

**City of Marshall  
Lyon County, Minnesota  
Basic Financial Statements  
December 31, 2022**

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**City of Marshall**  
**Elected Officials and Administration**  
**December 31, 2022**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Robert Byrnes	Mayor	January 14, 2025
John DeCramer	Council Member, Ward 1	January 10, 2023
Amanda Schroeder	Council Member, Ward 1	January 14, 2025
Steven Meister	Council Member, Ward 2	January 14, 2025
Russ Labat	Council Member, Ward 2	January 10, 2023
Craig Schafer	Council Member, Ward 3	January 10, 2023
James Lozinski	Council Member, Ward 3	January 14, 2025

<u>Administration</u>	<u>Position</u>
Sharon Hanson	City Administrator
Jim Marsha	Director of Public Safety
Jason Anderson	Director of Public Works / City Engineer
E.J. Moberg	Director of Administrative
Karla Drown	Finance Director
Lauren Duetz	Economic Development Director

## Independent Auditor's Report

Honorable Mayor and Members  
of the City Council  
City of Marshall  
Marshall, Minnesota

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshall, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshall, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and the Sales/Lodging Tax Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following discretely presented component units: Marshall Municipal Utilities and Marshall Housing Authority. 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 presented for the discretely presented component units mentioned above, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter – Implementation of GASB 87**

The City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

The City of Marshall's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

### **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following discretely presented component units: Marshall Municipal Utilities and Marshall Housing Authority. 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 presented for the discretely presented component units mentioned above, is based on the reports of the other auditors.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB, 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.

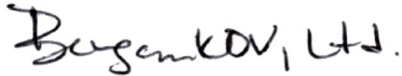
### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marshall's basic financial statements. The accompanying supplementary information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2023, on our consideration of the City of Marshall's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Marshall's internal control over financial reporting and compliance.



St. Cloud, Minnesota  
June 14, 2023



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## **City of Marshall Management's Discussion and Analysis**

As management of the City of Marshall, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$114,094,366 (net position). Of this amount, \$11,732,374 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$3,780,996. Business-type activities (enterprise funds) had an increase of \$438,379 and governmental activities had a decrease of \$4,219,375.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,660,072, a decrease of \$881,703 in comparison with the prior year. Approximately 40 percent of this total amount, \$9,849,632, is available for spending at the City's discretion between assigned and unassigned fund balance. The fund balances are classified in accordance with GASB Statement No. 54 as follows: 1) nonspendable - \$169,613; 2) restricted - \$14,640,827; 3) assigned - \$6,036,935; and 4) unassigned \$3,812,697.

### **Overview of the Financial Statements**

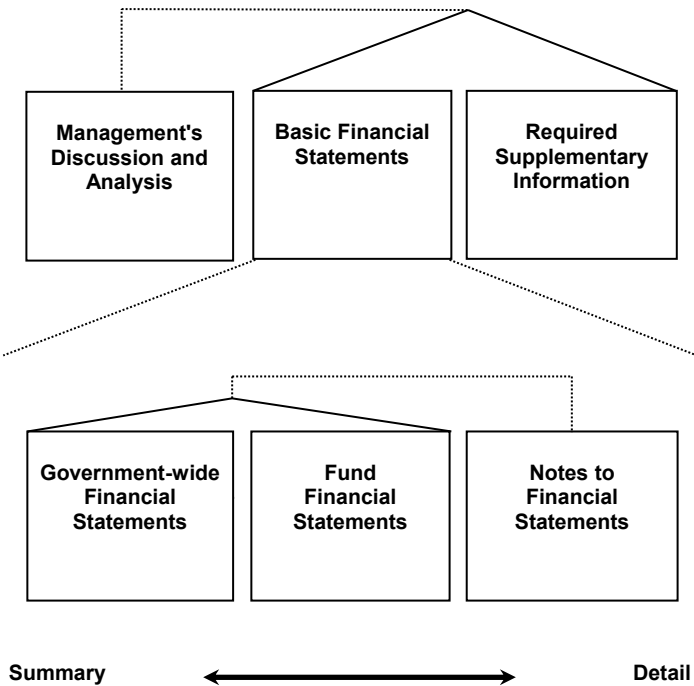
This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report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

**City of Marshall**  
**Management's Discussion and Analysis**

**Overview of the Financial Statements (Continued)**

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 show how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining an individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

**Figure 1**  
**Required Components of the**  
**City's Annual Financial Report**



# City of Marshall

## Management's Discussion and Analysis

### Overview of the Financial Statements (Continued)

Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explain the structure and contents of each of the statements.

**Figure 2**  
**Major Features of the Government-wide and Fund Financial Statements**

	<b>Government-wide Statements</b>	<b>Fund Financial Statements</b>	
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses, and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

## City of Marshall Management's Discussion and Analysis

### Overview of the Financial Statements (Continued)

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

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference 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 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 that are principally supported by taxes and intergovernmental revenue (*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 include general government, public safety, public works, culture and recreation, economic development, airport, and interest on long-term debt. The business-type activities of the City include wastewater treatment, surface water management, and a municipal liquor store operation.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Marshall Housing Commission, Marshall Municipal Utilities, and Economic Development Authority, all for which the City is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found as listed in the table of contents.

**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, 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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**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.

## City of Marshall Management's Discussion and Analysis

### Overview of the Financial Statements (Continued)

**Governmental Funds. (Continued)** 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 by the government'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 maintains numerous individual governmental funds, many of which are Debt Service funds, which are considered one fund for reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service fund, the Sales/Lodging Tax fund, the 2020 Public Improvement fund, and the 2022 Public Improvements fund, all of which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund and certain special revenue funds. Budgetary comparison statements have been provided for the General fund and the Sales/Lodging Tax special revenue fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found as listed in the table of contents.

**Proprietary Funds.** The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater treatment, surface water, and liquor store operations. The electric and water operations are accounted for in the Public Utilities Commission (PUC).

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 each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found as listed in the table of contents.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found as listed in the table of contents.

## **City of Marshall Management's Discussion and Analysis**

### **Overview of the Financial Statements (Continued)**

**Notes to Basic 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. The notes to basic financial statements can be found starting on page 39 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Marshall's share of net pension liabilities for defined benefit plans and schedules of contributions and other postemployment benefits. The required supplementary information can be found as listed in the table of contents.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to financial statements. Combining and individual fund financial statements and schedules can be found as listed in the table of contents.

### **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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$114,094,366 at the close of the most recent fiscal year.

## City of Marshall Management's Discussion and Analysis

### Government-wide Financial Analysis

A large portion of the City's net position (72.6%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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 sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Marshall's Summary of Net Position

	Governmental Activities			Business-Type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 32,288,414	\$ 33,395,120	\$ (1,106,706)	\$ 13,764,223	\$ 14,657,822	\$ (893,599)
Capital assets	94,659,297	97,975,230	(3,315,933)	44,990,678	46,224,340	(1,233,662)
Total assets	<u>126,947,711</u>	<u>131,370,350</u>	<u>(4,422,639)</u>	<u>58,754,901</u>	<u>60,882,162</u>	<u>(2,127,261)</u>
<b>Deferred Outflows of Resources</b>						
Deferred OPEB resources	68,876	68,164	712	11,648	12,448	(800)
Deferred pension resources	6,714,195	4,166,411	2,547,784	357,250	510,074	(152,824)
Total deferred outflows of resources	<u>6,783,071</u>	<u>4,234,575</u>	<u>2,548,496</u>	<u>368,898</u>	<u>522,522</u>	<u>(153,624)</u>
<b>Liabilities</b>						
Other liabilities	3,267,314	2,247,547	1,019,767	549,570	838,246	(288,676)
Noncurrent liabilities	47,633,664	40,322,105	7,311,559	24,349,758	26,147,499	(1,797,741)
Total liabilities	<u>50,900,978</u>	<u>42,569,652</u>	<u>8,331,326</u>	<u>24,899,328</u>	<u>26,985,745</u>	<u>(2,086,417)</u>
<b>Deferred Inflows of Resources</b>						
Grants for subsequent years	2,456,410	2,915,531	(459,121)	-	-	-
Deferred OPEB resources	88,224	99,428	(11,204)	14,921	18,157	(3,236)
Deferred pension resources	339,281	5,892,550	(5,553,269)	25,573	653,184	(627,611)
Deferred inflows related to leases	37,500	-	37,500	-	-	-
Total deferred inflows of resources	<u>2,921,415</u>	<u>8,907,509</u>	<u>(5,986,094)</u>	<u>40,494</u>	<u>671,341</u>	<u>(630,847)</u>
<b>Net Position</b>						
Net investment in capital assets	60,670,297	63,106,593	(2,436,296)	22,148,114	21,053,632	1,094,482
Restricted	15,587,628	16,739,213	(1,151,585)	3,955,953	3,844,344	111,609
Unrestricted	<u>3,650,464</u>	<u>4,281,958</u>	<u>(631,494)</u>	<u>8,081,910</u>	<u>8,849,622</u>	<u>(767,712)</u>
Total net position	<u>\$ 79,908,389</u>	<u>\$ 84,127,764</u>	<u>\$ (4,219,375)</u>	<u>\$ 34,185,977</u>	<u>\$ 33,747,598</u>	<u>\$ 438,379</u>

An additional portion of the City's net position (17.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (10.3%) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

There was an increase of \$438,379 in net position reported in connection with the City's business-type activities. This increase was a result of the following funds change in net position: Wastewater Treatment \$446,909, Municipal Liquor Store \$314,414, and Surface Water Management (\$322,944). The Municipal Liquor fund's gross profit percentage is currently at 28.4%, higher than 27.9% in 2021.



# City of Marshall Management's Discussion and Analysis

## Government-wide Financial Analysis (Continued)

**Governmental Activities.** Governmental activities decreased the City's net position by \$1,333,096. Key elements of this decrease are described above and summarized in the following table:

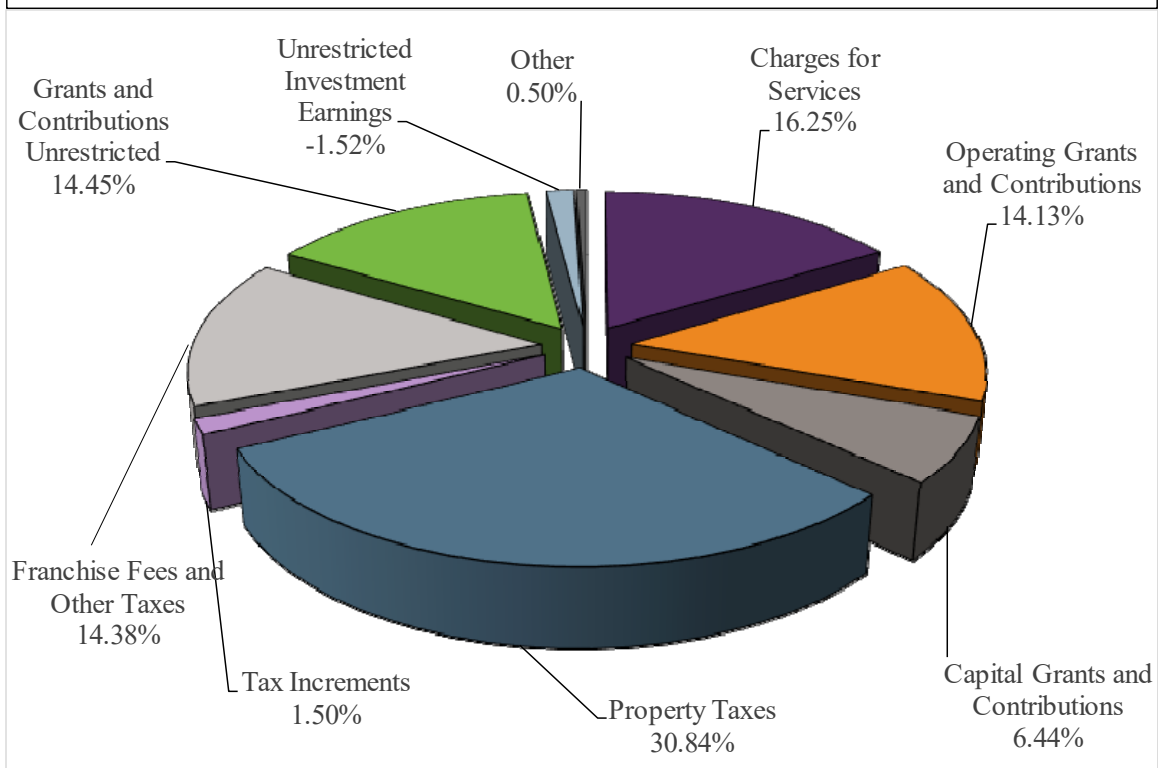
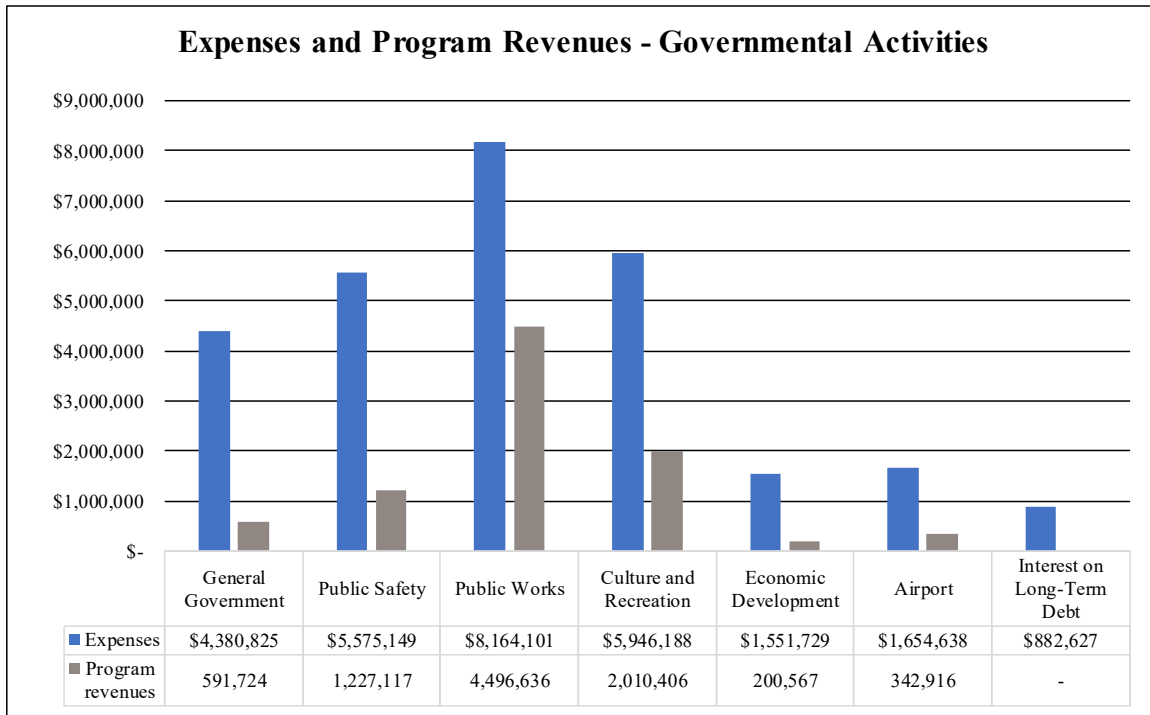
### City of Marshall's Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 3,914,143	\$ 2,861,284	\$ 1,052,859	\$ 13,939,327	\$ 13,544,777	\$ 394,550
Operating grants and contributions	3,404,098	2,454,150	949,948	67,052	1,752	65,300
Capital grants and contributions	1,551,125	1,706,627	(155,502)	3,354	3,849	(495)
General revenues						
Property taxes	7,427,698	7,165,965	261,733	-	-	-
Tax increments	361,407	461,780	(100,373)	-	-	-
Franchise fees and other taxes	3,463,095	2,994,481	468,614	-	-	-
State grants and contributions not restricted to specific programs	3,480,083	3,470,390	9,693	-	-	-
Unrestricted investment earnings	(366,042)	143,362	(509,404)	(388,880)	62,181	(451,061)
Other	119,755	22,725	97,030	-	-	-
Total revenues	<u>23,355,362</u>	<u>21,280,764</u>	<u>2,074,598</u>	<u>13,620,853</u>	<u>13,612,559</u>	<u>8,294</u>
Expenses						
General government	4,380,825	2,944,966	1,435,859	-	-	-
Public safety	5,575,149	4,276,939	1,298,210	-	-	-
Public works	8,164,101	7,581,667	582,434	-	-	-
Culture and recreation	5,946,188	5,721,572	224,616	-	-	-
Economic development	1,551,729	657,302	894,427	-	-	-
Airport	1,654,638	1,465,022	189,616	-	-	-
Interest on long-term debt	882,627	860,835	21,792	-	-	-
Wastewater treatment	-	-	-	4,818,481	5,506,837	(688,356)
Surface water management	-	-	-	1,602,394	1,330,824	271,570
Municipal liquor store	-	-	-	6,181,079	5,823,308	357,771
Parkway townhomes	-	-	-	-	-	-
Total expenses	<u>28,155,257</u>	<u>23,508,303</u>	<u>4,646,954</u>	<u>12,601,954</u>	<u>12,660,969</u>	<u>(59,015)</u>
Increase in Net Position before Transfers	(4,799,895)	(2,227,539)	(2,572,356)	1,018,899	951,590	67,309
Transfers	<u>580,520</u>	<u>894,443</u>	<u>(313,923)</u>	<u>(580,520)</u>	<u>(894,443)</u>	<u>313,923</u>
Change in Net Position	(4,219,375)	(1,333,096)	(2,886,279)	438,379	57,147	381,232
Net position, January 1	<u>84,127,764</u>	<u>85,460,860</u>	<u>(1,333,096)</u>	<u>33,747,598</u>	<u>33,690,451</u>	<u>57,147</u>
Net position, December 31	<u>\$ 79,908,389</u>	<u>\$ 84,127,764</u>	<u>\$ (4,219,375)</u>	<u>\$ 34,185,977</u>	<u>\$ 33,747,598</u>	<u>\$ 438,379</u>

# City of Marshall Management's Discussion and Analysis

## Government-wide Financial Analysis (Continued)

**Governmental Activities (Continued)** The following graphs depict various governmental activities and show the revenues and expenses directly related to those activities.

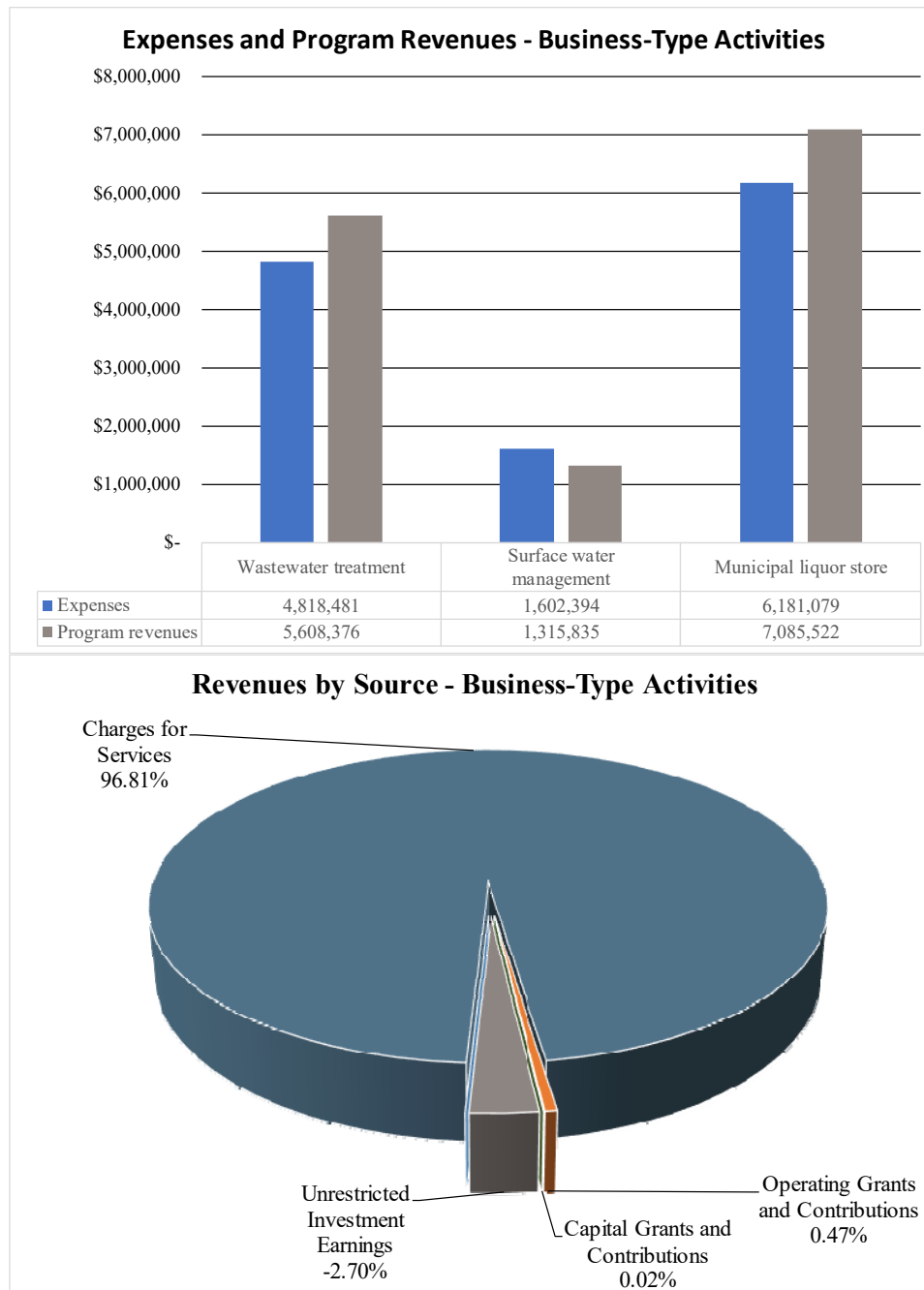


# City of Marshall Management's Discussion and Analysis

## Government-wide Financial Analysis (Continued)

**Business-type Activities.** Business-type activities increased the City's net position by \$438,379. Key elements of this increase are as follows:

- Overall gross profit increased by \$248,321 in the business-type funds while operating expenses decreased by \$230,814.
- Transfers out decreased by \$313,923 in the current year.



## City of Marshall Management's Discussion and Analysis

### Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The *General Fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General Fund was \$6,513,092. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 37.6% of fund expenditures, while total fund balance represents 46.1% of that same amount.

The fund balance of the City's *General Fund* decreased by \$485,711 during the current fiscal year. The key factor in this decrease was an increase in expenditures of \$1,097,217.

The *Debt Service fund* has a total fund balance of \$7,512,987, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service fund was \$191,747. The major factor in this decrease was debt service principal and interest expenditures exceeding revenues and transfers in for the year.

The *Sales/Lodging Tax fund* has a total fund balance of \$1,622,175. The net increase in the fund was \$127,747.

The 2020 *Public Improvement fund* has a total fund balance of negative \$970,311. The fund is currently negative due to deferred grant revenue of \$1,837,507 of Municipal State Aid Funds not yet earned.

The 2022 *Public Improvement fund* has a total fund balance of \$741,227.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$8,081,910. The total increase in net position for the funds was \$438,379. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

The City's General Fund budget had no amendments during the year. The budget called for a decrease in fund balance of \$172,431. Actual revenues were under budget by \$430,906 and the expenditure budget was underspent by \$186,371. Other financing sources (uses) were under budget \$68,745. The net result was a decrease to the General Fund balance of \$485,711 in 2022.

## City of Marshall Management's Discussion and Analysis

### Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business type activities as of December 31, 2022, amounts to \$139,649,975 (net of accumulated depreciation/amortization). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total decrease in the City's investment in capital assets for the current fiscal year was 3.2% (a 3.4% decrease for governmental activities and a 2.7% decrease for business-type activities).

Some of the major capital asset events during the current fiscal year included the following:

#### *Governmental Activities*

- 1<sup>st</sup> St/Greeley/Williams street reconstruction costs of \$628,293
- Halbur Rd reconstruction costs of \$616,848
- 2022 mill and overlay costs of \$593,945

#### *Business-Type Activities*

- 1<sup>st</sup> St/Greeley/Williams street reconstruction costs of \$418,624
- Halbur Rd reconstruction costs of \$488,462
- Independence Park Pond storm project costs of \$226,961

Additional information on the City's capital assets can be found in Note 6 in the footnotes as listed in the table of contents.

### City of Marshall's Capital Assets (net of depreciation/amortization)

	Governmental Activities			Business-Type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Land	\$ 7,093,656	\$ 7,428,128	\$ (334,472)	\$ 512,872	\$ 512,872	\$ -
Construction in progress	914,090	2,362,351	(1,448,261)	501,963	619,431	(117,468)
Buildings	36,716,968	38,147,644	(1,430,676)	1,992,815	2,059,520	(66,705)
Improvements other than buildings	10,423,375	11,134,942	(711,567)	19,448,723	20,381,128	(932,405)
Systems and infrastructure	35,220,579	34,237,729	982,850	21,715,421	21,632,333	83,088
Equipment and machinery	4,197,677	4,610,873	(413,196)	818,884	1,019,056	(200,172)
Library books	-	7,090	(7,090)	-	-	-
Leased vehicles	92,952	46,473	46,479	-	-	-
Total	<u>\$ 94,659,297</u>	<u>\$ 97,975,230</u>	<u>\$ (3,315,933)</u>	<u>\$ 44,990,678</u>	<u>\$ 46,224,340</u>	<u>\$ (1,233,662)</u>

## City of Marshall Management's Discussion and Analysis

### Capital Asset and Debt Administration (Continued)

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$54,228,890. Of this amount, \$8,165,000 is general obligation debt, \$2,060,000 is tax increment debt, \$2,215,000 is tax abatement debt, \$17,492,282 is general obligation assessment and sales tax debt, \$1,770,000 is general obligation State aid street debt and \$22,526,608 is revenue debt. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

### City of Marshall's Outstanding Debt

	Governmental Activities			Business-Type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
General Obligation Bonds	\$ 8,165,000	\$ 8,900,000	\$ (735,000)	\$ -	\$ -	\$ -
G.O. Tax Increment Bonds	2,060,000	2,230,000	(170,000)	-	-	-
G.O. Tax Abatement Bonds	2,215,000	2,340,000	(125,000)	-	-	-
G.O. Improvement Bonds	17,492,282	17,139,154	353,128	-	-	-
G.O. State Aid Street Bonds	1,770,000	2,000,000	(230,000)	-	-	-
G.O. Revenue Bonds	-	-	-	7,992,718	9,360,847	(1,368,129)
Revenue Bonds	-	-	-	1,710,000	1,930,000	(220,000)
PFA Notes	-	-	-	12,823,890	13,507,546	(683,656)
Total	<u>\$ 31,702,282</u>	<u>\$ 32,609,154</u>	<u>\$ (906,872)</u>	<u>\$ 22,526,608</u>	<u>\$ 24,798,393</u>	<u>\$ (2,271,785)</u>

The City's total debt decreased \$3,178,657, or 5.5 percent during the current fiscal year. Long-term debt of \$2,875,344 was issued during the year and \$6,054,000 was retired during the year.

Minnesota statutes limit the amount of net general obligation debt a City may issue up to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is \$33,569,964, which is significantly in excess of the City's outstanding debt subject to the limit of \$13,579,600.

The City of Marshall maintains an AA bond rating on its general obligation bonds from Standard and Poor's. Marshall Municipal Utilities has also received an A rating from Standard and Poor's.

Additional information on the City's long-term debt can be found in Note 7 in the footnotes as listed in the table of contents.

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

- The unemployment rate for Lyon County in 2022 was 2.5 percent, which was a decrease from the rate of 2.7 percent in 2021. This is comparable to the State's average unemployment rate in 2022, where the unemployment rate in Minnesota was 2.7 percent. This is a decrease from the previous year, when the unemployment rate in Minnesota stood at 3.4 percent due largely to the impacts of the COVID-19 Pandemic.

## **City of Marshall Management's Discussion and Analysis**

### **Economic Factors and Next Year's Budgets and Rates (Continued)**

- The increase in Net Tax Capacity from pay 2022 to pay 2023 was \$924,757 or 7.13% (percent). The total estimated market value for all taxable property in 2015 (pay 2016) was \$910,762,900 and in 2022 (pay 2023) was \$1,118,998,800. This represents an average increase of 4.56% (percent) per year.
- All of these factors were considered in preparing the City's budget for the 2023 fiscal year.
- Inflationary trends in the region compared to national indices, however concerns over rising inflation will impact budgeting in 2023 for the 2023 budget and levy.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Marshall, 344 West Main Street, Marshall, Minnesota 56258.

## **BASIC FINANCIAL STATEMENTS**



**City of Marshall**  
**Statement of Net Position**  
**December 31, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and temporary investments	\$ 27,813,205	\$ 7,667,391	\$ 35,480,596
Restricted assets	-	3,955,953	3,955,953
Receivables			
Interest	75,176	35,757	110,933
Delinquent taxes	71,989	-	71,989
Accounts	800,695	153,892	954,587
Notes	2,962	-	2,962
Leases	37,500	-	37,500
Special assessments	2,277,957	26,946	2,304,903
Intergovernmental	295,696	-	295,696
Due from component units/primary government	517,720	1,018,448	1,536,168
Inventories	-	830,347	830,347
Prepaid items	169,613	75,489	245,102
Land held for resale	-	-	-
Net pension asset	225,901	-	225,901
Capital assets			
Nondepreciable	8,007,746	1,014,835	9,022,581
Depreciable, net of accumulated depreciation	86,651,551	43,975,843	130,627,394
Total assets	<u>126,947,711</u>	<u>58,754,901</u>	<u>185,702,612</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to OPEB	68,876	11,648	80,524
Deferred outflows related to pensions	6,714,195	357,250	7,071,445
Total deferred outflows of resources	<u>6,783,071</u>	<u>368,898</u>	<u>7,151,969</u>
<b>Liabilities</b>			
Accounts payable	424,072	209,267	633,339
Contracts payable	184,768	-	184,768
Other payable	-	-	-
Due to other governments	61,895	78,837	140,732
Due to component units/primary government	266,739	28,382	295,121
Accrued interest payable	445,607	141,049	586,656
Accrued salaries payable	402,967	75,157	478,124
Accrued liabilities - other	-	-	-
Deposits payable	-	-	-
Unearned revenue	1,481,266	16,878	1,498,144
Noncurrent liabilities			
Due within one year	3,960,092	2,464,274	6,424,366
Due in more than one year	31,288,109	20,583,643	51,871,752
Net pension liability, due in more than one year	11,830,846	1,208,043	13,038,889
Total OPEB liability, due in more than one year	<u>554,617</u>	<u>93,798</u>	<u>648,415</u>
Total liabilities	<u>50,900,978</u>	<u>24,899,328</u>	<u>75,800,306</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to OPEB	88,224	14,921	103,145
Deferred inflows related to pensions	339,281	23,573	362,854
Advanced appropriations – State shared taxes	2,456,410	-	2,456,410
Deferred inflows of resources related to leases	37,500	-	37,500
Deferred inflows related to water treatment plant upgrades	-	-	-
Total deferred inflows of resources	<u>2,921,415</u>	<u>38,494</u>	<u>2,959,909</u>
<b>Net Position</b>			
Net investment in capital assets	60,670,297	22,148,114	82,818,411
Restricted for			
Debt service	9,513,542	3,955,953	13,469,495
Economic development	1,960,394	-	1,960,394
Tax increment financing	2,982,212	-	2,982,212
Capital projects	228,568	-	228,568
Operations - Arena and MERIT	798,121	-	798,121
Library	104,791	-	104,791
Unrestricted	<u>3,650,464</u>	<u>8,081,910</u>	<u>11,732,374</u>
Total net position	<u>\$ 79,908,389</u>	<u>\$ 34,185,977</u>	<u>\$ 114,094,366</u>

See notes to basic financial statements.

Component Units		
Marshall Municipal Utilities	Marshall Housing Commission	Economic Development Authority
\$ 23,117,594	\$ 449,931	\$ 2,231,443
3,281,679	9,905	-
151,195	291	7,187
-	-	1,435
4,780,924	39,792	439
-	-	286,302
-	-	-
-	-	-
-	-	1,093
295,139	-	-
1,125,500	-	-
250,378	18,661	268
-	-	832,581
-	-	-
308,893	514,965	-
70,820,987	2,669,329	3,714
104,132,289	3,702,874	3,364,462
52,057	-	-
1,014,040	-	-
1,066,097	-	-
2,866,806	11,990	3,407
-	-	-
-	-	19,769
-	10,602	-
1,369,094	-	167,092
155,525	-	-
316,182	69	4,814
-	5,565	-
82,569	23,675	-
-	9,905	-
2,425,000	25,527	-
8,894,438	54,002	-
3,461,054	-	-
251,535	-	-
19,822,203	141,335	195,082
86,857	-	-
74,047	-	-
-	-	-
-	-	-
9,185,496	-	-
9,346,400	-	-
52,759,384	3,184,294	3,714
3,281,679	-	-
-	-	48,809
-	-	-
-	-	-
-	-	-
-	-	-
19,988,720	377,245	3,116,857
\$ 76,029,783	\$ 3,561,539	\$ 3,169,380

**City of Marshall**  
**Statement of Activities**  
**Year Ended December 31, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 4,380,825	\$ 218,800	\$ 362,905	\$ 10,019
Public safety	5,575,149	541,057	664,099	21,961
Public works	8,164,101	2,199,908	894,436	1,402,292
Culture and recreation	5,946,188	777,228	1,192,879	40,299
Economic development	1,551,729	1,231	199,336	-
Airport	1,654,638	175,919	90,443	76,554
Interest on long-term debt	882,627	-	-	-
Total governmental activities	<u>28,155,257</u>	<u>3,914,143</u>	<u>3,404,098</u>	<u>1,551,125</u>
Business-type activities				
Wastewater treatment	4,818,481	5,549,657	58,719	-
Surface water management	1,602,394	1,306,791	5,690	3,354
Municipal liquor store	6,181,079	7,082,879	2,643	-
Total business-type activities	<u>12,601,954</u>	<u>13,939,327</u>	<u>67,052</u>	<u>3,354</u>
Total primary government	<u>\$ 40,757,211</u>	<u>\$ 17,853,470</u>	<u>\$ 3,471,150</u>	<u>\$ 1,554,479</u>
Component Units				
Marshall Municipal Utilities - Water	\$ 4,653,711	\$ 7,437,426	\$ -	\$ -
Marshall Municipal Utilities - Electric	38,968,533	37,896,105	-	-
Marshall Housing Commission	1,090,771	486,810	390,454	193,935
Economic Development Authority	226,212	689,416	-	-
Total component units	<u>\$ 44,939,227</u>	<u>\$ 46,509,757</u>	<u>\$ 390,454</u>	<u>\$ 193,935</u>
General revenues				
Property taxes, levied for general purposes				
Property taxes, levied for special purposes				
Property taxes, levied for debt service				
Tax increments				
Sales tax				
Lodging taxes				
Franchise taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - January 1				
Net position, December 31				

Net (Expense) Revenues and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Marshall Municipal Utilities	Marshall Housing Commission	Economic Development Authority
\$ (3,789,101)	\$ -	\$ (3,789,101)	\$ -	\$ -	\$ -
(4,348,032)	-	(4,348,032)	-	-	-
(3,667,465)	-	(3,667,465)	-	-	-
(3,935,782)	-	(3,935,782)	-	-	-
(1,351,162)	-	(1,351,162)	-	-	-
(1,311,722)	-	(1,311,722)	-	-	-
(882,627)	-	(882,627)	-	-	-
<u>(19,285,891)</u>	<u>-</u>	<u>(19,285,891)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	789,895	789,895	-	-	-
-	(286,559)	(286,559)	-	-	-
-	904,443	904,443	-	-	-
<u>-</u>	<u>1,407,779</u>	<u>1,407,779</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (19,285,891)</u>	<u>\$ 1,407,779</u>	<u>\$ (17,878,112)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 2,783,715	\$ -	\$ -
-	-	-	(1,072,428)	-	-
-	-	-	-	(19,572)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>463,204</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,711,287</u>	<u>\$ (19,572)</u>	<u>\$ 463,204</u>
\$ 5,901,672	\$ -	\$ 5,901,672	\$ -	\$ -	\$ -
-	-	-	-	-	150,293
1,526,026	-	1,526,026	-	-	-
361,407	-	361,407	-	-	-
2,576,104	-	2,576,104	-	-	-
283,950	-	283,950	-	-	-
603,041	-	603,041	-	-	-
3,480,083	-	3,480,083	-	-	-
(366,042)	(388,880)	(754,922)	(1,886,870)	828	(10,387)
119,755	-	119,755	-	-	17,342
580,520	(580,520)	-	-	-	-
<u>15,066,516</u>	<u>(969,400)</u>	<u>14,097,116</u>	<u>(1,886,870)</u>	<u>828</u>	<u>157,248</u>
(4,219,375)	438,379	(3,780,996)	(175,583)	(18,744)	620,452
<u>84,127,764</u>	<u>33,747,598</u>	<u>117,875,362</u>	<u>76,205,366</u>	<u>3,580,283</u>	<u>2,548,928</u>
<u>\$ 79,908,389</u>	<u>\$ 34,185,977</u>	<u>\$ 114,094,366</u>	<u>\$ 76,029,783</u>	<u>\$ 3,561,539</u>	<u>\$ 3,169,380</u>

**City of Marshall**  
**Balance Sheet - Governmental Funds**  
**December 31, 2022**

	General Fund (101/106)	Debt Service (300s)	Sales / Lodging Tax (256)	2020 Public Improvements (476)
<b>Assets</b>				
Cash and temporary investments	\$ 8,266,558	\$ 7,355,925	\$ 1,167,634	\$ 867,196
Receivables				
Interest receivable	63,362	1,418	3,897	-
Delinquent taxes	50,659	15,147	-	-
Accounts	137,228	-	450,644	-
Notes	-	-	-	-
Leases	-	-	-	-
Special assessments	2,513	1,751,400	-	-
Intergovernmental	272,155	11,505	-	-
Due from other funds	-	-	-	-
Due from component units	49,486	-	-	-
Prepaid items	134,879	-	-	-
	<u>\$ 8,976,840</u>	<u>\$ 9,135,395</u>	<u>\$ 1,622,175</u>	<u>\$ 867,196</u>
Total assets				
<b>Liabilities</b>				
Accounts payable	\$ 269,115	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-
Due to other funds	-	-	-	-
Due to component units	256,185	-	-	-
Due to other governments	50,685	-	-	-
Accrued salaries payable	354,290	-	-	-
Unearned revenue	1,481,266	-	-	-
Total liabilities	<u>2,411,541</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - taxes	50,659	15,147	-	-
Unavailable revenue - special assessments	1,548	1,377,261	-	-
Advanced appropriations – State shared taxes	-	230,000	-	1,837,507
Deferred inflows of resources related to leases	-	-	-	-
Total deferred inflows of resources	<u>52,207</u>	<u>1,622,408</u>	<u>-</u>	<u>1,837,507</u>
<b>Fund Balances (Deficits)</b>				
Nonspendable				
Prepaid items	134,879	-	-	-
Restricted				
Debt service	-	7,742,687	824,054	-
Economic development	-	-	-	-
Tax increment financing	-	-	-	-
Capital projects	-	-	-	-
Operations - Arena and MERIT	-	-	798,121	-
Library	-	-	-	-
Assigned				
Insurance reserve	163,398	-	-	-
OPEB liability	554,617	-	-	-
DARE - police department	193,619	-	-	-
Forfeiture program - police department	75,971	-	-	-
Unallocated health insurance premium	11,105	-	-	-
City band memorial donations	2,375	-	-	-
Legion Field donations	10,746	-	-	-
Budgeted and levied expenditures	56,800	-	-	-
Staff separation	-	-	-	-
Library operations	-	-	-	-
Economic development	-	-	-	-
Capital projects	-	-	-	-
Drivers education	-	-	-	-
ASC Arena	-	-	-	-
Park improvements	-	-	-	-
Emergency response and industrial training center	-	-	-	-
Unassigned	5,309,582	(229,700)	-	(970,311)
Total fund balances (deficits)	<u>6,513,092</u>	<u>7,512,987</u>	<u>1,622,175</u>	<u>(970,311)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 8,976,840</u>	<u>\$ 9,135,395</u>	<u>\$ 1,622,175</u>	<u>\$ 867,196</u>

See notes to basic financial statements.

2022 Public Improvements (480)	Other Governmental Funds	Totals
\$ 494,276	\$ 9,467,413	\$ 27,619,002
-	6,499	75,176
-	6,183	71,989
-	212,823	800,695
-	2,962	2,962
-	37,500	37,500
-	524,044	2,277,957
-	12,036	295,696
-	84,616	84,616
301,160	167,074	517,720
-	34,734	169,613
<u>\$ 795,436</u>	<u>\$ 10,555,884</u>	<u>\$ 31,952,926</u>
\$ -	\$ 154,957	\$ 424,072
53,950	130,818	184,768
-	84,616	84,616
-	10,554	266,739
259	9,736	60,680
-	48,677	402,967
-	-	1,481,266
<u>54,209</u>	<u>439,358</u>	<u>2,905,108</u>
-	6,183	71,989
-	443,038	1,821,847
-	388,903	2,456,410
-	37,500	37,500
-	875,624	4,387,746
-	34,734	169,613
-	-	8,566,741
-	1,960,394	1,960,394
-	2,982,212	2,982,212
-	228,568	228,568
-	-	798,121
-	104,791	104,791
-	-	163,398
-	-	554,617
-	-	193,619
-	-	75,971
-	-	11,105
-	-	2,375
-	-	10,746
-	-	56,800
-	112,953	112,953
-	101,914	101,914
-	83,320	83,320
741,227	3,319,674	4,060,901
-	77,304	77,304
-	241,066	241,066
-	54,009	54,009
-	236,837	236,837
-	(296,874)	3,812,697
<u>741,227</u>	<u>9,240,902</u>	<u>24,660,072</u>
<u>\$ 795,436</u>	<u>\$ 10,555,884</u>	<u>\$ 31,952,926</u>

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**City of Marshall**  
**Reconciliation of the Balance Sheet to**  
**the Statement of Net Position - Governmental Funds**  
**December 31, 2022**

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

Total fund balances - governmental funds	24,660,072
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	94,566,345
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Compensated absences payable	(1,259,201)
Other postemployment benefits obligation	(554,617)
Pension liability	(11,830,846)
Bonds payable	(31,702,282)
Unamortized bond premiums	(2,181,558)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes	71,989
Special assessments receivable	1,821,847
Long-term assets from pensions reported in governmental activities are not financial resources therefore are not reported as assets in the funds.	225,901
Governmental funds do not report long-term amounts related to pensions and other post-employment benefits.	
Deferred outflows of pension resources	6,714,195
Deferred inflows of pension resources	(339,281)
Deferred outflows of other postemployment benefits	68,876
Deferred inflows of other postemployment benefits	(88,224)
Governmental funds do not report a liability for accrued interest until due and payable.	(445,607)
An internal service fund is used by management to charge the costs of fleet activity to individual funds. The assets and liabilities of the Central Fleet Internal Service Fund are included in governmental activities in the Statement of Net Position.	180,780
Total net position - governmental activities	<u>\$ 79,908,389</u>



**City of Marshall**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended December 31, 2022**

	General Fund (101/106)	Debt Service (300s)	Sales / Lodging Tax (256)
<b>Revenues</b>			
Taxes	\$ 6,005,958	\$ 1,526,026	\$ 2,675,348
Special assessments	2,201	612,038	-
Licenses and permits	327,801	-	-
Intergovernmental	3,588,893	100,067	-
Charges for services	2,112,024	-	-
Fines and forfeitures	95,638	-	-
Investment earnings	(378,523)	56,632	(1,405)
Miscellaneous	1,639,152	-	-
Total revenues	<u>13,393,144</u>	<u>2,294,763</u>	<u>2,673,943</u>
<b>Expenditures</b>			
Current			
General government	3,012,781	-	811
Public safety	4,512,712	-	-
Public works	3,185,003	-	-
Culture and recreation	2,682,151	-	-
Economic development	-	-	-
Airport	738,691	-	-
Capital outlay			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Airport	-	-	-
Debt service			
Principal	-	3,731,872	-
Interest and other	-	1,035,251	-
Total expenditures	<u>14,131,338</u>	<u>4,767,123</u>	<u>811</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(738,194)</u>	<u>(2,472,360)</u>	<u>2,673,132</u>
<b>Other Financing Sources (Uses)</b>			
Sale of capital assets	-	-	-
Transfers in	375,000	2,201,682	-
Bonds issued	-	79,931	-
Premium on bonds issued	-	-	-
Transfers out	(122,517)	(1,000)	(2,545,385)
Total other financing sources (uses)	<u>252,483</u>	<u>2,280,613</u>	<u>(2,545,385)</u>
Net change in fund balances	(485,711)	(191,747)	127,747
Fund Balances, January 1	<u>6,998,803</u>	<u>7,704,734</u>	<u>1,494,428</u>
Fund Balances, December 31	<u>\$ 6,513,092</u>	<u>\$ 7,512,987</u>	<u>\$ 1,622,175</u>

2020 Public Improvements (476)	2022 Public Improvements (480)	Other Governmental Funds	Totals
\$ -	\$ -	\$ 1,031,085	\$ 11,238,417
-	-	92,443	706,682
-	-	-	327,801
-	898	2,044,446	5,734,304
-	-	355,953	2,467,977
-	-	8,292	103,930
9,406	-	(52,152)	(366,042)
-	725,214	678,898	3,043,264
<u>9,406</u>	<u>726,112</u>	<u>4,158,965</u>	<u>23,256,333</u>
-	-	27,712	3,041,304
-	-	200,805	4,713,517
-	32,355	154,905	3,372,263
-	-	1,993,979	4,676,130
-	-	1,546,165	1,546,165
-	-	19,628	758,319
-	-	78,845	78,845
-	-	8,039	8,039
500	2,793,085	1,615,928	4,409,513
-	-	316,874	316,874
-	-	12,412	12,412
-	-	-	3,731,872
-	87,873	-	1,123,124
<u>500</u>	<u>2,913,313</u>	<u>5,975,292</u>	<u>27,788,377</u>
<u>8,906</u>	<u>(2,187,201)</u>	<u>(1,816,327)</u>	<u>(4,532,044)</u>
-	-	119,755	119,755
-	-	851,970	3,428,652
-	2,745,069	-	2,825,000
-	184,358	-	184,358
-	-	(238,522)	(2,907,424)
<u>-</u>	<u>2,929,427</u>	<u>733,203</u>	<u>3,650,341</u>
8,906	742,226	(1,083,124)	(881,703)
<u>(979,217)</u>	<u>(999)</u>	<u>10,324,026</u>	<u>25,541,775</u>
<u>\$ (970,311)</u>	<u>\$ 741,227</u>	<u>\$ 9,240,902</u>	<u>\$ 24,660,072</u>

**City of Marshall**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances to**  
**the Statement of Activities - Governmental Funds**  
**Year Ended December 31, 2022**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds	\$ (881,703)
Governmental funds report capital outlay as expenditures. However, in the Statement of a Activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.	
Capital outlay	3,819,908
Depreciation/amortization expense	(6,809,028)
Disposal of capital assets	(373,292)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Bonds issued	(2,825,000)
Premium on bonds issued	(184,358)
Principal repayments	3,731,872
Bond premiums amortization	230,777
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	12,391
Long-term pension activity is not reported in governmental funds.	
Pension expense	(708,490)
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	13,783
Special assessments	(84,632)
Some expenses 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.	
Compensated absences	(100,937)
Other postemployment benefits costs	(59,704)
An internal service fund is used by management to charge the costs of fleet activity to individual funds. The change in net position of the Central Fleet Internal Service Fund is included in governmental activities in the Statement of Activities.	(962)
Change in net position - governmental activities	<u>\$ (4,219,375)</u>

**City of Marshall**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
<b>Revenues</b>				
Taxes	\$ 5,852,425	\$ 5,852,425	\$ 6,005,958	\$ 153,533
Licenses and permits	349,770	349,770	327,801	(21,969)
Special assessments	600	600	2,201	1,601
Intergovernmental	4,054,363	4,054,363	3,588,893	(465,470)
Charges for services	2,285,359	2,285,359	2,112,024	(173,335)
Fines and forfeitures	112,900	112,900	95,638	(17,262)
Investment earnings	30,689	30,689	(378,523)	(409,212)
Miscellaneous	1,137,944	1,137,944	1,639,152	501,208
Total revenues	<u>13,824,050</u>	<u>13,824,050</u>	<u>13,393,144</u>	<u>(430,906)</u>
<b>Expenditures</b>				
Current				
General government	3,535,598	3,535,598	3,012,781	(522,817)
Public safety	4,308,931	4,308,931	4,512,712	203,781
Public works	3,090,911	3,090,911	3,185,003	94,092
Culture and recreation	2,673,496	2,673,496	2,682,151	8,655
Airport	708,773	708,773	738,691	29,918
Total expenditures	<u>14,317,709</u>	<u>14,317,709</u>	<u>14,131,338</u>	<u>(186,371)</u>
Excess of revenues under expenditures	(493,659)	(493,659)	(738,194)	(244,535)
<b>Other Financing Sources</b>				
Transfers in	375,000	375,000	375,000	-
Transfers out	<u>(53,772)</u>	<u>(53,772)</u>	<u>(122,517)</u>	<u>(68,745)</u>
Total other financing sources (uses)	<u>321,228</u>	<u>321,228</u>	<u>252,483</u>	<u>(68,745)</u>
Net change in fund balances	<u>\$ (172,431)</u>	<u>\$ (172,431)</u>	<u>(485,711)</u>	<u>\$ (313,280)</u>
<b>Fund Balance</b>				
Beginning of year			<u>6,998,803</u>	
End of year			<u>\$ 6,513,092</u>	

**City of Marshall**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Sales / Lodging Tax**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
<b>Revenues</b>				
Taxes	\$ 2,117,000	\$ 2,117,000	\$ 2,675,348	\$ 558,348
Investment earnings	10,377	10,377	(1,405)	(11,782)
Total revenues	<u>2,127,377</u>	<u>2,127,377</u>	<u>2,673,943</u>	<u>546,566</u>
<b>Other Financing Sources</b>				
Transfers out	<u>(2,545,385)</u>	<u>(2,545,385)</u>	<u>(2,545,385)</u>	<u>-</u>
Net change in fund balances	<u>\$ (418,008)</u>	<u>\$ (418,008)</u>	127,747	<u>\$ 545,755</u>
<b>Fund Balance</b>				
Beginning of year			<u>1,494,428</u>	
End of year			<u>\$ 1,622,175</u>	

**City of Marshall**  
**Statement of Net Position - Proprietary Funds**  
**December 31, 2022**

	Wastewater Treatment (602)	Municipal Liquor Store (609)	Surface Water Management (630)	Totals	Governmental Activities - Internal Service Fund
<b>Assets</b>					
<b>Current assets</b>					
Cash and temporary investments	\$ 5,052,323	\$ 998,283	\$ 1,616,785	\$ 7,667,391	\$ 194,203
Restricted assets					
Debt service	1,610,979	1,782,882	562,092	3,955,953	-
Receivables					
Interest	16,121	10,806	8,830	35,757	-
Accounts	153,440	452	-	153,892	-
Special assessments	-	-	26,946	26,946	-
Due from component units	802,069	-	216,379	1,018,448	-
Inventories	-	830,347	-	830,347	-
Prepaid items	58,002	13,071	4,416	75,489	-
Total current assets	7,692,934	3,635,841	2,435,448	13,764,223	194,203
<b>Noncurrent assets</b>					
Capital assets					
Land	199,134	48,603	265,135	512,872	-
Construction in progress	237,420	13,500	251,043	501,963	-
Buildings	168,472	2,359,862	-	2,528,334	-
Improvements other than buildings	42,921,503	123,122	-	43,044,625	-
Systems and infrastructure	22,945,123	-	19,779,601	42,724,724	-
Equipment and machinery	3,223,467	190,515	596,473	4,010,455	-
Leased vehicles	-	-	-	-	135,925
Total capital assets	69,695,119	2,735,602	20,892,252	93,322,973	135,925
Less accumulated depreciation/amortization	(38,602,101)	(648,802)	(9,081,392)	(48,332,295)	(42,973)
Total noncurrent assets	31,093,018	2,086,800	11,810,860	44,990,678	92,952
Total assets	38,785,952	5,722,641	14,246,308	58,754,901	287,155
<b>Deferred Outflows of Resources</b>					
Deferred inflows related to pensions	233,371	123,879	-	357,250	-
Deferred inflows related to OPEB	9,284	2,364	-	11,648	-
Total deferred outflows of resources	242,655	126,243	-	368,898	-
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	11,174	193,662	4,431	209,267	-
Due to component unit	23,860	2,252	2,270	28,382	-
Due to other governments	641	76,730	1,466	78,837	1,215
Accrued interest payable	100,877	4,236	35,936	141,049	-
Accrued salaries payable	55,005	20,152	-	75,157	-
Unearned revenue	-	16,878	-	16,878	-
Compensated absences payable	53,901	12,302	-	66,203	-
Notes from direct borrowings - current portion	695,890	-	-	695,890	-
Bonds payable - current portion	915,089	225,000	562,092	1,702,181	-
Lease liability - current portion	-	-	-	-	30,597
Total current liabilities	1,856,437	551,212	606,195	3,013,844	31,812
<b>Noncurrent liabilities</b>					
Compensated absences payable	101,809	37,341	-	139,150	-
Total OPEB liability	74,759	19,039	-	93,798	-
Pension liability	789,144	418,899	-	1,208,043	-
Notes from direct borrowings - noncurrent portion	12,128,000	-	-	12,128,000	-
Bonds payable - noncurrent portion	3,553,524	1,485,000	2,962,013	8,000,537	-
Premium or discount on bonds payable	135,691	-	180,265	315,956	-
Lease liability - noncurrent portion	-	-	-	-	74,563
Total noncurrent liabilities	16,782,927	1,960,279	3,142,278	21,885,484	74,563
Total liabilities	18,639,364	2,511,491	3,748,473	24,899,328	106,375
<b>Deferred inflows of resources</b>					
Deferred inflows related to OPEB	11,892	3,029	-	14,921	-
Deferred inflows related to pensions	15,399	8,174	-	23,573	-
Total deferred inflows of resources	27,291	11,203	-	38,494	-
<b>Net Position</b>					
Net investment in capital assets	13,664,824	376,800	8,106,490	22,148,114	(12,208)
Restricted for debt service	1,610,979	1,782,882	562,092	3,955,953	-
Unrestricted	5,086,149	1,166,508	1,829,253	8,081,910	192,988
Total net position	\$ 20,361,952	\$ 3,326,190	\$ 10,497,835	\$ 34,185,977	\$ 180,780

**City of Marshall**  
**Statement of Revenues, Expenses, and Changes**  
**in Fund Net Position - Proprietary Funds**  
**Year Ended December 31, 2022**

	Wastewater Treatment (602)	Municipal Liquor Store (609)	Surface Water Management (630)	Totals	Governmental Activities - Internal Service Fund
<b>Operating revenues</b>					
Charges for services	\$ 5,394,818	\$ -	\$ 1,283,128	\$ 6,677,946	\$ -
Sales	-	7,078,147	-	7,078,147	-
Cost of sales	-	(5,070,369)	-	(5,070,369)	-
Total operating revenues/gross profit	<u>5,394,818</u>	<u>2,007,778</u>	<u>1,283,128</u>	<u>8,685,724</u>	<u>-</u>
<b>Operating expenses</b>					
Salaries and benefits	1,214,159	610,313	-	1,824,472	-
Supplies	411,775	20,985	8,124	440,884	56,194
Repairs and maintenance	199,355	27,555	67,803	294,713	-
Other services and charges	644,043	252,097	739,034	1,635,174	-
Insurance	62,405	18,401	5,724	86,530	-
Utilities	250,329	37,248	19,422	306,999	-
Depreciation/amortization	1,780,597	88,033	674,214	2,542,844	41,781
Total operating expenses	<u>4,562,663</u>	<u>1,054,632</u>	<u>1,514,321</u>	<u>7,131,616</u>	<u>97,975</u>
<b>Operating income (loss)</b>	832,155	953,146	(231,193)	1,554,108	(97,975)
<b>Nonoperating revenues (expenses)</b>					
Special assessments	-	-	3,354	3,354	-
Other income	-	2,620	-	2,620	-
Grants and contributions	58,719	1,833	-	60,552	-
Investment earnings (loss)	(337,466)	(15,029)	(36,385)	(388,880)	-
Refunds and reimbursements	107,334	2,922	5,690	115,946	-
Rents	14,809	-	-	14,809	-
Gain on disposal of assets	-	-	-	-	40,392
Bond premium amortization	32,696	-	23,663	56,359	-
Interest and other expenses	(255,818)	(56,078)	(88,073)	(399,969)	(2,671)
Total nonoperating revenues (expenses)	<u>(379,726)</u>	<u>(63,732)</u>	<u>(91,751)</u>	<u>(535,209)</u>	<u>37,721</u>
Income before transfers	452,429	889,414	(322,944)	1,018,899	(60,254)
<b>Transfers in</b>	-	-	-	-	59,292
<b>Transfers out</b>	<u>(5,520)</u>	<u>(575,000)</u>	<u>-</u>	<u>(580,520)</u>	<u>-</u>
Change in net position	446,909	314,414	(322,944)	438,379	(962)
<b>Net position, January 1</b>	<u>19,915,043</u>	<u>3,011,776</u>	<u>10,820,779</u>	<u>33,747,598</u>	<u>181,742</u>
<b>Net position, December 31</b>	<u>\$ 20,361,952</u>	<u>\$ 3,326,190</u>	<u>\$ 10,497,835</u>	<u>\$ 34,185,977</u>	<u>\$ 180,780</u>

**City of Marshall**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2022**

	Wastewater Treatment (602)	Municipal Liquor Store (609)	Surface Water Management (630)	Totals	Internal Service Fund
<b>Cash Flows - Operating Activities</b>					
Receipts from customers and users	\$ 5,284,731	\$ 7,081,226	\$ 1,277,663	\$ 13,643,620	\$ -
Payments to suppliers and vendors	(1,690,838)	(5,463,095)	(833,840)	(7,987,773)	(54,979)
Payments to and on behalf of employees	(1,301,002)	(525,912)	-	(1,826,914)	-
Other receipts	122,143	5,542	5,690	133,375	-
Net cash provided (used) by operating activities	<u>2,415,034</u>	<u>1,097,761</u>	<u>449,513</u>	<u>3,962,308</u>	<u>(54,979)</u>
<b>Cash Flows - Noncapital Financing Activities</b>					
Transfer from other funds	-	-	-	-	59,292
Transfer to other funds	(5,520)	(575,000)	-	(580,520)	-
Net cash provided (used) by noncapital financing activities	<u>(5,520)</u>	<u>(575,000)</u>	<u>-</u>	<u>(580,520)</u>	<u>59,292</u>
<b>Cash Flows - Capital and Related Financing Activities</b>					
Acquisition of capital assets	(838,324)	(26,121)	(597,260)	(1,461,705)	(88,260)
Proceeds from sales of capital assets	6,429	-	-	6,429	40,392
Proceeds from bonds, leases, and notes issued, net of discounts/premiums issued	50,344	-	-	50,344	-
Principal paid on long-term debt	(1,621,801)	(220,000)	(480,328)	(2,322,129)	58,726
Federal grants	55,265	-	-	55,265	-
Interest paid on long-term debt	(265,752)	(56,555)	(94,878)	(417,185)	(2,671)
Special assessments received	-	-	4,601	4,601	-
Net cash provided (used) by capital and related financing activities	<u>(2,613,839)</u>	<u>(302,676)</u>	<u>(1,167,865)</u>	<u>(4,084,380)</u>	<u>8,187</u>
<b>Cash Flows - Investing Activities</b>					
Interest received on cash and investments	(346,250)	(20,550)	(38,398)	(405,198)	-
Net increase (decrease) in cash and cash equivalents	(550,575)	199,535	(756,750)	(1,107,790)	12,500
<b>Cash and Cash Equivalents</b>					
January 1	<u>7,213,877</u>	<u>2,581,630</u>	<u>2,935,627</u>	<u>12,731,134</u>	<u>181,703</u>
December 31	<u>\$ 6,663,302</u>	<u>\$ 2,781,165</u>	<u>\$ 2,178,877</u>	<u>\$ 11,623,344</u>	<u>\$ 194,203</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</b>					
Cash and temporary investments					
Unrestricted	\$ 5,052,323	\$ 998,283	\$ 1,616,785	\$ 7,667,391	\$ 194,203
Restricted - debt service	1,610,979	1,782,882	562,092	3,955,953	-
Total Cash and Cash Equivalents	<u>\$ 6,663,302</u>	<u>\$ 2,781,165</u>	<u>\$ 2,178,877</u>	<u>\$ 11,623,344</u>	<u>\$ 194,203</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating income (loss)	\$ 832,155	\$ 953,146	\$ (231,193)	\$ 1,554,108	\$ (97,975)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Other income related to operations	122,143	5,542	5,690	133,375	-
Depreciation	1,780,597	88,033	674,214	2,542,844	41,781
(Increase) decrease in assets					
Accounts receivable	(8,319)	177	349	(7,793)	-
Due from component units	(247,862)	-	(5,814)	(253,676)	-
Due from other governments	146,094	-	-	146,094	-
Inventories	-	(69,623)	-	(69,623)	-
Prepaid items	(14,931)	973	(164)	(14,122)	-
Increase (decrease) in liabilities					
Accounts payable	(19,469)	29,905	3,911	14,347	-
Due to other governments	281	2,129	1,194	3,604	1,215
Due to component unit	(88,812)	176	1,326	(87,310)	-
Accrued salaries payable	(73,333)	14,424	-	(58,909)	-
Compensated absences payable	21,035	6,541	-	27,576	-
Increase (decrease) in deferred inflows of resources					
Unearned revenue	-	2,902	-	2,902	-
Pension related activity	(33,278)	59,013	-	25,735	-
Net cash provided (used) by operating activities	<u>\$ 2,415,034</u>	<u>\$ 1,097,761</u>	<u>\$ 449,513</u>	<u>\$ 3,962,308</u>	<u>\$ (54,979)</u>
<b>Noncash Investing, Capital and Financing Activities</b>					
Book value of disposed/traded of capital assets	\$ 6,429	\$ -	\$ -	6,429	\$ 40,392
Amortization of bond (premium) discount	(32,696)	-	(23,663)	(56,359)	-

See notes to basic financial statements.



**City of Marshall**  
**Statement of Fiduciary Net Position**  
**December 31, 2022**

	Private Purpose Trust Fund (802)
<b>Assets</b>	
Current:	
Cash and investments	\$ 17,382
Interest receivable	<u>67</u>
Total assets	<u><u>\$ 17,449</u></u>
<b>Net Position</b>	
Held in trust	<u><u>\$ 17,449</u></u>

**Statement of Changes in Fiduciary Net Position**  
**Year Ended December 31, 2022**

	Private Purpose Trust Fund (802)
<b>Additions</b>	
Investment income	\$ (84)
Other additions	
Donations	<u>2,118</u>
Total additions	<u>2,034</u>
<b>Deductions</b>	
Program expenditures	<u>600</u>
Change in net position	1,434
<b>Net Position</b>	
Beginning of year	<u>16,015</u>
End of year	<u><u>\$ 17,449</u></u>

## **City of Marshall**

### **Notes to Basic Financial Statements**

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Reporting Entity**

The City of Marshall (the City) was incorporated February 20, 1901, under the provisions of Minnesota Laws of 1870. The City operates under a Mayor-Council form of government with a full-time City Administrator and provides the following services as authorized by its charter, which was adopted in 1969 as provided by *Minnesota Statutes*, chapter 410: public safety (police and fire), highways and streets, culture and recreation, public library, public improvements, planning and zoning, and general administrative services. The City also owns a municipal airport and municipal liquor store. The City also operates public electric, water and wastewater treatment and surface water utilities. The electric and water utilities are presented as a discretely presented component unit. The accompanying basic financial statements present the government entities for which the government is financially accountable.

The financial statements present the City and its component units. The City includes all funds, account groups, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

##### **1. Blended Component Units**

The Housing and Redevelopment Authority (HRA) serves all the citizens of the City and is governed by City appointed boards. The HRA was created pursuant to *Minnesota Statutes* § 469.090 through § 469.108 to carry out housing development and redevelopment within the City in accordance with policies established by the Council. The HRA may not exercise any of the powers enumerated by the authorizing statutes without prior approval of the Council. Separate financial statements are not issued.

The Marshall-Lyon County Public Library is a joint venture between the City and Lyon County. The City appoints six members, and the County appoints three members of the governing board of the Library. The City does have the authority to approve or modify the Library's operational and capital budgets and any bonded debt must be approved by the City Council. The City provides a material portion of the Library's annual operating budget. The Library's total debt outstanding is expected to be repaid entirely with resources of the City. The Library, whose year-end is December 31, is a blended component unit (with special revenue, debt service, and capital project funds) of the City. Separate financial statements are not issued.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

**2. Discretely Presented Component Units**

The Economic Development Authority (EDA) serves all the citizens of the City and is governed by City appointed boards. The EDA was created pursuant to *Minnesota Statutes* § 469.090 through § 469.108 to carry out economic and industrial development and redevelopment within the City in accordance with policies established by the Council. The seven-member board consists of two Council members and four other City Council approved members along with the City Administrator, who is the executive director. The EDA may not exercise any of the powers enumerated by the authorizing statutes without prior approval of the Council. The EDA is reported as two discretely presented special revenue funds (Economic Development Authority and EDA Parkway Housing). Separate financial statements are not issued.

The Marshall Municipal Utilities (the Utilities) meets the criteria to be included as a discrete presentation. The members of the governing board of the Utilities are appointed by the Mayor and approved by the City Council. The Utilities makes monthly payments to the City "in lieu of taxes" in accordance with an agreement between itself and the City. Therefore, there is a financial benefit to the City. Complete financial statements for the Utilities may be obtained from the Utilities Business Office at 113 South Fourth Street, Marshall, Minnesota.

The Marshall Housing Commission (the Commission) meets the criteria to be included as a discrete presentation. The members of the governing board of the Utilities are appointed by the Mayor and approved by the City Council. Although the City does not have the authority to approve or modify the Commission's operational and capital budgets, the tax rates established by the Commission and bonded debt must be approved by the City Council. The Commission has a September 30 reporting date, therefore, the information presented within the government-wide financial statements is from its September 30, 2022, separately issued financial statements. Complete financial statements for the Commission may be obtained from the Marshall Housing Commission at 202 North First Street, Marshall, Minnesota.

**B. 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 City. The fiduciary funds are only reported in the statement of fiduciary net position and the statement of changes in fiduciary net position at the fund financial statement level. 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 support.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Private Purpose Trust Fund is presented in the fiduciary fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the City, these Funds are not incorporated into the government-wide statements.

**C. 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 fiduciary 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 met.

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 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.

Property taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Description of Funds:**

**Major Governmental Funds:**

General Fund – This 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.

Debt Service Fund – This fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

Sales/Lodging Tax Special Revenue Fund – This fund is used to account for sales and lodging tax received by the City to be used for future capital projects.

2020 Public Improvement Capital Project Fund – This fund is used to account for street and utility improvements made to the City's infrastructure system.

2022 Public Improvement Capital Project Fund – This fund is used to account for street and utility improvements made to the City's infrastructure system.

**Proprietary Funds:**

Wastewater Treatment Fund – This fund accounts for the operations, maintenance, and capital improvements of the City's wastewater treatment activities.

Municipal Liquor Store Fund – This fund accounts for the operations of the City's off-sale municipal liquor store.

Surface Water Management Fund – This fund accounts for the operations, maintenance, and capital improvements of the City's storm water collection activities.

**Fiduciary Fund:**

Private Purpose Trust Fund – This fund accounts for resources legally held by the government in trust. All resources of the fund, including any earnings on invested resources, may be used to support activities of the Trust. There is no requirement that any portion of these resources is preserved as capital.

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 utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Description of Funds: (Continued)**

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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted as needed. Further, when committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order 1) committed 2) assigned, and 3) unassigned.

**Component Units**

The Marshall Economic Development Authority has adopted the modified accrual basis of accounting. The Marshall Housing Commission and the Marshall Public Utilities have adopted the accrual basis of accounting.

The Marshall Housing Commission has a fiscal year end of September 30. Therefore, the data included for this component unit is as of that date in the statement of net position and for the year then ended in the statement of activities.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

**1. Deposits and Investments**

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on participation by each fund for cash and investment balances.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

*Minnesota Statutes* 118A outlines authorized investments, including obligations of the U.S. Treasury, agencies, and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)**

**1. Deposits and Investments (Continued)**

Certain investments for the City are reported at fair value as disclosed in Note 3. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**2. Receivables and Payables**

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

The Marshall Public Utilities grants credit to its customers, which is mainly unsecured in the course of its operations. A portion of customer receivables is secured by deposits based on prior payment history of individual accounts. Monthly sewer rental charges are included in the customer's billings and transferred to the City when collected. No allowance for doubtful accounts has been recorded as management deems all receivables to be collectible.

The City levies its property tax for the subsequent year during the month of December. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Lyon County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the governmental fund financial statements.

Special assessments represent the financing for public improvements paid for by benefitting property owners. These assessments are recorded as receivables when assessment rolls are provided to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**  
**(Continued)**

**3. Inventory, Land Held for Resale, and Prepaid Items**

Inventory is valued at the lower of cost or market value using the first in, first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

The material and supply inventory of the Marshall Municipal Utilities is state at average cost which approximates actual cost.

Land held for resale is valued at the lower of cost or fair value.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, 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 City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City reports infrastructure assets on a network and subsystem basis. Donated capital assets are recorded at acquisition value at the date of donation. 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.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	5-25
Buildings and improvements	20-50
Infrastructure	10-40
Machinery and equipment	3-20
Vehicles	3-30

The Marshall-Lyon County Library provides depreciation based on historical cost or estimated historical cost. The straight-line method of depreciation is used over the estimated useful lives of individual assets. Library books are depreciated using group depreciation by collections. The Library uses a capitalization threshold of \$15,000 for library book collections and \$1,000 for all other capital assets.



**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**4. Capital Assets (Continued)**

The Marshall Economic Development Authority provides depreciation based on the estimated useful lives of individual assets. The straight-line method of depreciation is used.

The Marshall Municipal Utilities uses the straight-line composite group method for depreciation based on estimated useful lives of the various classes of property. The provision is 3.36% of the average balance of depreciable property in service at December 31, 2022.

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City presents deferred outflows of resources on the Statements of Net Position for deferred outflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City presents deferred inflows of resources on the Governmental Funds Balance Sheet as unavailable revenue and grants for subsequent years. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Governmental Funds Balance Sheet and Statement of Net Position for advanced appropriations from the Municipal State Aid Street program as timing requirements for revenue recognition have not yet been met. The City presents deferred inflows of resources on the Statements of Net Position related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years. Finally, deferred inflows of resources related to leases receivable are reported in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet.

**6. Compensated Absences**

*City of Marshall*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. The General Fund is typically used to liquidate governmental compensated absences payable.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**6. Compensated Absences (Continued)**

*City of Marshall (Continued)*

Vacation is earned and credited to an employee's record after each bi-weekly pay period according to years of service at the following rates:

<u>Years of Service</u>	<u>Hours per Years of Service</u>	<u>Maximum Accrual</u>
0 to 5 years	80 hours (10 days)	160 hours
5 to 10 years	120 hours (15 days)	240 hours
10 to 15 years	144 hours (18 days)	288 hours
15 to 20 years	160 hours (20 days)	320 hours
20+ years	200 hours (25 days)	400 hours

Sick leave is an authorized absence from work with pay, granted to eligible, full-time and  $\frac{3}{4}$  time employees. Sick leave is a privilege, not a right. Employees are to use this paid leave only when they are unable to work for medical reasons and/or under the conditions explained below. Employees are required to exhaust their sick leave balance prior to approval of an unpaid medical leave absence. Sick leave does not accrue during unpaid leave absence.

Full-time employees will earn sick leave at the rate of one (1) day or 8 hours for each month of service and can be accumulated up to 120 days or 960 hours at this rate. Beyond 120 days or 960 hours, sick leave will continue to accumulate at a rate of  $\frac{1}{2}$  day or 4 hours for each month of service.

If at any time the accumulation drops below 120 days or 960 hours, the employee will then accumulate one (1) day or 8 hours for each month of service up to 120 days or 960 hours and then continue to accumulate  $\frac{1}{2}$  day or 4 hours for each month of service.

When an employee reaches 120 days or 960 hours or more of accumulated sick leave and the employee utilizes sick leave, it shall first be withdrawn from the 960 hour portion and not from the accumulated sick leave.

*Marshall Municipal Utilities*

All full time employees accrue vacation time between 10 to 25 days per year based on years of service to 25 years when an additional 1 day may accrue for each 5 years of service thereafter. Employees may accumulate up to 20 days (160 hours) by December 31<sup>st</sup> of each year to be used in the following year. Up to 10 days of accrued vacation pay in excess of the 20 day maximum accrual will be deposited in the Health Care Savings Plan on an annual basis. Upon termination, 100% of the accrued vacation pay will be deposited into the Health Care Savings Plan.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**6. Compensated Absences (Continued)**

*Marshall Municipal Utilities (Continued)*

Under the employee sick leave plan, each employee is allowed to accumulate sick leave up to a maximum of 140 days. Thereafter, when the maximum hours have been reached, any unused sick leave will be deposited into the employee's Health Care Savings Plan on an annual basis. The accumulated leave is remitted to the employee or placed in the Health Care Savings Plan at the Commission's discretion upon retirement or death at a rate of 50% after 5 years of service, 75% after 10 years, and 100% after 15 years or more of service.

Sick leave benefits are recorded as a liability in the period earned by the employee.

**7. Severance Plan**

Employees hired prior to January 1, 2016, with at least 20 years of service are eligible for retirement payments based upon their years of service. An eligible individual will receive an amount equal to one month's salary plus an additional 3% annual salary each year in excess of twenty years to a maximum of 150% of the monthly salary. As of December 31, 2022, the City has recorded estimated future costs under this plan of \$131,942.

**8. Postemployment Benefits Other Than Pensions**

Under *Minnesota Statute* § 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirements. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement No. 75, at December 31, 2022. The General Fund is typically used to liquidate the governmental total OPEB liability.

**9. Long-Term Obligations**

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

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**10. Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the relief association and additions to/deductions from PERA's and the relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**11. Restricted and Designated Assets**

The Wastewater Treatment Fund, Surface Water Management fund and the Marshall Municipal Utilities fund (component unit) have classified resources consisting of cash and investments and delinquent taxes receivable as designated and restricted assets on the statements of net position. These amounts have been set aside for debt service payments and capital improvements. Amounts restricted for debt service are \$3,955,953.

**12. Fund Balance**

**a. Classification**

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- **Nonspendable Fund Balance** – These are amounts that cannot be spent because they are not in spendable form, such as prepaid items.
- **Restricted Fund Balance** – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- **Committed Fund Balance** – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution. Committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action used to commit these amounts.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**12. Fund Balance (Continued)**

**a. Classification (Continued)**

- Assigned Fund Balance – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City's Finance Director based on the City Council's direction.

**b. Minimum Fund Balance**

The City's fund balance policy for the General Fund is to maintain unrestricted fund balance of an amount not less than 5 months of the next year's budgeted expenditures.

**13. Net Position**

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**E. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

**F. Budgetary Information**

1. Prior to September 1 of each year, City Administrator submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. The final budget is legally enacted through passage of a resolution on or before December 28 and the property tax levy is certified to the County Auditor.
3. Budgets for the General and certain Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Budgetary Information (Continued)**

4. Expenditures may not legally exceed budgeted appropriations at the fund level. All amounts over budget are approved by the City Council through the disbursement process. Management is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Reported budget amounts are as originally adopted or amended by the City Council. Monitoring of budgets is maintained at the expenditure category level (i.e., personnel services, supplies, charges for services, and capital outlay) within each program.
5. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project-length financial plans.
6. Budgeted amounts are as originally adopted or as amended by the City Council. Budgeted expenditure appropriations lapse at year-end.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Deficit Fund Balance**

The following funds had a deficit fund balance at December 31, 2022:

Debt Service	
2021B G.O. State Aid Street Bonds	\$ (229,700)
Capital Projects	
2018 Public Improvements	(137,710)
2020 Public Improvements	(970,311)
2023 Public Improvements	<u>(159,164)</u>
Total	<u><u>\$(1,496,885)</u></u>

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as "cash and cash equivalents" or "investments". For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized as follows.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**A. Deposits**

The deposits of the City are subject to the following risk:

**Custodial Credit Risk – Deposits:** The City has an investment policy in place to address custodial credit risk for deposits, stating all deposits and investments must be in compliance with *Minnesota Statutes* 118A; protected by federal depository insurance and corporate surety bonds or collateral equal to 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance, National Credit Union Administration (NCUA) or corporate surety bonds. As of December 31, 2022, the City's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name. As of December 31, 2022, the City's deposits consisted of the following:

Checking	\$ 5,585,782
Certificates of deposit	4,300,772
Money market	<u>2,706,339</u>
Total Deposits	<u><u>\$ 12,592,893</u></u>

**B. Investments**

The investments of the City are subject to the following risks:

**Interest Rate Risk:** The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure to declines in fair values by limiting the maturity of its investment portfolio.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. *Minnesota Statutes* limit the City's investments.

**Concentration of Credit Risk:** The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy places no limit on the amount the City may invest in any one issuer; however, it does state diversification strategies shall be determined and revised periodically by the investment officer for all 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 typically limits its exposure by purchasing securities that are insured or registered, or securities held by the City or its agent in the City's name.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

As of December 31, 2022, the City had the following investments:

Types of Investments	Credit Quality/ Ratings (1)	Primary Government		Fair Value			
		Segmented Time Distribution (2)	Amount	Measurement Using			
				Level 1	Level 2	Level 3	
Investments at Amortized Cost							
Broker Money Market Funds	N/A	less than 1 year	\$ 9,888,706	\$ -	\$ -	\$ -	
U.S Treasury Notes	N/A	less than 1 year	377,954	-	-	-	
U.S Treasury Notes	N/A	1 to 5 years	959,490	-	-	-	
Investments at Fair Value							
Federal Agency Bonds and Notes	N/A	less than 1 year	2,989,668	-	2,989,668	-	
Federal Agency Bonds and Notes	N/A	1 to 5 years	7,148,689	-	7,148,689	-	
Federal Agency Bonds and Notes	N/A	more than 5 years	1,427,655	-	1,427,655	-	
Municipal Bonds	Baa1 to Aaa	less than 1 year	2,904,937	-	2,904,937	-	
	Aa1 to Aaa, A+						
Municipal Bonds	to AAA	1 to 5 years	5,425,966	-	5,425,966	-	
Municipal Bonds	Aa1 to Aaa	more than 5 years	573,601	-	573,601	-	
Certificate of Deposit	N/A	less than 1 year	968,735	-	968,735	-	
Certificate of Deposit	N/A	1 to 5 years	1,901,181	-	1,901,181	-	
Total Primary Government			\$ 34,566,582	\$ -	\$ 23,340,432	\$ -	

Types of Investments	Credit Quality/ Ratings (1)	Component Units		Fair Value		
		Segmented Time Distribution (2)	Amount	Measurement Using		
				Level 1	Level 2	Level 3
<i>Component Unit - Marshall Municipal Utilities</i>						
Investments at Amortized Cost						
Broker Money Market Funds	N/A	less than 1 year	\$ 1,889,675	\$ -	\$ -	\$ -
Investments at Fair Value						
U.S Treasury Notes	N/A	1 to 5 years	1,469,092	-	1,469,092	-
U.S Treasury Notes	N/A	more than 5 years	247,244	-	247,244	-
Federal Agency Bonds and Notes	N/A	1 to 5 years	2,194,680	-	2,194,680	-
Federal Agency Bonds and Notes	N/A	more than 5 years	1,283,169	-	1,283,169	-
Federal Agency Mortgage Pools	N/A	1 to 5 years	1,057,083	-	1,057,083	-
Federal Agency Mortgage Pools	N/A	more than 5 years	279,370	-	279,370	-
Municipal Bonds	A+ to AAA	less than 1 year	1,934,573	-	1,934,573	-
Municipal Bonds	A+ to AAA	1 to 5 years	7,006,840	-	7,006,840	-
Municipal Bonds	A+ to AAA	more than 5 years	4,018,565	-	4,018,565	-
Total Marshall Municipal Utilities Investments			21,380,291	-	19,490,616	-
Total Investments			\$ 55,946,873	\$ -	\$ 42,831,048	\$ -

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

The City has the following recurring fair value measurements as of December 31, 2022:

- Investments of \$42,831,048 are valued using a matrix pricing model (Level 2 inputs)



**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**C. Cash and Investment Summary**

Cash and investments as shown on the statement of net position for the City, including component units, follows:

		Component Units		
	Primary Government	Municipal Utilities	Housing Commission	Economic Development Authority
Deposits (Note 3 A.)	\$ 4,866,850	\$ 5,017,382	\$ 459,836	\$ 2,231,443
Cash on Hand	3,117	1,600	-	-
Investments (Note 3 B.)	34,566,582	21,380,291	-	-
Total	39,436,549	26,399,273	459,836	2,231,443
Cash and Temporary Investments	35,480,596	23,117,594	449,931	2,231,443
Restricted Assets	3,955,953	3,281,679	9,905	-
Total	\$ 39,436,549	\$ 26,399,273	\$ 459,836	\$ 2,231,443

	Fiduciary Funds	Total
Deposits (Note 3 A.)	\$ 17,382	\$ 12,592,893
Cash on Hand	-	4,717
Investments (Note 3 B.)	-	55,946,873
Total	17,382	68,544,483
Cash and Temporary Investments	17,382	61,296,946
Restricted Assets	-	7,247,537
Total	\$ 17,382	\$ 68,544,483

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 4 – INTERFUND ACTIVITY**

**A. Transfers**

Transfers among funds were for the City to assist with administrative costs, to assist with operations, to cover capital expenditures, to assist with capital projects, and assist with debt service obligations.

Fund	Transfers In				Total
	General	Debt Service	Nonmajor Governmental	Internal Service Fund	
Transfers out					
General	\$ -	\$ -	\$ 68,745	\$ 53,772	\$ 122,517
Debt service	-	1,000	-	-	1,000
Sales/Lodging Tax	-	1,762,160	783,225	-	2,545,385
Nonmajor governmental	-	238,522	-	-	238,522
Wastewater Treatment	-	-	-	5,520	5,520
Municipal Liquor Store	375,000	200,000	-	-	575,000
Total transfers out	<u>\$ 375,000</u>	<u>\$ 2,201,682</u>	<u>\$ 851,970</u>	<u>\$ 59,292</u>	<u>\$ 3,487,944</u>

**B. Interfund Receivables/Payables**

The following balances arise from negative cash balances in the debtor fund:

*Due From/To Other Funds*

Fund	Due from Other Funds	Due to Other Funds
Nonmajor governmental	\$ 84,616	\$ 84,616

The following balances represent capital improvements and monthly year-end charges to component units:

*Due to Primary Government from Component Unit*

Receivable Fund/Entity	Payable Fund/Entity	Amount
Component Unit	Primary Government	
Marshall Municipal Utilities	General	\$ 256,185
Marshall Municipal Utilities	Nonmajor governmental	10,554
Marshall Municipal Utilities	Wastewater Treatment enterprise	23,860
Marshall Municipal Utilities	Municipal Liquor Store enterprise	2,252
Marshall Municipal Utilities	Surface Water Management enterprise	2,270
Total		<u>\$ 295,121</u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 4 – INTERFUND ACTIVITY (CONTINUED)**

*Due to Component Unit from Primary Government*

Receivable Entity/Fund	Payable Entity/Fund	Amount
Primary Government	Component unit	
General	Marshall Municipal Utilities	\$ 49,486
2022 Public Improvements	Marshall Municipal Utilities	301,160
Nonmajor governmental	Economic Development Authority	167,074
Enterprise		
Wastewater Treatment	Marshall Municipal Utilities	802,069
Surface Water Management	Marshall Municipal Utilities	216,379
		<hr/>
Total		\$ 1,536,168

*Due to Component Unit from other Component Unit*

Receivable Fund/Entity	Payable Fund/Entity	Amount
Component Unit	Component Unit	
Marshall Municipal Utilities	Economic Development Authority	\$ 18
		<hr/>

**NOTE 5 – NOTES AND LEASES RECEIVABLE**

Loans were made by the Economic Development Authority, EDA Parkway Housing Fund and EDA Revolving Fund, the balances of which are \$80,000, \$203,663, and \$2,639, respectively, as of December 31, 2022. The portion of the Small Cities Development Program which is required to be repaid only if the borrower sells the property within 7 years of the date of the loan is \$2,962 as of December 31, 2022, net of an allowance of \$783,115.

The City has a lease for building space within the MERIT Center. The lease agreement includes annual principal and interest payments. The annual interest and discount rate on the lease agreement is 2.5%. Revenue from these leases for the year ended December 31, 2022, was \$25,000.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 6 – CAPITAL ASSETS**

*Primary Government*

Capital asset activity for the primary government for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 7,428,128	\$ -	\$ 334,472	\$ 7,093,656
Construction in progress	2,362,351	3,310,700	4,758,961	914,090
Total capital assets not being depreciated	<u>9,790,479</u>	<u>3,310,700</u>	<u>5,093,433</u>	<u>8,007,746</u>
Other capital assets				
Buildings	51,773,130	89,700	-	51,862,830
Improvements other than buildings	29,614,015	395,457	45,630	29,963,842
Infrastructure	71,378,201	4,387,226	-	75,765,427
Equipment and machinery	12,780,195	395,786	116,075	13,059,906
Library books	923,228	-	592,475	330,753
Leased vehicles	47,665	88,260	-	135,925
Total other capital assets at historical cost	<u>166,516,434</u>	<u>5,356,429</u>	<u>754,180</u>	<u>171,118,683</u>
Less accumulated depreciated for				
Buildings	13,625,486	1,520,376	-	15,145,862
Improvements other than buildings	18,479,073	1,107,024	45,630	19,540,467
Infrastructure	37,140,472	3,404,376	-	40,544,848
Equipment and machinery	8,169,322	770,162	77,255	8,862,229
Library books	916,138	7,090	592,475	330,753
Less accumulated amortization for				
Leased vehicles	1,192	41,781	-	42,973
Total accumulated depreciation and amortization	<u>78,331,683</u>	<u>6,850,809</u>	<u>715,360</u>	<u>84,467,132</u>
Total other capital assets, net	<u>88,184,751</u>	<u>(1,494,380)</u>	<u>38,820</u>	<u>86,651,551</u>
Governmental activities capital assets, net	<u>\$ 97,975,230</u>	<u>\$ 1,816,320</u>	<u>\$ 5,132,253</u>	<u>\$ 94,659,297</u>

Depreciation and amortization expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 828,228
Public safety	407,296
Public works	3,933,428
Culture and recreation	794,636
Airport	<u>887,221</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 6,850,809</u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 512,872	\$ -	\$ -	\$ 512,872
Construction in progress	619,431	1,294,561	1,412,029	501,963
Total capital assets not being depreciated	<u>1,132,303</u>	<u>1,294,561</u>	<u>1,412,029</u>	<u>1,014,835</u>
Capital assets being depreciated				
Buildings	2,528,334	-	-	2,528,334
Improvements other than buildings	43,044,625	-	-	43,044,625
Infrastructure	41,395,106	1,412,029	82,411	42,724,724
Equipment and machinery	3,997,441	21,049	8,035	4,010,455
Total capital assets being depreciated	<u>90,965,506</u>	<u>1,433,078</u>	<u>90,446</u>	<u>92,308,138</u>
Less accumulated depreciated for				
Buildings	468,814	66,705	-	535,519
Improvements other than buildings	22,663,497	932,405	-	23,595,902
Infrastructure	19,762,772	1,328,942	82,411	21,009,303
Equipment and machinery	2,978,385	214,792	1,606	3,191,571
Total accumulated depreciation	<u>45,873,468</u>	<u>2,542,844</u>	<u>84,017</u>	<u>48,332,295</u>
Total capital assets being depreciated, net	<u>45,092,038</u>	<u>(1,109,766)</u>	<u>6,429</u>	<u>43,975,843</u>
Business-type activities capital assets, net	<u>\$ 46,224,341</u>	<u>\$ 184,795</u>	<u>\$ 1,418,458</u>	<u>\$ 44,990,678</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Wastewater Treatment	\$ 1,780,597
Municipal Liquor Store	88,033
Surface Water Management	<u>674,214</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 2,542,844</u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

*Discretely Presented Component Units*

Capital asset activity for the Marshall Municipal Utilities for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Marshall Municipal Utilities				
Capital assets not being depreciated				
Construction in progress	\$ 1,124,855	\$ 376,300	\$ 1,192,262	\$ 308,893
Capital assets being depreciated				
Electric production plant	3,324,745	6,001	-	3,330,746
Electric transmission line	16,470,267	94,624	-	16,564,891
Electric distribution system	59,620,947	1,891,770	107,389	61,405,328
Transportation and general	10,409,581	293,511	120,103	10,582,989
Water utility	72,323,268	904,570	63,820	73,164,018
Total capital assets being depreciated	162,148,808	3,190,476	291,312	165,047,972
Less accumulated depreciated for				
Electric production plant	2,852,872	44,684	-	2,897,556
Electric transmission line	11,580,839	526,783	-	12,107,622
Electric distribution system	32,587,265	2,518,949	107,389	34,998,825
Transportation and general	8,398,667	596,348	120,103	8,874,912
Water utility	33,766,432	1,645,458	63,820	35,348,070
Total accumulated depreciation	89,186,075	5,332,222	291,312	94,226,985
Total capital assets being depreciated, net	72,962,733	(2,141,746)	-	70,820,987
Capital assets, net	\$ 84,457,652	\$ (1,765,446)	\$ 1,192,262	\$ 71,129,880

Depreciation expense was charged to functions/programs of the Marshall Municipal Utilities activities as follows:

Business-type Activities	
Marshall Municipal Utilities - Water	\$ 1,645,458
Marshall Municipal Utilities - Electric	3,686,764
Total	\$ 5,332,222

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the Marshall Housing Commission for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Marshall Housing Commission</b>				
Capital assets not being depreciated				
Land	\$ 514,965	\$ -	\$ -	\$ 514,965
Capital assets being depreciated				
Buildings	9,102,705	338,477	-	9,441,182
Equipment and machinery	195,126	3,171	-	198,297
Total capital assets being depreciated	9,297,831	341,648	-	9,639,479
Less accumulated depreciated	6,675,693	294,457	-	6,970,150
Total capital assets being depreciated, net	2,622,138	47,191	-	2,669,329
Capital assets, net	<u>\$ 3,137,103</u>	<u>\$ 47,191</u>	<u>\$ -</u>	<u>\$ 3,184,294</u>

Depreciation expense was charged to functions/programs of the Marshall Housing Commission activities as follows:

Business-type Activities	
Marshall Housing Commission	<u>\$ 294,457</u>

Capital asset activity for the Economic Development Authority for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Economic Development Authority</b>				
Capital assets being depreciated				
Land improvements	\$ 12,920	\$ -	\$ -	\$ 12,920
Less accumulated depreciated for				
Land improvements	8,560	646	-	9,206
Total capital assets being depreciated, net	4,360	(646)	-	3,714
Capital assets, net	<u>\$ 4,360</u>	<u>\$ (646)</u>	<u>\$ -</u>	<u>\$ 3,714</u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs of the Economic Development Authority activities as follows:

Governmental Activities	
Economic Development Authority	<u><u>\$ 646</u></u>

**NOTE 7 – LONG-TERM DEBT**

**A. Components of Long-Term Liabilities**

*Governmental Activity Debt*

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

These bonds were issued for capital equipment purchases and other capital improvements. The debt is a general obligation of the City and will be retired through ad valorem tax levies.

General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Capital Improvement of 2010A	\$ 1,150,000	2.00 - 3.30 %	09/15/10	02/01/26	\$ 300,000
G.O. Equipment Certificates of 2013A	860,000	2.00 - 3.00	08/01/13	02/01/23	105,000
G.O. Bonds of 2015A	1,710,000	2.00 - 3.00	01/01/15	02/01/31	1,085,000
G.O. Bonds of 2017A	170,000	2.00 - 3.00	07/13/17	02/01/23	35,000
G.O. Bonds of 2020A	6,170,000	2.00 - 5.00	02/27/20	02/01/40	5,890,000
G.O. Equipment Certificates of 2020B	360,000	2.00	07/09/20	02/01/28	310,000
G.O. Equipment Certificates of 2021A	440,000	2.00	06/10/21	02/01/30	440,000
Total General Obligation Bonds					<u><u>\$ 8,165,000</u></u>



**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

**A. Components of Long-Term Liabilities (Continued)**

*Governmental Activity Debt (Continued)*

General Obligation Bonds (Continued)

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	General Obligation Bonds Governmental Activities		
	Principal	Interest	Total
2023	\$ 660,000	\$ 230,196	\$ 890,196
2024	535,000	209,309	744,309
2025	555,000	189,259	744,259
2026	570,000	169,289	739,289
2027	510,000	151,294	661,294
2028-2032	2,325,000	503,894	2,828,894
2033-2037	1,820,000	238,409	2,058,409
2038-2040	1,190,000	42,506	1,232,506
Total	<u>\$ 8,165,000</u>	<u>\$ 1,734,156</u>	<u>\$ 9,899,156</u>

General Obligation Tax Increment Bonds

These bonds were issued for development and redevelopment projects. The additional tax revenue resulting from increased tax capacity of the redeveloped properties is used to retire the related debt.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Tax Increment Revenues Bonds					
Revenues Bonds of 2011A	\$ 1,265,000	0.70 - 2.70 %	09/15/11	02/01/23	\$ 175,000
G.O. Tax Increment Revenues Bonds of 2017B	2,930,000	0.70 - 2.70	10/26/17	02/01/33	<u>1,885,000</u>
Total G.O. Tax Increment Bonds					<u>\$ 2,060,000</u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 7 – LONG-TERM DEBT**

**A. Components of Long-Term Liabilities (Continued)**

The annual debt service requirements to maturity for general obligation tax increment bonds are as follows:

Year Ending December 31,	G.O. Tax Increment Bonds Governmental Activities		
	Principal	Interest	Total
2023	\$ 175,000	\$ 53,588	\$ 228,588
2024	-	51,225	51,225
2025	100,000	50,100	150,100
2026	115,000	47,537	162,537
2027	220,000	43,350	263,350
2028-2032	1,195,000	125,850	1,320,850
2033	255,000	3,825	258,825
Total	<u>\$ 2,060,000</u>	<u>\$ 375,475</u>	<u>\$ 2,435,475</u>

General Obligation Tax Abatement Bonds

These bonds were issued to finance public infrastructure improvements. They will be retired from tax abatement revenues and tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Tax Abatement Bonds of 2016C	\$ 2,810,000	2.00 - 3.00 %	06/23/16	02/01/37	\$ 2,215,000

The annual debt service requirements to maturity for general obligation tax abatement bonds are as follows:

Year Ending December 31,	G.O. Tax Abatement Bonds Governmental Activities		
	Principal	Interest	Total
2023	\$ 125,000	\$ 55,850	\$ 180,850
2024	130,000	53,300	183,300
2025	130,000	50,700	180,700
2026	135,000	48,050	183,050
2027	135,000	45,350	180,350
2028-2032	730,000	177,650	907,650
2033-2037	830,000	63,450	893,450
Total	<u>\$ 2,215,000</u>	<u>\$ 494,350</u>	<u>\$ 2,709,350</u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 7 – LONG-TERM DEBT**

**A. Components of Long-Term Liabilities (Continued)**

General Obligation Improvement Bonds

These bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements or through sales tax. Some issuances, however, are partly financed by ad valorem tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2011B	\$ 1,510,000	0.50 - 4.00 %	10/01/11	02/01/27	\$ 380,000
G.O. Improvement Bonds of 2012A	2,550,000	2.00 - 2.55	06/01/12	02/01/28	465,000
G.O. Improvement Bonds of 2013A	2,785,000	2.00 - 3.00	08/01/13	02/01/25	750,000
G.O. Improvement Bonds of 2014B	15,735,000	3.13 - 5.00	07/23/14	02/01/28	7,875,000
G.O. Improvement Bonds of 2014C	1,955,000	2.00 - 3.00	07/23/14	02/01/26	480,000
G.O. Improvement Bonds of 2015B	895,000	3.00 - 4.00	07/22/15	02/01/24	225,000
G.O. Improvement Bonds of 2016B	1,500,000	2.00	06/23/16	02/01/25	570,000
G.O. Improvement Bonds of 2017A	1,035,000	2.00 - 3.00	07/13/17	02/01/28	640,000
G.O. Improvement Bonds of 2017B	360,000	1.65 - 3.00	10/26/17	02/01/28	225,000
G.O. Improvement Bonds of 2018A	2,328,608	3.13 - 4.00	07/25/18	02/01/34	1,794,920
G.O. Improvement Bonds of 2020B	424,535	2.00	07/09/20	02/01/28	362,762
G.O. Improvement Bonds of 2021A	899,600	2.00	06/10/21	02/01/30	899,600
G.O. Improvement Bonds of 2022A	2,825,000	3.00 - 5.00	05/26/22	02/01/33	2,825,000
Total G.O. Improvement Bonds					<u>\$ 17,492,282</u>

The annual debt service requirements to maturity for general obligation improvement bonds are as follows:

Year Ending December 31,	G.O. Improvement Bonds Governmental Activities		
	Principal	Interest	Total
2023	\$ 2,642,818	\$ 534,788	\$ 3,177,606
2024	2,899,166	470,894	3,370,060
2025	2,634,166	359,708	2,993,874
2026	2,348,310	268,358	2,616,668
2027	2,325,659	193,983	2,519,642
2028-2032	4,075,777	320,362	4,396,139
2033-2034	566,386	17,645	584,031
Total	<u>\$ 17,492,282</u>	<u>\$ 2,165,738</u>	<u>\$ 19,658,020</u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 7 – LONG-TERM DEBT**

**A. Components of Long-Term Liabilities (Continued)**

General Obligation State Aid Street Bonds

These bonds were issued to finance construction, reconstruction, and improvement of municipal state-aid streets. They will be retired from State Aid revenues.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. State Aid Street Bonds of 2021B	\$ 2,000,000	4.00 %	06/10/21	04/01/29	\$ 1,770,000

The annual debt service requirements to maturity for general obligation state aid street bonds are as follows:

Year Ending December 31,	G.O. State Aid Street Bonds Governmental Activities		
	Principal	Interest	Total
2023	\$ 225,000	\$ 66,300	\$ 291,300
2024	235,000	57,100	292,100
2025	240,000	47,600	287,600
2026	250,000	37,800	287,800
2027	260,000	27,600	287,600
2028-2029	560,000	22,600	582,600
Total	<u>\$ 1,770,000</u>	<u>\$ 259,000</u>	<u>\$ 2,029,000</u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 7 – LONG-TERM DEBT**

**A. Components of Long-Term Liabilities (Continued)**

*Business-Type Activity Debt*

General Obligation Revenue Bonds

These bonds were issued to finance capital improvements to the storm water system and wastewater treatment facility. These bonds will be retired from net revenue of these enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Utility and Improvement Bonds of 2011A - Storm	\$ 925,000	0.50 - 4.00 %	09/15/11	02/01/27	\$ 355,000
G.O. Utility and Improvement Bonds of 2011A - Wastewater	960,000	0.50 - 4.00	09/15/11	02/01/27	370,000
G.O. Utility and Improvement Bonds of 2011B - Storm	335,000	0.50 - 4.00	10/01/11	02/01/27	130,000
G.O. Utility and Improvement Bonds of 2011B - Wastewater	205,000	0.50 - 4.00	10/01/11	02/01/27	75,000
G.O. Utility and Improvement Bonds of 2012A - Wastewater	1,775,000	2.00 - 2.55	06/01/12	02/01/28	775,000
G.O. Utility and Improvement Bonds of 2014C - Wastewater	1,420,000	2.00 - 3.00	07/23/14	02/01/25	465,000
G.O. Utility and Improvement Bonds of 2015B - Wastewater	860,000	3.00 - 4.00	07/22/15	02/01/24	235,000
G.O. Utility and Improvement Bonds of 2016B - Wastewater	305,553	2.00	06/23/16	02/01/25	120,643
G.O. Utility and Improvement Bonds of 2016B - Storm	1,049,447	2.00	06/23/16	02/01/25	414,358
G.O. Utility and Improvement Bonds of 2016D - Wastewater	3,630,000	2.00	06/23/16	02/01/27	1,930,000
G.O. Utility and Improvement Bonds of 2017A - Storm	85,000	2.00 - 3.00	07/13/17	02/01/23	30,000
G.O. Utility and Improvement Bonds of 2018A - Wastewater	619,850	3.13 - 4.00	07/25/18	02/01/34	497,970
G.O. Utility and Improvement Bonds of 2018A - Storm	631,542	3.13 - 4.00	07/25/18	02/01/34	477,110
G.O. Utility and Improvement Bonds of 2020B - Storm	1,685,465	2.00	07/09/20	02/01/31	1,492,237
G.O. Utility and Improvement Bonds of 2021A - Wastewater	625,400	2.00	06/10/21	02/01/30	<u>625,400</u>
Total G.O. Revenue Bonds					<u><u>\$ 7,992,718</u></u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

**A. Components of Long-Term Liabilities (Continued)**

The annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31,	G.O. Revenue Bonds Business-type Activities		
	Principal	Interest	Total
2023	\$ 1,477,181	\$ 185,268	\$ 1,662,449
2024	1,520,834	145,121	1,665,955
2025	1,385,834	107,675	1,493,509
2026	1,076,691	76,615	1,153,306
2027	1,104,341	49,217	1,153,558
2028-2032	1,269,223	81,590	1,350,813
2033-2034	158,614	5,155	163,769
Total	<u>\$ 7,992,718</u>	<u>\$ 650,641</u>	<u>\$ 8,643,359</u>

Revenue Bonds

These bonds were issued to finance capital improvements to the municipal liquor store. These bonds will be retired from net revenue of this enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Lease Revenue Bond of 2015	\$ 3,240,000	1.05 - 3.10 %	02/10/15	12/01/29	\$ 1,710,000

The annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending December 31,	Revenue Bonds Business-type Activities		
	Principal	Interest	Total
2023	\$ 225,000	\$ 50,835	\$ 275,835
2024	230,000	44,872	274,872
2025	235,000	38,318	273,318
2026	245,000	31,620	276,620
2027	250,000	24,025	274,025
2028-2029	525,000	24,490	549,490
Total	<u>\$ 1,710,000</u>	<u>\$ 214,160</u>	<u>\$ 1,924,160</u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

**A. Components of Long-Term Liabilities (Continued)**

Notes from Direct Borrowings

On July 10, 2019, the City issued a \$15,678,015 G.O. Wastewater Revenue Utility and Improvement Note 2019A through the Minnesota Public Facilities Authority. As of December 31, 2022, the City had drawn \$14,830,890 on this note and have made \$2,007,000 in principal payments. The amortization schedule below represents the entire liability once the project is complete, and all draws have been made.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Wastewater Revenue Utility and Improvement Note 2019A	\$ 15,678,015	1.00 %	07/10/2019	08/20/2039	\$ 12,823,890

The annual debt service requirements to maturity for Notes from Direct Borrowings are as follows:

Year Ending December 31,	Notes from Direct Borrowings Business-type Activities		
	Principal	Interest	Total
2023	\$ 695,890	\$ 128,204	\$ 824,094
2024	703,000	121,280	824,280
2025	710,000	114,250	824,250
2026	717,000	107,150	824,150
2027	724,000	99,980	823,980
2028-2032	3,730,000	389,840	4,119,840
2033-2037	3,920,000	199,600	4,119,600
2038-2039	1,624,000	24,400	1,648,400
Total	<u>\$ 12,823,890</u>	<u>\$ 1,184,704</u>	<u>\$ 14,008,594</u>

Lease Liability

The City entered into lease agreements for vehicles. The lease agreements include annual principal and interest payments as noted below. Interest and discount rates on the lease agreements range from 4.29% to 4.85%.

Year Ending December 31,	Lease Liability Governmental Activities		
	Principal	Interest	Total
2023	\$ 30,597	\$ 4,240	\$ 34,837
2024	32,058	2,776	34,834
2025	33,590	1,241	34,831
2026	8,915	185	9,100
Total	<u>\$ 105,160</u>	<u>\$ 8,442</u>	<u>\$ 113,602</u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

**A. Components of Long-Term Liabilities (Continued)**

*Component Unit Debt*

Revenue Bonds

These bonds were issued to finance capital improvements to the Marshall Municipal Utilities. These bonds will be retired from net revenue of this enterprise fund.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Utility Revenue Bonds					
Series 2012B	\$ 5,500,000	2.31 %	06/01/12	07/01/27	\$ 2,040,000
Series 2014A	4,025,000	3.04 %	04/24/14	07/01/29	2,110,000
Series 2016A	7,310,000	1.51 %	04/21/16	07/01/23	590,000
Series 2021C	3,420,000	0.44 %	08/18/21	07/01/25	2,260,000
Series 2021D	2,515,000	0.99 %	08/18/21	07/01/25	2,185,000
Total Revenue Bonds					<u>\$ 9,185,000</u>

The annual debt service requirements to maturity for Marshall Municipal Utilities revenue bonds are as follows:

Year Ending December 31,	Revenue Bonds Marshall Municipal Utilities Component Unit Activities		
	Principal	Interest	Total
2023	\$ 2,425,000	\$ 311,050	\$ 2,736,050
2024	1,920,000	227,300	2,147,300
2025	1,580,000	151,800	1,731,800
2026	1,090,000	94,000	1,184,000
2027	1,125,000	60,925	1,185,925
2028-2029	1,045,000	41,800	1,086,800
Total	<u>\$ 9,185,000</u>	<u>\$ 886,875</u>	<u>\$ 10,071,875</u>



**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

**B. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 8,900,000	\$ -	\$ 735,000	\$ 8,165,000	\$ 660,000
General obligation tax increment bonds	2,230,000	-	170,000	2,060,000	175,000
General obligation tax abatement bonds	2,340,000	-	125,000	2,215,000	125,000
General obligation improvement bonds	17,139,154	2,825,000	2,471,872	17,492,282	2,642,818
General obligation State Aid street bonds	2,000,000	-	230,000	1,770,000	225,000
Unamortized bond premium	2,227,977	184,357	230,776	2,181,558	-
Total bonds payable	34,837,131	3,009,357	3,962,648	33,883,840	3,827,818
Contract for Deed					
Lease liability	46,434	88,277	29,551	105,160	30,597
Compensated absences payable	1,158,264	263,102	162,165	1,259,201	101,677
Governmental activity long-term liabilities	<u>\$ 36,041,829</u>	<u>\$ 3,360,736</u>	<u>\$ 4,154,364</u>	<u>\$ 35,248,201</u>	<u>\$ 3,960,092</u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

**B. Changes in Long-Term Liabilities (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities					
Bonds payable					
General obligation					
revenue bonds	\$ 9,360,847	\$ -	\$ 1,368,129	\$ 7,992,718	\$ 1,477,181
Revenue bonds	1,930,000	-	220,000	1,710,000	225,000
PFA notes	13,507,546	50,344	734,000	12,823,890	695,890
Unamortized bond premium	372,315	-	56,359	315,956	-
Total bonds payable	25,170,708	50,344	2,378,488	22,842,564	2,398,071
Compensated absences payable	177,777	54,865	27,289	205,353	66,203
Business-type activity long-term liabilities	<u>\$ 25,348,485</u>	<u>\$ 105,209</u>	<u>\$ 2,405,777</u>	<u>\$ 23,047,917</u>	<u>\$ 2,464,274</u>
Component Unit Activities					
Marshall Municipal Utilities					
Revenue bonds	\$ 11,975,000	\$ -	\$ 2,790,000	\$ 9,185,000	\$ 2,425,000
Accrued transmission reserve	1,180,025	-	-	1,180,025	-
Deferred water area charges	198,588	-	-	198,588	-
Compensated absences payable	601,146	-	8,268	592,878	-
Unamortized bond premium and discount	(16,208)	(13,292)	6,287	(23,213)	-
Component Unit Long-term liabilities	<u>\$ 13,938,551</u>	<u>\$ (13,292)</u>	<u>\$ 2,804,555</u>	<u>\$ 11,133,278</u>	<u>\$ 2,425,000</u>
Marshall Housing Commission					
Compensated absences payable	<u>\$ 58,554</u>	<u>\$ 20,975</u>	<u>\$ -</u>	<u>\$ 79,529</u>	<u>\$ 25,527</u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 8 – CONDUIT DEBT**

Conduit debt obligations are certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued conduit debt to provide funding to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt beyond the resources provided by related leases or loans. Accordingly, the bonds are not reported as liabilities in the financial statements of the City. As of December 31, 2022, the following issues were outstanding:

Name	Date of Issue	Original Amount of Issue	Balance Outstanding as of 12/31/22
SMSU - Student Housing Revenue Note	2005	\$ 5,600,000	\$ 2,256,221

**NOTE 9 – RISK MANAGEMENT**

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2022 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2022, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires 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.

**NOTE 10 – PENSION PLANS**

The City participates in various pension plans, total pension expense for the year ended December 31, 2022, was \$1,587,061. The components of pension expense are noted in the following plan summaries.

The General Fund, Wastewater Treatment Fund, and Municipal Liquor Store Fund typically liquidate the liability related to pensions.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association**

**A. Plan Description**

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by PERA. PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

**General Employees Retirement Plan**

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**Public Employees Police and Fire Plan**

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

**B. Benefits Provided**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

**General Employees Plan Benefits**

General Employees Plan benefits are based on a member's highest average salary for any 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

**General Employees Plan Benefits (Continued)**

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**Police and Fire Plan Benefits**

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**C. Contributions**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

**General Employees Fund Contributions**

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2022, were \$432,918. The City's contributions were equal to the required contributions as set by state statute.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**C. Contributions (Continued)**

**Police and Fire Fund Contributions**

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2022, were \$367,844. The City's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

**General Employees Fund Pension Costs**

At December 31, 2022, the City reported a liability of \$6,145,946 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$180,012.

The net pension liability was measured as of June 30, 2022, 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 proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0776% at the end of the measurement period and 0.0785% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 6,145,946
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>180,012</u>
Total	<u><u>\$ 6,325,958</u></u>

For the year ended December 31, 2022, the City recognized pension expense of \$880,940 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$26,898 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

At December 31, 2022, the City reported its proportionate share of the General Employees Plan's 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 economic experience	\$ 51,335	\$ 66,302
Changes in actuarial assumptions	1,406,584	24,804
Net collective difference between projected and actual investment earnings	77,443	-
Changes in proportion	65,699	28,827
Contributions paid to PERA subsequent to the measurement date	<u>216,459</u>	<u>-</u>
Total	<u><u>\$ 1,817,520</u></u>	<u><u>\$ 119,933</u></u>

The \$216,459 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 December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2023	\$ 568,349
2024	571,517
2025	(214,546)
2026	<u>555,808</u>
Total	<u><u>\$ 1,481,128</u></u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

**Police and Fire Fund Pension Costs**

At December 31, 2022, the City reported a liability of \$6,892,942 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, 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 proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1584% at the end of the measurement period and 0.1515% for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2021. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$616,891 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$58,403 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City also recognized \$14,256 for the year ended December 31, 2022, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.



**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

Police and Fire Plan Pension Costs (Continued)

At December 31, 2022, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual economic experience	\$ 413,171	\$ -
Changes in actuarial assumptions	3,994,934	39,267
Net collective difference between projected and actual investment earnings	166,090	-
Changes in proportion	68,430	19,543
Contributions paid to PERA subsequent to the measurement date	<u>183,922</u>	<u>-</u>
Total	<u><u>\$ 4,826,547</u></u>	<u><u>\$ 58,810</u></u>

The \$183,922 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 December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
	<u>                    </u>
2023	\$ 885,220
2024	896,118
2025	804,944
2026	1,415,152
2027	<u>582,381</u>
Total	<u><u>\$ 4,583,815</u></u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**E. Long-Term Expected Return on Investment**

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. 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>Target Allocation</u>	<u>Long-Term</u>
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
	<hr/>	
Total	100.0 %	
	<hr/> <hr/>	

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees. The Police and Fire Plan benefit increase is fixed at 1% per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service and 6.0% per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**F. Actuarial Methods and Assumptions (Continued)**

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2021, actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2021 and was adopted by the Board and became effective with the July 1, 2022, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

**General Employees Fund**

**Changes in Actuarial Assumptions**

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.

**Changes in Plan Provisions**

- There have been no changes since the previous valuation.

**Police and Fire Fund**

**Changes in Actuarial Assumptions**

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.
- The single discount rate was changed from 6.5% to 5.4%.

**Changes in Plan Provisions**

- There have been no changes since the previous valuation.

**G. Discount Rate**

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position of the General Employees Fund 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.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in the fiscal year ended June 30, 2061, projected benefit payments exceed the fund's projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.4% for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**H. Pension Liability Sensitivity**

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
City's proportionate share of the General Employees Fund net pension liability	\$ 9,707,843	\$ 6,145,946	\$ 3,224,640
	1% Decrease in Discount Rate (4.4%)	Current Discount Rate (5.4%)	1% Increase in Discount Rate (6.4%)
City's proportionate share of the Police and Fire Fund net pension liability	\$ 10,431,584	\$ 6,892,942	\$ 4,032,162

**I. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**Public Employees Defined Contribution Plan**

City Council members are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees Defined Contribution Plan (Continued)**

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses; therefore, there is no future liability to the City. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.25%) of the assets in each member's account annually.

Pension expense for the year is equal to the contributions made. Total contributions made by the City during fiscal year 2022 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,950	\$ 1,950	5%	5%	5%

**Component Unit Pension Information**

Qualified employees of the Marshall Housing Commission (the Commission), a discrete component unit of the City, belong to the Housing Renewal and Local Agency Retirement Plan, which is a defined contribution retirement plan. The retirement plan is a national plan with local or regional housing authorities and commission, urban renewal agencies, and other organizations eligible to participate. Required contributions were made by the Commission to the Housing Renewal and Local Agency Retirement Plan. The Commission's pension contributions for the year ending December 31, 2022, were \$12,104.

Detailed information concerning the Commission's pension plan is presented in its publicly available annual report for the year ended September 30, 2022. That report may be obtained by contacting the Commission.

**Defined Benefit Pension Plan – Volunteer Firefighter's Relief Association**

**A. Plan Description**

The Marshall Firefighter's Relief Association is the administrator of a single employer defined benefit pension plan established to provide benefits for members of the Marshall Fire Department per *Minnesota State Statutes*.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Firefighter's Relief Association (Continued)**

The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Marshall Firefighter's Association, 201 East Saratoga Street, Marshall, MN 56258 or by calling 507-532-5141.

**B. Benefits Provided**

Volunteer firefighters of the City are members of the Marshall Firefighter's Relief Association. Full retirement benefits are payable to members who have reached age 50 and have completed 20 years of service. Partial benefits are payable to members who have reached age 50 and have completed 10 years of service. Disability benefits and widow and children's survivor benefits are also payable to members, or their beneficiaries based upon requirements set forth in the bylaws. These benefit provisions and all other requirements are consistent with enabling state statutes.

**C. Members Covered by Benefit Terms**

At December 31, 2020, the following members were covered by the benefit terms:

Inactive members entitled to but not yet receiving benefits	11
Active members	<u>46</u>
Total	<u><u>57</u></u>

**D. Contributions.**

*Minnesota Statutes* Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten year period. The City's obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers; therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations). During the year, the City recognized as revenue and as an expenditure an on behalf payment of \$110,667 made by the State of Minnesota for the Relief Association.

**E. Net Pension Liability**

The City's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Firefighter's Relief Association (Continued)**

**E. Net Pension Liability (Continued)**

*Actuarial Assumptions*

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 %
Investment rate of return	5.25 %, net of pensions plan investment expenses: including inflation

The value of death benefits is similar to the value of the retirement pension. Because of low retirement ages, the plan assumes no pre-retirement mortality. Post-retirement mortality does not apply as the benefit structure and form of payment do not reflect lifetime benefits.

The long-term return on assets has been set based on the plan's target investment allocation along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date are summarized in the table on the following page.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and equivalents	14.00 %	0.84 %
Fixed income	40.00	2.27
Equities	44.00	5.65
Other	<u>2.00</u>	4.44
Total	<u><u>100.00 %</u></u>	

*Discount Rate*

The discount rate used to measure the total pension liability was 5.25%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate. The equivalent single rate is the discount rate.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)**

**F. Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at January 1, 2022	\$ 2,438,838	\$ 3,440,715	\$ (1,001,877)
Changes for the year			
Service cost	134,664	-	134,664
Interest cost	126,627	-	126,627
Changes of benefit terms	86,052	-	86,052
Contributions - State and local	-	112,667	(112,667)
Net investment income	-	(530,734)	530,734
Other addition	-	584	(584)
Benefit payments	(323,133)	(323,133)	-
Administrative expense	-	(11,150)	11,150
Net changes	24,210	(751,766)	775,976
Balances at December 31, 2022	\$ 2,463,048	\$ 2,688,949	\$ (225,901)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 5.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.25%) or 1-percentage-point higher (6.25%) than the current rate:

	1% Decrease in Discount Rate 4.25%	Current Discount Rate Rate 5.25%	1% Increase in Discount Rate 6.25%
City's net pension liability (asset)	\$ (149,284)	\$ (225,901)	\$ (299,524)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued relief association financial report.



**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)**

**G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2022, the City recognized pension expense of \$87,280. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 184,043
Changes of assumptions	86,298	69
Net difference between projected and actual earnings on pension plan investments	341,080	-
	<u>341,080</u>	<u>-</u>
Total	<u>\$ 427,378</u>	<u>\$ 184,112</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown on the following page.

Year Ending	Total
2023	\$ (47,579)
2024	71,675
2025	100,758
2026	134,233
2027	(5,487)
Thereafter	<u>(10,334)</u>
Total	<u>\$ 243,266</u>

**H. Payable to the Pension Plan**

At December 31, 2022, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2022.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN**

**A. Plan Description**

The City's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage. It is the City's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees. No assets are acclimated in a trust.

**B. Benefits Provided**

Benefit provisions are established through negotiations between the City and the unions representing the City employees and are renegotiated each bargaining period. Retired employees receive no retiree benefits except the allowance to continue health insurance that is mandated by Minnesota Law. The Retiree Health Plan does not issue a publicly available financial report.

**C. Contributions**

Retirees contribute to the health care plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with union representatives. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2022, the City had implicit contributions of \$23,963 to the plan.

**D. Members**

As of December 31, 2020, the following were covered by the benefit terms:

Retirees electing coverage	23
Actives waiving coverage	9
Active employees electing coverage	<u>91</u>
Total	<u><u>123</u></u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**E. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation measured as of December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Key Methods and Assumptions Used in Valuation of Total OPEB Liability**

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Discount rate	1.84%
Inflation	2.25%
Healthcare cost trend increases	6.30% initially, gradually decreasing to an ultimate rate of 3.80% in 2075 and later years
Mortality assumption	Pub-2010 (General) and RP-2014 (Police & Fire) mortality tables with projected mortality improvements based on scale MP-2019, and other adjustments.

The actuarial assumptions used in the December 31, 2022, valuation was based on the results of an actuarial experience study for the period January 1, 2021 – December 31, 2021.

The discount rate used to measure the total OPEB liability was 1.84% which is equal to the 20 Year Municipal Bond Yield.

**F. Total OPEB Liability**

The City's total OPEB liability of \$648,415 was measured as of December 31, 2021, and was determined by an actuarial valuation as of December 31, 2020.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**F. Total OPEB Liability (Continued)**

	<u>Total OPEB Liability</u>
Balance at January 1, 2022	<u>\$ 571,203</u>
Changes for the year	
Service cost	81,632
Interest	12,817
Differences between expected and actual economic experience	(1,556)
Changes of assumptions	8,282
Benefit payments	<u>(23,963)</u>
Net changes	<u>77,212</u>
Balance at December 31, 2022	<u><u>\$ 648,415</u></u>

Changes of actuarial assumptions and other inputs since the last valuations are as follows:

- The discount rate was changed from 2.00% to 1.84% based on updated 20-year municipal bond rates.

The General Fund typically liquidates the liability related to OPEB.

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**G. OPEB Liability Sensitivity**

The following presents the City's total OPEB liability calculated using the discount rate of 1.84% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability		
1% decrease (0.84%)	Current (1.84%)	1% increase (2.84%)
\$ 702,753	\$ 648,415	\$ 598,414

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

Total OPEB Liability		
1% decrease (5.3% decreasing to 2.8%)	Current (6.3% decreasing to 3.8%)	1% increase (7.3% decreasing to 4.8%)
\$ 572,884	\$ 648,415	\$ 740,245

**H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to OPEB**

For the year ended December 31, 2022, the City recognized OPEB expense of \$87,954. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 103,145
Changes of assumptions	56,562	-
Contributions subsequent to the measurement date	23,962	-
Total	<u>\$ 80,524</u>	<u>\$ 103,145</u>

**City of Marshall**  
**Notes to Basic Financial Statements**

**NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to OPEB (Continued)**

The \$23,962 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as follows:

<u>Year Ending December 31,</u>	
2023	\$ (6,495)
2024	(6,495)
2025	(6,495)
2026	(6,495)
2027	(8,259)
Thereafter	<u>(12,344)</u>
Total	<u>\$ (46,583)</u>

**NOTE 12 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* establishes that a Subscription-Based Information Technology Arrangement (SBITA) results in a right-to-use subscription asset and a corresponding liability. Under this statement, a governmental entity generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. This statement will be effective for the year ending December 31, 2023.

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## **REQUIRED SUPPLEMENTARY INFORMATION**



**City of Marshall**  
**Schedule of Changes in Total OPEB Liability**  
**and Related Ratios**

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Total OPEB Liability					
Service cost	\$ 81,632	\$ 67,767	\$ 59,020	\$ 53,044	\$ 46,291
Interest	12,817	17,247	20,045	17,550	17,579
Differences between expected and actual experience	(1,556)	(74,789)	-	(74,431)	-
Changes of assumptions	8,282	13,009	20,751	29,640	17,186
Benefit payments	(23,963)	(22,830)	(20,572)	(22,807)	(15,171)
Net change in total OPEB liability	77,212	404	79,244	2,996	65,885
Beginning of year	571,203	570,799	491,555	488,559	422,674
End of year	<u>\$ 648,415</u>	<u>\$ 571,203</u>	<u>\$ 570,799</u>	<u>\$ 491,555</u>	<u>\$ 488,559</u>
Covered-employee payroll	\$ 8,406,199	\$ 6,917,827	\$ 5,045,093	\$ 6,221,055	\$ 7,183,783
Total OPEB liability as a percentage of covered-employee payroll	7.75%	8.29%	11.31%	7.90%	6.80%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**City of Marshall**  
**Schedule of City's Proportionate Share**  
**of Net Pension Liability**  
**General Employees Retirement Fund**  
**Last Ten Years**

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.0776%	\$ 6,145,946	\$ 180,012	\$ 6,325,958	\$ 5,809,627	105.8%	76.7%
2021	0.0785%	3,352,303	102,376	3,454,679	5,653,000	59.3%	87.0%
2020	0.0770%	4,616,502	142,402	4,758,904	5,491,880	84.1%	79.1%
2019	0.0755%	4,174,226	129,661	4,303,887	5,340,853	78.2%	80.2%
2018	0.0747%	4,144,050	135,844	4,279,894	5,015,656	85.3%	79.5%
2017	0.0757%	4,832,638	60,786	4,893,424	4,879,197	100.3%	75.9%
2016	0.0708%	5,748,609	75,053	5,823,662	4,394,194	132.5%	68.9%
2015	0.0730%	3,783,239	-	3,783,239	4,221,213	89.6%	78.2%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**City of Marshall**  
**Schedule of City's Proportionate Share**  
**of Net Pension Liability**  
**Public Employees Police and Fire Retirement Fund**  
**Last Ten Years**

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.1584%	\$ 6,982,942	\$ 301,086	\$ 7,284,028	\$ 1,924,192	378.5%	70.5%
2021	0.1515%	1,155,784	52,570	1,208,354	1,955,765	61.8%	93.7%
2020	0.1503%	1,967,588	46,689	2,014,277	1,814,074	111.0%	87.2%
2019	0.1519%	1,596,623	-	1,596,623	1,639,377	97.4%	89.3%
2018	0.1481%	1,578,593	-	1,578,593	1,561,333	101.1%	88.8%
2017	0.1530%	2,065,682	-	2,065,682	1,566,649	131.9%	85.4%
2016	0.1490%	5,979,629	-	5,979,629	1,433,849	417.0%	63.9%
2015	0.1540%	1,749,800	-	1,749,800	1,367,414	128.0%	86.6%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**City of Marshall**  
**Schedule of City Contributions**  
**General Employees Retirement Fund**  
**Last Ten Years**

<u>Fiscal Year Ending December 31,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2022	\$ 432,918	\$ 432,918	\$ -	\$ 5,772,240	7.5%
2021	437,879	437,879	-	5,838,387	7.5%
2020	479,230	479,230	-	6,389,733	7.5%
2019	406,453	406,453	-	5,419,373	7.5%
2018	388,137	388,137	-	5,175,154	7.5%
2017	364,044	364,044	-	4,853,924	7.5%
2016	339,038	339,038	-	4,520,504	7.5%
2015	337,463	337,463	-	4,499,507	7.5%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**Schedule of City Contributions**  
**Public Employees Police and Fire Retirement Fund**  
**Last Ten Years**

<u>Fiscal Year Ending December 31,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2022	\$ 367,844	\$ 367,844	\$ -	\$ 2,078,215	17.70%
2021	327,828	327,828	-	1,852,136	17.70%
2020	270,285	270,285	-	1,527,034	17.70%
2019	277,118	277,118	-	1,634,914	16.95%
2018	260,368	260,368	-	1,607,210	16.20%
2017	254,704	254,704	-	1,572,247	16.20%
2016	229,508	229,508	-	1,416,716	16.20%
2015	240,460	240,460	-	1,484,321	16.20%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**City of Marshall**  
**Schedule of Changes in Net Pension Liability**  
**and Related Ratios - Fire Relief Association**

	2022	2021	2020	2019
Total Pension Liability (TPL)				
Service cost	\$ 134,664	\$ 119,404	\$ 116,491	\$ 134,662
Interest	126,627	153,954	157,417	165,189
Differences between expected and actual experience	-	(114,170)	-	(69,133)
Changes of assumptions	-	67,464	-	64,058
Changes of benefit terms	86,052	-	-	-
Benefit payments, including refunds or member contributions	(323,133)	(468,609)	(200,478)	-
Net change in total pension liability	24,210	(241,957)	73,430	294,776
Beginning of year	2,438,838	2,680,795	2,607,365	2,312,589
End of year	<u>\$ 2,463,048</u>	<u>\$ 2,438,838</u>	<u>\$ 2,680,795</u>	<u>\$ 2,607,365</u>
Plan Fiduciary Net Position (FNP)				
Contributions - State and local	\$ 112,667	\$ 111,585	\$ 106,308	\$ 100,826
Contributions - donations and other income	-	-	223	-
Net investment income	(530,734)	361,217	330,106	482,227
Benefit payments, including refunds of member contributions	(323,133)	(468,609)	(200,478)	-
Administrative expense	(11,150)	(11,496)	(9,750)	(9,925)
Other	584	-	-	-
Net change in plan fiduciary net position	(751,766)	(7,303)	226,409	573,128
Beginning of year	3,440,715	3,448,018	3,221,609	2,648,481
End of year	<u>\$ 2,688,949</u>	<u>\$ 3,440,715</u>	<u>\$ 3,448,018</u>	<u>\$ 3,221,609</u>
Net Pension Liability (NPL)	<u>\$ (225,901)</u>	<u>\$ (1,001,877)</u>	<u>\$ (767,223)</u>	<u>\$ (614,244)</u>
Plan fiduciary net position as a percentage of the total pension liability	109.2%	141.1%	128.6%	123.6%
Covered employee payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

The City implemented the Provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section required a ten year presentation, but does not require retroactive reporting. Information prior to 2014 is not available.

2018	2017	2016	2015
\$ 131,058	\$ 138,841	\$ 151,873	\$ 128,480
173,655	234,533	206,225	203,955
-	(504,956)	-	-
-	(579)	(44,795)	34,723
-	-	88,384	59,012
(867,453)	(656,455)	(45,890)	(254,609)
(562,740)	(788,616)	355,797	171,561
2,875,329	3,663,945	3,308,148	3,136,587
<u>\$ 2,312,589</u>	<u>\$ 2,875,329</u>	<u>\$ 3,663,945</u>	<u>\$ 3,308,148</u>
\$ 108,906	\$ 156,757	\$ 124,166	\$ 103,127
8,454	-	-	-
(147,725)	514,498	269,176	(45,718)
(867,453)	(656,455)	(45,890)	(254,609)
(9,975)	(9,152)	(8,530)	(11,275)
-	-	-	-
(907,793)	5,648	338,922	(208,475)
3,556,274	3,550,626	3,211,704	3,420,179
<u>\$ 2,648,481</u>	<u>\$ 3,556,274</u>	<u>\$ 3,550,626</u>	<u>\$ 3,211,704</u>
<u>\$ (335,892)</u>	<u>\$ (680,945)</u>	<u>\$ 113,319</u>	<u>\$ 96,444</u>
114.5%	123.7%	96.9%	97.1%
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

**City of Marshall**  
**Schedule of Employer Contributions**  
**and Non-Employer Contributing**  
**Entities - Fire Relief Association**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer				
Statutorily determined contribution (SDC)	\$ -	\$ -	\$ -	\$ -
Contribution made	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Non-employer				
2% aid	\$ 110,667	\$ 107,585	\$ 104,308	\$ 100,826

The City implemented the Provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section required a ten year presentation, but does not require retroactive reporting. Information prior to 2014 is not available.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,654	\$ 48,227	\$ 21,501	\$ -	\$ 74,423
<u>(1,654)</u>	<u>(48,227)</u>	<u>(21,501)</u>	<u>-</u>	<u>(74,507)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (84)</u>
 \$ 100,252	 \$ 101,530	 \$ 100,664	 \$ 101,127	 \$ 95,892



**City of Marshall**  
**Notes to Required Supplementary Information**

**General Employees Fund**

**2022 Changes**

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2021 Changes**

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**City of Marshall**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2019 Changes**

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**2018 Changes**

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017 Changes**

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**City of Marshall**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2016 Changes**

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**City of Marshall**  
**Notes to Required Supplementary Information**

**Police and Fire Fund**

**2022 Changes**

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.
- The single discount rate was changed from 6.5% to 5.4%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2021 Changes**

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.0%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes resulted in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes resulted in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2019 Changes**

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

**City of Marshall**  
**Notes to Required Supplementary Information**

**Police and Fire Fund (Continued)**

**2019 Changes (Continued)**

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2018 Changes**

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019, and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019, and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017 Changes**

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.

**City of Marshall**  
**Notes to Required Supplementary Information**

**Police and Fire Fund (Continued)**

**2017 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2016 Changes**

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

Changes in Plan Provisions

- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

**City of Marshall**  
**Notes to Required Supplementary Information**

**Post Employment Health Care Plan**

**2022 Changes**

Changes in Actuarial Assumptions

- The discount rate was changed from 2.00% to 1.84% based on updated 20-year municipal bond rates.

**2021 Changes**

Changes in Actuarial Assumptions

- The discount rate was changed from 2.75% to 2.00% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings, including an adjustment to reflect age/gender based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Police and Fire Plan valuations to the rates used in the 7/1/2021 valuations.
- The percent of future non Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings.
- The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

**2020 Changes**

Changes in Actuarial Assumptions

- The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.

**2019 Changes**

Changes in Actuarial Assumptions

- The discount rate was changed from 3.31% to 3.71% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2016 PERA General Employees Retirement Plan and PERA Police & Fire Plan to the rates used in the 7/1/2018 valuations.
- The percent of future retirees electing medical coverage at retirement changed from 35% to 40% to reflect recent plan experience.
- The percent of retirees electing spouse coverage changed from 20% to 35% to reflect recent plan experience.
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience.

**City of Marshall**  
**Notes to Required Supplementary Information**

**Post Employment Health Care Plan (Continued)**

**2018 Changes**

Changes in Actuarial Assumptions

- The discount rate was changed from 3.81% to 3.31%



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## **SUPPLEMENTARY INFORMATION**

**City of Marshall**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
<b>Revenues</b>				
Taxes				
Property taxes	\$ 5,257,425	\$ 5,257,425	\$ 5,238,056	\$ (19,369)
Lodging tax	175,000	175,000	184,706	9,706
Franchise fees	420,000	420,000	583,196	163,196
Total taxes	5,852,425	5,852,425	6,005,958	153,533
Special assessments	600	600	2,201	1,601
Licenses and permits				
Business	53,370	53,370	55,850	2,480
Nonbusiness	296,400	296,400	271,951	(24,449)
Total licenses and permits	349,770	349,770	327,801	(21,969)
Intergovernmental				
Federal				
Other Federal aid	728,857	728,857	97,589	(631,268)
State				
Local government aid	2,666,979	2,666,979	2,666,979	-
Property tax credits and aids	-	-	160	160
Airport grants	91,027	91,027	90,443	(584)
Other State aids	472,000	472,000	577,291	105,291
Total State	3,230,006	3,230,006	3,334,873	104,867
Local				
Other local grants	95,500	95,500	156,431	60,931
Total intergovernmental	4,054,363	4,054,363	3,588,893	(465,470)
Charges for services				
General government	79,160	79,160	105,373	26,213
Public safety	191,030	191,030	212,492	21,462
Public works	1,422,669	1,422,669	1,233,352	(189,317)
Culture and recreation	467,500	467,500	428,707	(38,793)
Miscellaneous	125,000	125,000	132,100	7,100
Total charges for services	2,285,359	2,285,359	2,112,024	(173,335)
Fines and forfeitures	112,900	112,900	95,638	(17,262)
Investment earnings	30,689	30,689	(378,523)	(409,212)
Miscellaneous				
Contributions and donations	980,444	980,444	1,004,117	23,673
Refunds and reimbursements	157,500	157,500	591,738	434,238
Other	-	-	43,297	43,297
Total miscellaneous	1,137,944	1,137,944	1,639,152	501,208
Total revenues	13,824,050	13,824,050	13,393,144	(430,906)

**City of Marshall**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
<b>Expenditures</b>				
Current				
General government				
Adult community center				
Personnel services	\$ 145,894	\$ 145,894	\$ 189,679	\$ 43,785
Supplies	15,200	15,200	11,699	(3,501)
Other services and charges	15,974	15,974	17,862	1,888
Total adult community center	<u>177,068</u>	<u>177,068</u>	<u>219,240</u>	<u>42,172</u>
Appraising and assessing				
Personnel services	335,210	335,210	343,948	8,738
Supplies	1,750	1,750	403	(1,347)
Other services and charges	32,059	32,059	29,753	(2,306)
Total appraising and assessing	<u>369,019</u>	<u>369,019</u>	<u>374,104</u>	<u>5,085</u>
Cable commission				
Personnel services	197,086	197,086	207,894	10,808
Supplies	7,600	7,600	6,305	(1,295)
Other services and charges	13,170	13,170	9,905	(3,265)
Total cable commission	<u>217,856</u>	<u>217,856</u>	<u>224,104</u>	<u>6,248</u>
City administration				
Personnel services	504,488	504,488	514,812	10,324
Supplies	5,000	5,000	8,379	3,379
Other services and charges	55,304	55,304	27,163	(28,141)
Total City administration	<u>564,792</u>	<u>564,792</u>	<u>550,354</u>	<u>(14,438)</u>
Finance				
Personnel services	373,556	373,556	378,743	5,187
Supplies	2,000	2,000	2,084	84
Other services and charges	57,191	57,191	81,866	24,675
Total finance	<u>432,747</u>	<u>432,747</u>	<u>462,693</u>	<u>29,946</u>
General community development				
Supplies	171,880	171,880	196,227	24,347
Other services and charges	805,403	805,403	164,457	(640,946)
Total general community development	<u>977,283</u>	<u>977,283</u>	<u>360,684</u>	<u>(616,599)</u>
Information technology				
Supplies	30,500	30,500	39,530	9,030
Other services and charges	118,360	118,360	136,434	18,074
Total information technology	<u>148,860</u>	<u>148,860</u>	<u>175,964</u>	<u>27,104</u>
Legal				
Supplies	300	300	35	(265)
Other services and charges	137,044	137,044	141,890	4,846
Total legal	<u>137,344</u>	<u>137,344</u>	<u>142,018</u>	<u>4,674</u>

**City of Marshall**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
<b>Expenditures (continued)</b>				
Current (continued)				
General government (continued)				
Mayor and Council				
Personnel services	\$ 59,193	\$ 59,193	\$ 67,142	\$ 7,949
Supplies	12,500	12,500	9,488	(3,012)
Other services and charges	132,097	132,097	131,198	(899)
Total Mayor and Council	203,790	203,790	207,828	4,038
Municipal building maintenance				
Personnel services	232,527	232,527	239,093	6,566
Supplies	14,950	14,950	18,131	3,181
Other services and charges	59,362	59,362	38,568	(20,794)
Total building maintenance	306,839	306,839	295,792	(11,047)
Total general government	3,535,598	3,535,598	3,012,781	(522,817)
Public safety				
Animal impoundment				
Personnel services	4,684	4,684	29,095	24,411
Supplies	3,900	3,900	485	(3,415)
Other services and charges	8,897	8,897	4,754	(4,143)
Total animal impoundment	17,481	17,481	34,334	16,853
Chemical assessment team				
Personnel services	25,111	25,111	39,135	14,024
Supplies	19,562	19,562	10,185	(9,377)
Other services and charges	15,616	15,616	12,524	(3,092)
Total chemical assessment team	60,289	60,289	61,844	1,555
Emergency management services				
Supplies	10,500	10,500	2,844	(7,656)
Other services and charges	9,569	9,569	7,717	(1,852)
Total emergency management services	20,069	20,069	10,561	(9,508)
Fire services				
Personnel services	225,251	225,251	278,550	53,299
Supplies	109,300	109,300	127,094	17,794
Other services and charges	335,736	335,736	355,818	20,082
Total fire services	670,287	670,287	761,462	91,175
Police administration				
Personnel services	3,057,538	3,057,538	3,250,973	193,435
Supplies	106,469	106,469	95,318	(11,151)
Other services and charges	376,798	376,798	298,220	(78,578)
Total police administration	3,540,805	3,540,805	3,644,511	103,706
Total public safety	4,308,931	4,308,931	4,512,712	203,781

**City of Marshall**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
<b>Expenditures (continued)</b>				
Current (continued)				
Public works				
Community planning				
Personnel services	\$ 429,839	\$ 429,839	\$ 482,708	\$ 52,869
Supplies	14,000	14,000	15,732	1,732
Other services and charges	29,002	29,002	41,088	12,086
Total community planning	472,841	472,841	539,528	66,687
Engineering				
Personnel services	852,872	852,872	766,566	(86,306)
Supplies	38,475	38,475	27,795	(10,680)
Other services and charges	38,126	38,126	35,170	(2,956)
Total engineering	929,473	929,473	829,531	(99,942)
Street administration				
Personnel services	830,691	830,691	867,108	36,417
Supplies	470,400	470,400	577,417	107,017
Other services and charges	110,190	110,190	94,103	(16,087)
Total street administration	1,411,281	1,411,281	1,538,628	127,347
Street lighting				
Other services and charges	277,316	277,316	277,316	-
Total street lighting	277,316	277,316	277,316	-
Total public works	3,090,911	3,090,911	3,185,003	94,092
Culture and recreation				
Aquatic center				
Personnel services	102,498	102,498	88,542	(13,956)
Supplies	80,500	80,500	62,749	(17,751)
Other services and charges	51,500	51,500	58,568	7,068
Total aquatic center	234,498	234,498	209,859	(24,639)
Community education				
Personnel services	149,882	149,882	98,466	(51,416)
Supplies	18,800	18,800	18,125	(675)
Other services and charges	19,680	19,680	12,457	(7,223)
Total community education	188,362	188,362	129,048	(59,314)
Community services administration				
Personnel services	322,951	322,951	320,524	(2,427)
Supplies	15,700	15,700	9,649	(6,051)
Other services and charges	39,187	39,187	46,362	7,175
Total community services administration	377,838	377,838	376,535	(1,303)

**City of Marshall**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
<b>Expenditures (continued)</b>				
Current (continued)				
Culture and recreation (continued)				
Library				
Other services and charges	\$ 696,559	\$ 696,559	\$ 696,559	\$ -
Community services youth activities				
Personnel services	7,544	7,544	6,912	(632)
Supplies	-	-	17,646	17,646
Other services and charges	8,500	8,500	8,500	-
Total community services youth activities	16,044	16,044	33,058	17,014
Municipal band				
Personnel services	12,365	12,365	8,309	(4,056)
Other services and charges	12	12	12	-
Total municipal band	12,877	12,877	8,609	(4,268)
Park maintenance and development				
Personnel services	484,570	484,570	473,065	(11,505)
Supplies	268,400	268,400	333,884	65,484
Other services and charges	157,264	157,264	149,832	(7,432)
Total park maintenance and development	910,234	910,234	956,781	46,547
Recreation				
Personnel services	171,204	171,204	191,476	20,272
Supplies	40,000	40,000	39,042	(958)
Other services and charges	25,880	25,880	40,449	14,569
Total recreation	237,084	237,084	270,967	33,883
Total culture and recreation	2,673,496	2,673,496	2,682,151	8,655
Airport				
Personnel services	373,031	373,031	334,420	(38,611)
Supplies	87,400	87,400	114,326	26,926
Other services and charges	248,342	248,342	289,945	41,603
Total airport	708,773	708,773	738,691	29,918
Total current	14,317,709	14,317,709	14,131,338	(186,371)
Capital outlay				
General government	-	-	-	-
Total expenditures	14,317,709	14,317,709	14,131,338	(186,371)
Excess (deficiency) of revenues under expenditures	(493,659)	(493,659)	(738,194)	(244,535)

**City of Marshall**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
<b>Other Financing Sources</b>				
Transfers in	\$ 375,000	\$ 375,000	\$ 375,000	\$ -
Transfers out	<u>(53,772)</u>	<u>(53,772)</u>	<u>(122,517)</u>	<u>(68,745)</u>
Total other financing sources (uses)	<u>321,228</u>	<u>321,228</u>	<u>252,483</u>	<u>(68,745)</u>
Net change in fund balances	<u>\$ (172,431)</u>	<u>\$ (172,431)</u>	(485,711)	<u>\$ (313,280)</u>
<b>Fund Balance</b>				
Beginning of year			<u>6,998,803</u>	
End of year			<u>\$ 6,513,092</u>	



**City of Marshall**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
**December 31, 2022**

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
<b>Assets</b>			
Cash and temporary investments	\$ 5,842,309	\$ 3,625,104	\$ 9,467,413
Receivables			
Interest	3,954	2,545	6,499
Delinquent taxes	-	6,183	6,183
Accounts	12,463	200,360	212,823
Notes	2,962	-	2,962
Leases	37,500	-	37,500
Special assessments	-	524,044	524,044
Intergovernmental	7,275	4,761	12,036
Due from other funds	-	84,616	84,616
Due from component units	167,074	-	167,074
Prepaid items	34,734	-	34,734
	<u>34,734</u>	<u>-</u>	<u>34,734</u>
Total assets	<u>\$ 6,108,271</u>	<u>\$ 4,447,613</u>	<u>\$ 10,555,884</u>
<b>Liabilities</b>			
Accounts payable	\$ 66,386	\$ 88,571	\$ 154,957
Contracts payable	-	130,818	130,818
Due to component unit	10,447	107	10,554
Due to other governments	9,736	-	9,736
Accrued salaries payable	48,677	-	48,677
Total liabilities	<u>135,246</u>	<u>304,112</u>	<u>439,358</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - taxes	-	6,183	6,183
Unavailable revenue - special assessments	-	443,038	443,038
Advanced appropriations - State shared taxes	-	388,903	388,903
Deferred inflows of resources related to leases	37,500	-	37,500
Total deferred inflows of resources	<u>37,500</u>	<u>838,124</u>	<u>875,624</u>
<b>Fund Balances</b>			
Nonspendable			
Prepaid items	34,734	-	34,734
Restricted for			
Economic development	1,960,394	-	1,960,394
Tax increment financing	2,982,212	-	2,982,212
Capital projects	-	228,568	228,568
Library	104,791	-	104,791
Assigned for			
Staff separation	112,953	-	112,953
Library operations	101,914	-	101,914
Economic development	83,320	-	83,320
Capital projects	-	3,319,674	3,319,674
Driver education	77,304	-	77,304
ASC Arena	241,066	-	241,066
Park improvements	-	54,009	54,009
Emergency response and industrial training center	236,837	-	236,837
Unassigned	-	(296,874)	(296,874)
Total fund balances	<u>5,935,525</u>	<u>3,305,377</u>	<u>9,240,902</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,108,271</u>	<u>\$ 4,447,613</u>	<u>\$ 10,555,884</u>

**City of Marshall**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2022**

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
<b>Revenues</b>			
Taxes	\$ 361,407	\$ 669,678	\$ 1,031,085
Intergovernmental	1,252,645	791,801	2,044,446
Charges for services	347,098	8,855	355,953
Fines and forfeitures	8,292	-	8,292
Special assessments	-	92,443	92,443
Investment earnings	(82,776)	30,624	(52,152)
Other revenues	57,558	621,340	678,898
Total revenues	<u>1,944,224</u>	<u>2,214,741</u>	<u>4,158,965</u>
<b>Expenditures</b>			
Current			
General government	4,626	23,086	27,712
Public safety	200,805	-	200,805
Public works	-	154,905	154,905
Culture and recreation	1,952,163	41,816	1,993,979
Economic development	1,546,165	-	1,546,165
Airport	-	19,628	19,628
Capital outlay			
General government	-	78,845	78,845
Public safety	8,039	-	8,039
Public works	-	1,615,928	1,615,928
Culture and recreation	-	316,874	316,874
Airport	-	12,412	12,412
Debt service			
Interest and other	-	-	-
Total expenditures	<u>3,711,798</u>	<u>2,263,494</u>	<u>5,975,292</u>
Excess (Deficiency) of revenues under expenditures	(1,767,574)	(48,753)	(1,816,327)
<b>Other Financing Sources (Uses)</b>			
Sale of capital assets	6,745	113,010	119,755
Transfers in	783,225	68,745	851,970
Bonds issued	-	-	-
Premium on bonds issued	-	-	-
Transfers out	(238,522)	-	(238,522)
Total other financing sources (uses)	<u>551,448</u>	<u>181,755</u>	<u>733,203</u>
Net change in fund balances	(1,216,126)	133,002	(1,083,124)
Fund Balances January 1	<u>7,151,651</u>	<u>3,172,375</u>	<u>10,324,026</u>
Fund Balances, December 31	<u>\$ 5,935,525</u>	<u>\$ 3,305,377</u>	<u>\$ 9,240,902</u>

**City of Marshall**  
**Combining Balance Sheet -**  
**Nonmajor Special Revenue Funds**  
**December 31, 2022**

	Marshall - Lyon County Library (211)	Small Cities Development Program (220)	2018 Small Cities Development Program (221)
<b>Assets</b>			
Cash and temporary investments	\$ 364,832	\$ 83,000	\$ 79,553
Receivables			
Interest	1,372	320	298
Accounts	-	-	258
Notes	-	-	2,962
Leases	-	-	-
Intergovernmental	-	-	-
Due from component units	-	-	-
Prepaid items	11,195	-	-
	<u>11,195</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 377,399</u>	<u>\$ 83,320</u>	<u>\$ 83,071</u>
<b>Liabilities</b>			
Accounts payable	\$ 18,183	\$ -	\$ 5
Due to component unit	-	-	-
Due to other governments	-	-	-
Accrued salaries payable	28,363	-	-
Total liabilities	<u>46,546</u>	<u>-</u>	<u>5</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to leases	-	-	-
<b>Fund Balances</b>			
Nonspendable			
Prepaid items	11,195	-	-
Restricted			
Economic development	-	-	83,066
Tax increment financing	-	-	-
Library	104,791	-	-
Assigned			
Staff separation	112,953	-	-
Library operations	101,914	-	-
Economic development	-	83,320	-
Driver education	-	-	-
ASC Arena	-	-	-
Emergency response and industrial training center	-	-	-
Total fund balances	<u>330,853</u>	<u>83,320</u>	<u>83,066</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 377,399</u>	<u>\$ 83,320</u>	<u>\$ 83,071</u>

Tax Increment Financing (230)	Community Education Drivers Training (240)	ASC Arena (258)	Emergency Response and Industrial Training Center (270)	Endowment - Avera / WMMC (280)	Total
\$ 2,832,258	\$ 87,005	\$ 278,109	\$ 240,224	\$ 1,877,328	\$ 5,842,309
-	-	1,043	921	-	3,954
-	-	11,845	360	-	12,463
-	-	-	-	-	2,962
-	-	-	37,500	-	37,500
-	-	-	7,275	-	7,275
167,074	-	-	-	-	167,074
-	-	18,176	5,363	-	34,734
<u>\$ 2,999,332</u>	<u>\$ 87,005</u>	<u>\$ 309,173</u>	<u>\$ 291,643</u>	<u>\$ 1,877,328</u>	<u>\$ 6,108,271</u>
\$ 16,871	\$ -	\$ 24,794	\$ 6,533	\$ -	\$ 66,386
249	-	9,186	1,012	-	10,447
-	9,701	-	35	-	9,736
-	-	15,951	4,363	-	48,677
<u>17,120</u>	<u>9,701</u>	<u>49,931</u>	<u>11,943</u>	<u>-</u>	<u>135,246</u>
-	-	-	37,500	-	37,500
-	-	18,176	5,363	-	34,734
-	-	-	-	1,877,328	1,960,394
2,982,212	-	-	-	-	2,982,212
-	-	-	-	-	104,791
-	-	-	-	-	112,953
-	-	-	-	-	101,914
-	-	-	-	-	83,320
-	77,304	-	-	-	77,304
-	-	241,066	-	-	241,066
-	-	-	236,837	-	236,837
<u>2,982,212</u>	<u>77,304</u>	<u>259,242</u>	<u>242,200</u>	<u>1,877,328</u>	<u>5,935,525</u>
<u>\$ 2,999,332</u>	<u>\$ 87,005</u>	<u>\$ 309,173</u>	<u>\$ 291,643</u>	<u>\$ 1,877,328</u>	<u>\$ 6,108,271</u>

**City of Marshall**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Special Revenue Funds**  
**December 31, 2022**

	Marshall - Lyon County Library (211)	Small Cities Development Program (220)	2018 Small Cities Development Program (221)
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	1,051,309	-	199,336
Charges for services	4,981	-	-
Fines and forfeitures	8,292	-	-
Investment earnings	(1,699)	(413)	(238)
Other revenues	44,137	-	1,231
Total Revenues	<u>1,107,020</u>	<u>(413)</u>	<u>200,329</u>
<b>Expenditures</b>			
Current			
General government	-	-	-
Public safety	-	-	-
Culture and recreation	1,087,032	-	-
Economic development	-	101	205,419
Capital outlay			
Public safety	-	-	-
Total Expenditures	<u>1,087,032</u>	<u>101</u>	<u>205,419</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>19,988</u>	<u>(514)</u>	<u>(5,090)</u>
<b>Other Financing Sources (Uses)</b>			
Sale of capital assets	6,745	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>6,745</u>	<u>-</u>	<u>-</u>
Net change in fund balances	26,733	(514)	(5,090)
Fund Balances, January 1	<u>304,120</u>	<u>83,834</u>	<u>88,156</u>
Fund Balances, December 31	<u>\$ 330,853</u>	<u>\$ 83,320</u>	<u>\$ 83,066</u>

Tax Increment Financing (230)	Community Education Drivers Training (240)	ASC Arena (258)	Emergency Response and Industrial Training Center (270)	Endowment - Avera / WMMC (280)	Totals
\$ 361,407	\$ -	\$ -	\$ -	\$ -	\$ 361,407
-	-	-	2,000	-	1,252,645
-	81,400	216,884	43,833	-	347,098
-	-	-	-	-	8,292
34,626	947	(1,207)	(1,183)	(113,609)	(82,776)
-	-	5,843	6,347	-	57,558
<u>396,033</u>	<u>82,347</u>	<u>221,520</u>	<u>50,997</u>	<u>(113,609)</u>	<u>1,944,224</u>
-	-	-	-	4,626	4,626
-	-	-	200,805	-	200,805
-	64,393	800,738	-	-	1,952,163
1,340,645	-	-	-	-	1,546,165
-	-	-	8,039	-	8,039
<u>1,340,645</u>	<u>64,393</u>	<u>800,738</u>	<u>208,844</u>	<u>4,626</u>	<u>3,711,798</u>
<u>(944,612)</u>	<u>17,954</u>	<u>(579,218)</u>	<u>(157,847)</u>	<u>(118,235)</u>	<u>(1,767,574)</u>
-	-	-	-	-	6,745
-	-	608,850	174,375	-	783,225
(205,813)	-	-	-	(32,709)	(238,522)
<u>(205,813)</u>	<u>-</u>	<u>608,850</u>	<u>174,375</u>	<u>(32,709)</u>	<u>551,448</u>
(1,150,425)	17,954	29,632	16,528	(150,944)	(1,216,126)
<u>4,132,637</u>	<u>59,350</u>	<u>229,610</u>	<u>225,672</u>	<u>2,028,272</u>	<u>7,151,651</u>
<u>\$ 2,982,212</u>	<u>\$ 77,304</u>	<u>\$ 259,242</u>	<u>\$ 242,200</u>	<u>\$ 1,877,328</u>	<u>\$ 5,935,525</u>

**City of Marshall**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Marshall - Lyon County Library**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
<b>Revenues</b>				
Intergovernmental	\$ 1,044,807	\$ 1,044,807	\$ 1,051,309	\$ 6,502
Charges for services	6,300	6,300	4,981	(1,319)
Fines and forfeitures	7,500	7,500	8,292	792
Investment earnings	750	750	(1,699)	(2,449)
Miscellaneous	16,000	16,000	44,137	28,137
Total revenues	1,075,357	1,075,357	1,107,020	31,663
<b>Expenditures</b>				
Current				
Culture and recreation	1,092,550	1,092,550	1,087,032	(5,518)
Excess of revenues over (under) expenditures	<u>\$ (17,193)</u>	<u>\$ (17,193)</u>	19,988	<u>\$ 37,181</u>
<b>Fund Balance</b>				
Beginning of year			304,120	
End of year			<u>\$ 330,853</u>	

**City of Marshall**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Tax Increment Financing**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
<b>Revenues</b>				
Taxes	\$ 360,000	\$ 360,000	\$ 361,407	\$ 1,407
Investment earnings	21,707	21,707	34,626	12,919
Total revenues	<u>381,707</u>	<u>381,707</u>	<u>396,033</u>	<u>14,326</u>
<b>Expenditures</b>				
Current				
Economic development	<u>72,190</u>	<u>72,190</u>	<u>840,645</u>	<u>768,455</u>
Excess of revenues over (under) expenditures	<u>309,517</u>	<u>309,517</u>	<u>(444,612)</u>	<u>(754,129)</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(205,814)</u>	<u>(205,814)</u>	<u>(705,813)</u>	<u>(499,999)</u>
Net change in fund balances	<u>\$ 103,703</u>	<u>\$ 103,703</u>	<u>(1,150,425)</u>	<u>\$ (1,254,128)</u>
<b>Fund Balance</b>				
Beginning of year			<u>4,132,637</u>	
End of year			<u>\$ 2,982,212</u>	



**City of Marshall**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Community Education Drivers Training**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
<b>Revenues</b>				
Charges for services	\$ 48,250	\$ 48,250	\$ 81,400	\$ 33,150
Investment earnings	601	601	947	346
Total revenues	48,851	48,851	82,347	33,496
<b>Expenditures</b>				
Current				
Culture and recreation	63,500	63,500	64,393	893
Excess of revenues Over (under) expenditures	<u>\$ (14,649)</u>	<u>\$ (14,649)</u>	17,954	<u>\$ 32,603</u>
<b>Fund Balance</b>				
Beginning of year			<u>59,350</u>	
End of year			<u>\$ 77,304</u>	

**City of Marshall**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - ASC Arena**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
<b>Revenues</b>				
Charges for services	\$ 170,000	\$ 170,000	\$ 216,884	\$ 46,884
Investment earnings	776	776	(1,207)	(1,983)
Miscellaneous	-	-	5,843	5,843
Total revenues	170,776	170,776	221,520	50,744
<b>Expenditures</b>				
Current				
Culture and recreation	769,875	769,875	800,738	30,863
Excess of revenues over (under) expenditures	(599,099)	(599,099)	(579,218)	19,881
<b>Other Financing Sources</b>				
Transfers in	608,850	608,850	608,850	-
Net change in fund balances	\$ 9,751	\$ 9,751	29,632	\$ 19,881
<b>Fund Balance</b>				
Beginning of year			229,610	
End of year			\$ 259,242	

**City of Marshall**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Emergency Response and Industrial Training Center**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 2,000	\$ 2,000
Charges for services	50,000	50,000	43,833	(6,167)
Investment earnings	1,380	1,380	(1,183)	(2,563)
Miscellaneous	-	-	6,347	6,347
Total revenues	51,380	51,380	50,997	(383)
<b>Expenditures</b>				
Current				
Public safety	221,978	221,978	200,805	(21,173)
Capital outlay				
Public safety	-	-	8,039	8,039
Total expenditures	221,978	221,978	208,844	(13,134)
Excess of revenues over (under) expenditures	(170,598)	(170,598)	(157,847)	12,751
<b>Other Financing Sources</b>				
Transfers in	174,375	174,375	174,375	-
Net change in fund balances	\$ 3,777	\$ 3,777	16,528	\$ 12,751
<b>Fund Balance</b>				
Beginning of year			225,672	
End of year			\$ 242,200	

**City of Marshall**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Endowment Avera / WMMC**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
<b>Revenues</b>				
Investment earnings	\$ 8,000	\$ 8,000	\$ (113,609)	\$ (121,609)
<b>Expenditures</b>				
Current				
General government	-	-	4,626	4,626
Excess of revenues over (under) expenditures	8,000	8,000	(118,235)	(126,235)
<b>Other Financing Sources (Uses)</b>				
Transfers out	(40,000)	(40,000)	(32,709)	7,291
Net change in fund balances	<u>\$ (32,000)</u>	<u>\$ (32,000)</u>	(150,944)	<u>\$ (118,944)</u>
<b>Fund Balance</b>				
Beginning of year			2,028,272	
End of year			<u>\$ 1,877,328</u>	

**City of Marshall**  
**Combining Balance Sheet -**  
**Nonmajor Capital Project Funds**  
**December 31, 2022**

	Municipal State Aid (103)	Marshall Industrial Park (260)	Capital Equipment (401)	Park Improvements (423)
<b>Assets</b>				
Cash and temporary investments	\$ 511,530	\$ 1,076,961	\$ 1,066,585	\$ 54,009
Receivables				
Interest	-	-	-	-
Delinquent taxes	-	-	3,270	-
Accounts	-	198,588	1,772	-
Special assessments	-	40,788	-	-
Intergovernmental	-	-	2,233	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 511,530</u>	<u>\$ 1,316,337</u>	<u>\$ 1,073,860</u>	<u>\$ 54,009</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 1,611	\$ 12,412	\$ -
Contracts payable	-	-	400	-
Due to other funds	-	-	-	-
Due to component unit	-	107	-	-
Total liabilities	<u>-</u>	<u>1,718</u>	<u>12,812</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	-	-	3,270	-
Unavailable revenue - special assessments	-	33,990	-	-
Advanced appropriations - State shared taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>33,990</u>	<u>3,270</u>	<u>-</u>
<b>Fund Balances</b>				
Restricted				
Capital projects	104,180	-	124,388	-
Assigned				
Capital projects	407,350	1,280,629	933,390	-
Park improvements	-	-	-	54,009
Unassigned	-	-	-	-
Total fund balances	<u>511,530</u>	<u>1,280,629</u>	<u>1,057,778</u>	<u>54,009</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 511,530</u>	<u>\$ 1,316,337</u>	<u>\$ 1,073,860</u>	<u>\$ 54,009</u>

2018 Public Improvements (475)	2021 Public Improvements (479)	2023 Public Improvements (481)	Aquatic Center (492)	City Hall Building (494)	Public Improvement Revolving (495)	Totals
\$ 178,193	\$ 54,604	\$ -	\$ 56,334	\$ 39,617	\$ 587,271	\$ 3,625,104
-	-	-	-	-	2,545	2,545
-	-	-	-	-	2,913	6,183
-	-	-	-	-	-	200,360
-	-	-	-	-	483,256	524,044
-	-	-	-	-	2,528	4,761
-	-	-	-	-	84,616	84,616
<u>\$ 178,193</u>	<u>\$ 54,604</u>	<u>\$ -</u>	<u>\$ 56,334</u>	<u>\$ 39,617</u>	<u>\$ 1,163,129</u>	<u>\$ 4,447,613</u>
\$ -	\$ -	\$ 74,548	\$ -	\$ -	\$ -	\$ 88,571
-	-	-	-	11,822	118,596	130,818
-	-	84,616	-	-	-	84,616
-	-	-	-	-	-	107
<u>-</u>	<u>-</u>	<u>159,164</u>	<u>-</u>	<u>11,822</u>	<u>118,596</u>	<u>304,112</u>
-	-	-	-	-	2,913	6,183
-	-	-	-	-	409,048	443,038
315,903	39,211	-	-	-	33,789	388,903
<u>315,903</u>	<u>39,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>445,750</u>	<u>838,124</u>
-	-	-	-	-	-	228,568
-	15,393	-	56,334	27,795	598,783	3,319,674
-	-	-	-	-	-	54,009
(137,710)	-	(159,164)	-	-	-	(296,874)
<u>(137,710)</u>	<u>15,393</u>	<u>(159,164)</u>	<u>56,334</u>	<u>27,795</u>	<u>598,783</u>	<u>3,305,377</u>
<u>\$ 178,193</u>	<u>\$ 54,604</u>	<u>\$ -</u>	<u>\$ 56,334</u>	<u>\$ 39,617</u>	<u>\$ 1,163,129</u>	<u>\$ 4,447,613</u>

**City of Marshall**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Capital Project Funds**  
**December 31, 2022**

	Municipal State Aid (103)	Marshall Industrial Park (260)	Capital Equipment (401)	Park Improvements (423)
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 320,107	\$ -
Special assessments	-	7,818	-	-
Intergovernmental	-	-	-	1,250
Charges for services	-	8,855	-	-
Investment earnings	5,505	11,285	11,481	585
Other revenues	-	-	138,600	40,299
Total revenues	<u>5,505</u>	<u>27,958</u>	<u>470,188</u>	<u>42,134</u>
<b>Expenditures</b>				
Current				
General government	-	16,586	6,500	-
Public works	-	-	21,480	-
Culture and recreation	-	-	2,240	7,558
Airport	-	-	19,628	-
Capital outlay				
General government	-	-	78,845	-
Public works	-	-	385,357	-
Culture and recreation	-	-	291,220	23,722
Airport	-	-	12,412	-
Debt service				
Interest and other	-	-	-	-
Total expenditures	<u>-</u>	<u>16,586</u>	<u>817,682</u>	<u>31,280</u>
Excess (Deficiency) of revenues over (under) expenditures	5,505	11,372	(347,494)	10,854
<b>Other Financing Sources</b>				
Sale of capital assets	-	-	113,010	-
Transfers in	-	-	68,745	-
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>181,755</u>	<u>-</u>
Net change in fund balances	5,505	11,372	(165,739)	10,854
Fund Balances, January 1	<u>506,025</u>	<u>1,269,257</u>	<u>1,223,517</u>	<u>43,155</u>
Fund Balances, December 31	<u>\$ 511,530</u>	<u>\$ 1,280,629</u>	<u>\$ 1,057,778</u>	<u>\$ 54,009</u>

2018 Public Improvements (475)	2021 Public Improvements (479)	2023 Public Improvements (481)	Aquatic Center (492)	City Hall Building (494)	Public Improvement Revolving (495)	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 349,571	\$ 669,678
-	-	-	-	-	84,625	92,443
762,121	-	-	-	-	28,430	791,801
-	-	-	-	-	-	8,855
1,931	-	-	-	39	(202)	30,624
-	465	-	-	-	441,976	621,340
<u>764,052</u>	<u>465</u>	<u>-</u>	<u>-</u>	<u>39</u>	<u>904,400</u>	<u>2,214,741</u>
-	-	-	-	-	-	23,086
-	-	74,548	-	26,695	32,182	154,905
-	-	-	32,018	-	-	41,816
-	-	-	-	-	-	19,628
-	-	-	-	-	-	78,845
-	-	84,616	-	-	1,145,955	1,615,928
-	-	-	1,932	-	-	316,874
-	-	-	-	-	-	12,412
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>159,164</u>	<u>33,950</u>	<u>26,695</u>	<u>1,178,137</u>	<u>2,263,494</u>
764,052	465	(159,164)	(33,950)	(26,656)	(273,737)	(48,753)
-	-	-	-	-	-	113,010
-	-	-	-	-	-	68,745
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,755</u>
764,052	465	(159,164)	(33,950)	(26,656)	(273,737)	133,002
<u>(901,762)</u>	<u>14,928</u>	<u>-</u>	<u>90,284</u>	<u>54,451</u>	<u>872,520</u>	<u>3,172,375</u>
<u>\$ (137,710)</u>	<u>\$ 15,393</u>	<u>\$ (159,164)</u>	<u>\$ 56,334</u>	<u>\$ 27,795</u>	<u>\$ 598,783</u>	<u>\$ 3,305,377</u>



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**City of Marshall**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Capital Equipment**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
<b>Revenues</b>				
Taxes	\$ 300,000	\$ 300,000	\$ 320,107	\$ 20,107
Investment earnings	10,072	10,072	11,481	1,409
Miscellaneous	-	-	138,600	138,600
Total revenues	310,072	310,072	470,188	160,116
<b>Expenditures</b>				
Current				
General government	-	-	6,500	6,500
Public works	-	-	21,480	21,480
Culture and recreation	-	-	2,240	2,240
Airport	-	-	19,628	19,628
Capital outlay				
General government	-	-	78,845	78,845
Public works	187,500	187,500	385,357	197,857
Culture and recreation	33,500	33,500	291,220	257,720
Airport	38,000	38,000	12,412	(25,588)
Total expenditures	259,000	259,000	817,682	558,682
Excess of revenues over (under) expenditures	51,072	51,072	(347,494)	(398,566)
<b>Other Financing Sources</b>				
Sale of capital assets	-	-	113,010	113,010
Transfers in	-	-	68,745	68,745
Total other financing sources	-	-	181,755	181,755
Net change in fund balances	\$ 51,072	\$ 51,072	(165,739)	\$ (216,811)
<b>Fund Balance</b>				
Beginning of year			1,223,517	
End of year			\$ 1,057,778	

**City of Marshall**  
**Combining Balance Sheet -**  
**Debt Service Funds**  
**December 31, 2022**

	Marshall - Lyon County Library Debt (321)	2014B MERIT / SMASC (322)	2015A Bond (325)	2021B G.O. State Aid Street Bonds (356)
<b>Assets</b>				
Cash and temporary investments	\$ 143,850	\$ 1,568,072	\$ 61,302	\$ 300
Receivables				
Interest	-	-	-	-
Delinquent taxes	437	-	526	-
Special assessments				
Current	-	-	-	-
Delinquent	-	-	-	-
Deferred	-	-	-	-
Intergovernmental	344	-	397	-
	<u>144,631</u>	<u>1,568,072</u>	<u>62,225</u>	<u>300</u>
Total assets	<u>\$ 144,631</u>	<u>\$ 1,568,072</u>	<u>\$ 62,225</u>	<u>\$ 300</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	\$ 437	\$ -	\$ 526	\$ -
Unavailable revenue - special assessments	-	-	-	-
Unavailable revenue - other	-	-	-	230,000
Total deferred inflows of resources	<u>437</u>	<u>-</u>	<u>526</u>	<u>230,000</u>
<b>Fund Balances</b>				
Restricted for				
Debt service	144,194	1,568,072	61,699	-
Unassigned	-	-	-	(229,700)
Total fund balances	<u>144,194</u>	<u>1,568,072</u>	<u>61,699</u>	<u>(229,700)</u>
	<u>144,631</u>	<u>1,568,072</u>	<u>62,225</u>	<u>300</u>
Total deferred inflows of resources and fund balances	<u>\$ 144,631</u>	<u>\$ 1,568,072</u>	<u>\$ 62,225</u>	<u>\$ 300</u>

2015 Public Improvement Bonds (359)	2016B G.O. Various Purpose Bonds (360)	2017A Public Improvement Bonds (362)	2011 Public Improvement Bonds (369)	2011A G.O. Tax Increment Bonds (370)
\$ 42,283	\$ 326,783	\$ 176,735	\$ 48,008	\$ 338,578
-	-	-	-	9
504	1,555	1,637	940	-
39,088	45,410	-	-	-
2,176	3,982	-	-	-
172,960	177,470	-	-	-
381	890	1,252	743	1
<u>\$ 257,392</u>	<u>\$ 556,090</u>	<u>\$ 179,624</u>	<u>\$ 49,691</u>	<u>\$ 338,588</u>
\$ 504	\$ 1,555	\$ 1,637	\$ 940	\$ -
175,136	181,452	-	-	-
-	-	-	-	-
<u>175,640</u>	<u>183,007</u>	<u>1,637</u>	<u>940</u>	<u>-</u>
81,752	373,083	177,987	48,751	338,588
-	-	-	-	-
<u>81,752</u>	<u>373,083</u>	<u>177,987</u>	<u>48,751</u>	<u>338,588</u>
<u>\$ 257,392</u>	<u>\$ 556,090</u>	<u>\$ 179,624</u>	<u>\$ 49,691</u>	<u>\$ 338,588</u>

**City of Marshall**  
**Combining Balance Sheet -**  
**Debt Service Funds**  
**December 31, 2022**

	2012A G.O. Tax Increment Bonds (371)	2013 Public Improvement Bonds (372)	2014 Public Improvement Bonds (373)	23 Pedestrian Bridge (374)
<b>Assets</b>				
Cash and temporary investments	\$ 553,537	\$ 402,140	\$ 435,182	\$ 730,268
Receivables				
Interest	417	981	11	-
Taxes	106	222	236	949
Special assessments				
Current	94,678	57,767	64,583	-
Delinquent	3,715	-	1,238	-
Noncurrent	90,363	107,378	555,473	-
Intergovernmental	3	10	4	721
Total assets	<u>\$ 742,819</u>	<u>\$ 568,498</u>	<u>\$ 1,056,727</u>	<u>\$ 731,938</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	\$ 106	\$ 222	\$ 236	\$ 949
Unavailable revenue - special assessments	94,078	107,378	556,711	-
Unavailable revenue - other	-	-	-	-
Total deferred inflows of resources	<u>94,184</u>	<u>107,600</u>	<u>556,947</u>	<u>949</u>
<b>Fund Balances</b>				
Restricted for				
Debt service	648,635	460,898	499,780	730,989
Unassigned	-	-	-	-
Total fund balances	<u>648,635</u>	<u>460,898</u>	<u>499,780</u>	<u>730,989</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 742,819</u>	<u>\$ 568,498</u>	<u>\$ 1,056,727</u>	<u>\$ 731,938</u>

2018A Improvement Bonds (375)	2016C Tax Abatement Bonds (376)	2017B Improvement Bonds (377)	2000B Improvement Bonds (378)	2021A G.O. Bonds (379)	2022A G.O. Bonds (380)	2020A City Hall CIP Bond (394)
\$ 685,254	\$ 159,074	\$ 473,152	\$ 190,884	\$ 290,142	\$ 79,931	\$ 380,191
-	-	-	-	-	-	-
1,174	1,904	422	985	1,362	-	1,885
43,536	-	-	9,277	19,800	-	-
-	-	-	467	-	-	-
197,098	-	-	64,941	-	-	-
907	1,442	317	898	1,402	-	-
<u>\$ 927,969</u>	<u>\$ 162,420</u>	<u>\$ 473,891</u>	<u>\$ 267,452</u>	<u>\$ 312,706</u>	<u>\$ 79,931</u>	<u>\$ 382,076</u>
\$ 1,174	\$ 1,904	\$ 422	\$ 985	\$ 1,362	\$ -	\$ 1,885
197,098	-	-	65,408	-	-	-
-	-	-	-	-	-	-
<u>198,272</u>	<u>1,904</u>	<u>422</u>	<u>66,393</u>	<u>1,362</u>	<u>-</u>	<u>1,885</u>
729,697	160,516	473,469	201,059	311,344	79,931	380,191
-	-	-	-	-	-	-
<u>729,697</u>	<u>160,516</u>	<u>473,469</u>	<u>201,059</u>	<u>311,344</u>	<u>79,931</u>	<u>380,191</u>
<u>\$ 927,969</u>	<u>\$ 162,420</u>	<u>\$ 473,891</u>	<u>\$ 267,452</u>	<u>\$ 312,706</u>	<u>\$ 79,931</u>	<u>\$ 382,076</u>

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**City of Marshall**  
**Combining Balance Sheet -**  
**Debt Service Funds**  
**December 31, 2022**

	Debt Revolving Fund (399)	Totals
<b>Assets</b>		
Cash and temporary investments	\$ 270,259	\$ 7,355,925
Receivables		
Interest	-	1,418
Taxes	303	15,147
Special assessments		
Current	-	374,139
Delinquent	-	11,578
Noncurrent	-	1,365,683
Intergovernmental	1,793	11,505
	<u>1,793</u>	<u>11,505</u>
Total assets	<u>\$ 272,355</u>	<u>\$ 9,135,395</u>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue - property taxes	\$ 303	\$ 15,147
Unavailable revenue - special assessments	-	1,377,261
Unavailable revenue - other	-	230,000
Total deferred inflows of resources	<u>303</u>	<u>1,622,408</u>
<b>Fund Balances</b>		
Restricted for		
Debt service	272,052	7,742,687
Unassigned	-	(229,700)
Total fund balances	<u>272,052</u>	<u>7,512,987</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 272,355</u>	<u>\$ 9,135,395</u>



**City of Marshall**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Debt Service Funds**  
**December 31, 2022**

	Marshall - Lyon County Library Debt (321)	2014B MERIT / SMASC (322)	2015A Bond (325)	2021B G.O. State Aid Street Bonds (356)
<b>Revenues</b>				
Taxes	\$ 45,055	\$ -	\$ 52,608	\$ -
Intergovernmental	-	-	-	100,067
Special assessments	-	-	-	-
Investment earnings	1,104	8,556	346	-
Total revenues	<u>46,159</u>	<u>8,556</u>	<u>52,954</u>	<u>100,067</u>
<b>Expenditures</b>				
Debt service				
Principal	70,000	1,115,000	45,000	230,000
Interest and other	10,995	340,269	5,975	100,567
Total expenditures	<u>80,995</u>	<u>1,455,269</u>	<u>50,975</u>	<u>330,567</u>
Excess (Deficiency) of revenues over (under) expenditures	(34,836)	(1,446,713)	1,979	(230,500)
<b>Other Financing Sources (Uses)</b>				
Transfers in	32,709	1,762,160	-	1,000
Bonds issued	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>32,709</u>	<u>1,762,160</u>	<u>-</u>	<u>1,000</u>
Net change in fund balances	(2,127)	315,447	1,979	(229,500)
Fund Balances, January 1	<u>146,321</u>	<u>1,252,625</u>	<u>59,720</u>	<u>(200)</u>
Fund Balances, December 31	<u>\$ 144,194</u>	<u>\$ 1,568,072</u>	<u>\$ 61,699</u>	<u>\$ (229,700)</u>

2015 Public Improvement Bonds (359)	2016B G.O. Various Purpose Bonds (360)	2017A Public Improvement Bonds (362)	2011 Public Improvement Bonds (369)	2011A G.O. Tax Increment Bonds (370)	2012A G.O. Tax Increment Bonds (371)	2013 Public Improvement Bonds (372)
\$ 50,332	\$ 110,661	\$ 167,572	\$ 98,613	\$ 1	\$ 25	\$ 58
-	-	-	-	-	-	-
54,763	73,320	-	1,510	269	106,719	80,634
438	2,490	895	480	3,301	5,952	3,218
<u>105,533</u>	<u>186,471</u>	<u>168,467</u>	<u>100,603</u>	<u>3,571</u>	<u>112,696</u>	<u>83,910</u>
110,000	330,000	140,000	115,000	170,000	70,000	380,000
12,111	14,940	22,815	16,129	7,070	13,455	31,425
<u>122,111</u>	<u>344,940</u>	<u>162,815</u>	<u>131,129</u>	<u>177,070</u>	<u>83,455</u>	<u>411,425</u>
(16,578)	(158,469)	5,652	(30,526)	(173,499)	29,241	(327,515)
-	-	-	-	-	-	205,813
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,813</u>
(16,578)	(158,469)	5,652	(30,526)	(173,499)	29,241	(121,702)
98,330	531,552	172,335	79,277	512,087	619,394	582,600
<u>\$ 81,752</u>	<u>\$ 373,083</u>	<u>\$ 177,987</u>	<u>\$ 48,751</u>	<u>\$ 338,588</u>	<u>\$ 648,635</u>	<u>\$ 460,898</u>

**City of Marshall**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Debt Service Funds**  
**December 31, 2022**

	2014 Public Improvement Bonds (373)	23 Pedestrian Bridge (374)	2018A Improvement Bonds (375)	2016C Tax Abatement Bonds (376)
<b>Revenues</b>				
Taxes	\$ -	\$ 95,481	\$ 120,017	\$ 191,205
Intergovernmental	-	-	-	-
Special assessments	83,583	-	52,978	-
Investment earnings	4,101	7,362	6,376	658
Total revenues	<u>87,684</u>	<u>102,843</u>	<u>179,371</u>	<u>191,863</u>
<b>Expenditures</b>				
Debt service				
Principal	220,000	65,000	175,099	125,000
Interest and other	18,002	26,525	65,661	58,850
Total expenditures	<u>238,002</u>	<u>91,525</u>	<u>240,760</u>	<u>183,850</u>
(under) expenditures				
(under) expenditures	(150,318)	11,318	(61,389)	8,013
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Bonds issued	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(150,318)	11,318	(61,389)	8,013
Fund Balances, January 1	<u>650,098</u>	<u>719,671</u>	<u>791,086</u>	<u>152,503</u>
Fund Balances, December 31	<u>\$ 499,780</u>	<u>\$ 730,989</u>	<u>\$ 729,697</u>	<u>\$ 160,516</u>

2017B Improvement Bonds (377)	2000B Improvement Bonds (378)	2021A G.O. Bonds (379)	2022A G.O. Bonds (380)	2020A City Hall CIP Bond (394)	Debt Revolving Fund (399)	Totals
\$ 41,986	\$ 119,259	\$ 195,450	\$ -	\$ 236,052	\$ 1,651	\$ 1,526,026
-	-	-	-	-	-	100,067
-	10,918	147,344	-	-	-	612,038
4,880	1,294	-	-	2,242	2,939	56,632
46,866	131,471	342,794	-	238,294	4,590	2,294,763
35,000	111,773	-	-	225,000	-	\$ 3,731,872
56,856	14,723	31,314	-	187,569	-	1,035,251
91,856	126,496	31,314	-	412,569	-	4,767,123
(44,990)	4,975	311,480	-	(174,275)	4,590	(2,472,360)
-	-	-	-	200,000	-	2,201,682
-	-	-	79,931	-	-	79,931
-	-	-	-	-	(1,000)	(1,000)
-	-	-	79,931	200,000	(1,000)	2,280,613
(44,990)	4,975	311,480	79,931	25,725	3,590	(191,747)
518,459	196,084	(136)	-	354,466	268,462	7,704,734
<u>\$ 473,469</u>	<u>\$ 201,059</u>	<u>\$ 311,344</u>	<u>\$ 79,931</u>	<u>\$ 380,191</u>	<u>\$ 272,052</u>	<u>\$ 7,512,987</u>

**City of Marshall**  
**Combining Balance Sheet**  
**Economic Development Authority Funds**  
**December 31, 2022**

	Economic Development Authority (204/208)	EDA Parkway Housing Fund (205/206/207)	Federal EDA CRIF (213)	EDA Revolving (214)	Totals
<b>Assets</b>					
Cash and temporary investments	\$ 549,537	\$ 532,500	\$ 48,620	\$ 1,100,786	\$ 2,231,443
Receivables					
Interest	6,998	-	189	-	7,187
Delinquent taxes	1,435	-	-	-	1,435
Accounts	300	-	-	139	439
Notes	80,000	203,663	-	2,639	286,302
Intergovernmental	1,093	-	-	-	1,093
Prepaid items	268	-	-	-	268
Land held for resale	-	832,581	-	-	832,581
	<u>\$ 639,631</u>	<u>\$ 1,568,744</u>	<u>\$ 48,809</u>	<u>\$ 1,103,564</u>	<u>\$ 3,360,748</u>
Total assets					
	<u>\$ 639,631</u>	<u>\$ 1,568,744</u>	<u>\$ 48,809</u>	<u>\$ 1,103,564</u>	<u>\$ 3,360,748</u>
<b>Liabilities</b>					
Accounts payable	\$ 1,244	\$ -	\$ -	\$ 2,163	\$ 3,407
Other payable	-	19,769	-	-	19,769
Accrued salaries payable	4,814	-	-	-	4,814
Due to primary government	-	167,074	-	-	167,074
Due to other component units	-	18	-	-	18
Total liabilities	<u>6,058</u>	<u>186,861</u>	<u>-</u>	<u>2,163</u>	<u>195,082</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - taxes	<u>1,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,435</u>
<b>Fund Balances</b>					
Nonspendable					
Prepaid items	268	-	-	-	268
Land held for resale	-	832,581	-	-	832,581
Restricted					
Economic development	-	-	48,809	-	48,809
Assigned					
Economic development	<u>631,870</u>	<u>549,302</u>	<u>-</u>	<u>1,101,401</u>	<u>2,282,573</u>
Total fund balances	<u>632,138</u>	<u>1,381,883</u>	<u>48,809</u>	<u>1,101,401</u>	<u>3,164,231</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 639,631</u>	<u>\$ 1,568,744</u>	<u>\$ 48,809</u>	<u>\$ 1,103,564</u>	<u>\$ 3,360,748</u>

Reconciliation of balance sheet to the Statement of Net Position

Total fund balances	\$ 3,164,231
Capital assets used in EDA activities are not financial resources and therefore are not reported as assets in the fund	3,714
Long-term assets are not available to pay current period expenditures and, therefore are unavailable in the funds.	
Delinquent property taxes receivable	<u>1,435</u>
Total net position	<u>\$ 3,169,380</u>

**City of Marshall**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Economic Development Authority Funds**  
**December 31, 2022**

	Economic Development Authority (204/208)	EDA Parkway Housing Fund (205/206 /207)	Federal EDA CRIF (213)	EDA Revolving (214)	Totals
<b>Revenues</b>					
Taxes	\$ 149,968	\$ -	\$ -	\$ -	\$ 149,968
Charges for services	1,600	6,186	-	-	7,786
Investment earnings	(23,019)	5,674	(248)	7,206	(10,387)
Miscellaneous	49	-	-	681,581	681,630
Total Revenues	<u>128,598</u>	<u>11,860</u>	<u>(248)</u>	<u>688,787</u>	<u>828,997</u>
<b>Expenditures</b>					
Current					
Economic development	<u>157,654</u>	<u>7,139</u>	<u>-</u>	<u>60,773</u>	<u>225,566</u>
Excess (deficiency) of revenues over (under) expenditures	(29,056)	4,721	(248)	628,014	603,431
<b>Other Financing Sources (Uses)</b>					
Sale of capital assets	<u>-</u>	<u>17,342</u>	<u>-</u>	<u>-</u>	<u>17,342</u>
Net change in fund balances	(29,056)	22,063	(248)	628,014	620,773
Fund Balances, January 1	<u>661,194</u>	<u>1,359,820</u>	<u>49,057</u>	<u>473,387</u>	<u>2,543,458</u>
Fund Balances, December 31	<u>\$ 632,138</u>	<u>\$ 1,381,883</u>	<u>\$ 48,809</u>	<u>\$ 1,101,401</u>	<u>\$ 3,164,231</u>
Reconciliation of the statement of revenues, expenditures and changes in the fund balance to the statement of activities					
Net Change in Fund Balances					\$ 620,773
EDA funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.					
Depreciation expense					(646)
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.					
Property taxes					<u>325</u>
Change in Net Position					<u>\$ 620,452</u>

**City of Marshall**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Economic Development Authority**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
<b>Revenues</b>				
Taxes	\$ 150,000	\$ 150,000	\$ 149,968	\$ (32)
Charges for services	(3,500)	3,500	1,600	(1,900)
Investment earnings	3,834	3,834	(23,019)	(26,853)
Miscellaneous	-	-	49	49
Total revenues	150,334	157,334	128,598	(28,736)
<b>Expenditures</b>				
Current				
Economic development	156,594	156,594	157,654	1,060
Excess of revenues over				
(under) expenditures	<u>\$ (6,260)</u>	<u>\$ 740</u>	(29,056)	<u>\$ (29,796)</u>
<b>Fund Balance</b>				
Beginning of year			661,194	
End of year			<u>\$ 632,138</u>	

**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**

Honorable Mayor and Members  
of the City Council  
City of Marshall  
Marshall, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Marshall, Minnesota, as of and for the year ended December 31, 2022, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 14, 2023.

**Report on Internal Control over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

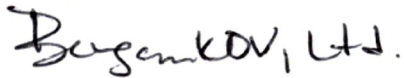


### **Report on Compliance and Other Matters**

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

### **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 result 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.



St. Cloud, Minnesota  
June 14, 2023

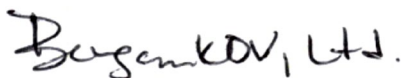
**Minnesota Legal Compliance****Independent Auditor's Report**

Honorable Mayor and Members  
of the City Council  
City of Marshall  
Marshall, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshall, Minnesota, as of and for the year ended December 31, 2022, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 14, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to *Minnesota Statute* § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.



St. Cloud, Minnesota  
June 14, 2023