

# **CITY OF MARSHALLTOWN, IOWA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2013**

**Prepared by:  
City Finance Department**

# CITY OF MARSHALLTOWN, IOWA

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## **INTRODUCTORY SECTION**

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**City of Marshalltown**  
**Thomas R. Thompson, Mayor**  
**Randy Wetmore, City Administrator**  
**Lori Stansberry, Finance Director**  
**24 North Center Street**  
**Marshalltown, IA 50158-4911**  
**Tel - (641) 754-5760**  
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**Email:**  
**Istansberry@ci.marshalltown.ia.us**

December 6, 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, 2013 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, 2013. 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 States of America.

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

The annual budget serves as the foundation for the City of Marshalltown's financial planning, development and control. The City 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 6.5% which is below the national rate of 7.3%, but higher than the Iowa rate of 4.6% as of October 2013.

The numbers of building permits for new construction dropped in fiscal year 2013 due to permits being purchased in fiscal year 2012 for the major projects that are currently being constructed. Permits from remodeling, repairs and additions increased in value from \$5.275 million to \$16.435 million.

The Local Option Sales Tax (LOST) which begun April 1, 2000 was voted and approved for another 10 year extension which will end in 2025. The allocation remained the same with 75% being designated for property tax relief, 20% for street projects and 5% allocated for council discretion. For fiscal year ending June 30, 2013 the City collected approximately \$2.8 million (accrual basis).

## **Major Initiatives**

In November 2013, IES Utilities (Alliant Energy) received a proposed decision and order from the Iowa Utilities Board approving a sitting certificate for the proposed Marshalltown Generating Station. This

approval is another step closer to Alliant Energy being allowed to construct 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 company is still in the process of attaining other state and federal permits that are required before construction can begin. The Company plans to begin construction in 2014 and begin operations in 2017. The plant would be capable of producing enough energy to power more than 500,000 Iowa and Minnesota homes. 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. Alliant Energy is the City's largest taxpayer.

Marshalltown Medical and Surgical Center, the City's local hospital, has announced its plan to construct a 75,000 square foot new regional hospital on the South side of town at the junction of highways 14 and 30. The facility will be across the street from the City's local community college on 29 acres of land, which will allow future growth. The construction will include three phases. The Iowa State Health Facilities Council gave phase one approval to proceed. Construction is planned to begin in the spring of 2014 with completion in the spring or summer of 2015. Phase 1 is a \$35 million dollar project which will include an outpatient surgical center with four operating suites, an urgent-care clinic, imaging and laboratory spaces and an area for rehabilitation therapy. MMSC is also developing renovation/rebuilding plans for their three clinics in Toledo, Conrad and State Center.

Phase two of this project includes a future cancer center. Phase three will move the emergency room, cardiovascular cath lab and inpatient care from its current location. Their existing facility is on 7 acres of land with plans to demolish the facilities that are no longer functional and sell or rent out the other buildings.

The Marshalltown School District committed to the renovation and addition of the Marshalltown High School Roundhouse. The board approved an almost \$8 million construction contract in October 2013. With architectural fees and other costs the project will cost close to \$10 million. Phase one would include the renovation of the current gym including new efficient heating and cooling system, updating bleachers, locker room additions, weight room, new roof and other features. Constructions of exterior components have begun with an anticipated completed date of May 15, 2014. The Roundhouse will close in June 2014 with the interior renovations being completed in December 2014. General obligation bonds will be sold and repaid with future sales tax revenue and will not include any increase to property tax rates.

Phase two includes an auxiliary gym and wrestling room and is estimated to cost \$3.85 million. This phase an auxiliary gym and wrestling room will be paid for by donations. The Marha-Ellen Tye Foundation said it will donate a \$1 million challenge grant to the project when the community raises its first \$1 million. To date \$650,000 of the Community's required \$1 million has been raised.

The Cities two private schools have made construction commitments during the current fiscal year. The Marshalltown Area Catholic School (MACS) is putting an addition onto their current facility. The addition will bring all of the MACS students to one location and the second older building will be demolished. The project will cost approximately \$3.25 million with more than \$1.7 million already being raised. The Marshalltown Christian School purchased land and begun construction for its new building facility. It currently is located within one of the current churches. Phase I of the project includes the school building, landscaping, and a parking lot at a cost of \$1.6 million.

Building renovations continue in the downtown area. Common Bond Communities of Minneapolis purchased the Tallcorn Towers building; which is 85 years old and a landmark in the downtown area. The renovation is adhering to the historic guidelines of the State of Iowa historical preservation office at an estimate \$11 million investment. The building was originally purchased as a hotel and converted to 65 efficiency and one-bedroom apartments several years ago. The renovation is converting the apartments into 42 one and two bedroom apartments for low-income families. The building will include a computer lab, laundry room and arts and crafts facility. The anticipated vacancy date is set for February 2014 with applications being taken now.

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

### **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.

As part of being a recipient of the the All American City award (see below under awards) the City is working closely with local non-profits, the business community as well as the school district to have the children of the community reading at grade level by the end of 3<sup>rd</sup> grade. This is a national issue and one that Marshalltown is on the forefront to help solve. This is just one of the many positive initiatives that are in progress throughout the community.

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 during the last three years. Maintenance of roads and sewer rehabilitation will continue to be in the future by the allocation of 20% of local option sales tax money designation going towards street and sewer projects. 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 has been done to see which option works the best for the City. A company has been hired to look for available sites that will accommodate the buildings. A citizen advisory committee was appointed by the Mayor. If approved by the voters, 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 2012. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

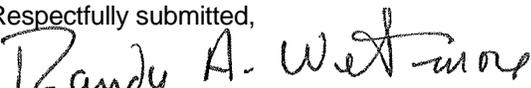
The Marshalltown Public Library received a 2013 Nation Medal for Museum and Library Service. They were one of 10 recipients to win this year's award. The library was awarded the medal for its commitment to supporting its diverse community through innovative programs and bridging cultural differences. Medal winners were selected from nationwide nominations of institutions that demonstrate innovative approaches to public service, exceeding the expected levels of community outreach.

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. 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.

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



Government Finance Officers Association

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

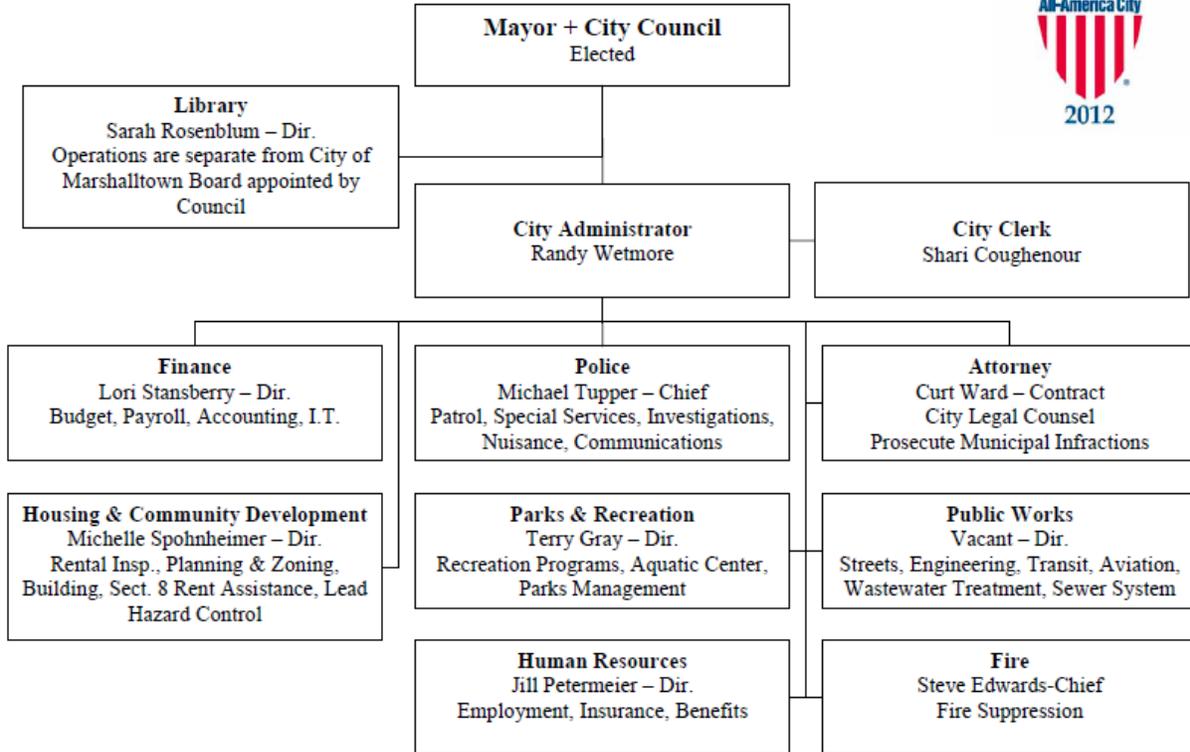
Presented to

**City of Marshalltown  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



**CITY OF MARSHALLTOWN, IOWA**  
**OFFICIALS**  
**JUNE 30, 2013**

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Name	Title	Term Expires
Elected officials:		
Thomas R. Thompson	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, 2016
City Administrator appointment with Council Approval:		
Shari Coughenour	City Clerk	Indefinite
Lori Stansberry	Finance Director	Indefinite
Steven Edwards	Fire Chief	Indefinite
Michelle Spohnheimer	Housing & Community Dev. Director	Indefinite
Terry Gray	Parks and Recreation Director	Indefinite
Michael Tupper	Police Chief	Indefinite
Vacant	Public Works Director	Indefinite
Jill Petermeier	Human Resources Director	Indefinite

**FINANCIAL SECTION**

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshalltown, Iowa as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Marshalltown Water Works or the Marshalltown Convention and Visitors Bureau, which represent the entire assets and net position as of June 30, 2013, and revenues for the year then ended, of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Marshalltown Waterworks and the Marshalltown Convention and Visitors Bureau, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Marshalltown Convention and Visitors Bureau were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the report 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, 2013, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compromise the City of Marshalltown, Iowa's financial statements. The introductory section, combining nonmajor fund financial statements, schedule of bond maturities, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, schedule of bond maturities, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 6, 2013, on our consideration of the City of Marshalltown, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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* in considering the City of Marshalltown, Iowa's internal control over financial reporting and compliance.

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

Dubuque, Iowa  
December 6, 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, 2013. 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 \$76,751,535 (*net position*) as compared to \$79,778,494 in the prior year.
- The City's total net position decreased by \$3,026,959. This decrease is attributable primarily to an increase in the issuance of debt for street repairs which were not capitalized but expended in the current year in the public works function.
- As of the close of the current fiscal year, the City of Marshalltown's governmental funds reported combined ending fund balances of \$17,211,663 a decrease of \$3,759,694 in comparison with the prior year. This decrease was due to drawing down the Local Option Sales Tax fund balance for additional street projects.
- \$2,537,725 in unassigned fund balance is available for spending at the City's discretion. Prior year unassigned fund balance was 2,459,160.
- The City's total debt had a net increase of \$5,805,000 during the current fiscal year. This change reflects the retirement of existing bonds and the issuance of \$5,600,000 in new general obligation debt and \$3,700,000 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 position presents information on all of the City of Marshalltown's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Marshalltown is improving or deteriorating.

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

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

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

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

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

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

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

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

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

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

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

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

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

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Marshalltown, assets exceeded liabilities by \$76,751,535 at the close of the most recent fiscal year.

By far, the largest portion of the City of Marshalltown's net position \$66,864,582 reflect its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less depreciation and any related debt. The City of Marshalltown uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Marshalltown's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

### CITY OF MARSHALLTOWN NET POSITION

June 30, 2013

#### Governmental Activities

		<u>FY 2012-13</u>		<u>FY 2011-12</u>	<u>Increase (decrease)</u>
Current and other assets	\$	34,768,770	\$	37,260,305	\$ (2,491,535)
Capital assets		43,787,426		43,170,870	616,556
		<hr/>		<hr/>	
Total assets		78,556,196		80,431,175	(1,874,979)
Current and other liabilities		17,322,092		13,616,381	3,705,711
Noncurrent liabilities		28,021,830		27,356,442	665,388
		<hr/>		<hr/>	
Total liabilities		45,343,922		40,972,823	4,371,099
Net position:					
Net investment in,					
capital assets		29,002,766		28,325,116	677,650
Restricted		9,706,673		11,863,770	(2,157,097)
Unrestricted		(5,497,165)		(730,534)	(4,766,631)
		<hr/>		<hr/>	
Total net position	\$	<u>33,212,274</u>	\$	<u>39,458,352</u>	<u>\$ (6,246,078)</u>

### Business-type Activities

	<u>FY 2012-13</u>	<u>FY 2011-12</u>	<u>Increase (decrease)</u>
Current and other assets	\$ 11,153,332	\$ 8,712,367	\$ 2,440,965
Capital assets	46,606,110	43,606,582	2,999,528
Total assets	<u>57,759,442</u>	<u>52,318,949</u>	<u>5,440,493</u>
Current and other liabilities	1,375,314	1,165,487	209,827
Noncurrent liabilities	12,844,867	10,833,320	2,011,547
Total liabilities	<u>14,220,181</u>	<u>11,998,807</u>	<u>2,221,374</u>
Net position:			
Net investment in,			
capital assets	37,861,816	35,454,854	2,406,962
Restricted	64,281	49,296	14,985
Unrestricted	5,613,164	4,815,992	797,172
Total net position	<u>\$ 43,539,261</u>	<u>\$ 40,320,142</u>	<u>\$ 3,219,119</u>

### Total Net Position

	<u>FY 2012-13</u>	<u>FY 2011-12</u>	<u>Increase (decrease)</u>
Current and other assets	\$ 45,922,102	\$ 45,972,672	(50,570)
Capital assets	90,393,536	86,777,452	3,616,084
Total assets	<u>136,315,638</u>	<u>132,750,124</u>	<u>3,565,514</u>
Current and other liabilities	18,697,406	14,781,868	3,915,538
Noncurrent liabilities	40,866,697	38,189,762	2,676,935
Total liabilities	<u>59,564,103</u>	<u>52,971,630</u>	<u>6,592,473</u>
Net Position:			
Net investment in,			
capital assets	66,864,582	63,779,970	3,084,612
Restricted	9,770,954	11,913,066	(2,142,112)
Unrestricted	115,999	4,085,458	(3,969,459)
Total net position	<u>\$ 76,751,535</u>	<u>\$ 79,778,494</u>	<u>\$ (3,026,959)</u>

A portion of the City of Marshalltown's activities net position \$9,770,954 represents resources that are subject to external restrictions. Prior year comparison shows \$11,913,066, a decrease of \$2,142,112. The remaining balance of unrestricted net position \$115,999 may be used to meet the government's ongoing obligations to citizens and creditors. This is a decrease in available net position over 2011-2012 by \$3,969,459.

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

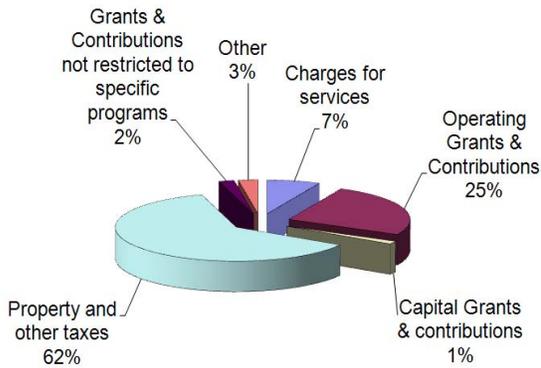
## City of Marshalltown Changes in Net Position

	<b>Governmental Activities</b>		
	<u>FY 2012-13</u>	<u>FY 2011-12</u>	<u>Increase (decrease)</u>
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charges for services	\$ 1,734,469	\$ 1,643,422	\$ 91,047
Operating grants and contributions	6,202,784	5,656,234	546,550
Capital grants and contributions	326,833	492,676	(165,843)
<b>General revenues</b>			
Property and other taxes	15,100,266	15,916,204	(815,938)
Grants & contributions not restricted to specific programs	495,773	490,581	5,192
Other	637,775	602,269	35,506
Total revenues	<u>24,497,900</u>	<u>24,801,386</u>	<u>(303,486)</u>
<b>Expenses:</b>			
Public safety	8,607,561	8,731,373	(124,298)
Public works	13,472,047	7,049,394	6,423,139
Health & social services	903,270	1,154,023	(250,753)
Culture and recreation	3,435,212	2,757,409	677,803
Community & economic development	2,249,158	2,417,304	(168,146)
General government	1,285,356	1,278,776	6,580
Interest on long term debt	628,314	563,965	64,349
Total expenses	<u>30,580,918</u>	<u>23,952,244</u>	<u>6,628,674</u>
Increase (decrease) in net position before transfers	(6,083,018)	849,142	(6,932,160)
Transfers	<u>(163,060)</u>	<u>(169,661)</u>	<u>6,601</u>
Increase (decrease) in net position	<u>(6,246,078)</u>	<u>679,481</u>	<u>(6,925,559)</u>
Net position - beginning of year	<u>39,458,352</u>	<u>38,778,871</u>	<u>679,481</u>
Net position - end of year	<u>\$ 33,212,274</u>	<u>\$ 39,458,352</u>	<u>\$ (6,246,078)</u>

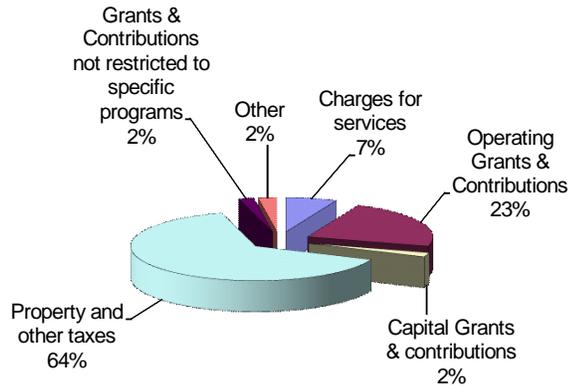
Property and other taxes decreased by \$815,938 due to decreases in tax increment financing of \$374,993, local option sales tax revenues of \$469,549 and utility excise tax of \$93,513. A small increase of \$114,848 was noted in property taxes.

## Governmental Revenues as a Percent - Two Year Comparison

**2012-2013**



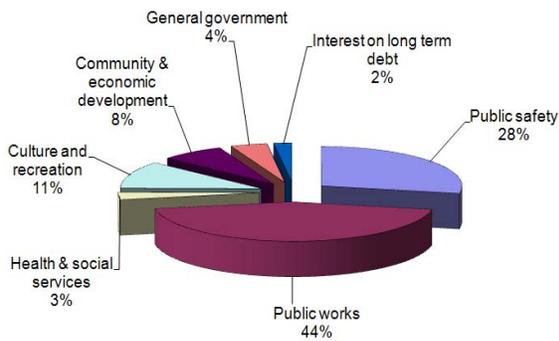
**2011-2012**



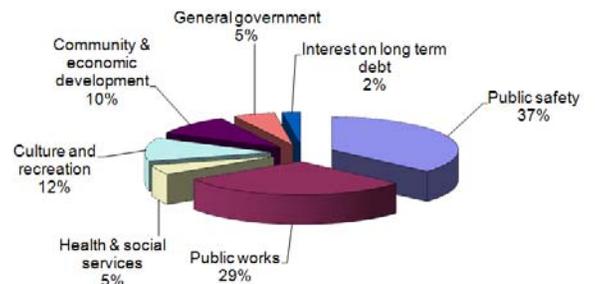
Public works expenses increased by \$6,423,139 due to the City continuing work on several street and other capital projects during the year. Bonds were sold in the current year and this will be a multi year project.

## Governmental Expenses as a Percent - Two Year Comparison

**2012-2013**



**2011-2012**

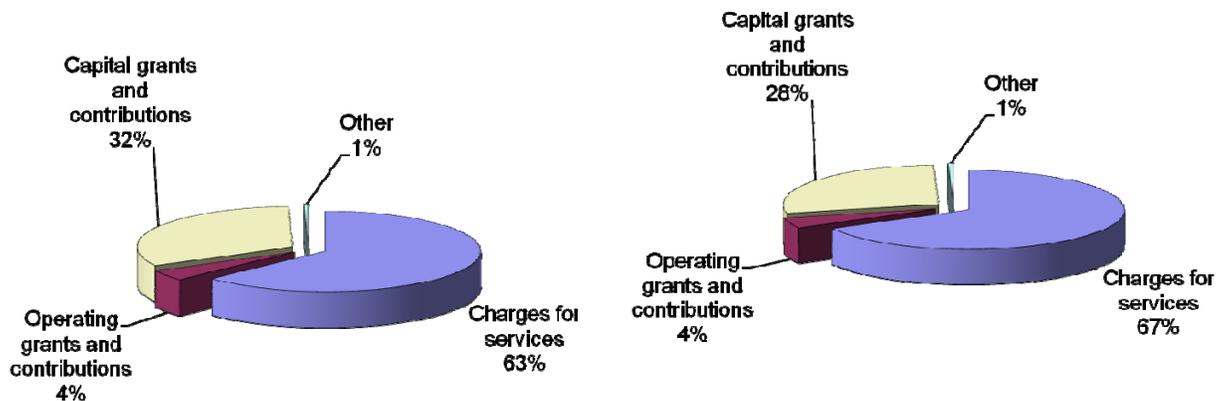


### Business-type Activities

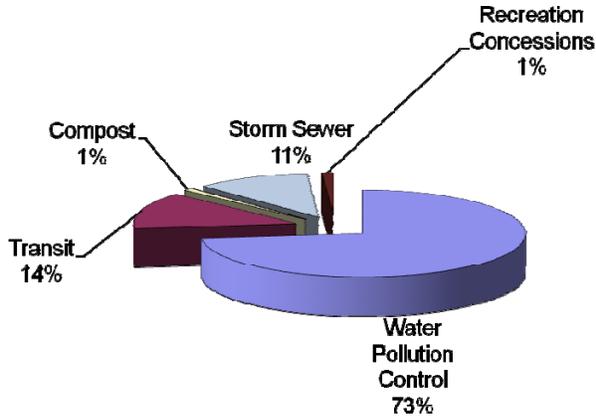
	<u>FY 2012-13</u>	<u>FY 2011-12</u>	<u>Increase (decrease)</u>
Revenues:			
Program revenues:			
Charges for services	\$ 5,625,495	\$ 5,461,334	\$ 164,161
Operating grants and contributions	376,900	353,216	23,684
Capital grants and contributions	2,889,069	2,281,955	607,114
General revenues			
Other	34,951	41,980	(7,029)
Total revenues	<u>8,926,415</u>	<u>8,138,485</u>	<u>787,930</u>
Expenses:			
Business type	5,870,356	6,201,934	(331,578)
Total expenses	<u>5,870,356</u>	<u>6,201,934</u>	<u>(331,578)</u>
Increase (decrease) in net position before transfers	3,056,059	1,936,551	1,119,508
Transfers	<u>163,060</u>	<u>169,661</u>	<u>(6,601)</u>
Increase (decrease) in net position	<u>3,219,119</u>	<u>2,106,212</u>	<u>1,112,907</u>
Net position - beginning of year	<u>40,320,142</u>	<u>38,213,930</u>	<u>2,106,212</u>
Net position - end of year	<u>\$ 43,539,261</u>	<u>\$ 40,320,142</u>	<u>\$ 3,219,119</u>

Capital grants and contributions increased by \$607,114 due to the completion of a \$2.5 million Community Development Block Grant to help fund a project required by Department of Natural Resources. Business type expenses decreased during 2012-13 due to an increase in repairs and smoke testing done on the sewer lines in the previous year.

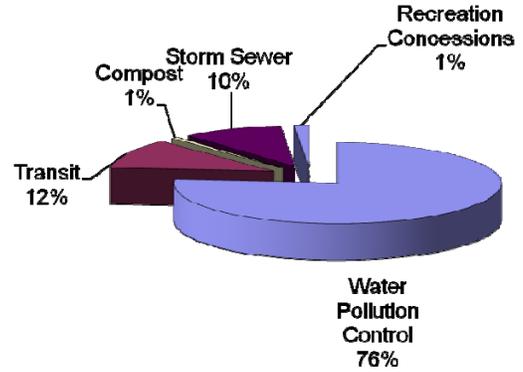
### Business-type Revenues as a Percent –Two Year Comparison 2012-2013



**Business-type Expenses as a Percent – Two Year Comparison  
2012-2013**



**2011-2012**



**Total Governmental & Business-type Activities**

	<u>FY 2012-13</u>	<u>FY 2011-12</u>	<u>Increase (decrease)</u>
Revenues:			
Program revenues:			
Charges for services	\$ 7,359,964	\$ 7,104,756	\$ 255,208
Operating grants and contributions	6,579,684	6,009,450	570,234
Capital grants and contributions	3,215,902	2,774,631	441,271
General revenues			-
Property and other taxes	15,100,266	15,916,204	(815,938)
Grants & contributions not restricted to specific programs	495,773	490,581	5,192
Other	672,726	644,249	28,477
<b>Total revenues</b>	<u>33,424,315</u>	<u>32,939,871</u>	<u>484,444</u>
Expenses:			
Public safety	8,607,561	8,731,373	(123,812)
Public works	13,472,047	7,049,394	6,422,653
Health and social services	903,270	1,154,023	(250,753)
Culture and recreation	3,435,212	2,757,409	677,803
	2,249,158	2,417,304	(168,146)
Community and economic development			
General government	1,285,356	1,278,776	6,580
Interest on long term debt	628,314	563,965	64,349
Business type	<u>5,870,356</u>	<u>6,201,934</u>	<u>(331,578)</u>
<b>Total expenses</b>	<u>36,451,274</u>	<u>30,154,178</u>	<u>6,297,096</u>
Increase (decrease) in net position before transfers	(3,026,959)	2,785,693	(5,812,652)
Transfers			
Increase (decrease) in net position	<u>(3,026,959)</u>	<u>2,785,693</u>	<u>(5,812,652)</u>
Net position - beginning of year	<u>79,778,494</u>	<u>76,992,801</u>	<u>2,785,693</u>
Net position - end of year	\$ <u><u>76,751,535</u></u>	\$ <u><u>79,778,494</u></u>	\$ <u><u>(3,026,959)</u></u>

## **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 \$17,211,663, a decrease of \$3,759,694 in comparison with the prior year. Of this total amount \$2,537,725 is unassigned fund balance, which is available to meet the future financial needs of the City. \$14,040,733 is restricted, \$250,000 is committed and \$383,205 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 \$2,736,209, \$1,153,313 has been restricted and \$250,000 committed. The remaining \$241,974 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 \$2,054,621 is an increase of \$602,200 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. The program includes multiple counties due to the high incidents of lead poisoning in young children. The City administers the grant in collaboration with many health and welfare agencies and the local hospital. For the current fiscal year, the City expended \$464,538 under this program

The renewal of the Local Option Sales Tax (LOST) referendum insures property tax relief (75%), storm sewer and other capital improvements (20%), and any project designated by the Council (5%) until 2025. Property tax relief dollars are transferred to other funds with the remaining funds going towards capital projects. The council designated their 5% to go towards street rehabilitation and repairs during the previous two fiscal years. The entire balance is restricted for these three purposes. The decrease in the balance this year of \$1,318,744 was due to an increase in street projects during the current fiscal year and drawing down on cash balances to increase the the number of streets that were rehabbed.

The Tax Increment Financing (TIF) fund continues to be a useful tool for the City of Marshalltown as they continue to work with developers on rehabilitation of existing facilities. During the last fiscal year the community and economic development expenses have increased due to rebating Emerson Process Management payment of their property taxes. This project converted a local downtown factory into a state-of the-art flow lab which enables them to test control valves in a re-world plant controlled environment. The City has one more fiscal year rebating this company for their investment and this valuation will convert to taxable valuation for increase in taxes available for the general fund.

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

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

The ending net position for the proprietary funds was \$43,539,261, a net position increase of \$3,219,119.

## Budgetary Highlights

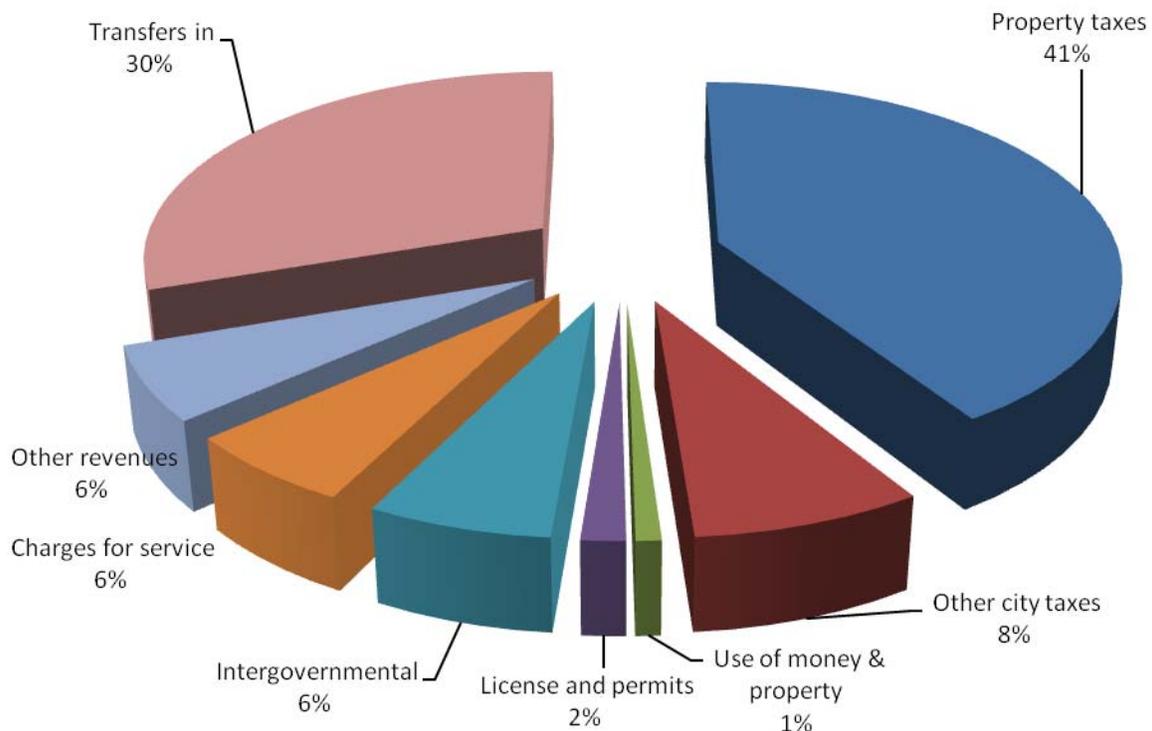
### General Fund

Revenues and transfers in for the general fund operations, on the GAAP basis, were greater than revenues estimates by \$3,139 and departmental expenditures and transfers out on the GAAP basis were \$573,124 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, 2013, and the amount and percentage of increases and decreases

Revenues	FY 2012-13	Percentage of Total	FY 2011-12	Percentage of Total	Change	Percentage of Change
Property taxes	\$ 5,984,410	41.08%	\$ 5,823,981	42.76%	\$ 160,429	16.89%
Other city taxes	1,138,837	7.82%	1,160,036	8.52%	(21,199)	-2.23%
Use of money & property	125,428	0.86%	110,026	0.81%	15,402	1.62%
License and permits	219,392	1.51%	203,813	1.50%	15,579	1.64%
Intergovernmental	906,655	6.22%	826,746	6.07%	79,979	8.42%
Charges for service	878,710	6.03%	832,879	6.12%	45,831	4.83%
Other revenues	901,641	6.19%	446,553	3.28%	455,088	47.93%
Transfers in	4,413,354	30.29%	4,214,946	30.95%	198,408	20.90%
<b>Total</b>	<b>14,568,427</b>	<b>100.00%</b>	<b>13,619,240</b>	<b>100.00%</b>	<b>949,517</b>	<b>100.00%</b>

## 2013 General Fund Revenues and Transfers

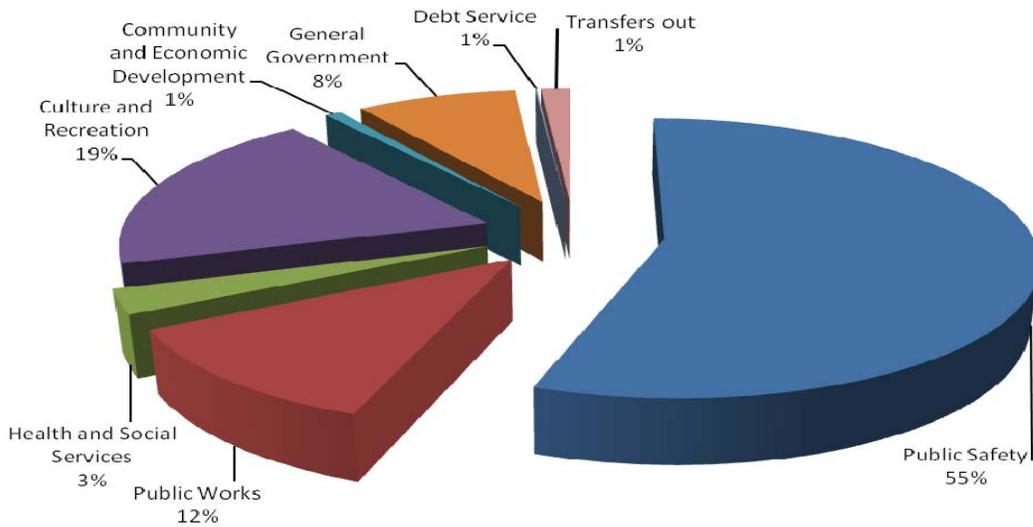


Current and prior year's property taxes continue to represent the largest revenue source, with \$6 million or 41% of all general fund revenues. The increase in property tax revenues from 2012 of \$160,429 is due to a very modest increase in the taxable value of real estate. The next largest revenue is 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 accounts.

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

Expenditures	FY 2012-13	Percentage of Total	FY 2011-12	Percentage of Total	Change	Percentage of Change
Public Safety	\$ 7,774,342	55.55%	\$ 7,467,014	54.96%	\$ 307,328	75.29%
Public Works	1,654,301	11.82%	1,656,092	12.19%	(1,791)	(0.44%)
Health and Social Services	405,393	2.90%	410,087	3.02%	(4,694)	(1.15%)
Culture and Recreation	2,679,429	19.14%	2,689,182	19.79%	(9,753)	(2.39%)
Community and Economic Development	113,965	0.81%	100,852	0.74%	13,113	3.21%
General Government	1,147,332	8.20%	1,080,363	7.95%	66,969	16.41%
Debt Service	13,840	0.10%	13,840	0.10%	-	0.00%
Transfers out	206,701	1.48%	169,661	1.25%	37,040	9.07%
<b>Total</b>	<b>13,995,303</b>	<b>100.00%</b>	<b>13,587,091</b>	<b>100.00%</b>	<b>408,217</b>	<b>100.00%</b>

### 2013 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 \$400,000 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.

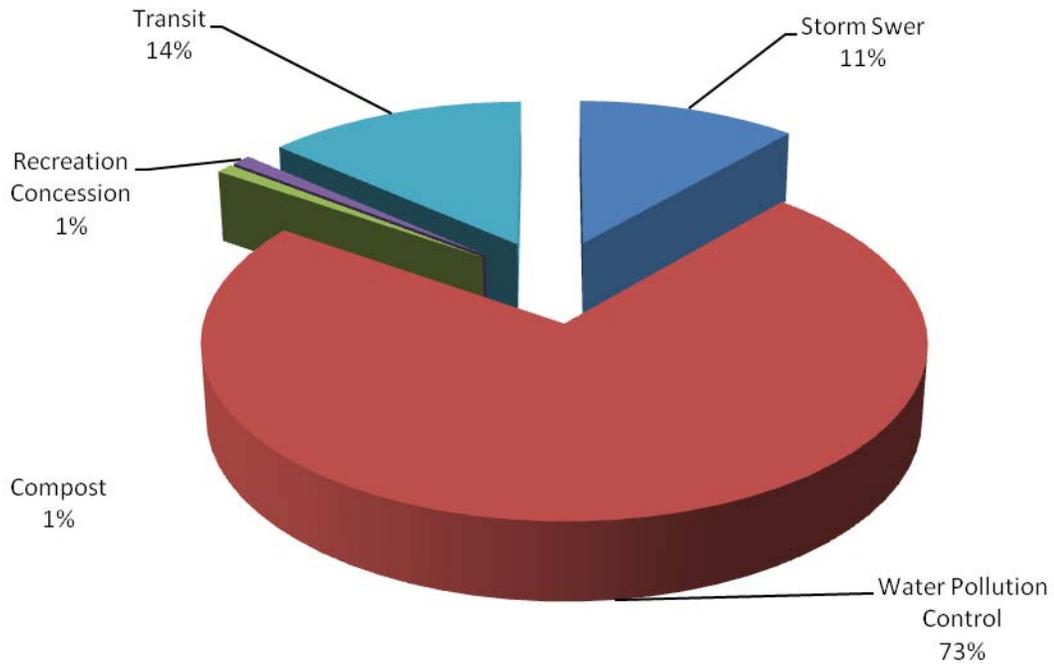
### Enterprise Operations

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, Recreation Concessions is administered by Parks & Recreation and the Water Pollution Control 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. Total operating expenses for the combined enterprise operations decreased by \$331,578. This was due to the completion of capital related projects at water pollution control.

Revenues	FY 2012 -	Percentage	FY 2011-12	Percentage	Change	Percentage
	13	of Total		of Total		of Total
<b>Operating Revenues</b>						
Charges for service	\$ 5,625,495	61.89%	\$ 5,461,334	65.73%	\$ 164,161	21.01%
Operating Grants and Contributions	376,900	4.15%	353,216	4.25%	23,684	3.03%
Capital Grants and contributions	2,889,069	31.79%	2,281,955	27.47%	607,114	77.70%
<b>General Revenues</b>						
Other	34,951	0.38%	41,980	0.5%	(7,029)	(0.90%)
Transfers	163,060	1.79%	169,661	2.0%	(6,601)	(0.84%)
<b>Total Revenues and Transfers</b>	<b>\$ 9,089,475</b>	<b>100.0%</b>	<b>\$ 8,308,146</b>	<b>100.0%</b>	<b>781,329</b>	<b>100.0%</b>
<b>Business type Expenses</b>						
Storm Sewer	669,666	11.40%	611,543	9.86%	58,123	(17.53%)
Water Pollution Control	4,295,804	73.18%	4,735,491	76.36%	(439,687)	132.60%
Compost	51,440	0.88%	40,048	0.65%	11,392	(3.44%)
Recreation Concession	59,267	1.01%	82,739	1.33%	(23,472)	7.09%
Transit	794,179	13.53%	732,113	11.80%	62,066	(18.72%)
<b>Total Expenditures and Transfers</b>	<b>\$ 5,870,356</b>	<b>100.00%</b>	<b>6,201,934</b>	<b>100.0%</b>	<b>(331,578)</b>	<b>100.00%</b>

# Enterprise Expenses 2013



## 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, 2013 amount to \$150,546,171. 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 \$7,540,109

City of Marshalltown's 2013 Capital Assets

	Governmental Activities		Increase (decrease)
	FY 2012-13	FY 2011-12	
Land and Improvements	6,304,696	6,296,196	8,500
Buildings and Structures	17,690,016	17,645,221	44,795
Equipment and vehicles	14,594,933	14,073,645	521,287
Infrastructure	36,757,660	33,490,429	3,267,231
Construction in Progress	574,986	1,461,230	(886,244)
<b>Total</b>	<b>75,922,291</b>	<b>72,966,721</b>	<b>2,955,569</b>

Business Type Activities

	FY 2012-13	FY 2011-12	Increase (decrease)
Land and Improvements	3,090,623	2,869,873	220,750
Buildings and Structures	11,301,487	11,301,487	-
Machinery and Equipment	15,444,944	15,290,611	154,333
Infrastructure, sewers & lift stations	41,530,078	30,494,751	11,035,327
Construction in Progress	3,256,748	10,082,619	(6,825,871)
Total	74,623,880	70,039,341	4,584,539

Total Governmental and Business Type Activities

	FY 2012-13	FY 2011-12	
Land and Improvements	9,395,319	9,166,069	229,250
Buildings and Structures	28,991,503	28,946,708	44,795
Machinery and Equipment	30,039,877	29,364,256	675,621
Infrastructure, sewers & lift stations	78,287,738	63,985,180	14,302,558
Construction in Progress	3,831,734	11,543,849	(7,712,115)
Total	150,546,171	143,006,062	7,540,109

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

- Street projects being completed.
- Various machinery and equipment purchases throughout the year including a dump truck for streets, and new vehicles for several departments.

Additional information on the City' of Marshalltown's capital assets can be found in Note 5 on pages 55-57 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Marshalltown had total bonded debt outstanding of \$40,106,938. Of this amount, \$32,325,472 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 2012-2013	FY 2011-12	Increase (decrease)
General obligation bonds and notes payable	26,880	23,960	2,920
Revenue bonds and notes payable	-	-	-
Total	26,880	23,960	2,920

Business Type Activities			
	FY 2012-2013	FY 2011-12	Increase (decrease)
General obligation bonds and notes payable	5,404	5,746	(342)
Revenue bonds and notes payable	7,822	4,595	3,227
Total	13,226	10,341	2,885

Total Governmental and Business Type Activities			
	FY 2012-2013	FY 2011-12	Increase (decrease)
General obligation bonds and notes payable	32,284	29,706	2,578
Revenue bonds and notes payable	7,822	4,595	3,227
Total	40,106	34,301	5,805

The City of Marshalltown's total bonded debt increased by approximately \$5,805,000, during the current fiscal year due to:

- The issuance of \$9,300,000 less normal retirement of debt in the amount of \$3,606,840.

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 \$65,605,252, significantly in excess of the City of Marshalltown's outstanding general obligation debt.

Additional information on the City' of Marshalltown's long term debt can be found in Note 6 on pages 57-61 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The local economy of the City remains strong and is creating more private public agreements to maintain that strength. The renovations of Emerson Processing/Fisher Controls, a local manufacturing company, have been completed. The City's obligation of rebating their property taxes paid on their parcels will end in fiscal year 2014. This will allow approximately \$19.5 million to go back onto the tax role which will increase property taxes within 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.

Common Bond Communities will finalize their building renovations on the City's largest building in the downtown area. This building is 85 years old and is a landmark. The renovation includes renovating 64 efficiencies and one-bedroom to 49 one and two-bedroom apartments for low income housing. This building will be assessed as a combination commercial and residential. Occupancy is expected in February 2014.

The budget for the ensuing fiscal year 2014 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 \$11 million in bonds for sewer related projects. The City Council has also committed to improving the streets within the City.

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

- The City's contribution rate for Police and Fire retirement system increased in the next fiscal year but is projected to drop modularity over the subsequent years. The Iowa Public Employees Retirement System is projected to maintain the same over the next future years if their investments met the program's investment income goal.
- Compliance with sanitary and storm water regulations will continue to be implemented over the next several years. Sewer rates have been increased over the last 18 months to accommodate the costs with these mandates.
- The cost of health care continues to rise. The City has experienced low health related claims limiting their increase in premiums to 3.25% for the next fiscal year. Changes in claims are always a factor that the City continues to monitor. More preventive care options to help avoid the high dollar claims are reviewed on an annual basis.
- Developments in commercial ventures will positively impact the property tax base and sales tax revenues within the next two to five years as progress for a possible new construction of an Alliant Energy gas fired plants continues to be on the horizon.

### **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 POSITION**  
**JUNE 30, 2013**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Marshalltown Water Works	Marshalltown Convention and Visitors Bureau
Assets					
Cash and cash equivalents	\$ 18,141,703	\$ 9,839,554	\$ 27,981,257	\$ 1,961,191	\$ 178,291
Receivables					
Property taxes					
Delinquent	149,627	-	149,627	-	-
Succeeding year	11,374,988	-	11,374,988	-	-
Accounts and unbilled usage	413,357	947,450	1,360,807	362,294	677
Special assessments	81,914	-	81,914	-	-
Interest	-	-	-	1,051	-
Due from component unit	10,037	227,588	237,625	-	-
Due from other governments	1,158,089	2,382	1,160,471	-	-
Inventories	97,321	12,932	110,253	-	-
Prepaid items	311,520	59,145	370,665	30,550	6,204
Restricted assets					
Cash and cash equivalents	-	64,281	64,281	143,065	-
Resources held in escrow for bond refunding	3,030,214	-	3,030,214	-	-
Capital assets					
Land	3,915,612	879,638	4,795,250	1,112,721	-
Land improvements	2,389,084	2,210,985	4,600,069	-	-
Buildings and structures	17,690,016	11,301,487	28,991,503	10,360,677	-
Equipment and vehicles	14,594,933	15,444,944	30,039,877	2,295,786	98,890
Sanitary sewers and lift stations	-	28,111,992	28,111,992	-	-
Infrastructure	36,757,660	13,418,086	50,175,746	10,861,456	-
Construction in progress	574,986	3,256,748	3,831,734	-	-
Accumulated depreciation	(32,134,865)	(28,017,770)	(60,152,635)	(13,140,773)	(41,563)
 Total assets	 <u>78,556,196</u>	 <u>57,759,442</u>	 <u>136,315,638</u>	 <u>13,988,018</u>	 <u>242,499</u>

**CITY OF MARSHALLTOWN, IOWA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Marshalltown Water Works	Marshalltown Convention and Visitors Bureau
<b>Liabilities</b>					
Accounts payable	\$ 1,907,755	\$ 208,591	\$ 2,116,346	\$ 47,664	\$ 24,881
Accrued payroll and payroll benefits	431,983	69,577	501,560	41,404	575
Retainage payable	421,279	79,393	500,672	-	-
Unearned revenue					
Succeeding year property tax	11,374,988	-	11,374,988	-	-
Other	153,234	-	153,234	-	-
Due to other governments	125,596	26,873	152,469	-	-
Accrued interest payable	63,524	23,870	87,394	-	-
Due to primary government	-	-	-	237,625	-
Liabilities payable from restricted assets					
Customer deposits	-	-	-	143,065	-
<b>Noncurrent liabilities</b>					
Due within one year					
Bonds and notes payable	2,673,841	945,000	3,618,841	225,000	-
Compensated absences payable	169,892	22,010	191,902	106,173	-
Due in more than one year					
Bonds and notes payable	24,206,631	12,281,466	36,488,097	-	-
Compensated absences payable	938,704	223,059	1,161,763	-	-
Net OPEB liability	2,876,495	340,342	3,216,837	62,134	-
Total liabilities	<u>45,343,922</u>	<u>14,220,181</u>	<u>59,564,103</u>	<u>863,065</u>	<u>25,456</u>
<b>Net position</b>					
Net investment in capital assets	29,002,766	37,861,816	66,864,582	11,264,867	57,327
Restricted for					
Capital improvements	6,090,445	-	6,090,445	-	-
Community development	589,387	-	589,387	-	-
Debt service	29,621	64,281	93,902	232,312	-
Other purposes	2,997,220	-	2,997,220	-	-
Unrestricted	<u>(5,497,165)</u>	<u>5,613,164</u>	<u>115,999</u>	<u>1,627,774</u>	<u>159,716</u>
<b>Total net position</b>	<u>\$ 33,212,274</u>	<u>\$ 43,539,261</u>	<u>\$ 76,751,535</u>	<u>\$ 13,124,953</u>	<u>\$ 217,043</u>

**CITY OF MARSHALLTOWN, IOWA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
Public safety	\$ 8,607,561	\$ 198,296	\$ 935,610	\$ 20,224
Public works	13,472,047	766,244	3,202,779	303,103
Health and social services	903,270	38,891	663,996	-
Culture and recreation	3,435,212	454,318	113,556	3,506
Community and economic development	2,249,158	153,563	1,272,820	-
General government	1,285,356	123,157	14,023	-
Interest on long-term debt	628,314	-	-	-
Total governmental activities	<u>30,580,918</u>	<u>1,734,469</u>	<u>6,202,784</u>	<u>326,833</u>
Business-type activities				
Water pollution control	4,295,804	5,079,296	39,669	184,650
Storm sewer	669,666	310,689	1,027	2,704,419
Compost	51,440	57,417	-	-
Transit	794,179	134,387	336,204	-
Concessions	59,267	43,706	-	-
Total business-type activities	<u>5,870,356</u>	<u>5,625,495</u>	<u>376,900</u>	<u>2,889,069</u>
Total primary government	<u>\$ 36,451,274</u>	<u>\$ 7,359,964</u>	<u>\$ 6,579,684</u>	<u>\$ 3,215,902</u>
Component units				
Water works	\$ 3,161,327	\$ 3,315,831	\$ -	\$ -
Convention and visitors bureau	282,836	278,895	-	-
Total component units	<u>\$ 3,444,163</u>	<u>\$ 3,594,726</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues				
Taxes				
Property				
Tax increment financing				
Local option sales				
Utility excise				
Hotel/motel				
Mobile homes				
Unrestricted				
State generated revenues				
Investment earnings				
Miscellaneous revenues				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

See notes to financial statements.

Net (Expense) Revenue and  
Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Marshalltown Water Works	Marshalltown Convention and Visitors Bureau
\$ (7,453,431)	\$ -	\$ (7,453,431)	\$ -	\$ -
(9,199,921)	-	(9,199,921)	-	-
(200,383)	-	(200,383)	-	-
(2,863,832)	-	(2,863,832)	-	-
(822,775)	-	(822,775)	-	-
(1,148,176)	-	(1,148,176)	-	-
(628,314)	-	(628,314)	-	-
<u>(22,316,832)</u>	<u>-</u>	<u>(22,316,832)</u>	<u>-</u>	<u>-</u>
-	1,007,811	1,007,811	-	-
-	2,346,469	2,346,469	-	-
-	5,977	5,977	-	-
-	(323,588)	(323,588)	-	-
-	(15,561)	(15,561)	-	-
-	3,021,108	3,021,108	-	-
<u>\$ (22,316,832)</u>	<u>\$ 3,021,108</u>	<u>\$ (19,295,724)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 154,504	\$ -
-	-	-	-	(3,941)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,504</u>	<u>\$ (3,941)</u>
\$ 9,967,944	\$ -	\$ 9,967,944	\$ -	\$ -
1,138,171	-	1,138,171	-	-
2,781,316	-	2,781,316	-	-
820,070	-	820,070	-	-
378,567	-	378,567	-	-
14,198	-	14,198	-	-
369,337	-	369,337	-	-
126,436	34,951	161,387	6,149	94
637,775	-	637,775	-	469
(163,060)	163,060	-	-	-
<u>16,070,754</u>	<u>198,011</u>	<u>16,268,765</u>	<u>6,149</u>	<u>563</u>
(6,246,078)	3,219,119	(3,026,959)	160,653	(3,378)
<u>39,458,352</u>	<u>40,320,142</u>	<u>79,778,494</u>	<u>12,964,300</u>	<u>220,421</u>
<u>\$ 33,212,274</u>	<u>\$ 43,539,261</u>	<u>\$ 76,751,535</u>	<u>\$ 13,124,953</u>	<u>\$ 217,043</u>

**CITY OF MARSHALLTOWN, IOWA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	<u>Special Revenue Funds</u>			
	<u>General</u>	<u>Road Use Tax</u>	<u>Local Option Sales Tax</u>	<u>Property Tax</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 4,218,696	\$ 1,865,286	\$ 1,956,108	\$ 973,194
Receivables				
Property taxes				
Delinquent	77,403	-	-	16,606
Succeeding year	6,863,531	-	-	1,601,675
Accounts and unbilled usage	165,113	-	-	-
Special assessments	-	-	-	-
Due from other funds	133,036	-	-	25,303
Due from component unit	10,037	-	-	-
Due from other governments	252,225	225,632	366,818	2,143
Advance to other funds	95,000	-	-	-
Inventory	-	97,321	-	-
Prepaid items	241,974	5,074	-	-
Resources held in escrow for bond refunding	-	-	-	-
<b>Total assets</b>	<b><u>\$ 12,057,015</u></b>	<b><u>\$ 2,193,313</u></b>	<b><u>\$ 2,322,926</u></b>	<b><u>\$ 2,618,921</u></b>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 118,374	\$ 138,305	\$ 171,367	\$ -
Accrued payroll and payroll benefits	410,175	387	-	-
Retainage payable	-	-	100,466	-
Deferred revenue				
Succeeding year property tax	6,863,531	-	-	1,601,675
Other	132,540	-	-	-
Due to other governments	125,596	-	-	-
Due to other funds	25,303	-	-	-
Advance from other funds	-	-	-	-
<b>Total liabilities</b>	<b><u>7,675,519</u></b>	<b><u>138,692</u></b>	<b><u>271,833</u></b>	<b><u>1,601,675</u></b>
<b>Fund balances</b>				
Nonspendable	241,974	102,395	-	-
Restricted	1,153,313	1,952,226	2,051,093	1,017,246
Committed	250,000	-	-	-
Unassigned	2,736,209	-	-	-
<b>Total fund balances</b>	<b><u>4,381,496</u></b>	<b><u>2,054,621</u></b>	<b><u>2,051,093</u></b>	<b><u>1,017,246</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 12,057,015</u></b>	<b><u>\$ 2,193,313</u></b>	<b><u>\$ 2,322,926</u></b>	<b><u>\$ 2,618,921</u></b>

See notes to financial statements.

Debt Service	Capital Projects Funds		Total
	Public Works and Other Projects	Nonmajor Governmental Funds	
\$ -	\$ 4,616,552	\$ 1,588,667	\$ 15,218,503
29,409	6,038	20,171	149,627
2,375,126	534,656	-	11,374,988
-	221,189	27,055	413,357
-	81,914	-	81,914
29,621	62,421	13,554	263,935
-	-	-	10,037
3,656	28,676	278,939	1,158,089
-	-	-	95,000
-	-	-	97,321
-	-	38,836	285,884
<u>3,030,214</u>	<u>-</u>	<u>-</u>	<u>3,030,214</u>
<u>\$ 5,468,026</u>	<u>\$ 5,551,446</u>	<u>\$ 1,967,222</u>	<u>\$ 32,178,869</u>
\$ -	\$ 1,178,278	\$ 57,437	\$ 1,663,761
-	-	21,421	431,983
-	310,813	10,000	421,279
2,375,126	534,656	-	11,374,988
-	330,999	127,125	590,664
-	-	-	125,596
13,554	29,621	195,457	263,935
-	-	95,000	95,000
<u>2,388,680</u>	<u>2,384,367</u>	<u>506,440</u>	<u>14,967,206</u>
-	-	38,836	383,205
3,079,346	3,167,079	1,620,430	14,040,733
-	-	-	250,000
-	-	(198,484)	2,537,725
<u>3,079,346</u>	<u>3,167,079</u>	<u>1,460,782</u>	<u>17,211,663</u>
<u>\$ 5,468,026</u>	<u>\$ 5,551,446</u>	<u>\$ 1,967,222</u>	<u>\$ 32,178,869</u>

**CITY OF MARSHALLTOWN, IOWA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

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Total governmental fund balances \$ 17,211,663

Amounts reported for governmental activities in the Statement of  
Net Position are different because:

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

The cost of capital assets is	\$ 75,922,291	
Accumulated depreciation is	<u>(32,134,865)</u>	
		43,787,426

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	494,658	
Charges for service	<u>96,006</u>	
		590,664

Internal service funds are used by the City's management to  
charge the costs of self-insurance programs to the individual  
funds. The assets and liabilities of the internal service funds  
are included in governmental activities in the Statement of  
Net Position. 2,551,608

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	(26,880,472)	
Accrued interest on the bonds	(63,524)	
Compensated absences	(1,108,596)	
Net OPEB liability	<u>(2,876,495)</u>	
		<u>(30,929,087)</u>

Net position of governmental activities \$ 33,212,274

**CITY OF MARSHALLTOWN, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Special Revenue Funds			
	General	Road Use Tax	Local Option Sales Tax	Property Tax
<b>Revenues</b>				
Property taxes	\$ 5,984,410	\$ -	\$ -	\$ 1,279,749
TIF revenues	-	-	-	-
Other city taxes	1,138,837	-	2,781,316	115,511
Use of money and property	125,428	-	13,024	1,980
Licenses and permits	219,392	-	-	-
Intergovernmental	906,655	2,671,423	-	46,861
Charges for service	878,710	-	-	-
Special assessments	-	-	-	-
Miscellaneous	266,343	-	-	-
Total revenues	<u>9,519,775</u>	<u>2,671,423</u>	<u>2,794,340</u>	<u>1,444,101</u>
<b>Expenditures</b>				
<b>Current</b>				
Public safety	7,774,342	-	42,615	8,153
Public works	1,654,301	1,267,057	1,895,469	-
Health and social services	405,393	-	-	-
Culture and recreation	2,679,429	-	-	-
Community and economic development	113,965	-	-	-
General government	1,147,332	-	-	-
<b>Debt service</b>				
Principal	13,840	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>13,788,602</u>	<u>1,267,057</u>	<u>1,938,084</u>	<u>8,153</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,268,827)</u>	<u>1,404,366</u>	<u>856,256</u>	<u>1,435,948</u>
<b>Other financing sources (uses)</b>				
Sale of governmental assets	35,298	-	-	-
General obligation bonds issued	600,000	-	-	-
Premium on general obligation bonds issued	-	-	-	-
Transfers in	4,413,354	-	-	2,175,000
Transfers out	(206,701)	(802,166)	(2,175,000)	(3,145,824)
Total other financing sources (uses)	<u>4,841,951</u>	<u>(802,166)</u>	<u>(2,175,000)</u>	<u>(970,824)</u>
Net change in fund balances	573,124	602,200	(1,318,744)	465,124
Fund balances - beginning	<u>3,808,372</u>	<u>1,452,421</u>	<u>3,369,837</u>	<u>552,122</u>
Fund balances - ending	<u>\$ 4,381,496</u>	<u>\$ 2,054,621</u>	<u>\$ 2,051,093</u>	<u>\$ 1,017,246</u>

See notes to financial statements.

Debt Service	Capital Projects Funds		Total
	Public Works and Other Projects	Nonmajor Governmental Funds	
\$ 2,237,966	\$ 465,819	\$ -	\$ 9,967,944
-	-	1,138,171	1,138,171
193,218	42,329	240,582	4,511,793
13,984	23,828	16,299	194,543
-	-	-	219,392
78,924	16,783	2,754,662	6,475,308
750	4,767	31,417	915,644
-	14,306	-	14,306
-	430,107	216,135	912,585
<u>2,524,842</u>	<u>997,939</u>	<u>4,397,266</u>	<u>24,349,686</u>
-	-	434,029	8,259,139
-	9,421,827	565,626	14,804,280
-	-	562,764	968,157
-	-	143,666	2,823,095
-	-	2,120,358	2,234,323
-	-	30,406	1,177,738
2,775,000	-	-	2,788,840
639,781	3,624	-	643,405
<u>3,414,781</u>	<u>9,425,451</u>	<u>3,856,849</u>	<u>33,698,977</u>
<u>(889,939)</u>	<u>(8,427,512)</u>	<u>540,417</u>	<u>(9,349,291)</u>
-	-	-	35,298
-	5,000,000	-	5,600,000
-	117,359	-	117,359
887,038	-	337,734	7,813,126
-	(666,896)	(979,599)	(7,976,186)
<u>887,038</u>	<u>4,450,463</u>	<u>(641,865)</u>	<u>5,589,597</u>
(2,901)	(3,977,049)	(101,448)	(3,759,694)
<u>3,082,247</u>	<u>7,144,128</u>	<u>1,562,230</u>	<u>20,971,357</u>
<u>\$ 3,079,346</u>	<u>\$ 3,167,079</u>	<u>\$ 1,460,782</u>	<u>\$ 17,211,663</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, 2013**

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Net change in fund balances – total governmental funds \$ (3,759,694)

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	\$ 3,118,982	
Capital contributions	10,000	
Depreciation expense	<u>(2,512,426)</u>	
Net change in capital assets		616,556

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:

Intergovernmental	291,350	
Charges for service	<u>(202,581)</u>	
Net effect		88,769

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

Debt repayments	2,788,840	
Debt proceeds, including premiums	<u>(5,717,359)</u>	
Net effect		(2,928,519)

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	12,458	
Increase in compensated absences	(251,096)	
Increase in net OPEB liability	<u>(337,539)</u>	
Total additional expenses		(576,177)

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

Change in net assets of governmental activities		<u>\$ (6,246,078)</u>
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See notes to financial statements.

**CITY OF MARSHALLTOWN, IOWA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	Business-type Activities - Enterprise Funds				Governmental
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Activities - Internal Service Funds
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 9,399,594	\$ -	\$ 439,960	\$ 9,839,554	\$ 2,923,200
<b>Receivables</b>					
Accounts and unbilled usage	918,863	24,936	3,651	947,450	-
Due from other funds	92,558	-	-	92,558	-
Due from component unit	206,809	20,779	-	227,588	-
Due from other governments	77	172	2,133	2,382	-
Inventories	10,347	-	2,585	12,932	-
Prepaid items	37,493	8,201	13,451	59,145	25,636
<b>Total current assets</b>	<b>10,665,741</b>	<b>54,088</b>	<b>461,780</b>	<b>11,181,609</b>	<b>2,948,836</b>
<b>Noncurrent assets</b>					
<b>Restricted assets</b>					
Cash and cash equivalents	64,281	-	-	64,281	-
<b>Capital assets</b>					
Land	364,919	504,282	10,437	879,638	-
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	13,542,509	291,873	1,610,562	15,444,944	-
Sanitary sewers and lift stations	28,001,187	110,805	-	28,111,992	-
Infrastructure	-	13,418,086	-	13,418,086	-
Construction in progress	1,182,740	2,074,008	-	3,256,748	-
Accumulated depreciation	(22,859,744)	(4,019,375)	(1,138,651)	(28,017,770)	-
<b>Total noncurrent assets</b>	<b>32,825,220</b>	<b>12,415,679</b>	<b>1,429,492</b>	<b>46,670,391</b>	<b>-</b>
<b>Total assets</b>	<b>43,490,961</b>	<b>12,469,767</b>	<b>1,891,272</b>	<b>57,852,000</b>	<b>2,948,836</b>

**CITY OF MARSHALLTOWN, IOWA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	Business-type Activities - Enterprise Funds				Governmental
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Activities - Internal Service Funds
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 168,257	\$ 7,218	\$ 33,116	\$ 208,591	\$ 243,994
Accrued payroll and payroll benefits	41,033	10,043	18,501	69,577	-
Unearned revenue	-	-	-	-	153,234
Retainage payable	79,393	-	-	79,393	-
Due to other governments	26,873	-	-	26,873	-
Due to other funds	-	92,558	-	92,558	-
Accrued interest payable	23,870	-	-	23,870	-
Compensated absences	15,805	5,211	994	22,010	-
General obligation bonds	350,000	-	-	350,000	-
Revenue bonds	595,000	-	-	595,000	-
Total current liabilities	<u>1,300,231</u>	<u>115,030</u>	<u>52,611</u>	<u>1,467,872</u>	<u>397,228</u>
Noncurrent liabilities					
Compensated absences	168,379	25,638	29,042	223,059	-
General obligation bonds	5,054,466	-	-	5,054,466	-
Revenue bonds	7,227,000	-	-	7,227,000	-
Net OPEB liability	<u>222,926</u>	<u>93,932</u>	<u>23,484</u>	<u>340,342</u>	<u>-</u>
Total noncurrent liabilities	<u>12,672,771</u>	<u>119,570</u>	<u>52,526</u>	<u>12,844,867</u>	<u>-</u>
Total liabilities	<u>13,973,002</u>	<u>234,600</u>	<u>105,137</u>	<u>14,312,739</u>	<u>397,228</u>
<b>Net position</b>					
Net investment in capital assets	24,016,645	12,415,679	1,429,492	37,861,816	-
Restricted for					
Bond and interest payments	64,281	-	-	64,281	-
Unrestricted	<u>5,437,033</u>	<u>(180,512)</u>	<u>356,643</u>	<u>5,613,164</u>	<u>2,551,608</u>
Total net position	<u>\$ 29,517,959</u>	<u>\$ 12,235,167</u>	<u>\$ 1,786,135</u>	<u>\$ 43,539,261</u>	<u>\$ 2,551,608</u>

**CITY OF MARSHALLTOWN, IOWA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Business-type Activities - Enterprise Funds				Governmental
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Activities - Internal Service Funds
Operating revenues					
Charges for service	\$ 4,860,499	\$ 310,689	\$ 235,510	\$ 5,406,698	\$ 2,125,667
Miscellaneous	168,275	-	-	168,275	452,507
Total operating revenues	<u>5,028,774</u>	<u>310,689</u>	<u>235,510</u>	<u>5,574,973</u>	<u>2,578,174</u>
Operating expenses					
Salaries and benefits	1,345,449	292,613	474,426	2,112,488	-
Services and supplies	1,454,857	109,573	295,291	1,859,721	11,974
Claims paid	-	-	-	-	1,875,645
Health insurance premiums	-	-	-	-	315,014
Depreciation	1,182,359	267,480	135,169	1,585,008	-
Miscellaneous	-	-	-	-	76,701
Total operating expenses	<u>3,982,665</u>	<u>669,666</u>	<u>904,886</u>	<u>5,557,217</u>	<u>2,279,334</u>
Operating income (loss)	<u>1,046,109</u>	<u>(358,977)</u>	<u>(669,376)</u>	<u>17,756</u>	<u>298,840</u>
Nonoperating revenues (expenses)					
Federal and state grants	39,669	1,027	336,204	376,900	-
Interest income	32,361	-	2,590	34,951	14,147
Miscellaneous income	50,522	-	-	50,522	-
Interest and other debt expense	<u>(313,139)</u>	<u>-</u>	<u>-</u>	<u>(313,139)</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>(190,587)</u>	<u>1,027</u>	<u>338,794</u>	<u>149,234</u>	<u>14,147</u>
Income (loss) before capital contributions and transfers	855,522	(357,950)	(330,582)	166,990	312,987
Capital contributions	184,650	2,704,419	-	2,889,069	-
Transfers in	-	-	170,302	170,302	-
Transfers out	-	-	<u>(7,242)</u>	<u>(7,242)</u>	-
Change in net position	1,040,172	2,346,469	(167,522)	3,219,119	312,987
Net position - beginning	<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>
Net position - ending	<u>\$ 29,517,959</u>	<u>\$ 12,235,167</u>	<u>\$ 1,786,135</u>	<u>\$ 43,539,261</u>	<u>\$ 2,551,608</u>

**CITY OF MARSHALLTOWN, IOWA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Business-type Activities - Enterprise Funds				Governmental
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Internal Service Funds
Cash flows from operating activities					
Cash received from customers	\$ 4,555,477	\$ 310,184	\$ 237,185	\$ 5,102,846	\$ 2,144,713
Cash payments to suppliers for goods and services	(181,442)	(112,091)	(293,182)	(586,715)	(2,241,283)
Cash payments to employees for services	(1,287,338)	(272,005)	(459,329)	(2,018,672)	-
Other operating receipts	<u>218,797</u>	<u>-</u>	<u>-</u>	<u>218,797</u>	<u>452,507</u>
Net cash provided by (used for) operating activities	<u>3,305,494</u>	<u>(73,912)</u>	<u>(515,326)</u>	<u>2,716,256</u>	<u>355,937</u>
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	170,302	170,302	-
Transfers to other funds	-	-	(7,242)	(7,242)	-
Grants received	450,703	5,492	334,071	790,266	-
(Increase) decrease in due from other funds	(68,420)	-	-	(68,420)	-
Increase (decrease) in due to other funds	<u>-</u>	<u>68,420</u>	<u>-</u>	<u>68,420</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>382,283</u>	<u>73,912</u>	<u>497,131</u>	<u>953,326</u>	<u>-</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(3,719,562)	-	-	(3,719,562)	-
Proceeds from issuance of debt	3,700,000	-	-	3,700,000	-
Payment of debt	(818,000)	-	-	(818,000)	-
Interest and fiscal charges paid	<u>(308,215)</u>	<u>-</u>	<u>-</u>	<u>(308,215)</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>(1,145,777)</u>	<u>-</u>	<u>-</u>	<u>(1,145,777)</u>	<u>-</u>
Cash flows from investing activities					
Interest received on investment securities	<u>32,361</u>	<u>-</u>	<u>2,591</u>	<u>34,952</u>	<u>14,147</u>
Net increase (decrease) in cash and cash equivalents	2,574,361	-	(15,604)	2,558,757	370,084
Cash and cash equivalents, beginning	<u>6,889,514</u>	<u>-</u>	<u>455,564</u>	<u>7,345,078</u>	<u>2,553,116</u>
Cash and cash equivalents, ending	<u>\$ 9,463,875</u>	<u>\$ -</u>	<u>\$ 439,960</u>	<u>\$ 9,903,835</u>	<u>\$ 2,923,200</u>

(continued)

**CITY OF MARSHALLTOWN, IOWA**  
**STATEMENT OF CASH FLOWS (continued)**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	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)	\$ 1,046,109	\$ (358,977)	\$ (669,376)	\$ 17,756	\$ 298,840
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	1,182,359	267,480	135,169	1,585,008	-
Miscellaneous income	50,522	-	-	50,522	-
Changes in assets and liabilities					
Decrease (increase) in receivables	(305,022)	(677)	1,675	(304,024)	18,980
Decrease (increase) in inventories and prepaid items	10,781	2,548	(414)	12,915	(1,190)
Increase (decrease) in accounts payable	1,254,131	(4,894)	2,523	1,251,760	39,241
Increase in accrued liabilities	31,952	9,586	12,341	53,879	-
Increase in due to other governments	8,503	-	-	8,503	-
Increase in unearned revenue	-	-	-	-	66
Increase in net OPEB liability	26,159	11,022	2,756	39,937	-
Total	<u>2,259,385</u>	<u>285,065</u>	<u>154,050</u>	<u>2,698,500</u>	<u>57,097</u>
Net cash provided by (used for) operating activities	<u>\$ 3,305,494</u>	<u>\$ (73,912)</u>	<u>\$ (515,326)</u>	<u>\$ 2,716,256</u>	<u>\$ 355,937</u>
Noncash capital activities					
Contributions of capital assets from other funds	<u>\$ 184,650</u>	<u>\$ 2,704,419</u>	<u>\$ -</u>	<u>\$ 2,889,069</u>	<u>\$ -</u>

See notes to financial statements.

**CITY OF MARSHALLTOWN, IOWA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2013**

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	Police Pension Trust	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 227,777
Prepaid items	-	20,090
	<u>-</u>	<u>247,867</u>
<b>Total assets</b>	<u>-</u>	<u>247,867</u>
<b>Liabilities</b>		
Accrued payroll and benefits	-	189,008
Due to City	-	40,743
Due to Sleuth User Group	-	14,660
Due to other governments	-	3,456
	<u>-</u>	<u>247,867</u>
<b>Total liabilities</b>	<u>-</u>	<u>\$ 247,867</u>
<b>Net position</b>		
Held in trust for pension benefits	<u>\$ -</u>	

**CITY OF MARSHALLTOWN, IOWA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED JUNE 30, 2013**

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	Police Pension Trust
Additions	
Contributions, employer	\$ 8,153
Deductions	
Benefits	<u>8,153</u>
Change in net assets	-
Net position - beginning	<u>-</u>
Net position - ending	<u>\$ -</u>

## **NOTES TO FINANCIAL STATEMENTS**

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**CITY OF MARSHALLTOWN, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**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, 2013**

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

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

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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

**CITY OF MARSHALLTOWN, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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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.

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

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

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Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

**Assets, 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.

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.

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The County Treasurer bills and collects taxes for the City. Taxes for the year ended June 30, 2013, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2012 and March 31, 2013. Any County collections on the 2012-2013 tax levy remitted to the City within sixty days subsequent to June 30, 2013, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2013, 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.

*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.

**CITY OF MARSHALLTOWN, IOWA**  
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Unearned revenue in the Statement of Net Position 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, 2013.

Water Works employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement, or death. The liability is recorded on the Statement of Net Position based on rates of pay in effect as of June 30, 2013.

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

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

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

**CITY OF MARSHALLTOWN, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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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.

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

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

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

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

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

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

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**  
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As of June 30, 2013, fund balances consisted of the following:

	<u>General</u>	<u>Road Use Tax</u>	<u>Local Option Sales Tax</u>	<u>Property Tax</u>	<u>Debt Service</u>
Nonspendable					
Inventory and prepaid items	\$ 241,974	\$ 102,395	\$ -	\$ -	\$ -
Restricted for					
Capital improvements	655,263	1,952,226	1,465,581	-	-
Property tax relief	-	-	585,512	-	-
Community development	-	-	-	-	-
Debt service	-	-	-	-	3,079,346
Employee benefits	-	-	-	1,017,246	-
Emergency communication	-	-	-	-	-
Other purposes	498,050	-	-	-	-
Total restricted	<u>1,153,313</u>	<u>1,952,226</u>	<u>2,051,093</u>	<u>1,017,246</u>	<u>3,079,346</u>
Committed					
Capital improvements	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned					
	<u>2,736,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 4,381,496</u>	<u>\$ 2,054,621</u>	<u>\$ 2,051,093</u>	<u>\$ 1,017,246</u>	<u>\$ 3,079,346</u>

	<u>Public Works and Other Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable			
Inventory and prepaid items	\$ -	\$ 38,836	\$ 383,205
Restricted for			
Capital improvements	3,167,079	223,417	7,463,566
Property tax relief	-	-	585,512
Community development	-	532,114	532,114
Debt service	-	-	3,079,346
Employee benefits	-	-	1,017,246
Emergency communication	-	390,080	390,080
Other purposes	-	474,819	972,869
Total restricted	<u>3,167,079</u>	<u>1,620,430</u>	<u>14,040,733</u>
Committed			
Capital improvements	<u>-</u>	<u>-</u>	<u>250,000</u>
Unassigned			
	<u>-</u>	<u>(198,484)</u>	<u>2,537,725</u>
Total fund balance	<u>\$ 3,167,079</u>	<u>\$ 1,460,782</u>	<u>\$ 17,211,663</u>

(continued on next page)

**CITY OF MARSHALLTOWN, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, disbursements exceeded the amount budgeted in the debt service and capital projects functions. In addition before the budget was amended, disbursements exceeded the original amount budgeted for the debt service and capital projects functions.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

*Deposits.* On June 30, 2013, the carrying amount of the City’s deposits was \$18,855,814 and the bank balances were \$19,154,956. The City’s deposits in banks at June 30, 2013, 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, 2013, 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	\$ 8,572,224	\$ 8,572,224
Demand deposits	7,252,466	7,554,558
Certificates of deposits	3,028,174	3,028,174
Petty cash	2,950	-
Total	<u>\$ 18,855,814</u>	<u>\$ 19,154,956</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, 2013, was \$9,417,501.

The Marshalltown Water Works’ carrying amount of deposits was \$2,104,256 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 \$178,291 all of which was covered by federal depository insurance.

**CITY OF MARSHALLTOWN, IOWA**  
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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, 2013, consisted of the following:

Receivable Entity	Payable Entity	Amount
Primary Government:	Component Unit:	
Governmental Fund, General Fund	Water Works	\$ 10,037
Enterprise Fund, Water Pollution Control	Water Works	206,809
Enterprise Fund, Storm Sewer	Water Works	20,779

**CITY OF MARSHALLTOWN, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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Due from/to other funds as of June 30, 2013, consisted of the following:

Due to general fund from Nonmajor governmental	\$ 133,036
Due to nonmajor governmental funds from Debt service	\$ 13,554
Due to property tax fund from General fund	\$ 25,303
Due to debt service fund from Public works and other projects	\$ 29,621
Due to public works and other projects fund from Nonmajor governmental	\$ 62,421
Due to water pollution control fund from Storm sewer	\$ 92,558

The interfund balances result from negative cash balances.

The advance to/from other funds as of June 30, 2013, consisted of the following:

Due to general fund from Tax increment financing fund	\$ 95,000
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The advance to/from other funds represents an interfund loan to fund grants and improvements.

**CITY OF MARSHALLTOWN, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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Interfund transfers for the year ended June 30, 2013, consisted of the following:

Transfers to general fund from	
Road use tax	\$ 800,000
Property tax	3,105,563
Public works and other projects	430,186
Nonmajor governmental	77,605
Total transfers to general fund	<u>\$ 4,413,354</u>
Transfers to property tax fund from	
Local option sales tax	<u>\$ 2,175,000</u>
Transfers to debt service fund from	
Nonmajor governmental	<u>\$ 887,038</u>
Transfers to nonmajor governmental funds from	
General	\$ 36,399
Road use tax	2,166
Property tax	40,261
Local option sales tax	
Public works and other projects	236,710
Nonmajor governmental	14,956
Nonmajor enterprise	7,242
Total transfers to nonmajor governmental funds	<u>\$ 337,734</u>
Transfers to nonmajor enterprise funds from	
General	<u>\$ 170,302</u>

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

**CITY OF MARSHALLTOWN, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Primary Government				
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 3,915,612	\$ -	\$ -	\$ 3,915,612
Construction in progress	1,461,230	2,425,782	(3,312,026)	574,986
Total capital assets, not being depreciated	<u>5,376,842</u>	<u>2,425,782</u>	<u>(3,312,026)</u>	<u>4,490,598</u>
Capital assets, being depreciated				
Buildings and structures	17,645,221	44,795	-	17,690,016
Land improvements	2,380,584	8,500	-	2,389,084
Equipment and vehicles	14,073,645	694,700	(173,412)	14,594,933
Infrastructure	33,490,429	3,267,231	-	36,757,660
Total capital assets, being depreciated	<u>67,589,879</u>	<u>4,015,226</u>	<u>(173,412)</u>	<u>71,431,693</u>
Less accumulated depreciation for				
Buildings and structures	(4,963,634)	(528,863)	-	(5,492,497)
Land improvements	(877,262)	(164,770)	-	(1,042,032)
Equipment and vehicles	(7,413,891)	(795,672)	173,412	(8,036,151)
Infrastructure	(16,541,064)	(1,023,121)	-	(17,564,185)
Total accumulated depreciation	<u>(29,795,851)</u>	<u>(2,512,426)</u>	<u>173,412</u>	<u>(32,134,865)</u>
Total capital assets, being depreciated, net	<u>37,794,028</u>	<u>1,502,800</u>	<u>-</u>	<u>39,296,828</u>
Governmental activities capital assets, net	<u>\$ 43,170,870</u>	<u>\$ 3,928,582</u>	<u>\$ (3,312,026)</u>	<u>\$ 43,787,426</u>

**CITY OF MARSHALLTOWN, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 658,888	\$ 220,750	\$ -	\$ 879,638
Construction in progress	10,082,619	4,445,710	(11,271,581)	3,256,748
Total capital assets, not being depreciated	<u>10,741,507</u>	<u>4,666,460</u>	<u>(11,271,581)</u>	<u>4,136,386</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	15,290,611	154,333	-	15,444,944
Sanitary sewers and lift stations	18,011,179	10,100,813	-	28,111,992
Infrastructure	12,483,572	934,514	-	13,418,086
Total capital assets, being depreciated	<u>59,297,834</u>	<u>11,189,660</u>	<u>-</u>	<u>70,487,494</u>
Less accumulated depreciation for				
Buildings and structures	(5,502,739)	(303,358)	-	(5,806,097)
Land improvements	(1,502,241)	(66,200)	-	(1,568,441)
Equipment and vehicles	(10,248,661)	(512,575)	-	(10,761,236)
Sanitary sewers and lift stations	(5,561,889)	(448,252)	-	(6,010,141)
Infrastructure	(3,617,232)	(254,623)	-	(3,871,855)
Total accumulated depreciation	<u>(26,432,762)</u>	<u>(1,585,008)</u>	<u>-</u>	<u>(28,017,770)</u>
Total capital assets, being depreciated, net	<u>32,865,072</u>	<u>9,604,652</u>	<u>-</u>	<u>42,469,724</u>
Business-type activities capital assets, net	<u>\$ 43,606,579</u>	<u>\$ 14,271,112</u>	<u>\$ (11,271,581)</u>	<u>\$ 46,606,110</u>

**CITY OF MARSHALLTOWN, IOWA**  
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
Public safety	\$ 253,169
Public works	1,381,894
Health and social services	777,127
Culture and recreation	7,002
Community and economic development	2,859
General government	<u>90,375</u>
Total depreciation expense – governmental activities	<u>\$ 2,512,426</u>
Business-type activities	
Water pollution control	\$ 1,182,359
Storm sewer	267,480
Compost facility	12,042
Bus transit	<u>123,127</u>
Total depreciation expense – business-type activities	<u>\$ 1,585,008</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, 2013:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
Governmental activities					
General obligation bonds and notes payable	\$ 23,906,523	\$ 5,600,000	\$ 2,788,840	\$ 26,717,683	\$ 2,673,841
Unamortized premiums	<u>53,462</u>	<u>117,359</u>	<u>8,032</u>	<u>162,789</u>	<u>-</u>
Total general obligation bonds	23,959,985	5,717,359	2,796,872	26,880,472	2,673,841
Compensated absences payable	857,501	888,241	637,146	1,108,596	169,892
Net OPEB liability	<u>2,538,956</u>	<u>337,539</u>	<u>-</u>	<u>2,876,495</u>	<u>-</u>
	<u>27,356,442</u>	<u>6,943,139</u>	<u>3,434,018</u>	<u>30,865,563</u>	<u>2,843,733</u>

**CITY OF MARSHALLTOWN, IOWA**  
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	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
Business-type activities					
General obligation bonds	\$ 5,790,000	\$ -	\$ 345,000	\$ 5,445,000	\$ 350,000
Unamortized discounts	(43,652)	-	(3,118)	(40,534)	-
Total general obligation bonds	5,746,348	-	341,882	5,404,466	350,000
Revenue bonds payable	4,595,000	3,700,000	473,000	7,822,000	595,000
Compensated absences payable	191,567	95,487	41,985	245,069	22,010
Net OPEB liability	300,405	39,937	-	340,342	-
	<u>10,833,320</u>	<u>3,835,424</u>	<u>856,867</u>	<u>13,811,877</u>	<u>967,010</u>
Total	<u>\$38,189,762</u>	<u>\$10,778,563</u>	<u>\$ 4,290,885</u>	<u>\$44,677,440</u>	<u>\$ 3,810,743</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.

**CITY OF MARSHALLTOWN, IOWA**  
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*Bonded Debt.* Details of the City's bonds and notes payable as of June 30, 2013, 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%	\$ 27,683	\$ -	\$ 27,683
2006A Capital loan notes, issued June 1, 2006	4.38	385,000	-	385,000
2008A Essential corporate purpose refunding bonds, issued April 1, 2008	3.50	4,600,000	-	4,600,000
2008B Essential corporate purpose, issued April 1, 2008	3.50-4.00	3,325,000	-	3,325,000
2009A Essential corporate purpose refunding bonds, issued May 1, 2009	2.20-3.00	1,625,000	-	1,625,000
2011A Essential corporate purpose, issued April 1, 2011	1.25-3.45	930,000	5,445,000	6,375,000
2011B Essential corporate purpose, issued October 26, 2011	1.00-2.85	2,245,000	-	2,245,000
2012A Essential corporate purpose, issued April 12, 2012	1.00-2.50	4,900,000	-	4,900,000
2012B Refunding, issued April 24, 2012	1.50-2.05	3,080,000	-	3,080,000
2013A Essential corporate purpose, issued March 13, 2013	1.50-1.75	<u>5,600,000</u>	<u>-</u>	<u>5,600,000</u>
Total general obligation bonds and notes		<u>26,717,683</u>	<u>5,445,000</u>	<u>32,162,683</u>
Revenue bonds				
Water Pollution Control, improvement and refunding bonds, Series 2012C, issued May 8, 2012	2.58	-	4,122,000	4,122,000
Water Pollution Control, improvement bonds, Series 2013, issued June 18, 2013 2013	2.09	<u>-</u>	<u>3,700,000</u>	<u>3,700,000</u>
Total revenue bonds and notes		<u>-</u>	<u>7,822,000</u>	<u>7,822,000</u>
Total long-term debt		<u>\$ 26,717,683</u>	<u>\$ 13,267,000</u>	<u>\$ 39,984,683</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.

(continued on next page)

**CITY OF MARSHALLTOWN, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

*Future Requirements to Maturity.* Principal and interest requirements to maturity for the City's bonds and notes outstanding as of June 30, 2013, 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
	2014	\$ 2,673,841	\$ 646,478	\$ 350,000
2015	3,143,842	550,892	355,000	137,526
2016	2,995,000	469,546	365,000	132,556
2017	2,940,000	392,025	370,000	126,168
2018	2,435,000	315,184	380,000	118,768
2019-2023	10,065,000	909,793	2,130,000	441,934
2024-2027	2,465,000	155,053	1,495,000	102,520
<b>Total</b>	<b>\$ 26,717,683</b>	<b>\$ 3,438,971</b>	<b>\$ 5,445,000</b>	<b>\$ 1,201,372</b>

Year Ending June 30,	Business-Type Activities Water Pollution Control Revenue Bonds		Total Business-Type Activities	
	Principal	Interest	Principal	Interest
	2014	\$ 595,000	\$ 180,025	\$ 945,000
2015	719,000	167,704	1,074,000	305,230
2016	735,000	150,227	1,100,000	282,783
2017	745,000	132,351	1,115,000	258,519
2018	767,000	114,250	1,147,000	233,018
2019-2023	2,300,000	351,995	4,430,000	793,929
2024-2028	1,961,000	118,343	3,456,000	220,863
<b>Total</b>	<b>\$ 7,822,000</b>	<b>\$ 1,214,895</b>	<b>\$ 13,267,000</b>	<b>\$ 2,416,267</b>

**CITY OF MARSHALLTOWN, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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*Legal Debt Margin.* The City's legal debt margin as of June 30, 2013, is as follows:

Regular realty valuations	\$1,133,154,843
Utility valuations	147,398,057
Incremental valuations	<u>31,552,130</u>
Total actual valuations applicable to debt	<u>\$1,312,105,030</u>
Debt limit - 5% of total actual valuations applicable to debt	<u>\$ 65,605,252</u>
Amount of debt applicable to limitation	
General obligation bonds and notes	32,162,683
Less funds available from	
Debt service fund	<u>3,079,346</u>
Total debt applicable to debt margin	<u>29,083,337</u>
Legal debt margin	<u>\$ 36,521,915</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 26.12% for the year ended June 30, 2013, 24.76% for 2012, and 19.90% for 2011, of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2013, 2012, and 2011, were \$1,031,287, \$960,366, and \$746,120, 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**  
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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, 2013, 2012, and 2011, were \$8,153, \$7,993, 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 5.78% of their annual covered salary and the City is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011, were \$471,585, \$427,176, and \$359,623, 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 United Bank and Trust. 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	\$	224,671
Annual pension cost		224,671
Contributions made		224,671
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, 2013, 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 3.0%. 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, 2013	\$ 224,671	100.0%	\$ -
June 30, 2012	112,779	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 5.78% of their annual covered salary and the Water Works is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The Water Works' contributions to IPERS for the years ended June 30, 2013, 2012, and 2011, were \$41,028, \$36,382, and \$30,686, 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**  
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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 153 active and 60 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, 2013 and 2012, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

	2013	2012
Normal Cost	\$ 215,063	\$ 311,770
Amortization of UAAL	219,305	459,387
Annual required contribution	434,368	771,157
Interest on net OPEB obligation	28,394	31,048
Adjustment to annual required contribution	(109,475)	52,033
Annual OPEB cost	353,287	854,238
Contributions made	24,189	(46,898)
Increase in net OPEB obligation	377,476	807,340
Net OPEB obligation, beginning of year	2,839,361	2,032,021
Net OPEB obligation, end of year	<u>\$ 3,216,837</u>	<u>\$ 2,839,361</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, 2013.

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, 2013, 2012, and 2011, are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
June 30, 2013	\$ 353,287	-6.85%	\$ 3,216,837
June 30, 2012	854,238	5.49%	2,839,361
June 30, 2011	825,216	9.98%	2,032,021

**CITY OF MARSHALLTOWN, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$5,687,909, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,687,909. The covered payroll (annual payroll of active employees covered by the plan) was \$9,188,513 and the ratio of the UAAL to covered payroll was 61.9%. As of June 30, 2013, 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, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 1% discount rate based on the City's funding policy. The projected annual medical trend rate is 5%. The ultimate medical trend rate is 3%.

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 679 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**  
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Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses, and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2013 were \$179,602.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by Lexington Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhaust total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such losses can be reasonably estimated. Accordingly, at June 30, 2013, no liability has been recorded in the City's financial statements. As of June 30, 2013, 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.

**CITY OF MARSHALLTOWN, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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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 \$2,297,413 for 2013. 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, 2013, 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, 2013, 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 \$242,848 in the Group Insurance Benefits Fund and \$1,146 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, 2013 and 2012, are summarized as follows:

	Group Insurance Benefits Fund	Occupational Insurance Benefits Fund
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>
Liabilities as of June 30, 2012	202,775	1,978
Claims and changes in estimates during fiscal year 2013	1,838,010	36,166
Claim payments	<u>(1,797,937)</u>	<u>(36,998)</u>
Liabilities as of June 30, 2013	<u>\$ 242,848</u>	<u>\$ 1,146</u>

**CITY OF MARSHALLTOWN, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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, 2013. The City has additional commitments for signed construction contracts of approximately \$4,569,973 as of June 30, 2013, to be paid as work on the projects progresses.

**NOTE 12 – MAJOR CUSTOMER**

The financial statements of the Water Pollution Control Enterprise Fund include sales and receivables from Swift and Company, a major customer, of \$2,134,017 and \$322,843, 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, 2013, funds with deficit balances were as follows:

Special Revenue Funds – Grant Fund	\$	93,852
Special Revenue Funds – Tax Increment Financing		25,400
Capital Projects Funds – Airport Projects Fund		79,232

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**  
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**NOTE 15 – 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. 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.

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.

Statement No. 69, Government Combinations and Disposals of Government Operations, issued January 2013, will be effective for the fiscal year ending June 30, 2015. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in this Statement to refer to a variety of arrangements including mergers and acquisitions.

Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, issued April 2013, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions.

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**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]
2013	July 1, 2012	\$ -	\$ 5,687,909	\$ 5,687,909	0.00%	\$ 9,188,513	61.9%
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%

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, 2013	\$ 1,200,008	\$ 2,669,494	\$ 1,469,486	44.95%	\$ 478,884	306.9%
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%

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 3%, inflation rate of 0%.
4. The amortization method is open period, assumed level dollar.

\* Actuarial valuations were performed on April 1, 2013 and April 1, 2011. Estimated values have been calculated as of April 1, 2012.

**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, 2013**

	Actual			Budgeted Amounts		Final to Actual Variance
	Governmental Funds	Enterprise Funds	Total	Original Budget	Final Budget	
<b>Receipts</b>						
Property taxes	\$ 9,959,691	\$ -	\$ 9,959,691	\$ 10,317,995	\$ 10,317,995	\$ (358,304)
TIF revenues	1,132,085	-	1,132,085	1,147,717	1,147,717	(15,632)
Other city taxes	4,610,803	-	4,610,803	4,232,724	4,282,724	328,079
Licenses and permits	223,307	85,473	308,780	240,771	256,931	51,849
Use of money and property	220,252	8,280	228,532	252,775	254,475	(25,943)
Intergovernmental	6,408,031	785,877	7,193,908	7,918,991	8,849,885	(1,655,977)
Charges for service	1,048,678	5,105,496	6,154,174	5,674,053	6,274,237	(120,063)
Special assessments	14,419	-	14,419	1,500	14,300	119
Miscellaneous	800,929	157,686	958,615	555,075	897,077	61,538
Other financing sources	5,753,457	3,700,000	9,453,457	10,001,000	11,077,557	(1,624,100)
Total receipts	<u>30,171,652</u>	<u>9,842,812</u>	<u>40,014,464</u>	<u>40,342,601</u>	<u>43,372,898</u>	<u>(3,358,434)</u>
<b>Disbursements</b>						
Public safety	8,280,992	-	8,280,992	8,469,293	8,737,080	456,088
Public works	4,417,028	-	4,417,028	4,739,277	5,549,489	1,132,461
Health and social services	955,477	-	955,477	1,377,347	1,485,873	530,396
Culture and recreation	2,786,897	-	2,786,897	2,960,765	3,062,045	275,148
Community and economic development	2,249,825	-	2,249,825	2,595,319	3,833,896	1,584,071
General government	1,139,217	-	1,139,217	1,490,575	1,424,771	285,554
Debt service	3,373,039	-	3,373,039	3,171,427	3,371,683	(1,356)
Capital projects	9,776,258	-	9,776,258	5,477,788	9,155,382	(620,876)
Business-type activities	-	7,447,115	7,447,115	12,855,437	12,039,840	4,592,725
Total disbursements	<u>32,978,733</u>	<u>7,447,115</u>	<u>40,425,848</u>	<u>43,137,228</u>	<u>48,660,059</u>	<u>8,234,211</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(2,807,081)</u>	<u>2,395,697</u>	<u>(411,384)</u>	<u>(2,794,627)</u>	<u>(5,287,161)</u>	<u>4,875,777</u>
<b>Transfers</b>						
Transfers in	8,161,522	170,302	8,331,824	8,379,501	8,626,533	294,709
Transfers out	<u>(8,324,582)</u>	<u>(7,242)</u>	<u>(8,331,824)</u>	<u>(8,379,501)</u>	<u>(8,626,533)</u>	<u>(294,709)</u>
Total transfers	<u>(163,060)</u>	<u>163,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,970,141)	2,558,757	(411,384)	(2,794,627)	(5,287,161)	4,875,777
Fund balances, beginning	<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>(8,740,215)</u>
Fund balances, ending	<u>\$ 15,218,503</u>	<u>\$ 9,903,835</u>	<u>\$ 25,122,338</u>	<u>\$ 11,359,285</u>	<u>\$ 11,506,346</u>	<u>\$ (3,864,438)</u>

**CITY OF MARSHALLTOWN, IOWA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE – BUDGET TO GAAP RECONCILIATION**  
**YEAR ENDED JUNE 30, 2013**

	Governmental Funds			Proprietary Funds Enterprise		
	Cash Basis	Accrual	Modified	Cash Basis	Accrual	Accrual Basis
		Adjustments	Accrual Basis		Adjustments	
Revenues	\$ 30,171,652	\$ (69,309)	\$ 30,102,343	\$ 9,842,812	\$ (916,397)	\$ 8,926,415
Expenditures/expenses	<u>32,978,733</u>	<u>720,244</u>	<u>33,698,977</u>	<u>7,447,115</u>	<u>(1,576,759)</u>	<u>5,870,356</u>
Net	(2,807,081)	(789,553)	(3,596,634)	2,395,697	660,362	3,056,059
Transfers	(163,060)	-	(163,060)	163,060	-	163,060
Beginning fund balances/ net position	<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>
Ending fund balances/ net position	<u>\$ 15,218,503</u>	<u>\$ 1,993,160</u>	<u>\$ 17,211,663</u>	<u>\$ 9,903,835</u>	<u>\$ 33,635,426</u>	<u>\$ 43,539,261</u>

**CITY OF MARSHALLTOWN, IOWA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGETARY REPORTING**  
**YEAR ENDED JUNE 30, 2013**

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

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

Formal and legal budgetary control is based upon nine (9) major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, the Debt Service Fund, Capital Projects Funds and Enterprise Funds. Although the budget document presents function disbursements by fund type, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment was prepared with the required public hearing. The amendments increased budgeted disbursements by \$5,522,831.

During the year ended June 30, 2013, disbursements exceeded the amount budgeted in the debt service and capital projects functions. In addition before the budget was amended, disbursements exceeded the original amount budgeted for the debt service and capital projects functions.

## **OTHER SUPPLEMENTARY INFORMATION**

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# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

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**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.

**HUD Programs** – To account for 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.

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

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

## CAPITAL PROJECTS FUNDS

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**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, 2013**

	<u>Special</u>	
	<u>E-911</u>	
	<u>Surcharge</u>	<u>Grant Fund</u>
Assets		
Cash and cash equivalents	\$ 330,694	\$ -
Receivables		
Property taxes		
Delinquent	-	-
Accounts and unbilled usage	-	-
Due from other funds	-	-
Due from other governments	60,007	55,726
Prepaid items	<u>30,073</u>	<u>-</u>
Total assets	<u>\$ 420,774</u>	<u>\$ 55,726</u>
Liabilities and fund balances		
Liabilities		
Accounts payable	\$ 621	\$ 881
Accrued payroll and payroll benefits	-	6,746
Retainage payable	-	-
Deferred revenue		
Other	-	8,915
Due to other funds	-	133,036
Advance from other funds	<u>-</u>	<u>-</u>
Total liabilities	<u>621</u>	<u>149,578</u>
Fund balances		
Nonspendable	30,073	-
Restricted	390,080	-
Unassigned	<u>-</u>	<u>(93,852)</u>
Total fund balances	<u>420,153</u>	<u>(93,852)</u>
Total liabilities and fund balances	<u>\$ 420,774</u>	<u>\$ 55,726</u>

Revenue Funds				Capital Projects Funds		Total
Special Contributions	HUD Programs	Tax Increment Financing	Other	Airport Projects	Culture and Recreation Projects	Nonmajor Governmental Funds
\$ 216,108	\$ 501,840	\$ 42,699	\$ 268,950	\$ -	\$ 228,376	\$ 1,588,667
-	-	20,171	-	-	-	20,171
-	20,611	-	6,444	-	-	27,055
-	-	13,554	-	-	-	13,554
-	92,667	839	1,440	68,260	-	278,939
-	8,763	-	-	-	-	38,836
<u>\$ 216,108</u>	<u>\$ 623,881</u>	<u>\$ 77,263</u>	<u>\$ 276,834</u>	<u>\$ 68,260</u>	<u>\$ 228,376</u>	<u>\$ 1,967,222</u>
\$ 15,533	\$ 19,820	\$ 7,663	\$ 1,149	\$ 6,811	\$ 4,959	\$ 57,437
1	14,674	-	-	-	-	21,421
-	-	-	-	10,000	-	10,000
-	48,510	-	1,440	68,260	-	127,125
-	-	-	-	62,421	-	195,457
-	-	95,000	-	-	-	95,000
<u>15,534</u>	<u>83,004</u>	<u>102,663</u>	<u>2,589</u>	<u>147,492</u>	<u>4,959</u>	<u>506,440</u>
-	8,763	-	-	-	-	38,836
200,574	532,114	-	274,245	-	223,417	1,620,430
-	-	(25,400)	-	(79,232)	-	(198,484)
<u>200,574</u>	<u>540,877</u>	<u>(25,400)</u>	<u>274,245</u>	<u>(79,232)</u>	<u>223,417</u>	<u>1,460,782</u>
<u>\$ 216,108</u>	<u>\$ 623,881</u>	<u>\$ 77,263</u>	<u>\$ 276,834</u>	<u>\$ 68,260</u>	<u>\$ 228,376</u>	<u>\$ 1,967,222</u>

**CITY OF MARSHALLTOWN, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (DEFICIT)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	<u>Special</u>	
	<u>E-911</u>	<u>Grant Fund</u>
	<u>Surcharge</u>	<u>Grant Fund</u>
Revenues		
TIF revenues	\$ -	\$ -
Other city taxes	240,582	-
Use of money and property	1,985	152
Intergovernmental	-	401,417
Charges for service	-	-
Miscellaneous	-	-
	<u>-</u>	<u>-</u>
Total revenues	<u>242,567</u>	<u>401,569</u>
Expenditures		
Current		
Public safety	192,803	213,989
Public works	-	-
Health and social services	-	44,631
Culture and recreation	-	13,520
Community and economic development	-	9,492
General government	-	23,540
	<u>-</u>	<u>23,540</u>
Total expenditures	<u>192,803</u>	<u>305,172</u>
Excess (deficiency) of revenues over (under) expenditures	<u>49,764</u>	<u>96,397</u>
Other financing sources (uses)		
Transfers in	-	98,012
Transfers out	-	(66,595)
	<u>-</u>	<u>(66,595)</u>
Total other financing sources (uses)	<u>-</u>	<u>31,417</u>
Net change in fund balances	49,764	127,814
Fund balances (deficit) - beginning	<u>370,389</u>	<u>(221,666)</u>
Fund balances (deficit) - ending	<u>\$ 420,153</u>	<u>\$ (93,852)</u>

Revenue Funds				Capital Projects Funds		Total
Special Contributions	HUD Programs	Tax Increment Financing	Other	Airport Projects	Culture and Recreation Projects	Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,138,171	\$ -	\$ -	\$ -	\$ 1,138,171
-	-	-	-	-	-	240,582
1,142	7,239	3,844	1,368	-	569	16,299
-	1,908,954	6,437	15,034	422,820	-	2,754,662
31,293	124	-	-	-	-	31,417
110,049	38,476	-	64,104	-	3,506	216,135
<u>142,484</u>	<u>1,954,793</u>	<u>1,148,452</u>	<u>80,506</u>	<u>422,820</u>	<u>4,075</u>	<u>4,397,266</u>
27,237	-	-	-	-	-	434,029
-	-	-	18,367	547,259	-	565,626
-	518,133	-	-	-	-	562,764
114,428	-	-	12,473	-	3,245	143,666
-	1,360,016	748,271	-	-	2,579	2,120,358
-	-	-	1,907	-	4,959	30,406
<u>141,665</u>	<u>1,878,149</u>	<u>748,271</u>	<u>32,747</u>	<u>547,259</u>	<u>10,783</u>	<u>3,856,849</u>
819	76,644	400,181	47,759	(124,439)	(6,708)	540,417
-	92,711	-	-	147,011	-	337,734
-	-	(900,498)	(12,506)	-	-	(979,599)
-	92,711	(900,498)	(12,506)	147,011	-	(641,865)
819	169,355	(500,317)	35,253	22,572	(6,708)	(101,448)
199,755	371,522	474,917	238,992	(101,804)	230,125	1,562,230
<u>\$ 200,574</u>	<u>\$ 540,877</u>	<u>\$ (25,400)</u>	<u>\$ 274,245</u>	<u>\$ (79,232)</u>	<u>\$ 223,417</u>	<u>\$ 1,460,782</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 POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2013**

	<u>Compost Facility</u>	<u>Bus Transit</u>	<u>Recreation Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 100,132	\$ 305,544	\$ 34,284	\$ 439,960
<b>Receivables</b>				
Accounts and unbilled usage	2,880	771	-	3,651
Due from other governments	-	2,133	-	2,133
Inventories	2,585	-	-	2,585
Prepaid items	82	13,291	78	13,451
	<u>105,679</u>	<u>321,739</u>	<u>34,362</u>	<u>461,780</u>
<b>Total current assets</b>				
<b>Noncurrent assets</b>				
<b>Capital assets</b>				
Land	10,437	-	-	10,437
Land improvements	235,361	7,735	-	243,096
Buildings and structures	26,919	677,129	-	704,048
Equipment and vehicles	99,931	1,510,631	-	1,610,562
Accumulated depreciation	<u>(276,337)</u>	<u>(862,314)</u>	<u>-</u>	<u>(1,138,651)</u>
	<u>96,311</u>	<u>1,333,181</u>	<u>-</u>	<u>1,429,492</u>
<b>Total noncurrent assets</b>				
<b>Total assets</b>				
	<u>201,990</u>	<u>1,654,920</u>	<u>34,362</u>	<u>1,891,272</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	13,248	15,600	4,268	33,116
Accrued payroll and payroll benefits	1,109	14,056	3,336	18,501
Compensated absences	-	994	-	994
	<u>14,357</u>	<u>30,650</u>	<u>7,604</u>	<u>52,611</u>
<b>Total current liabilities</b>				
<b>Noncurrent liabilities</b>				
Compensated absences	-	29,042	-	29,042
Net OPEB liability	-	23,484	-	23,484
	<u>-</u>	<u>52,526</u>	<u>-</u>	<u>52,526</u>
<b>Total noncurrent liabilities</b>				
<b>Total liabilities</b>				
	<u>14,357</u>	<u>83,176</u>	<u>7,604</u>	<u>105,137</u>
<b>Net position</b>				
Net investment in capital assets	96,311	1,333,181	-	1,429,492
Unrestricted	<u>91,322</u>	<u>238,563</u>	<u>26,758</u>	<u>356,643</u>
<b>Total net position</b>				
	<u>\$ 187,633</u>	<u>\$ 1,571,744</u>	<u>\$ 26,758</u>	<u>\$ 1,786,135</u>

**CITY OF MARSHALLTOWN, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Compost Facility	Bus Transit	Recreation Concessions	Total Nonmajor Enterprise Funds
Operating revenues				
Charges for service	\$ 57,417	\$ 134,387	\$ 43,706	\$ 235,510
Operating expenses				
Salaries and benefits	18,103	437,996	18,327	474,426
Services and supplies	21,295	233,056	40,940	295,291
Depreciation	12,042	123,127	-	135,169
Total operating expenses	51,440	794,179	59,267	904,886
Operating income (loss)	5,977	(659,792)	(15,561)	(669,376)
Nonoperating revenues				
Federal and state grants	-	336,204	-	336,204
Interest income	556	1,754	280	2,590
Net nonoperating revenues	556	337,958	280	338,794
Income (loss) before transfers	6,533	(321,834)	(15,281)	(330,582)
Transfers in	-	170,302	-	170,302
Transfers out	-	(7,242)	-	(7,242)
Change in net position	6,533	(158,774)	(15,281)	(167,522)
Net position - beginning	181,100	1,730,518	42,039	1,953,657
Net position - ending	\$ 187,633	\$ 1,571,744	\$ 26,758	\$ 1,786,135

**CITY OF MARSHALLTOWN, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	<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	\$ 55,618	\$ 137,861	\$ 43,706	\$ 237,185
Cash payments to suppliers for goods and services	(7,733)	(243,262)	(42,187)	(293,182)
Cash payments to employees for services	<u>(18,100)</u>	<u>(423,416)</u>	<u>(17,813)</u>	<u>(459,329)</u>
Net cash provided by (used for) operating activities	<u>29,785</u>	<u>(528,817)</u>	<u>(16,294)</u>	<u>(515,326)</u>
Cash flows from noncapital financing activities				
Transfers from other funds	-	170,302	-	170,302
Transfers to other funds	-	(7,242)	-	(7,242)
Grants received	<u>-</u>	<u>334,071</u>	<u>-</u>	<u>334,071</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>497,131</u>	<u>-</u>	<u>497,131</u>
Cash flows from investing activities				
Interest received on investment securities	<u>557</u>	<u>1,754</u>	<u>280</u>	<u>2,591</u>
Net increase (decrease) in cash and cash equivalents	30,342	(29,932)	(16,014)	(15,604)
Cash and cash equivalents, beginning	<u>69,790</u>	<u>335,476</u>	<u>50,298</u>	<u>455,564</u>
Cash and cash equivalents, ending	<u>\$ 100,132</u>	<u>\$ 305,544</u>	<u>\$ 34,284</u>	<u>\$ 439,960</u>

(continued)

**CITY OF MARSHALLTOWN, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS (continued)**  
**NONMAJOR ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	<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)	\$ 5,977	\$ (659,792)	\$ (15,561)	\$ (669,376)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	12,042	123,127	-	135,169
Changes in assets and liabilities				
(Increase) decrease in receivables	(1,799)	3,474	-	1,675
(Increase) decrease in inventories and prepaid items	670	(1,128)	44	(414)
Increase (decrease) in accounts payable	12,892	(9,078)	(1,291)	2,523
Increase in accrued liabilities	3	11,824	514	12,341
Increase in net OPEB liability	-	2,756	-	2,756
Total adjustments	<u>23,808</u>	<u>130,975</u>	<u>(733)</u>	<u>154,050</u>
Net cash provided by (used for) operating activities	<u>\$ 29,785</u>	<u>\$ (528,817)</u>	<u>\$ (16,294)</u>	<u>\$ (515,326)</u>

# **INTERNAL SERVICE FUNDS**

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

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

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

**CITY OF MARSHALLTOWN, IOWA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2013**

	<u>Group Insurance Benefits</u>	<u>Occupational Insurance Benefits</u>	<u>Workmen's Compensation Deductible</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 2,582,141	\$ 303,778	\$ 37,281	\$ 2,923,200
Receivables				
Accounts	-	-	-	-
Prepaid items	<u>25,636</u>	<u>-</u>	<u>-</u>	<u>25,636</u>
 Total current assets	 <u>2,607,777</u>	 <u>303,778</u>	 <u>37,281</u>	 <u>2,948,836</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	242,848	1,146	-	243,994
Unearned revenue	<u>153,234</u>	<u>-</u>	<u>-</u>	<u>153,234</u>
 Total current liabilities	 <u>396,082</u>	 <u>1,146</u>	 <u>-</u>	 <u>397,228</u>
 Total net position - unrestricted	 <u>\$ 2,211,695</u>	 <u>\$ 302,632</u>	 <u>\$ 37,281</u>	 <u>\$ 2,551,608</u>

**CITY OF MARSHALLTOWN, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Group Insurance Benefits	Occupational Insurance Benefits	Workmen's Compensation Deductible	Total
Operating revenues				
Charges for service	\$ 2,125,667	\$ -	\$ -	\$ 2,125,667
Miscellaneous	452,471	36	-	452,507
<b>Total operating revenues</b>	<b>2,578,138</b>	<b>36</b>	<b>-</b>	<b>2,578,174</b>
Operating expenses				
Services and supplies	11,974	-	-	11,974
Claims paid	1,838,010	36,166	1,469	1,875,645
Health insurance premiums	315,014	-	-	315,014
Miscellaneous	75,721	980	-	76,701
<b>Total operating expenses</b>	<b>2,240,719</b>	<b>37,146</b>	<b>1,469</b>	<b>2,279,334</b>
<b>Operating income (loss)</b>	<b>337,419</b>	<b>(37,110)</b>	<b>(1,469)</b>	<b>298,840</b>
Nonoperating revenues				
Interest income	12,608	1,306	233	14,147
<b>Change in net position</b>	<b>350,027</b>	<b>(35,804)</b>	<b>(1,236)</b>	<b>312,987</b>
<b>Net position - beginning</b>	<b>1,861,668</b>	<b>338,436</b>	<b>38,517</b>	<b>2,238,621</b>
<b>Net position - ending</b>	<b>\$ 2,211,695</b>	<b>\$ 302,632</b>	<b>\$ 37,281</b>	<b>\$ 2,551,608</b>

**CITY OF MARSHALLTOWN, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Group Insurance Benefits	Occupational Insurance Benefits	Workmen's Compensation Deductible	Total
Cash flows from operating activities				
Cash received from customers	\$ 2,144,713	\$ -	\$ -	\$ 2,144,713
Cash payments to suppliers for goods and services	(2,201,836)	(37,978)	(1,469)	(2,241,283)
Other operating receipts	452,471	36	-	452,507
Net cash provided by (used for) operating activities	<u>395,348</u>	<u>(37,942)</u>	<u>(1,469)</u>	<u>355,937</u>
Cash flows from investing activities				
Interest received on investment securities	12,608	1,306	233	14,147
Net increase (decrease) in cash and cash equivalents	407,956	(36,636)	(1,236)	370,084
Cash and cash equivalents, beginning	<u>2,174,185</u>	<u>340,414</u>	<u>38,517</u>	<u>2,553,116</u>
Cash and cash equivalents, ending	<u>\$ 2,582,141</u>	<u>\$ 303,778</u>	<u>\$ 37,281</u>	<u>\$ 2,923,200</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 337,419	\$ (37,110)	\$ (1,469)	\$ 298,840
Changes in assets and liabilities				
Increase in receivables	18,980	-	-	18,980
Increase in prepaid items	(1,190)	-	-	(1,190)
Increase (decrease) in accounts payable	40,073	(832)	-	39,241
Increase in unearned revenue	66	-	-	66
Total	<u>57,929</u>	<u>(832)</u>	<u>-</u>	<u>57,097</u>
Net cash provided by (used for) operating activities	<u>\$ 395,348</u>	<u>\$ (37,942)</u>	<u>\$ (1,469)</u>	<u>\$ 355,937</u>

# FIDUCIARY FUNDS

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

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

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

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

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

**CITY OF MARSHALLTOWN, IOWA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<b>PAYROLL FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 229,891	\$ 42,520,965	\$ 42,541,868	\$ 208,988
Prepaid items	<u>22,330</u>	<u>20,090</u>	<u>22,330</u>	<u>20,090</u>
Total assets	<u>\$ 252,221</u>	<u>\$ 42,541,055</u>	<u>\$ 42,564,198</u>	<u>\$ 229,078</u>
<b>LIABILITIES</b>				
Accrued payroll and benefits	\$ 178,019	\$ 42,728,526	\$ 42,717,537	\$ 189,008
Due to City	<u>74,202</u>	<u>-</u>	<u>34,132</u>	<u>40,070</u>
Total liabilities	<u>\$ 252,221</u>	<u>\$ 42,728,526</u>	<u>\$ 42,751,669</u>	<u>\$ 229,078</u>
<b>SLEUTH USER GROUP</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 14,529</u>	<u>\$ 131</u>	<u>\$ -</u>	<u>\$ 14,660</u>
<b>LIABILITIES</b>				
Due to Sleuth User Group	<u>\$ 14,529</u>	<u>\$ 131</u>	<u>\$ -</u>	<u>\$ 14,660</u>
<b>SURETY BONDS/DEPOSITS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 374</u>	<u>\$ 702</u>	<u>\$ 403</u>	<u>\$ 673</u>
<b>LIABILITIES</b>				
Due to City	<u>374</u>	<u>702</u>	<u>403</u>	<u>673</u>
Total liabilities	<u>\$ 374</u>	<u>\$ 702</u>	<u>\$ 403</u>	<u>\$ 673</u>

(continued)

**CITY OF MARSHALLTOWN, IOWA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)**  
**ALL AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<b>OTHER</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,198	\$ 12,528	\$ 11,270	\$ 3,456
<b>LIABILITIES</b>				
Due to other governments	\$ 2,198	\$ 12,528	\$ 11,270	\$ 3,456
<b>ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 246,992	\$ 42,534,326	\$ 42,553,541	\$ 227,777
Prepaid items	22,330	20,090	22,330	20,090
Total assets	<u>\$ 269,322</u>	<u>\$ 42,554,416</u>	<u>\$ 42,575,871</u>	<u>\$ 247,867</u>
<b>LIABILITIES</b>				
Accrued payroll and benefits	178,019	42,728,526	42,717,537	189,008
Due to Sleuth User Group	14,529	131	-	14,660
Due to City	74,576	702	34,535	40,743
Due to other governments	2,198	12,528	11,270	3,456
Total liabilities	<u>\$ 269,322</u>	<u>\$ 42,741,887</u>	<u>\$ 42,763,342</u>	<u>\$ 247,867</u>

## **LONG-TERM DEBT**

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**CITY OF MARSHALLTOWN, IOWA**  
**SCHEDULE OF BOND MATURITIES**  
**JUNE 30, 2013**

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
<b>Governmental Activities</b>				
<b>General Obligation</b>				
Equipment loan note, issued February 1, 2005	2014	0.00%	\$ -	\$ 13,841
	2015	0.00%	-	13,842
			<u>-</u>	<u>27,683</u>
2006A Capital loan notes, issued June 1, 2006	2014	4.38%	14,766	190,000
	2015	4.38%	6,454	195,000
			<u>21,220</u>	<u>385,000</u>
2008A Essential corporate purpose refunding bonds, issued April 1, 2008	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>397,250</u>	<u>4,600,000</u>
2008B Essential corporate purpose, issued April 1, 2008	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>716,950</u>	<u>3,325,000</u>
2009A Essential corporate purpose refunding bonds, issued May 1, 2009	2014	2.20%	42,240	315,000
	2015	2.40%	35,310	325,000
	2016	2.60%	27,510	335,000
	2017	2.80%	18,800	350,000
	2018	3.00%	9,000	300,000
			<u>132,860</u>	<u>1,625,000</u>

(continued)

**CITY OF MARSHALLTOWN, IOWA**  
**SCHEDULE OF BOND MATURITIES (continued)**  
**JUNE 30, 2013**

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
<b>Governmental Activities (continued)</b>				
<b>General Obligation (continued)</b>				
2011A Essential corporate purpose, issued April 1, 2011	2014	1.25%	\$ 13,666	\$ 305,000
	2015	1.40%	9,852	310,000
	2016	1.75%	5,512	315,000
			29,030	930,000
2011B Essential corporate purpose, issued October 26, 2011	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
			409,200	2,245,000
2012A Essential corporate purpose, issued April 12, 2012	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
			833,125	4,900,000
2012B Crossover advance refunding, issued April 24, 2012	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
			300,080	3,080,000

(continued)

**CITY OF MARSHALLTOWN, IOWA**  
**SCHEDULE OF BOND MATURITIES (continued)**  
**JUNE 30, 2013**

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
<b>Governmental Activities (continued)</b>				
<b>General Obligation (continued)</b>				
2013A Essential corporate purpose, issued March 12, 2013	2014	1.500%	\$ 107,006	\$ 80,000
	2015	1.500%	86,550	150,000
	2016	1.500%	84,300	175,000
	2017	1.500%	81,675	300,000
	2018	1.500%	77,175	950,000
	2019	1.500%	62,925	970,000
	2020	1.500%	48,375	975,000
	2021	1.625%	33,750	1,000,000
	2022	1.750%	17,500	1,000,000
			599,256	5,600,000
Total governmental activities	2014		646,478	2,673,841
	2015		550,892	3,143,842
	2016		469,546	2,995,000
	2017		392,025	2,940,000
	2018		315,184	2,435,000
	2019		267,608	2,200,000
	2020		227,007	2,200,000
	2021		185,013	2,225,000
	2022		139,638	2,245,000
	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
			\$ 3,438,971	\$ 26,717,683

**CITY OF MARSHALLTOWN, IOWA**  
**SCHEDULE OF BOND MATURITIES (continued)**  
**JUNE 30, 2013**

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
<b>Business-type Activities</b>				
<b>General Obligation</b>				
2011 Essential corporate purpose, issued April 1, 2011	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
			1,201,372	5,445,000
<b>Revenue Bonds</b>				
Sewer Revenue Improvement and Refunding, Issued May 8, 2012	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
			571,754	4,122,000
Sewer Revenue Improvement Issued June 18, 2013	2014	2.09%	73,678	110,000
	2015	2.09%	73,871	223,000
	2016	2.09%	69,189	228,000
	2017	2.09%	64,393	233,000
	2018	2.09%	59,502	237,000
	2019	2.09%	54,518	243,000
	2020	2.09%	49,418	247,000
	2021	2.09%	44,225	253,000
	2022	2.09%	38,916	258,000
	2023	2.09%	33,492	264,000
	2024	2.09%	27,943	269,000
	2025	2.09%	22,290	275,000
	2026	2.09%	16,511	281,000
	2027	2.09%	10,607	287,000
	2028	2.09%	4,588	292,000
			643,141	3,700,000

**CITY OF MARSHALLTOWN, IOWA**  
**SCHEDULE OF BOND MATURITIES (continued)**  
**JUNE 30, 2013**

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
<b>Business-type Activities (continued)</b>				
<b>Revenue Bonds (continued)</b>				
Total business-type activities	2014		\$ 321,925	\$ 945,000
	2015		305,230	1,074,000
	2016		282,783	1,100,000
	2017		258,519	1,115,000
	2018		233,018	1,147,000
	2019		205,810	1,170,000
	2020		177,306	778,000
	2021		158,127	802,000
	2022		137,294	825,000
	2023		115,392	855,000
	2024		92,203	878,000
	2025		67,894	912,000
	2026		41,829	942,000
	2027		14,349	432,000
	2028		4,588	292,000
			<u>\$ 2,416,267</u>	<u>\$ 13,267,000</u>

**STATISTICAL SECTION (UNAUDITED)**

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# CITY OF MARSHALLTOWN, IOWA

## STATISTICAL SECTION – CONTENTS

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	92
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	100
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	104
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	110
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	112

**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 POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)**

	<b>Fiscal Year</b>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities					
Net investment in capital assets	\$29,002,766	\$28,325,116	\$27,720,521	\$26,650,049	\$23,043,549
Restricted	9,706,673	11,863,770	8,246,658	5,480,294	4,092,324
Unrestricted	<u>(5,497,165)</u>	<u>(730,534)</u>	<u>2,811,692</u>	<u>5,344,963</u>	<u>7,751,144</u>
Total governmental activities net position	<u>\$33,212,274</u>	<u>\$39,458,352</u>	<u>\$38,778,871</u>	<u>\$37,475,306</u>	<u>\$34,887,017</u>
Business-type activities					
Net investment in capital assets	\$37,861,816	\$35,454,854	\$31,937,474	\$30,006,298	\$29,462,000
Restricted	64,281	49,296	946,902	947,675	948,423
Unrestricted	<u>5,613,164</u>	<u>4,815,992</u>	<u>5,329,554</u>	<u>5,842,883</u>	<u>5,736,915</u>
Total business-type activities net position	<u>\$43,539,261</u>	<u>\$40,320,142</u>	<u>\$38,213,930</u>	<u>\$36,796,856</u>	<u>\$36,147,338</u>
Primary Government					
Net investment in capital assets	\$66,864,582	\$63,779,970	\$59,657,995	\$56,656,347	\$52,505,549
Restricted	9,770,954	11,913,066	9,193,560	6,427,969	5,040,747
Unrestricted	<u>115,999</u>	<u>4,085,458</u>	<u>8,141,246</u>	<u>11,187,846</u>	<u>13,488,059</u>
Total primary government net position	<u>\$76,751,535</u>	<u>\$79,778,494</u>	<u>\$76,992,801</u>	<u>\$74,272,162</u>	<u>\$71,034,355</u>

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2008	2007	2006	2005	2004
\$19,020,002	\$14,837,533	\$10,902,193	\$ 9,538,473	\$ 7,585,973
3,466,011	3,093,281	2,465,406	1,401,272	976,110
<u>8,744,229</u>	<u>9,609,800</u>	<u>8,572,318</u>	<u>8,412,821</u>	<u>8,036,183</u>
<u>\$31,230,242</u>	<u>\$27,540,614</u>	<u>\$21,939,917</u>	<u>\$19,352,566</u>	<u>\$16,598,266</u>
\$28,057,883	\$27,975,107	\$28,081,324	\$28,091,451	\$27,579,870
949,146	949,930	1,382,713	1,285,042	1,424,373
<u>5,564,413</u>	<u>4,708,652</u>	<u>3,531,327</u>	<u>3,462,591</u>	<u>2,862,230</u>
<u>\$34,571,442</u>	<u>\$33,633,689</u>	<u>\$32,995,364</u>	<u>\$32,839,084</u>	<u>\$31,866,473</u>
\$47,077,885	\$42,812,640	\$38,983,517	\$37,629,924	\$35,165,843
4,415,157	4,043,211	3,848,119	2,686,314	2,400,483
<u>14,308,642</u>	<u>14,318,452</u>	<u>12,103,645</u>	<u>11,875,412</u>	<u>10,898,413</u>
<u>\$65,801,684</u>	<u>\$61,174,303</u>	<u>\$54,935,281</u>	<u>\$52,191,650</u>	<u>\$48,464,739</u>

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

	<b>Fiscal Year</b>				
	2013	2012	2011	2010	2009
<b>Expenses</b>					
Governmental activities:					
Public safety	\$ 8,607,561	\$ 8,731,373	\$ 8,028,333	\$ 8,065,379	\$ 7,633,307
Public works	13,472,047	7,049,394	6,203,182	4,652,177	4,783,710
Health and social services	903,270	1,154,023	1,771,196	1,330,332	710,361
Culture and recreation	3,435,212	2,757,409	3,801,068	3,842,524	2,744,793
Community and economic development	2,249,158	2,417,304	2,346,822	2,343,854	2,369,887
General government	1,285,356	1,278,776	1,174,190	707,425	1,073,832
Interest on long term debt	628,314	563,965	578,629	659,449	846,296
Total governmental activities expenses	<u>30,580,918</u>	<u>23,952,244</u>	<u>23,903,420</u>	<u>21,601,140</u>	<u>20,162,186</u>
Business-type activities:					
Water pollution control	4,295,804	4,735,491	4,275,726	4,451,055	4,104,671
Storm sewer	669,666	611,543	558,572	536,859	484,772
Compost	51,440	40,048	37,961	39,067	45,822
Transit	794,179	732,113	702,544	596,690	569,665
Concessions	59,267	82,739	54,447	48,738	107,677
Total business-type activities expenses	<u>5,870,356</u>	<u>6,201,934</u>	<u>5,629,250</u>	<u>5,672,409</u>	<u>5,312,607</u>
Total primary government expenses	<u>\$ 36,451,274</u>	<u>\$ 30,154,178</u>	<u>\$ 29,532,670</u>	<u>\$ 27,273,549</u>	<u>\$ 25,474,793</u>
<b>Program Revenues</b>					
Governmental activities					
Charges for service:					
Public safety	\$ 198,296	\$ 173,007	\$ 223,311	\$ 194,712	\$ 79,976
Public works	766,244	477,553	428,841	717,658	720,300
Health and social services	38,891	79,159	48,134	78,181	41,585
Culture and recreation	454,318	473,715	490,057	443,268	436,038
Community and economic development	153,563	170,617	227,024	157,415	287,548
Other activities	123,157	269,371	155,658	98,728	153,242
Operating grants and contributions	6,202,784	5,656,234	7,801,666	5,935,212	4,952,094
Capital grants and contributions	326,833	492,676	304,891	2,106,963	1,766,302
Total governmental activities program revenues	<u>8,264,086</u>	<u>7,792,332</u>	<u>9,679,582</u>	<u>9,732,137</u>	<u>8,437,085</u>
Business-type activities					
Charges for service:					
Water pollution control	5,079,296	4,937,481	4,280,970	4,772,834	4,921,428
Storm sewer	310,689	310,584	301,235	299,772	279,142
Compost	57,417	59,316	45,860	31,943	33,404
Transit	134,387	104,394	117,259	118,331	115,486
Concessions	43,706	49,559	48,180	48,570	59,669
Operating grants and contributions	376,900	353,216	239,651	669,067	572,393
Capital grants and contributions	2,889,069	2,281,955	1,797,999	621,223	611,649
Total business-type activities program revenues	<u>8,891,464</u>	<u>8,096,505</u>	<u>6,831,154</u>	<u>6,561,740</u>	<u>6,593,171</u>
Total primary government program revenues	<u>\$ 17,155,550</u>	<u>\$ 15,888,837</u>	<u>\$ 16,510,736</u>	<u>\$ 16,293,877</u>	<u>\$ 15,030,256</u>

	2008	2007	2006	2005	2004
\$	7,542,266	\$ 7,221,486	\$ 7,343,575	\$ 6,718,838	\$ 7,334,477
	5,083,392	4,002,011	3,938,080	4,975,532	4,132,829
	1,273,679	1,404,277	1,361,077	1,336,175	783,075
	2,900,972	2,477,842	2,893,559	2,356,111	2,669,207
	1,795,613	1,992,572	1,694,889	1,743,784	2,495,685
	1,120,708	1,271,344	1,028,482	975,510	1,038,353
	841,587	910,061	921,460	1,037,688	984,214
	<u>20,558,217</u>	<u>19,279,593</u>	<u>19,181,122</u>	<u>19,143,638</u>	<u>19,437,840</u>
	4,127,563	3,935,556	4,096,849	4,153,055	3,677,871
	516,213	451,013	423,426	472,913	408,532
	89,164	37,472	44,066	47,634	35,357
	562,279	501,321	438,430	419,640	492,115
	59,936	53,291	54,725	44,416	58,824
	<u>5,355,155</u>	<u>4,978,653</u>	<u>5,057,496</u>	<u>5,137,658</u>	<u>4,672,699</u>
\$	<u>25,913,372</u>	<u>24,258,246</u>	<u>24,238,618</u>	<u>24,281,296</u>	<u>24,110,539</u>
\$	186,932	\$ 550,576	\$ 104,082	\$ 257,712	\$ 172,460
	446,564	663,753	636,645	401,644	643,004
	66,515	68,541	-	-	-
	469,169	488,282	687,079	632,892	651,286
	312,835	184,928	230,674	307,867	272,422
	159,155	83,055	171,517	122,900	112,633
	6,006,627	5,739,079	5,440,505	5,265,563	5,510,052
	1,570,148	2,898,828	1,461,418	971,519	517,296
	<u>9,217,945</u>	<u>10,677,042</u>	<u>8,731,920</u>	<u>7,960,097</u>	<u>7,879,153</u>
	4,915,786	4,051,010	3,657,366	3,649,510	3,593,272
	303,621	334,058	327,807	306,892	274,397
	26,155	22,405	26,627	35,620	41,526
	129,841	85,433	118,473	123,760	136,637
	61,986	61,732	67,014	59,149	71,121
	290,701	253,130	453,792	273,126	198,530
	165,849	239,065	227,315	1,276,587	472,261
	<u>5,893,939</u>	<u>5,046,833</u>	<u>4,878,394</u>	<u>5,724,644</u>	<u>4,787,744</u>
\$	<u>15,111,884</u>	<u>15,723,875</u>	<u>13,610,314</u>	<u>13,684,741</u>	<u>12,666,897</u>

(continued)

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

	<b>Fiscal Year</b>				
	2013	2012	2011	2010	2009
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (22,316,832)	\$ (16,159,912)	\$ (14,223,838)	\$ (11,869,003)	\$ (11,725,101)
Business-type activities	3,021,108	1,894,571	1,201,904	889,331	1,280,564
Total primary government net expense	<u>\$ (19,295,724)</u>	<u>\$ (14,265,341)</u>	<u>\$ (13,021,934)</u>	<u>\$ (10,979,672)</u>	<u>\$ (10,444,537)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property	\$ 9,967,944	\$ 9,853,096	\$ 9,210,796	\$ 8,957,392	\$ 8,617,322
Other	5,132,322	6,063,108	5,565,923	5,206,539	5,787,467
Unrestricted					
State generated revenues	369,337	317,412	305,694	333,259	339,243
Investment earnings	126,436	173,169	167,610	162,173	325,699
Miscellaneous revenues	637,775	602,269	435,191	641,234	468,253
Transfers	<u>(163,060)</u>	<u>(169,661)</u>	<u>(157,811)</u>	<u>(192,057)</u>	<u>(156,108)</u>
Total governmental activities	<u>16,070,754</u>	<u>16,839,393</u>	<u>15,527,403</u>	<u>15,108,540</u>	<u>15,381,876</u>
Business-type activities:					
Investment earnings	34,951	41,980	57,359	55,775	139,224
Miscellaneous revenues	-	-	-	-	-
Transfers	<u>163,060</u>	<u>169,661</u>	<u>157,811</u>	<u>192,057</u>	<u>156,108</u>
Total business-type activities	<u>198,011</u>	<u>211,641</u>	<u>215,170</u>	<u>247,832</u>	<u>295,332</u>
Total primary government	<u>\$ 16,268,765</u>	<u>\$ 17,051,034</u>	<u>\$ 15,742,573</u>	<u>\$ 15,356,372</u>	<u>\$ 15,677,208</u>
<b>Change in Net Position</b>					
Governmental activities	\$ (6,246,078)	\$ 679,481	\$ 1,303,565	\$ 3,239,537	\$ 3,656,775
Business-type activities	<u>3,219,119</u>	<u>2,106,212</u>	<u>1,417,074</u>	<u>1,137,163</u>	<u>1,575,896</u>
Total primary government	<u>\$ (3,026,959)</u>	<u>\$ 2,785,693</u>	<u>\$ 2,720,639</u>	<u>\$ 4,376,700</u>	<u>\$ 5,232,671</u>

2008	2007	2006	2005	2004
\$ (11,340,272)	\$ (8,602,551)	\$ (10,449,202)	\$ (11,183,541)	\$ (11,558,687)
<u>538,784</u>	<u>68,180</u>	<u>(179,102)</u>	<u>586,986</u>	<u>115,045</u>
<u>\$ (10,801,488)</u>	<u>\$ (8,534,371)</u>	<u>\$ (10,628,304)</u>	<u>\$ (10,596,555)</u>	<u>\$ (11,443,642)</u>
\$ 7,821,311	\$ 7,523,858	\$ 7,006,898	\$ 6,660,061	\$ 6,413,043
<u>5,735,724</u>	<u>5,697,114</u>	<u>4,928,051</u>	<u>5,891,242</u>	<u>5,067,338</u>
368,341	343,333	383,643	401,992	415,760
602,711	655,348	477,315	288,581	167,696
653,069	297,817	385,881	726,918	540,411
<u>(151,256)</u>	<u>(314,222)</u>	<u>(145,235)</u>	<u>(120,380)</u>	<u>(8,356,589)</u>
<u>15,029,900</u>	<u>14,203,248</u>	<u>13,036,553</u>	<u>13,848,414</u>	<u>4,247,659</u>
245,262	255,923	190,147	113,190	88,296
2,151	-	-	-	-
<u>151,256</u>	<u>314,222</u>	<u>145,235</u>	<u>120,380</u>	<u>8,356,589</u>
<u>398,669</u>	<u>570,145</u>	<u>335,382</u>	<u>233,570</u>	<u>8,444,885</u>
<u>\$ 15,428,569</u>	<u>\$ 14,773,393</u>	<u>\$ 13,371,935</u>	<u>\$ 14,081,984</u>	<u>\$ 12,692,544</u>
\$ 3,689,628	\$ 5,600,697	\$ 2,587,351	\$ 2,664,873	\$ (7,311,028)
<u>937,453</u>	<u>638,325</u>	<u>156,280</u>	<u>820,556</u>	<u>8,559,930</u>
<u>\$ 4,627,081</u>	<u>\$ 6,239,022</u>	<u>\$ 2,743,631</u>	<u>\$ 3,485,429</u>	<u>\$ 1,248,902</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				
	2013	2012	2011	2010	2009
<b>Governmental activities</b>					
Public safety	\$ 1,154,130	\$ 777,123	\$ 980,216	\$ 960,979	\$ 854,028
Public works	4,272,126	3,602,446	3,737,210	4,029,975	3,260,842
Health and social services	702,887	955,529	1,531,281	1,300,200	321,478
Culture and recreation	571,380	707,189	1,399,468	925,422	2,010,582
Community and economic development	1,426,383	1,465,674	1,822,717	1,651,247	1,836,913
General government	137,180	284,371	208,690	864,314	153,242
Total governmental activities	<u>\$ 8,264,086</u>	<u>\$ 7,792,332</u>	<u>\$ 9,679,582</u>	<u>\$ 9,732,137</u>	<u>\$ 8,437,085</u>
<b>Business-type activities</b>					
Water pollution control	\$ 5,303,615	\$ 6,519,524	\$ 5,130,757	\$ 5,315,535	\$ 5,426,868
Storm sewer	3,016,135	767,941	1,197,010	454,271	465,414
Compost	57,417	59,316	45,860	31,943	33,404
Transit	470,591	700,165	409,347	711,421	607,816
Concessions	43,706	49,559	48,180	48,570	59,669
Total business-type activities	<u>\$ 8,891,464</u>	<u>\$ 8,096,505</u>	<u>\$ 6,831,154</u>	<u>\$ 6,561,740</u>	<u>\$ 6,593,171</u>

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2008	2007	2006	2005	2004
\$ 969,752	\$ 1,198,228	\$ 764,806	\$ 846,528	\$ 795,550
3,342,003	4,322,473	4,009,030	2,868,644	3,374,676
975,487	1,021,964	1,088,238	841,310	513,723
1,862,073	2,068,851	949,630	1,433,444	1,180,190
1,909,475	1,982,471	1,823,109	1,868,320	1,914,974
<u>159,155</u>	<u>83,055</u>	<u>97,107</u>	<u>101,851</u>	<u>100,040</u>
<u>\$ 9,217,945</u>	<u>\$ 10,677,042</u>	<u>\$ 8,731,920</u>	<u>\$ 7,960,097</u>	<u>\$ 7,879,153</u>
\$ 4,915,859	\$ 4,196,643	\$ 3,689,112	\$ 4,066,813	\$ 3,640,858
427,640	417,245	523,472	1,225,894	378,956
59,235	22,405	26,627	35,620	41,526
429,219	348,808	572,169	337,168	655,283
<u>61,986</u>	<u>61,732</u>	<u>67,014</u>	<u>59,149</u>	<u>71,121</u>
<u>\$ 5,893,939</u>	<u>\$ 5,046,833</u>	<u>\$ 4,878,394</u>	<u>\$ 5,724,644</u>	<u>\$ 4,787,744</u>

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
Nonspendable	\$ 241,974	\$ 258,309	\$ 230,633	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Restricted	1,153,313	517,008	456,488	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Committed	250,000	250,000	250,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unassigned	2,736,209	2,783,055	2,839,102	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reserved	N/A	N/A	N/A	\$ 233,410	\$ 266,493	\$ 254,813	\$ 260,504	\$ 254,337	\$ 270,400	\$ 317,580
Unreserved	N/A	N/A	N/A	3,587,644	3,778,280	3,719,837	3,201,762	2,781,078	2,577,724	2,307,482
Total general fund	<u>4,381,496</u>	<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>
All Other Governmental Funds										
Nonspendable	141,231	222,131	178,954	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Restricted	12,887,420	17,264,749	7,701,874	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unassigned	(198,484)	(323,895)	(506,674)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reserved	N/A	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
Unreserved reported in:										
Special revenue funds	N/A	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
Capital projects funds	N/A	N/A	N/A	110,818	129,053	-	1,935,500	1,838,524	1,961,127	1,255,549
Total all other governmental funds	<u>12,830,167</u>	<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>
Total fund balances of governmental funds	<u>\$ 17,211,663</u>	<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>

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)**

	<b>Fiscal Year Ended June 30,</b>				
	2013	2012	2011	2010	2009
<b>Revenues</b>					
Taxes	\$ 15,617,908	\$ 16,392,387	\$ 15,191,296	\$ 14,569,739	\$ 14,855,452
Use of money and property	194,543	203,524	198,097	206,909	343,980
Licenses and permits	219,392	203,813	232,542	212,918	294,196
Intergovernmental	6,475,308	7,229,540	7,278,810	7,168,913	6,031,273
Charges for service	915,644	897,955	866,580	845,703	820,780
Special assessments	14,306	21,759	31,019	51,581	83,043
Miscellaneous	912,585	651,226	741,748	1,125,338	1,525,314
Total revenues	<u>24,349,686</u>	<u>25,600,204</u>	<u>24,540,092</u>	<u>24,181,101</u>	<u>23,954,038</u>
<b>Expenditures</b>					
Public safety	8,135,052	7,977,604	7,370,014	7,492,213	7,143,869
Public works	12,081,043	5,605,515	4,841,484	3,787,116	3,498,289
Health and social services	968,157	1,223,039	1,753,967	1,318,373	718,526
Culture and recreation	2,551,437	1,853,940	2,998,877	3,081,402	2,176,451
Community and economic development	2,234,323	2,414,531	2,341,523	2,347,611	1,975,245
General government	1,177,738	1,087,036	1,071,829	1,990,657	1,023,774
Capital outlay	3,118,982	2,572,134	1,601,447	2,160,036	5,767,146
Debt service					
Principal	2,788,840	2,928,840	2,613,841	2,660,000	2,553,840
Interest and other fiscal charges	643,405	626,514	581,504	651,854	1,286,096
Total expenditures	<u>33,698,977</u>	<u>26,289,153</u>	<u>25,174,486</u>	<u>25,489,262</u>	<u>26,143,236</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,349,291)</u>	<u>(688,949)</u>	<u>(634,394)</u>	<u>(1,308,161)</u>	<u>(2,189,198)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of governmental assets	35,298	166,128	2,152	224,484	14,015
Debt issued	5,600,000	10,460,000	1,520,000	700,000	3,500,000
Payment of refunded bonds	-	53,462	-	-	(3,445,000)
Premium (discount) and accrued interest on debt issued	117,359	-	-	-	-
Transfers in	7,813,126	7,182,963	7,085,563	5,825,922	6,496,136
Transfers out	<u>(7,976,186)</u>	<u>(7,352,624)</u>	<u>(7,243,374)</u>	<u>(6,017,979)</u>	<u>(6,652,244)</u>
Total other financing sources (uses)	<u>5,589,597</u>	<u>10,509,929</u>	<u>1,364,341</u>	<u>732,427</u>	<u>(87,093)</u>
Net change in fund balances	<u>\$ (3,759,694)</u>	<u>\$ 9,820,980</u>	<u>\$ 729,947</u>	<u>\$ (575,734)</u>	<u>\$ (2,276,291)</u>
Debt service as a percentage of noncapital expenditures	11.2%	15.0%	13.6%	14.2%	18.8%

2008	2007	2006	2005	2004
\$ 14,053,501	\$ 13,698,670	\$ 12,373,299	\$ 12,974,773	\$ 11,876,045
617,026	688,991	508,604	342,424	228,610
365,034	303,126	289,329	341,082	321,265
7,587,326	6,106,617	6,744,295	6,089,537	6,076,477
874,706	909,103	863,341	892,894	1,050,035
28,083	206,510	210,278	317	317
<u>1,157,194</u>	<u>1,760,370</u>	<u>519,519</u>	<u>656,367</u>	<u>736,949</u>
<u>24,682,870</u>	<u>23,673,387</u>	<u>21,508,665</u>	<u>21,297,394</u>	<u>20,289,698</u>
7,588,682	7,165,536	6,898,394	6,568,961	7,121,973
3,913,315	2,922,597	2,438,572	3,706,520	1,732,511
1,284,767	1,421,014	1,340,728	1,340,928	784,624
2,552,969	2,145,963	2,526,524	2,012,136	2,293,991
1,462,263	1,987,416	1,682,136	1,727,405	2,487,721
1,082,742	1,122,209	1,227,899	1,158,880	2,429,108
5,923,147	2,351,022	3,436,407	1,581,034	4,928,180
2,152,278	2,041,190	1,795,178	2,101,062	1,983,850
<u>1,190,984</u>	<u>932,281</u>	<u>928,425</u>	<u>1,065,517</u>	<u>1,009,082</u>
<u>27,151,147</u>	<u>22,089,228</u>	<u>22,274,263</u>	<u>21,262,443</u>	<u>24,771,040</u>
<u>(2,468,277)</u>	<u>1,584,159</u>	<u>(765,598)</u>	<u>34,951</u>	<u>(4,481,342)</u>
20,465	13,299	67,416	489,574	105,050
15,455,000	-	1,500,000	1,932,441	3,300,000
(11,205,000)	-	-	(2,100,000)	-
-	-	-	-	19,073
7,506,477	7,596,884	6,266,978	6,535,905	6,579,422
<u>(7,657,733)</u>	<u>(7,736,709)</u>	<u>(6,412,213)</u>	<u>(6,656,285)</u>	<u>(6,670,875)</u>
<u>4,119,209</u>	<u>(126,526)</u>	<u>1,422,181</u>	<u>201,635</u>	<u>3,332,670</u>
<u>\$ 1,650,932</u>	<u>\$ 1,457,633</u>	<u>\$ 656,583</u>	<u>\$ 236,586</u>	<u>\$ (1,148,672)</u>
15.7%	15.1%	14.5%	16.1%	15.1%

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

<u>Fiscal year</u>	<u>Property Tax</u>	<u>Tax Increment Financing Tax</u>	<u>Utility ExciseTax</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>
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
2012-13	9,967,944	1,138,171	820,070	277,060	378,567	2,781,316	240,582	14,198	15,617,908

**CITY OF MARSHALLTOWN, IOWA**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
**YEAR ENDED JUNE 30, 2013**  
**(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	\$ 5,984,410	\$ -	\$ 474,758	\$ 277,060	\$ 378,567	\$ -	\$ -	\$ 8,452	\$ 7,123,247
Tax Increment									
Financing	-	1,138,171	-	-	-	-	-	-	1,138,171
E-911 Surcharge	-	-	-	-	-	-	240,582	-	240,582
Local Option									
Sales Tax	-	-	-	-	-	2,781,316	-	-	2,781,316
Property tax	1,279,749	-	113,724	-	-	-	-	1,787	1,395,260
Debt Service	2,237,966	-	190,192	-	-	-	-	3,026	2,431,184
Capital Projects	465,819	-	41,396	-	-	-	-	933	508,148
Total	<u>\$ 9,967,944</u>	<u>\$ 1,138,171</u>	<u>\$ 820,070</u>	<u>\$ 277,060</u>	<u>\$ 378,567</u>	<u>\$ 2,781,316</u>	<u>\$ 240,582</u>	<u>\$ 14,198</u>	<u>\$ 15,617,908</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
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%
2011	2012-13	431,280,150	221,772,457	61,505,293	714,557,900	31,552,130	4,605,496	750,715,526	14.28339	1,312,105,030	57.215%

**Rollback Factors by Class**

Fiscal Year	Tax Exempt		Residential	Agricultural	Commercial	Railroad
	Gas & Electric	Property				
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
2012-13	147,398,057	112,284,058	50.75180	57.54110	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.

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

**CITY OF MARSHALLTOWN, 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
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
2011	2012-13	7.44499	17.54224	14.28339	0.26539	1.88711	0.12385	0.00330	41.55027

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, 2011		Percentage of Total City Taxable Assessed Value	Jan 1, 2002		Percentage of Total City Taxable Assessed Value
	Taxable Assessed Value Payable 12- 13	Rank		Taxable Assessed Value Payable 03- 04	Rank	
IES Utilities (Interstate Power)	\$ 56,161,537	1	7.2%	\$ 84,141,000	1	9.8%
Emerson Process Mgt/Fisher Controls	20,682,950	2	2.7%	10,840,600	4	1.3%
MMSC, Ventures Inc	18,671,486	3	2.4%	8,022,843	6	0.9%
Lennox Industries Inc	14,684,500	4	1.9%	14,684,500	2	1.7%
Walmart, Real Estate Business	10,549,950	5	1.4%	4,678,985	9	0.5%
Swift, Pork Company	10,385,460	6	1.3%			
Swift & Company	9,854,610	7	1.3%	11,741,549	3	1.4%
Menard, Inc	9,148,420	8	1.2%			
Embers of Marshalltown	6,128,054	9	0.8%	4,956,000	8	0.6%
Marshalltown, Center IA LLC	5,627,380	10	0.7%	9,078,268	5	1.1%
FHS Marshalltown LP				6,602,000	7	0.8%
Inns of Iowa Ltd				4,630,457	10	0.5%
	<u>\$ 161,894,347</u>		<u>20.9%</u>	<u>\$ 159,376,202</u>		<u>18.6%</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 \$61,242,202.

**CITY OF MARSHALLTOWN, IOWA**  
**SALES TAX**  
**LAST TEN YEARS**

<u>CalendarYear</u>	<u>Taxable Retail Sales</u>	<u>No. of Businesses</u>
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
2012	348,039,169	3,950

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	Collected within the fiscal year of the levy		Delinquent tax collections (3)	Total tax collections	Collections to total tax levy (2)
			Amount (1)	Percent of levy collected (2)			
2003-04	2002	6,767,269	6,799,847	100.48%	2,278	6,802,125	100.52%
2004-05	2003	7,013,159	7,057,849	100.64%	1,471	7,059,320	100.66%
2005-06	2004	7,363,490	7,381,265	100.24%	1,128	7,382,393	100.26%
2006-07	2005	7,690,645	7,892,654	102.63%	1,803	7,894,457	102.65%
2007-08	2006	8,143,010	8,157,864	100.18%	3,656	8,161,520	100.23%
2008-09	2007	8,945,150	8,955,138	100.11%	1,427	8,956,565	100.13%
2009-10	2008	9,293,081	9,291,663	99.98%	1,727	9,293,390	100.00%
2010-11	2009	9,505,825	9,498,727	99.93%	4,030	9,502,757	99.97%
2011-12	2010	10,167,673	10,166,706	99.99%	7,958	10,174,664	100.07%
2012-13	2011	10,317,995	10,324,685	100.06%	4,456	10,329,141	100.11%

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

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

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

Source: General Purpose Financial Statements

**CITY OF MARSHALLTOWN, 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						
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	22,204	1,544	27,552	1,245	
2013	26,690,000	27,683	-	5,445,000	7,822,000	-	39,984,683	21,924	1,824	27,683	1,444	

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		
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	1.58	916.91
2013	26,690,000	27,683	26,717,683	1.76	965.13

Note: Excludes general obligation bonds reported in enterprise funds.

**CITY OF MARSHALLTOWN, IOWA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2013**

Name of Governmental Unit	Debt Outstanding	Percentage Applicable to Marshalltown	City of Marshalltown Share of Debt
Iowa Valley Schools	\$ 26,718,251	53.85%	\$ 14,389,031
Marshalltown Community School District	35,830,000	83.01%	29,742,887
Marshall County	1,880,637	53.19%	1,000,315
	<u>64,428,888</u>		<u>45,132,233</u>
City of Marshalltown	26,717,683	100.00%	26,717,683
	<u>\$ 91,146,571</u>		<u>\$ 71,849,916</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,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Gross assessed valuations:										
Regular realty	\$ 1,133,154,843	\$ 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
Utility	147,398,057	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
Incremental	31,552,130	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
Total actual valuations applicable to debt	<u>1,312,105,030</u>	<u>1,310,087,232</u>	<u>1,280,682,454</u>	<u>1,262,319,793</u>	<u>1,255,060,705</u>	<u>1,190,183,517</u>	<u>1,157,562,346</u>	<u>1,040,975,285</u>	<u>1,029,508,726</u>	<u>946,359,286</u>
Debt limit - 5% of total actual valuations applicable to debt	<u>65,605,252</u>	<u>65,504,362</u>	<u>64,034,123</u>	<u>63,115,990</u>	<u>62,753,035</u>	<u>59,509,176</u>	<u>57,878,117</u>	<u>52,048,764</u>	<u>51,475,436</u>	<u>47,317,964</u>
Amount of debt applicable to limitation:										
General obligation bonds and notes	32,162,683	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
Urban renewal tax increment revenue bonds	-	-	-	-	-	-	3,923,438	4,295,788	4,637,126	5,448,188
Total debt applicable to limitation	<u>32,162,683</u>	<u>29,696,523</u>	<u>22,475,363</u>	<u>17,469,204</u>	<u>19,443,044</u>	<u>21,941,884</u>	<u>19,844,162</u>	<u>21,885,352</u>	<u>22,180,530</u>	<u>24,443,188</u>
Less:										
Funds available from:										
Debt service	3,079,346	3,082,247	-	-	262,165	232,719	281,555	238,506	217,083	542,533
Special revenue	-	474,917	417,812	348,685	413,834	438,585	632,232	998,446	615,975	187,331
Total debt applicable to debt margin	<u>29,083,337</u>	<u>26,139,359</u>	<u>22,057,551</u>	<u>17,120,519</u>	<u>18,767,045</u>	<u>21,270,580</u>	<u>18,930,375</u>	<u>20,648,400</u>	<u>21,347,472</u>	<u>23,713,324</u>
Legal debt margin	<u>\$ 36,521,915</u>	<u>\$ 39,365,003</u>	<u>\$ 41,976,572</u>	<u>\$ 45,995,471</u>	<u>\$ 43,985,990</u>	<u>\$ 38,238,596</u>	<u>\$ 38,947,742</u>	<u>\$ 31,400,364</u>	<u>\$ 30,127,964</u>	<u>\$ 23,604,640</u>

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

<b>Water Pollution Control</b>				<b>Debt Service Requirements</b>			
<u>Year</u>	<u>Gross Revenue</u>	<u>Expenses (1)</u>	<u>Available For Debt Service</u>	<u>Principal</u>	<u>Interest &amp; other debt expense</u>	<u>Total</u>	<u>Coverage</u>
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
2012-13	5,151,326	2,800,306	2,351,020	610,000	313,139	923,139	2.55

(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**

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Calendar Year	Median Age (Zip 50158)	School Enrollment		Unemployment Percent
		Public	Private	
	(1)	(2)	(3)	(4)
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	5,322	227	6.70
2013	38.0	5,308	228	6.20

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	2013- Employees	2004- Employees
(JBS) Swift & Company	Pork processors	2,300	2,100
Lennox Industries, Inc	Furnace and air conditioning manufacturer	915	1,228
Emerson Process Mgt/Fisher Controls	Valves and regulators manufacturer	1,125	1,100
Marshalltown Community School District	Education	1,002	952
Iowa Veteran's Home	Hospital Care Facility	1,000	965
Marshalltown Medical and Surgical Center	Hospital	715	700
HyVee Food Stores *	Grocery store	340	300
Wal-Mart*	Retail	325	
Marshalltown Community College	Education	245	
McFarland Clinic PC	Medical clinic	223	
City of Marshalltown*	Municipal government		237
Marshall County	County government		175
Kiowa Corporation	Aluminum and zinc die casting		140

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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Public Safety	99.00	99.00	88.00	86.00	98.91	101.94	100.13	98.13	103.63	96.46
Public Works	21.00	21.00	20.00	21.00	20.06	19.88	18.31	18.69	18.87	20.13
Health and Social Services	8.00	8.00	6.50	6.50	6.26	7.14	7.78	7.33	8.11	7.68
Culture and Recreation	29.00	29.00	28.00	29.00	25.95	26.17	25.28	25.08	28.85	34.13
Community and Economic Development	4.00	3.00	5.50	5.50	3.55	3.09	3.15	2.92	2.94	3.75
General Government	18.00	17.00	18.00	18.00	17.55	18.16	17.89	17.85	18.55	18.47
Business-Type	34.00	35.00	34.00	36.00	31.95	30.70	30.34	29.75	30.70	30.87
Capital Projects	-	1.00	1.00	1.00	0.13	0.02	0.45	0.19	0.15	0.65
Total	<u>213.00</u>	<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>

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

Function/Program	Fiscal Year				
	2013	2012	2011	2010	2009
General Government					
Building Permits:					
New Construction:					
Number of permits	36	58	37	37	51
Value of permits	2,553,000	10,523,000	1,967,000	17,798,500	12,191,800
Remodeling, repairs and additions:					
Number of permits	71	101	95	74	103
Value of permits	16,435,000	5,275,000	26,630,000	3,951,800	14,757,000
Police					
Physical arrests	3,000	3,327	2,254	3,421	3,581
Violations:					
Parking	4,248	5,629	10,269	N/A	N/A
Traffic	2,500	2,939	3,290	3,787	4,758
Drunk driving	112	110	120	224	218
Narcotics	308	398	369	385	460
Fire					
Emergency responses	2,218	689	1,885	N/A	N/A
Fires extinguished	169	54	71	N/A	N/A
Inspections	541	353	376	N/A	N/A
Parks and recreation					
Adult team sports					
Leagues	8	10	8	10	10
Participation	8,705	8,611	6,762	6,105	5,373
Youth activities					
Programs	32	28	31	27	40
Participation	3,569	3,587	4,246	3,780	3,478
Library					
Volumes in collection	101,194	133,971	129,219	101,194	93,755
Total volumes borrowed	292,964	300,784	310,849	327,106	262,755
Sewage system					
Per million					
Daily average treatment in gallons	6.4	6.4	6.4	7.51	6.82
Maximum daily capacity of treatment plant in thousands of gallons	17,440	17,440	17,440	17,440	17,440
Sewer customers served	9,409	9,405	9,447	10,248	9,397
* Computer software was counting sewer credit meters					
Sewer rates in effect					
Base charge per month	\$12.12	\$10.27	\$10.27	\$10.27	\$9.51
Flow charge per 100 cubic feet	\$1.89	\$1.76	\$1.76	\$1.76	\$1.76
Transit					
Total route miles	132,475	131,749	135,711	107,157	105,282
# of passengers	113,728	112,318	130,974	111,586	113,934
General Elections - November of each year					
Registered voters	15,196	16,659	17,494	16,860	17,015
Number of votes cast	11,836	1,063	8,643	1,335	N/A
Percentage of registered voters voting	77.89%	6.38%	49.41%	7.92%	N/A

Ending June 30,				
2008	2007	2006	2005	2004
39	49	40	50	55
22,522,000	11,058,000	9,260,000	11,054,000	13,441,000
149	131	131	126	120
25,418,400	17,893,700	11,758,000	20,799,600	7,489,900
3,045	3,833	2,415	2,681	2,705
6,802	7,073	7,858	8,570	8,433
4,793	6,005	6,585	6,245	6,660
234	240	220	228	148
512	130	274	291	290
2,274	2,052	1,996	1,879	1,862
51	61	49	44	59
380	412	461	555	386
4	4	16	15	14
2,201	2,312	2,711	2,434	2,854
35	35	N/A	32	25
7,268	7,625	N/A	8,189	5,413
91,914	90,561	88,362	82,269	83,931
253,855	231,420	215,953	200,652	190,749
7.38	5.89	4.92	4.57	5.60
17,440	17,440	13,040	13,040	13,040
9,435	9,448	9,426	9,723	10,774
				*
\$9.51	\$9.51	\$9.51	\$9.51	\$9.51
\$1.63	\$1.55	\$1.47	\$1.31	\$1.31
105,435	102,109	96,458	113,037	122,256
111,849	88,431	112,885	115,158	127,139
17,015	17,015	29,795	28,549	27,333
N/A	8,296	19,447	19,340	19,233
N/A	48.76%	65.27%	67.74%	70.37%

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

Function/Program	Fiscal Year				
	2013	2012	2011	2010	2009
<b>Police</b>					
# of stations	1	1	1	1	1
# of employees	63	59	61	59	58
Non-dispatch	50	47	48	46	45
Dispatch	13	12	13	13	13
<b>Fire</b>					
# of stations	1	1	1	1	1
# of employees	30	29	29	26	29
<b>Parks and recreation</b>					
Park areas					
# parks	26	26	26	26	26
# acres	325	325	325	325	328
Athletics					
# Baseball/softball fields	10	6	6	6	6
# Soccer/football fields	4	6	6	6	6
# Tennis courts	13	12	12	12	12
Other					
# playgrounds	20	17	17	17	17
Miles of bike trails	8	8	8	8	8
# Swimming pools	1	1	1	1	1
<b>Public works</b>					
Streets:					
Paved	157.5	157.5	157.5	157.5	157.5
Unpaved	5.8	5.8	5.8	5.8	5.8
<b>Sewage system</b>					
Number of treatment plants	1	1	1	1	1
Miles of sewers					
Storm	59.31	59.04	58.8	58.5	57.1
Sanitary	146.5	146.5	146.5	146.5	145.7
<b>Transit</b>					
# of buses	9	9	10	10	9
<b>Education - Public and private</b>					
Number of elementary schools	9	9	9	7	7
Number of elementary school instructors	243	237	248	225	225
Number of secondary schools	2	2	2	2	2
Number of secondary school instructors	143	146	150	156	150
<b>Cemeteries</b>					
Number of facilities	2	2	2	2	2
Number of acres					
Developed	135	135	135	135	135
Undeveloped	80	80	80	80	80
<b>Hospitals</b>					
Number of hospitals	1	1	1	1	1

Ending June 30,				
2008	2007	2006	2005	2004
1	1	1	1	1
58	59	59	59	59
45	46	46	46	46
13	13	13	13	13
1	1	1	1	1
29	30	30	29	31
26	26	26	26	24
328	328	207	207	207
6	6	5	5	5
6	6	6	6	6
4	4	6	6	6
17	17	22	18	18
8	8	8	8	8
1	1	1	1	1
157.4	157.4	157.4	157.2	156.8
5.8	5.8	5.8	5.8	5.8
1	1	1	1	1
57.1	56.4	56.1	54.6	54.6
145.7	145.3	144.6	144.4	143.2
10	10	10	10	10
7	7	7	7	7
203	137	179	189	156
2	3	3	3	3
147	240	172	175	205
2	2	2	2	2
135	135	135	135	135
80	80	80	80	80
1	1	1	1	1

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

	2013	2012	2011	2010	2009
<b>Revenues:</b>					
Sewer Rental	\$ 4,860,499	\$ 4,661,934	\$ 4,152,904	\$ 4,558,315	\$ 4,868,033
Interest Income	32,361	37,704	53,312	50,336	116,922
Grants	39,669	1,582,043	849,787	391,132	292,060
Miscellaneous	218,797	275,547	128,066	214,519	53,395
<b>Total revenues</b>	<b>5,151,326</b>	<b>6,557,228</b>	<b>5,184,069</b>	<b>5,214,302</b>	<b>5,330,410</b>
<b>Expenses:</b>					
Costs of Service	2,800,306	3,225,133	2,945,845	3,142,187	2,828,873
Depreciation	1,182,359	1,126,174	1,134,959	1,119,009	1,079,643
Debt Service	1,131,139	1,859,184	778,689	749,863	771,155
<b>Total expenses</b>	<b>5,113,804</b>	<b>6,210,491</b>	<b>4,859,493</b>	<b>5,011,059</b>	<b>4,679,671</b>
<b>Net Income (Loss)</b>	<b>\$ 37,522</b>	<b>\$ 346,737</b>	<b>\$ 324,576</b>	<b>\$ 203,243</b>	<b>\$ 650,739</b>

**WATER POLLUTION CONTROL HISTORIC COVERAGE**  
**LAST TEN FISCAL YEARS**

	2013	2012	2011	2010	2009
Net Income (Loss)	\$ 37,522	\$ 346,737	\$ 324,576	\$ 203,243	\$ 650,739
Add depreciation	1,182,359	1,126,174	1,134,959	1,119,009	1,079,643
Add debt retirement	1,131,139	1,859,184	778,689	749,863	771,155
<b>Net income available for debt service</b>	<b>\$ 2,351,020</b>	<b>\$ 3,332,095</b>	<b>\$ 2,238,224</b>	<b>\$ 2,072,115</b>	<b>\$ 2,501,537</b>
Historic debt service	\$ 1,131,139	\$ 1,859,184	\$ 778,689	\$ 749,863	\$ 771,155
Historic coverage	2.08	1.79	2.87	2.76	3.24
Projected max future debt	\$ 1,085,594	\$ 1,085,594	\$ 1,211,115	\$ 735,293	\$ 744,273
Projected coverage	2.17	3.07	1.85	2.82	3.36

2008	2007	2006	2005	2004
\$ 4,584,414	\$ 3,923,869	\$ 3,535,609	\$ 3,488,658	\$ 3,445,984
212,420	228,888	173,820	108,425	86,945
73	96	96	44,499	13,660
<u>331,372</u>	<u>127,141</u>	<u>121,757</u>	<u>160,852</u>	<u>147,288</u>
<u>5,128,279</u>	<u>4,279,994</u>	<u>3,831,282</u>	<u>3,802,434</u>	<u>3,693,877</u>
2,746,362	2,484,430	2,612,861	2,673,383	2,341,278
1,184,012	1,188,396	1,198,715	1,147,899	979,579
<u>763,189</u>	<u>1,021,961</u>	<u>1,031,273</u>	<u>1,042,773</u>	<u>1,772,014</u>
<u>4,693,563</u>	<u>4,694,787</u>	<u>4,842,849</u>	<u>4,864,055</u>	<u>5,092,871</u>
<u>\$ 434,716</u>	<u>\$ (414,793)</u>	<u>\$ (1,011,567)</u>	<u>\$ (1,061,621)</u>	<u>\$ (1,398,994)</u>

2008	2007	2006	2005	2004
\$ 434,716	\$ (414,793)	\$ (1,011,567)	\$ (1,061,621)	\$ (1,398,994)
1,184,012	1,188,396	1,198,715	1,147,899	979,579
<u>763,189</u>	<u>1,021,961</u>	<u>1,031,273</u>	<u>1,042,773</u>	<u>1,772,014</u>
<u>\$ 2,381,917</u>	<u>\$ 1,795,564</u>	<u>\$ 1,218,421</u>	<u>\$ 1,129,051</u>	<u>\$ 1,352,599</u>
\$ 763,189	\$ 1,021,961	\$ 1,031,273	\$ 1,042,773	\$ 1,772,014
3.12	1.76	1.18	1.08	0.76
\$ 752,953	\$ 762,363	\$ 995,769	\$ 1,008,089	\$ 998,726
3.16	2.36	1.22	1.12	1.35

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

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Year	Residential	Multi-Family	Commercial	Industrial	Total	Incr (Decr)
2004	8,149	486	851	45	9,531	267
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)
2013	8,228	405	737	39	9,409	4

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

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

Source: Marshalltown Water Works

**CITY OF MARSHALLTOWN, IOWA**  
**WATER POLLUTION CONTROL**  
**PRESENT NET POSITION**  
**AS OF JUNE 30, 2013**

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Sewer Revenue Operating and Maintenance Accounts	\$	385,967
Sewer Revenue Sinking Reserve Fund Account		64,281
Additional Capital Replacement Fund Account		2,875,638
Undesignated		<u>2,175,428</u>
Total Water Pollution Control Net Assets	\$	<u>5,501,314</u>

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

	2013			2012		
	Avg Gallons Per Month	Monthly Bill	2012 Ranking	Avg Gallons Per Month	Monthly Bill	2012 Ranking
JBS Swift & Company	53,353,167	\$ 155,046	1	51,375,667	\$ 149,361	1
IA Veterans Home	2,750,708	6,762	2	2,883,540	6,795	2
Emerson Processing/Fisher Controls	1,074,751	1,830	3	773,183	1,830	3
Marshalltown Community School District	991,535	2,445	4	704,367	1,668	4
Marshalltown Medical & Surgical Center	804,162	1,985	5	656,121	1,554	5
Sunset Village Mobile Home Park	692,773	1,712	6	634,429	1,503	6
Packaging Corporation	591,855	1,464	7	529,522	1,256	7
Rainbow Carwash I & III	572,656	1,417	8	455,657	1,082	8
Wes Inc.	479,904	1,190	9	402,112	956	9
Boulder Properties	378,114	939	10	N/A	N/A	N/A
Southern Hills	N/A	N/A	N/A	280,126	669	10

Source: City Financial Records and Marshalltown Water Works

## **COMPLIANCE SECTION**

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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshalltown, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 6, 2013. Our report includes a reference to other auditors who audited the financial statements of the Marshalltown Waterworks and the Marshalltown Convention and Visitor's Bureau, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

**Internal Control over Financial Reporting**

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

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

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 deficiency described in Part II of the accompanying schedule of findings and questioned costs as item 2013-A to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying schedule of findings and questioned costs as items 2013-B and 2013-C to be significant deficiencies.

### **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying schedule of findings and questioned costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **City's Response to Findings**

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

### **Purpose of this Report**

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



Dubuque, Iowa  
December 6, 2013

## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133**

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

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Marshalltown, Iowa's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2013.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Eide Bailly LLP*

Dubuque, Iowa  
December 6, 2013

**CITY OF MARSHALLTOWN, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2013**

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	\$ 39,209
ARRA-Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (Recovery Act Funded)	14.255	08-DPRG-237	<u>11,769</u>
Total CDBG – State-Administered CDBG Cluster			<u>50,978</u>
Direct program:			
Home Investment Partnerships Program	14.239		22,839
Section 8 Housing Choice Vouchers	14.871		1,337,061
Affordable Housing Development in Main Street Rejuvenation Projects	14.878		17,550
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		<u>464,538</u>
Total U.S. Department of Housing and Urban Development			<u>1,892,966</u>
U.S. Department of Justice:			
Pass-through program from:			
Iowa Department of Justice:			
Violence Against Women Formula Grants	16.588	VW-11-52	<u>29,241</u>
Direct program:			
Bulletproof Vest Partnership Program	16.607		<u>2,121</u>
ARRA - Public Safety Partnership and Community Policing Grants	16.710		<u>54,186</u>
JAG Program Cluster:			
Direct program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		2,496
Edward Byrne Memorial Justice Assistance Grant Program	16.738		8,800
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>9,790</u>
			<u>21,086</u>

(continued)

**CITY OF MARSHALLTOWN, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**YEAR ENDED JUNE 30, 2013**

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice: (continued)			
JAG Program Cluster: (continued)			
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-17880	\$ 40,805
Total JAG Program Cluster			<u>61,891</u>
Total U.S. Department of Justice			<u>147,439</u>
U.S. Department of Transportation:			
Direct program:			
Airport Improvement Program	20.106		459,211
Pass-through program from:			
Iowa Department of Transportation:			
Formula Grants for Other Than			
Urbanized Areas	20.509	IA-18-X030	169,732
State and Community Highway Safety	20.600	PAP 12-04, Task 18	5,161
State and Community Highway Safety	20.600	PAP 13-04, Task 18	3,966
			<u>9,127</u>
Total U.S. Department of Transportation			<u>638,070</u>
Environmental Protection Agency:			
Direct program:			
Brownfields Assessment and Cleanup			
Cooperative Agreements	66.818		54,599

(continued)

**CITY OF MARSHALLTOWN, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**YEAR ENDED JUNE 30, 2013**

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
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>\$ 7,153</u>
Pass-through program from:			
Iowa Department of Public Health			
Drug-Free Communities Support Program			
Grants			
	93.276	2H79SP013022-06	<u>34,300</u>
Total U.S. Department of Health and Human Services			<u>41,453</u>
Total			<u><u>\$ 2,774,527</u></u>

**CITY OF MARSHALLTOWN, IOWA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2013**

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**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Marshalltown, Iowa, and is presented on the modified accrual basis of accounting. 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. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Governmental fund types account for the City's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The City's summary of significant accounting policies is presented in Note 1 in the City's 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	\$ 14,776

**CITY OF MARSHALLTOWN, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2013**

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

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness identified Yes

Significant deficiency not considered to be a material weakness Yes

Noncompliance material to financial statements noted No

**Federal Awards**

Internal control over major programs:

Material weakness identified No

Significant deficiency not considered to be a material weakness None reported

Type of auditor's report issued on compliance for the major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) No

Identification of major programs:

**CFDA Number**

**Name of Federal Program or Cluster**

14.871 Section 8 Housing Choice Vouchers

14.900 Lead-Based Paint Hazard  
Control in Privately-Owned Housing

20.106 Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee No

**CITY OF MARSHALLTOWN, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2013**

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

**MATERIAL WEAKNESS:**

**2013-A      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** – Over the course of the last fiscal year there was new staff hired and advancement of existing staff. Cross-training has been incorporated with additional training planned during the next several months utilizing in house, webinars and conferences. This will allow staff to be at a higher level of expertise and management to review and verify reports and documents. The Finance Director will continue to review workpapers and the Schedule of Federal Awards (SEFA) prior to the submission of the financial reports and SEFA schedule being submitted to Eide Bailly to audit.

**SIGNIFICANT DEFICIENCIES:**

**2013-B      Segregation of Duties**

**Criteria** – Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

**Condition** – Duties were not able to be properly segregated for the entire year. Due to staff turnover during the year, one individual was responsible for preparing the bank reconciliations while posting payroll entries in the General Ledger system.

**CITY OF MARSHALLTOWN, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2013**

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

**Cause** – Turnover of office employees prevents a proper segregation of accounting duties necessary to assure optimal internal control.

**Effect** – Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

**Recommendation** – City officials should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

**Response** – Since the office is now fully trained and cross-training has been occurring, segregation of duties have been implemented. The Finance Director is reviewing more of the day-to-day activities for accuracy and signing off on documents.

**2013-C 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 accounts that were not timely reconciled.

**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.

**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** – Additional training has been given to the Finance Department staff in regards to reconciling general ledger accounts, bank reconciliations, etc. Staff that do not perform these procedures have been informed of the impact of their work has on the general ledger in its entirety so they have a full understanding of the financial cycle and reporting. This training will continue through the current fiscal year to insure that accounts are reviewed monthly and corrections are made on a timely basis.

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

There were no federal findings and questioned costs to report.

**CITY OF MARSHALLTOWN, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2013**

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

**2013-IA-A Certified Budget** - Disbursements during the year ended June 30, 2013, exceeded the amount budgeted in the debt service and capital projects functions. In addition, before the budget was amended, disbursement exceeded the original amount budgeted for the debt service and capital projects functions.

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

**Response** – The budget will continue to be monitored with an additional budget amendment made prior to the normal May amendment that is done on an annual basis. The Finance Director is working with the Public Works Director to get a projected cash flow on each project to eliminate the capital projects function going over budget. During the current fiscal year, the City had major street projects that were performed earlier than anticipated during the spring season before the City did the budget amendment. Additional budget coverage will be reviewed at the time of the budget amendment to see if the possibility of proceeding early due to dry conditions exists. The debt service function went over budget due to an increase in the administrative fees to the bank that is administering the City's bonds. This increase in cost will be reviewed and incorporated as part of the budget amendment.

**2013-IA-B Questionable Expenditures** - We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

**2013-IA-C Travel Expense** - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

**2013-IA-D Business Transactions** - No business transactions between the City and City officials or employees were noted.

**2013-IA-E Bond Coverage** - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

**2013-IA-F Council Minutes** - No transactions were found that we believe should have been approved in the Council minutes but were not.

**2013-IA-G Deposits and Investments** - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

**2013-IA-H Urban Renewal Annual Report** – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.

**2013-IA-I Revenue Bonds** – No instances of noncompliance with provisions of the City's revenue bond resolutions were noted.

**CITY OF MARSHALLTOWN, IOWA**  
**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2013**

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There were no prior year federal audit findings.