

CITY OF MARSHALLTOWN, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2015

**Prepared by:
City Finance Department**

CITY OF MARSHALLTOWN, IOWA

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INTRODUCTORY SECTION



City of Marshalltown
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Randy Wetmore, City Administrator
Brian DeMoss, Interim Finance Director
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Marshalltown, IA 50158-4911
Tel - (641) 754-5760
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January 15, 2016

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, 2015 as prepared by the Finance Department is hereby submitted in accordance with the provisions of Chapter 11.6 of the Code of Iowa.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City's financial statements have been audited by Eide Bailly, L.L.P, a firm of licensed Certified Public Accountants, and they have issued an unmodified ("clean") opinion on the City's financial statements for the year ended June 30, 2015. 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 5.0% in fiscal year 15. This is higher than the Iowa rate of 3.8 % as of May 2015.

The numbers of building permits for new construction increased in fiscal year 2015. 46 new construction building permits were issued for a value of \$27.12 million. 80 remodeling, repairs and additions permits were issued for a value of \$10 million. This was an overall decrease from the prior year of \$15.6 million. This is in part due to the new construction of a new local hospital, Christian school and the beginning of the Alliant Energy power plant. Remodeling was done on two downtown businesses and construction of the new Round House project at the High School occurring in the prior year.

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, 2015 the City collected approximately \$3.1 million (accrual basis).

Major Initiatives

Alliant Energy's Iowa utility continues construction of a \$700 million, 650 – megawatt electric generating plant after securing all the necessary regulatory approvals and permits. The station is expected to power more than 500,000 homes in Iowa and Minnesota when it is completed. Projected completion date is set for spring of 2017. The generating plant would replace a large portion of the current coal-fired generating station, with 150 watts to remain for peak generation. This project is expected to create 15 to 20 permanent jobs and 250 to 350 jobs, on average, during construction. Alliant Energy is the City's largest taxpayer.

Menards dba Midwest Manufacturing is constructing a nine million dollar manufacturing and distribution campus. The facility is expected to create 40-45 full time jobs in Marshalltown.

Theisen's, a farm, home, and auto store, has completed a 40,000 sq ft expansion of its Marshalltown location.

MMSC (Marshalltown Medical and Surgical Center) has approved a three phase construction of a new hospital facility on the South side of town. The new facility is being built across the street from the City's local community college on 29 acres of land at the junctions of highways 30 & 14. A groundbreaking ceremony in April marked the start of construction for phase 1. The new \$35 million Outpatient Services Center is a 75,000 square foot center 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. Phase I is a relocation of those existing outpatient services from the current location. The project was completed in mid 2015.

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 began 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. It will include a state-of-the-art gym floor and more safer/comfortable bleachers. Locker and weight rooms will be added. It will include a new roof and other features. General obligation bonds were sold and will be 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 will include an auxiliary gym and wrestling room and be paid for by donations. The Martha-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 \$2.5 million of the anticipated \$3.85 million has been raised.

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 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 3rd 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 City of Marshalltown has been a successful recipient of five Lead Based Paint Hazard Control Grants from the US Department of Housing and Urban Development. Since 2003 a total of \$12,687,265.96 has been awarded. By the end of 2017 a total of 722 housing units will be made lead safe through home renovations such as window replacement, siding installation and paint stabilization. The City has established partnerships with 28 other governmental entities to offer a regional program throughout four Counties. The current grant is the largest totaling \$3,400,000. 130 housing units will be made lead safe over a three year period.

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 the building of a new police station. A citizen advisory committee was appointed by the Mayor. The City is currently in the process of choosing a site and developing cost estimates. A vote will be taken to the residents of Marshalltown in late 2016 or early 2017. If approved by the voters, general obligation bonds would be issued.

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 2014. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

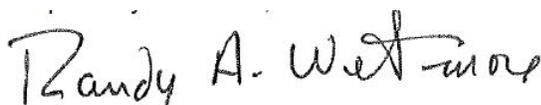
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In June of 2012 Marshalltown was selected as an All America City by the National Civic League. Marshalltown was one of 13 communities selected for the prestigious award. 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. The City was a finalist of the 2014 All American City Award. 25 Communities were invited to participate in the final awards event.

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



Brian DeMoss
Interim Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

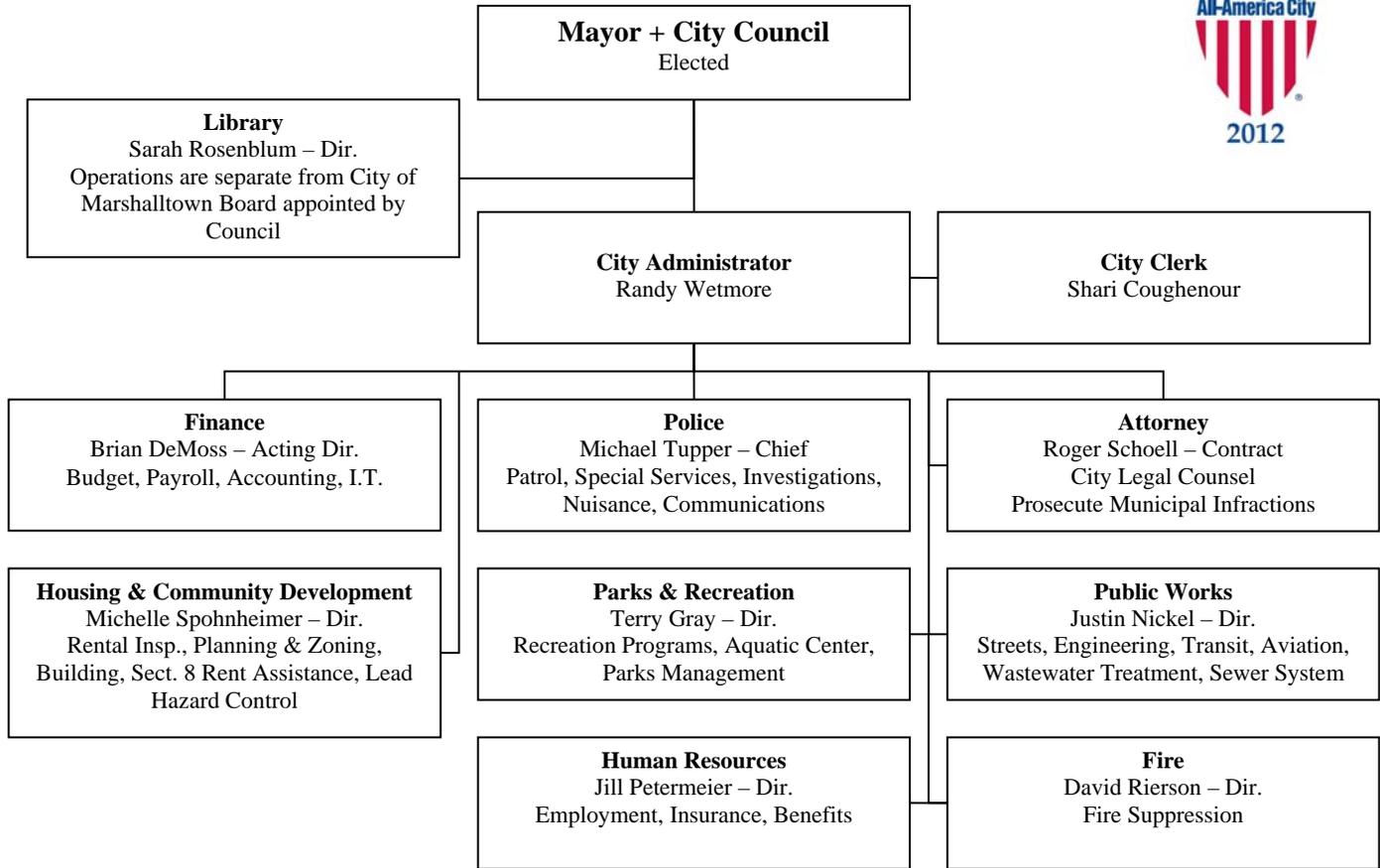
Presented to

City of Marshalltown
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



CITY OF MARSHALLTOWN, IOWA
OFFICIALS
JUNE 30, 2015

Name	Title	Term Expires
Elected officials:		
James Lowrance	Mayor	December 31, 2017
Bethany Wirin	Mayor Pro-Tem, Council At Large	December 31, 2017
Bill Martin	Council Member At Large	December 31, 2017
Leon Lamer	Council Member At Large	December 31, 2015
Robert Schubert	Council Member First Ward	December 31, 2017
Joel Greer	Council Member Second Ward	December 31, 2015
Mike Gowdy	Council Member Third Ward	December 31, 2017
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
Brian DeMoss	Acting Finance Director	Indefinite
David Rierson	Fire Chief	Indefinite
Michelle Spohnheimer	Housing & Community Dev. Director	Indefinite
Terry Gray	Parks and Recreation Director	Indefinite
Michael Tupper	Police Chief	Indefinite
Justin Nickel	Public Works Director	Indefinite
Jill Petermeier	Human Resources Director	Indefinite

FINANCIAL SECTION



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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshalltown, Iowa, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1, 7, and 16 to the financial statements, the City of Marshalltown, Iowa, has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 inquiries 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 our report dated January 15, 2016, 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Dubuque, Iowa
January 15, 2016

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, 2015. 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 \$71,746,010 (*net position*) as compared to \$66,639,024 in the prior year.
- The City's total net position increased by \$5,106,986. This increase is attributable to a reduction in expenses, primarily community and economic development expenses.
- As of the close of the current fiscal year, the City of Marshalltown's governmental funds reported combined ending fund balances of \$14,917,368 an increase of \$4,027,850 in comparison with the prior year. This increase was due to a reduction in debt service expenses.
- \$2,287,793 in unassigned fund balance is available for spending at the City's discretion. Prior year unassigned fund balance was 2,392,718
- The City's total debt had a net decrease of \$1,499,264 during the current fiscal year. This change reflects the retirement of existing bonds and the issuance of \$2,225,000 in new GO 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, deferred outflows, deferred inflows and liabilities, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Marshalltown is improving or deteriorating.

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

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

The business-type activities of the City of Marshalltown include compost, concessions, storm sewer, water pollution control and transportation activities.

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

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

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

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

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

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

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

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

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

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

Other information. The City's budgetary comparison schedule, other postemployment benefit plan information, and pension related schedules are 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$71,746,010 at the close of the most recent fiscal year.

By far, the largest portion of the City of Marshalltown's net position \$71,406,807 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, 2015

Governmental Activities

	<u>FY 2014-15</u>		<u>FY 2013-14</u>		<u>Increase (decrease)</u>
Current and other assets	\$ 30,742,926	\$	27,294,615	\$	3,448,311
Capital assets	43,151,237		44,538,815		(1,387,578)
Total assets	73,894,163		71,833,430		2,060,733
Deferred Outflows of Resources	2,141,995		-		2,141,995
Current and other liabilities	5,343,201		4,785,835		557,366
Noncurrent liabilities	29,984,533		22,402,449		7,582,084
Total liabilities	35,327,734		27,188,284		8,139,450

Deferred Inflow of Resources	14,964,815	11,296,887	3,667,928
Net position:			
Net investment in,			
capital assets	32,948,014	30,504,272	2,443,742
Restricted	10,119,191	8,457,793	1,661,398
Unrestricted	(17,323,596)	(5,613,806)	(11,709,790)
Total net position	\$ 25,743,609	\$ 33,348,259	\$ (7,604,650)

Business-type Activities

	FY 2014-15	FY 2013-14	Increase (decrease)
Current and other assets	\$ 10,645,421	\$ 15,090,948	\$ (4,445,527)
Capital assets	54,906,690	49,572,367	5,334,323
Total assets	65,552,111	64,663,315	888,796
Deferred Outflows of Resources	179,539	-	179,539
Current and other liabilities	2,361,491	2,610,582	(249,091)
Noncurrent liabilities	17,019,813	16,963,104	54,709
Total liabilities	19,381,304	19,573,686	(192,382)
Deferred Inflows of Resources	347,945	-	347,945
Net position:			
Net investment in,			
capital assets	38,458,793	40,565,122	(2,106,329)
Restricted	130,261	80,048	50,213
Unrestricted	7,413,347	4,444,459	2,968,888
Total net position	\$ 46,002,401	\$ 45,089,629	\$ 912,772

Total Net Position

	FY 2015-14	FY 2013-14	Increase (decrease)
Current and other assets	\$ 41,388,347	\$ 42,385,563	(997,216)
Capital assets	98,057,927	94,111,182	3,946,745
Total assets	139,446,274	136,496,745	2,949,529
Deferred Outflows of Resources	2,321,534	-	2,321,534
Current and other liabilities	7,704,692	7,396,417	308,275
Noncurrent liabilities	47,004,346	39,365,553	7,638,793
Total liabilities	54,709,038	46,761,970	7,947,068
Deferred Inflow of Resources	15,312,760	11,296,887	4,015,873
Net Position:			
Net investment in capital assets	71,406,807	71,069,394	337,413
Restricted	10,249,452	8,537,841	1,711,611
Unrestricted	(9,910,249)	(1,169,347)	(8,740,902)
Total net position	\$ 71,746,010	\$ 78,437,888	\$ (6,691,878)

A portion of the City of Marshalltown's governmental activities net position \$10,119,191 represents resources that are subject to external restrictions. Prior year comparison shows \$8,457,793, an increase of \$1,661,398.

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

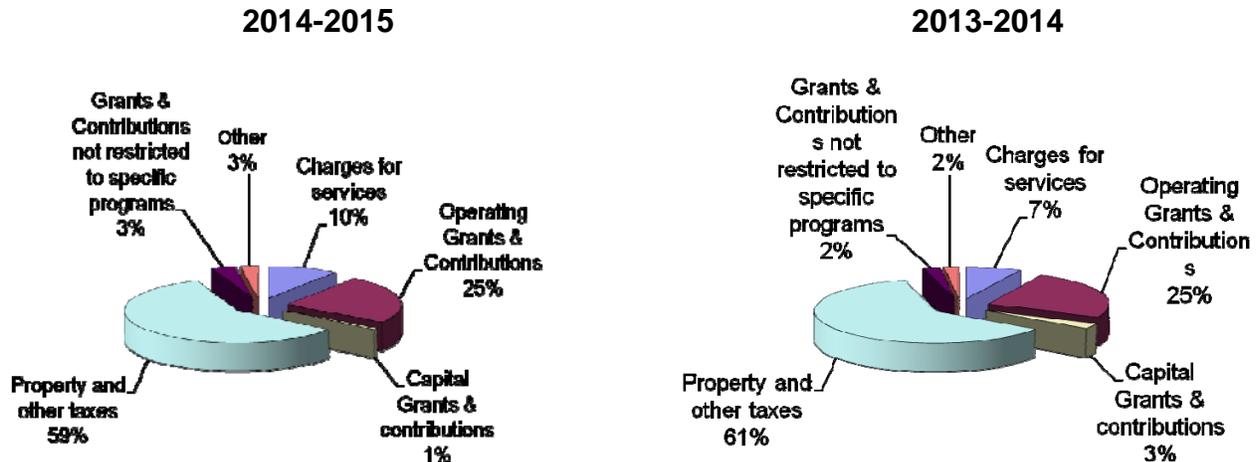
City of Marshalltown Changes in Net Position

	Governmental Activities		
	<u>FY 2014-15</u>	<u>FY 2013-14</u>	<u>Increase (decrease)</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 2,631,687	\$ 1,882,373	\$ 749,314
Operating grants and contributions	6,461,208	6,354,163	107,045
Capital grants and contributions	170,084	701,920	(531,836)
General Revenues			
Property and other taxes	15,532,463	15,814,997	(282,534)
Grants & contributions not restricted to specific programs	898,182	565,925	332,257
Other	660,348	493,213	167,135
Total Revenues	<u>26,353,972</u>	<u>25,812,591</u>	<u>541,381</u>
Expenses:			
Public safety	8,516,307	9,092,842	(576,535)
Public works	6,186,551	6,465,974	(279,423)
Health & social services	1,784,302	1,301,574	482,728
Culture and recreation	3,505,193	3,645,774	(140,581)
Community & economic development	1,370,533	3,051,319	(1,680,786)
General government	1,299,063	1,322,112	(23,049)
Interest on long term debt	425,967	627,060	(201,093)
Total expenses	<u>23,087,916</u>	<u>25,506,655</u>	<u>(2,418,739)</u>
Increase (decrease) in net position before transfers	3,266,056	305,936	2,960,120
Transfers	<u>(172,735)</u>	<u>(169,951)</u>	<u>(2,784)</u>
Increase (decrease) in net position	3,093,321	135,985	2,957,336
Net Position - beginning of year, as restated	<u>22,650,288</u>	<u>33,212,274</u>	<u>(10,561,986)</u>
Net Position - end of year	<u>\$ 25,743,609</u>	<u>\$ 33,348,259</u>	<u>\$ (7,604,650)</u>

Property and other taxes decreased by \$228,534 due to decreases in tax increment financing and property taxes.

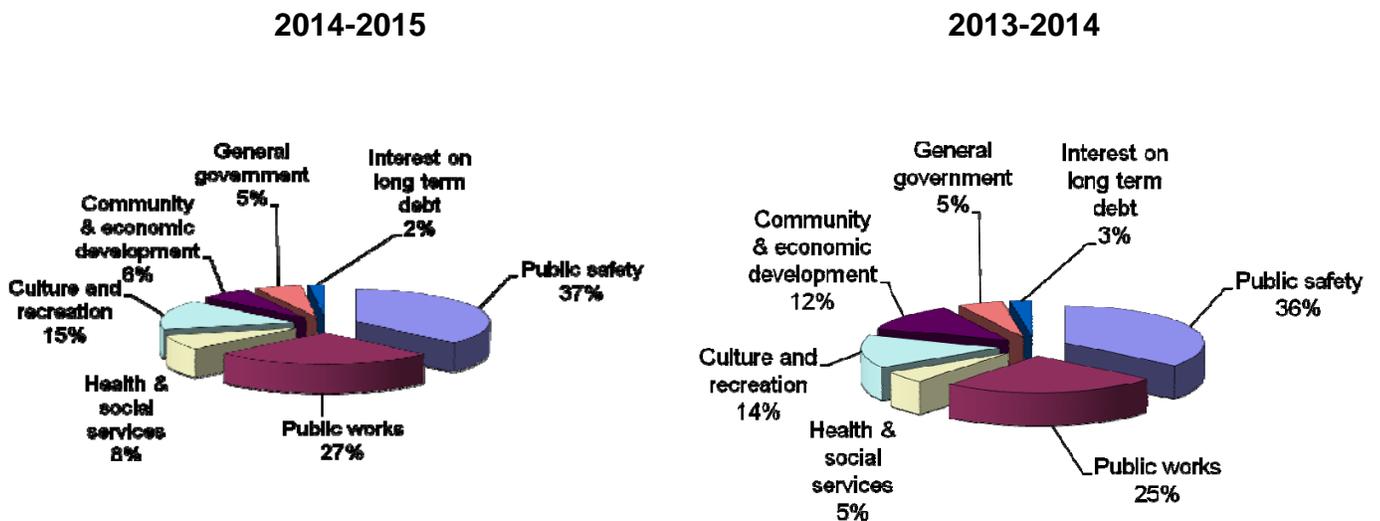
2014 amounts were not restated to reflect the adjustment to net position for the implementation of GASB Statement No 68.

Governmental Revenues as a Percent - Two Year Comparison



Community and economic development expenses decreased by \$1,680,786 due to the City completing projects related to several housing grants.

Governmental Expenses as a Percent - Two Year Comparison



Business-type Activities			
	FY 2014- 15	FY 2013- 14	Increase (decrease)
Revenues:			
Program Revenues:			
Charges for services	\$ 7,060,678	\$ 6,794,992	\$ 265,686
Operating grants and contributions	386,922	407,338	(20,416)
Capital grants and contributions	493,326	444,674	48,652
General Revenues			
Other	26,891	38,161	(11,270)
Total Revenues	<u>7,967,817</u>	<u>7,685,165</u>	<u>282,652</u>
Expenses:			
Business type	6,126,887	6,304,748	(177,861)
Total expenses	<u>6,126,887</u>	<u>6,304,748</u>	<u>(177,861)</u>
Increase in net position before transfers	1,840,930	1,380,417	460,513
Transfers	<u>172,735</u>	<u>169,951</u>	<u>2,784</u>
Increase in net position	2,013,665	1,550,368	463,297
Net Position - beginning of year, as restated	<u>43,988,736</u>	<u>43,539,261</u>	<u>449,475</u>
Net Position - end of year	<u>\$ 46,002,401</u>	<u>\$ 45,089,629</u>	<u>\$ 912,772</u>

Business type expenses decreased during 2014-15 due to less repairs and capital project expense in the fiscal year.

Total Governmental & Business-type Activities

	<u>FY 2014- 15</u>	<u>FY 2013- 14</u>	<u>Increase (decrease)</u>
Revenues:			
Program revenues:			
Charges for services	\$ 9,692,365	\$ 8,677,365	\$ 1,015,000
Operating grants and contributions	6,848,130	6,761,501	86,629
Capital grants and contributions	663,410	1,146,594	(483,184)
General revenues			-
Property and other taxes	15,532,463	15,814,997	(282,534)
Grants & contributions not restricted to specific programs	898,182	565,925	332,257
Other	687,239	531,374	155,865
Total revenues	<u>34,321,789</u>	<u>33,497,756</u>	<u>824,033</u>
Expenses:			
Public safety	8,516,307	9,092,842	(576,535)
Public works	6,186,551	6,465,974	(279,423)
Health and social services	1,784,302	1,301,574	482,728
Culture and recreation	3,505,193	3,645,774	(140,581)
Community and economic development	1,370,533	3,051,319	(1,680,786)
General government	1,299,063	1,322,112	(23,049)
Interest on long term debt	425,967	627,060	(201,093)
Business type	<u>6,126,887</u>	<u>6,304,748</u>	<u>(177,861)</u>
Total expenses	<u>29,214,803</u>	<u>31,811,403</u>	<u>(2,596,600)</u>
Increase in net position	5,106,986	1,686,353	3,420,633
Net position - beginning of year, as restited	<u>66,639,024</u>	<u>76,751,535</u>	<u>(10,122,511)</u>
Net position - end of year	\$ <u><u>71,746,010</u></u>	\$ <u><u>78,437,888</u></u>	\$ <u><u>(6,691,878)</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, unassigned fund balance may serve as useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Marshalltown's governmental funds reported a combined ending fund balance of \$14,917,368, an increase of \$4,027,850 in comparison with the prior year. Of this total amount \$2,287,793 is unassigned fund balance, which is available to meet the future financial needs of the City. \$11,995,749 is restricted, \$250,000 is committed and \$383,826 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 \$2,371,948, \$694,247 has been restricted and \$250,000 committed. The remaining \$237,568 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 \$2,666,151 is an increase of \$278,022 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 \$1,356,681 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 increase in the balance this year of \$687,094 was due no additional projects being started during the fiscal to save for future projects.

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 decreased due to 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.

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 \$46,002,401, a net position increase of \$2,013,665.

Budgetary Highlights

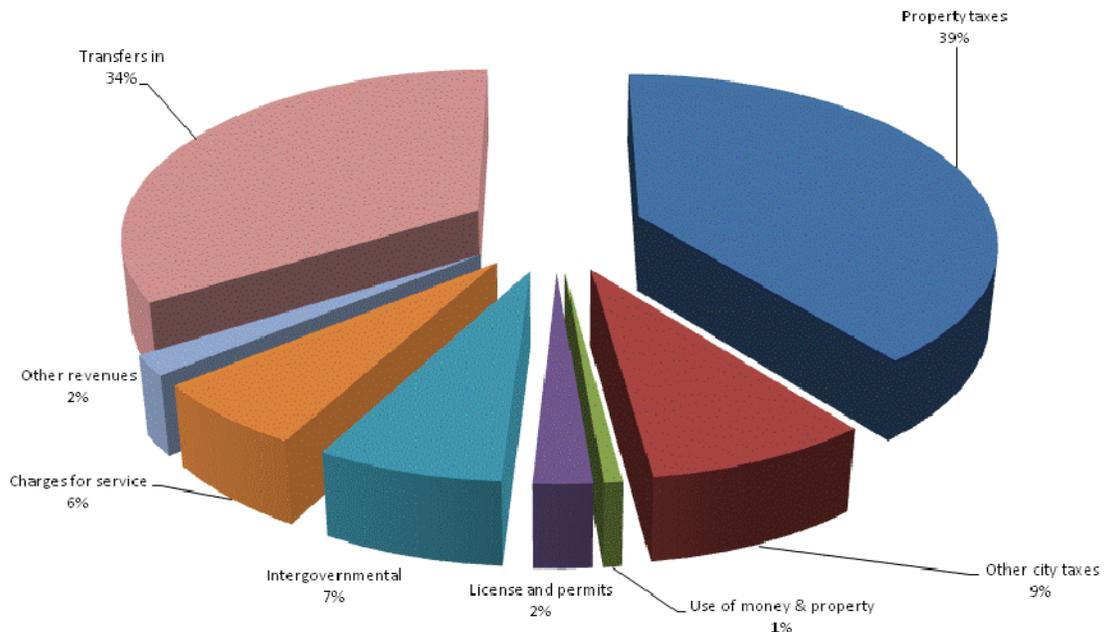
General Fund

Revenues and transfers in for the general fund operations, on the GAAP basis, were greater than revenues estimates by \$147,788 and departmental expenditures and transfers out on the GAAP basis were \$198,384 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, 2015, and the amount and percentage of increases and decreases.

Revenues	FY 2014-15	Percentage of Total	FY 2013-14	Percentage of Total	Change	Percentage of Change
Property taxes	5,684,978	39.45%	6,049,691	41.70%	(364,713)	-379.36%
Other city taxes	1,224,633	8.50%	1,187,602	8.19%	37,031	38.52%
Use of money & property	101,113	0.70%	120,970	0.83%	(19,857)	-20.65%
License and permits	321,446	2.23%	391,091	2.70%	(69,645)	-72.44%
Intergovernmental	1,012,319	7.03%	809,834	5.58%	202,485	210.62%
Charges for service	895,920	6.22%	807,082	5.56%	88,838	92.41%
Other revenues	273,096	1.90%	351,408	2.42%	(78,312)	-81.47%
Transfers in	4,896,538	33.98%	4,788,503	33.01%	108,035	112.37%
Total	14,410,043	100.00%	14,506,181	100.00%	-96,138	100.00%

2015 General Fund Revenues and Transfers

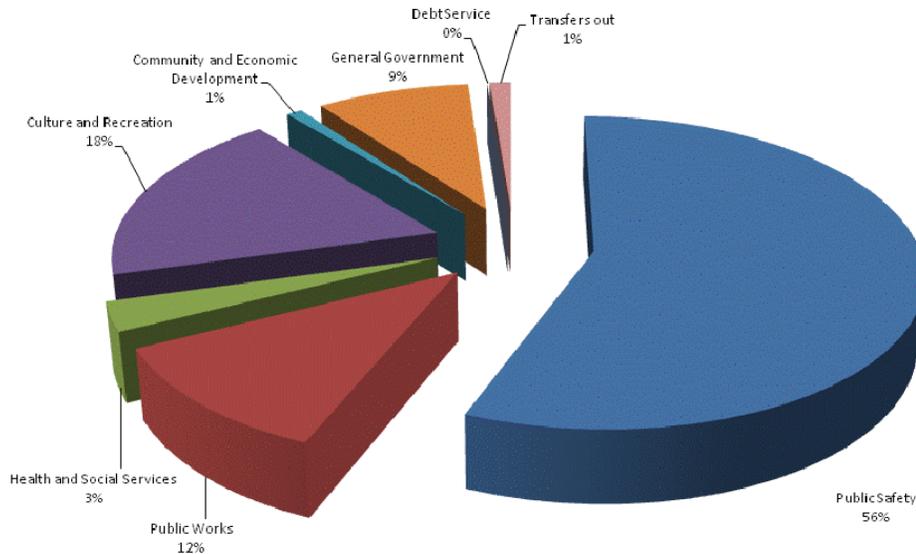


Current and prior year's property taxes continue to represent the largest revenue source, with \$5.6 million or 39.45% of all general fund revenues. The decrease in property tax revenues from 2014 was \$364,713. The next largest revenue is Transfers In. All general fund employee benefits are reflected 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 2014-15	Percentage of Total	FY 2013-14	Percentage of Total	Change	Percentage of Change
Public Safety	\$ 8,185,211	56.03%	\$ 8,839,884	58.40%	\$ (654,673)	-124.20%
Public Works	1,677,313	11.48%	1,635,380	10.80%	41,933	7.96%
Health and Social Services	441,290	3.02%	448,301	2.96%	(7,011)	-1.33%
Culture and Recreation	2,684,275	18.37%	2,581,438	17.06%	102,837	19.51%
Community and Economic Development	131,238	.90%	170,007	1.12%	(38,769)	-7.36%
General Government	1,273,399	8.71%	1,252,426	8.27%	20,973	3.98%
Debt Service	36,716	0.26%	13,840	0.09%	22,876	4.34%
Transfers out	178,985	1.23%	194,254	1.28%	(15,269)	-2.90%
Total	14,608,427	100.0%	15,135,530	100.00%	-527,103	100.00%

2015 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 decreased approximately \$527 thousand 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

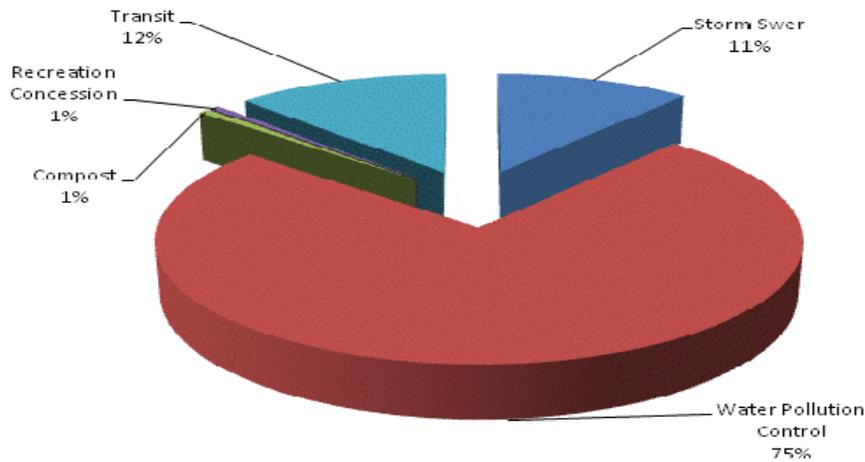
The City's enterprise operations consist of five separately accounted for operations, which are administered by three different departments. Transit and the Compost facility are operated by the Public Works Department, Recreation Concessions is administered by Parks & Recreation and the Water Pollution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

Operating revenues for the City's combined enterprise operations increased by \$285,436. This increase is primarily due to increased charges for services. Total operating expenses for the combined enterprise operations decreased by 177,861. This was due to division heads monitoring expenses and utilizing cost saving measures.

Revenues	FY 2014-15	Percentage of Total	FY 2013-14	Percentage of Total	Change	Percentage of Change
Charges for Services	\$ 7,060,678	86.73%	\$ 6,794,992	86.5%	\$ 265,686	93.08%
Operating Grants and Contributions	386,922	4.75%	407,338	5.2%	(20,416)	-7.15%
Capital Grants and contributions	493,326	6.06%	444,674	5.7%	48,652	17.04%
General Revenues						
Other	26,891	0.33%	38,161	0.5%	(11,270)	-3.95%
Transfers in	172,735	2.12%	169,951	2.16%	2,784	0.98%
Total	8,140,552	100.00%	7,855,116	100.0%	285,436	100.00%

Expenditures	FY 2014-15	Percentage of Total	FY 2013-14	Percentage of Total	Change	Percentage of Change
Storm Sewer	\$ 698,627	11.4%	\$ 786,788	12.5%	\$ (88,161)	49.6%
Water Pollution Control	4,584,245	74.8%	4,608,246	73.1%	(24,001)	13.5%
Compost	42,054	0.7%	39,846	0.6%	2,208	-1.2%
Recreation Concession	34,907	0.6%	42,535	0.7%	(7,628)	4.3%
Transit	767,054	12.5%	827,333	13.1%	(60,279)	33.8%
Total	6,126,887	100.0%	6,304,748	100.0%	-177,861	100.00%

Enterprise Expenses 2015



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, 2015 amount to \$165,214,693. 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 \$7,394,301.

City of Marshalltown's 2015 Capital Assets

Governmental Activities

	FY 2014-15	FY 2013-14	Increase (decrease)
Land and Improvements	6,389,098	6,389,098	-
Buildings and Structures	17,707,821	17,674,420	33,401
Equipment and vehicles	16,260,561	16,204,870	55,691
Infrastructure	38,486,018	38,486,018	-
Construction in Progress	1,113,923	224,207	889,716
Total	79,957,421	78,978,613	978,808

Business Type Activities

	FY 2014-15	FY 2013-14	Increase (decrease)
Land and Improvements	3,102,423	3,102,423	-
Buildings and Structures	10,845,457	10,871,006	(25,549)
Machinery and Equipment	17,957,207	16,072,635	1,884,572
Infrastructure, sewers & lift stations	43,675,788	43,675,788	-
Construction in Progress	9,676,399	5,119,931	4,556,468
Total	85,257,274	78,841,783	6,415,491

Total Governmental and Business Type Activities

	FY 2014-15	FY 2013-14	Increase (decrease)
Land and Improvements	9,491,521	9,491,521	-
Buildings and Structures	28,553,278	28,545,426	7,852
Machinery and Equipment	34,217,768	32,277,505	1,940,263
Infrastructure, sewers & lift stations	82,161,806	82,161,806	-
Construction in Progress	10,790,322	5,344,138	5,446,184
Total	165,214,695	157,820,396	7,394,299

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

- Water pollution and street projects continuing.
- Various machinery and equipment purchases throughout the year including a new bus for transit, and new vehicles for several departments.

Additional information on the City' of Marshalltown's capital assets can be found in Note 5 on pages 56-58 of this report.

Long-term debt. At the end of the current fiscal year, the City of Marshalltown had total bonded debt outstanding of \$36,927,806. Of this amount, \$25,070,000 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.

		Governmental Activities		
		FY 2014-15	FY 2013-14	Increase (decrease)
General obligation bonds				
and notes payable	\$	20,557	\$ 21,267	(710)
Revenue bonds and notes payable		-	-	-
Total		20,557	21,267	(710)

		Business Type Activities		
		FY 2014-15	FY 2013-14	Increase (decrease)
General obligation bonds				
and notes payable	\$	5,325	\$ 5,058	267
Revenue bonds and notes payable		11,710	12,727	(1,017)
Total		17,035	17,785	(750)

Total Governmental and Business Type Activities			
	FY 2014-15	FY 2013-14	Increase (decrease)
General obligation bonds and notes payable	\$ 25,882	\$ 26,325	(443)
Revenue bonds and notes payable	11,710	12,727	(1,460)
Total	37,592	39,052	(1,903)

The City of Marshalltown's total bonded debt decreased by approximately \$2,965,000 during the current fiscal year due to:

- The issuance of \$2,925,000 less normal retirement of debt in the amount of \$4,424,264.

Moody's Investors Service rated the City on November 3, 2015. 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 \$74,232,892, 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 58-62 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 ended 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 completed its development of 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 have finalized 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 and began leasing in December 2013.

The budget for the ensuing fiscal year 2016 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.

The following items are also forefront in revenue and expenditure projections: (a) The City's contribution rate for Police and Fire retirement system decreased in the next fiscal year. This rates fluctuates on an annual basis. With the improvements of the system's investments the City will closely monitor if it will rise again. (b) The Iowa Public Employees Retirement System maintained the same rate for the next fiscal year. (c) Compliance with sanitary and storm water regulations will continue to be implemented over the

next several years. Sewer rates have been increased to accommodate the costs with these mandates. (d) The cost of health care continues to rise. The City has experienced an increase in health related claims but no change in premiums will occur for the next fiscal year. Changes in claims are always a factor that the City continues to monitor. More preventive care options are encouraged to help avoid the high dollar claims. The claims are reviewed on a quarterly basis by the insurance committee.

Developments in commercial ventures will positively impact the property tax base and sales tax revenues within the next two to five years as progress on the new construction of an Alliant Energy gas fired plants continues and the construction of a new hospital has started.

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.

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CITY OF MARSHALLTOWN, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Marshalltown Water Works	Marshalltown Convention and Visitors Bureau
Assets					
Cash and cash equivalents	\$ 16,936,244	\$ 9,136,245	\$ 26,072,489	\$ 2,450,198	\$ 162,204
Receivables					
Property taxes					
Delinquent	119,079	-	119,079	-	-
Succeeding year	11,228,611	-	11,228,611	-	-
Accounts and unbilled usage	680,741	865,786	1,546,527	370,750	-
Special assessments	56,876	-	56,876	-	-
Due from component unit	13,690	403,331	417,021	-	-
Due from other governments	1,323,859	9,983	1,333,842	-	-
Inventories	107,955	29,119	137,074	-	-
Prepaid items	275,871	70,696	346,567	40,399	1,969
Restricted assets					
Cash and cash equivalents	-	130,261	130,261	587,224	-
Capital assets					
Land	4,000,014	891,438	4,891,452	1,112,721	-
Land improvements	2,389,084	2,210,985	4,600,069	-	-
Buildings and structures	17,707,821	10,845,457	28,553,278	10,513,943	-
Equipment and vehicles	16,260,561	17,957,207	34,217,768	2,396,383	98,890
Sanitary sewers and lift stations	-	28,147,362	28,147,362	-	-
Infrastructure	38,486,018	15,528,426	54,014,444	11,144,942	-
Construction in progress	1,113,923	9,676,399	10,790,322	-	-
Accumulated depreciation	(36,806,184)	(30,350,584)	(67,156,768)	(14,225,070)	(55,356)
Total assets	73,894,163	65,552,111	139,446,274	14,391,490	207,707
Deferred outflows of resources					
Pension related deferred outflows	2,141,995	179,539	2,321,534	109,630	-

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Marshalltown Water Works	Marshalltown Convention and Visitors Bureau
Liabilities					
Accounts payable	\$ 870,197	\$ 539,437	\$ 1,409,634	\$ 77,560	\$ 34,557
Accrued payroll and payroll benefits	492,561	84,046	576,607	55,728	6,737
Retainage payable	315,217	133,528	448,745	-	-
Deposits payable	152,162	-	152,162	-	-
Due to other governments	100,335	19,498	119,833	-	-
Accrued interest payable	34,012	36,137	70,149	-	-
Due to primary government	-	-	-	417,021	-
Liabilities payable from restricted assets					
Customer deposits	-	-	-	173,995	-
Noncurrent liabilities					
Due within one year					
Bonds and notes payable	3,066,991	1,504,186	4,571,177	-	-
Compensated absences payable	311,726	44,659	356,385	94,774	-
Due in more than one year					
Bonds and notes payable	17,489,700	15,530,968	33,020,668	-	-
Compensated absences payable	814,847	209,430	1,024,277	-	-
Net Pension liability	8,146,627	861,354	9,007,981	1,770,492	-
Net OPEB liability	3,533,359	418,061	3,951,420	87,421	-
Total liabilities	<u>35,327,734</u>	<u>19,381,304</u>	<u>54,709,038</u>	<u>2,676,991</u>	<u>41,294</u>
Deferred inflows of resources					
Succeeding year property taxes	11,228,611	-	11,228,611	-	-
Pension related deferred inflows	<u>3,736,204</u>	<u>347,945</u>	<u>4,084,149</u>	<u>117,020</u>	<u>-</u>
Total deferred inflows of resources	<u>14,964,815</u>	<u>347,945</u>	<u>15,312,760</u>	<u>117,020</u>	<u>-</u>
Net position					
Net investment in capital assets	32,948,014	38,458,793	71,406,807	10,942,919	43,534
Restricted for					
Capital improvements	5,504,376	-	5,504,376	-	-
Community development	216,297	-	216,297	-	-
Debt service	46,959	130,261	177,220	-	-
Employee Benefits	2,161,420	-	2,161,420	-	-
Emergency Communications	367,709	-	367,709	-	-
Other Purposes	1,822,430	-	1,822,430	-	-
Unrestricted	<u>(17,323,596)</u>	<u>7,413,347</u>	<u>(9,910,249)</u>	<u>764,190</u>	<u>122,879</u>
Total net position	<u>\$ 25,743,609</u>	<u>\$ 46,002,401</u>	<u>\$ 71,746,010</u>	<u>\$ 11,707,109</u>	<u>\$ 166,413</u>

See notes to financial statements.

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
Public safety	\$ 8,516,307	\$ 150,181	\$ 689,346	\$ 35,773
Public works	6,186,551	1,529,047	3,059,696	68,877
Health and social services	1,784,302	52,534	1,417,622	-
Culture and recreation	3,505,193	449,155	124,026	65,434
Community and economic development	1,370,533	278,924	1,168,723	-
General government	1,299,063	171,846	1,795	-
Interest on long-term debt	425,967	-	-	-
Total governmental activities	<u>23,087,916</u>	<u>2,631,687</u>	<u>6,461,208</u>	<u>170,084</u>
Business-type activities				
Water pollution control	4,584,245	6,066,644	-	311,829
Storm sewer	698,627	776,483	34,944	181,497
Compost	42,054	74,687	-	-
Transit	767,054	110,342	351,978	-
Concessions	34,907	32,522	-	-
Total business-type activities	<u>6,126,887</u>	<u>7,060,678</u>	<u>386,922</u>	<u>493,326</u>
Total primary government	<u>\$ 29,214,803</u>	<u>\$ 9,692,365</u>	<u>\$ 6,848,130</u>	<u>\$ 663,410</u>
Component units				
Water works	\$ 3,287,029	\$ 3,583,861	\$ -	\$ -
Convention and visitors bureau	348,625	309,585	-	-
Total component units	<u>\$ 3,635,654</u>	<u>\$ 3,893,446</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, as restated

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
\$ (7,641,007)	\$ -	\$ (7,641,007)	\$ -	\$ -
(1,528,931)	-	(1,528,931)	-	-
(314,146)	-	(314,146)	-	-
(2,866,578)	-	(2,866,578)	-	-
77,114	-	77,114	-	-
(1,125,422)	-	(1,125,422)	-	-
(425,967)	-	(425,967)	-	-
<u>(13,824,937)</u>	<u>-</u>	<u>(13,824,937)</u>	<u>-</u>	<u>-</u>
-	1,794,228	1,794,228	-	-
-	294,297	294,297	-	-
-	32,633	32,633	-	-
-	(304,734)	(304,734)	-	-
-	(2,385)	(2,385)	-	-
-	<u>1,814,039</u>	<u>1,814,039</u>	-	-
<u>\$ (13,824,937)</u>	<u>\$ 1,814,039</u>	<u>\$ (12,010,898)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 296,832	\$ -
-	-	-	-	(39,040)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,832</u>	<u>\$ (39,040)</u>
\$ 9,777,342	\$ -	\$ 9,777,342	\$ -	\$ -
1,219,210	-	1,219,210	-	-
3,164,249	-	3,164,249	-	-
884,215	-	884,215	-	-
474,474	-	474,474	-	-
12,973	-	12,973	-	-
845,140	-	845,140	-	-
53,042	26,891	79,933	5,503	646
660,348	-	660,348	-	11
(172,735)	172,735	-	-	-
<u>16,918,258</u>	<u>199,626</u>	<u>17,117,884</u>	<u>5,503</u>	<u>657</u>
3,093,321	2,013,665	5,106,986	302,335	(38,383)
<u>22,650,288</u>	<u>43,988,736</u>	<u>66,639,024</u>	<u>11,404,774</u>	<u>204,796</u>
<u>\$ 25,743,609</u>	<u>\$ 46,002,401</u>	<u>\$ 71,746,010</u>	<u>\$ 11,707,109</u>	<u>\$ 166,413</u>

CITY OF MARSHALLTOWN, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue		
	General	Road Use Tax	Local Option Sales Tax
Assets			
Cash and cash equivalents	\$ 3,614,228	\$ 2,360,098	\$ 2,470,384
Receivables			
Property taxes			
Delinquent	56,759	-	-
Succeeding year	6,530,994	-	-
Accounts and unbilled usage	219,670	-	-
Special assessments	-	-	-
Due from other funds	106,099	-	-
Due from component unit	13,690	-	-
Due from other governments	193,267	283,300	506,624
Inventory	-	107,955	-
Prepaid items	237,568	9,694	-
Total assets	<u>\$ 10,972,275</u>	<u>\$ 2,761,047</u>	<u>\$ 2,977,008</u>
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ 248,477	\$ 94,389	\$ 16,737
Accrued payroll and payroll benefits	467,075	507	-
Retainage payable	-	-	-
Due to other governments	100,335	-	-
Due to other funds	-	-	-
Total liabilities	<u>815,887</u>	<u>94,896</u>	<u>16,737</u>
Deferred inflows of resources			
Unavailable revenue- property taxes	6,530,994	-	-
Unavailable revenue- special assessments	-	-	-
Unavailable revenue- other	62,792	-	-
Unavailable revenue- Intergovernmental	8,839	-	-
Total deferred inflows of resources	<u>6,602,625</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	237,568	117,649	-
Restricted	694,247	2,548,502	2,960,271
Committed	250,000	-	-
Unassigned	2,371,948	-	-
Total fund balances	<u>3,553,763</u>	<u>2,666,151</u>	<u>2,960,271</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,972,275</u>	<u>\$ 2,761,047</u>	<u>\$ 2,977,008</u>

See notes to financial statements.

Funds			Capital Projects Funds		
Property Tax	HUD Programs	Debt Service	Public Works and Other Projects	Nonmajor Governmental Funds	Total
\$ 2,144,404	\$ 36,151	\$ 22,041	\$ 2,313,317	\$ 1,043,716	\$ 14,004,339
15,092	-	22,187	4,417	20,624	119,079
1,555,719	-	2,675,342	466,556	-	11,228,611
-	15,836	-	442,886	-	678,392
-	-	-	56,876	-	56,876
-	-	-	-	-	106,099
-	-	-	-	-	13,690
1,924	224,979	2,731	16,027	95,007	1,323,859
-	-	-	-	-	107,955
-	11,974	-	-	16,635	275,871
<u>\$ 3,717,139</u>	<u>\$ 288,940</u>	<u>\$ 2,722,301</u>	<u>\$ 3,300,079</u>	<u>\$ 1,175,982</u>	<u>\$ 27,914,771</u>
\$ -	\$ 52,891	\$ -	\$ 114,066	\$ 8,337	\$ 534,897
-	19,752	-	-	5,227	492,561
-	-	-	315,217	-	315,217
-	-	-	-	-	100,335
-	-	-	-	106,099	106,099
-	72,643	-	429,283	119,663	1,549,109
1,555,719	-	2,675,342	466,556	-	11,228,611
-	-	-	56,868	-	56,868
-	15,126	-	-	-	77,918
-	60,594	-	15,464	-	84,897
<u>1,555,719</u>	<u>75,720</u>	<u>2,675,342</u>	<u>538,888</u>	<u>-</u>	<u>11,448,294</u>
-	11,974	-	-	16,635	383,826
2,161,420	128,603	46,959	2,331,908	1,123,839	11,995,749
-	-	-	-	-	250,000
-	-	-	-	(84,155)	2,287,793
<u>2,161,420</u>	<u>140,577</u>	<u>46,959</u>	<u>2,331,908</u>	<u>1,056,319</u>	<u>14,917,368</u>
<u>\$ 3,717,139</u>	<u>\$ 288,940</u>	<u>\$ 2,722,301</u>	<u>\$ 3,300,079</u>	<u>\$ 1,175,982</u>	<u>\$ 27,914,771</u>

CITY OF MARSHALLTOWN, IOWA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total governmental fund balances \$ 14,917,368

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	\$ 79,957,421	
Accumulated depreciation is	<u>(36,806,184)</u>	
		43,151,237

Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are recognized as deferred inflows of resources, in the governmental funds. 219,683

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds.

Pension related deferred outflows	2,141,995	
Pension related deferred inflows	<u>(3,736,204)</u>	
		(1,594,209)

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. 2,446,792

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	(20,556,691)	
Accrued interest on the bonds	(34,012)	
Compensated absences	(1,126,573)	
Net Pension liability	(8,146,627)	
Net OPEB liability	<u>(3,533,359)</u>	
		<u>(33,397,262)</u>

Net position of governmental activities \$ 25,743,609

See notes to financial statements.

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CITY OF MARSHALLTOWN, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue		
	General	Road Use Tax	Local Option Sales Tax
Revenues			
Property taxes	\$ 5,684,978	\$ -	\$ -
TIF revenues	-	-	-
Other city taxes	1,224,633	-	3,164,249
Use of money and property	101,113	-	5,863
Licenses and permits	321,446	-	-
Intergovernmental	1,012,319	2,935,652	-
Charges for service	895,920	-	-
Special assessments	-	-	-
Miscellaneous	273,096	-	-
Total revenues	<u>9,513,505</u>	<u>2,935,652</u>	<u>3,170,112</u>
Expenditures			
Current			
Public safety	8,185,211	-	18,589
Public works	1,677,313	1,807,630	14,429
Health and social services	441,290	-	-
Culture and recreation	2,684,275	-	-
Community and economic development	131,238	-	-
General government	1,273,399	-	-
Debt service			
Principal	36,716	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>14,429,442</u>	<u>1,807,630</u>	<u>33,018</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,915,937)</u>	<u>1,128,022</u>	<u>3,137,094</u>
Other financing sources (uses)			
General obligation bonds issued	-	-	-
Premium on general obligation bonds issued	-	-	-
Transfers in	4,896,538	-	-
Transfers out	(178,985)	(850,000)	(2,450,000)
Total other financing sources (uses)	<u>4,717,553</u>	<u>(850,000)</u>	<u>(2,450,000)</u>
Net change in fund balances	(198,384)	278,022	687,094
Fund balances - beginning	<u>3,752,147</u>	<u>2,388,129</u>	<u>2,273,177</u>
Fund balances - ending	<u>\$ 3,553,763</u>	<u>\$ 2,666,151</u>	<u>\$ 2,960,271</u>

See notes to financial statements.

Funds			Capital Projects Funds		Nonmajor Governmental Funds	Total
Property Tax	HUD Programs	Debt Service	Public Works and Other Projects			
\$ 1,508,216	\$ -	\$ 2,142,653	\$ 441,495	\$ -	\$ 9,777,342	
-	-	-	-	1,219,210	1,219,210	
140,362	-	189,337	41,088	274,188	5,033,857	
826	518	1,640	10,739	4,158	124,857	
-	-	-	-	-	321,446	
131,764	2,670,032	183,065	106,270	432,140	7,471,242	
-	8	58	455	67,634	964,075	
-	-	-	14,738	-	14,738	
-	23,018	-	1,572,493	233,965	2,102,572	
<u>1,781,168</u>	<u>2,693,576</u>	<u>2,516,753</u>	<u>2,187,278</u>	<u>2,231,295</u>	<u>27,029,339</u>	
8,534	-	-	120,827	580,544	8,913,705	
-	-	-	1,862,120	25,284	5,386,776	
-	1,451,227	-	-	-	1,892,517	
-	-	-	-	150,873	2,835,148	
-	1,129,834	-	-	120,373	1,381,445	
-	-	-	-	-	1,273,399	
-	-	2,935,000	-	-	2,971,716	
-	-	457,343	-	-	457,343	
<u>8,534</u>	<u>2,581,061</u>	<u>3,392,343</u>	<u>1,982,947</u>	<u>877,074</u>	<u>25,112,049</u>	
<u>1,772,634</u>	<u>112,515</u>	<u>(875,590)</u>	<u>204,331</u>	<u>1,354,221</u>	<u>1,917,290</u>	
-	-	-	2,225,000	-	2,225,000	
-	-	-	58,295	-	58,295	
2,450,000	37,802	874,324	-	10,176	8,268,840	
(3,625,249)	-	-	(442,597)	(894,744)	(8,441,575)	
<u>(1,175,249)</u>	<u>37,802</u>	<u>874,324</u>	<u>1,840,698</u>	<u>(884,568)</u>	<u>2,110,560</u>	
597,385	150,317	(1,266)	2,045,029	469,653	4,027,850	
<u>1,564,035</u>	<u>(9,740)</u>	<u>48,225</u>	<u>286,879</u>	<u>586,666</u>	<u>10,889,518</u>	
<u>\$ 2,161,420</u>	<u>\$ 140,577</u>	<u>\$ 46,959</u>	<u>\$ 2,331,908</u>	<u>\$ 1,056,319</u>	<u>\$ 14,917,368</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, 2015

Net change in fund balances – total governmental funds	\$ 4,027,850
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	\$ 1,439,787
Book value of disposals	(17,518)
Depreciation expense	<u>(2,809,848)</u>
Net change in capital assets	(1,387,579)
Because some revenues will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues and are unavailable in the governmental funds. Unavailable revenues decreased by these amounts this year:	
Intergovernmental	(121,844)
Charges for service	<u>(536,005)</u>
Net effect	(657,849)
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	2,993,149
Debt proceeds, including premiums	<u>(2,283,295)</u>
Net effect	709,854
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:	
Decrease in accrued interest	27,643
Increase in compensated absences	(2,600)
Increase in net OPEB liability	(403,561)
Pension expense	<u>957,135</u>
Total additional expenses	578,617
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.	<u>(177,572)</u>
Change in net position of governmental activities	<u>\$ 3,093,321</u>

See notes to financial statements.

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CITY OF MARSHALLTOWN, IOWA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities - Enterprise Funds				Governmental
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Activities - Internal Service Funds
Assets					
Current assets					
Cash and cash equivalents	\$ 8,250,520	\$ 505,117	\$ 380,608	\$ 9,136,245	\$ 2,931,905
Receivables					
Accounts and unbilled usage	815,068	49,565	1,153	865,786	2,349
Due from component unit	331,743	71,588	-	403,331	-
Due from other governments	-	-	9,983	9,983	-
Inventories	24,856	-	4,263	29,119	-
Prepaid items	40,694	12,265	17,737	70,696	-
Total current assets	9,462,881	638,535	413,744	10,515,160	2,934,254
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	130,261	-	-	130,261	-
Capital assets					
Land	376,719	504,282	10,437	891,438	-
Land improvements	1,937,889	30,000	243,096	2,210,985	-
Buildings and structures	10,135,409	6,000	704,048	10,845,457	-
Equipment and vehicles	15,640,345	356,366	1,960,496	17,957,207	-
Sanitary sewers and lift stations	28,036,557	110,805	-	28,147,362	-
Infrastructure	-	15,528,426	-	15,528,426	-
Construction in progress	9,427,344	249,055	-	9,676,399	-
Accumulated depreciation	(24,268,738)	(4,637,493)	(1,444,353)	(30,350,584)	-
Total noncurrent assets	41,415,786	12,147,441	1,473,724	55,036,951	-
Total assets	50,878,667	12,785,976	1,887,468	65,552,111	2,934,254
Deferred Outflows of Resources					
Pension related deferred outflows	115,034	25,246	39,259	179,539	-

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities - Enterprise Funds				Governmental
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Activities - Internal Service Funds
Liabilities					
Current liabilities					
Accounts payable	\$ 523,070	\$ 4,200	\$ 12,167	\$ 539,437	\$ 335,300
Accrued payroll and payroll benefits	52,852	11,533	19,661	84,046	-
Deposits payable	-	-	-	-	152,162
Retainage payable	133,528	-	-	133,528	-
Due to other governments	19,498	-	-	19,498	-
Accrued interest payable	36,137	-	-	36,137	-
Compensated absences	31,527	7,743	5,389	44,659	-
General obligation bonds	365,000	-	-	365,000	-
Sewer revenue capital loan note	97,186	-	-	97,186	-
Revenue bonds	1,042,000	-	-	1,042,000	-
Total current liabilities	<u>2,300,798</u>	<u>23,476</u>	<u>37,217</u>	<u>2,361,491</u>	<u>487,462</u>
Noncurrent liabilities					
Compensated absences	158,541	25,793	25,096	209,430	-
General obligation bonds	4,340,702	-	-	4,340,702	-
Sewer revenue capital loan note	522,266	-	-	522,266	-
Revenue bonds	10,668,000	-	-	10,668,000	-
Net OPEB liability	273,833	115,382	28,846	418,061	-
Net Pension liability	544,532	113,178	203,644	861,354	-
Total noncurrent liabilities	<u>16,507,874</u>	<u>254,353</u>	<u>257,586</u>	<u>17,019,813</u>	<u>-</u>
Total liabilities	<u>18,808,672</u>	<u>277,829</u>	<u>294,803</u>	<u>19,381,304</u>	<u>487,462</u>
Deferred Inflows of Resources					
Pension related deferred inflows	223,692	49,755	74,498	347,945	-
Net position					
Net investment in capital assets	24,837,628	12,147,441	1,473,724	38,458,793	-
Restricted for					
Bond and interest payments	130,261	-	-	130,261	-
Unrestricted	6,993,448	336,197	83,702	7,413,347	2,446,792
Total net position	<u>\$ 31,961,337</u>	<u>\$ 12,483,638</u>	<u>\$ 1,557,426</u>	<u>\$ 46,002,401</u>	<u>\$ 2,446,792</u>

See notes to financial statements.

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds				Governmental
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Activities - Internal Service Funds
Operating revenues					
Charges for service	\$ 5,875,990	\$ 776,483	\$ 217,551	\$ 6,870,024	\$ 2,188,914
Miscellaneous	<u>190,654</u>	<u>-</u>	<u>-</u>	<u>190,654</u>	<u>347,654</u>
Total operating revenues	<u>6,066,644</u>	<u>776,483</u>	<u>217,551</u>	<u>7,060,678</u>	<u>2,536,568</u>
Operating expenses					
Salaries and benefits	1,309,265	299,682	446,164	2,055,111	-
Services and supplies	1,369,142	72,032	237,995	1,679,169	1,573
Claims paid	-	-	-	-	2,251,930
Health insurance premiums	-	-	-	-	316,380
Depreciation	1,283,352	326,913	159,856	1,770,121	-
Miscellaneous	<u>52,950</u>	<u>-</u>	<u>-</u>	<u>52,950</u>	<u>150,558</u>
Total operating expenses	<u>4,014,709</u>	<u>698,627</u>	<u>844,015</u>	<u>5,557,351</u>	<u>2,720,441</u>
Operating income (loss)	<u>2,051,935</u>	<u>77,856</u>	<u>(626,464)</u>	<u>1,503,327</u>	<u>(183,873)</u>
Nonoperating revenues (expenses)					
Federal and state grants	-	34,944	351,978	386,922	-
Interest income	24,526	1,574	791	26,891	6,301
Interest and other debt expense	(503,890)	-	-	(503,890)	-
Loss on disposal of capital assets	<u>(65,646)</u>	<u>-</u>	<u>-</u>	<u>(65,646)</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>(545,010)</u>	<u>36,518</u>	<u>352,769</u>	<u>(155,723)</u>	<u>6,301</u>
Income (loss) before capital contributions and transfers	<u>1,506,925</u>	<u>114,374</u>	<u>(273,695)</u>	<u>1,347,604</u>	<u>(177,572)</u>
Capital contributions	311,829	181,497	-	493,326	-
Transfers in	-	-	173,985	173,985	-
Transfers out	<u>(954)</u>	<u>(182)</u>	<u>(114)</u>	<u>(1,250)</u>	<u>-</u>
Change in net position	1,817,800	295,689	(99,824)	2,013,665	(177,572)
Net position - beginning, as restated	<u>30,143,537</u>	<u>12,187,949</u>	<u>1,657,250</u>	<u>43,988,736</u>	<u>2,624,364</u>
Net position - ending	<u>\$ 31,961,337</u>	<u>\$ 12,483,638</u>	<u>\$ 1,557,426</u>	<u>\$ 46,002,401</u>	<u>\$ 2,446,792</u>

See notes to financial statements.

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds				Governmental
	Water Pollution Control	Storm Sewer	Nonmajor Enterprise	Total	Activities - Internal Service Funds
Cash flows from operating activities					
Cash received from customers	\$ 5,746,602	\$ 746,592	\$ 218,432	\$ 6,711,626	\$ 2,184,756
Cash payments to suppliers for goods and services	(1,756,077)	(17,938)	(258,263)	(2,032,278)	(2,605,559)
Cash payments to employees for services	(1,287,300)	(292,494)	(454,867)	(2,034,661)	-
Other operating receipts	<u>190,654</u>	<u>-</u>	<u>-</u>	<u>190,654</u>	<u>347,654</u>
Net cash provided by (used for) operating activities	<u>2,893,879</u>	<u>436,160</u>	<u>(494,698)</u>	<u>2,835,341</u>	<u>(73,149)</u>
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	173,985	173,985	-
Transfers to other funds	(954)	(182)	(114)	(1,250)	-
Grants received	<u>203</u>	<u>34,944</u>	<u>347,867</u>	<u>383,014</u>	<u>-</u>
Net cash provided by (used for) noncapital financing activities	<u>(751)</u>	<u>34,762</u>	<u>521,738</u>	<u>555,749</u>	<u>-</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(6,732,073)	-	(4)	(6,732,077)	-
Proceeds from issuance of debt	700,000	-	-	700,000	-
Payment of debt	(1,452,548)	-	-	(1,452,548)	-
Interest and fiscal charges paid	<u>(488,505)</u>	<u>-</u>	<u>-</u>	<u>(488,505)</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>(7,973,126)</u>	<u>-</u>	<u>(4)</u>	<u>(7,973,130)</u>	<u>-</u>
Cash flows from investing activities					
Interest received on investment securities	<u>24,526</u>	<u>1,574</u>	<u>791</u>	<u>26,891</u>	<u>6,301</u>
Net increase (decrease) in cash and cash equivalents	(5,055,472)	472,496	27,827	(4,555,149)	(66,848)
Cash and cash equivalents, beginning	<u>13,436,253</u>	<u>32,621</u>	<u>352,781</u>	<u>13,821,655</u>	<u>2,998,753</u>
Cash and cash equivalents, ending	<u>\$ 8,380,781</u>	<u>\$ 505,117</u>	<u>\$ 380,608</u>	<u>\$ 9,266,506</u>	<u>\$ 2,931,905</u>

(continued)

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds				Governmental
	Water	Storm	Nonmajor	Total	Activities -
	Pollution Control	Sewer	Enterprise		Internal Service Funds
Reconciliation of operating income					
(loss) to net cash provided by (used for)					
operating activities					
Operating income (loss)	<u>\$ 2,051,935</u>	<u>\$ 77,856</u>	<u>\$ (626,464)</u>	<u>\$ 1,503,327</u>	<u>\$ (183,873)</u>
Adjustments to reconcile operating income					
(loss) to net cash provided by (used for)					
operating activities					
Depreciation	1,283,352	326,913	159,856	1,770,121	-
Changes in assets and liabilities					
Decrease (increase) in receivables	(129,388)	31,570	881	(96,937)	(1,014)
Decrease (increase) in inventories					
and prepaid items	(8,798)	935	(914)	(8,777)	-
Increase (decrease) in accounts payable	(321,820)	(8,302)	(19,354)	(349,476)	114,882
Increase in accrued liabilities	36,264	4,014	3,557	43,835	-
Decrease in due to other governments	(3,367)	-	-	(3,367)	-
Decrease in unearned revenue	-	-	-	-	(3,144)
Increase in net OPEB liability	31,276	13,178	3,294	47,748	-
Decrease in net pension liability	(254,569)	(55,720)	(87,328)	(397,617)	-
Decrease in deferred outflows	(14,698)	(4,039)	(2,724)	(21,461)	-
Increase in deferred inflows	<u>223,692</u>	<u>49,755</u>	<u>74,498</u>	<u>347,945</u>	<u>-</u>
Total	<u>841,944</u>	<u>358,304</u>	<u>131,766</u>	<u>1,332,014</u>	<u>110,724</u>
Net cash provided by (used for)					
operating activities	<u>\$ 2,893,879</u>	<u>\$ 436,160</u>	<u>\$ (494,698)</u>	<u>\$ 2,835,341</u>	<u>\$ (73,149)</u>
Noncash capital activities					
Donations of capital assets	<u>\$ 311,829</u>	<u>\$ 181,497</u>	<u>\$ -</u>	<u>\$ 493,326</u>	<u>\$ -</u>

See notes to financial statements.

CITY OF MARSHALLTOWN, IOWA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 198,351
Prepaid items	<u>22,359</u>
Total assets	<u>220,710</u>
Liabilities	
Accounts payable	1,182
Accrued payroll and benefits	179,068
Due to City	23,451
Due to Sleuth User Group	14,842
Due to other governments	<u>2,167</u>
Total liabilities	<u>\$ 220,710</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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.

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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following three categories.

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

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

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The *HUD Programs Fund* is used to account for the operations of a Federal Section 8 rental voucher assistance program, a grant from HUD to assist with security deposits and first month's rent program, and lead abatement program.

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

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

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

Agency funds function primarily as a clearing mechanism for cash resources which are collected by the City, held as such for a brief period and then disbursed to the authorized recipient. The agency funds of the City are used for payroll clearing activities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund 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.

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

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

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

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

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

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.

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is unavailable and will not be recognized as revenue until the year for which it is levied.

The County Treasurer bills and collects taxes for the City. Taxes for the year ended June 30, 2015, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2014 and March 31, 2015. Any County collections on the 2014-2015 tax levy remitted to the City within sixty days subsequent to June 30, 2015, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2015, are delinquent and have been recorded as receivables. This amount is recorded as unavailable revenue in the governmental funds but is recognized as revenue in the government-wide financial statements.

Accounts Receivable and Unbilled Usage. Accounts receivable are recorded at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Due From and Due to Other Funds. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Due From Other Governments. Due from other governments represents various shared revenues, grants, and reimbursements from other governments. Shared revenues are recognized during the period when received by the collecting authority, the State of Iowa. Federal grant revenue is recognized when expenditures for the purpose of the grant have been incurred in the government-wide financial statements and as long as it meets the measurable and available criteria in the governmental fund statements.

Inventories and Prepaid Items. Inventories of materials and supplies in the proprietary and governmental fund types are stated at cost using the first-in, first-out method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The costs of governmental fund prepaid items are recorded as expenditures when consumed rather than when purchased.

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Restricted Assets. Funds set aside for the payment of City enterprise and component unit revenue bonds are classified as restricted assets since their use is restricted by applicable bond indentures. Other restricted assets include funds for customer deposits restricted for application to unpaid customer accounts or for refund to customers.

Deferred Outflows of Resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date, but before the end of the employer's reporting period.

Deferred Inflows of Resources. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Although certain revenues are measurable, they may not be available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Unavailable revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Unavailable revenue at the fund level consists of property tax receivable, special assessments receivable, succeeding year property tax receivable, and other receivables not collected within sixty days after year-end. Unavailable revenue in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year in which they are levied.

Compensated Absences. City employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, death, or retirement. Accumulated sick leave is generally paid at 25%, not to exceed 1,440 hours for municipal fire employees, 1,072.5 hours for municipal police employees and 1,040 hours for all others, upon retirement if the employee has at least 15 years of service. All vacation and sick leave is accrued when incurred in the government-wide and proprietary financial statements. Governmental funds record the earned vacation and vested sick leave hours as an expenditure of the current year to the extent it is paid during the year. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2015.

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, 2015.

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

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

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

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

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

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

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

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

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System and the Municipal Fire and Police Retirement Systems' and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

As of June 30, 2015, fund balances consisted of the following:

	<u>General</u>	<u>Road Use Tax</u>	<u>Local Option Sales Tax</u>	<u>HUD Programs</u>	<u>Property Tax</u>
Nonspendable					
Inventory and prepaid items	\$ 237,568	\$ 117,649	\$ -	\$ 11,974	\$ -
Restricted for					
Capital improvements	157,974	2,548,502	2,345,314	-	-
Property tax relief	-	-	614,957	-	-
Debt service	-	-	-	-	-
Employee benefits	-	-	-	-	2,161,420
Emergency communication	-	-	-	-	-
Other purposes	536,273	-	-	128,603	-
Total restricted	<u>694,247</u>	<u>2,548,502</u>	<u>2,960,271</u>	<u>128,603</u>	<u>2,161,420</u>
Committed					
Capital improvements	<u>250,000</u>	-	-	-	-
Unassigned	<u>2,371,948</u>	-	-	-	-
Total fund balance	<u>\$ 3,553,763</u>	<u>\$ 2,666,151</u>	<u>\$ 2,960,271</u>	<u>\$ 140,577</u>	<u>\$ 2,161,420</u>

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

	Debt Service	Public Works and Other Projects	Nonmajor Governmental Funds	Total
Nonspendable				
Inventory and prepaid items	\$ -	\$ -	\$ 16,635	\$ 383,826
Restricted for				
Capital improvements	-	2,331,908	101,565	7,485,263
Property tax relief	-	-	-	614,957
Debt service	46,959	-	-	46,959
Employee benefits	-	-	-	2,161,420
Emergency communication	-	-	358,220	358,220
Other purposes	-	-	664,054	1,328,930
Total restricted	<u>46,959</u>	<u>2,331,908</u>	<u>1,123,839</u>	<u>11,995,749</u>
Committed				
Capital improvements	-	-	-	250,000
Unassigned				
	-	-	(84,155)	2,287,793
Total fund balance	<u>\$ 46,959</u>	<u>\$ 2,331,908</u>	<u>\$ 1,056,319</u>	<u>\$ 14,917,368</u>

Implementation of GASB Statement No. 68 and GASB Statement No. 71

As of June 30, 2015 the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 16 and the additional disclosures required by these standards are included in Note 7, and the required supplementary information section of this report.

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Required Supplementary Information. At June 30, 2015, disbursements did exceed the amended budgeted amounts for the Business-Type Activities. Additionally during the year before the budget was amended, disbursements exceeded the original amount budgeted for the Business-Type Activities.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits. On June 30, 2015, the carrying amount of the City’s deposits was \$26,401,101 and the bank balances were \$26,640,262. The City’s deposits in banks at June 30, 2015, 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, 2015, 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	\$ 14,041,448	\$ 14,041,448
Demand deposits	9,355,149	9,597,560
Certificates of deposits	3,001,254	3,001,254
Petty cash	3,250	-
Total	<u>\$ 26,401,101</u>	<u>\$ 26,640,262</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, 2015, was \$1,003,531.

The Marshalltown Water Works’ carrying amount of deposits was \$3,037,422 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 \$162,204 all of which was covered by federal depository insurance.

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015, consisted of the following:

Receivable Entity	Payable Entity	Amount
Primary Government:	Component Unit:	
Enterprise Fund, Water Pollution Control	Water Works	331,743
Enterprise Fund, Storm Sewer	Water Works	71,588

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Due from/to other funds as of June 30, 2015, consisted of the following:

Due to general fund from	
Nonmajor governmental	\$ <u>106,099</u>

The interfund balances result from negative cash balances.

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Transfers to general fund from	
Road use tax	\$ 850,000
Property tax	3,587,447
Public works and other projects	442,597
Storm Sewer	182
Water Pollution Control	954
Nonmajor Enterprise	114
Nonmajor governmental	<u>15,244</u>
Total transfers to general fund	\$ <u>4,896,538</u>

Transfers to property tax fund from	
Local option sales tax	\$ <u>2,450,000</u>

Transfers to HUD programs fund from	
Property tax	\$ <u>37,802</u>

Transfers to debt service fund from	
Nonmajor governmental	\$ <u>874,324</u>

Transfers to nonmajor governmental funds from	
Nonmajor governmental	\$ 5,176
General	<u>5,000</u>

Total transfers to nonmajor governmental funds	\$ <u>10,176</u>
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Transfers to nonmajor enterprise funds from	
General	\$ <u>173,985</u>

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Primary Government				
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 4,000,014	\$ -	\$ -	\$ 4,000,014
Construction in progress	224,207	889,716	-	1,113,923
Total capital assets, not being depreciated	<u>4,224,221</u>	<u>889,716</u>	<u>-</u>	<u>5,113,937</u>
Capital assets, being depreciated				
Buildings and structures	17,674,421	40,600	(7,200)	17,707,821
Land improvements	2,389,084	-	-	2,389,084
Equipment and vehicles	16,204,870	509,469	(453,778)	16,260,561
Infrastructure	38,486,018	-	-	38,486,018
Total capital assets, being depreciated	<u>74,754,393</u>	<u>550,069</u>	<u>(460,978)</u>	<u>74,843,484</u>
Less accumulated depreciation for				
Buildings and structures	(5,984,257)	(501,225)	7,200	(6,478,282)
Land improvements	(1,196,359)	(99,053)	-	(1,295,412)
Equipment and vehicles	(8,555,694)	(964,260)	436,261	(9,083,693)
Infrastructure	(18,703,487)	(1,245,310)	-	(19,948,797)
Total accumulated depreciation	<u>(34,439,797)</u>	<u>(2,809,848)</u>	<u>443,461</u>	<u>(36,806,184)</u>
Total capital assets, being depreciated, net	<u>40,314,596</u>	<u>(2,259,779)</u>	<u>(17,517)</u>	<u>38,037,300</u>
Governmental activities capital assets, net	<u>\$ 44,538,817</u>	<u>\$ (1,370,063)</u>	<u>\$ (17,517)</u>	<u>\$ 43,151,237</u>

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 891,438	\$ -	\$ -	\$ 891,438
Construction in progress	5,119,931	7,154,420	(2,597,952)	9,676,399
Total capital assets, not being depreciated	<u>6,011,369</u>	<u>7,154,420</u>	<u>(2,597,952)</u>	<u>10,567,837</u>
Capital assets, being depreciated				
Buildings and structures	10,871,006	-	(25,549)	10,845,457
Land improvements	2,210,985	-	-	2,210,985
Equipment and vehicles	16,072,635	2,613,619	(729,047)	17,957,207
Sanitary sewers and lift stations	28,147,362	-	-	28,147,362
Infrastructure	15,528,426	-	-	15,528,426
Total capital assets, being depreciated	<u>72,830,414</u>	<u>2,613,619</u>	<u>(754,596)</u>	<u>74,689,437</u>
Less accumulated depreciation for				
Buildings and structures	(5,695,632)	(286,995)	18,509	(5,964,118)
Land improvements	(1,636,785)	(64,446)	-	(1,701,231)
Equipment and vehicles	(11,196,952)	(537,446)	670,444	(11,063,954)
Sanitary sewers and lift stations	(6,585,483)	(571,367)	-	(7,156,850)
Infrastructure	(4,154,564)	(309,867)	-	(4,464,431)
Total accumulated depreciation	<u>(29,269,416)</u>	<u>(1,770,121)</u>	<u>688,953</u>	<u>(30,350,584)</u>
Total capital assets, being depreciated, net	<u>43,560,998</u>	<u>843,498</u>	<u>(65,643)</u>	<u>44,338,853</u>
Business-type activities capital assets, net	<u>\$ 49,572,367</u>	<u>\$ 7,997,918</u>	<u>\$ (2,663,595)</u>	<u>\$ 54,906,690</u>

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

Governmental activities	
Public safety	\$ 447,579
Public works	1,516,225
Health and social services	9,515
Culture and recreation	771,171
General government	<u>65,358</u>
Total depreciation expense – governmental activities	<u>\$ 2,809,848</u>
Business-type activities	
Water pollution control	\$ 1,283,352
Storm sewer	326,913
Compost facility	11,575
Bus transit	<u>148,281</u>
Total depreciation expense – business-type activities	<u>\$ 1,770,121</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, 2015:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
	<u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>2015</u>	<u>One Year</u>
Governmental activities					
General obligation bonds and notes payable	\$ 21,121,304	\$ 2,225,000	\$ 2,971,716	\$ 20,374,588	\$ 3,066,991
Unamortized premiums	<u>145,241</u>	<u>58,295</u>	<u>21,433</u>	<u>182,103</u>	<u>-</u>
Total general obligation bonds	21,266,545	2,283,295	2,993,149	20,556,691	3,066,991
Compensated absences payable	1,123,973	288,751	286,151	1,126,573	311,726
Net OPEB liability	<u>3,129,798</u>	<u>403,561</u>	<u>-</u>	<u>3,533,359</u>	<u>-</u>
	<u>25,520,316</u>	<u>2,975,607</u>	<u>3,279,300</u>	<u>25,216,623</u>	<u>3,378,717</u>

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Business-type activities					
General obligation bonds and notes payable	\$ 5,095,000	\$ 700,000	\$ 435,548	\$ 5,359,452	\$ 462,186
Unamortized discounts	(37,416)	-	(3,118)	(34,298)	-
Total general obligation bonds	5,057,584	700,000	432,430	5,325,154	462,186
Revenue bonds payable	12,727,000	-	1,017,000	11,710,000	1,042,000
Compensated absences payable	224,506	73,882	44,299	254,089	44,659
Net OPEB liability	370,313	47,748	-	418,061	-
	<u>18,379,403</u>	<u>821,630</u>	<u>1,493,729</u>	<u>17,707,304</u>	<u>1,548,845</u>
Total	<u>\$43,899,719</u>	<u>\$ 3,797,237</u>	<u>\$ 4,773,029</u>	<u>\$42,923,927</u>	<u>\$ 4,927,562</u>

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

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Bonded Debt. Details of the City's bonds and notes payable as of June 30, 2015, are as follows:

	Interest Rates	Govern- mental Activities	Business- type Activities	Total
General obligation bonds and notes				
2008A Essential corporate purpose refunding bonds, issued April 1, 2008	3.50%	\$ 2,250,000	\$ -	\$ 2,250,000
2009A Essential corporate purpose refunding bonds, issued May 1, 2009	2.60-3.00	985,000	-	985,000
2011A Essential corporate purpose, issued April 1, 2011	1.75-3.45	315,000	4,740,000	5,055,000
2011B Essential corporate purpose, issued October 26, 2011	1.00-2.85	1,970,000	-	1,970,000
2012A Essential corporate purpose, issued April 12, 2012	1.00-2.50	4,650,000	-	4,650,000
2012B Refunding, issued April 24, 2012	1.50-2.05	2,705,000	-	2,705,000
2013A Essential corporate purpose, issued March 12, 2013	1.50-1.75	5,370,000	-	5,370,000
2014A Essential corporate purpose, issued December 16, 2014	1.50-2.50	<u>2,085,000</u>	<u>-</u>	<u>2,085,000</u>
Total general obligation bonds and notes		<u>20,330,000</u>	<u>4,740,000</u>	<u>25,070,000</u>
Notes payable				
Software loan note, issued March 3, 2014	0.00	44,588	-	44,588
Alliant loan note, issued September 17, 2014	0.00	<u>-</u>	<u>619,452</u>	<u>619,452</u>
Total notes payable		<u>44,588</u>	<u>619,452</u>	<u>664,040</u>
Revenue bonds				
Water Pollution Control, improvement and refunding bonds, Series 2012C, issued May 8, 2012	2.58	-	3,141,000	3,141,000
Water Pollution Control, improvement bonds, Series 2013, issued June 18, 2013	2.09	-	3,367,000	3,367,000
Water Pollution Control, improvement bonds, Series 2014, issued June 18, 2013	2.90	<u>-</u>	<u>5,202,000</u>	<u>5,202,000</u>
Total revenue bonds		<u>-</u>	<u>11,710,000</u>	<u>11,710,000</u>
Total long-term debt		<u>\$ 20,374,588</u>	<u>\$ 17,069,452</u>	<u>\$ 37,444,040</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.

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
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Future Requirements to Maturity. Principal and interest requirements to maturity for the City's bonds and notes outstanding as of June 30, 2015, 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
	2016	\$ 3,077,877	\$ 408,146	\$ 462,186
2017	2,726,712	336,425	468,428	132,231
2018	2,275,000	270,984	479,686	123,573
2019	2,140,000	233,308	495,959	113,749
2020	2,140,000	200,607	512,249	102,781
2021-2025	6,730,000	484,366	2,420,944	316,718
2026-2030	1,285,000	48,965	520,000	17,940
Total	<u>\$ 20,374,589</u>	<u>\$ 1,982,801</u>	<u>\$ 5,359,452</u>	<u>\$ 946,854</u>

Year Ending June 30,	Business-Type Activities Water Pollution Control Revenue Bonds		Total Business-Type Activities	
	Principal	Interest	Principal	Interest
	2016	\$ 1,042,000	\$ 301,085	\$ 1,504,186
2017	1,060,000	274,306	1,528,428	406,537
2018	1,092,000	247,070	1,571,686	370,643
2019	1,109,000	218,987	1,604,959	332,736
2020	712,000	190,475	1,224,249	293,256
2021-2025	3,845,000	668,230	6,265,944	984,948
2026-2030	2,850,000	168,106	3,370,000	186,046
Total	<u>\$ 11,710,000</u>	<u>\$ 2,068,259</u>	<u>\$ 17,069,452</u>	<u>\$ 3,015,113</u>

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Legal Debt Margin. The City's legal debt margin as of June 30, 2015, is as follows:

Regular realty valuations	\$ 1,281,885,530
Utility valuations	165,363,180
Incremental valuations	<u>37,409,137</u>
Total actual valuations applicable to debt	<u>\$ 1,484,657,847</u>
Debt limit - 5% of total actual valuations applicable to debt	<u>\$ 74,232,892</u>
Amount of debt applicable to limitation	
General obligation bonds and notes	25,734,040
Less funds available from	
Debt service fund	46,959
Tax increment financing	<u>250,051</u>
Total debt applicable to debt margin	<u>25,437,030</u>
Legal debt margin	<u>\$ 48,795,862</u>

NOTE 7 – Retirement Plans

(a) Iowa Public Employees' Retirement System - IPERS

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

Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

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

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

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of pay and the City contributed 8.93% for a total rate of 14.88%.

The City's total contributions to IPERS for the year ended June 30, 2015 were \$520,213. The Water Work's total contributions to IPERS for the year ended June 30, 2015 were \$44,842.

There were no non-employer contributing entities to IPERS.

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
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Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent compounded annually, net of investment expense including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
	<u>100%</u>	

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

City Specific IPERS Disclosures

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the City reported a liability of \$3,349,191 for its proportionate share of the net pension liability. The new pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City’s collective proportion was .082756 percent which was a decrease of .001442 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$235,094. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Results	\$ 36,399	\$ -
Changes of Assumptions	147,807	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,277,285
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	66,631
City Contributions Subsequent to the Measurement Date	<u>510,213</u>	<u>-</u>
Total	<u>\$ 694,419</u>	<u>\$ 1,343,916</u>

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
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The \$510,213 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ended June 30,</u>	<u>Total</u>
2016	\$ (291,851)
2017	(291,851)
2018	(291,851)
2019	(291,851)
2020	7,694
	<u>\$ (1,159,710)</u>

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
City's Proportionate Share of the Net Pension Liability	\$ 6,328,201	\$ 3,349,191	\$ 834,597

Payable to the Pension Plan – At June 30, 2015, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Water Works Specific IPERS Disclosures

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the Water Works reported a liability of \$298,746 for its proportionate share of the net pension liability. The new pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Water Work's proportion of the net pension liability was based on the Water Work's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the Water Work's collective proportion was .0075329 percent which was an increase of .0003176 percent from its proportion measured as of June 30, 2013.

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
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For the year ended June 30, 2015, the Water Works recognized pension expense of \$23,007. At June 30, 2015, the Water Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Results	\$ 3,247	\$ -
Changes of Assumptions	13,184	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	113,933
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	2,984	-
City Contributions Subsequent to the Measurement Date	44,842	-
Total	\$ 64,257	\$ 113,933

The \$44,842 reported as deferred outflows of resources related to pensions resulting from the Water Works contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	Total
2016	\$ (23,947)
2017	(23,947)
2018	(23,947)
2019	(23,948)
2020	1,271
	\$ (94,518)

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

	1% Decrease (6.5%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 564,473	\$ 298,746	\$ (74,446)

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
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Payable to the Pension Plan – At June 30, 2015, the Water Works reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(b) *Municipal Fire and Police Retirement System of Iowa – MFPRSI*

Plan Description – MFPRSI membership is mandatory for fire fighters and police officers covered by provisions of Chapter 411 of the Code of Iowa. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50366 or at www.mfprsi.org.

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66 percent of the member's average final compensation. Additional benefits are available to members who perform more than 22 years of service (2 percent for each additional year of service, up to a maximum of 8 years). Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

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CITY OF MARSHALLTOWN, IOWA
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Disability and Death Benefits – Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the member’s average final compensation or the member’s service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the member’s average final compensation, for those with 5 or more years of service, or the member’s service retirement benefit calculation amount, and 25 percent of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50 percent of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40 percent of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50 percent of the previous year’s earnable compensation of the member or equal to the amount of the member’s total contributions plus interest.

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which states a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions – Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2015.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer’s contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 30.41% for the year ended June 30, 2015.

The City’s contributions to MFPRSI for the year ended June 30, 2015 was \$ 1,208,879.

If approved by the state legislature, state appropriation may further reduce the employer’s contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa therefore is considered to be a non-employer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No 67 – Financial Reporting for Pension Plans, (GASB 67).

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2014.

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
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Actuarial Assumptions - The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent compounded annually, net of investment expense including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 2/12 of the 1971 GAM table and 10/12 of the 1994 GAM table with no projection of future mortality improvement.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Plus Fixed Income	7.0%	3.8%
Emerging Markets Debt	3.0%	6.5
Domestic Equities	12.5%	6.0
Master Limited Partnerships (MLP)	5.0%	8.5
International Equities	12.5%	7.0
Core Investments	40.0%	
Tactical Asset Allocation	35.0%	6.0
Private Equity	15.0%	9.8
Private Non-Core Real Estate	5.0%	9.3
Private Core Real Estate	5.0%	6.8
Real Estate	10.0%	
Total	100.0%	

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
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Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.4% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI’s website at www.mfprsi.org.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the City reported a liability of \$5,658,798 for its proportionate share of the net pension liability. The new pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2014, the City’s collective proportion was 1.561055 percent which was a decrease of .0014104 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expenses of \$455,734. At June 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Results	\$ -	\$ 16,015
Changes of Assumptions	418,242	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,660,045
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	64,178
City Contributions Subsequent to the Measurement Date	<u>1,208,879</u>	<u>-</u>
Total	<u>\$ 1,627,121</u>	<u>\$ 2,740,238</u>

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The \$1,208,879 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ended June 30,</u>	<u>Total</u>
2016	\$ (591,523)
2017	(591,523)
2018	(591,523)
2019	(591,523)
2020	44,096
	<u>\$ (2,321,996)</u>

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
City's Proportionate Share of the Net Pension Liability	\$ 10,850,291	\$ 5,659,798	\$ 1,345,134

Payables to the Pension Plan – At June 30, 2015, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI.

(c) Pension Plan – Marshalltown Water Works Supplemental Retirement and Pension Plan

Plan Description – The Water Works maintains the Marshalltown Water Works Supplemental Retirement and Pension Plan, which is a single employer defined benefit plan administered by United Bank and Trust. As of April 1, 2015, pension plan membership consisted of 14 inactive plan members (or beneficiaries) currently receiving benefits, 3 inactive plan members entitled to but not yet receiving benefits, and 10 active plan members.

The Plan was established by the Marshalltown Water Works' Board of Trustees on September 30, 1953. The Plan was restated and amended on January 1, 2014. The Board of Trustees has the authority to amend the Plan at any time.

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
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Pension Benefits – Employees who retire at or after age 65, or age 62 with 25 years of credited service, are entitled to retirement benefits payable monthly for life. Monthly benefits are equal to 2.12% of the employee’s five-year final average salary multiplied by the number of years of consecutive service for the year ended June 30, 2015. Service prior to January 1, 1986 shall be limited to 25 years. Benefits are fully vested on reaching 10 or more years of credited service.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability benefits is eligible to claim Water Works pension benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement and has participated in the plan for 10 or more years prior to death, and is totally vested, the surviving spouse may request a return of the participant’s accrued contributions with interest to the date of the participant’s death, or may leave the balance in the pension plan and be entitled to a joint and 100% survivor annuity at the time the participant would have become eligible for pension benefits.

Contributions – The Water Works’ funding policy provides for employer and employee contributions at actuarially determined rates that are sufficient to accumulate assets to pay benefits when due. The frozen entry age actuarial cost method is used to determine annual plan costs. The employer contribution rate for the year ended June 30, 2015 was 8.93% plus an additional \$3,000 per bi-weekly payroll. The employee contribution rate for the year ended June 30, 2015 was 4.95%. Contributions paid by the Water Works for the year ended June 30, 2015 totaled \$121,274, and the contributions paid by employees totaled \$23,987.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the Water Works reported a net pension liability of \$1,471,746. The net pension liability was measured as of April 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2015, the Water Works recognized pension expense of \$131,571. At June 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Results	\$ 45,373	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	3,087
Total	\$ 45,373	\$ 3,087

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

<u>Years Ended June 30,</u>	<u>Total</u>
2016	\$ 11,831
2017	11,831
2018	11,832
2019	6,792
2020	-
	<u>\$ 42,286</u>

Actuarial Assumptions – The total pension liability in the April 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rates of salary increase (effective June 30, 2013)	3.00 percent per annum
Long-term investment rate of return (effective June 30, 2013)	7.00 percent compounded annually

The actuarial assumptions used in the April 1, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the 1983 Group Annuity Mortality Table.

The long-term expected rate of return on pension plan investments was determined using best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation). These ranges are combined to produce the long-term expected rate of return. The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.46% based on the target allocation of assets summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>
Large Cap Equity	30.0%
Small Cap Equity	10.0
International Equity	10.0
High Dividend Equity	10.0
Fixed Income	40.0
Total	<u>100.0%</u>

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

	1% Decrease (6.0%)	Discount Rate (7.00%)	1% Increase (8.00%)
Water Works' Proportionate Share of the Net Pension Liability	\$ 1,723,291	\$ 1,471,746	\$ 1,257,354

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.

To be eligible for the medical and dental insurance coverage, a retiree must be at least 55 years old, or disabled and receiving or eligible to receive a pension under the Iowa Public Employees' Retirement System (IPERS) or the Municipal Fire and Police Retirement System of Iowa (MFPRSI). There are 147 active and 61 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.

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The following table shows the components of the City's annual OPEB cost for the years ended June 30, 2015 and 2014, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

	2015	2014
Normal Cost	\$ 192,825	\$ 215,063
Amortization of UAAL	325,679	219,305
Annual required contribution	518,504	434,368
Interest on net OPEB obligation	20,740	29,360
Adjustment to annual required contribution	(62,408)	(113,203)
Annual OPEB cost	476,836	350,525
Contributions made	(25,527)	(67,251)
Increase in net OPEB obligation	451,309	283,274
Net OPEB obligation, beginning of year	3,500,111	3,216,837
Net OPEB obligation, end of year	\$ 3,951,420	\$ 3,500,111

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, 2015.

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, 2015, 2014, and 2013, are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
June 30, 2015	\$ 476,836	5.35%	\$ 3,951,420
June 30, 2014	350,525	19.19%	3,500,111
June 30, 2013	353,287	-6.85%	3,216,837

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$5,856,914, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,856,914. The covered payroll (annual payroll of active employees covered by the plan) was \$9,663,341 and the ratio of the UAAL to covered payroll was 60.6%. As of June 30, 2015, 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 (continued on next page)

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the City's funding policy. The projected annual medical trend rate is 8%. The ultimate medical trend rate is 4%.

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 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015 were \$183,415.

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, 2015, no liability has been recorded in the City's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given sixty days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City has established a Group Insurance Benefits Fund for insuring health benefits provided to City employees and covered dependents which is included as an internal service fund. Health benefits were self-insured up to a specific stop-loss amount of \$85,000 and an aggregate stop-loss of approximately \$2,453,067 for 2015. 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, 2015, 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 (continued on next page)

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015, 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 \$332,293 in the Group Insurance Benefits Fund and \$3,007 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, 2015 and 2014, are summarized as follows:

	Group Insurance Benefits Fund	Occupational Insurance Benefits Fund
Liabilities as of June 30, 2013	\$ 242,848	\$ 1,146
Claims and changes in estimates during fiscal year 2014	2,038,196	96,848
Claim payments	<u>(2,062,290)</u>	<u>(96,330)</u>
Liabilities as of June 30, 2014	218,754	1,664
Claims and changes in estimates during fiscal year 2015	2,193,712	58,196
Claim payments	<u>(2,080,173)</u>	<u>(56,853)</u>
Liabilities as of June 30, 2015	<u>\$ 332,293</u>	<u>\$ 3,007</u>

NOTE 10 – DEFERRED COMPENSATION PLAN

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

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

CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – COMMITMENTS

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2015. The City has additional commitments for signed construction contracts of approximately \$1,489,489 as of June 30, 2015, 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 \$2,195,466 and \$144,320, 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, 2015, funds with deficit balances were as follows:

Special Revenue Funds - Grant Fund	83,368
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These deficit balances will be recovered through future grant funding.

NOTE 15 – SUBSEQUENT EVENTS

On August 13, 2015, the City of Marshalltown issued Sewer Revenue Bonds, Series 2015 in the amount of \$6,000,000. The bonds were issued for the purpose of paying the costs of financing improvements to the Municipal Sanitary Sewer System. Additionally, on October 26, 2015, the City issued General Obligation Bonds, Series 2015 in the amount of \$2,000,000. The bonds were issued to finance costs of construction, improvements, and installation of capital improvement projects. The City maintained their Aa2 bond rating for the sale of these bonds.

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CITY OF MARSHALLTOWN, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 – Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Net Position June 30, 2014 As Previously Reported	Net Pension Liability at June 30, 2014	Deferred Outflows of Resources Related to Contributions Made After the June 30, 2013 Measurement Date	Net Position July 1, 2014 as Restated
Governmental Activities	33,348,259	(12,234,092)	1,536,121	22,650,288
Business-type Activities	45,089,629	(1,258,970)	158,077	43,988,736
Major Enterprise Funds:				
Water Pollution Control	30,842,302	(799,101)	100,336	30,143,537
Storm Sewer	12,335,640	(168,898)	21,207	12,187,949
Aggregate Remaining	1,911,687	(290,972)	36,535	1,657,250

Beginning net position for the Marshalltown Water Works were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, and restated for a prior year error in the accrued insurance deductible account, as follows:

	Net Position June 30, 2014 As Previously Reported	Error in Accrued Insurance Deductible	Net Pension Liability at June 30, 2014	Deferred Outflows of Resources Related to Contributions Made After the June 30, 2013 Measurement Date	Net Position July 1, 2014 as Restated
Marshalltown Water Works	13,231,571	(37,377)	(1,833,438)	44,018	11,404,774

REQUIRED SUPPLEMENTARY INFORMATION

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

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)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2014	\$ -	\$ 5,856,914	\$ 5,856,914	0.00%	9,663,341	60.6%
July 1, 2012	-	5,687,909	5,687,909	0.00%	\$ 9,331,501	61.0%
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
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN BALANCES – BUDGET AND ACTUAL (CASH BASIS)
GOVERNMENTAL FUNDS AND ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2015

	Actual			Budgeted Amounts		Final to Actual Variance
	Governmental Funds	Enterprise Funds	Total	Original Budget	Final Budget	
Receipts						
Property taxes	\$ 9,804,692	\$ -	\$ 9,804,692	\$ 10,397,290	\$ 10,397,290	\$ (592,598)
TIF revenues	1,215,643	-	1,215,643	1,246,643	1,246,643	(31,000)
Other city taxes	4,988,530	-	4,988,530	4,594,795	4,696,795	291,735
Licenses and permits	331,212	4,674	335,886	197,850	302,850	33,036
Use of money and property	122,633	83,429	206,062	221,861	167,884	38,178
Intergovernmental	7,449,516	453,123	7,902,639	9,813,748	9,708,483	(1,805,844)
Charges for service	913,599	6,690,328	7,603,927	7,013,791	8,680,793	(1,076,866)
Special assessments	14,730	-	14,730	15,000	14,730	-
Miscellaneous	1,647,299	142,092	1,789,391	1,358,436	2,111,895	(322,504)
Other financing sources	2,299,765	700,000	2,999,765	23,500,000	9,999,735	(6,999,970)
Total receipts	<u>28,787,619</u>	<u>8,073,646</u>	<u>36,861,265</u>	<u>58,359,414</u>	<u>47,327,098</u>	<u>(10,465,833)</u>
Disbursements						
Public safety	8,759,009	-	8,759,009	9,222,783	9,201,770	442,761
Public works	3,517,997	-	3,517,997	4,237,304	4,425,356	907,359
Health and social services	1,885,938	-	1,885,938	1,310,895	1,929,610	43,672
Culture and recreation	2,698,694	-	2,698,694	2,906,224	2,878,550	179,856
Community and economic development	1,603,729	-	1,603,729	4,188,087	1,788,927	185,198
General government	1,231,883	-	1,231,883	1,844,492	1,471,572	239,689
Debt service	3,406,183	-	3,406,183	3,415,195	3,415,195	9,012
Capital projects	1,848,846	-	1,848,846	19,748,017	5,238,629	3,389,783
Business-type activities	-	12,801,530	12,801,530	14,145,639	12,375,747	(425,783)
Total disbursements	<u>24,952,279</u>	<u>12,801,530</u>	<u>37,753,809</u>	<u>61,018,636</u>	<u>42,725,356</u>	<u>4,971,547</u>
Excess (deficiency) of receipts over (under) disbursements	<u>3,835,340</u>	<u>(4,727,884)</u>	<u>(892,544)</u>	<u>(2,659,222)</u>	<u>4,601,742</u>	<u>(5,494,286)</u>
Transfers						
Transfers in	8,296,534	173,984	8,470,518	9,416,939	9,043,399	572,881
Transfers out	<u>(8,470,405)</u>	<u>(1,249)</u>	<u>(8,471,654)</u>	<u>(9,416,939)</u>	<u>(9,043,399)</u>	<u>(571,745)</u>
Total transfers	<u>(173,871)</u>	<u>172,735</u>	<u>(1,136)</u>	<u>-</u>	<u>-</u>	<u>1,136</u>
Net change in fund balances	3,661,469	(4,555,149)	(893,680)	(2,659,222)	4,601,742	(5,493,150)
Fund balances, beginning	<u>10,342,870</u>	<u>13,821,655</u>	<u>24,164,525</u>	<u>7,305,380</u>	<u>24,164,525</u>	<u>-</u>
Fund balances, ending	<u>\$ 14,004,339</u>	<u>\$ 9,266,506</u>	<u>\$ 23,270,845</u>	<u>\$ 4,646,158</u>	<u>\$ 28,766,267</u>	<u>\$ (5,493,150)</u>

CITY OF MARSHALLTOWN, IOWA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – BUDGET TO GAAP RECONCILIATION
YEAR ENDED JUNE 30, 2015

	Governmental Funds			Proprietary Funds Enterprise		
	Cash Basis	Accrual	Modified	Cash Basis	Accrual	Accrual Basis
		Adjustments	Accrual Basis		Adjustments	
Revenues	\$ 28,787,619	\$ 525,015	\$ 29,312,634	\$ 8,073,646	\$ (171,475)	\$ 7,902,171
Expenditures/expenses	<u>24,952,279</u>	<u>159,770</u>	<u>25,112,049</u>	<u>12,801,530</u>	<u>(6,740,289)</u>	<u>6,061,241</u>
Net	3,835,340	365,245	4,200,585	(4,727,884)	6,568,814	1,840,930
Transfers	(173,871)	1,136	(172,735)	172,735	-	172,735
Beginning fund balances/ net position	<u>10,342,870</u>	<u>546,648</u>	<u>10,889,518</u>	<u>13,821,655</u>	<u>30,167,081</u>	<u>43,988,736</u>
Ending fund balances/ net position	<u>\$ 14,004,339</u>	<u>\$ 913,029</u>	<u>\$ 14,917,368</u>	<u>\$ 9,266,506</u>	<u>\$ 36,735,895</u>	<u>\$ 46,002,401</u>

CITY OF MARSHALLTOWN, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2015

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 decreased budgeted disbursements by \$18,293,280.

At June 30, 2015, disbursements did exceed the amended budgeted amounts. Additionally during the year before the budget was amended, disbursements exceeded the original amount budgeted for the Business Type Activities.

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CITY OF MARSHALLTOWN, IOWA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM- IPERS

	<u>2015</u>
City's Collective Proportion of the Net Pension Liability (Asset)	0.0828%
City's Collective Proportionate Share of the Net Pension Liability (Asset)	\$ 3,349,191
City's Covered-Employee Payroll	\$ 5,521,483
City's Collective Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	60.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.61%

See accompanying notes to required supplementary information.

Note: GASB Statement No.68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Data reported is measured as of July 1, 2014 (measurement date).

**CITY OF MARSHALLTOWN, IOWA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM- IPERS**

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 510,213	\$ 510,213	-	\$ 5,714,192	8.93%
2014	493,003	493,003	-	5,521,483	8.93%
2013	471,574	471,574	-	5,462,753	8.63%
2012	422,426	422,426	-	5,234,876	8.07%
2011	359,543	359,543	-	5,173,124	6.95%
2010	336,261	336,261	-	5,056,637	6.65%
2009	305,547	305,547	-	4,808,928	6.35%
2008	277,631	277,631	-	4,590,139	6.05%
2007	248,973	248,973	-	4,328,730	5.75%
2006	240,896	240,896	-	4,189,507	5.75%

See accompanying auditor's report.

CITY OF MARSHALLTOWN, IOWA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF WATER WORKS' PROPORTIONATE SHARE OF NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM- IPERS

	<u>2015</u>
Water Works' Collective Proportion of the Net Pension Liability (Asset)	0.0075%
Water Works' Collective Proportionate Share of the Net Pension Liability (Asset)	\$ 298,746
Water Works' Covered-Employee Payroll	\$ 492,923
Water Works' Collective Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	60.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.61%

See accompanying notes to required supplementary information.

Note: GASB Statement No.68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Data reported is measured as of July 1, 2014 (measurement date).

**CITY OF MARSHALLTOWN, IOWA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF WATER WORKS CONTRIBUTIONS
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM- IPERS**

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 44,842	(44,842)	-	\$ 502,146	8.93%
2014	44,018	(44,018)	-	492,923	8.93%
2013	41,028	(41,028)	-	473,218	8.67%
2012	36,382	(36,382)	-	450,830	8.07%
2011	30,686	(30,686)	-	441,525	6.95%
2010	28,064	(28,064)	-	422,015	6.65%
2009	25,865	(25,865)	-	407,323	6.35%
2008	23,482	(23,482)	-	388,132	6.05%
2007	22,694	(22,694)	-	394,678	5.75%
2006	22,471	(22,471)	-	390,800	5.75%

See accompanying auditor's report.

CITY OF MARSHALLTOWN, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
IOWA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM- IPERS

Changes of benefit terms

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member’s first unreduced retirement age to a 6 percent reduction for each year of the retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions

The 2014 valuation implemented the following retirements as a result of a quadrennial experience study:

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

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study.

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.

CITY OF MARSHALLTOWN, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM- IPERS

- Modified salary increase assumptions based on various service duration.

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

The 2006 valuation implemented the following retirements as a result of a quadrennial experience study.

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

CITY OF MARSHALLTOWN, IOWA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA - MFPRSI

	<u>2015</u>
City's Collective Proportion of the Net Pension Liability (Asset)	0.0156%
City's Collective Proportionate Share of the Net Pension Liability (Asset)	\$ 5,658,798
City's Covered-Employee Payroll	\$ 3,987,282
City's Collective Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	141.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.27%

See accompanying notes to required supplementary information.

Note: GASB Statement No.68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Data reported is measured as of July 1, 2014 (measurement date).

**CITY OF MARSHALLTOWN, IOWA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA - MFPRSI**

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 1,208,879	\$ 1,208,879	-	\$ 3,975,266	30.41%
2014	1,200,723	1,200,723	-	3,987,282	30.11%
2013	1,025,722	1,025,722	-	3,908,165	26.25%
2012	950,492	950,492	-	3,838,823	24.76%
2011	736,174	736,174	-	3,699,363	19.90%
2010	616,553	616,553	-	3,626,678	17.00%
2009	655,955	655,955	-	3,498,435	18.75%
2008	862,919	862,919	-	3,386,660	25.48%
2007	896,498	896,498	-	3,230,620	27.75%
2006	860,542	860,542	-	3,050,487	28.21%

See accompanying auditor's report.

Notes to Required Supplementary Information – Pension Liability:

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

Changes of assumptions: Effective July 1, 2014, two additional steps to phase in the 1994 Group Annuity Mortality Table for post-retirement mortality. The two additional steps result in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

**CITY OF MARSHALLTOWN, IOWA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF WATER WORKS' NET PENSION LIABILITY
 SUPPLEMENTAL RETIREMENT AND PENSION PLAN**

	<u>2015</u>
Water Works' Net Pension liability	\$ 1,471,746
Water Works' Covered-Employee Payroll	\$ 500,366
Water Works' Net Pension Liability as a Percentage of its Covered-Employee Payroll	294.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.85%

The amounts presented for each fiscal year were determined as of April 1.

See accompanying auditor's report.

Note: GASB Statement No. 67 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Water Works will present information for those years for which information is available.

CITY OF MARSHALLTOWN, IOWA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF WATER WORKS CONTRIBUTIONS
SUPPLEMENTAL RETIREMENT AND PENSION PLAN

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 121,145	\$ (121,145)	-	\$ 483,147	-25.07%
2014	122,357	(122,357)	-	500,366	-24.45%
2013	117,189	(117,189)	-	478,884	-24.47%
2012	112,779	(112,779)	-	479,708	-23.51%
2011	111,885	(111,885)	-	470,579	-23.78%
2010	114,091	(114,091)	-	547,402	-20.84%
2009	91,232	(91,232)	-	543,736	-16.78%
2008	34,708	(34,708)	-	514,193	-6.75%
2007	31,193	(31,193)	-	462,199	-6.75%
2006	29,456	(29,456)	-	436,385	-6.75%

See accompanying auditor's report.

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Grant Fund – To account for various state and federal grant activities.

Special Contributions – To reflect activities associated with donations and special contributions to various City departments.

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

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

CAPITAL PROJECTS FUNDS

Airport Projects – To account for ongoing projects at the municipal airport.

Culture and Recreation Projects – To account for resources used in the acquisition and construction of capital facilities and other capital assets associated with the City's culture and recreation function.

CITY OF MARSHALLTOWN, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Special</u>	
	<u>E-911</u>	
	<u>Surcharge</u>	<u>Grant Fund</u>
Assets		
Cash and cash equivalents	\$ 291,920	\$ -
Receivables		
Property taxes		
Delinquent	-	-
Due from other governments	67,756	25,479
Prepaid items	<u>9,489</u>	<u>787</u>
Total assets	<u>\$ 369,165</u>	<u>\$ 26,266</u>
Liabilities, deferred inflows of resources, and fund balances		
Liabilities		
Accounts payable	\$ 1,456	\$ 360
Accrued payroll and payroll benefits	-	3,175
Due to other funds	<u>-</u>	<u>106,099</u>
Total liabilities	<u>1,456</u>	<u>109,634</u>
Fund balances		
Nonspendable	9,489	787
Restricted	358,220	-
Unassigned	<u>-</u>	<u>(84,155)</u>
Total fund balances	<u>367,709</u>	<u>(83,368)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 369,165</u>	<u>\$ 26,266</u>

Revenue Funds				Capital Projects Funds		Total
Special Contributions	Tax Increment Financing	Other	Total	Airport Projects	Culture and Recreation Projects	Nonmajor Governmental Funds
\$ 195,605	\$ 227,901	\$ 226,725	\$ 942,151	\$ 423	\$ 101,142	\$ 1,043,716
-	20,624	-	20,624	-	-	20,624
-	1,526	246	95,007	-	-	95,007
<u>6,125</u>	<u>234</u>	<u>-</u>	<u>16,635</u>	<u>-</u>	<u>-</u>	<u>16,635</u>
<u>\$ 201,730</u>	<u>\$ 250,285</u>	<u>\$ 226,971</u>	<u>\$ 1,074,417</u>	<u>\$ 423</u>	<u>\$ 101,142</u>	<u>\$ 1,175,982</u>
\$ 6,521	\$ -	\$ -	\$ 8,337	\$ -	\$ -	\$ 8,337
2,052	-	-	5,227	-	-	5,227
<u>-</u>	<u>-</u>	<u>-</u>	<u>106,099</u>	<u>-</u>	<u>-</u>	<u>106,099</u>
<u>8,573</u>	<u>-</u>	<u>-</u>	<u>119,663</u>	<u>-</u>	<u>-</u>	<u>119,663</u>
6,125	234	-	16,635	-	-	16,635
187,032	250,051	226,971	1,022,274	423	101,142	1,123,839
<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,155)</u>	<u>-</u>	<u>-</u>	<u>(84,155)</u>
<u>193,157</u>	<u>250,285</u>	<u>226,971</u>	<u>954,754</u>	<u>423</u>	<u>101,142</u>	<u>1,056,319</u>
<u>\$ 201,730</u>	<u>\$ 250,285</u>	<u>\$ 226,971</u>	<u>\$ 1,074,417</u>	<u>\$ 423</u>	<u>\$ 101,142</u>	<u>\$ 1,175,982</u>

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Special</u>	
	<u>E-911</u>	
	<u>Surcharge</u>	<u>Grant Fund</u>
Revenues		
TIF revenues	\$ -	\$ -
Other city taxes	274,188	-
Use of money and property	743	19
Intergovernmental	93,955	191,709
Charges for service	-	-
Miscellaneous	-	214
	<u>368,886</u>	<u>191,942</u>
Total revenues		
Expenditures		
Current		
Public safety	350,259	167,772
Public works	-	-
Culture and recreation	-	-
Community and economic development	-	6,957
	<u>350,259</u>	<u>174,729</u>
Total expenditures		
Excess of revenues over expenditures	<u>18,627</u>	<u>17,213</u>
Other financing sources (uses)		
Transfers in	-	-
Transfers out	-	(4,926)
	<u>-</u>	<u>(4,926)</u>
Total other financing sources (uses)		
Net change in fund balances	18,627	12,287
Fund balances (deficit) - beginning	<u>349,082</u>	<u>(95,655)</u>
Fund balances (deficit) - ending	<u>\$ 367,709</u>	<u>\$ (83,368)</u>

Revenue Funds			Capital Projects Funds		Total
Special Contributions	Tax Increment Financing	Other	Airport Projects	Culture and Recreation Projects	Nonmajor Governmental Funds
\$ -	\$ 1,219,210	\$ -	\$ -	\$ -	\$ 1,219,210
-	-	-	-	-	274,188
1,465	1,084	643	-	204	4,158
-	91,944	-	3,213	51,319	432,140
67,634	-	-	-	-	67,634
<u>65,032</u>	<u>-</u>	<u>72,581</u>	<u>90,862</u>	<u>5,276</u>	<u>233,965</u>
<u>134,131</u>	<u>1,312,238</u>	<u>73,224</u>	<u>94,075</u>	<u>56,799</u>	<u>2,231,295</u>
22,712	-	39,801	-	-	580,544
-	-	2,039	23,245	-	25,284
98,236	-	29,430	-	23,207	150,873
<u>-</u>	<u>109,046</u>	<u>-</u>	<u>-</u>	<u>4,370</u>	<u>120,373</u>
<u>120,948</u>	<u>109,046</u>	<u>71,270</u>	<u>23,245</u>	<u>27,577</u>	<u>877,074</u>
<u>13,183</u>	<u>1,203,192</u>	<u>1,954</u>	<u>70,830</u>	<u>29,222</u>	<u>1,354,221</u>
-	5,000	930	-	4,246	10,176
<u>(6,250)</u>	<u>(875,991)</u>	<u>-</u>	<u>-</u>	<u>(7,577)</u>	<u>(894,744)</u>
<u>(6,250)</u>	<u>(870,991)</u>	<u>930</u>	<u>-</u>	<u>(3,331)</u>	<u>(884,568)</u>
6,933	332,201	2,884	70,830	25,891	469,653
<u>186,224</u>	<u>(81,916)</u>	<u>224,087</u>	<u>(70,407)</u>	<u>75,251</u>	<u>586,666</u>
<u>\$ 193,157</u>	<u>\$ 250,285</u>	<u>\$ 226,971</u>	<u>\$ 423</u>	<u>\$ 101,142</u>	<u>\$ 1,056,319</u>

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NONMAJOR ENTERPRISE FUNDS

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

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

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

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2015

	<u>Compost Facility</u>	<u>Bus Transit</u>	<u>Recreation Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 164,412	\$ 190,247	\$ 25,949	\$ 380,608
Receivables				
Accounts and unbilled usage	1,153	-	-	1,153
Due from other governments	-	9,983	-	9,983
Inventories	4,263	-	-	4,263
Prepaid items	119	17,511	107	17,737
Total current assets	<u>169,947</u>	<u>217,741</u>	<u>26,056</u>	<u>413,744</u>
Noncurrent assets				
Capital assets				
Land	10,437	-	-	10,437
Land improvements	235,361	7,735	-	243,096
Buildings and structures	26,919	677,129	-	704,048
Equipment and vehicles	85,947	1,874,549	-	1,960,496
Accumulated depreciation	<u>(285,968)</u>	<u>(1,158,385)</u>	<u>-</u>	<u>(1,444,353)</u>
Total noncurrent assets	<u>72,696</u>	<u>1,401,028</u>	<u>-</u>	<u>1,473,724</u>
Total assets	<u>242,643</u>	<u>1,618,769</u>	<u>26,056</u>	<u>1,887,468</u>
Deferred Outflows of Resources				
Pension related deferred outflows	<u>765</u>	<u>38,095</u>	<u>399</u>	<u>39,259</u>
Liabilities				
Current liabilities				
Accounts payable	41	9,257	2,869	12,167
Accrued payroll and payroll benefits	1,252	16,618	1,791	19,661
Compensated absences	-	5,389	-	5,389
Total current liabilities	<u>1,293</u>	<u>31,264</u>	<u>4,660</u>	<u>37,217</u>
Noncurrent liabilities				
Compensated absences	-	25,096	-	25,096
Net OPEB liability	-	28,846	-	28,846
Net Pension liability	<u>8,386</u>	<u>192,537</u>	<u>2,721</u>	<u>203,644</u>
Total noncurrent liabilities	<u>8,386</u>	<u>246,479</u>	<u>2,721</u>	<u>257,586</u>
Total liabilities	<u>9,679</u>	<u>277,743</u>	<u>7,381</u>	<u>294,803</u>
Deferred Inflows of Resources				
Pension related deferred inflows	<u>994</u>	<u>72,815</u>	<u>689</u>	<u>74,498</u>
Net position				
Net investment in capital assets	72,696	1,401,028	-	1,473,724
Unrestricted	<u>160,039</u>	<u>(94,722)</u>	<u>18,385</u>	<u>83,702</u>
Total net position	<u>\$ 232,735</u>	<u>\$ 1,306,306</u>	<u>\$ 18,385</u>	<u>\$ 1,557,426</u>

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2015

	Compost Facility	Bus Transit	Recreation Concessions	Total Nonmajor Enterprise Funds
Operating revenues				
Charges for service	\$ 74,687	\$ 110,342	\$ 32,522	\$ 217,551
Operating expenses				
Salaries and benefits	19,948	412,571	13,645	446,164
Services and supplies	10,531	206,202	21,262	237,995
Depreciation	11,575	148,281	-	159,856
Total operating expenses	42,054	767,054	34,907	844,015
Operating income (loss)	32,633	(656,712)	(2,385)	(626,464)
Nonoperating revenues				
Federal and state grants	-	351,978	-	351,978
Interest income	324	373	94	791
Net nonoperating revenues	324	352,351	94	352,769
Income (loss) before transfers	32,957	(304,361)	(2,291)	(273,695)
Transfers in	-	173,741	244	173,985
Transfers out	-	(114)	-	(114)
Change in net position	32,957	(130,734)	(2,047)	(99,824)
Net position - beginning, as restated	199,778	1,437,040	20,432	1,657,250
Net position - ending	\$ 232,735	\$ 1,306,306	\$ 18,385	\$ 1,557,426

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2015

	<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	\$ 74,642	\$ 111,235	\$ 32,555	\$ 218,432
Cash payments to suppliers for goods and services	(11,530)	(224,455)	(22,278)	(258,263)
Cash payments to employees for services	<u>(20,254)</u>	<u>(420,535)</u>	<u>(14,078)</u>	<u>(454,867)</u>
Net cash provided by (used for) operating activities	<u>42,858</u>	<u>(533,755)</u>	<u>(3,801)</u>	<u>(494,698)</u>
Cash flows from noncapital financing activities				
Transfers from other funds	-	173,741	244	173,985
Transfers to other funds	-	(114)	-	(114)
Grants received	<u>-</u>	<u>347,867</u>	<u>-</u>	<u>347,867</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>521,494</u>	<u>244</u>	<u>521,738</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	<u>(2)</u>	<u>(2)</u>	<u>-</u>	<u>(4)</u>
Cash flows from investing activities				
Interest received on investment securities	<u>324</u>	<u>373</u>	<u>94</u>	<u>791</u>
Net increase (decrease) in cash and cash equivalents	43,180	(11,890)	(3,463)	27,827
Cash and cash equivalents, beginning	<u>121,232</u>	<u>202,137</u>	<u>29,412</u>	<u>352,781</u>
Cash and cash equivalents, ending	<u>\$ 164,412</u>	<u>\$ 190,247</u>	<u>\$ 25,949</u>	<u>\$ 380,608</u>

(continued)

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF CASH FLOWS (continued)
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2015

	<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)	\$ 32,633	\$ (656,712)	\$ (2,385)	\$ (626,464)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	11,575	148,281	-	159,856
Changes in assets and liabilities				
Decrease (increase) in receivables	(45)	893	33	881
Decrease (increase) in inventories and prepaid items	(995)	61	20	(914)
Decrease in accounts payable	(4)	(18,314)	(1,036)	(19,354)
Increase (decrease) in accrued liabilities	(3)	3,835	(275)	3,557
Increase in net OPEB liability	-	3,294	-	3,294
Decrease in net pension liability	(1,813)	(84,612)	(903)	(87,328)
Decrease (increase) in deferred outflows	516	(3,296)	56	(2,724)
Increase in deferred inflows	994	72,815	689	74,498
Total adjustments	<u>10,225</u>	<u>122,957</u>	<u>(1,416)</u>	<u>131,766</u>
Net cash provided by (used for) operating activities	<u>\$ 42,858</u>	<u>\$ (533,755)</u>	<u>\$ (3,801)</u>	<u>\$ (494,698)</u>

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INTERNAL SERVICE FUNDS

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

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

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

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

	<u>Group Insurance Benefits</u>	<u>Occupational Insurance Benefits</u>	<u>Workmen's Compensation Deductible</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 2,747,501	\$ 146,858	\$ 37,546	\$ 2,931,905
Receivables				
Accounts	<u>2,349</u>	<u>-</u>	<u>-</u>	<u>2,349</u>
Total current assets	<u>2,749,850</u>	<u>146,858</u>	<u>37,546</u>	<u>2,934,254</u>
Liabilities				
Current liabilities				
Accounts payable	332,293	3,007	-	335,300
Deposits payable	<u>152,162</u>	<u>-</u>	<u>-</u>	<u>152,162</u>
Total current liabilities	<u>484,455</u>	<u>3,007</u>	<u>-</u>	<u>487,462</u>
Total net position - unrestricted	<u>\$ 2,265,395</u>	<u>\$ 143,851</u>	<u>\$ 37,546</u>	<u>\$ 2,446,792</u>

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	Group Insurance Benefits	Occupational Insurance Benefits	Workmen's Compensation Deductible	Total
Operating revenues				
Charges for service	\$ 2,188,914	\$ -	\$ -	\$ 2,188,914
Miscellaneous	347,654	-	-	347,654
Total operating revenues	2,536,568	-	-	2,536,568
Operating expenses				
Services and supplies	1,573	-	-	1,573
Claims paid	2,193,712	58,196	22	2,251,930
Health insurance premiums	316,380	-	-	316,380
Miscellaneous	147,224	3,334	-	150,558
Total operating expenses	2,658,889	61,530	22	2,720,441
Operating loss	(122,321)	(61,530)	(22)	(183,873)
Nonoperating revenues				
Interest income	5,499	721	81	6,301
Change in net position	(116,822)	(60,809)	59	(177,572)
Net position - beginning	2,382,217	204,660	37,487	2,624,364
Net position - ending	\$ 2,265,395	\$ 143,851	\$ 37,546	\$ 2,446,792

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	Group Insurance Benefits	Occupational Insurance Benefits	Workmen's Compensation Deductible	Total
Cash flows from operating activities				
Cash received from customers	\$ 2,184,756	\$ -	\$ -	\$ 2,184,756
Cash payments to suppliers for goods and services	(2,545,350)	(60,187)	(22)	(2,605,559)
Other operating receipts	<u>347,654</u>	<u>-</u>	<u>-</u>	<u>347,654</u>
Net cash used for operating activities	<u>(12,940)</u>	<u>(60,187)</u>	<u>(22)</u>	<u>(73,149)</u>
Cash flows from investing activities				
Interest received on investment securities	<u>5,499</u>	<u>721</u>	<u>81</u>	<u>6,301</u>
Net increase (decrease) in cash and cash equivalents	(7,441)	(59,466)	59	(66,848)
Cash and cash equivalents, beginning	<u>2,754,942</u>	<u>206,324</u>	<u>37,487</u>	<u>2,998,753</u>
Cash and cash equivalents, ending	<u>\$ 2,747,501</u>	<u>\$ 146,858</u>	<u>\$ 37,546</u>	<u>\$ 2,931,905</u>
Reconciliation of operating loss to net cash used for operating activities				
Operating loss	<u>\$ (122,321)</u>	<u>\$ (61,530)</u>	<u>\$ (22)</u>	<u>\$ (183,873)</u>
Changes in assets and liabilities				
Increase in receivables	(1,014)	-	-	(1,014)
Increase in accounts payable	113,539	1,343	-	114,882
Increase in deposits payable	<u>(3,144)</u>	<u>-</u>	<u>-</u>	<u>(3,144)</u>
Total	<u>109,381</u>	<u>1,343</u>	<u>-</u>	<u>110,724</u>
Net cash provided by (used for) operating activities	<u>\$ (12,940)</u>	<u>\$ (60,187)</u>	<u>\$ (22)</u>	<u>\$ (73,149)</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, 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
PAYROLL FUND				
ASSETS				
Cash and cash equivalents	\$ 171,184	\$ 39,222,095	\$ 39,213,029	\$ 180,250
Prepaid items	19,902	22,359	19,902	22,359
Total assets	<u>\$ 191,086</u>	<u>\$ 39,244,454</u>	<u>\$ 39,232,931</u>	<u>\$ 202,609</u>
LIABILITIES				
Accrued payroll and benefits	\$ 171,184	\$ 39,222,095	\$ 39,214,211	\$ 179,068
Accounts Payable	-	1,182	-	1,182
Due to City	19,902	22,359	19,902	22,359
Total liabilities	<u>\$ 191,086</u>	<u>\$ 39,245,636</u>	<u>\$ 39,234,113</u>	<u>\$ 202,609</u>
SLEUTH USER GROUP				
ASSETS				
Cash and cash equivalents	\$ 14,793	\$ 49	\$ -	\$ 14,842
LIABILITIES				
Due to Sleuth User Group	\$ 14,793	\$ 49	\$ -	\$ 14,842
SURETY BONDS/DEPOSITS				
ASSETS				
Cash and cash equivalents	\$ 979	\$ 1,205	\$ 1,092	\$ 1,092
LIABILITIES				
Due to City	\$ 979	\$ 1,205	\$ 1,092	\$ 1,092

(continued)

CITY OF MARSHALLTOWN, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
OTHER				
ASSETS				
Cash and cash equivalents	\$ 2,978	\$ 8,029	\$ 8,840	\$ 2,167
LIABILITIES				
Due to other governments	\$ 2,978	\$ 8,029	\$ 8,840	\$ 2,167
ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 189,934	\$ 39,231,378	\$ 39,222,961	\$ 198,351
Prepaid items	19,902	22,359	19,902	22,359
Total assets	<u>\$ 209,836</u>	<u>\$ 39,253,737</u>	<u>\$ 39,242,863</u>	<u>\$ 220,710</u>
LIABILITIES				
Accounts payable	\$ -	\$ 1,182	\$ -	\$ 1,182
Accrued payroll and benefits	171,184	39,222,095	39,214,211	179,068
Due to Sleuth User Group	14,793	49	-	14,842
Due to City	20,881	23,564	20,994	23,451
Due to other governments	2,978	8,029	8,840	2,167
Total liabilities	<u>\$ 209,836</u>	<u>\$ 39,254,919</u>	<u>\$ 39,244,045</u>	<u>\$ 220,710</u>

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LONG-TERM DEBT

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF BOND MATURITIES
JUNE 30, 2015

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
Governmental Activities				
General Obligation				
2008A Essential corporate purpose refunding bonds, issued April 1, 2008	2016	3.50%	\$ 78,750	\$ 1,150,000
	2017	3.50%	<u>38,500</u>	<u>1,100,000</u>
			<u>117,250</u>	<u>2,250,000</u>
2009A Essential corporate purpose refunding bonds, issued May 1, 2009	2016	2.60%	27,510	335,000
	2017	2.80%	18,800	350,000
	2018	3.00%	<u>9,000</u>	<u>300,000</u>
			<u>55,310</u>	<u>985,000</u>
2011A Essential corporate purpose, issued April 1, 2011	2016	1.75%	<u>5,512</u>	<u>315,000</u>
			<u>5,512</u>	<u>315,000</u>
2011B Essential corporate purpose, issued October 26, 2011	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%	<u>5,558</u>	<u>195,000</u>
			<u>322,415</u>	<u>1,970,000</u>

(continued)

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF BOND MATURITIES (continued)
JUNE 30, 2015

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
Governmental Activities (continued)				
General Obligation (continued)				
2012A Essential corporate purpose, issued April 12, 2012	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
			661,749	4,650,000
2012B Crossover advance refunding, issued April 24, 2012	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
			200,940	2,705,000
2013A Essential corporate purpose, issued March 12, 2013	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
			405,700	5,370,000
2014A Essential corporate purpose, issued December 16, 2014	2016	1.500%	43,125	395,000
	2017	2.000%	37,200	100,000
	2018	2.000%	35,200	175,000
	2019	2.000%	31,700	275,000
	2020	2.000%	26,200	275,000
	2021	2.300%	20,700	300,000
	2022	2.400%	13,800	325,000
	2023	2.500%	6,000	240,000
			213,925	2,085,000

(continued)

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF BOND MATURITIES (continued)
JUNE 30, 2015

Issue	Year Ending June 30,	Interest Rates	Interest	Principal
Governmental Activities (continued)				
Notes Payable				
Equipment loan note, issued February 1, 2005	2016	0.00%	\$ -	\$ 22,877
	2017	0.00%	-	21,711
			<u>-</u>	<u>44,588</u>
 General Obligation and Notes Payable (continued)				
Total governmental activities	2016		408,146	3,077,877
	2017		336,425	2,726,711
	2018		270,984	2,275,000
	2019		233,308	2,140,000
	2020		200,607	2,140,000
	2021		166,513	2,190,000
	2022		127,638	2,235,000
	2023		84,127	1,125,000
	2024		59,688	575,000
	2025		46,400	605,000
	2026		32,157	640,000
	2027		16,808	645,000
			<u>\$ 1,982,801</u>	<u>\$ 20,374,588</u>

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF BOND MATURITIES (continued)
JUNE 30, 2015

Issue	Year Ending June 30	Interest Rates	Interest	Principal
Business-type Activities				
General Obligation				
2011 Essential corporate purpose, issued April 1, 2011	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
			921,946	4,740,000
 Note Payable				
Alliant Loan, issued September 17, 2014	2016	0.00%	7,305	97,186
	2017	0.00%	6,063	98,428
	2018	0.00%	4,805	99,686
	2019	0.00%	3,531	100,959
	2020	0.00%	2,241	102,249
	2021	0.00%	935	103,556
	2022	0.00%	28	17,388
			24,908	619,452
 Revenue Bonds				
Sewer Revenue Improvement and Refunding, Issued May 8, 2012	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
			371,574	3,141,000

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF BOND MATURITIES (continued)
JUNE 30, 2015

Issue	Year Ending June 30	Interest Rates	Interest	Principal
Business-type Activities (Continued)				
Revenue Bonds (Continued)				
Sewer Revenue Improvement Issued June 18, 2013	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
			495,592	3,367,000
2014 Series Sewer Revenue Improvement Issued June 18, 2013	2016	2.90%	150,858	307,000
	2017	2.90%	141,955	315,000
	2018	2.90%	132,820	325,000
	2019	2.90%	123,395	334,000
	2020	2.90%	113,709	344,000
	2021	2.90%	103,733	354,000
	2022	2.90%	93,467	364,000
	2023	2.90%	82,911	374,000
	2024	2.90%	72,065	385,000
	2025	2.90%	60,900	396,000
	2026	2.90%	49,416	408,000
	2027	2.90%	37,584	420,000
	2028	2.90%	25,404	432,000
	2029	2.90%	12,876	444,000
			1,201,093	5,202,000

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF BOND MATURITIES (continued)
JUNE 30, 2015

Issue	Year Ending June 30	Interest Rates	Interest	Principal
Business-type Activities (Continued)				
Total business-type activities	2016		\$ 440,946	\$ 1,504,186
	2017		406,537	1,528,428
	2018		370,643	1,571,686
	2019		332,736	1,604,959
	2020		293,256	1,224,249
	2021		262,795	1,259,556
	2022		230,789	1,206,388
	2023		198,303	1,229,000
	2024		164,268	1,263,000
	2025		128,794	1,308,000
	2026		91,245	1,350,000
	2027		51,933	852,000
	2028		29,992	724,000
	2029		12,876	444,000
			<u>\$ 3,015,113</u>	<u>\$ 17,069,452</u>

STATISTICAL SECTION (UNAUDITED)

CITY OF MARSHALLTOWN, IOWA

STATISTICAL SECTION – CONTENTS

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	114
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	122
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	127
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	132
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	134

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)

	Fiscal				
	2015	2014	2013	2012	2011
Governmental activities					
Net investment in capital assets	\$ 32,948,014	\$ 30,504,272	\$ 29,002,766	\$ 28,325,116	\$ 27,720,521
Restricted	10,119,191	8,457,793	9,706,673	11,863,770	8,246,658
Unrestricted	<u>(17,323,596)</u>	<u>(5,613,806)</u>	<u>(5,497,165)</u>	<u>(730,534)</u>	<u>2,811,692</u>
Total governmental activities net position	<u>\$ 25,743,609</u>	<u>\$ 33,348,259</u>	<u>\$ 33,212,274</u>	<u>\$ 39,458,352</u>	<u>\$ 38,778,871</u>
Business-type activities					
Net investment in capital assets	\$ 38,458,793	\$ 40,565,122	\$ 37,861,816	\$ 35,454,854	\$ 31,937,474
Restricted	130,261	80,048	64,281	49,296	946,902
Unrestricted	<u>7,413,347</u>	<u>4,444,459</u>	<u>5,613,164</u>	<u>4,815,992</u>	<u>5,329,554</u>
Total business-type activities net position	<u>\$ 46,002,401</u>	<u>\$ 45,089,629</u>	<u>\$ 43,539,261</u>	<u>\$ 40,320,142</u>	<u>\$ 38,213,930</u>
Primary Government					
Net investment in capital assets	\$ 71,406,807	\$ 71,069,394	\$ 66,864,582	\$ 63,779,970	\$ 59,657,995
Restricted	10,249,452	8,537,841	9,770,954	11,913,066	9,193,560
Unrestricted	<u>(9,910,249)</u>	<u>(1,169,347)</u>	<u>115,999</u>	<u>4,085,458</u>	<u>8,141,246</u>
Total primary government net position	<u>\$ 71,746,010</u>	<u>\$ 78,437,888</u>	<u>\$ 76,751,535</u>	<u>\$ 79,778,494</u>	<u>\$ 76,992,801</u>

Year

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 26,650,049	\$ 23,043,549	\$ 19,020,002	\$ 14,837,533	\$ 10,902,193
5,480,294	4,092,324	3,466,011	3,093,281	2,465,406
<u>5,344,963</u>	<u>7,751,144</u>	<u>8,744,229</u>	<u>9,609,800</u>	<u>8,572,318</u>
<u>\$ 37,475,306</u>	<u>\$ 34,887,017</u>	<u>\$ 31,230,242</u>	<u>\$ 27,540,614</u>	<u>\$ 21,939,917</u>
\$ 30,006,298	\$ 29,462,000	\$ 28,057,883	\$ 27,975,107	\$ 28,081,324
947,675	948,423	949,146	949,930	1,382,713
<u>5,842,883</u>	<u>5,736,915</u>	<u>5,564,413</u>	<u>4,708,652</u>	<u>3,531,327</u>
<u>\$ 36,796,856</u>	<u>\$ 36,147,338</u>	<u>\$ 34,571,442</u>	<u>\$ 33,633,689</u>	<u>\$ 32,995,364</u>
\$ 56,656,347	\$ 52,505,549	\$ 47,077,885	\$ 42,812,640	\$ 38,983,517
6,427,969	5,040,747	4,415,157	4,043,211	3,848,119
<u>11,187,846</u>	<u>13,488,059</u>	<u>14,308,642</u>	<u>14,318,452</u>	<u>12,103,645</u>
<u>\$ 74,272,162</u>	<u>\$ 71,034,355</u>	<u>\$ 65,801,684</u>	<u>\$ 61,174,303</u>	<u>\$ 54,935,281</u>

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

					Fiscal
	2015	2014	2013	2012	2011
Expenses					
Governmental activities:					
Public safety	\$ 8,516,307	\$ 9,092,842	\$ 8,607,561	\$ 8,731,373	\$ 8,028,333
Public works	6,186,551	6,465,974	13,472,047	7,049,394	6,203,182
Health and social services	1,784,302	1,301,574	903,270	1,154,023	1,771,196
Culture and recreation	3,505,193	3,645,774	3,435,212	2,757,409	3,801,068
Community and economic development	1,370,533	3,051,319	2,249,158	2,417,304	2,346,822
General government	1,299,063	1,322,112	1,285,356	1,278,776	1,174,190
Interest on long term debt	425,967	627,060	628,314	563,965	578,629
Total governmental activities expenses	<u>23,087,916</u>	<u>25,506,655</u>	<u>30,580,918</u>	<u>23,952,244</u>	<u>23,903,420</u>
Business-type activities:					
Water pollution control	4,584,245	4,608,246	4,295,804	4,735,491	4,275,726
Storm sewer	698,627	786,788	669,666	611,543	558,572
Compost	42,054	39,846	51,440	40,048	37,961
Transit	767,054	827,333	794,179	732,113	702,544
Concessions	34,907	42,535	59,267	82,739	54,447
Total business-type activities expenses	<u>6,126,887</u>	<u>6,304,748</u>	<u>5,870,356</u>	<u>6,201,934</u>	<u>5,629,250</u>
Total primary government expenses	<u>\$ 29,214,803</u>	<u>\$ 31,811,403</u>	<u>\$ 36,451,274</u>	<u>\$ 30,154,178</u>	<u>\$ 29,532,670</u>
Program Revenues					
Governmental activities					
Charges for service:					
Public safety	\$ 150,181	\$ 254,952	\$ 198,296	\$ 173,007	\$ 223,311
Public works	1,529,047	658,590	766,244	477,553	428,841
Health and social services	52,534	68,187	38,891	79,159	48,134
Culture and recreation	449,155	426,653	454,318	473,715	490,057
Community and economic development	278,924	360,999	153,563	170,617	227,024
Other activities	171,846	112,992	123,157	269,371	155,658
Operating grants and contributions	6,461,208	6,354,163	6,202,784	5,656,234	7,801,666
Capital grants and contributions	170,084	701,920	326,833	492,676	304,891
Total governmental activities program revenues	<u>9,262,979</u>	<u>8,938,456</u>	<u>8,264,086</u>	<u>7,792,332</u>	<u>9,679,582</u>
Business-type activities					
Charges for service:					
Water pollution control	6,066,644	5,860,659	5,079,296	4,937,481	4,280,970
Storm sewer	776,483	709,946	310,689	310,584	301,235
Compost	74,687	60,223	57,417	59,316	45,860
Transit	110,342	124,956	134,387	104,394	117,259
Concessions	32,522	39,208	43,706	49,559	48,180
Operating grants and contributions	386,922	407,338	376,900	353,216	239,651
Capital grants and contributions	493,326	444,674	2,889,069	2,281,955	1,797,999
Total business-type activities program revenues	<u>7,940,926</u>	<u>7,647,004</u>	<u>8,891,464</u>	<u>8,096,505</u>	<u>6,831,154</u>
Total primary government program revenues	<u>\$ 17,203,905</u>	<u>\$ 16,585,460</u>	<u>\$ 17,155,550</u>	<u>\$ 15,888,837</u>	<u>\$ 16,510,736</u>

Year				
2010	2009	2008	2007	2006
\$ 8,065,379	\$ 7,633,307	\$ 7,542,266	\$ 7,221,486	\$ 7,343,575
4,652,177	4,783,710	5,083,392	4,002,011	3,938,080
1,330,332	710,361	1,273,679	1,404,277	1,361,077
3,842,524	2,744,793	2,900,972	2,477,842	2,893,559
2,343,854	2,369,887	1,795,613	1,992,572	1,694,889
707,425	1,073,832	1,120,708	1,271,344	1,028,482
659,449	846,296	841,587	910,061	921,460
<u>21,601,140</u>	<u>20,162,186</u>	<u>20,558,217</u>	<u>19,279,593</u>	<u>19,181,122</u>
4,451,055	4,104,671	4,127,563	3,935,556	4,096,849
536,859	484,772	516,213	451,013	423,426
39,067	45,822	89,164	37,472	44,066
596,690	569,665	562,279	501,321	438,430
48,738	107,677	59,936	53,291	54,725
<u>5,672,409</u>	<u>5,312,607</u>	<u>5,355,155</u>	<u>4,978,653</u>	<u>5,057,496</u>
<u>\$ 27,273,549</u>	<u>\$ 25,474,793</u>	<u>\$ 25,913,372</u>	<u>\$ 24,258,246</u>	<u>\$ 24,238,618</u>
\$ 194,712	\$ 79,976	\$ 186,932	\$ 550,576	\$ 104,082
717,658	720,300	446,564	663,753	636,645
78,181	41,585	66,515	68,541	-
443,268	436,038	469,169	488,282	687,079
157,415	287,548	312,835	184,928	230,674
98,728	153,242	159,155	83,055	171,517
5,935,212	4,952,094	6,006,627	5,739,079	5,440,505
<u>2,106,963</u>	<u>1,766,302</u>	<u>1,570,148</u>	<u>2,898,828</u>	<u>1,461,418</u>
<u>9,732,137</u>	<u>8,437,085</u>	<u>9,217,945</u>	<u>10,677,042</u>	<u>8,731,920</u>
4,772,834	4,921,428	4,915,786	4,051,010	3,657,366
299,772	279,142	303,621	334,058	327,807
31,943	33,404	26,155	22,405	26,627
118,331	115,486	129,841	85,433	118,473
48,570	59,669	61,986	61,732	67,014
669,067	572,393	290,701	253,130	453,792
621,223	611,649	165,849	239,065	227,315
<u>6,561,740</u>	<u>6,593,171</u>	<u>5,893,939</u>	<u>5,046,833</u>	<u>4,878,394</u>
<u>\$ 16,293,877</u>	<u>\$ 15,030,256</u>	<u>\$ 15,111,884</u>	<u>\$ 15,723,875</u>	<u>\$ 13,610,314</u>

(continued)

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

					Fiscal
	2015	2014	2013	2012	2011
Net (Expense)/Revenue					
Governmental activities	\$ (13,824,937)	\$ (16,568,199)	\$ (22,316,832)	\$ (16,159,912)	\$ (14,223,838)
Business-type activities	<u>1,814,039</u>	<u>1,342,256</u>	<u>3,021,108</u>	<u>1,894,571</u>	<u>1,201,904</u>
Total primary government net expense	<u>\$ (12,010,898)</u>	<u>\$ (15,225,943)</u>	<u>\$ (19,295,724)</u>	<u>\$ (14,265,341)</u>	<u>\$ (13,021,934)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property	\$ 9,777,342	\$ 10,036,577	\$ 9,967,944	\$ 9,853,096	\$ 9,210,796
Other	5,755,121	5,778,420	5,132,322	6,063,108	5,565,923
Unrestricted					
State generated revenues	845,140	453,645	369,337	317,412	305,694
Investment earnings	53,042	112,280	126,436	173,169	167,610
Miscellaneous revenues	660,348	493,213	637,775	602,269	435,191
Transfers	<u>(172,735)</u>	<u>(169,951)</u>	<u>(163,060)</u>	<u>(169,661)</u>	<u>(157,811)</u>
Total governmental activities	<u>16,918,258</u>	<u>16,704,184</u>	<u>16,070,754</u>	<u>16,839,393</u>	<u>15,527,403</u>
Business-type activities:					
Investment earnings	26,891	38,161	34,951	41,980	57,359
Miscellaneous revenues	-	-	-	-	-
Transfers	<u>172,735</u>	<u>169,951</u>	<u>163,060</u>	<u>169,661</u>	<u>157,811</u>
Total business-type activities	<u>199,626</u>	<u>208,112</u>	<u>198,011</u>	<u>211,641</u>	<u>215,170</u>
Total primary government	<u>\$ 17,117,884</u>	<u>\$ 16,912,296</u>	<u>\$ 16,268,765</u>	<u>\$ 17,051,034</u>	<u>\$ 15,742,573</u>
Change in Net Position					
Governmental activities	\$ 3,093,321	\$ 135,985	\$ (6,246,078)	\$ 679,481	\$ 1,303,565
Business-type activities	<u>2,013,665</u>	<u>1,550,368</u>	<u>3,219,119</u>	<u>2,106,212</u>	<u>1,417,074</u>
Total primary government	<u>\$ 5,106,986</u>	<u>\$ 1,686,353</u>	<u>\$ (3,026,959)</u>	<u>\$ 2,785,693</u>	<u>\$ 2,720,639</u>

Year

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ (11,869,003)	\$ (11,725,101)	\$ (11,340,272)	\$ (8,602,551)	\$ (10,449,202)
<u>889,331</u>	<u>1,280,564</u>	<u>538,784</u>	<u>68,180</u>	<u>(179,102)</u>
<u>\$ (10,979,672)</u>	<u>\$ (10,444,537)</u>	<u>\$ (10,801,488)</u>	<u>\$ (8,534,371)</u>	<u>\$ (10,628,304)</u>
\$ 8,957,392	\$ 8,617,322	\$ 7,821,311	\$ 7,523,858	\$ 7,006,898
<u>5,206,539</u>	<u>5,787,467</u>	<u>5,735,724</u>	<u>5,697,114</u>	<u>4,928,051</u>
333,259	339,243	368,341	343,333	383,643
162,173	325,699	602,711	655,348	477,315
641,234	468,253	653,069	297,817	385,881
<u>(192,057)</u>	<u>(156,108)</u>	<u>(151,256)</u>	<u>(314,222)</u>	<u>(145,235)</u>
<u>15,108,540</u>	<u>15,381,876</u>	<u>15,029,900</u>	<u>14,203,248</u>	<u>13,036,553</u>
55,775	139,224	245,262	255,923	190,147
-	-	2,151	-	-
<u>192,057</u>	<u>156,108</u>	<u>151,256</u>	<u>314,222</u>	<u>145,235</u>
<u>247,832</u>	<u>295,332</u>	<u>398,669</u>	<u>570,145</u>	<u>335,382</u>
<u>\$ 15,356,372</u>	<u>\$ 15,677,208</u>	<u>\$ 15,428,569</u>	<u>\$ 14,773,393</u>	<u>\$ 13,371,935</u>
\$ 3,239,537	\$ 3,656,775	\$ 3,689,628	\$ 5,600,697	\$ 2,587,351
<u>1,137,163</u>	<u>1,575,896</u>	<u>937,453</u>	<u>638,325</u>	<u>156,280</u>
<u>\$ 4,376,700</u>	<u>\$ 5,232,671</u>	<u>\$ 4,627,081</u>	<u>\$ 6,239,022</u>	<u>\$ 2,743,631</u>

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

	Program Revenues					
	2015	2014	2013	2012	2011	2010
Function/Program						
Governmental activities						
Public safety	\$ 875,300	\$ 1,478,721	\$ 1,154,130	\$ 777,123	\$ 980,216	\$ 960,979
Public works	4,657,620	3,501,138	4,272,126	3,602,446	3,737,210	4,029,975
Health and social services	1,470,156	1,834,718	702,887	955,529	1,531,281	1,300,200
Culture and recreation	638,615	565,562	571,380	707,189	1,399,468	925,422
Community and economic development	1,447,647	1,387,104	1,426,383	1,465,674	1,822,717	1,651,247
General government	<u>173,641</u>	<u>171,213</u>	<u>137,180</u>	<u>284,371</u>	<u>208,690</u>	<u>864,314</u>
Total governmental activities	<u>\$ 9,262,979</u>	<u>\$ 8,938,456</u>	<u>\$ 8,264,086</u>	<u>\$ 7,792,332</u>	<u>\$ 9,679,582</u>	<u>\$ 9,732,137</u>
Business-type activities						
Water pollution control	\$ 6,378,473	\$ 5,896,233	\$ 5,303,615	\$ 6,519,524	\$ 5,130,757	\$ 5,315,535
Storm sewer	992,924	887,240	3,016,135	767,941	1,197,010	454,271
Compost	74,687	60,223	57,417	59,316	45,860	31,943
Transit	462,320	764,100	470,591	700,165	409,347	711,421
Concessions	<u>32,522</u>	<u>39,208</u>	<u>43,706</u>	<u>49,559</u>	<u>48,180</u>	<u>48,570</u>
Total business-type activities	<u>\$ 7,940,926</u>	<u>\$ 7,647,004</u>	<u>\$ 8,891,464</u>	<u>\$ 8,096,505</u>	<u>\$ 6,831,154</u>	<u>\$ 6,561,740</u>

by Fiscal Year

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 854,028	\$ 969,752	\$ 1,198,228	\$ 764,806
3,260,842	3,342,003	4,322,473	4,009,030
321,478	975,487	1,021,964	1,088,238
2,010,582	1,862,073	2,068,851	949,630
1,836,913	1,909,475	1,982,471	1,823,109
<u>153,242</u>	<u>159,155</u>	<u>83,055</u>	<u>97,107</u>
<u>\$ 8,437,085</u>	<u>\$ 9,217,945</u>	<u>\$ 10,677,042</u>	<u>\$ 8,731,920</u>
\$ 5,426,868	\$ 4,915,859	\$ 4,196,643	\$ 3,689,112
465,414	427,640	417,245	523,472
33,404	59,235	22,405	26,627
607,816	429,219	348,808	572,169
<u>59,669</u>	<u>61,986</u>	<u>61,732</u>	<u>67,014</u>
<u>\$ 6,593,171</u>	<u>\$ 5,893,939</u>	<u>\$ 5,046,833</u>	<u>\$ 4,878,394</u>

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Nonspendable	\$ 237,568	\$ 249,958	\$ 241,974	\$ 258,309	\$ 230,633	N/A	N/A	N/A	N/A	N/A
Restricted	694,247	588,928	1,153,313	517,008	456,488	N/A	N/A	N/A	N/A	N/A
Committed	250,000	250,000	250,000	250,000	250,000	N/A	N/A	N/A	N/A	N/A
Unassigned	2,371,948	2,663,261	2,736,209	2,783,055	2,839,102	N/A	N/A	N/A	N/A	N/A
Reserved	N/A	N/A	N/A	N/A	N/A	\$ 233,410	\$ 266,493	\$ 254,813	\$ 260,504	\$ 254,337
Unreserved	N/A	N/A	N/A	N/A	N/A	3,587,644	3,778,280	3,719,837	3,201,762	2,781,078
Total general fund	<u>3,553,763</u>	<u>3,752,147</u>	<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>
All Other Governmental Funds										
Nonspendable	146,258	79,862	141,231	222,131	178,954	N/A	N/A	N/A	N/A	N/A
Restricted	11,301,502	7,328,052	12,887,420	17,264,749	7,701,874	N/A	N/A	N/A	N/A	N/A
Unassigned	(84,155)	(270,543)	(198,484)	(323,895)	(506,674)	N/A	N/A	N/A	N/A	N/A
Reserved	N/A	N/A	N/A	N/A	N/A	5,485,108	5,280,068	7,071,466	3,117,481	2,517,279
Unreserved reported in:										
Special revenue funds	N/A	N/A	N/A	N/A	N/A	1,003,450	1,692,822	2,376,891	3,256,828	2,923,224
Capital projects funds	N/A	N/A	N/A	N/A	N/A	110,818	129,053	-	1,935,500	1,838,524
Total all other governmental funds	<u>11,363,605</u>	<u>7,137,371</u>	<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>
Total fund balances of governmental funds	<u>\$ 14,917,368</u>	<u>\$ 10,889,518</u>	<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>

Note:

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

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

	Fiscal Year					
	2015	2014	2013	2012	2011	2010
Revenues						
Taxes	\$ 16,030,409	\$ 16,251,920	\$ 15,617,908	\$ 16,392,387	\$ 15,191,296	\$ 14,569,739
Use of money and property	124,857	169,135	194,543	203,524	198,097	206,909
Licenses and permits	321,446	391,091	219,392	203,813	232,542	212,918
Intergovernmental	7,471,242	6,618,339	6,475,308	7,229,540	7,278,810	7,168,913
Charges for service	964,075	874,840	915,644	897,955	866,580	845,703
Special assessments	14,738	11,688	14,306	21,759	31,019	51,581
Miscellaneous	2,102,572	684,707	912,585	651,226	741,748	1,125,338
Total revenues	<u>27,029,339</u>	<u>25,001,720</u>	<u>24,349,686</u>	<u>25,600,204</u>	<u>24,540,092</u>	<u>24,181,101</u>
Expenditures						
Public safety	8,743,014	8,559,357	8,135,052	7,977,604	7,370,014	7,492,213
Public works	4,669,213	4,985,535	12,081,043	5,605,515	4,841,484	3,787,116
Health and social services	1,907,586	1,385,246	968,157	1,223,039	1,753,967	1,318,373
Culture and recreation	2,268,546	2,739,578	2,551,437	1,853,940	2,998,877	3,081,402
Community and economic development	1,381,445	3,044,706	2,234,323	2,414,531	2,341,523	2,347,611
General government	1,273,399	1,253,001	1,177,738	1,087,036	1,071,829	1,990,657
Capital outlay	1,439,787	2,944,911	3,118,982	2,572,134	1,601,447	2,160,036
Debt service						
Principal	2,971,716	5,663,840	2,788,840	2,928,840	2,613,841	2,660,000
Interest and other fiscal charges	457,343	649,203	643,405	626,514	581,504	651,854
Total expenditures	<u>25,112,049</u>	<u>31,225,377</u>	<u>33,698,977</u>	<u>26,289,153</u>	<u>25,174,486</u>	<u>25,489,262</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,917,290</u>	<u>(6,223,657)</u>	<u>(9,349,291)</u>	<u>(688,949)</u>	<u>(634,394)</u>	<u>(1,308,161)</u>
Other Financing Sources (Uses)						
Sale of governmental assets	-	4,000	35,298	166,128	2,152	224,484
Debt issued	2,225,000	67,463	5,600,000	10,460,000	1,520,000	700,000
Payment of refunded bonds	-	-	-	53,462	-	-
Premium and accrued interest on debt issued	58,295	-	117,359	-	-	-
Transfers in	8,268,840	8,195,955	7,813,126	7,182,963	7,085,563	5,825,922
Transfers out	<u>(8,441,575)</u>	<u>(8,365,906)</u>	<u>(7,976,186)</u>	<u>(7,352,624)</u>	<u>(7,243,374)</u>	<u>(6,017,979)</u>
Total other financing sources (uses)	<u>2,110,560</u>	<u>(98,488)</u>	<u>5,589,597</u>	<u>10,509,929</u>	<u>1,364,341</u>	<u>732,427</u>
Net change in fund balances	<u>\$ 4,027,850</u>	<u>\$ (6,322,145)</u>	<u>\$ (3,759,694)</u>	<u>\$ 9,820,980</u>	<u>\$ 729,947</u>	<u>\$ (575,734)</u>
Debt service as a percentage of noncapital expenditures	14.5%	22.3%	11.2%	15.0%	13.6%	14.2%

Ended June 30,

2009	2008	2007	2006
\$ 14,855,452	\$ 14,053,501	\$ 13,698,670	\$ 12,373,299
343,980	617,026	688,991	508,604
294,196	365,034	303,126	289,329
6,031,273	7,587,326	6,106,617	6,744,295
820,780	874,706	909,103	863,341
83,043	28,083	206,510	210,278
<u>1,525,314</u>	<u>1,157,194</u>	<u>1,760,370</u>	<u>519,519</u>
<u>23,954,038</u>	<u>24,682,870</u>	<u>23,673,387</u>	<u>21,508,665</u>

7,143,869	7,588,682	7,165,536	6,898,394
3,498,289	3,913,315	2,922,597	2,438,572
718,526	1,284,767	1,421,014	1,340,728
2,176,451	2,552,969	2,145,963	2,526,524

1,975,245	1,462,263	1,987,416	1,682,136
1,023,774	1,082,742	1,122,209	1,227,899
5,767,146	5,923,147	2,351,022	3,436,407

2,553,840	2,152,278	2,041,190	1,795,178
<u>1,286,096</u>	<u>1,190,984</u>	<u>932,281</u>	<u>928,425</u>
<u>26,143,236</u>	<u>27,151,147</u>	<u>22,089,228</u>	<u>22,274,263</u>

<u>(2,189,198)</u>	<u>(2,468,277)</u>	<u>1,584,159</u>	<u>(765,598)</u>
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14,015	20,465	13,299	67,416
3,500,000	15,455,000	-	1,500,000
(3,445,000)	(11,205,000)	-	-

-	-	-	-
6,496,136	7,506,477	7,596,884	6,266,978
<u>(6,652,244)</u>	<u>(7,657,733)</u>	<u>(7,736,709)</u>	<u>(6,412,213)</u>
<u>(87,093)</u>	<u>4,119,209</u>	<u>(126,526)</u>	<u>1,422,181</u>

<u>\$ (2,276,291)</u>	<u>\$ 1,650,932</u>	<u>\$ 1,457,633</u>	<u>\$ 656,583</u>
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18.8%	15.7%	15.1%	14.5%
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CITY OF MARSHALLTOWN, IOWA
TAX REVENUES BY SOURCE – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal year	Property Tax	Tax Increment Financing Tax	Utility Excise Tax	Utility Franchise Fee	Hotel/Motel Tax	Local Option Sales Tax	911 Surcharge	Mobile Home Tax	Total
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
2013-14	10,036,577	1,475,200	921,454	163,488	432,108	2,936,344	273,435	13,314	16,251,920
2014-15	9,777,342	1,219,210	884,215	223,758	474,474	3,164,249	274,188	12,973	16,030,409

CITY OF MARSHALLTOWN, IOWA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
YEAR ENDED JUNE 30, 2015
(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	\$ 5,684,978	\$ -	\$ 518,772	\$ 223,758	\$ 474,474	\$ -	\$ -	\$ 7,629	\$ 6,909,611
Tax Increment									
Financing	-	1,219,210	-	-	-	-	-	-	1,219,210
E-911 Surcharge	-	-	-	-	-	-	274,188	-	274,188
Local Option									
Sales Tax	-	-	-	-	-	3,164,249	-	-	3,164,249
Property tax	1,508,216	-	138,348	-	-	-	-	2,014	1,648,578
Debt Service	2,142,653	-	186,601	-	-	-	-	2,736	2,331,990
Capital Projects	441,495	-	40,494	-	-	-	-	594	482,583
Total	<u>\$ 9,777,342</u>	<u>\$ 1,219,210</u>	<u>\$ 884,215</u>	<u>\$ 223,758</u>	<u>\$ 474,474</u>	<u>\$ 3,164,249</u>	<u>\$ 274,188</u>	<u>\$ 12,973</u>	<u>\$ 16,030,409</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
											Value
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%
2012	2013-14	449,211,004	219,544,651	64,114,746	732,870,401	44,270,422	4,695,878	781,836,701	14.18432	1,333,053,884	58.650%
2013	2014-15	434,833,408	202,005,765	58,618,711	695,457,884	37,409,137	4,496,113	737,363,134	14.76356	1,281,885,530	57.522%

Rollback Factors by Class

Fiscal Year	Tax Exempt		Residential	Agricultural	Commercial	Railroad
	Gas & Electric	Property				
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
2013-14	153,467,212	112,570,348	52.81660	59.93340	100.00000	100.00000
2014-15	165,363,180	156,351,613	54.40020	43.39970	95.00000	100.00000

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
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
2012	2013-14	7.44499	17.52934	14.18432	0.27661	1.80632	0.13567	0.00330	41.38055
2013	2014-15	7.44499	18.15000	14.76355	0.29712	1.79487	0.15194	0.00330	42.60577

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, 2013		Percentage of Total City		Jan 1, 2004		Percentage of Total City	
	Taxable Assessed Value Payable 14- 15	Rank	Taxable Assessed Value		Taxable Assessed Value Payable 05- 06	Rank	Taxable Assessed Value	
IES Utilities (Interstate Power)	\$ 57,303,374	1	7.6%		\$ 98,401,496	1	14.7%	
Emerson Process Mgt/Fisher Controls	19,135,384	2	2.5%		10,874,010	6	1.7%	
MMSC, Ventures Inc	17,301,698	3	2.3%		10,912,430	5	1.7%	
Lennox Industries Inc	13,216,046	4	1.7%		14,684,500	2	2.2%	
Walmart, Real Estate Business	9,494,955	5	1.3%		11,333,356	4	1.7%	
Swift, Pork Company	9,346,914	6	1.2%		9,118,774	7	1.4%	
Swift & Company	8,869,149	7	1.2%					
Menard, Inc	8,233,578	8	1.1%					
Marshalltown, Center IA LLC	4,770,000	9	0.6%		11,976,680	3	1.8%	
Members 1st Comm Credit Union	4,668,243	10	0.6%					
FHS Marshalltown LP					6,602,000	8	1.0%	
Inns of Iowa Ltd					6,064,149	9	0.9%	
Gotula Properties LC					5,581,128	10	0.9%	
	<u>\$ 152,339,341</u>		<u>20.1%</u>		<u>\$ 185,548,523</u>		<u>28.0%</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, 2013 was \$60,932,833.

CITY OF MARSHALLTOWN, IOWA
SALES TAX
LAST TEN YEARS

<u>Calendar Year</u>	<u>Taxable Retail Sales</u>	<u>No. of Businesses</u>
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
2013	346,378,427	3,947
2014	328,920,980	2,935

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

**CITY OF MARSHALLTOWN, IOWA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Collection year	Levy year	Current levy	Amount (1)	Percent of levy collected (2)	Delinquent tax collections (3)	Total tax collections	Collections to total tax levy (2)
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%
2013-14	2012	10,535,094	10,478,161	99.46%	4,710	10,482,871	99.50%
2014-15	2013	10,397,290	10,381,760	99.85%	6,716	10,388,476	99.92%

(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 Revenue Capital Loan Note Payable						
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	17,405,245	69,204	-	-	1,035,000	3,396,914	21,906,363	22,436	976	26,073	840	
2011	16,324,658	55,363	-	6,053,230	775,000	3,062,701	26,270,952	22,204	1,183	27,552	954	
2012	23,918,462	41,523	-	5,746,348	4,595,000	-	34,301,333	22,204	1,545	27,552	1,245	
2013	26,852,789	27,683	-	5,404,466	7,822,000	-	40,106,938	21,924	1,829	27,683	1,449	
2014	21,185,242	81,304	-	4,720,834	12,727,000	-	38,714,380	21,880	1,769	27,844	1,390	
2015	20,512,103	44,588	-	4,705,702	11,710,000	619,452	37,591,845	22,512	1,670	27,727	1,356	

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		
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	17,405,245	69,204	17,474,449	1.25	670.01
2011	22,377,888	55,363	22,433,251	1.15	594.34
2012	29,664,810	41,523	29,706,333	1.58	916.91
2013	32,257,255	27,683	32,284,938	1.76	965.13
2014	25,906,076	81,304	25,987,380	1.66	941.54
2015	25,217,805	664,040	25,881,845	1.69	933.45

CITY OF MARSHALLTOWN, IOWA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015

Name of Governmental Unit	Debt Outstanding	Percentage Applicable to Marshalltown	City of Marshalltown Share of Debt
Iowa Valley Schools	\$ 23,644,884	53.70%	\$ 12,697,303
Marshalltown Community School District	16,565,000	82.91%	13,734,042
Marshall County	<u>2,062,850</u>	53.04%	<u>1,094,136</u>
	42,272,734		27,525,481
City of Marshalltown	<u>20,556,691</u>	100.00%	<u>20,556,691</u>
	<u>\$ 62,829,425</u>		<u>\$ 48,082,172</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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Gross assessed valuations:										
Regular realty	\$ 1,281,885,530	\$ 1,135,316,250	\$ 1,133,154,843	\$ 1,132,540,153	\$ 1,123,958,153	\$ 1,124,366,238	\$ 1,105,253,588	\$ 1,027,939,554	\$ 1,001,496,418	\$ 898,088,147
Utility	165,363,180	153,467,212	147,398,057	135,852,760	117,499,581	101,313,932	99,127,772	107,436,245	104,349,219	98,401,496
Incremental	37,409,137	44,270,422	31,552,130	41,694,319	39,224,720	36,639,623	50,679,345	54,807,718	51,716,709	44,485,642
Total actual valuations applicable to debt	<u>1,484,657,847</u>	<u>1,333,053,884</u>	<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>
Debt limit - 5% of total actual valuations applicable to debt	<u>74,232,892</u>	<u>66,652,694</u>	<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>
Amount of debt applicable to limitation:										
General obligation bonds and notes	25,734,040	26,216,304	32,162,683	29,696,523	22,475,363	17,469,204	19,443,044	21,941,884	15,920,724	17,589,564
Urban renewal tax increment revenue bonds	-	-	-	-	-	-	-	-	3,923,438	4,295,788
Total debt applicable to limitation	<u>25,734,040</u>	<u>26,216,304</u>	<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>
Less:										
Funds available from:										
Debt service	46,959	48,225	3,079,346	3,082,247	-	-	262,165	232,719	281,555	238,506
Special revenue	-	-	250,051	474,917	417,812	348,685	413,834	438,585	632,232	998,446
Total debt applicable to debt margin	<u>25,687,081</u>	<u>26,168,079</u>	<u>28,833,286</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>
Legal debt margin	<u>\$ 48,545,811</u>	<u>\$ 40,484,615</u>	<u>\$ 36,771,966</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>

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

Water Pollution Control				Debt Service Requirements			
<u>Year</u>	<u>Gross Revenue</u>	<u>Expenses (1)</u>	<u>Available For Debt Service</u>	<u>Principal</u>	<u>Interest & other debt expense</u>	<u>Total</u>	<u>Coverage</u>
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	2,351,050	610,000	313,139	923,139	2.55
2013-14	5,897,218	2,994,802	2,902,416	595,000	307,956	902,956	3.21
2014-15	6,091,170	2,731,357	3,359,813	1,017,000	503,890	1,520,890	2.21

(1) Total operating expenses, less depreciation.

Sources: City Financial Records and Water Works Financial Records

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

Calendar Year	Median Age (Zip 50158)	School Enrollment		Unemployment Percent
		Public	Private	
	(1)	(2)	(3)	(4)
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
2014	37.3	5,085	218	5.90
2015	35.3	5,385	216	5.00

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	2015- Employees	2006- Employees
(JBS) Swift & Company	Pork processors	2,300	2,200
Emerson Process Mgt/Fisher Controls	Valves and regulators manufacturer	1,200	1,200
Marshalltown Community School District	Education	1,002	850
Iowa Veteran's Home	Hospital Care Facility	1,000	1,000
Lennox Industries, Inc	Furnace and air conditioning manufacturer	800	1,369
Marshalltown Medical and Surgical Center	Hospital	715	675
HyVee Food Stores *	Grocery store	340	320
Wal-Mart*	Retail	325	325
Marshalltown Community College	Education	245	-
McFarland Clinic PC	Medical clinic	223	223
City of Marshalltown*	Municipal government	208	185
Marshall County	County government	177	-

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Public Safety	97.32	99.1	99.00	99.00	88.00	86.00	98.91	101.94	100.13	98.13
Public Works	21.14	21.02	21.00	21.00	20.00	21.00	20.06	19.88	18.31	18.69
Health and Social Services	9.44	8.49	8.00	8.00	6.50	6.50	6.26	7.14	7.78	7.33
Culture and Recreation	27.28	27.6	29.00	29.00	28.00	29.00	25.95	26.17	25.28	25.08
Community and Economic Development	3.29	4.21	4.00	3.00	5.50	5.50	3.55	3.09	3.15	2.92
General Government	17.67	17.91	18.00	17.00	18.00	18.00	17.55	18.16	17.89	17.85
Business-Type	32.25	32.89	34.00	35.00	34.00	36.00	31.95	30.70	30.34	29.75
Capital Projects	-	-	-	1.00	1.00	1.00	0.13	0.02	0.45	0.19
Total	<u>208.39</u>	<u>211.22</u>	<u>213.00</u>	<u>213.00</u>	<u>201.00</u>	<u>203.00</u>	<u>204.36</u>	<u>207.10</u>	<u>203.33</u>	<u>199.94</u>

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

Function/Program	Fiscal Year				
	2015	2014	2013	2012	2011
General Government					
Building Permits:					
New Construction:					
Number of permits	46	42	36	58	37
Value of permits	27,124,000	29,427,000	2,553,000	10,523,000	1,967,000
Remodeling, repairs and additions:					
Number of permits	80	72	71	101	95
Value of permits	10,719,000	24,001,000	16,435,000	5,275,000	26,630,000
Police					
Physical arrests	3,114	3,438	3,000		2,254
Violations:					
Parking	5,420	5,835	4,248	5,629	10,269
Traffic	1,889	1,803	2,500	2,939	3,290
Drunk driving	122	164	112	110	120
Narcotics	577	449	308	398	369
Fire					
Emergency responses	2,530	2,321	2,218	689	1,885
Fires extinguished	127	112	169	54	71
Inspections	223	471	541	353	376
Parks and recreation					
Adult team sports					
Leagues	8	12	8	10	8
Participation	8,492	5,670	8,705	8,611	6,762
Youth activities					
Programs	32	33	32	28	31
Participation	3,249	3,502	3,569	3,587	4,246
Library					
Volumes in collection	100,376	101,034	101,194	133,971	129,219
Total volumes borrowed	274,787	290,606	292,964	300,784	310,849
Sewage system					
Per million					
Daily average treatment in gallons	4.26	4.75	6.4	6.4	6.4
Maximum daily capacity of treatment plant in thousands of gallons	17,440	17,440	17,440	17,440	17,440
Sewer customers served	9,785	9,383	9,409	9,405	9,447
* Computer software was counting sewer credit meters					
Sewer rates in effect					
Base charge per month	\$15.60	\$14.31	\$12.12	\$10.27	\$10.27
Flow charge per 100 cubic feet	\$2.11	\$2.03	\$1.89	\$1.76	\$1.76
Transit					
Total route miles	110,394	133,405	132,475	131,749	135,711
# of passengers	111,542	104,513	113,728	112,318	130,974
General Elections - November of each year					
Registered voters	25,549	15,796	15,196	16,659	17,494
Number of votes cast	13,844	N/A	11,836	1,063	8,643
Percentage of registered voters voting	54.19%	N/A	77.89%	6.38%	49.41%

Ending June 30,				
2010	2009	2008	2007	2006
37	51	39	49	40
17,798,500	12,191,800	22,522,000	11,058,000	9,260,000
74	103	149	131	131
3,951,800	14,757,000	25,418,400	17,893,700	11,758,000
3,421	3,581	3,045	3,833	2,415
N/A	N/A	6,802	7,073	7,858
3,787	4,758	4,793	6,005	6,585
224	218	234	240	220
385	460	512	130	274
N/A	N/A	2,274	2,052	1,996
N/A	N/A	51	61	49
N/A	N/A	380	412	461
10	10	4	4	16
6,105	5,373	2,201	2,312	2,711
27	40	35	35	N/A
3,780	3,478	7,268	7,625	N/A
101,194	93,755	91,914	90,561	88,362
327,106	262,755	253,855	231,420	215,953
7.51	6.82	7.38	5.89	4.92
17,440	17,440	17,440	17,440	13,040
10,248	9,397	9,435	9,448	9,426
\$10.27	\$9.51	\$9.51	\$9.51	\$9.51
\$1.76	\$1.76	\$1.63	\$1.55	\$1.47
107,157	105,282	105,435	102,109	96,458
111,586	113,934	111,849	88,431	112,885
16,860	17,015	17,015	17,015	29,795
1,335	N/A	N/A	8,296	19,447
7.92%	N/A	N/A	48.76%	65.27%

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

Function/Program	Fiscal Year				
	2015	2014	2013	2012	2011
Police					
# of stations	1	1	1	1	1
# of employees	55	55	63	59	61
Non-dispatch	42	43	50	47	48
Dispatch	13	12	13	12	13
Fire					
# of stations	1	1	1	1	1
# of employees	28	27	30	29	29
Parks and recreation					
Park areas					
# parks	26	26	26	26	26
# acres	328.15	328.15	325	325	325
Athletics					
# Baseball/softball fields	6	6	10	6	6
# Soccer/football fields	6	6	4	6	6
# Tennis courts	12	12	13	12	
Other					
# playgrounds	21	21	20	17	17
Miles of bike trails	9.6	9.6	8	8	8
# Swimming pools	1	1	1	1	1
Public works					
Streets:					
Paved	157.5	157.5	157.5	157.5	157.5
Unpaved	5.8	5.8	5.8	5.8	5.8
Sewage system					
Number of treatment plants	1	1	1	1	1
Miles of sewers					
Storm	59.7	59.31	59.31	59.04	58.8
Sanitary	146.6	146.5	146.5	146.5	146.5
Transit					
# of buses	10	8	9	9	10
Education - Public and private					
Number of elementary schools	6	8	9	9	9
Number of elementary school instructors	299	305	243	237	248
Number of secondary schools	3	3	2	2	2
Number of secondary school instructors	250	238	143	146	150
Cemeteries					
Number of facilities	2	2	2	2	2
Number of acres					
Developed	135	135	135	135	135
Undeveloped	80	80	80	80	80
Hospitals					
Number of hospitals	1	1	1	1	1
Number of beds	125	125	125	125	125

Ending June 30,				
2010	2009	2008	2007	2006
1	1	1	1	1
59	58	58	59	59
46	45	45	46	46
13	13	13	13	13
1	1	1	1	1
26	29	29	30	30
26	26	26	26	26
325	328	328	328	207
6	6	6	6	5
6	6	6	6	6
12	12	4	4	6
17	17	17	17	22
8	8	8	8	8
1	1	1	1	1
157.5	157.5	157.4	157.4	157.4
5.8	5.8	5.8	5.8	5.8
1	1	1	1	1
58.5	57.1	57.1	56.4	56.1
146.5	145.7	145.7	145.3	144.6
10	9	10	10	10
7	7	7	7	7
225	225	203	137	179
2	2	2	3	3
156	150	147	240	172
2	2	2	2	2
135	135	135	135	135
80	80	80	80	80
1	1	1	1	1
125	125	125	125	125

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

	2015	2014	2013	2012	2011	2010
Revenues:						
Sewer Rental	\$ 5,875,990	\$ 5,611,519	\$ 4,860,499	\$ 4,661,934	\$ 4,152,904	\$ 4,558,315
Interest Income	24,526	36,356	32,361	37,704	53,312	50,336
Grants	0	39,669	39,669	1,582,043	849,787	391,132
Miscellaneous	190,654	218,797	218,797	275,547	128,066	214,519
Total revenues	<u>6,091,170</u>	<u>5,906,341</u>	<u>5,151,326</u>	<u>6,557,228</u>	<u>5,184,069</u>	<u>5,214,302</u>
Expenses:						
Costs of Service	2,678,407	2,994,802	2,800,306	3,225,133	2,945,845	3,142,187
Depreciation	1,283,352	1,269,460	1,182,359	1,126,174	1,134,959	1,119,009
Debt Service	1,502,938	1,252,956	1,131,139	1,859,184	778,689	749,863
Total expenses	<u>5,464,697</u>	<u>5,517,218</u>	<u>5,113,804</u>	<u>6,210,491</u>	<u>4,859,493</u>	<u>5,011,059</u>
Net Income (Loss)	<u>\$ 626,473</u>	<u>\$ 389,123</u>	<u>\$ 37,522</u>	<u>\$ 346,737</u>	<u>\$ 324,576</u>	<u>\$ 203,243</u>

WATER POLLUTION CONTROL HISTORIC COVERAGE
LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010
Net Income (Loss)	\$ 626,473	\$ 380,000	\$ 37,522	\$ 346,737	\$ 324,576	\$ 203,243
Add depreciation	1,283,352	1,269,460	1,182,359	1,126,174	1,134,959	1,119,009
Add debt retirement	1,502,938	1,252,956	1,131,139	1,859,184	778,689	749,863
Net income available for debt service	<u>\$ 3,412,763</u>	<u>\$ 2,902,416</u>	<u>\$ 2,351,020</u>	<u>\$ 3,332,095</u>	<u>\$ 2,238,224</u>	<u>\$ 2,072,115</u>
Historic debt service	\$ 1,502,938	\$ 1,252,956	\$ 1,131,139	\$ 1,859,184	\$ 778,689	\$ 749,863
Historic coverage	2.27	2.32	2.08	1.79	2.87	2.76
Projected max future debt	\$ 1,343,085	\$ 1,343,085	\$ 1,085,594	\$ 1,085,594	\$ 1,211,115	\$ 735,293
Projected coverage	2.54	2.16	2.17	3.07	1.85	2.82

2009	2008	2007	2006
\$ 4,868,033	\$ 4,584,414	\$ 3,923,869	\$ 3,535,609
116,922	212,420	228,888	173,820
292,060	73	96	96
<u>53,395</u>	<u>331,372</u>	<u>127,141</u>	<u>121,757</u>
<u>5,330,410</u>	<u>5,128,279</u>	<u>4,279,994</u>	<u>3,831,282</u>
2,828,873	2,746,362	2,484,430	2,612,861
1,079,643	1,184,012	1,188,396	1,198,715
<u>771,155</u>	<u>763,189</u>	<u>1,021,961</u>	<u>1,031,273</u>
<u>4,679,671</u>	<u>4,693,563</u>	<u>4,694,787</u>	<u>4,842,849</u>
<u>\$ 650,739</u>	<u>\$ 434,716</u>	<u>\$ (414,793)</u>	<u>\$ (1,011,567)</u>

2009	2008	2007	2006
\$ 650,739	\$ 434,716	\$ (414,793)	\$ (1,011,567)
1,079,643	1,184,012	1,188,396	1,198,715
<u>771,155</u>	<u>763,189</u>	<u>1,021,961</u>	<u>1,031,273</u>
<u>\$ 2,501,537</u>	<u>\$ 2,381,917</u>	<u>\$ 1,795,564</u>	<u>\$ 1,218,421</u>
\$ 771,155	\$ 763,189	\$ 1,021,961	\$ 1,031,273
3.24	3.12	1.76	1.18
\$ 744,273	\$ 752,953	\$ 762,363	\$ 995,769
3.36	3.16	2.36	1.22

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

Year	Residential	Multi-Family	Commercial	Industrial	Total	Incr (Decr)
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
2014	8,469	397	824	50	9,740	331
2015	8,505	398	823	51	9,777	37

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, 2015

Sewer Revenue Operating and Maintenance Accounts	\$	422,110
Sewer Revenue Sinking Reserve Fund Account		130,261
Additional Capital Replacement Fund Account		1,709,137
Undesignated		<u>4,862,201</u>
Total Water Pollution Control Net Assets	\$	<u>7,123,709</u>

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

	2015			2014		
	Avg Gallons Per Month	Monthly Bill	2015 Ranking	Avg Gallons Per Month	Monthly Bill	2014 Ranking
JBS Swift & Company	56,573,337	\$ 200,596	1	52,297,875	\$ 186,861	1
IA Veterans Home	2,494,331	7,077	2	2,631,339	6,949	2
Emerson Processing/Fisher Controls	908,508	2,588	3	967,912	2,565	3
Central Iowa Healthcare	734,162	2,094	4	766,326	2,033	5
Sunset Village Mobile Home Park	711,286	2,029	5	712,345	1,891	7
Packaging Corporation	622,087	1,777	6	623,022	1,656	8
Marshalltown Community School District	575,274	1,644	7	743,948	1,974	6
Rainbow Carwash I & III	558,631	1,597	8	573,965	1,526	9
Boulder Properties	380,607	1,093	9	N/A	N/A	-
YMCA	299,387	863	10	275,202	739	10
Wes Inc.	N/A	N/A	-	768,321	2,039	4

Source: City Financial Records and Marshalltown Water Works

COMPLIANCE SECTION



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

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 15, 2016. 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 certain deficiencies in internal control that we consider to be material weaknesses and 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 2015-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 deficiency described in Part II of the accompanying schedule of findings and question costs as item 2015-B to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying schedule of findings and questioned costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City's Responses to Findings

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

Purpose of this Report

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



Dubuque, Iowa
January 15, 2016

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 (City) 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, 2015. 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 types of 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, 2015.

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.



Dubuque, Iowa
January 15, 2016

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Direct program:			
Home Investment Partnerships Program	14.239		\$ 3,829
Section 8 Housing Choice Vouchers	14.871		1,039,116
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		1,356,681
Total U.S. Department of Housing and Urban Development			2,399,626
U.S. Department of Justice:			
Direct program:			
Organized Crime Drug Enforcement Task Force	16.111		2,335
FBI National Academy	16.302		567
Pass-through program from:			
Iowa Department of Justice:			
Violence Against Women Formula Grants	16.588	VW-15-61-CJ	39,458
Direct program:			
Bulletproof Vest Partnership Program	16.607		8,516
Pass through program from:			
Marshall County			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12-JAG-78965	27,205
Direct:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		18,855
			46,060
Total U.S. Department of Justice			96,936

(continued)

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2015

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation:			
Direct program:			
Airport Improvement Program	20.106		\$ 12,742
Pass-through program from:			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	STP-U-4797(617)--70-64	4,179
Highway Planning and Construction	20.205	STP-U-4797(618)--70-64	7,660
Highway Planning and Construction	20.205	STP-U-4797(619)--70-64	3,625
			15,464
Formula Grants for Rural Areas	20.509	IA-18-X030	196,456
State and Community Highway Safety	20.600	PAP 12-04, Task 18	1,471
State and Community Highway Safety	20.600	PAP 15-402-M00P, Task 07-00-00	7,382
			8,853
Total U.S. Department of Transportation			233,515
U.S. Department of Health and Human Services:			
Pass-through program from:			
Iowa Department of Public Health			
Drug-Free Communities Support Program Grants	93.276	2H79SP013022-06	12,217
Drug-Free Communities Support Program Grants	93.276	SP013022	7,742
Total U.S. Department of Health and Human Services			19,959
Total			\$ 2,750,036

See Notes to the Schedule of Expenditures of Federal Awards.

CITY OF MARSHALLTOWN, IOWA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

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.

Note 2 – Significant Accounting Policies

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 3 – Subrecipients

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the City, 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	\$ 9,427

**CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

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:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
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Section 8 Housing Choice Vouchers	14.871
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Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900
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Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
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Auditee qualified as low-risk auditee	No
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Part II: Findings Related to the Financial Statements:

MATERIAL WEAKNESS:

2015-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*.

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

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

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

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

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

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

Response – The Finance Department will continue to receive relevant training, will review all documentation received from other departments and work completed by staff for use in preparing the financial statements.

SIGNIFICANT DEFICIENCY:

2015-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: The City is unable to fully segregate receipt and posting functions, disbursement preparation and posting functions and reconciliation functions from receipt and disbursement functions.

Cause: The City has limited time and staffing constraints.

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: We recommend that City staff review operating procedures in order to obtain the maximum internal controls possible.

Response: With the limited number of employees in the Finance Department and when staff are off on extended leave, it can be difficult to maintain the proper internal controls. We will continue to review the situation and assign incompatible duties to separate individuals whenever possible.

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part III: Findings and Questioned Costs for Federal Awards:

There were no findings and questioned costs to report.

Part IV: Other Findings Related to Required Statutory Reporting:

2015-IA-A Certified Budget – Disbursements at June 30, 2015, exceeded the amended budget amounts in the Business-Type Activities function. Additionally, before the budget was amended, disbursements exceeded the original amount budgeted for the Business-Type Activities function.

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

Response – The budget will continue to be monitored on a regular basis and the Finance Director will review all invoices over 250,000, and all debt payment line items after each issuance to verify the necessary budget coverage is available. Additional budget amendments, other than the normal May amendment that is done on an annual basis, will be completed if necessary.

2015-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.

2015-IA-C Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

2015-IA-D Business Transactions - No business transactions between the City and City officials or employees were noted.

2015-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.

2015-IA-F Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

2015-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.

CITY OF MARSHALLTOWN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

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

2015-IA-H Revenue Bonds – No instances of noncompliance with provisions of the City’s revenue bond resolutions were noted.

2015-IA-I Annual Urban Renewal Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.

2015-IA-J Alliant Loan Agreement – During the year ended June 30, 2015, the City entered into a loan agreement with Alliant Energy. However, a public hearing was not held prior to the authorization of the agreement as required by Chapter 384.24A of the Code of Iowa.

Recommendation – The City should consult legal counsel for the disposition of this matter. In the future, the City should hold a public hearing prior to the authorization of a loan agreement in accordance with Chapter 384.24A of the Code of Iowa.

Response – The City failed to hold a public hearing and will consult with legal counsel in the future, and all departments have been informed to contact finance if any agreements contain a payment plan. The purchase agreement was presented to the City by the vendor to delay payments over the next several fiscal years. The City did not intend to violate any procedures required by Iowa Code.

2015-IA-K Eastside TIF District – It was noted during our procedures that the Eastside TIF District has a large cash balance with no associated debts.

Recommendation – The City should consult legal counsel for the disposition of this matter. In the future, the City should reconcile indebtedness from County TIF Reconciliations to the TIF fund disbursements to ensure all disbursements have been accounted for and ensure all TIF debts are being paid.

Response – The Finance Department will review and reconcile each district on an annual basis to ensure all TIF debts are being paid and all the debts have been certified at the correct amount.

2015-IA-L TIF Certifications – It was noted during our procedures that the 2011B bond TIF Certification only included the principal portion of the related debt.

Recommendation – The City should consult legal counsel on including the interest portion of the 2011B bond issue.

Response – The Finance Department will review the 2011 B-debt certification and will include the 2011 B interest on the next certification to the County.

**CITY OF MARSHALLTOWN, IOWA
CORRECTIVE ACTION PLAN FOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015**

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title, Phone Number</u>	<u>Anticipated Date of Completion</u>
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Findings Related to the Financial Statements:

2015-A	Material Audit Adjustments	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Diana Steiner, Finance Director, 641-754-5760	June 30, 2016
2015- B	Segregation of Duties	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Diana Steiner, Finance Director, 641-754-5760	June 30, 2016

CITY OF MARSHALLTOWN, IOWA
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015

2014-001 **U.S. Department of Housing and Urban Development**
CFDA # 14.878
Affordable Housing Development in Main Street Rejuvenation Projects

Subrecipient Monitoring
Material Weakness in Internal Control over Compliance

Condition – It appeared the City performed very limited subrecipient monitoring procedures. A written subrecipient agreement was not obtained.

Status: The City has established plans to implement monitoring procedures for subrecipient monitoring going forward and will obtain a subrecipient agreement.

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