352,280</u>	<u>1,166,224</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,179,264)</u>	<u>1,572,178</u>	<u>(14,964)</u>	<u>2,116,803</u>
Other financing sources (uses)				
Sale of governmental assets	166,128	-	-	-
General obligation bonds issued	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on refunding bonds issued	-	-	-	-
Transfers in	4,214,946	-	32,712	-
Transfers out	(169,661)	(800,000)	-	(2,175,065)
Total other financing sources (uses)	<u>4,211,413</u>	<u>(800,000)</u>	<u>32,712</u>	<u>(2,175,065)</u>
Net change in fund balances	32,149	772,178	17,748	(58,262)
Fund balances (deficit) - beginning	<u>3,776,223</u>	<u>680,243</u>	<u>353,774</u>	<u>3,428,099</u>
Fund balances - ending	<u>\$ 3,808,372</u>	<u>\$ 1,452,421</u>	<u>\$ 371,522</u>	<u>\$ 3,369,837</u>

See notes to financial statements.

Tax Increment Financing	Property Tax	Debt Service	Capital Projects Funds		Total
			Public Works and Other Projects	Nonmajor Governmental Funds	
\$ -	\$ 1,143,429	\$ 2,445,562	\$ 451,610	\$ -	\$ 9,864,582
1,513,164	-	-	-	-	1,513,164
-	102,709	206,571	40,519	253,941	5,014,641
11,799	5,168	3,945	24,655	7,045	203,524
-	-	-	-	-	203,813
4,526	37,506	73,217	575,139	824,440	7,229,540
-	-	-	15,302	49,761	897,955
-	-	-	21,759	-	21,759
-	-	-	-	337,944	651,226
<u>1,529,489</u>	<u>1,288,812</u>	<u>2,729,295</u>	<u>1,128,984</u>	<u>1,473,131</u>	<u>25,600,204</u>
-	6,300	-	-	524,161	8,091,320
29,492	-	-	2,789,249	216,883	6,783,901
-	-	-	-	57,228	1,223,039
-	-	-	-	327,870	3,017,052
695,698	-	-	-	21,425	2,414,531
-	-	-	-	123,593	1,203,956
-	-	2,915,000	-	-	2,928,840
-	-	600,517	25,997	-	626,514
<u>725,190</u>	<u>6,300</u>	<u>3,515,517</u>	<u>2,815,246</u>	<u>1,271,160</u>	<u>26,289,153</u>
<u>804,299</u>	<u>1,282,512</u>	<u>(786,222)</u>	<u>(1,686,262)</u>	<u>201,971</u>	<u>(688,949)</u>
-	-	-	-	-	166,128
-	-	-	7,380,000	-	7,380,000
-	-	3,080,000	-	-	3,080,000
-	-	53,462	-	-	53,462
-	2,175,000	747,194	-	13,111	7,182,963
(747,194)	(3,033,229)	-	(421,697)	(5,778)	(7,352,624)
<u>(747,194)</u>	<u>(858,229)</u>	<u>3,880,656</u>	<u>6,958,303</u>	<u>7,333</u>	<u>10,509,929</u>
57,105	424,283	3,094,434	5,272,041	209,304	9,820,980
<u>417,812</u>	<u>127,839</u>	<u>(12,187)</u>	<u>1,872,087</u>	<u>506,487</u>	<u>11,150,377</u>
<u>\$ 474,917</u>	<u>\$ 552,122</u>	<u>\$ 3,082,247</u>	<u>\$ 7,144,128</u>	<u>\$ 715,791</u>	<u>\$ 20,971,357</u>

CITY OF MARSHALLTOWN, IOWA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES
YEAR ENDED JUNE 30, 2012

Net change in fund balances – total governmental funds \$ 9,820,980

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	\$ 2,572,134	
Book value of disposals	(54,014)	
Depreciation expense	<u>(2,549,443)</u>	
Net change in capital assets		(31,323)

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 deferred in the governmental funds. Deferred revenues
 increased (decreased) by these amounts this year:

Property taxes	(11,486)	
Mobile home taxes	(701)	
Intergovernmental	(891,439)	
Charges for service	<u>(25,503)</u>	
Net effect		(929,129)

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

Debt repayments	2,928,840	
Debt proceeds, including premiums	<u>(10,513,462)</u>	
Net effect		(7,584,622)

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

Increase in accrued interest and bond issuance costs amortized	(39,463)	
Increase in compensated absences	(128,569)	
Increase in net OPEB liability	<u>(721,923)</u>	
Total additional expenses		(889,955)

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

		<u>293,530</u>
Change in net assets of governmental activities		<u>\$ 679,481</u>

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities - Enterprise Funds				Governmental
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Activities - Internal Service Funds
Assets					
Current assets					
Cash and cash equivalents	\$ 6,840,218	\$ -	\$ 455,564	\$ 7,295,782	\$ 2,553,116
Receivables					
Accounts and unbilled usage	617,702	23,230	5,326	646,258	18,980
Due from other funds	24,138	-	-	24,138	-
Due from component unit	202,948	21,980	-	224,928	-
Due from other governments	411,111	-	-	411,111	-
Inventories	19,453	-	2,633	22,086	-
Prepaid items	39,168	10,749	12,989	62,906	24,446
Total current assets	<u>8,154,738</u>	<u>55,959</u>	<u>476,512</u>	<u>8,687,209</u>	<u>2,596,542</u>
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	49,296	-	-	49,296	-
Capital assets					
Land	364,920	283,531	10,437	658,888	-
Land improvements	1,937,889	30,000	243,096	2,210,985	-
Buildings and structures	10,591,439	6,000	704,048	11,301,487	-
Equipment and vehicles	13,399,212	280,837	1,610,562	15,290,611	-
Sanitary sewers and lift stations	17,900,374	110,805	-	18,011,179	-
Infrastructure	-	12,483,572	-	12,483,572	-
Construction in progress	9,542,262	540,357	-	10,082,619	-
Accumulated depreciation	(21,677,381)	(3,751,897)	(1,003,481)	(26,432,759)	-
Total noncurrent assets	<u>32,108,011</u>	<u>9,983,205</u>	<u>1,564,662</u>	<u>43,655,878</u>	<u>-</u>
Total assets	<u>40,262,749</u>	<u>10,039,164</u>	<u>2,041,174</u>	<u>52,343,087</u>	<u>2,596,542</u>

(continued)

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF NET ASSETS (continued)
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities - Enterprise Funds				Governmental
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Activities - Internal Service Funds
Liabilities					
Current liabilities					
Accounts payable	\$ 592,945	\$ 12,112	\$ 30,593	\$ 635,650	\$ 204,753
Accrued payroll and payroll benefits	45,698	6,889	16,613	69,200	-
Unearned revenue	-	-	-	-	153,168
Retainage payable	420,203	-	-	420,203	-
Due to other governments	18,370	-	-	18,370	-
Due to other funds	-	24,138	-	24,138	-
Accrued interest payable	22,064	-	-	22,064	-
Compensated absences	32,180	7,455	2,350	41,985	-
General obligation bonds	345,000	-	-	345,000	-
Revenue bonds	473,000	-	-	473,000	-
Total current liabilities	1,949,460	50,594	49,556	2,049,610	357,921
Noncurrent liabilities					
Compensated absences	115,387	16,962	17,233	149,582	-
General obligation bonds	5,401,348	-	-	5,401,348	-
Revenue bonds	4,122,000	-	-	4,122,000	-
Net OPEB liability	196,767	82,910	20,728	300,405	-
Total noncurrent liabilities	9,835,502	99,872	37,961	9,973,335	-
Total liabilities	11,784,962	150,466	87,517	12,022,945	357,921
Net assets					
Invested in capital assets, net of related debt	23,906,987	9,983,205	1,564,662	35,454,854	-
Restricted for					
Bond and interest payments	49,296	-	-	49,296	-
Unrestricted	4,521,504	(94,507)	388,995	4,815,992	2,238,621
Total net assets	\$ 28,477,787	\$ 9,888,698	\$ 1,953,657	\$ 40,320,142	\$ 2,238,621

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds				Governmental
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Activities - Internal Service Funds
Operating revenues					
Charges for service	\$ 4,661,934	\$ 310,584	\$ 213,269	\$ 5,185,787	\$ 2,052,178
Miscellaneous	163,428	-	-	163,428	382,516
Total operating revenues	<u>4,825,362</u>	<u>310,584</u>	<u>213,269</u>	<u>5,349,215</u>	<u>2,434,694</u>
Operating expenses					
Salaries and benefits	1,482,574	260,140	453,353	2,196,067	-
Services and supplies	1,742,559	87,033	276,202	2,105,794	12,033
Claims paid	-	-	-	-	1,777,186
Health insurance premiums	-	-	-	-	284,415
Depreciation	1,126,174	264,370	125,345	1,515,889	-
Miscellaneous	-	-	-	-	85,727
Total operating expenses	<u>4,351,307</u>	<u>611,543</u>	<u>854,900</u>	<u>5,817,750</u>	<u>2,159,361</u>
Operating income (loss)	<u>474,055</u>	<u>(300,959)</u>	<u>(641,631)</u>	<u>(468,535)</u>	<u>275,333</u>
Nonoperating revenues (expenses)					
Federal and state grants	1,582,043	-	595,771	2,177,814	-
Interest income	37,704	31	4,245	41,980	18,197
Miscellaneous income	112,119	-	-	112,119	-
Interest and other debt expense	(384,184)	-	-	(384,184)	-
Net nonoperating revenues (expenses)	<u>1,347,682</u>	<u>31</u>	<u>600,016</u>	<u>1,947,729</u>	<u>18,197</u>
Income (loss) before capital contributions and transfers	1,821,737	(300,928)	(41,615)	1,479,194	293,530
Capital contributions	-	457,357	-	457,357	-
Transfers in	-	-	169,661	169,661	-
Change in net assets	1,821,737	156,429	128,046	2,106,212	293,530
Net assets - beginning	<u>26,656,050</u>	<u>9,732,269</u>	<u>1,825,611</u>	<u>38,213,930</u>	<u>1,945,091</u>
Net assets - ending	<u>\$ 28,477,787</u>	<u>\$ 9,888,698</u>	<u>\$ 1,953,657</u>	<u>\$ 40,320,142</u>	<u>\$ 2,238,621</u>

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds				Governmental
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Activities - Internal Service Funds
Cash flows from operating activities					
Cash received from customers	\$ 4,676,235	\$ 313,882	\$ 213,697	\$ 5,203,814	\$ 2,043,786
Cash payments to suppliers for goods and services	(1,713,006)	(80,127)	(259,138)	(2,052,271)	(2,127,723)
Cash payments to employees for services	(1,377,443)	(234,497)	(445,064)	(2,057,004)	-
Other operating receipts	<u>275,547</u>	<u>-</u>	<u>-</u>	<u>275,547</u>	<u>382,516</u>
Net cash provided by (used for) operating activities	<u>1,861,333</u>	<u>(742)</u>	<u>(490,505)</u>	<u>1,370,086</u>	<u>298,579</u>
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	169,661	169,661	-
Grants received	2,226,537	-	645,162	2,871,699	-
(Increase) decrease in due from other funds	(24,138)	-	-	(24,138)	3,681
Increase (decrease) in due to other funds	<u>-</u>	<u>24,138</u>	<u>-</u>	<u>24,138</u>	<u>(3,681)</u>
Net cash provided by noncapital financing activities	<u>2,202,399</u>	<u>24,138</u>	<u>814,823</u>	<u>3,041,360</u>	<u>-</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(7,745,381)	(34,814)	(346,365)	(8,126,560)	-
Proceeds from issuance of debt	4,985,000	-	-	4,985,000	-
Payment of debt	(4,540,000)	-	-	(4,540,000)	-
Interest and fiscal charges paid	<u>(343,154)</u>	<u>-</u>	<u>-</u>	<u>(343,154)</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>(7,643,535)</u>	<u>(34,814)</u>	<u>(346,365)</u>	<u>(8,024,714)</u>	<u>-</u>
Cash flows from investing activities					
Interest received on investment securities	<u>37,704</u>	<u>31</u>	<u>4,245</u>	<u>41,980</u>	<u>18,197</u>
Net increase (decrease) in cash and cash equivalents	(3,542,099)	(11,387)	(17,802)	(3,571,288)	316,776
Cash and cash equivalents, beginning	<u>10,431,613</u>	<u>11,387</u>	<u>473,366</u>	<u>10,916,366</u>	<u>2,236,340</u>
Cash and cash equivalents, ending	<u>\$ 6,889,514</u>	<u>\$ -</u>	<u>\$ 455,564</u>	<u>\$ 7,345,078</u>	<u>\$ 2,553,116</u>

(continued)

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds				Governmental
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 474,055	\$ (300,959)	\$ (641,631)	\$ (468,535)	\$ 275,333
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	1,126,174	264,370	125,345	1,515,889	-
Miscellaneous income	112,119	-	-	112,119	-
Changes in assets and liabilities					
Decrease (increase) in receivables	14,301	3,298	428	18,027	(18,980)
Decrease (increase) in inventories and prepaid items	(10,895)	(1,729)	5,492	(7,132)	(2,021)
Increase in accounts payable	33,413	8,635	11,572	53,620	33,659
Increase in accrued liabilities	49,183	2,068	2,395	53,646	-
Increase in due to other governments	7,035	-	-	7,035	-
Increase in unearned revenue	-	-	-	-	10,588
Increase in net OPEB liability	55,948	23,575	5,894	85,417	-
Total	<u>1,387,278</u>	<u>300,217</u>	<u>151,126</u>	<u>1,838,621</u>	<u>23,246</u>
Net cash provided by (used for) operating activities	<u>\$ 1,861,333</u>	<u>\$ (742)</u>	<u>\$ (490,505)</u>	<u>\$ 1,370,086</u>	<u>\$ 298,579</u>
Noncash capital activities					
Contributions of capital assets from other funds	\$ -	\$ 457,357	\$ -	\$ 457,357	\$ -

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Police Pension Trust	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ -	\$ 246,992
Prepaid items	<u>-</u>	<u>22,330</u>
Total assets	<u>-</u>	<u>269,322</u>
Liabilities		
Accrued payroll and benefits	-	178,019
Due to City	-	74,576
Due to Sleuth User Group	-	14,529
Due to other governments	<u>-</u>	<u>2,198</u>
Total liabilities	<u>-</u>	<u>\$ 269,322</u>
Net assets		
Held in trust for pension benefits	<u>\$ -</u>	

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2012

	Police Pension Trust
Additions	
Contributions, employer	\$ 6,300
Deductions	
Benefits	<u>7,993</u>
Change in net assets	(1,693)
Net assets - beginning	<u>1,693</u>
Net assets - ending	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

For financial reporting purposes, the City of Marshalltown, Iowa, has included all funds, organizations, agencies, boards, commissions, and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Marshalltown, Iowa (the primary government) and its component units. The following component units are entities which are legally separate from the City, but are financially accountable to the City or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City.

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

The Marshalltown Convention and Visitors Bureau (Bureau) was established to promote and develop the visitor and convention business and for economic development within the community. The Bureau is governed by a nine-member board of directors comprised of two members appointed solely by the City Council, two members appointed solely by the Executive Board of the Chamber of Commerce and five members appointed jointly by the City Council and Executive Board of the Chamber of Commerce, from the general public (one member) and the hospitality industry (four members). The Bureau may not borrow money or issue bonds without written permission of the City. The Bureau is presented as a proprietary fund type and has a May 31 year-end.

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Marshalltown Water Works
205 East State Street
Marshalltown, Iowa 50158

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

Jointly Governed Organizations: The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The City Council is a member of or appoints representatives to the following boards and commissions: Mid Iowa Drug Task Force, Marshall County Emergency Management Commission, Marshall County Communication Commission, Marshall County Assessor's Conference Board and the Marshall County Solid Waste Management Commission. Financial transactions relating to these organizations are included in the City's financial statements only to the extent of the City's contributions, if any, to these organizations.

Government-wide and Fund Financial Statements

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

The Statement of Net Assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following three categories.

Invested in capital assets, net of related debt 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 assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

The *Tax Increment Financing Fund* is used 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.

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

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

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, flexible benefits, and workmen's compensation benefits provided to other departments on a cost reimbursement basis.

The *Police Pension Trust Fund* is used to account for pensions of disabled and retired policemen as provided by Chapter 410 of the Code of Iowa.

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 and pension trust 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.

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 are both restricted and unrestricted net assets 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, Liabilities, and Fund Equity

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

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

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The City invests in the Iowa Public Agency Investment Trust which is a 2a7-like pool. The Iowa Public Agency Investment Trust is a common law trust established under Iowa law and is administrated by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

Resources Held in Escrow for Bond Refunding. As part of a crossover bond refunding, the City has purchased special obligations of the U.S. Treasury. They are held in escrow and will mature to fund the debt service requirements of the refunded debt through June 1, 2014.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred 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, 2012, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2011 and March 31, 2012. Any County collections on the 2011-2012 tax levy remitted to the City within sixty days subsequent to June 30, 2012, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2012, are delinquent and have been recorded as receivables. This amount is recorded as deferred 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.

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 Revenue in Governmental Funds. 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. Deferred 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. Deferred revenue consists of property tax receivable, special assessments receivable, succeeding year property tax receivable, and other receivables not collected within sixty days after year-end.

Unearned revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for 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, 2012.

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 Assets based on rates of pay in effect as of June 30, 2012.

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 Assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method.

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 estimated fair market value at the date of donation. All infrastructure of the City has been recorded to date.

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

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

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

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

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

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

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

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.

Unassigned fund balances are amounts not included in the other spendable classifications.

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, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

As of June 30, 2012, fund balances consisted of the following:

	<u>General</u>	<u>Road Use Tax</u>	<u>HUD Programs</u>	<u>Local Option Sales Tax</u>	<u>Tax Increment Financing</u>
Nonspendable					
Inventory and prepaid items	\$ 258,309	\$ 181,644	\$ 9,468	\$ -	\$ -
Restricted for					
Capital improvements	37,575	1,270,777	-	2,697,836	-
Property tax relief	-	-	-	672,001	-
Community development	-	-	362,054	-	-
Debt service	-	-	-	-	474,917
Employee benefits	-	-	-	-	-
Emergency communication	-	-	-	-	-
Other purposes	479,433	-	-	-	-
Total restricted	<u>517,008</u>	<u>1,270,777</u>	<u>362,054</u>	<u>3,369,837</u>	<u>474,917</u>
Committed					
Capital improvements	<u>250,000</u>	-	-	-	-
Unassigned					
	<u>2,783,055</u>	-	-	-	-
Total fund balance	<u>\$ 3,808,372</u>	<u>\$ 1,452,421</u>	<u>\$ 371,522</u>	<u>\$ 3,369,837</u>	<u>\$ 474,917</u>
	<u>Property Tax</u>	<u>Debt Service</u>	<u>Public Works and Other Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable					
Inventory and prepaid items	\$ -	\$ -	\$ -	\$ 31,019	\$ 480,440
Restricted for					
Capital improvements	-	-	7,144,128	230,125	11,380,441
Property tax relief	-	-	-	-	672,001
Community development	-	-	-	-	362,054
Debt service	-	3,082,247	-	-	3,557,164
Employee benefits	552,122	-	-	-	552,122
Emergency communication	-	-	-	339,877	339,877
Other purposes	-	-	-	438,665	918,098
Total restricted	<u>552,122</u>	<u>3,082,247</u>	<u>7,144,128</u>	<u>1,008,667</u>	<u>17,781,757</u>
Committed					
Capital improvements	-	-	-	-	250,000
Unassigned					
	-	-	-	(323,895)	2,459,160
Total fund balance	<u>\$ 552,122</u>	<u>\$ 3,082,247</u>	<u>\$ 7,144,128</u>	<u>\$ 715,791</u>	<u>\$ 20,971,357</u>

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the business-type activities function. In addition before the budget was amended, disbursements exceeded the original amount budgeted for the health and social services function.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits. On June 30, 2012, the carrying amount of the City’s deposits was \$21,532,695 and the bank balances were \$21,887,572. The City’s deposits in banks at June 30, 2012, 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, 2012, the City’s carrying amount of deposits, related bank balances, and other cash, including fiduciary funds, were as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Money market	\$ 5,534,001	\$ 5,534,001
Demand deposits	9,964,696	10,322,223
Certificates of deposits	6,031,348	6,031,348
Petty cash	2,650	-
Total	<u>\$ 21,532,695</u>	<u>\$ 21,887,572</u>

The City invests in the Diversified portfolio of the Iowa Public Agency Investment Trust (IPAIT). IPAIT was created pursuant to Iowa Code Chapter 28E in 1987 to enable eligible Iowa public agencies to safely and effectively invest their available operating and reserve funds. The Diversified portfolio has followed established money market mutual fund investment parameters designed to maintain a \$1 per unit net asset value since inception and was registered with the Securities and Exchange Commission (SEC) in accordance with 17 C.F.R. Section 270,2a-7 in May 1993. The Diversified Fund was among the first local government investment pools in the country to do so and has been formally regulated by the SEC since that time. The fair value of the City's position in the IPAIT pool is the same as the value of the pool. The City's investment in the Diversified portfolio at June 30, 2012, was \$6,801,135.

The Marshalltown Water Works’ carrying amount of deposits was \$1,812,875 all of which was covered by federal depository insurance or insured by the state through pooled collateral, State Sinking Funds and by the state’s ability to assess for lost funds.

The Convention and Visitors Bureau’s deposits carrying amount and bank balance amount was \$173,314 all of which was covered by federal depository insurance.

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 BALANCES AND TRANSFERS

Due to/from primary government and component unit balances as of June 30, 2012, consisted of the following:

Receivable Entity	Payable Entity	Amount
Primary Government:	Component Unit:	
Governmental Fund, General Fund	Water Works	\$ 10,501
Enterprise Fund, Water Pollution Control	Water Works	202,948
Enterprise Fund, Storm Sewer	Water Works	21,980

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Due from/to other funds as of June 30, 2012, consisted of the following:

Due to general fund from Nonmajor governmental	\$ 239,588
Due to tax increment financing fund from Debt service	\$ 56,841
Due to debt service fund from Public works and other projects	\$ 29,621
Due to public works and other projects fund from Nonmajor governmental	\$ 98,513
Due to water pollution control fund from Storm sewer	\$ 24,138

The interfund balances result from negative cash balances.

The advance to/from other funds as of June 30, 2012, consisted of the following:

Due to general fund from Tax increment financing fund	\$ 50,000
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The advance to/from other funds represent an interfund loan to fund grants and improvements.

Interfund transfers for the year ended June 30, 2012, consisted of the following:

Transfers to general fund from Road use tax	\$ 800,000
Property tax	3,000,582
Public works and other projects	408,586
Nonmajor governmental	5,778
Total transfers to general fund	<u>\$ 4,214,946</u>
Transfers to HUD programs fund from Property tax	\$ 32,647
Local option sales tax	65
Total transfers to HUD programs fund	<u>\$ 32,712</u>
Transfers to property tax fund from Local option sales tax	<u>\$ 2,175,000</u>
Transfers to debt service fund from Tax increment financing	<u>\$ 747,194</u>
Transfers to nonmajor governmental funds from Public works and other projects	<u>\$ 13,111</u>
Transfers to nonmajor enterprise funds from General	<u>\$ 169,661</u>

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012, was as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Primary Government				
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 3,930,612	\$ -	\$ (15,000)	\$ 3,915,612
Construction in progress	521,251	1,735,716	(795,737)	1,461,230
Total capital assets, not being depreciated	<u>4,451,863</u>	<u>1,735,716</u>	<u>(810,737)</u>	<u>5,376,842</u>
Capital assets, being depreciated				
Buildings and structures	17,680,447	14,274	(49,500)	17,645,221
Land improvements	2,188,582	192,002	-	2,380,584
Equipment and vehicles	13,699,029	810,933	(436,317)	14,073,645
Infrastructure	32,875,483	614,946	-	33,490,429
Total capital assets, being depreciated	<u>66,443,541</u>	<u>1,632,155</u>	<u>(485,817)</u>	<u>67,589,879</u>
Less accumulated depreciation for				
Buildings and structures	(4,496,285)	(506,554)	39,205	(4,963,634)
Land improvements	(697,228)	(180,034)	-	(877,262)
Equipment and vehicles	(7,018,008)	(803,481)	407,598	(7,413,891)
Infrastructure	(15,481,690)	(1,059,374)	-	(16,541,064)
Total accumulated depreciation	<u>(27,693,211)</u>	<u>(2,549,443)</u>	<u>446,803</u>	<u>(29,795,851)</u>
Total capital assets, being depreciated, net	<u>38,750,330</u>	<u>(917,288)</u>	<u>(39,014)</u>	<u>37,794,028</u>
Governmental activities capital assets, net	<u>\$ 43,202,193</u>	<u>\$ 818,428</u>	<u>\$ (849,751)</u>	<u>\$ 43,170,870</u>

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 658,888	\$ -	\$ -	\$ 658,888
Construction in progress	3,163,728	6,918,891	-	10,082,619
Total capital assets, not being depreciated	<u>3,822,616</u>	<u>6,918,891</u>	<u>-</u>	<u>10,741,507</u>
Capital assets, being depreciated				
Buildings and structures	11,301,487	-	-	11,301,487
Land improvements	2,210,985	-	-	2,210,985
Equipment and vehicles	14,732,061	658,543	(99,993)	15,290,611
Sanitary sewers and lift stations	17,976,365	34,814	-	18,011,179
Infrastructure	12,483,572	-	-	12,483,572
Total capital assets, being depreciated	<u>58,704,470</u>	<u>693,357</u>	<u>(99,993)</u>	<u>59,297,834</u>
Less accumulated depreciation for				
Buildings and structures	(5,188,382)	(314,356)	-	(5,502,738)
Land improvements	(1,435,861)	(66,379)	-	(1,502,240)
Equipment and vehicles	(9,844,494)	(504,159)	99,993	(10,248,660)
Sanitary sewers and lift stations	(5,182,312)	(379,577)	-	(5,561,889)
Infrastructure	(3,365,814)	(251,418)	-	(3,617,232)
Total accumulated depreciation	<u>(25,016,863)</u>	<u>(1,515,889)</u>	<u>99,993</u>	<u>(26,432,759)</u>
Total capital assets, being depreciated, net	<u>33,687,607</u>	<u>(822,532)</u>	<u>-</u>	<u>32,865,075</u>
Business-type activities capital assets, net	<u>\$ 37,510,223</u>	<u>\$ 6,096,359</u>	<u>\$ -</u>	<u>\$ 43,606,582</u>

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Governmental activities	
Public safety	\$ 245,190
Public works	1,436,039
Health and social services	2,867
Culture and recreation	774,488
Community and economic development	1,437
General government	<u>89,422</u>
Total depreciation expense – governmental activities	<u>\$ 2,549,443</u>
Business-type activities	
Water pollution control	\$ 1,126,174
Storm sewer	264,370
Compost facility	12,075
Bus transit	<u>113,270</u>
Total depreciation expense – business-type activities	<u>\$ 1,515,889</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of changes in the City’s long-term debt for the year ended June 30, 2012:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
Governmental activities					
General obligation bonds and notes payable	\$ 16,375,363	\$ 10,460,000	\$ 2,928,840	\$ 23,906,523	\$ 2,788,840
Unamortized discounts	(1,561)	-	(1,561)	-	-
Unamortized premiums	<u>6,219</u>	<u>53,462</u>	<u>6,219</u>	<u>53,462</u>	<u>-</u>
Total general obligation bonds	16,380,021	10,513,462	2,933,498	23,959,985	2,788,840
Compensated absences payable	728,932	527,684	399,115	857,501	637,146
Net OPEB liability	<u>1,817,033</u>	<u>763,857</u>	<u>41,934</u>	<u>2,538,956</u>	<u>-</u>
	<u>18,925,986</u>	<u>11,805,003</u>	<u>3,374,547</u>	<u>27,356,442</u>	<u>3,425,986</u>

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
Business-type activities					
General obligation bonds	\$ 6,100,000	\$ -	\$ 310,000	\$ 5,790,000	\$ 345,000
Unamortized discounts	(46,770)	-	(3,118)	(43,652)	-
Total general obligation bonds	<u>6,053,230</u>	<u>-</u>	<u>306,882</u>	<u>5,746,348</u>	<u>345,000</u>
Revenue bonds payable	<u>775,000</u>	<u>4,985,000</u>	<u>1,165,000</u>	<u>4,595,000</u>	<u>473,000</u>
Sewer revenue capital loan note payable	3,065,000	-	3,065,000	-	-
Deferred amount on refunding	(4,560)	-	(4,560)	-	-
Unamortized premiums	<u>2,261</u>	<u>-</u>	<u>2,261</u>	<u>-</u>	<u>-</u>
Total sewer revenue capital loan note payable	<u>3,062,701</u>	<u>-</u>	<u>3,062,701</u>	<u>-</u>	<u>-</u>
Compensated absences payable	<u>142,308</u>	<u>76,423</u>	<u>27,164</u>	<u>191,567</u>	<u>41,985</u>
Net OPEB liability	<u>214,988</u>	<u>90,379</u>	<u>4,962</u>	<u>300,405</u>	<u>-</u>
	<u>10,248,227</u>	<u>5,151,802</u>	<u>4,566,709</u>	<u>10,833,320</u>	<u>859,985</u>
Total	<u>\$ 29,174,213</u>	<u>\$ 16,956,805</u>	<u>\$ 7,941,256</u>	<u>\$ 38,189,762</u>	<u>\$ 4,285,971</u>

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

During 2012, the City issued \$3,080,000 in general obligation advance refunding bonds. The proceeds of the refunding bonds were used to crossover refund \$2,990,000 of the 2008B general obligation bonds, representing the 2015 through 2023 maturities. These maturities will be called for redemption on June 1, 2014. Until then, the proceeds of the refunding bonds will be deposited in an escrow account and invested in special obligations of the U.S. Treasury for the purpose of generating resources for the debt service payments of the refunded debt. This refunding was undertaken to reduce total debt service payments by \$248,486 and to obtain an economic gain of \$226,232.

A crossover refunding does not change the City's status as the primary obligor on the refunded debt. Consequently, there is no defeasance of the refunded debt and the City must report both the refunded and refunding debt, as well as the resources held in escrow, in the financial statements.

During 2012, the City issued \$4,985,000 in water pollution control improvement and refunding bonds. \$3,160,000 of the bonds were used to current refund the 2003 water pollution control capital loan notes. This refunding was undertaken to reduce total debt service payments by \$30,533 and to obtain an economic gain of \$26,848.

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Bonded Debt. Details of the City's bonds and notes payable as of June 30, 2012, are as follows:

	Interest Rates	Govern- mental Activities	Business- type Activities	Total
General obligation bonds and notes				
Equipment loan note, issued February 1, 2005	0%	\$ 41,523	\$ -	\$ 41,523
2006A Capital loan notes, issued June 1, 2006	4.38	565,000	-	565,000
2008A Essential corporate purpose refunding bonds, issued April 1, 2008	3.50	5,750,000	-	5,750,000
2008B Essential corporate purpose, issued April 1, 2008	3.50-4.00	3,660,000	-	3,660,000
2009A Essential corporate purpose refunding bonds, issued May 1, 2009	2.60-3.90	2,200,000	-	2,200,000
2011A Essential corporate purpose, issued April 1, 2011	1.25-3.45	1,230,000	5,790,000	7,020,000
2011B Essential corporate purpose, issued October 26, 2011	1.00-2.85	2,380,000	-	2,380,000
2012A Essential corporate purpose, issued April 12, 2012	1.00-2.50	5,000,000	-	5,000,000
2012B Refunding, issued April 24, 2012	1.50-2.05	<u>3,080,000</u>	<u>-</u>	<u>3,080,000</u>
Total general obligation bonds and notes		<u>23,906,523</u>	<u>5,790,000</u>	<u>29,696,523</u>
Revenue bonds				
Water Pollution Control, improvement and refunding bonds, Series 2012C, issued May 8, 2012	2.58	<u>-</u>	<u>4,595,000</u>	<u>4,595,000</u>
Total long-term debt		<u>\$ 23,906,523</u>	<u>\$ 10,385,000</u>	<u>\$ 34,291,523</u>

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

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

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Future Requirements to Maturity. Principal and interest requirements to maturity for the City's bonds and notes outstanding as of June 30, 2012, are as follows:

Year Ending June 30,	Governmental Activities General Obligation Bonds and Notes		Business-Type Activities General Obligation Bonds and Notes	
	Principal	Interest	Principal	Interest
	2013	\$ 2,788,840	\$ 637,150	\$ 345,000
2014	2,593,841	539,472	350,000	141,900
2015	2,993,842	464,342	355,000	137,526
2016	2,820,000	385,246	365,000	132,556
2017	2,640,000	310,350	370,000	126,168
2018-2022	6,410,000	894,725	2,050,000	496,552
2023-2027	3,660,000	245,580	1,955,000	166,670
Total	<u>\$ 23,906,523</u>	<u>\$ 3,476,865</u>	<u>\$ 5,790,000</u>	<u>\$ 1,347,584</u>

Year Ending June 30,	Business-Type Activities Water Pollution Control Revenue Bonds		Total Business-Type Activities	
	Principal	Interest	Principal	Interest
	2013	\$ 473,000	\$ 118,551	\$ 818,000
2014	485,000	106,347	835,000	248,247
2015	496,000	93,833	851,000	231,359
2016	507,000	81,038	872,000	213,594
2017	512,000	67,958	882,000	194,126
2018-2022	1,434,000	168,424	3,484,000	664,976
2023-2027	688,000	54,154	2,643,000	220,824
Total	<u>\$ 4,595,000</u>	<u>\$ 690,305</u>	<u>\$ 10,385,000</u>	<u>\$ 2,037,889</u>

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Legal Debt Margin. The City's legal debt margin as of June 30, 2012, is as follows:

Regular realty valuations	\$1,132,540,153
Utility valuations	135,852,760
Incremental valuations	<u>41,694,319</u>
Total actual valuations applicable to debt	<u>\$1,310,087,232</u>
Debt limit - 5% of total actual valuations applicable to debt	<u>\$ 65,504,362</u>
Amount of debt applicable to limitation	
General obligation bonds and notes	29,696,523
Less funds available from	
Debt service fund	3,082,247
Tax increment financing	<u>474,917</u>
Total debt applicable to debt margin	<u>26,139,359</u>
Legal debt margin	<u>\$ 39,365,003</u>

NOTE 7 – PENSION AND RETIREMENT SYSTEMS

The City has three pension and retirement systems that cover substantially all of its employees. These systems are the Municipal Fire and Police Retirement System of Iowa, Chapter 410 Police Pension System, and the Iowa Public Employees Retirement System. The Water Works, a component unit, maintains the Marshalltown Water Works Supplemental Retirement Pension System.

Municipal Fire and Police Retirement System of Iowa. The City contributes to the Municipal Fire and Police Retirement System of Iowa (Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability, and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50266.

Plan members are required to contribute 9.40% of earnable compensation and the City is required to contribute 24.76% for the year ended June 30, 2012, 19.90% for 2011, and 17.00% for 2010, of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2012, 2011, and 2010, were \$960,366, \$746,120, and \$631,097, respectively, which met the required minimum contribution for each year.

Chapter 410 Police Pension System. Chapter 410 of the Code of Iowa creates a retirement system for police officers of any City qualified to participate under this Chapter. Any duly appointed member of the police department whose appointment occurred before March 2, 1934, or police who had been making payments of membership fees and assessments prior to July 1, 1971, may be a member of the system. The pension plan is accounted for by the City in the Pension Trust Fund.

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

The Plan, a single-employer defined benefit pension plan, is administered by the Police Pension Board of Trustees and provides retirement, disability, and death benefits. The benefits are established under state statute and provide for full retirement benefits at age 50 with 22 years or more of service. Full benefits are equal to fifty percent of the monthly salary at retirement or disability and twenty-five percent of the monthly salary at death.

There is one active beneficiary in the Plan. The Plan is normally funded through a property tax levy, and currently the City expects to continue to levy the tax as long as the benefit is required to be paid equal to the required contributions for the year. This year there were sufficient funds on hand negating the need for an additional levy. The City's contributions to the retirement system for the years ended June 30, 2012, 2011, and 2010, were \$7,993, \$7,852, and \$7,852, respectively.

Iowa Public Employees Retirement System (IPERS). The City contributes to IPERS which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.38% of their annual covered salary and the City is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010, were \$427,176, \$359,623, and \$336,665, respectively, equal to the required contributions for each year.

Marshalltown Water Works Supplemental Retirement Pension System. The Marshalltown Water Works Supplemental Retirement Pension System (Plan) is a single-employer defined benefit pension plan that covers all full-time Water Works employees. The Plan provides retirement, death, and disability benefits to plan members. The Plan is administered by American Trust and Savings Bank. The Supplemental Retirement Pension System does not have an audited report available for review.

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, 2003. The contribution requirements of plan members and the Water Works are established by the Board of Trustees and may be amended by the Board of Trustees at any time. Contribution percentages are actuarially determined rates. Plan members are required to contribute 4.00% of their annual covered salary. The Water Works is required to contribute 7.25% of annual covered payroll.

The Water Works annual pension cost and net pension obligation to the Plan for the current year were as follows:

Annual required contribution	\$	112,779
Annual pension cost		112,779
Contributions made		112,779
Increase in net pension obligation		-
Net pension obligations, beginning of year		-
Net pension obligations, end of year		-

CITY OF MARSHALLTOWN, IOWA
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The annual required contribution for the current year was estimated based on the April 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. The actuarial assumptions included (a) 7.0% investment rate of return and (b) projected salary increases of 4.0%. Both (a) and (b) include an inflation component and postretirement benefit increases of 0%. The unfunded actuarial accrued liability is being amortized as an open period, assumed level dollar. The information disclosing the remaining years to amortize is not available to the City.

Three-Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 112,779	100.0%	\$ -
June 30, 2011	111,885	100.0%	-
June 30, 2010	114,091	100.0%	-

For employees who choose not to participate in the Marshalltown Water Works Supplemental Retirement Pension System (Plan), the Water Works contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.38% of their annual covered salary and the Water Works is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The Water Works' contributions to IPERS for the years ended June 30, 2012, 2011, and 2010, were \$36,382, \$30,686, and \$28,064, respectively, equal to the required contributions for each year.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS

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

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

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

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

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
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To be eligible for the medical and dental insurance coverage, retirees must be at least 55 years old, or is disabled and is receiving or eligible to receive a pension under the Iowa Public Employees' Retirement System (IPERS) or the Municipal Fire and Police Retirement System of Iowa (MFPRSI). There are 152 active and 58 retired members in the plan.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

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

The following table shows the components of the City's annual OPEB cost for the years ended June 30, 2012 and 2011, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

	<u>2012</u>	<u>2011</u>
Normal Cost	\$ 311,770	\$ 311,770
Amortization of UAAL	<u>459,387</u>	<u>459,387</u>
Annual required contribution	771,157	771,157
Interest on net OPEB obligation	31,048	20,203
Adjustment to annual required contribution	<u>52,033</u>	<u>33,856</u>
Annual OPEB cost	854,238	825,216
Contributions made	<u>(46,898)</u>	<u>(82,332)</u>
Increase in net OPEB obligation	807,340	742,884
Net OPEB obligation, beginning of year	<u>2,032,021</u>	<u>1,289,137</u>
Net OPEB obligation, end of year	<u><u>\$ 2,839,361</u></u>	<u><u>\$ 2,032,021</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012, 2011, and 2010, are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 854,238	5.49%	\$ 2,839,361
June 30, 2011	825,216	9.98%	2,032,021
June 30, 2010	788,795	33.66%	1,289,137

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$9,137,264, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,137,264. The covered payroll (annual payroll of active employees covered by the plan) was \$8,860,522 and the ratio of the UAAL to covered payroll was 103.1%. As of June 30, 2012, there were no trust fund assets.

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

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

As of the July 1, 2010 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3% discount rate based on the City's funding policy. The projected annual medical trend rate is 5%. The ultimate medical trend rate is 5%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Police and fire are assumed to retire at age 55 with 22 years of service. Other City employees are assumed to retire after age 55, when age plus service equals 88.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

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 663 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.

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 to equal 150% 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 uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. The City of Marshalltown has elected \$6,000,000 in coverage. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers 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, 2012, no liability has been recorded in the City's financial statements. As of June 30, 2012, 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.

Members who elect property 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 opted to purchase property and casualty coverage from The Travelers Insurance Company and not participate in the risk pool. With this carrier, the City of Marshalltown has a \$44,704,346 blanket limit for premises and \$1,129,685 for Inland Marine Contractor's equipment. As a commercial carrier, no additional liability is recorded in the financial statements of the City.

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

The City has established a Group Insurance Benefits Fund for insuring health benefits provided to City employees and covered dependents which is included as an internal service fund. Health benefits were self-insured up to a specific stop-loss amount of \$85,000 and an aggregate stop-loss of approximately \$2,214,177 for 2012. 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, 2012, as well as incurred but not reported claims, have been accrued as a liability based upon the claims administrator's estimate and are included in accounts payable. The liability does not include any allocated or unallocated claim adjustment expenses.

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

The City has established an Occupational Insurance Benefits Fund to self insure for workers' compensation benefits for all currently employed police officers and firefighters and police officers and firefighters who have retired due to an accidental disability prior to December 1992, in accordance with Chapter 411.15 of the Code of Iowa. The General Fund is charged for benefits paid to police officers and firefighters by the Occupational Insurance Benefits Fund, which is also accounted for as an internal service fund. Reported claims as of June 30, 2012, 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 \$202,775 in the Group Insurance Benefits Fund and \$1,978 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, 2012 and 2011, are summarized as follows:

	Group Insurance Benefits Fund	Occupational Insurance Benefits Fund
Liabilities as of June 30, 2010	\$ 407,660	\$ -
Claims and changes in estimates during fiscal year 2011	1,728,925	93,197
Claim payments	<u>(1,968,629)</u>	<u>(90,059)</u>
Liabilities as of June 30, 2011	167,956	3,138
Claims and changes in estimates during fiscal year 2012	1,680,641	94,572
Claim payments	<u>(1,645,822)</u>	<u>(95,732)</u>
	<u>\$ 202,775</u>	<u>\$ 1,978</u>

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012. The City has additional commitments for signed construction contracts of approximately \$5,045,968 as of June 30, 2012, 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 \$1,856,952 and \$108,273, 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, 2012, funds with deficit balances were as follows:

Special Revenue Funds – Grant Fund	\$	221,666
Capital Projects Funds – Airport Projects Fund		101,804

These deficit balances are the result of funds due from other governments which were deferred because they were received after the accrual period was over.

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 15 – SUBSEQUENT EVENTS

In February 2013, the City issued \$5,600,000 in general obligation corporate purpose bonds to be used primarily for street and storm sewer construction and purchase of a fire truck. The interest rates on the bonds range from 1.50% to 1.75%, with a maturity date of June 1, 2022.

NOTE 16 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARDS

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the City of Marshalltown. The statements which might impact the City of Marshalltown are as follows:

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010, will be effective for the fiscal year ending June 30, 2013. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements.

Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*; issued November 2010, will be effective for the fiscal year ending June 30, 2013. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; issued December 2010, will be effective for the fiscal year ending June 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued June 2011, will be effective for the fiscal year ending June 30, 2013. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, issued March 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25, issued June 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to establish accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, issued June 2012, will be effective for the fiscal year ending June 30, 2015. The objective of this Statement is to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

The City's management has not yet determined the effect these statements will have on the City's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARSHALLTOWN, IOWA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE BENEFIT PLAN

Schedule of Funding Progress							
For the Year Ended June 30,	Actuarial Valuation Date	Fair Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	AAL/UAAL as a Percentage of Covered Payroll [(b-a)/c]
2012	July 1, 2010	\$ -	\$ 9,137,264	\$ 9,137,264	0.00%	\$ 8,860,522	103.1%
2011	July 1, 2010	-	9,137,264	9,137,264	0.00%	8,671,182	105.4%
2010	July 1, 2008	-	9,295,011	9,295,011	0.00%	8,571,375	108.4%

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

CITY OF MARSHALLTOWN, IOWA
REQUIRED SUPPLEMENTARY INFORMATION
MARSHALLTOWN WATER WORKS SUPPLEMENTAL RETIREMENT PENSION SYSTEM

Schedule of Funding Progress

Actuarial Valuation Date *	Fair Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	AAL/UAAL as a Percentage of Covered Payroll [(b-a)/c]
April 1, 2012	\$ 1,183,518	\$ 2,620,479	\$ 1,436,961	45.16%	\$ 479,708	299.5%
April 1, 2011	1,229,982	2,605,945	1,375,963	47.20%	455,397	302.1%
April 1, 2010	1,188,036	2,383,223	1,195,187	49.85%	547,402	218.3%

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the dates indicated. Additional information follows:

1. The cost method used to determine the ARC is the frozen entry age actuarial cost method.
2. The assets are shown at fair value.
3. Economic assumptions are as follows: investment return rate of 7%, salary increase of 4%, inflation rate of 0%.
4. The amortization method is open period, assumed level dollar.

* Actuarial valuations were performed on April 1, 2011 and April 1, 2009. Estimated values have been calculated as of April 1, 2012 and April 1, 2010.

CITY OF MARSHALLTOWN, IOWA
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, 2012

	Actual			Budgeted Amounts		Final to Actual Variance
	Governmental Funds	Enterprise Funds	Total	Original Budget	Final Budget	
Receipts						
Property taxes	\$ 9,913,492	\$ -	\$ 9,913,492	\$ 10,167,673	\$ 10,167,673	\$ (254,181)
TIF revenues	1,538,967	-	1,538,967	1,500,373	1,500,373	38,594
Other city taxes	4,912,646	-	4,912,646	4,231,988	4,229,188	683,458
Licenses and permits	198,227	9,475	207,702	258,450	252,750	(45,048)
Use of money and property	203,524	167,721	371,245	288,026	269,378	101,867
Intergovernmental	7,338,438	2,867,506	10,205,944	8,583,901	12,678,965	(2,473,021)
Charges for service	885,767	5,206,380	6,092,147	5,662,718	5,683,462	408,685
Special assessments	21,646	-	21,646	11,500	24,645	(2,999)
Miscellaneous	861,807	145,930	1,007,737	540,475	878,937	128,800
Other financing sources	7,383,624	4,985,000	12,368,624	4,626,000	11,543,000	825,624
Total receipts	<u>33,258,138</u>	<u>13,382,012</u>	<u>46,640,150</u>	<u>35,871,104</u>	<u>47,228,371</u>	<u>(588,221)</u>
Disbursements						
Public safety	8,035,439	-	8,035,439	8,529,778	8,664,368	628,929
Public works	4,375,718	-	4,375,718	5,169,087	4,862,054	486,336
Health and social services	1,409,236	-	1,409,236	1,149,484	2,158,582	749,346
Culture and recreation	2,963,677	-	2,963,677	2,925,855	3,018,089	54,412
Community and economic development	2,525,357	-	2,525,357	2,348,893	3,884,749	1,359,392
General government	1,168,358	-	1,168,358	1,379,491	1,289,902	121,544
Debt service	3,501,011	-	3,501,011	4,007,982	4,482,891	981,880
Capital projects	2,508,690	-	2,508,690	1,974,700	6,425,928	3,917,238
Business-type activities	-	17,122,961	17,122,961	14,539,262	15,955,641	(1,167,320)
Total disbursements	<u>26,487,486</u>	<u>17,122,961</u>	<u>43,610,447</u>	<u>42,024,532</u>	<u>50,742,204</u>	<u>7,131,757</u>
Excess (deficiency) of receipts over (under) disbursements	<u>6,770,652</u>	<u>(3,740,949)</u>	<u>3,029,703</u>	<u>(6,153,428)</u>	<u>(3,513,833)</u>	<u>6,543,536</u>
Transfers						
Transfers in	7,295,000	169,661	7,464,661	9,231,550	9,231,550	1,766,889
Transfers out	(7,464,661)	-	(7,464,661)	(9,231,550)	(9,231,550)	(1,766,889)
Total transfers	<u>(169,661)</u>	<u>169,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,600,991	(3,571,288)	3,029,703	(6,153,428)	(3,513,833)	6,543,536
Fund balances, beginning	<u>11,587,653</u>	<u>10,916,366</u>	<u>22,504,019</u>	<u>20,307,340</u>	<u>20,307,340</u>	<u>(2,196,679)</u>
Fund balances, ending	<u>\$ 18,188,644</u>	<u>\$ 7,345,078</u>	<u>\$ 25,533,722</u>	<u>\$ 14,153,912</u>	<u>\$ 16,793,507</u>	<u>\$ 4,346,857</u>

CITY OF MARSHALLTOWN, IOWA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – BUDGET TO GAAP RECONCILIATION
YEAR ENDED JUNE 30, 2012

	Governmental Funds			Proprietary Funds Enterprise		
	Cash Basis	Accrual	Modified	Cash Basis	Accrual	
		Adjustments	Accrual Basis		Adjustments	Accrual Basis
Revenues	\$ 33,258,138	\$ 3,021,656	\$ 36,279,794	\$ 13,382,012	\$ (5,243,527)	\$ 8,138,485
Expenditures/expenses	<u>26,487,486</u>	<u>(198,333)</u>	<u>26,289,153</u>	<u>17,122,961</u>	<u>(10,921,027)</u>	<u>6,201,934</u>
Net	6,770,652	3,219,989	9,990,641	(3,740,949)	5,677,500	1,936,551
Transfers	(169,661)	-	(169,661)	169,661	-	169,661
Beginning fund balances/ net assets	<u>11,587,653</u>	<u>(437,276)</u>	<u>11,150,377</u>	<u>10,916,366</u>	<u>27,297,564</u>	<u>38,213,930</u>
Ending fund balances/ net assets	<u>\$ 18,188,644</u>	<u>\$ 2,782,713</u>	<u>\$ 20,971,357</u>	<u>\$ 7,345,078</u>	<u>\$ 32,975,064</u>	<u>\$ 40,320,142</u>

CITY OF MARSHALLTOWN, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2012

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

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

Formal and legal budgetary control is based upon nine (9) major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, the Debt Service Fund, Capital Projects Funds and Enterprise Funds. Although the budget document presents function disbursements by fund type, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment was prepared with the required public hearing. The amendments increased budgeted disbursements by \$8,717,672.

During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the business-type activities function. In addition before the budget was amended, disbursements exceeded the original amount budgeted for the health and social services function.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

E-911 Surcharge – To account for activity associated with the 911 Communication Commission.

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.

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, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Special</u>	
	<u>E-911</u>	
	<u>Surcharge</u>	<u>Grant Fund</u>
Assets		
Cash and cash equivalents	\$ 290,645	\$ -
Due from other governments	51,915	176,956
Prepaid items	30,512	425
Total assets	<u>\$ 373,072</u>	<u>\$ 177,381</u>
Liabilities and fund balances		
Liabilities		
Accounts payable	\$ 2,683	\$ 37,189
Accrued payroll and payroll benefits	-	8,090
Deferred revenue		
Other	-	114,180
Due to other funds	-	239,588
Total liabilities	<u>2,683</u>	<u>399,047</u>
Fund balances		
Nonspendable	30,512	425
Restricted	339,877	-
Unassigned	-	(222,091)
Total fund balances	<u>370,389</u>	<u>(221,666)</u>
Total liabilities and fund balances	<u>\$ 373,072</u>	<u>\$ 177,381</u>

Revenue Funds		Capital Projects Funds		Total
Special Contributions	Other	Airport Projects	Culture and Recreation Projects	Nonmajor Governmental Funds
\$ 206,161	\$ 245,779	\$ -	\$ 230,125	\$ 972,710
-	-	35,160	-	264,031
82	-	-	-	31,019
<u>\$ 206,243</u>	<u>\$ 245,779</u>	<u>\$ 35,160</u>	<u>\$ 230,125</u>	<u>\$ 1,267,760</u>
\$ 6,237	\$ 6,787	\$ 3,291	\$ -	\$ 56,187
251	-	-	-	8,341
-	-	35,160	-	149,340
-	-	98,513	-	338,101
<u>6,488</u>	<u>6,787</u>	<u>136,964</u>	<u>-</u>	<u>551,969</u>
82	-	-	-	31,019
199,673	238,992	-	230,125	1,008,667
-	-	(101,804)	-	(323,895)
<u>199,755</u>	<u>238,992</u>	<u>(101,804)</u>	<u>230,125</u>	<u>715,791</u>
<u>\$ 206,243</u>	<u>\$ 245,779</u>	<u>\$ 35,160</u>	<u>\$ 230,125</u>	<u>\$ 1,267,760</u>

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Special</u>	
	E-911	
	<u>Surcharge</u>	<u>Grant Fund</u>
Revenues		
Other city taxes	\$ 253,941	\$ -
Use of money and property	2,001	852
Intergovernmental	-	701,100
Charges for service	-	-
Miscellaneous	-	300
	<u>255,942</u>	<u>702,252</u>
Total revenues		
Expenditures		
Current		
Public safety	199,296	287,085
Public works	-	-
Health and social services	-	57,228
Culture and recreation	-	6,288
Community and economic development	-	21,342
General government	-	65,815
	<u>199,296</u>	<u>437,758</u>
Total expenditures		
Excess (deficiency) of revenues over (under)		
expenditures	<u>56,646</u>	<u>264,494</u>
Other financing sources (uses)		
Transfers in	-	-
Transfers out	-	(5,778)
	<u>-</u>	<u>(5,778)</u>
Total other financing sources (uses)		
Net change in fund balances	56,646	258,716
Fund balances (deficit) - beginning	<u>313,743</u>	<u>(480,382)</u>
Fund balances (deficit) - ending	<u>\$ 370,389</u>	<u>\$ (221,666)</u>

Revenue Funds		Capital Projects Funds		Total
Special Contributions	Other	Airport Projects	Culture and Recreation Projects	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 253,941
1,857	1,449	-	886	7,045
-	15,000	108,340	-	824,440
48,290	1,471	-	-	49,761
<u>109,340</u>	<u>150,172</u>	<u>-</u>	<u>78,132</u>	<u>337,944</u>
<u>159,487</u>	<u>168,092</u>	<u>108,340</u>	<u>79,018</u>	<u>1,473,131</u>
21,804	15,976	-	-	524,161
-	6,292	210,591	-	216,883
-	-	-	-	57,228
202,078	41,080	-	78,424	327,870
-	-	-	83	21,425
<u>-</u>	<u>57,778</u>	<u>-</u>	<u>-</u>	<u>123,593</u>
<u>223,882</u>	<u>121,126</u>	<u>210,591</u>	<u>78,507</u>	<u>1,271,160</u>
<u>(64,395)</u>	<u>46,966</u>	<u>(102,251)</u>	<u>511</u>	<u>201,971</u>
-	-	13,111	-	13,111
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,778)</u>
<u>-</u>	<u>-</u>	<u>13,111</u>	<u>-</u>	<u>7,333</u>
(64,395)	46,966	(89,140)	511	209,304
<u>264,150</u>	<u>192,026</u>	<u>(12,664)</u>	<u>229,614</u>	<u>506,487</u>
<u>\$ 199,755</u>	<u>\$ 238,992</u>	<u>\$ (101,804)</u>	<u>\$ 230,125</u>	<u>\$ 715,791</u>

NONMAJOR ENTERPRISE FUNDS

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

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

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

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2012

	<u>Compost Facility</u>	<u>Bus Transit</u>	<u>Recreation Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 69,790	\$ 335,476	\$ 50,298	\$ 455,564
Receivables				
Accounts and unbilled usage	1,081	4,245	-	5,326
Inventories	2,633	-	-	2,633
Prepaid items	704	12,163	122	12,989
Total current assets	<u>74,208</u>	<u>351,884</u>	<u>50,420</u>	<u>476,512</u>
Noncurrent assets				
Capital assets				
Land	10,437	-	-	10,437
Land improvements	235,361	7,735	-	243,096
Buildings and structures	26,919	677,129	-	704,048
Equipment and vehicles	99,931	1,510,631	-	1,610,562
Accumulated depreciation	<u>(264,294)</u>	<u>(739,187)</u>	<u>-</u>	<u>(1,003,481)</u>
Total noncurrent assets	<u>108,354</u>	<u>1,456,308</u>	<u>-</u>	<u>1,564,662</u>
Total assets	<u>182,562</u>	<u>1,808,192</u>	<u>50,420</u>	<u>2,041,174</u>
Liabilities				
Current liabilities				
Accounts payable	356	24,678	5,559	30,593
Accrued payroll and payroll benefits	1,106	12,685	2,822	16,613
Compensated absences	<u>-</u>	<u>2,350</u>	<u>-</u>	<u>2,350</u>
Total current liabilities	<u>1,462</u>	<u>39,713</u>	<u>8,381</u>	<u>49,556</u>
Noncurrent liabilities				
Compensated absences	-	17,233	-	17,233
Net OPEB liability	<u>-</u>	<u>20,728</u>	<u>-</u>	<u>20,728</u>
Total noncurrent liabilities	<u>-</u>	<u>37,961</u>	<u>-</u>	<u>37,961</u>
Total liabilities	<u>1,462</u>	<u>77,674</u>	<u>8,381</u>	<u>87,517</u>
Net assets				
Invested in capital assets	108,354	1,456,308	-	1,564,662
Unrestricted	<u>72,746</u>	<u>274,210</u>	<u>42,039</u>	<u>388,995</u>
Total net assets	<u>\$ 181,100</u>	<u>\$ 1,730,518</u>	<u>\$ 42,039</u>	<u>\$ 1,953,657</u>

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2012

	Compost Facility	Bus Transit	Recreation Concessions	Total Nonmajor Enterprise Funds
Operating revenues				
Charges for service	\$ 59,316	\$ 104,394	\$ 49,559	\$ 213,269
Operating expenses				
Salaries and benefits	19,094	413,917	20,342	453,353
Services and supplies	8,879	204,926	62,397	276,202
Depreciation	12,075	113,270	-	125,345
Total operating expenses	40,048	732,113	82,739	854,900
Operating income (loss)	19,268	(627,719)	(33,180)	(641,631)
Nonoperating revenues				
Federal and state grants	-	595,771	-	595,771
Interest income	549	2,942	754	4,245
Net nonoperating revenues	549	598,713	754	600,016
Income (loss) before transfers	19,817	(29,006)	(32,426)	(41,615)
Transfers in	-	169,661	-	169,661
Change in net assets	19,817	140,655	(32,426)	128,046
Net assets - beginning	161,283	1,589,863	74,465	1,825,611
Net assets - ending	\$ 181,100	\$ 1,730,518	\$ 42,039	\$ 1,953,657

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Compost Facility</u>	<u>Bus Transit</u>	<u>Recreation Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities				
Cash received from customers	\$ 59,803	\$ 104,335	\$ 49,559	\$ 213,697
Cash payments to suppliers for goods and services	(4,044)	(193,406)	(61,688)	(259,138)
Cash payments to employees for services	<u>(18,913)</u>	<u>(406,400)</u>	<u>(19,751)</u>	<u>(445,064)</u>
Net cash provided by (used for) operating activities	<u>36,846</u>	<u>(495,471)</u>	<u>(31,880)</u>	<u>(490,505)</u>
Cash flows from noncapital financing activities				
Transfers from other funds	-	169,661	-	169,661
Grants received	<u>-</u>	<u>645,162</u>	<u>-</u>	<u>645,162</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>814,823</u>	<u>-</u>	<u>814,823</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	<u>-</u>	<u>(346,365)</u>	<u>-</u>	<u>(346,365)</u>
Cash flows from investing activities				
Interest received on investment securities	<u>549</u>	<u>2,942</u>	<u>754</u>	<u>4,245</u>
Net increase (decrease) in cash and cash equivalents	37,395	(24,071)	(31,126)	(17,802)
Cash and cash equivalents, beginning	<u>32,395</u>	<u>359,547</u>	<u>81,424</u>	<u>473,366</u>
Cash and cash equivalents, ending	<u>\$ 69,790</u>	<u>\$ 335,476</u>	<u>\$ 50,298</u>	<u>\$ 455,564</u>

(continued)

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF CASH FLOWS (continued)
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Compost Facility</u>	<u>Bus Transit</u>	<u>Recreation Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 19,268	\$ (627,719)	\$ (33,180)	\$ (641,631)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	12,075	113,270	-	125,345
Changes in assets and liabilities				
(Increase) decrease in receivables	487	(59)	-	428
(Increase) decrease in inventories and prepaid items	4,861	653	(22)	5,492
Increase (decrease) in accounts payable	(26)	10,867	731	11,572
Increase in accrued liabilities	181	1,623	591	2,395
Increase in net OPEB liability	-	5,894	-	5,894
Total adjustments	<u>17,578</u>	<u>132,248</u>	<u>1,300</u>	<u>151,126</u>
Net cash provided by (used for) operating activities	<u>\$ 36,846</u>	<u>\$ (495,471)</u>	<u>\$ (31,880)</u>	<u>\$ (490,505)</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.

Flexible Benefits – To account for the employee flexible benefit plan resources and claims.

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

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2012

	<u>Group Insurance Benefits</u>	<u>Occupational Insurance Benefits</u>	<u>Flexible Benefits</u>	<u>Workmen's Compensation Deductible</u>	<u>Total</u>
Assets					
Current assets					
Cash and cash equivalents	\$ 2,174,185	\$ 340,414	\$ -	\$ 38,517	\$ 2,553,116
Receivables					
Accounts	18,980	-	-	-	18,980
Prepaid items	<u>24,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,446</u>
Total current assets	<u>2,217,611</u>	<u>340,414</u>	<u>-</u>	<u>38,517</u>	<u>2,596,542</u>
Liabilities					
Current liabilities					
Accounts payable	202,775	1,978	-	-	204,753
Unearned revenue	<u>153,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,168</u>
Total current liabilities	<u>355,943</u>	<u>1,978</u>	<u>-</u>	<u>-</u>	<u>357,921</u>
Total net assets - unrestricted	<u>\$ 1,861,668</u>	<u>\$ 338,436</u>	<u>\$ -</u>	<u>\$ 38,517</u>	<u>\$ 2,238,621</u>

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS

INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2012

	Group Insurance Benefits	Occupational Insurance Benefits	Flexible Benefits	Workmen's Compensation Deductible	Total
Operating revenues					
Charges for service	\$ 2,048,497	\$ -	\$ 3,681	\$ -	\$ 2,052,178
Miscellaneous	382,516	-	-	-	382,516
Total operating revenues	<u>2,431,013</u>	<u>-</u>	<u>3,681</u>	<u>-</u>	<u>2,434,694</u>
Operating expenses					
Services and supplies	12,033	-	-	-	12,033
Claims paid	1,680,641	94,572	-	1,973	1,777,186
Health insurance premiums	284,415	-	-	-	284,415
Miscellaneous	84,656	1,071	-	-	85,727
Total operating expenses	<u>2,061,745</u>	<u>95,643</u>	<u>-</u>	<u>1,973</u>	<u>2,159,361</u>
Operating income (loss)	369,268	(95,643)	3,681	(1,973)	275,333
Nonoperating revenues					
Interest income	14,528	3,273	-	396	18,197
Change in net assets	383,796	(92,370)	3,681	(1,577)	293,530
Net assets (deficit) - beginning	<u>1,477,872</u>	<u>430,806</u>	<u>(3,681)</u>	<u>40,094</u>	<u>1,945,091</u>
Net assets - ending	<u>\$ 1,861,668</u>	<u>\$ 338,436</u>	<u>\$ -</u>	<u>\$ 38,517</u>	<u>\$ 2,238,621</u>

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2012

	Group Insurance Benefits	Occupational Insurance Benefits	Flexible Benefits	Workmen's Compensation Deductible	Total
Cash flows from operating activities					
Cash received from customers	\$ 2,040,105	\$ -	\$ 3,681	\$ -	\$ 2,043,786
Cash payments to suppliers for goods and services	(2,028,947)	(96,803)	-	(1,973)	(2,127,723)
Other operating receipts	382,516	-	-	-	382,516
Net cash provided by (used for) operating activities	393,674	(96,803)	3,681	(1,973)	298,579
Cash flows from noncapital financing activities					
Decrease in due from other funds	3,681	-	-	-	3,681
Decrease in due to other funds	-	-	(3,681)	-	(3,681)
Net cash provided by (used for) noncapital financing activities	3,681	-	(3,681)	-	-
Cash flows from investing activities					
Interest received on investment securities	14,528	3,273	-	396	18,197
Net increase (decrease) in cash and cash equivalents	411,883	(93,530)	-	(1,577)	316,776
Cash and cash equivalents, beginning	1,762,302	433,944	-	40,094	2,236,340
Cash and cash equivalents, ending	\$ 2,174,185	\$ 340,414	\$ -	\$ 38,517	\$ 2,553,116
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 369,268	\$ (95,643)	\$ 3,681	\$ (1,973)	\$ 275,333
Changes in assets and liabilities					
Increase in receivables	(18,980)	-	-	-	(18,980)
Increase in prepaid items	(2,021)	-	-	-	(2,021)
Increase (decrease) in accounts payable	34,819	(1,160)	-	-	33,659
Increase in unearned revenue	10,588	-	-	-	10,588
Total	24,406	(1,160)	-	-	23,246
Net cash provided by (used for) operating activities	\$ 393,674	\$ (96,803)	\$ 3,681	\$ (1,973)	\$ 298,579

FIDUCIARY FUNDS

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

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

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

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

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

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
PAYROLL FUND				
ASSETS				
Cash and cash equivalents	\$ 172,095	\$ 43,369,656	\$ 43,311,860	\$ 229,891
Prepaid items	<u>30,084</u>	<u>22,330</u>	<u>30,084</u>	<u>22,330</u>
Total assets	<u>\$ 202,179</u>	<u>\$ 43,391,986</u>	<u>\$ 43,341,944</u>	<u>\$ 252,221</u>
LIABILITIES				
Accrued payroll and benefits	\$ 143,927	\$ 43,376,036	\$ 43,341,944	\$ 178,019
Due to City	<u>58,252</u>	<u>15,950</u>	<u>-</u>	<u>74,202</u>
Total liabilities	<u>\$ 202,179</u>	<u>\$ 43,391,986</u>	<u>\$ 43,341,944</u>	<u>\$ 252,221</u>
SLEUTH USER GROUP				
ASSETS				
Cash and cash equivalents	<u>\$ 14,399</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ 14,529</u>
LIABILITIES				
Due to Sleuth User Group	<u>\$ 14,399</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ 14,529</u>
SURETY BONDS/DEPOSITS				
ASSETS				
Cash and cash equivalents	<u>\$ 7,226</u>	<u>\$ 6,298</u>	<u>\$ 13,150</u>	<u>\$ 374</u>
LIABILITIES				
Accounts payable	\$ 6,367	\$ -	\$ 6,367	\$ -
Due to City	<u>859</u>	<u>6,298</u>	<u>6,783</u>	<u>374</u>
Total liabilities	<u>\$ 7,226</u>	<u>\$ 6,298</u>	<u>\$ 13,150</u>	<u>\$ 374</u>

(continued)

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
OTHER				
ASSETS				
Cash and cash equivalents	\$ 1,485	\$ 11,233	\$ 10,520	\$ 2,198
LIABILITIES				
Due to other governments	\$ 1,485	\$ 11,233	\$ 10,520	\$ 2,198
ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 195,205	\$ 43,387,317	\$ 43,335,530	\$ 246,992
Prepaid items	30,084	22,330	30,084	22,330
Total assets	<u>\$ 225,289</u>	<u>\$ 43,409,647</u>	<u>\$ 43,365,614</u>	<u>\$ 269,322</u>
LIABILITIES				
Accounts payable	\$ 6,367	\$ -	\$ 6,367	\$ -
Accrued payroll and benefits	143,927	43,376,036	43,341,944	178,019
Due to Sleuth User Group	14,399	130	-	14,529
Due to City	59,111	22,248	6,783	74,576
Due to other governments	1,485	11,233	10,520	2,198
Total liabilities	<u>\$ 225,289</u>	<u>\$ 43,409,647</u>	<u>\$ 43,365,614</u>	<u>\$ 269,322</u>

LONG-TERM DEBT

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF BOND MATURITIES
JUNE 30, 2012

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
Governmental Activities				
General Obligation				
Equipment loan note, issued February 1, 2005	2013	0.00%	\$ -	\$ 13,840
	2014	0.00%	-	13,841
	2015	0.00%	-	13,842
			<u>-</u>	<u>41,523</u>
2006A Capital loan notes, issued June 1, 2006	2013	4.38%	22,739	180,000
	2014	4.38%	14,766	190,000
	2015	4.38%	6,454	195,000
			<u>43,959</u>	<u>565,000</u>
2008A Essential corporate purpose refunding bonds, issued April 1, 2008	2013	3.50%	201,250	1,150,000
	2014	3.50%	161,000	1,200,000
	2015	3.50%	119,000	1,150,000
	2016	3.50%	78,750	1,150,000
	2017	3.50%	38,500	1,100,000
			<u>598,500</u>	<u>5,750,000</u>
2008B Essential corporate purpose, issued April 1, 2008	2013	3.50%	139,700	335,000
	2014	3.50%	127,975	335,000
	2015	3.50%	116,250	335,000
	2016	3.50%	104,525	335,000
	2017	4.00%	92,800	335,000
	2018	4.00%	79,400	335,000
	2019	4.00%	66,000	335,000
	2020	4.00%	52,600	335,000
	2021	4.00%	39,200	335,000
	2022	4.00%	25,800	335,000
	2023	4.00%	12,400	310,000
			<u>856,650</u>	<u>3,660,000</u>

(continued)

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF BOND MATURITIES (continued)
JUNE 30, 2012

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
Governmental Activities (continued)				
General Obligation (continued)				
2009A Essential corporate purpose refunding bonds, issued May 1, 2009	2013	2.60%	\$ 53,740	\$ 575,000
	2014	3.00%	42,240	315,000
	2015	3.15%	35,310	325,000
	2016	3.30%	27,510	335,000
	2017	3.65%	18,800	350,000
	2018	3.90%	9,000	300,000
			186,600	2,200,000
2011A Essential corporate purpose, issued April 1, 2011	2013	1.25%	17,416	300,000
	2014	1.25%	13,666	305,000
	2015	1.40%	9,852	310,000
	2016	1.75%	5,512	315,000
			46,446	1,230,000
2011B Essential corporate purpose, issued October 26, 2011	2013	1.00%	45,418	135,000
	2014	1.00%	44,067	135,000
	2015	1.00%	42,718	140,000
	2016	1.00%	41,317	140,000
	2017	1.20%	39,918	145,000
	2018	1.45%	38,177	145,000
	2019	1.65%	36,075	150,000
	2020	1.90%	33,600	155,000
	2021	2.05%	30,655	160,000
	2022	2.20%	27,375	165,000
	2023	2.35%	23,745	170,000
	2024	2.45%	19,750	175,000
	2025	2.60%	15,463	180,000
	2026	2.75%	10,782	190,000
	2027	2.85%	5,558	195,000
			454,618	2,380,000
2012A Essential corporate purpose, issued April 12, 2012	2013	1.00%	99,055	100,000
	2014	1.00%	86,188	100,000
	2015	1.00%	85,188	150,000
	2016	1.00%	83,687	175,000
	2017	1.00%	81,937	350,000
	2018	1.00%	78,437	350,000
	2019	1.25%	74,938	400,000
	2020	1.50%	69,937	400,000
	2021	1.75%	63,938	400,000
	2022	2.00%	56,938	425,000
	2023	2.00%	48,437	425,000
	2024	2.25%	39,938	400,000
	2025	2.25%	30,937	425,000
	2026	2.25%	21,375	450,000
	2027	2.50%	11,250	450,000
			932,180	5,000,000

(continued)

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF BOND MATURITIES (continued)
JUNE 30, 2012

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
Governmental Activities (continued)				
General Obligation (continued)				
2012B Crossover advance refunding, issued April 24, 2012	2013	1.50%	\$ 57,832	\$ -
	2014	1.50%	49,570	-
	2015	1.50%	49,570	375,000
	2016	1.50%	43,945	370,000
	2017	1.50%	38,395	360,000
	2018	1.50%	32,995	355,000
	2019	1.50%	27,670	345,000
	2020	1.50%	22,495	335,000
	2021	1.65%	17,470	330,000
	2022	1.90%	12,025	320,000
	2023	2.05%	5,945	290,000
			357,912	3,080,000
Total governmental activities	2013		637,150	2,788,840
	2014		539,472	2,593,841
	2015		464,342	2,993,842
	2016		385,246	2,820,000
	2017		310,350	2,640,000
	2018		238,009	1,485,000
	2019		204,683	1,230,000
	2020		178,632	1,225,000
	2021		151,263	1,225,000
	2022		122,138	1,245,000
	2023		90,527	1,195,000
	2024		59,688	575,000
	2025		46,400	605,000
	2026		32,157	640,000
	2027		16,808	645,000
			\$ 3,476,865	\$ 23,906,523

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF BOND MATURITIES (continued)
JUNE 30, 2012

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
Business-type Activities				
General Obligation				
2011 Essential corporate purpose, issued April 1, 2011	2013	1.25%	\$ 146,212	\$ 345,000
	2014	1.25%	141,900	350,000
	2015	1.40%	137,526	355,000
	2016	1.75%	132,556	365,000
	2017	2.00%	126,168	370,000
	2018	2.25%	118,768	380,000
	2019	2.45%	110,218	395,000
	2020	2.65%	100,540	410,000
	2021	2.90%	89,676	425,000
	2022	3.00%	77,350	440,000
	2023	3.10%	64,150	460,000
	2024	3.20%	49,890	475,000
	2025	3.35%	34,690	500,000
	2026	3.45%	17,940	520,000
			1,347,584	5,790,000
Revenue Bonds				
Sewer Revenue Improvement and Refunding, Issued May 8, 2012	2013	2.58%	118,551	473,000
	2014	2.58%	106,347	485,000
	2015	2.58%	93,833	496,000
	2016	2.58%	81,038	507,000
	2017	2.58%	67,958	512,000
	2018	2.58%	54,748	530,000
	2019	2.58%	41,074	532,000
	2020	2.58%	27,348	121,000
	2021	2.58%	24,226	124,000
	2022	2.58%	21,028	127,000
	2023	2.58%	17,750	131,000
	2024	2.58%	14,370	134,000
	2025	2.58%	10,914	137,000
	2026	2.58%	7,378	141,000
	2027	2.58%	3,742	145,000
			690,305	4,595,000
Total business-type activities	2013		264,763	818,000
	2014		248,247	835,000
	2015		231,359	851,000
	2016		213,594	872,000
	2017		194,126	882,000
	2018		173,516	910,000
	2019		151,292	927,000
	2020		127,888	531,000
	2021		113,902	549,000
	2022		98,378	567,000
	2023		81,900	591,000
	2024		64,260	609,000
	2025		45,604	637,000
	2026		25,318	661,000
	2027		3,742	145,000
			\$ 2,037,889	\$ 10,385,000

STATISTICAL SECTION (UNAUDITED)

CITY OF MARSHALLTOWN, IOWA

STATISTICAL SECTION – CONTENTS

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	91
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	99
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	103
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	109
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	111

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

CITY OF MARSHALLTOWN, IOWA
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2012	2011	2010	2009	2008
Governmental activities					
Invested in capital assets, net of related debt	\$28,325,116	\$27,720,521	\$26,650,049	\$23,043,549	\$19,020,002
Restricted	11,863,770	8,246,658	5,480,294	4,092,324	3,466,011
Unrestricted	<u>(730,534)</u>	<u>2,811,692</u>	<u>5,344,963</u>	<u>7,751,144</u>	<u>8,744,229</u>
Total governmental activities net assets	<u>\$39,458,352</u>	<u>\$38,778,871</u>	<u>\$37,475,306</u>	<u>\$34,887,017</u>	<u>\$31,230,242</u>
Business-type activities					
Invested in capital assets, net of related debt	\$35,454,854	\$31,937,474	\$30,006,298	\$29,462,000	\$28,057,883
Restricted	49,296	946,902	947,675	948,423	949,146
Unrestricted	<u>4,815,992</u>	<u>5,329,554</u>	<u>5,842,883</u>	<u>5,736,915</u>	<u>5,564,413</u>
Total business-type activities net assets	<u>\$40,320,142</u>	<u>\$38,213,930</u>	<u>\$36,796,856</u>	<u>\$36,147,338</u>	<u>\$34,571,442</u>
Primary Government					
Invested in capital assets, net of related debt	\$63,779,970	\$59,657,995	\$56,656,347	\$52,505,549	\$47,077,885
Restricted	11,913,066	9,193,560	6,427,969	5,040,747	4,415,157
Unrestricted	<u>4,085,458</u>	<u>8,141,246</u>	<u>11,187,846</u>	<u>13,488,059</u>	<u>14,308,642</u>
Total primary government net assets	<u>\$79,778,494</u>	<u>\$76,992,801</u>	<u>\$74,272,162</u>	<u>\$71,034,355</u>	<u>\$65,801,684</u>

2007	2006	2005	2004	2003
\$14,837,533	\$10,902,193	\$ 9,538,473	\$ 7,585,973	\$14,182,084
3,093,281	2,465,406	1,401,272	976,110	2,408,818
<u>9,609,800</u>	<u>8,572,318</u>	<u>8,412,821</u>	<u>8,036,183</u>	<u>7,318,392</u>
<u>\$27,540,614</u>	<u>\$21,939,917</u>	<u>\$19,352,566</u>	<u>\$16,598,266</u>	<u>\$23,909,294</u>
\$27,975,107	\$28,081,324	\$28,091,451	\$27,579,870	\$18,870,233
949,930	1,382,713	1,285,042	1,424,373	1,625,224
<u>4,708,652</u>	<u>3,531,327</u>	<u>3,462,591</u>	<u>2,862,230</u>	<u>2,811,086</u>
<u>\$33,633,689</u>	<u>\$32,995,364</u>	<u>\$32,839,084</u>	<u>\$31,866,473</u>	<u>\$23,306,543</u>
\$42,812,640	\$38,983,517	\$37,629,924	\$35,165,843	\$33,052,317
4,043,211	3,848,119	2,686,314	2,400,483	4,034,042
<u>14,318,452</u>	<u>12,103,645</u>	<u>11,875,412</u>	<u>10,898,413</u>	<u>10,129,478</u>
<u>\$61,174,303</u>	<u>\$54,935,281</u>	<u>\$52,191,650</u>	<u>\$48,464,739</u>	<u>\$47,215,837</u>

CITY OF MARSHALLTOWN, IOWA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2012	2011	2010	2009	2008
Expenses					
Governmental activities:					
Public safety	\$ 8,731,373	\$ 8,028,333	\$ 8,065,379	\$ 7,633,307	\$ 7,542,266
Public works	7,049,394	6,203,182	4,652,177	4,783,710	5,083,392
Health and social services	1,154,023	1,771,196	1,330,332	710,361	1,273,679
Culture and recreation	2,757,409	3,801,068	3,842,524	2,744,793	2,900,972
Community and economic development	2,417,304	2,346,822	2,343,854	2,369,887	1,795,613
General government	1,278,776	1,174,190	707,425	1,073,832	1,120,708
Interest on long term debt	563,965	578,629	659,449	846,296	841,587
Total governmental activities expenses	<u>23,952,244</u>	<u>23,903,420</u>	<u>21,601,140</u>	<u>20,162,186</u>	<u>20,558,217</u>
Business-type activities:					
Water pollution control	4,735,491	4,275,726	4,451,055	4,104,671	4,127,563
Storm sewer	611,543	558,572	536,859	484,772	516,213
Compost	40,048	37,961	39,067	45,822	89,164
Transit	732,113	702,544	596,690	569,665	562,279
Concessions	82,739	54,447	48,738	107,677	59,936
Total business-type activities expenses	<u>6,201,934</u>	<u>5,629,250</u>	<u>5,672,409</u>	<u>5,312,607</u>	<u>5,355,155</u>
Total primary government expenses	<u>\$ 30,154,178</u>	<u>\$ 29,532,670</u>	<u>\$ 27,273,549</u>	<u>\$ 25,474,793</u>	<u>\$ 25,913,372</u>
Program Revenues					
Governmental activities					
Charges for service:					
Public safety	\$ 173,007	\$ 223,311	\$ 194,712	\$ 79,976	\$ 186,932
Public works	477,553	428,841	717,658	720,300	446,564
Health and social services	79,159	48,134	78,181	41,585	66,515
Culture and recreation	473,715	490,057	443,268	436,038	469,169
Community and economic development	170,617	227,024	157,415	287,548	312,835
Other activities	269,371	155,658	98,728	153,242	159,155
Operating grants and contributions	5,656,234	7,801,666	5,935,212	4,952,094	6,006,627
Capital grants and contributions	492,676	304,891	2,106,963	1,766,302	1,570,148
Total governmental activities program revenues	<u>7,792,332</u>	<u>9,679,582</u>	<u>9,732,137</u>	<u>8,437,085</u>	<u>9,217,945</u>
Business-type activities					
Charges for service:					
Water pollution control	4,937,481	4,280,970	4,772,834	4,921,428	4,915,786
Storm sewer	310,584	301,235	299,772	279,142	303,621
Compost	59,316	45,860	31,943	33,404	26,155
Transit	104,394	117,259	118,331	115,486	129,841
Concessions	49,559	48,180	48,570	59,669	61,986
Operating grants and contributions	353,216	239,651	669,067	572,393	290,701
Capital grants and contributions	2,281,955	1,797,999	621,223	611,649	165,849
Total business-type activities program revenues	<u>8,096,505</u>	<u>6,831,154</u>	<u>6,561,740</u>	<u>6,593,171</u>	<u>5,893,939</u>
Total primary government program revenues	<u>\$ 15,888,837</u>	<u>\$ 16,510,736</u>	<u>\$ 16,293,877</u>	<u>\$ 15,030,256</u>	<u>\$ 15,111,884</u>

	2007	2006	2005	2004	2003
\$	7,221,486	\$ 7,343,575	\$ 6,718,838	\$ 7,334,477	\$ 6,704,841
	4,002,011	3,938,080	4,975,532	4,132,829	4,067,481
	1,404,277	1,361,077	1,336,175	783,075	455,506
	2,477,842	2,893,559	2,356,111	2,669,207	2,462,897
	1,992,572	1,694,889	1,743,784	2,495,685	1,744,724
	1,271,344	1,028,482	975,510	1,038,353	1,083,663
	910,061	921,460	1,037,688	984,214	1,137,323
	<u>19,279,593</u>	<u>19,181,122</u>	<u>19,143,638</u>	<u>19,437,840</u>	<u>17,656,435</u>
	3,935,556	4,096,849	4,153,055	3,677,871	3,563,400
	451,013	423,426	472,913	408,532	-
	37,472	44,066	47,634	35,357	40,971
	501,321	438,430	419,640	492,115	531,734
	53,291	54,725	44,416	58,824	14,900
	<u>4,978,653</u>	<u>5,057,496</u>	<u>5,137,658</u>	<u>4,672,699</u>	<u>4,151,005</u>
\$	<u>24,258,246</u>	<u>24,238,618</u>	<u>24,281,296</u>	<u>24,110,539</u>	<u>21,807,440</u>
\$	550,576	\$ 104,082	\$ 257,712	\$ 172,460	\$ 104,795
	663,753	636,645	401,644	643,004	483,067
	68,541	-	-	-	-
	488,282	687,079	632,892	651,286	350,488
	184,928	230,674	307,867	272,422	301,441
	83,055	171,517	122,900	112,633	163,010
	5,739,079	5,440,505	5,265,563	5,510,052	4,887,463
	<u>2,898,828</u>	<u>1,461,418</u>	<u>971,519</u>	<u>517,296</u>	<u>697,162</u>
	<u>10,677,042</u>	<u>8,731,920</u>	<u>7,960,097</u>	<u>7,879,153</u>	<u>6,987,426</u>
	4,051,010	3,657,366	3,649,510	3,593,272	3,613,023
	334,058	327,807	306,892	274,397	-
	22,405	26,627	35,620	41,526	43,914
	85,433	118,473	123,760	136,637	102,802
	61,732	67,014	59,149	71,121	25,764
	253,130	453,792	273,126	198,530	185,399
	239,065	227,315	1,276,587	472,261	473,479
	<u>5,046,833</u>	<u>4,878,394</u>	<u>5,724,644</u>	<u>4,787,744</u>	<u>4,444,381</u>
\$	<u>15,723,875</u>	<u>13,610,314</u>	<u>13,684,741</u>	<u>12,666,897</u>	<u>11,431,807</u>

(continued)

CITY OF MARSHALLTOWN, IOWA
CHANGES IN NET ASSETS (continued)
LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2012	2011	2010	2009	2008
Net (Expense)/Revenue					
Governmental activities	\$ (16,159,912)	\$ (14,223,838)	\$ (11,869,003)	\$ (11,725,101)	\$ (11,340,272)
Business-type activities	<u>1,894,571</u>	<u>1,201,904</u>	<u>889,331</u>	<u>1,280,564</u>	<u>538,784</u>
Total primary government net expense	<u>\$ (14,265,341)</u>	<u>\$ (13,021,934)</u>	<u>\$ (10,979,672)</u>	<u>\$ (10,444,537)</u>	<u>\$ (10,801,488)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property	\$ 9,853,096	\$ 9,210,796	\$ 8,957,392	\$ 8,617,322	\$ 7,821,311
Other	6,063,108	5,565,923	5,206,539	5,787,467	5,735,724
Unrestricted					
State generated revenues	317,412	305,694	333,259	339,243	368,341
Investment earnings	173,169	167,610	162,173	325,699	602,711
Miscellaneous revenues	602,269	435,191	641,234	468,253	653,069
Transfers	<u>(169,661)</u>	<u>(157,811)</u>	<u>(192,057)</u>	<u>(156,108)</u>	<u>(151,256)</u>
Total governmental activities	<u>16,839,393</u>	<u>15,527,403</u>	<u>15,108,540</u>	<u>15,381,876</u>	<u>15,029,900</u>
Business-type activities:					
Investment earnings	41,980	57,359	55,775	139,224	245,262
Miscellaneous revenues	-	-	-	-	2,151
Transfers	<u>169,661</u>	<u>157,811</u>	<u>192,057</u>	<u>156,108</u>	<u>151,256</u>
Total business-type activities	<u>211,641</u>	<u>215,170</u>	<u>247,832</u>	<u>295,332</u>	<u>398,669</u>
Total primary government	<u>\$ 17,051,034</u>	<u>\$ 15,742,573</u>	<u>\$ 15,356,372</u>	<u>\$ 15,677,208</u>	<u>\$ 15,428,569</u>
Change in Net Assets					
Governmental activities	\$ 679,481	\$ 1,303,565	\$ 3,239,537	\$ 3,656,775	\$ 3,689,628
Business-type activities	<u>2,106,212</u>	<u>1,417,074</u>	<u>1,137,163</u>	<u>1,575,896</u>	<u>937,453</u>
Total primary government	<u>\$ 2,785,693</u>	<u>\$ 2,720,639</u>	<u>\$ 4,376,700</u>	<u>\$ 5,232,671</u>	<u>\$ 4,627,081</u>

Note:

A storm sewer enterprise fund was established in fiscal year ended June 30, 2004. Prior to this time, expenditures were reflected in the governmental activities under public works. The capital assets of the storm sewer division were reflected as a transfer to the enterprise fund from the governmental activities.

2007	2006	2005	2004	2003
\$ (8,602,551)	\$ (10,449,202)	\$ (11,183,541)	\$ (11,558,687)	\$ (10,669,009)
<u>68,180</u>	<u>(179,102)</u>	<u>586,986</u>	<u>115,045</u>	<u>293,376</u>
<u>\$ (8,534,371)</u>	<u>\$ (10,628,304)</u>	<u>\$ (10,596,555)</u>	<u>\$ (11,443,642)</u>	<u>\$ (10,375,633)</u>
\$ 7,523,858	\$ 7,006,898	\$ 6,660,061	\$ 6,413,043	\$ 6,179,720
5,697,114	4,928,051	5,891,242	5,067,338	5,335,391
343,333	383,643	401,992	415,760	925,838
655,348	477,315	288,581	167,696	217,902
297,817	385,881	726,918	540,411	624,720
<u>(314,222)</u>	<u>(145,235)</u>	<u>(120,380)</u>	<u>(8,356,589)</u>	<u>(101,045)</u>
<u>14,203,248</u>	<u>13,036,553</u>	<u>13,848,414</u>	<u>4,247,659</u>	<u>13,182,526</u>
255,923	190,147	113,190	88,296	142,525
-	-	-	-	-
<u>314,222</u>	<u>145,235</u>	<u>120,380</u>	<u>8,356,589</u>	<u>101,045</u>
<u>570,145</u>	<u>335,382</u>	<u>233,570</u>	<u>8,444,885</u>	<u>243,570</u>
<u>\$ 14,773,393</u>	<u>\$ 13,371,935</u>	<u>\$ 14,081,984</u>	<u>\$ 12,692,544</u>	<u>\$ 13,426,096</u>
\$ 5,600,697	\$ 2,587,351	\$ 2,664,873	\$ (7,311,028)	\$ 2,513,517
<u>638,325</u>	<u>156,280</u>	<u>820,556</u>	<u>8,559,930</u>	<u>536,946</u>
<u>\$ 6,239,022</u>	<u>\$ 2,743,631</u>	<u>\$ 3,485,429</u>	<u>\$ 1,248,902</u>	<u>\$ 3,050,463</u>

CITY OF MARSHALLTOWN, IOWA
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

Function/Program	Program Revenues by Fiscal Year				
	2012	2011	2010	2009	2008
Governmental activities					
Public safety	\$ 777,123	\$ 980,216	\$ 960,979	\$ 854,028	\$ 969,752
Public works	3,602,446	3,737,210	4,029,975	3,260,842	3,342,003
Health and social services	955,529	1,531,281	1,300,200	321,478	975,487
Culture and recreation	707,189	1,399,468	925,422	2,010,582	1,862,073
Community and economic development	1,465,674	1,822,717	1,651,247	1,836,913	1,909,475
General government	<u>284,371</u>	<u>208,690</u>	<u>864,314</u>	<u>153,242</u>	<u>159,155</u>
Total governmental activities	<u>\$ 7,792,332</u>	<u>\$ 9,679,582</u>	<u>\$ 9,732,137</u>	<u>\$ 8,437,085</u>	<u>\$ 9,217,945</u>
Business-type activities					
Water pollution control	\$ 6,519,524	\$ 5,130,757	\$ 5,315,535	\$ 5,426,868	\$ 4,915,859
Storm sewer	767,941	1,197,010	454,271	465,414	427,640
Compost	59,316	45,860	31,943	33,404	59,235
Transit	700,165	409,347	711,421	607,816	429,219
Concessions	<u>49,559</u>	<u>48,180</u>	<u>48,570</u>	<u>59,669</u>	<u>61,986</u>
Total business-type activities	<u>\$ 8,096,505</u>	<u>\$ 6,831,154</u>	<u>\$ 6,561,740</u>	<u>\$ 6,593,171</u>	<u>\$ 5,893,939</u>

2007	2006	2005	2004	2003
\$ 1,198,228	\$ 764,806	\$ 846,528	\$ 795,550	\$ 615,517
4,322,473	4,009,030	2,868,644	3,374,676	3,249,541
1,021,964	1,088,238	841,310	513,723	152,900
2,068,851	949,630	1,433,444	1,180,190	943,008
1,982,471	1,823,109	1,868,320	1,914,974	1,866,125
<u>83,055</u>	<u>97,107</u>	<u>101,851</u>	<u>100,040</u>	<u>160,335</u>
<u>\$ 10,677,042</u>	<u>\$ 8,731,920</u>	<u>\$ 7,960,097</u>	<u>\$ 7,879,153</u>	<u>\$ 6,987,426</u>

\$ 4,196,643	\$ 3,689,112	\$ 4,066,813	\$ 3,640,858	\$ 3,734,990
417,245	523,472	1,225,894	378,956	-
22,405	26,627	35,620	41,526	43,914
348,808	572,169	337,168	655,283	639,713
<u>61,732</u>	<u>67,014</u>	<u>59,149</u>	<u>71,121</u>	<u>25,764</u>
<u>\$ 5,046,833</u>	<u>\$ 4,878,394</u>	<u>\$ 5,724,644</u>	<u>\$ 4,787,744</u>	<u>\$ 4,444,381</u>

CITY OF MARSHALLTOWN, IOWA
FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Nonspendable	\$ 258,309	\$ 230,633	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Restricted	517,008	456,488	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Committed	250,000	250,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unassigned	2,783,055	2,839,102	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reserved	N/A	N/A	\$ 233,410	\$ 266,493	\$ 254,813	\$ 260,504	\$ 254,337	\$ 270,400	\$ 317,580	\$ 325,475
Unreserved	N/A	N/A	<u>3,587,644</u>	<u>3,778,280</u>	<u>3,719,837</u>	<u>3,201,762</u>	<u>2,781,078</u>	<u>2,577,724</u>	<u>2,307,482</u>	<u>2,230,910</u>
Total general fund	<u>3,808,372</u>	<u>3,776,223</u>	<u>3,821,054</u>	<u>4,044,773</u>	<u>3,974,650</u>	<u>3,462,266</u>	<u>3,035,415</u>	<u>2,848,124</u>	<u>2,625,062</u>	<u>2,556,385</u>
All Other Governmental Funds										
Nonspendable	222,131	178,954	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Restricted	17,264,749	7,701,874	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unassigned	(323,895)	(506,674)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reserved	N/A	N/A	5,485,108	5,280,068	7,071,466	3,117,481	2,517,279	1,477,447	1,055,046	2,492,954
Unreserved reported in:										
Special revenue funds	N/A	N/A	1,003,450	1,692,822	2,376,891	3,256,828	2,923,224	3,371,161	4,580,157	4,327,815
Capital projects funds	N/A	N/A	<u>110,818</u>	<u>129,053</u>	<u>-</u>	<u>1,935,500</u>	<u>1,838,524</u>	<u>1,961,127</u>	<u>1,255,549</u>	<u>1,287,332</u>
Total all other governmental funds	<u>17,162,985</u>	<u>7,374,154</u>	<u>6,599,376</u>	<u>7,101,943</u>	<u>9,448,357</u>	<u>8,309,809</u>	<u>7,279,027</u>	<u>6,809,735</u>	<u>6,890,752</u>	<u>8,108,101</u>
Total fund balances of governmental funds	<u>\$ 20,971,357</u>	<u>\$ 11,150,377</u>	<u>\$ 10,420,430</u>	<u>\$ 11,146,716</u>	<u>\$ 13,423,007</u>	<u>\$ 11,772,075</u>	<u>\$ 10,314,442</u>	<u>\$ 9,657,859</u>	<u>\$ 9,515,814</u>	<u>\$ 10,664,486</u>

Note:

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

CITY OF MARSHALLTOWN, IOWA
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ended June 30,				
	2012	2011	2010	2009	2008
Revenues					
Taxes	\$ 16,392,387	\$ 15,191,296	\$ 14,569,739	\$ 14,855,452	\$ 14,053,501
Use of money and property	203,524	198,097	206,909	343,980	617,026
Licenses and permits	203,813	232,542	212,918	294,196	365,034
Intergovernmental	7,229,540	7,278,810	7,168,913	6,031,273	7,587,326
Charges for service	897,955	866,580	845,703	820,780	874,706
Special assessments	21,759	31,019	51,581	83,043	28,083
Miscellaneous	651,226	741,748	1,125,338	1,525,314	1,157,194
Total revenues	<u>25,600,204</u>	<u>24,540,092</u>	<u>24,181,101</u>	<u>23,954,038</u>	<u>24,682,870</u>
Expenditures					
Public safety	7,977,604	7,370,014	7,492,213	7,143,869	7,588,682
Public works	5,605,515	4,841,484	3,787,116	3,498,289	3,913,315
Health and social services	1,223,039	1,753,967	1,318,373	718,526	1,284,767
Culture and recreation	1,853,940	2,998,877	3,081,402	2,176,451	2,552,969
Community and economic development	2,414,531	2,341,523	2,347,611	1,975,245	1,462,263
General government	1,087,036	1,071,829	1,990,657	1,023,774	1,082,742
Capital outlay	2,572,134	1,601,447	2,160,036	5,767,146	5,923,147
Debt service					
Principal	2,928,840	2,613,841	2,660,000	2,553,840	2,152,278
Interest and other fiscal charges	626,514	581,504	651,854	1,286,096	1,190,984
Total expenditures	<u>26,289,153</u>	<u>25,174,486</u>	<u>25,489,262</u>	<u>26,143,236</u>	<u>27,151,147</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(688,949)</u>	<u>(634,394)</u>	<u>(1,308,161)</u>	<u>(2,189,198)</u>	<u>(2,468,277)</u>
Other Financing Sources (Uses)					
Sale of governmental assets	166,128	2,152	224,484	14,015	20,465
Debt issued	10,460,000	1,520,000	700,000	3,500,000	15,455,000
Payment of refunded bonds	-	-	-	(3,445,000)	(11,205,000)
Premium (discount) and accrued interest on debt issued	53,462	-	-	-	-
Transfers in	7,182,963	7,085,563	5,825,922	6,496,136	7,506,477
Transfers out	<u>(7,352,624)</u>	<u>(7,243,374)</u>	<u>(6,017,979)</u>	<u>(6,652,244)</u>	<u>(7,657,733)</u>
Total other financing sources (uses)	<u>10,509,929</u>	<u>1,364,341</u>	<u>732,427</u>	<u>(87,093)</u>	<u>4,119,209</u>
Net change in fund balances	<u>\$ 9,820,980</u>	<u>\$ 729,947</u>	<u>\$ (575,734)</u>	<u>\$ (2,276,291)</u>	<u>\$ 1,650,932</u>
Debt service as a percentage of noncapital expenditures	15.0%	13.6%	14.2%	18.8%	15.7%

2007	2006	2005	2004	2003
\$ 13,698,670	\$ 12,373,299	\$ 12,974,773	\$ 11,876,045	\$ 11,943,200
688,991	508,604	342,424	228,610	271,522
303,126	289,329	341,082	321,265	352,363
6,106,617	6,744,295	6,089,537	6,076,477	6,108,639
909,103	863,341	892,894	1,050,035	768,745
206,510	210,278	317	317	34,074
<u>1,760,370</u>	<u>519,519</u>	<u>656,367</u>	<u>736,949</u>	<u>580,653</u>
<u>23,673,387</u>	<u>21,508,665</u>	<u>21,297,394</u>	<u>20,289,698</u>	<u>20,059,196</u>
7,165,536	6,898,394	6,568,961	7,121,973	6,341,434
2,922,597	2,438,572	3,706,520	1,732,511	1,174,940
1,421,014	1,340,728	1,340,928	784,624	449,028
2,145,963	2,526,524	2,012,136	2,293,991	2,196,006
1,987,416	1,682,136	1,727,405	2,487,721	1,664,266
1,122,209	1,227,899	1,158,880	2,429,108	2,639,542
2,351,022	3,436,407	1,581,034	4,928,180	7,053,729
2,041,190	1,795,178	2,101,062	1,983,850	1,515,000
<u>932,281</u>	<u>928,425</u>	<u>1,065,517</u>	<u>1,009,082</u>	<u>1,241,506</u>
<u>22,089,228</u>	<u>22,274,263</u>	<u>21,262,443</u>	<u>24,771,040</u>	<u>24,275,451</u>
<u>1,584,159</u>	<u>(765,598)</u>	<u>34,951</u>	<u>(4,481,342)</u>	<u>(4,216,255)</u>
13,299	67,416	489,574	105,050	-
-	1,500,000	1,932,441	3,300,000	3,957,038
-	-	(2,100,000)	-	(3,350,000)
-	-	-	19,073	2,139
7,596,884	6,266,978	6,535,905	6,579,422	5,551,670
<u>(7,736,709)</u>	<u>(6,412,213)</u>	<u>(6,656,285)</u>	<u>(6,670,875)</u>	<u>(5,652,715)</u>
<u>(126,526)</u>	<u>1,422,181</u>	<u>201,635</u>	<u>3,332,670</u>	<u>508,132</u>
<u>\$ 1,457,633</u>	<u>\$ 656,583</u>	<u>\$ 236,586</u>	<u>\$ (1,148,672)</u>	<u>\$ (3,708,123)</u>
15.1%	14.5%	16.1%	15.1%	16.0%

CITY OF MARSHALLTOWN, IOWA
TAX REVENUES BY SOURCE – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal year	Property Tax	Tax Increment Financing Tax	Utility Excise Tax	Utility Franchise Fee	Hotel/Motel Tax	Local Option Sales Tax	911 Surcharge	Mobile Home Tax	Total
2002-03	\$ 6,194,625	\$ 1,510,366	\$ 1,090,939	\$ 190,260	\$ 189,548	\$ 2,525,515	\$ 223,384	\$ 18,563	\$ 11,943,200
2003-04	6,415,158	1,597,111	890,749	189,286	168,290	2,392,555	204,609	18,287	11,876,045
2004-05	6,659,496	2,312,752	862,169	189,343	171,263	2,528,335	234,253	17,162	12,974,773
2005-06	7,005,288	1,482,011	829,047	195,360	212,989	2,387,873	244,697	16,034	12,373,299
2006-07	7,526,150	1,795,068	868,036	198,668	199,910	2,818,990	277,194	14,654	13,698,670
2007-08	7,820,995	1,935,170	844,407	229,721	290,531	2,657,617	260,185	14,875	14,053,501
2008-09	8,615,820	1,801,960	891,859	217,600	342,176	2,738,030	234,078	13,929	14,855,452
2009-10	8,954,147	1,312,611	868,422	221,034	393,823	2,618,645	188,530	12,527	14,569,739
2010-11	9,204,384	1,402,010	797,989	229,291	370,541	2,939,704	234,195	13,182	15,191,296
2011-12	9,864,582	1,513,164	857,689	223,436	415,196	3,250,865	253,941	13,514	16,392,387

CITY OF MARSHALLTOWN, IOWA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
YEAR ENDED JUNE 30, 2012
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

<u>Fund</u>	<u>Property Tax</u>	<u>Tax Increment Financing Tax</u>	<u>Utility Excise Tax</u>	<u>Utility Franchise Fee</u>	<u>Hotel/Motel Tax</u>	<u>Local Option Sales Tax</u>	<u>911 Surcharge</u>	<u>Mobile Home Tax</u>	<u>Total</u>
General	\$ 5,823,981	\$ -	\$ 513,315	\$ 223,436	\$ 415,196	\$ -	\$ -	\$ 8,089	\$ 6,984,017
Tax Increment									
Financing	-	1,513,164	-	-	-	-	-	-	1,513,164
E-911 Surcharge	-	-	-	-	-	-	253,941	-	253,941
Local Option									
Sales Tax	-	-	-	-	-	3,250,865	-	-	3,250,865
Property tax	1,143,429	-	101,114	-	-	-	-	1,595	1,246,138
Debt Service	2,445,562	-	203,370	-	-	-	-	3,201	2,652,133
Capital Projects	451,610	-	39,890	-	-	-	-	629	492,129
Total	<u>\$ 9,864,582</u>	<u>\$ 1,513,164</u>	<u>\$ 857,689</u>	<u>\$ 223,436</u>	<u>\$ 415,196</u>	<u>\$ 3,250,865</u>	<u>\$ 253,941</u>	<u>\$ 13,514</u>	<u>\$ 16,392,387</u>

CITY OF MARSHALLTOWN, IOWA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Levy Year	Fiscal Year	Residential Property	Commercial Property	Industrial Property	Total Regular Realty	TIF	Agland Realty	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Gross Value	Taxable Assessed Value as a Percentage of Actual Gross Value
2001	2002-03				\$494,310,987	\$ 61,244,207	\$ 3,230,403	\$ 558,785,597	12.96979	\$858,407,782	65.096%
2002	2003-04	\$302,312,215	\$ 157,828,361	\$41,051,206	501,191,782	55,196,316	3,218,650	559,606,748	13.08945	859,393,224	65.116%
2003	2004-05	310,460,051	160,487,151	36,753,595	507,700,797	71,047,100	2,502,624	581,250,521	13.37877	941,222,235	61.755%
2004	2005-06	318,918,021	172,425,422	46,225,042	537,568,485	44,482,642	2,464,569	584,515,696	13.37878	1,040,972,285	56.151%
2005	2006-07	333,119,910	210,662,117	50,595,114	594,377,141	51,716,709	2,469,617	648,563,467	12.94049	1,051,707,358	61.668%
2006	2007-08	341,564,905	270,177,904	57,589,054	669,331,863	54,807,718	2,534,103	726,673,684	12.93500	1,186,917,748	61.224%
2007	2008-09	354,114,382	234,223,608	49,224,985	637,562,975	50,679,345	3,533,390	691,775,710	13.68652	1,255,060,705	55.119%
2008	2009-10	380,636,723	225,880,427	56,224,469	662,741,619	36,639,623	3,804,309	703,185,551	13.76759	1,262,319,793	55.706%
2009	2010-11	397,183,541	216,744,087	57,440,303	671,367,931	39,224,720	4,089,857	714,682,508	13.93650	1,280,682,454	55.805%
2010	2011-12	417,071,906	212,845,232	59,866,238	689,783,376	41,694,319	4,377,890	735,855,585	14.51331	1,310,087,232	56.168%

Rollback Factors by Class

Fiscal Year	Tax Exempt		Residential			
	Gas & Electric	Property	Residential	Agricultural	Commercial	Railroad
2002-03	\$ 84,141,000	\$ 88,347,820	48.45580	100.00000	97.77010	97.77010
2003-04	86,485,422	89,988,114	47.96420	100.00000	100.00000	
2004-05	90,789,115	92,101,046	45.99600	100.00000	99.25740	99.25700
2005-06	67,936,113	116,039,112	47.96420	100.00000	100.00000	
2006-07	67,247,692	116,058,327	45.99600	100.00000	99.15090	99.15090
2007-08	64,804,167	117,919,100	45.55960	100.00000	100.00000	100.00000
2008-09	99,127,772	109,139,073	44.08030	90.10230	99.73120	99.73120
2009-10	101,313,932	89,188,699	45.58930	93.85680	100.00000	100.00000
2010-11	117,499,581	95,951,150	46.90940	66.27150	100.00000	100.00000
2011-12	135,852,760	86,651,379	48.52990	69.01520	100.00000	100.00000

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.

CITY OF MARSHALLTOWN, IOWA
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
2001	2002-03	6.01644	16.21217	12.96979	0.35227	0.85117	0.07832	0.00400	36.48416
2002	2003-04	6.08852	16.19581	13.08945	0.34538	0.92000	0.07677	0.00400	36.71993
2003	2004-05	6.56545	17.30327	13.37877	0.35723	0.98700	0.08143	0.00400	38.67715
2004	2005-06	6.73583	18.28730	13.37878	0.34571	0.93175	0.07992	0.00400	39.76329
2005	2006-07	6.60870	18.13123	12.94049	0.32273	0.98001	0.07509	0.00400	39.06225
2006	2007-08	7.60000	18.07061	12.93500	0.31708	1.81770	0.10587	0.00350	40.84976
2007	2008-09	7.59349	18.01415	13.68652	0.32982	2.19223	0.11859	0.00350	41.93830
2008	2009-10	7.73919	18.00985	13.76759	0.29308	2.15454	0.11078	0.00300	42.07803
2009	2010-11	7.73661	17.84133	13.93650	0.26635	2.03379	0.12442	0.00340	41.94240
2010	2011-12	7.72562	17.65203	14.51331	0.24816	1.95682	0.12408	0.00320	42.22322

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, IOWA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Jan 1, 2010		Percentage	Jan 1, 2001		Percentage of
	Taxable Assessed Value Payable 11- 12	Rank	of Total City Taxable Assessed Value	Taxable Assessed Value Payable 02- 03	Rank	Total City Taxable Assessed Value
IES Utilities (Interstate Power)	\$ 57,302,832	1	7.7%	\$ 86,124,992	1	10.4%
Emerson Process Mgt/Fisher Controls	20,114,161	2	2.7%	10,840,600	4	1.3%
MMSC, Ventures Inc	19,346,483	3	2.6%	8,022,843	6	0.9%
Lennox Industries Inc	14,684,500	4	2.0%	14,684,500	2	1.7%
Swift, Pork Company	10,965,830	5	1.5%			
Walmart, Real Estate Business	10,957,410	6	1.5%	4,678,985	9	0.7%
Marshalltown, Center IA LLC	10,240,900	7	1.4%	9,078,268	5	1.1%
Swift & Company	9,565,564	8	1.3%	11,741,549	3	1.4%
Menard, Inc	9,148,420	9	1.2%			
Packaging Corporation of America	5,137,700	10	0.7%			
FHS Marshalltown LP				6,602,000	7	0.8%
Embers of Marshalltown				4,956,000	8	0.6%
Inns of Iowa Ltd				4,630,457	10	0.5%
	<u>\$ 167,463,800</u>		<u>22.4%</u>	<u>\$ 161,360,194</u>		<u>19.4%</u>

Note: Alliant Energy (IES Utilities), the local gas and electric provider, is now assessed a utility excise tax instead of taxes based upon their property valuation. The gas and electric assessed property value for January 1, 2010 was \$58,911,250.

CITY OF MARSHALLTOWN, IOWA
SALES TAX
LAST TEN YEARS

<u>Calendar Year</u>	<u>Taxable Retail Sales</u>	<u>No. of Businesses</u>
2002	\$ 326,679,780	3,017
2003	315,705,482	2,923
2004	317,256,826	2,902
2005	320,099,470	2,896
2006	334,897,482	3,982
2007	349,978,209	3,937
2008	348,367,544	4,084
2009	324,325,683	4,031
2010	326,686,187	3,971
2011	327,832,928	3,944

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

CITY OF MARSHALLTOWN, IOWA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL DEBT TO TOTAL
GENERAL EXPENDITURES – GENERAL, SPECIAL REVENUE, AND DEBT SERVICE
FUNDS
LAST TEN FISCAL YEARS

Collection year	Levy year	Current levy	Collections & State		Percent of levy collected*	State Credits Shown in Intergovernmental
			Credits in the Current Year			
2002-03	2001	\$ 6,588,225	\$ 6,596,381		100.12%	\$ 401,756
2003-04	2002	6,767,269	6,802,125		100.52%	386,967
2004-05	2003	7,013,159	7,059,320		100.66%	399,824
2005-06	2004	7,363,490	7,382,393		100.26%	377,105
2006-07	2005	7,690,645	7,896,334		102.67%	370,184
2007-08	2006	8,143,010	8,161,520		100.23%	340,525
2008-09	2007	8,945,150	8,956,565		100.13%	339,243
2009-10	2008	9,293,081	9,285,812		99.92%	331,665
2010-11	2009	9,505,825	9,502,757		99.97%	298,373
2011-12	2010	10,167,673	10,174,664		100.07%	310,082

Note:

Effective with fiscal year 1998, the state-shared revenues passed through the County have been reclassified from property taxes to intergovernmental revenue. The current levy column is based upon both levy and state shared property tax credits. Collections in current year column include both property tax collections and state shared property tax credits classified as intergovernmental revenue.

Information is not available for prior year collections based upon each levy year. Therefore all collections are included in one column.

Effective with fiscal 2001, utilities are paying an excise tax rather than property taxes.

Source: General Purpose Financial Statements

*Collections include delinquent taxes which result in collection rates greater than 100 percent.

CITY OF MARSHALLTOWN, IOWA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities				Total Primary Government	Personal Income	Percentage of Personal Income	Population	Per Capita
	General Obligation Bonds	Notes Payable	Urban Renewal Tax Increment Revenue Bonds and Notes	General Obligation Bonds	Revenue Bonds	Sewer Capital Loan Note Payable						
2003	\$ 18,435,000	\$ -	\$ 4,692,038	\$ -	\$ 5,435,000	\$ 621,705	\$29,183,743	\$ 19,463	1,499	26,040	1,121	
2004	18,995,000	-	5,448,188	-	4,020,000	4,122,638	32,585,826	20,283	1,607	26,051	1,251	
2005	17,405,000	138,404	4,637,129	-	3,330,000	4,348,000	29,858,533	21,103	1,415	26,060	1,146	
2006	17,465,000	124,564	4,295,788	-	2,585,000	4,347,000	28,817,352	21,926	1,314	26,068	1,105	
2007	15,810,000	110,724	3,923,438	-	1,815,000	4,346,000	26,005,162	22,855	1,138	26,073	997	
2008	21,845,000	96,884	-	-	1,555,000	4,040,000	27,536,884	22,919	1,201	26,073	1,056	
2009	19,360,000	83,044	-	-	1,295,000	3,725,000	24,463,044	22,894	1,069	26,073	938	
2010	17,400,000	69,204	-	-	1,035,000	3,400,000	21,904,204	22,436	976	26,073	840	
2011	16,320,000	55,363	-	6,100,000	775,000	3,065,000	26,315,363	22,204	1,185	27,552	955	
2012	23,865,000	41,523	-	5,790,000	4,595,000	-	34,291,523	21,430	1,600	27,775	1,235	

Source: Census Quick Facts

CITY OF MARSHALLTOWN, IOWA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Estimated Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Notes Payable	Total		
2003	\$ 18,435,000	\$ -	\$ 18,435,000	2.15	947.18
2004	18,995,000	-	18,995,000	2.21	936.50
2005	17,405,000	138,404	17,543,404	1.79	831.32
2006	17,465,000	124,564	17,589,564	1.87	802.22
2007	15,810,000	110,724	15,920,724	1.34	610.62
2008	21,845,000	96,884	21,941,884	1.85	841.56
2009	19,360,000	83,044	19,443,044	1.55	745.72
2010	17,400,000	69,204	17,469,204	1.25	670.01
2011	16,320,000	55,363	16,375,363	1.15	594.34
2012	23,865,000	41,523	23,906,523	1.62	860.72

Note: Excludes general obligation bonds reported in enterprise funds.

CITY OF MARSHALLTOWN, IOWA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2012

Name of Governmental Unit	Debt Outstanding	Percentage Applicable to Marshalltown	City of Marshalltown Share of Debt
Iowa Valley Schools	\$ 30,744,816	54.33%	\$ 16,703,659
Marshalltown Community School District	19,985,000	83.26%	16,639,511
Marshall County	2,210,000	53.64%	1,185,444
	<u>52,939,816</u>		<u>34,528,614</u>
City of Marshalltown	23,906,523	100.00%	23,906,523
	<u>\$ 76,846,339</u>		<u>\$ 58,435,137</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, IOWA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Gross assessed valuations:										
Regular realty	\$ 1,132,540,153	\$ 1,123,958,153	\$ 1,124,366,238	\$ 1,105,253,588	\$ 1,027,939,554	\$ 1,001,496,418	\$ 898,088,147	\$ 867,672,511	\$ 804,677,548	\$ 793,933,172
Utility	135,852,760	117,499,581	101,313,932	99,127,772	107,436,245	104,349,219	98,401,496	90,789,115	86,485,422	84,141,000
Incremental	41,694,319	39,224,720	36,639,623	50,679,345	54,807,718	51,716,709	44,485,642	71,047,100	55,196,316	61,244,207
Total actual valuations applicable to debt	<u>1,310,087,232</u>	<u>1,280,682,454</u>	<u>1,262,319,793</u>	<u>1,255,060,705</u>	<u>1,190,183,517</u>	<u>1,157,562,346</u>	<u>1,040,975,285</u>	<u>1,029,508,726</u>	<u>946,359,286</u>	<u>939,318,379</u>
Debt limit - 5% of total actual valuations applicable to debt	<u>65,504,362</u>	<u>64,034,123</u>	<u>63,115,990</u>	<u>62,753,035</u>	<u>59,509,176</u>	<u>57,878,117</u>	<u>52,048,764</u>	<u>51,475,436</u>	<u>47,317,964</u>	<u>46,965,919</u>
Amount of debt applicable to limitation:										
General obligation bonds and notes	29,696,523	22,475,363	17,469,204	19,443,044	21,941,884	15,920,724	17,589,564	17,543,404	18,995,000	18,435,000
Urban renewal tax increment revenue bonds	-	-	-	-	-	3,923,438	4,295,788	4,637,126	5,448,188	4,692,038
Total debt applicable to limitation	<u>29,696,523</u>	<u>22,475,363</u>	<u>17,469,204</u>	<u>19,443,044</u>	<u>21,941,884</u>	<u>19,844,162</u>	<u>21,885,352</u>	<u>22,180,530</u>	<u>24,443,188</u>	<u>23,127,038</u>
Less:										
Funds available from:										
Debt service	3,082,247	-	-	262,165	232,719	281,555	238,506	217,083	542,533	568,175
Special revenue	474,917	417,812	348,685	413,834	438,585	632,232	998,446	615,975	187,331	713,951
Total debt applicable to debt margin	<u>26,139,359</u>	<u>22,057,551</u>	<u>17,120,519</u>	<u>18,767,045</u>	<u>21,270,580</u>	<u>18,930,375</u>	<u>20,648,400</u>	<u>21,347,472</u>	<u>23,713,324</u>	<u>21,844,912</u>
Legal debt margin	<u>\$ 39,365,003</u>	<u>\$ 41,976,572</u>	<u>\$ 45,995,471</u>	<u>\$ 43,985,990</u>	<u>\$ 38,238,596</u>	<u>\$ 38,947,742</u>	<u>\$ 31,400,364</u>	<u>\$ 30,127,964</u>	<u>\$ 23,604,640</u>	<u>\$ 25,121,007</u>

CITY OF MARSHALLTOWN, IOWA
PLEGDED – REVENUE COVERAGE
LAST TEN FISCAL YEARS

Water Pollution Control				Debt Service Requirements			
<u>Year</u>	<u>Gross Revenue</u>	<u>Expenses (1)</u>	<u>Available For Debt Service</u>	<u>Principal</u>	<u>Interest & other debt expense</u>	<u>Total</u>	<u>Coverage</u>
2001-02	\$3,768,757	\$ 2,123,166	\$ 1,645,591	\$ 690,000	\$ 356,418	\$ 1,046,418	1.57
2002-03	3,755,193	2,279,904	1,475,289	775,000	314,179	1,089,179	1.35
2003-04	3,693,877	2,323,665	1,370,212	1,415,000	333,572	1,748,572	0.78
2004-05	3,802,434	2,581,717	1,220,717	2,823,483	331,773	3,155,256	0.39
2005-06	3,831,282	2,612,861	1,218,421	746,000	274,290	1,020,290	1.19
2006-07	4,279,994	2,484,430	1,795,564	771,000	246,351	1,017,351	1.76
2007-08	5,128,279	2,746,362	2,381,917	566,000	197,189	763,189	3.12
2008-09	5,330,410	2,828,873	2,501,537	575,000	196,155	771,155	3.24
2009-10	5,214,302	3,154,596	2,059,706	585,000	165,650	750,650	2.74
2010-11	5,184,069	2,943,228	2,240,841	595,000	192,539	787,539	2.85
2011-12	6,557,228	3,225,133	3,332,095	605,000	384,184	989,184	3.37

(1) Total operating expenses, less depreciation.

Sources: City Financial Records and Water Works Financial Records

CITY OF MARSHALLTOWN, IOWA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Calendar Year	Median Age (Zip 50158)	School Enrollment		Unemployment Percent
		Public	Private	
	(1)	(2)	(3)	(4)
2003	39.0	4,913	234	5.40
2004	39.2	4,895	194	5.80
2005	39.4	4,913	182	5.10
2006	39.5	5,030	187	3.80
2007	40.4	5,035	185	4.00
2008	40.2	5,065	235	4.80
2009	40.8	4,938	181	6.70
2010	38.0	5,123	170	6.70
2011	38.0	5,317	208	7.00
2012	38.0	5,308	227	6.70

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

Sources:

- (1) StateMaster.com web-site
- (2) Marshalltown Community School District
- (3) Marshalltown Catholic School
- (4) Job Service of Iowa: <http://www.iowaworkforce.org>

**CITY OF MARSHALLTOWN, IOWA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	Industry	2012- Employees	2003- Employees
(JBS) Swift & Company	Pork processors	2,400	2,100
Emerson Process Mgt/Fisher Controls	Valves and regulators manufacturer	1,200	1,100
Marshalltown Community School District	Education	1,002	918
Iowa Veteran's Home	Hospital care facility	1,000	925
Lennox Industries, Inc	Furnace and air conditioning manufacturer	800	1,100
Marshalltown Medical and Surgical Center	Hospital	715	690
HyVee Food Stores *	Grocery store	340	350
Wal-Mart*	Retail	325	
Marshalltown Community College	Education	245	
McFarland Clinic PC	Medical clinic	223	
City of Marshalltown*	Municipal government		208
Marshall County	County government		175
Kiowa Corporation	Aluminum and zinc die casting		120

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, IOWA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Full-time-Equivalent Employees as of June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public Safety	99.00	88.00	86.00	98.91	101.94	100.13	98.13	103.63	96.46	100.42
Public Works	21.00	20.00	21.00	20.06	19.88	18.31	18.69	18.87	20.13	22.80
Health and Social Services	8.00	6.50	6.50	6.26	7.14	7.78	7.33	8.11	7.68	5.78
Culture and Recreation	29.00	28.00	29.00	25.95	26.17	25.28	25.08	28.85	34.13	36.55
Community and Economic Development	3.00	5.50	5.50	3.55	3.09	3.15	2.92	2.94	3.75	3.88
General Government	17.00	18.00	18.00	17.55	18.16	17.89	17.85	18.55	18.47	19.71
Business-Type	35.00	34.00	36.00	31.95	30.70	30.34	29.75	30.70	30.87	29.19
Capital Projects	1.00	1.00	1.00	0.13	0.02	0.45	0.19	0.15	0.65	0.08
Total	<u>213.00</u>	<u>201.00</u>	<u>203.00</u>	<u>204.36</u>	<u>207.10</u>	<u>203.33</u>	<u>199.94</u>	<u>211.80</u>	<u>212.14</u>	<u>218.41</u>

CITY OF MARSHALLTOWN, IOWA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year				
	2012	2011	2010	2009	2008
General Government					
Building Permits:					
New Construction:					
Number of permits	58	37	37	51	39
Value of permits	10,523,000	1,967,000	17,798,500	12,191,800	22,522,000
Remodeling, repairs and additions:					
Number of permits	101	95	74	103	149
Value of permits	5,275,000	26,630,000	3,951,800	14,757,000	25,418,400
Police					
Physical arrests	3,327	2,254	3,421	3,581	3,045
Violations:					
Parking	5,629	10,269	N/A	N/A	6,802
Traffic	2,939	3,290	3,787	4,758	4,793
Drunk driving	110	120	224	218	234
Narcotics	398	369	385	460	512
Fire					
Emergency responses	689	1,885	N/A	N/A	2,274
Fires extinguished	54	71	N/A	N/A	51
Inspections	353	376	N/A	N/A	380
Parks and recreation					
Adult team sports					
Leagues	10	8	10	10	4
Participation	8,611	6,762	6,105	5,373	2,201
Youth activities					
Programs	28	31	27	40	35
Participation	3,587	4,246	3,780	3,478	7,268
Library					
Volumes in collection	133,971	129,219	101,194	93,755	91,914
Total volumes borrowed	300,784	310,849	327,106	262,755	253,855
Sewage system					
Per million					
Daily average treatment in gallons	6.4	6.4	7.51	6.82	7.38
Maximum daily capacity of treatment plant in thousands of gallons	17,440	17,440	17,440	17,440	17,440
Sewer customers served	9,405	9,447	10,248	9,397	9,435
* Computer software was counting sewer credit meters					
Sewer rates in effect					
Base charge per month	\$10.27	\$10.27	\$10.27	\$9.51	\$9.51
Flow charge per 100 cubic feet	\$1.76	\$1.76	\$1.76	\$1.76	\$1.63
Transit					
Total route miles	131,749	135,711	107,157	105,282	105,435
# of passengers	112,318	130,974	111,586	113,934	111,849
General Elections - November of each year					
Registered voters	16,659	17,494	16,860	17,015	17,015
Number of votes cast	1,063	8,643	1,335	N/A	N/A
Percentage of registered voters voting	6.38%	49.41%	7.92%	N/A	N/A

Ending June 30,				
2007	2006	2005	2004	2003
49	40	50	55	87
11,058,000	9,260,000	11,054,000	13,441,000	19,684,000
131	131	126	120	139
17,893,700	11,758,000	20,799,600	7,489,900	15,805,900
3,833	2,415	2,681	2,705	2,466
7,073	7,858	8,570	8,433	11,901
6,005	6,585	6,245	6,660	4,486
240	220	228	148	151
130	274	291	290	260
2,052	1,996	1,879	1,862	1,887
61	49	44	59	75
412	461	555	386	226
4	16	15	14	14
2,312	2,711	2,434	2,854	2,854
35	N/A	32	25	25
7,625	N/A	8,189	5,413	5,344
90,561	88,362	82,269	83,931	79,264
231,420	215,953	200,652	190,749	192,004
5.89	4.92	4.57	5.60	4.66
17,440	13,040	13,040	13,040	13,040
9,448	9,426	9,723	10,774	10,774
			*	*
\$9.51	\$9.51	\$9.51	\$9.51	\$9.51
\$1.55	\$1.47	\$1.31	\$1.31	\$1.31
102,109	96,458	113,037	122,256	141,955
88,431	112,885	115,158	127,139	131,807
17,015	29,795	28,549	27,333	N/A
8,296	19,447	19,340	19,233	2,493
48.76%	65.27%	67.74%	70.37%	N/A

CITY OF MARSHALLTOWN, IOWA
CAPITAL ASSET AND EMPLOYMENT STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year				
	2012	2011	2010	2009	2008
Police					
# of stations	1	1	1	1	1
# of employees	59	61	59	58	58
Non-dispatch	47	48	46	45	45
Dispatch	12	13	13	13	13
Fire					
# of stations	1	1	1	1	1
# of employees	29	29	26	29	29
Parks and recreation					
Park areas					
# parks	26	26	26	26	26
# acres	325	325	325	328	328
Athletics					
# Baseball/softball fields	6	6	6	6	6
# Soccer/football fields	6	6	6	6	6
# Tennis courts	12	12	12	12	4
Other					
# playgrounds	17	17	17	17	17
Miles of bike trails	8	8	8	8	8
# Swimming pools	1	1	1	1	1
Public works					
Streets:					
Paved	157.5	157.5	157.5	157.5	157.4
Unpaved	5.8	5.8	5.8	5.8	5.8
Sewage system					
Number of treatment plants	1	1	1	1	1
Miles of sewers					
Storm	59.04	58.8	58.5	57.1	57.1
Sanitary	146.5	146.5	146.5	145.7	145.7
Transit					
# of buses	9	10	10	9	10
Education - Public and private					
Number of elementary schools	9	9	7	7	7
Number of elementary school instructors	237	248	225	225	203
Number of secondary schools	2	2	2	2	2
Number of secondary school instructors	146	150	156	150	147
Cemeteries					
Number of facilities	2	2	2	2	2
Number of acres					
Developed	135	135	135	135	135
Undeveloped	80	80	80	80	80
Hospitals					
Number of hospitals	1	1	1	1	1
Number of beds	125	125	125	125	125

Ending June 30,				
2007	2006	2005	2004	2003
1	1	1	1	1
59	59	59	59	59
46	46	46	46	n/a
13	13	13	13	n/a
1	1	1	1	1
30	30	29	31	31
26	26	26	24	24
328	207	207	207	207
6	5	5	5	5
6	6	6	6	6
4	6	6	6	6
17	22	18	18	18
8	8	8	8	8
1	1	1	1	1
157.4	157.4	157.2	156.8	156.5
5.8	5.8	5.8	5.8	5.8
1	1	1	1	1
56.4	56.1	54.6	54.6	54.5
145.3	144.6	144.4	143.2	142.9
10	10	10	10	10
7	7	7	7	6
137	179	189	156	140
3	3	3	3	3
240	172	175	205	210
2	2	2	2	2
135	135	135	135	135
80	80	80	80	80
1	1	1	1	n/a
125	125	125	125	n/a

CITY OF MARSHALLTOWN, IOWA
WATER POLLUTION CONTROL
HISTORIC EARNINGS
LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008
Revenues:					
Sewer Rental	\$ 4,661,934	\$ 4,152,904	\$ 4,558,315	\$ 4,868,033	\$ 4,584,414
Interest Income	37,704	53,312	50,336	116,922	212,420
Grants	1,582,043	849,787	391,132	292,060	73
Miscellaneous	275,547	128,066	214,519	53,395	331,372
Total revenues	6,557,228	5,184,069	5,214,302	5,330,410	5,128,279
Expenses:					
Costs of Service	3,225,133	2,945,845	3,142,187	2,828,873	2,746,362
Depreciation	1,126,174	1,134,959	1,119,009	1,079,643	1,184,012
Debt Service	1,859,184	778,689	749,863	771,155	763,189
Total expenses	6,210,491	4,859,493	5,011,059	4,679,671	4,693,563
Net Income (Loss)	\$ 346,737	\$ 324,576	\$ 203,243	\$ 650,739	\$ 434,716

WATER POLLUTION CONTROL HISTORIC COVERAGE
LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008
Net Income (Loss)	\$ 346,737	\$ 324,576	\$ 203,243	\$ 650,739	\$ 434,716
Add depreciation	1,126,174	1,134,959	1,119,009	1,079,643	1,184,012
Add debt retirement	1,859,184	778,689	749,863	771,155	763,189
Net income available for debt service	\$ 3,332,095	\$ 2,238,224	\$ 2,072,115	\$ 2,501,537	\$ 2,381,917
Historic debt service	\$ 1,859,184	\$ 778,689	\$ 749,863	\$ 771,155	\$ 763,189
Historic coverage	1.79	2.87	2.76	3.24	3.12
Projected max future debt	\$ 1,085,594	\$ 1,211,115	\$ 735,293	\$ 744,273	\$ 752,953
Projected coverage	3.07	1.85	2.82	3.36	3.16

2007	2006	2005	2004	2003
\$ 3,923,869	\$ 3,535,609	\$ 3,488,658	\$ 3,445,984	\$ 3,499,800
228,888	173,820	108,425	86,945	142,074
96	96	44,499	13,660	96
<u>127,141</u>	<u>121,757</u>	<u>160,852</u>	<u>147,288</u>	<u>113,223</u>
<u>4,279,994</u>	<u>3,831,282</u>	<u>3,802,434</u>	<u>3,693,877</u>	<u>3,755,193</u>
2,484,430	2,612,861	2,673,383	2,341,278	2,279,904
1,188,396	1,198,715	1,147,899	979,579	959,963
<u>1,021,961</u>	<u>1,031,273</u>	<u>1,042,773</u>	<u>1,772,014</u>	<u>1,098,533</u>
<u>4,694,787</u>	<u>4,842,849</u>	<u>4,864,055</u>	<u>5,092,871</u>	<u>4,338,400</u>
<u>\$ (414,793)</u>	<u>\$ (1,011,567)</u>	<u>\$ (1,061,621)</u>	<u>\$ (1,398,994)</u>	<u>\$ (583,207)</u>

2007	2006	2005	2004	2003
\$ (414,793)	\$ (1,011,567)	\$ (1,061,621)	\$ (1,398,994)	\$ (583,207)
1,188,396	1,198,715	1,147,899	979,579	959,963
<u>1,021,961</u>	<u>1,031,273</u>	<u>1,042,773</u>	<u>1,772,014</u>	<u>1,098,533</u>
<u>\$ 1,795,564</u>	<u>\$ 1,218,421</u>	<u>\$ 1,129,051</u>	<u>\$ 1,352,599</u>	<u>\$ 1,475,289</u>
\$ 1,021,961	\$ 1,031,273	\$ 1,042,773	\$ 1,772,014	\$ 1,098,533
1.76	1.18	1.08	0.76	1.34
\$ 762,363	\$ 995,769	\$ 1,008,089	\$ 998,726	\$ 1,009,166
2.36	1.22	1.12	1.35	1.46

CITY OF MARSHALLTOWN, IOWA
WATER POLLUTION CONTROL
NUMBER OF CUSTOMERS BY TYPE
LAST TEN FISCAL YEARS

Year	Residential	Multi-Family	Commercial	Industrial	Total	Incr (Decr)
2003	7,794	469	815	46	9,124	(140)
2004	8,149	486	851	45	9,531	407
2005	8,487	436	758	42	9,723	192
2006	8,221	420	739	46	9,426	(297)
2007	8,243	416	743	46	9,448	22
2008	8,229	418	741	47	9,435	(13)
2009	8,206	412	735	44	9,397	(38)
2010	8,247	421	732	33	9,433	36
2011	8,251	406	749	41	9,447	14
2012	8,216	406	743	40	9,405	(42)

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

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

Source: Marshalltown Water Works

CITY OF MARSHALLTOWN, IOWA
WATER POLLUTION CONTROL
PRESENT NET ASSETS
AS OF JUNE 30, 2012

Sewer Revenue Operating and Maintenance Accounts	\$	626,604
Sewer Revenue Sinking Reserve Fund Account		49,296
Additional Capital Replacement Fund Account		2,875,152
Undesignated		<u>1,019,748</u>
Total Water Pollution Control Net Assets	\$	<u>4,570,800</u>

CITY OF MARSHALLTOWN, IOWA
WATER POLLUTION CONTROL
MAJOR USERS – TWO YEAR COMPARISON

	2012			2011		
	Avg Gallons Per Month	Monthly Bill	2012 Ranking	Avg Gallons Per Month	Monthly Bill	2011 Ranking
JBS Swift & Company	51,375,667	\$ 149,361	1	53,603,250	\$ 128,277	1
IA Veterans Home	2,883,540	6,795	2	2,807,930	6,617	2
Emerson Processing/Fisher Controls	773,183	1,830	3	936,184	2,213	3
Marshalltown Medical & Surgical Center	704,367	1,668	4	805,658	1,906	4
Marshalltown Community School District	656,121	1,554	5	622,835	1,476	6
Packaging Corporation	634,429	1,503	6	654,812	1,551	5
Sunset Village Mobile Home Park	529,522	1,256	7	618,409	1,465	7
Rainbow Carwash I & III	455,657	1,082	8	585,310	1,387	8
Wes Inc.	402,112	956	9			
Southern Hills	280,126	669	10	369,512	880	10
Boulder Properties				483,894	1,149	9

Source: City Financial Records and Marshalltown Water Works

COMPLIANCE SECTION

**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 the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshalltown, Iowa, (City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 21, 2013. Our report includes a reference to 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. Other auditors audited the financial statements of Marshalltown Water Works, as described in our report on the City of Marshalltown's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-12 and II-B-12 to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2012, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. 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.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Dubuque, Iowa
February 21, 2013

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of the City of Marshalltown, Iowa, (City) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the Summary of the Independent Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City of Marshalltown, Iowa, complied, in all material respects, with the compliance requirements referred to above that that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the City of Marshalltown, Iowa, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Dubuque, Iowa
February 21, 2013

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Pass-through program from:			
Iowa Department of Economic Development:			
CDBG – State-Administered CDBG Cluster			
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRI-256	\$ 1,582,019
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-HSG-057	<u>19,893</u>
			<u>1,601,912</u>
ARRA-Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (Recovery Act Funded)	14.255	08-DPRG-237	<u>35,277</u>
Total CDBG – State-Administered CDBG Cluster			1,637,189
Direct program:			
Home Investment Partnerships Program	14.239		10,769
Section 8 Housing Choice Vouchers	14.871		1,274,798
Affordable Housing Development in Main Street Rejuvenation Projects	14.878		57,915
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		11,760
ARRA Lead-Based Paint Hazard Control in Privately-Owned Housing (Recovery Act Funded)	14.907		<u>630,764</u>
Total U.S. Department of Housing and Urban Development			<u>3,623,195</u>
U.S. Department of Justice:			
Pass-through program from:			
Iowa Governor's Office of Drug Control Policy:			
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541	10-DEC-19913	<u>4,894</u>
Iowa Department of Justice: Violence Against Women Formula Grants	16.588	VW-11-52	<u>28,687</u>
Direct program:			
Bulletproof Vest Partnership Program	16.607		<u>1,740</u>
ARRA - Public Safety Partnership and Community Policing Grants	16.710		<u>49,204</u>

(continued)

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2012

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice: (continued)			
JAG Program Cluster:			
Direct program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		\$ 20,460
Edward Byrne Memorial Justice Assistance Grant Program	16.738		19,767
Edward Byrne Memorial Justice Assistance Grant Program	16.738		941
			<u>41,168</u>
Pass-through program from:			
Marshall County:			
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	09JAG/ARRA-4416B	376
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	09JAG-17880	47,737
			<u>48,113</u>
Total JAG Program Cluster			<u>89,281</u>
Total U.S. Department of Justice			<u>173,806</u>
U.S. Department of Transportation:			
Direct program:			
Airport Improvement Program	20.106		35,160
Pass-through program from:			
Iowa Department of Transportation:			
Airport Improvement Program	20.106	9I110MIW100	51,714
			<u>86,874</u>
Highway Planning and Construction Federal Transit Capital Investment Grants	20.205	STP-U-4797-(614)--70-64	557,918
Formula Grants for Other Than Urbanized Areas	20.500	IA-04-0113	287,750
State and Community Highway Safety	20.509	IA-18-X030	161,631
State and Community Highway Safety	20.600	PAP 12-04, Task 18	38,140
State and Community Highway Safety	20.600	PAP 09-04, Task 18	199
			<u>38,339</u>
Total U.S. Department of Transportation			<u>1,132,512</u>

(continued)

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2012

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Environmental Protection Agency:			
Direct program:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		\$ 28,207
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		<u>39,112</u>
Total Environmental Protection Agency			<u>67,319</u>
U.S. Department of Education:			
Pass-through program from:			
Iowa Department of Public Health: Safe and Drug-Free Schools and Communities-State Grants	84.186	5881 DV 08	<u>2,808</u>
U.S. Department of Health and Human Services:			
Pass-through program from:			
Iowa Department of Public Health: Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5887LP04	<u>9,463</u>
Drug-Free Communities Support Program Grants	93.276	2H79SP013022-06	26,540
Marshall County Coalition for Youth: Drug-Free Communities Support Program Grants	93.276	1H79SP11427-10	<u>1,950</u>
Total U.S. Department of Health and Human Services			<u>28,490</u> <u>37,953</u>
Total			<u>\$ 5,037,593</u>

CITY OF MARSHALLTOWN, IOWA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

Note 1 – Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Marshalltown, Iowa, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – Subrecipients

Of the federal expenditures presented in the schedule, the City of Marshalltown, Iowa, provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ 27,310

**CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

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

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiency	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiency	None reported
Type of auditor's report issued on compliance for the major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
CDBG – State Administered CDBG Cluster 14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
14.255	ARRA – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (Recovery Act Funded)
14.871	Section 8 Housing Choice Vouchers
14.907	ARRA – Lead-Based Paint Hazard Control in Privately-Owned Housing (Recovery Act Funded)

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
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Auditee qualified as low-risk auditee	No
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CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

Part II: Findings Related to the Financial Statements:

Material Weaknesses

II-A-12 Material Audit Adjustments

Criteria – A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles and the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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

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

Effect – The effect of this condition was that prior to posting audit adjustments financial data was not in accordance with generally accepted accounting principles or the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Recommendation – We recommend that finance staff continue to receive relevant training and that management review all documentation completed by staff for use in preparing the financial statements and Schedule of Expenditures of Federal Awards.

Response – During the last fiscal year, our department has experienced staffing departures and advancements. As of the end of the month, we will be fully staffed. As we progress, we will cross-train staff and bring all staff up to a higher level of experience. This will allow management more time to review and verify reports and documents.

II-B-12 General Ledger Reconciliation

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

Condition – During the course of our engagement, we identified certain balance sheet and revenue accounts that were not timely reconciled. In addition, there is no formal management review or approval process for these reconciliations.

Cause – Due to a limited number of office employees and significant employee turnover in recent years, the reconciliation of the City's general ledger within the time constraints is difficult.

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

Part II: Findings Related to the Financial Statements (continued):

Effect – The effect of this condition is that errors in financial data were not detected timely, which could result in the City reporting information that is not in accordance with generally accepted accounting principles.

Recommendation – We recommend that City officials review the operating procedures and implement processes to ensure the City’s general ledger is properly reconciled.

Response – With the hiring of the final position, our accountant will be able to help more with the general ledger reconciliation. New procedures and checklists will be implemented on a monthly basis for additional review and verification processes. As we train, staff will be cross-trained in all areas of the general ledger. The Finance Director will periodically work through the same process to make sure it is being done correctly.

Part III: Findings and Questioned Cost for Federal Awards:

None reported.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-12 **Certified Budget** – Disbursements during the year ended June 30, 2012, exceeded the amount budgeted in the business-type activities function. In addition before the budget was amended, disbursements exceeded the original amount budgeted for the health and social services function.

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

Response – Reports will be run more frequently to monitor the budget. If applicable, the budget will be amended in the future.

IV-B-12 **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.

IV-C-12 **Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-12 **Business Transactions** – No business transactions between the City and City officials or employees were noted.

IV-E-12 **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.

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

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

- IV-F-12 **Council Minutes** – No transactions were found that we believe should have been approved in the City Council minutes but were not.
- IV-G-12 **Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
- IV-H-12 **Revenue Bonds** – No instances of noncompliance with the provisions of the City’s revenue bond resolutions were noted.