

**City of Marshall
Lyon County, Minnesota**

Financial Statements

December 31, 2020



**City of Marshall
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City of Marshall
Elected Officials and Administration
December 31, 2020

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Robert Byrnes	Mayor	January 12, 2021
John DeCramer	Council Member, Ward 1	January 10, 2023
Glenn Bayerkohler	Council Member, Ward 1	January 12, 2021
Steven Meister	Council Member, Ward 2	January 12, 2021
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 12, 2021
<u>Administration</u>	<u>Position</u>	
Sharon Hanson	City Administrator	Appointed
Karla Drown	Finance Director	Appointed

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying 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, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion based on our audit and the reports of other auditors, the financial statements referred to in the first paragraph 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, Minnesota, as of December 31, 2020, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other 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 combining nonmajor and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the financial statements.

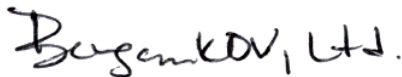
Other Matters (Continued)

Other Information (Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2021, 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
May 20, 2021

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, 2020.

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 \$119,151,311 (net position). Of this amount, \$10,620,503 (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 \$1,016,607, compared to an increase of \$4,887,816 in the previous year. Business-type activities (enterprise funds) had an increase of \$1,184,355 and governmental activities had a decrease of \$2,200,962.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$26,889,680, a decrease of \$57,102 in comparison with the prior year. Approximately 32 percent of this total amount, \$8,574,600, 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 - \$161,237; 2) restricted - \$18,153,843; 3) assigned - \$4,808,660; and 4) unassigned \$3,765,940.

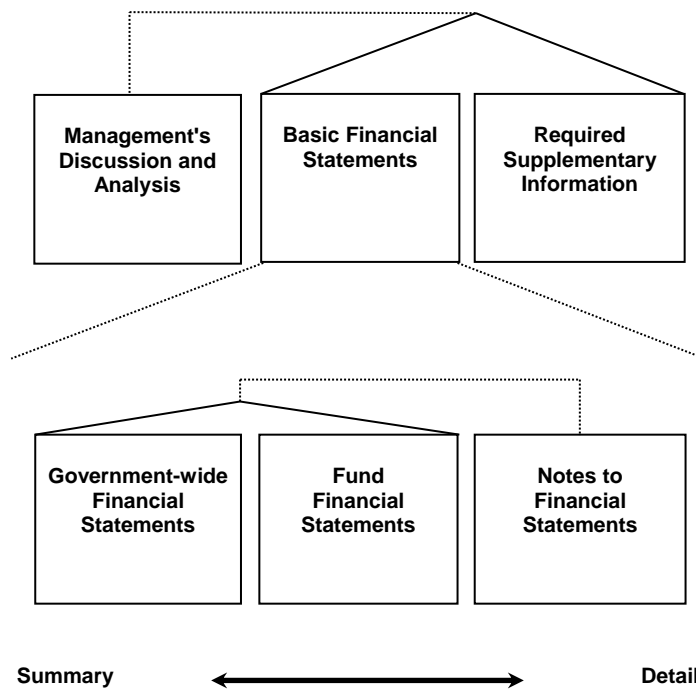
Overview of the Financial Statements

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

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**

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 explains the structure and contents of each of the statements.

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

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows
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

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

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 2018 Public Improvement fund, the 2020 Public Improvement fund, and the City Hall Building 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 Tax Increment Financing and Sales/Lodging Tax special revenue funds 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.

Notes to 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 the financial statements can be found starting on page 35 of this report.

City of Marshall Management's Discussion and Analysis

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 \$119,151,311 at the close of the most recent fiscal year.

A large portion of the City's net position (72.9%) 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		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Assets						
Current and other assets	\$ 35,593,795	\$ 34,645,329	\$ 948,466	\$ 15,782,655	\$ 15,098,489	\$ 684,166
Capital assets	98,168,941	96,138,952	2,029,989	44,605,739	37,166,383	7,439,356
Total assets	<u>133,762,736</u>	<u>130,784,281</u>	<u>2,978,455</u>	<u>60,388,394</u>	<u>52,264,872</u>	<u>8,123,522</u>
Deferred Outflows of Resources						
Deferred OPEB resources	62,796	53,470	9,326	11,173	9,227	1,946
Deferred pension resources	1,443,812	2,069,052	(625,240)	86,737	93,517	(6,780)
Total deferred outflows of resources	<u>1,506,608</u>	<u>2,122,522</u>	<u>(615,914)</u>	<u>97,910</u>	<u>102,744</u>	<u>(4,834)</u>
Liabilities						
Other liabilities	1,816,152	1,249,051	567,101	1,510,308	1,186,173	324,135
Noncurrent liabilities	42,220,349	37,648,014	4,572,335	25,238,018	18,501,073	6,736,945
Total liabilities	<u>44,036,501</u>	<u>38,897,065</u>	<u>5,139,436</u>	<u>26,748,326</u>	<u>19,687,246</u>	<u>7,061,080</u>
Deferred Inflows of Resources						
Grants for subsequent years	3,674,883	2,675,379	999,504	-	-	-
Deferred OPEB resources	49,774	56,739	(6,965)	8,856	9,791	(935)
Deferred pension resources	2,047,326	3,615,798	(1,568,472)	38,671	164,483	(125,812)
Total deferred inflows of resources	<u>5,771,983</u>	<u>6,347,916</u>	<u>(575,933)</u>	<u>47,527</u>	<u>174,274</u>	<u>(126,747)</u>
Net Position						
Net investment in capital assets	65,622,642	64,893,310	729,332	21,253,512	19,878,593	1,374,919
Restricted	17,657,080	18,439,295	(782,215)	3,997,574	3,777,752	219,822
Unrestricted	2,181,138	4,329,217	(2,148,079)	8,439,365	8,849,751	(410,386)
Total net position	<u>\$ 85,460,860</u>	<u>\$ 87,661,822</u>	<u>\$ (2,200,962)</u>	<u>\$ 33,690,451</u>	<u>\$ 32,506,096</u>	<u>\$ 1,184,355</u>

An additional portion of the City's net position (18.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (8.9%) may be used to meet the City's ongoing obligations to citizens and creditors.

City of Marshall Management's Discussion and Analysis

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 \$1,184,355 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: Municipal Liquor Store \$744,104, Surface Water Management \$191,749, and Wastewater Treatment \$248,502. The Municipal Liquor fund's gross profit percentage is currently at 28.2%, higher than 26.0% in 2019.

Governmental Activities. Governmental activities decreased the City's net position by \$2,200,962. Key elements of this decrease are described above and summarized in the following table:

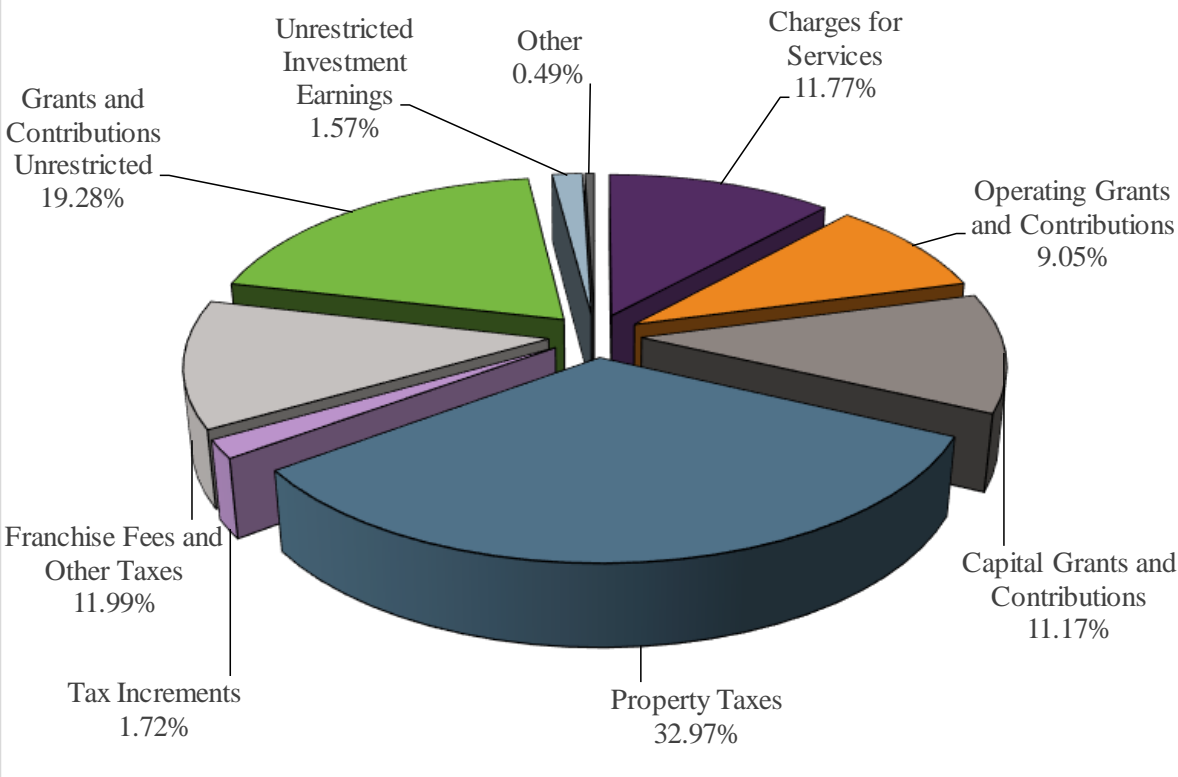
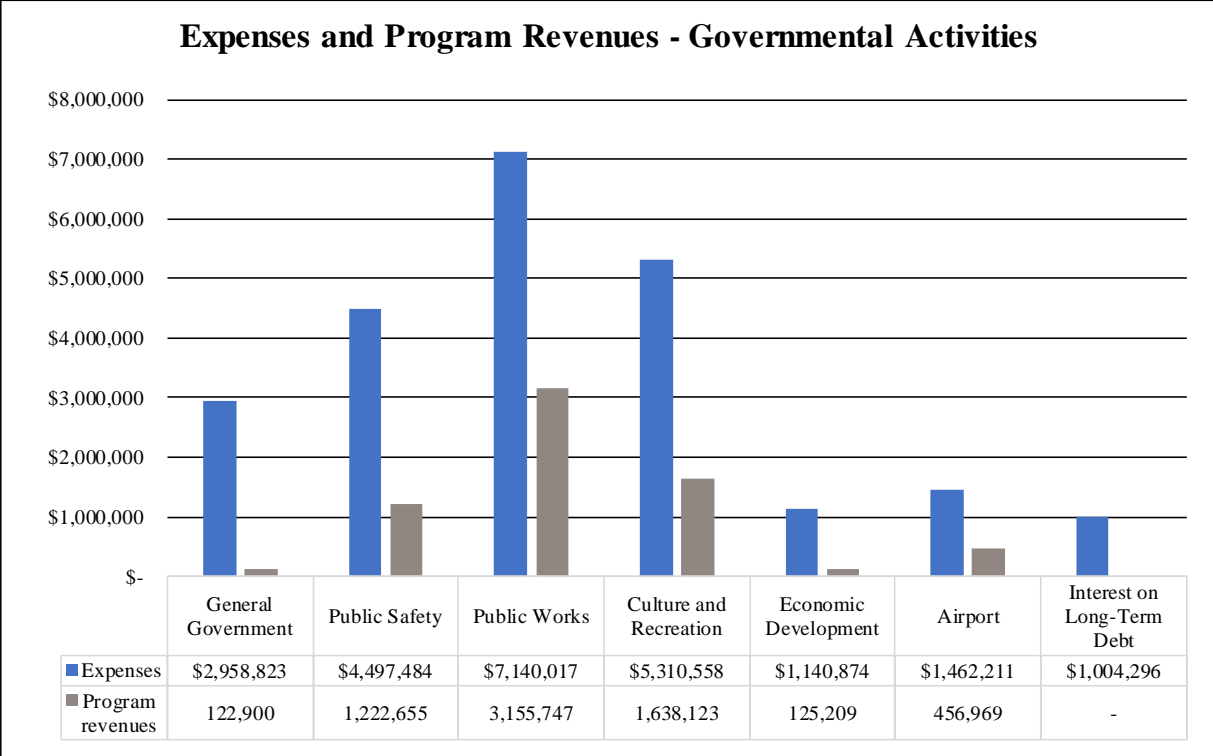
City of Marshall's Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 2,474,241	\$ 3,386,582	\$ (912,341)	\$ 13,543,466	\$ 12,509,331	\$ 1,034,135
Operating grants and contributions	1,901,000	1,804,838	96,162	24,711	2,303	22,408
Capital grants and contributions	2,346,362	6,330,338	(3,983,976)	2,987	840,529	(837,542)
General revenues						
Property taxes	6,927,558	6,673,726	253,832	-	-	-
Tax increments	361,523	308,163	53,360	-	-	-
Franchise fees and other taxes	2,519,101	2,799,220	(280,119)	-	-	-
State grants and contributions not restricted to specific programs	4,050,827	3,312,799	738,028	-	-	-
Unrestricted investment earnings	329,552	502,722	(173,170)	169,191	265,151	(95,960)
Other	103,137	100,192	2,945	9,300	-	9,300
Total revenues	<u>21,013,301</u>	<u>25,218,580</u>	<u>(4,205,279)</u>	<u>13,749,655</u>	<u>13,617,314</u>	<u>132,341</u>
Expenses						
General government	2,958,823	3,782,533	(823,710)	-	-	-
Public safety	4,497,484	4,457,441	40,043	-	-	-
Public works	7,140,017	7,757,652	(617,635)	-	-	-
Culture and recreation	5,310,558	4,810,073	500,485	-	-	-
Economic development	1,140,874	339,149	801,725	-	-	-
Airport	1,462,211	1,389,925	72,286	-	-	-
Interest on long-term debt	1,004,296	838,489	165,807	-	-	-
Wastewater treatment	-	-	-	5,324,255	4,540,427	783,828
Surface water management	-	-	-	1,093,555	1,036,031	57,524
Municipal liquor store	-	-	-	5,847,490	4,996,358	851,132
Parkway townhomes	-	-	-	-	-	-
Total expenses	<u>23,514,263</u>	<u>23,375,262</u>	<u>139,001</u>	<u>12,265,300</u>	<u>10,572,816</u>	<u>1,692,484</u>
Increase in Net Position before Transfers	(2,500,962)	1,843,318	(4,344,280)	1,484,355	3,044,498	(1,560,143)
Transfers	300,000	284,292	15,708	(300,000)	(284,292)	(15,708)
Change in Net Position	(2,200,962)	2,127,610	(4,328,572)	1,184,355	2,760,206	(1,575,851)
Net position, January 1, as previously stated	87,661,822	83,447,676	4,214,146	32,506,096	29,745,890	2,760,206
Change in Accounting Principle	-	2,086,536	(2,086,536)	-	-	-
Net position, January 1, as restated	<u>87,661,822</u>	<u>85,534,212</u>	<u>2,127,610</u>	<u>32,506,096</u>	<u>29,745,890</u>	<u>2,760,206</u>
Net position, December 31	<u>\$ 85,460,860</u>	<u>\$ 87,661,822</u>	<u>\$ (2,200,962)</u>	<u>\$ 33,690,451</u>	<u>\$ 32,506,096</u>	<u>\$ 1,184,355</u>

*State grants & contributions not restricted to specific programs

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

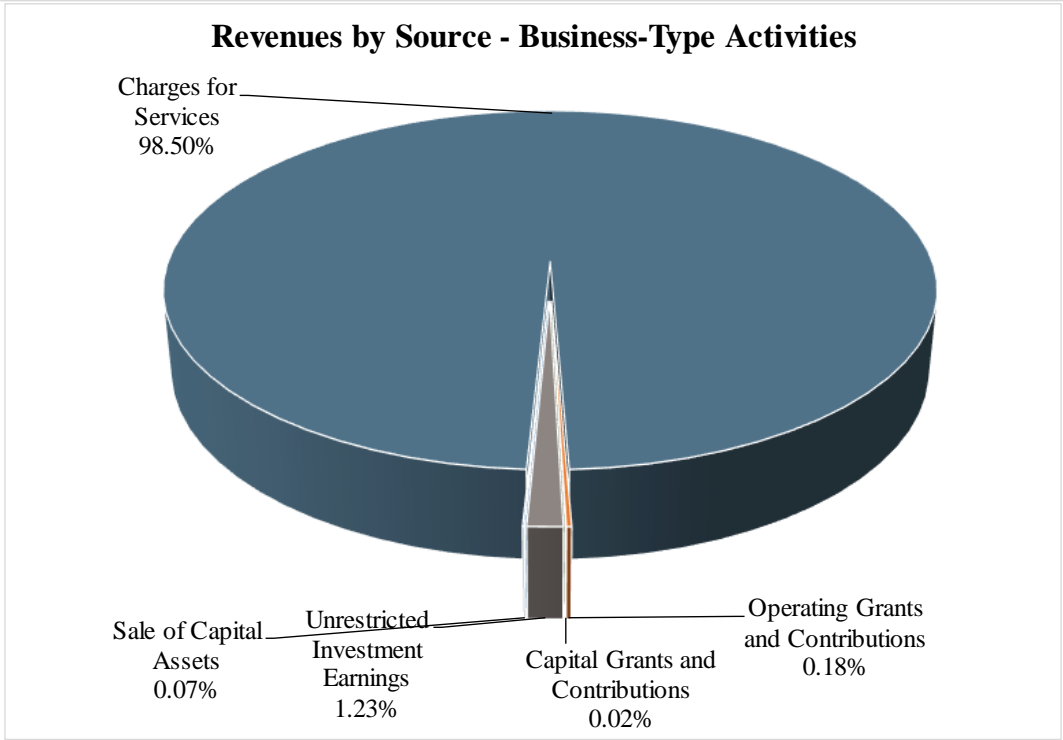
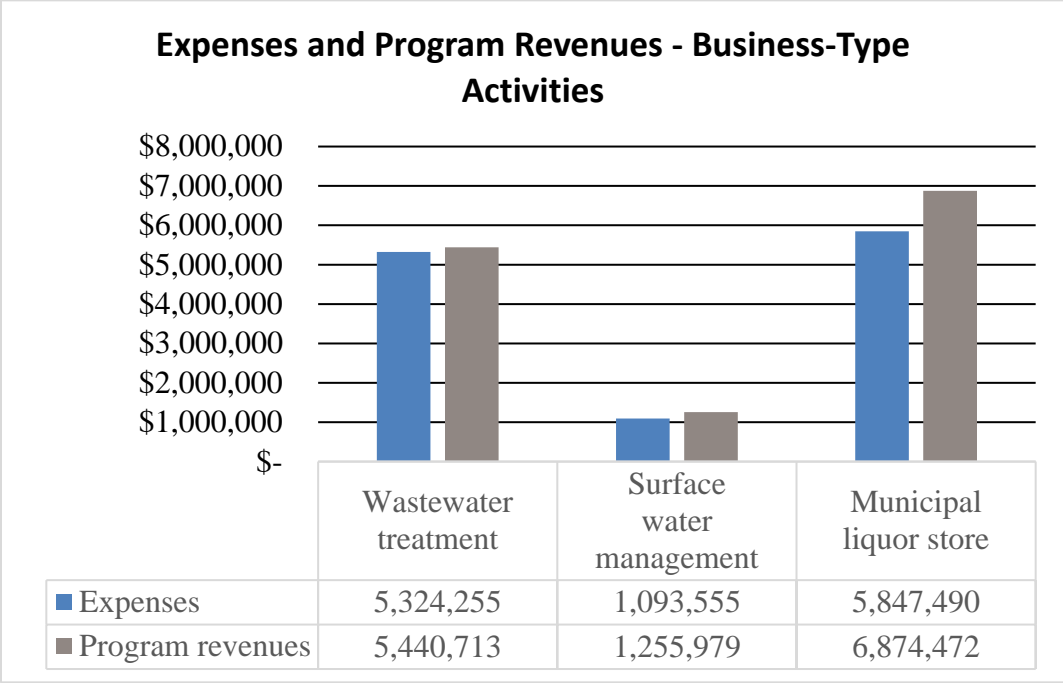
Governmental Activities (Continued) The following graphs depict various governmental activities and show the revenues and expenses directly related to those activities.



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

Business-type Activities. Business-type activities increased the City's net position by \$1,184,355. Key elements of this increase are as follows:

- Overall gross profit increased by \$497,961 in the business-type funds while operating expenses increased by \$799,911.
- Transfers out increased by \$15,708 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 \$7,411,975. 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 51.7% of fund expenditures, while total fund balance represents 60.0% of that same amount.

The fund balance of the City's *General fund* increased by \$172,540 during the current fiscal year. The key factors in this increase were total revenues were under budget by \$180,344 and total expenditures were under budget by \$544,758.

The *Debt Service fund* has a total fund balance of \$7,652,932, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the Debt Service fund was \$1,362,554. The major factor in this increase was a capital project fund closing out remaining funds to debt service in the amount of \$1,225,926.

The *2018 Public Improvement fund* has a total fund balance of negative \$1,662,577. The fund is currently negative due to deferred grant revenue of \$1,837,376 of Municipal State Aid Funds not yet earned.

The *2020 Public Improvement fund* has a total fund balance of negative \$959,112. The fund is currently negative due to deferred grant revenue of \$1,837,507 of Municipal State Aid Funds not yet earned.

The *City Hall Building fund* has a total fund balance of \$2,343,781. The fund is planned to be spent down in 2021 due to construction being finalized in 2021.

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 \$8,439,365. The total increase in net position for the funds was \$1,184,355. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

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

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 \$191,874. Actual revenues fell short of budgeted revenues by \$180,344 and the expenditure budget was underspent by \$544,758. Other financing sources (uses) were in line with expectations. The net result was an increase to the General fund balance of \$172,540 in 2020.

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, 2020, amounts to \$142,774,680 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 7.1% (a 2.1% increase for governmental activities and a 20.0% increase for business-type activities).

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

Governmental Activities

- Veteran Memorial Wall Phase cost of \$192,747
- Fire Department SCBA Mask purchase of \$214,637
- S 4th Street Reconstruction costs of \$1,001,120
- S 1st Street Reconstruction costs of \$277,134

Business-type Activities

- Wastewater Plant Upgrade costs of \$7,885,003

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)**

	Governmental Activities			Business-Type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Land	\$ 7,320,348	\$ 7,320,348	\$ -	\$ 512,872	\$ 512,872	\$ -
Construction in progress	6,242,138	4,146,722	2,095,416	14,310,306	4,695,278	9,615,028
Buildings	32,498,364	33,634,037	(1,135,673)	2,126,819	2,194,956	(68,137)
Improvements other than buildings	12,180,993	12,895,935	(714,942)	6,394,518	7,288,956	(894,438)
Systems and infrastructure	35,527,628	34,121,551	1,406,077	20,224,457	21,262,887	(1,038,430)
Equipment and machinery	4,371,409	3,959,668	411,741	1,036,767	1,211,434	(174,667)
Library books	28,061	60,691	(32,630)	-	-	-
Total	\$ 98,168,941	\$ 96,138,952	\$ 2,029,989	\$ 44,605,739	\$ 37,166,383	\$ 7,439,356

City of Marshall Management's Discussion and Analysis

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$56,421,702. Of this amount, \$8,965,000 is general obligation debt, \$2,635,000 is tax increment debt, \$2,460,000 is tax abatement debt, \$18,739,653 is general obligation assessment and sales tax debt and \$23,622,049 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		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
General Obligation Bonds	\$ 8,965,000	\$ 2,875,000	\$ 6,090,000	\$ -	\$ -	\$ -
G.O. Tax Increment Bonds	2,635,000	3,210,000	(575,000)	-	-	-
G.O. Tax Abatement Bonds	2,460,000	2,580,000	(120,000)	-	-	-
G.O. Improvement Bonds	18,739,653	20,793,608	(2,053,955)	-	-	-
G.O. Revenue Bonds	-	-	-	10,285,348	10,126,392	158,956
Revenue Bonds	-	-	-	2,145,000	2,355,000	(210,000)
PFA Notes	-	-	-	11,191,701	4,463,363	6,728,338
Total	\$ 32,799,653	\$ 29,458,608	\$ 3,341,045	\$ 23,622,049	\$ 16,944,755	\$ 6,677,294

The City's total debt increased \$10,018,339, or 21.6 percent during the current fiscal year. Long-term debt of \$15,914,338 was issued during the year and \$5,896,000 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 \$29,903,652, which is significantly in excess of the City's outstanding debt subject to the limit of \$13,280,000.

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 is currently 4.5%. This is comparable to the State's average unemployment rate of -6.2% and the national average rate of 10.2%.
- Property valuations within the City remain relatively stable.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2020 fiscal year.

Property tax levies increased by \$197,894 or (2.8 percent) during the year.

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

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**City of Marshall
Statement of Net Position
December 31, 2020**

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Marshall Municipal Utilities	Marshall Housing Commission	Economic Development Authority
Assets						
Cash and temporary investments	\$ 30,601,131	\$ 9,658,254	\$ 40,259,385	\$ 25,360,617	\$ 527,672	\$ 1,358,900
Restricted assets	-	3,997,574	3,997,574	6,317,493	7,791	-
Receivables						
Interest	28,186	14,520	42,706	140,757	2,602	1,480
Delinquent taxes	207,940	-	207,940	-	-	4,042
Accounts	199,152	126,061	325,213	4,382,315	11,076	-
Notes	32,180	-	32,180	14,054	-	215,575
Special assessments	2,713,718	33,153	2,746,871	-	-	-
Intergovernmental	688,709	269,233	957,942	-	-	542
Due from component units/primary government	194,319	818,650	1,012,969	219,199	-	-
Inventories	-	816,587	816,587	744,586	1,100	-
Prepaid items	161,237	48,623	209,860	223,845	15,787	181
Land held for resale	-	-	-	-	-	1,025,341
Net pension asset	767,223	-	767,223	-	-	-
Capital assets						
Nondepreciable	13,562,486	14,823,178	28,385,664	11,494,919	514,965	-
Depreciable, net of accumulated depreciation	84,606,455	29,782,561	114,389,016	63,283,523	2,407,529	5,006
Total Assets	133,762,736	60,388,394	194,151,130	112,181,308	3,488,522	2,611,067
Deferred Outflows of Resources						
Deferred outflows related to OPEB	62,796	11,173	73,969	59,364	-	-
Deferred outflows related to pensions	1,443,812	86,737	1,530,549	183,481	-	-
Total Deferred Outflows of Resources	1,506,608	97,910	1,604,518	242,845	-	-
Liabilities						
Accounts payable	128,661	230,272	358,933	3,001,747	3,363	1,469
Contracts payable	790,026	835,069	1,625,095	-	-	-
Other payable	-	-	-	-	-	19,769
Due to other governments	47,452	78,824	126,276	-	8,616	-
Due to component units/primary government	79,806	139,376	219,182	845,895	-	167,091
Accrued interest payable	470,355	155,871	626,226	301,306	-	-
Accrued salaries payable	284,100	59,185	343,285	296,748	4,708	2,646
Accrued liabilities - other	-	-	-	-	3,866	-
Deposits payable	-	-	-	75,330	23,721	-
Unearned revenue	15,752	11,711	27,463	2,123,714	7,791	-
Noncurrent liabilities						
Due within one year	3,633,576	2,565,590	6,199,166	3,645,000	8,709	-
Due in more than one year	32,401,133	21,703,179	54,104,312	16,386,054	43,818	-
Net pension liability, due in more than one year	5,701,056	883,034	6,584,090	2,626,010	-	-
Total OPEB liability, due in more than one year	484,584	86,215	570,799	365,499	-	-
Total liabilities	44,036,501	26,748,326	70,784,827	29,667,303	104,592	190,975
Deferred Inflows of Resources						
Grants for subsequent years	3,674,883	-	3,674,883	8,696,865	-	-
Deferred inflows related to OPEB	49,774	8,856	58,630	7,697	-	-
Deferred inflows related to pensions	2,047,326	38,671	2,085,997	212,288	-	-
Total deferred inflows of resources	5,771,983	47,527	5,819,510	8,916,850	-	-
Net Position						
Net investment in capital assets	65,622,642	21,253,512	86,876,154	47,811,577	2,922,494	5,006
Restricted for						
Debt service	9,817,103	3,997,574	13,814,677	6,317,493	-	-
City celebrations	18,425	-	18,425	-	-	-
Economic development	2,151,375	-	2,151,375	-	-	48,650
Tax increment financing	4,361,185	-	4,361,185	-	-	-
Capital projects	253,483	-	253,483	-	-	-
Operations - Arena and MERIT	970,686	-	970,686	-	-	-
Library	84,823	-	84,823	-	-	-
Unrestricted	2,181,138	8,439,365	10,620,503	19,710,930	461,436	2,366,436
Total net position	\$ 85,460,860	\$ 33,690,451	\$119,151,311	\$ 73,840,000	\$ 3,383,930	\$ 2,420,092

City of Marshall
Statement of Activities
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,958,823	\$ 93,938	\$ 5,659	\$ 23,303
Public safety	4,497,484	412,149	606,371	204,135
Public works	7,140,017	1,368,535	19,133	1,768,079
Culture and recreation	5,310,558	429,210	1,133,745	75,168
Economic development	1,140,874	-	125,209	-
Airport	1,462,211	170,409	10,883	275,677
Interest on long-term debt	1,004,296	-	-	-
Total governmental activities	<u>23,514,263</u>	<u>2,474,241</u>	<u>1,901,000</u>	<u>2,346,362</u>
Business-type activities				
Wastewater treatment	5,324,255	5,432,856	7,857	-
Surface water management	1,093,555	1,243,072	9,920	2,987
Municipal liquor store	5,847,490	6,867,538	6,934	-
Total business-type activities	<u>12,265,300</u>	<u>13,543,466</u>	<u>24,711</u>	<u>2,987</u>
Total primary government	<u>\$ 35,779,563</u>	<u>\$ 16,017,707</u>	<u>\$ 1,925,711</u>	<u>\$ 2,349,349</u>
Component Units				
Marshall Municipal Utilities - Water	\$ 4,501,169	\$ 6,305,242	\$ -	\$ -
Marshall Municipal Utilities - Electric	36,905,373	37,464,791	-	-
Marshall Housing Commission	1,005,945	427,466	359,703	285,340
Economic Development Authority	681,460	3,616	643,631	-
Total component units	<u>\$ 43,093,947</u>	<u>\$ 44,201,115</u>	<u>\$ 1,003,334</u>	<u>\$ 285,340</u>
General revenues				
Property taxes, levied for general 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
\$ (2,835,923)	\$ -	\$ (2,835,923)	\$ -	\$ -	\$ -
(3,274,829)	-	(3,274,829)	-	-	-
(3,984,270)	-	(3,984,270)	-	-	-
(3,672,435)	-	(3,672,435)	-	-	-
(1,015,665)	-	(1,015,665)	-	-	-
(1,005,242)	-	(1,005,242)	-	-	-
(1,004,296)	-	(1,004,296)	-	-	-
<u>(16,792,660)</u>	<u>-</u>	<u>(16,792,660)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	116,458	116,458	-	-	-
-	162,424	162,424	-	-	-
-	1,026,982	1,026,982	-	-	-
<u>-</u>	<u>1,305,864</u>	<u>1,305,864</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (16,792,660)</u>	<u>\$ 1,305,864</u>	<u>\$ (15,486,796)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 1,804,073	\$ -	\$ -
-	-	-	559,418	-	-
-	-	-	-	66,564	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,213)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,363,491</u>	<u>\$ 66,564</u>	<u>\$ (34,213)</u>
\$ 5,433,762	\$ -	\$ 5,433,762	\$ -	\$ -	\$ -
1,493,796	-	1,493,796	-	-	-
361,523	-	361,523	-	-	-
1,946,695	-	1,946,695	-	-	-
199,482	-	199,482	-	-	-
372,924	-	372,924	-	-	-
4,050,827	-	4,050,827	-	-	-
329,552	169,191	498,743	1,076,904	6,313	9,260
103,137	9,300	112,437	-	-	35,319
300,000	(300,000)	-	-	-	-
<u>14,591,698</u>	<u>(121,509)</u>	<u>14,470,189</u>	<u>1,076,904</u>	<u>6,313</u>	<u>179,687</u>
(2,200,962)	1,184,355	(1,016,607)	3,440,395	72,877	145,474
<u>87,661,822</u>	<u>32,506,096</u>	<u>120,167,918</u>	<u>70,399,605</u>	<u>3,311,053</u>	<u>2,274,618</u>
<u>\$ 85,460,860</u>	<u>\$ 33,690,451</u>	<u>\$ 119,151,311</u>	<u>\$ 73,840,000</u>	<u>\$ 3,383,930</u>	<u>\$ 2,420,092</u>

City of Marshall
Balance Sheet - Governmental Funds
December 31, 2020

	General Fund (101/106)	Debt Service (300s)	2018 Public Improvements (475)
Assets			
Cash and temporary investments	\$ 7,686,071	\$ 7,634,471	\$ 174,584
Receivables			
Interest receivable	4,736	6,991	215
Delinquent taxes	146,485	45,469	-
Accounts receivable	93,944	-	-
Notes	-	-	-
Special assessments	4,670	2,277,350	-
Intergovernmental	88,021	6,024	-
Due from other funds	-	-	-
Due from component units	3,684	-	-
Prepaid items	125,488	-	-
	\$ 8,153,099	\$ 9,970,305	\$ 174,799
Liabilities			
Accounts payable	\$ 71,412	\$ -	\$ -
Contracts payable	-	-	-
Due to other funds	153,601	-	-
Due to component units	63,278	-	-
Due to other governments	37,126	-	-
Accrued salaries payable	248,800	-	-
Unearned revenue	15,752	-	-
Total liabilities	589,969	-	-
Deferred Inflows of Resources			
Unavailable revenue - taxes	146,485	45,469	-
Unavailable revenue - special assessments	4,670	2,271,904	-
Grants for subsequent years	-	-	1,837,376
Total deferred inflows of resources	151,155	2,317,373	1,837,376
Fund Balances (Deficits)			
Nonspendable			
Prepaid items	125,488	-	-
Restricted			
Chemical assessment team grant	11,611	-	-
Debt service	-	7,652,932	-
City celebrations	-	-	-
Economic development	-	-	-
Tax increment financing	-	-	-
Capital projects	-	-	-
Operations - Arena and MERIT	-	-	-
Library	-	-	-
Assigned			
Insurance reserve	107,159	-	-
OPEB liability	484,584	-	-
DARE - police department	190,185	-	-
Forfeiture program - police department	72,098	-	-
Unallocated health insurance premium	12,218	-	-
Budgeted and levied expenditures	18,000	-	-
Staff separation	-	-	-
Library operations	-	-	-
Economic development	-	-	-
Capital projects	-	-	-
Drivers education	-	-	-
ASC Arena	-	-	-
Park improvements	-	-	-
Emergency response and industrial training center	-	-	-
Unassigned	6,390,632	-	(1,662,577)
Total fund balances (deficits)	7,411,975	7,652,932	(1,662,577)
	\$ 8,153,099	\$ 9,970,305	\$ 174,799
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 8,153,099	\$ 9,970,305	\$ 174,799

See notes to financial statements.

2020 Public Improvements (476)	City Hall Building (494)	Other Governmental Funds	Totals
\$ 913,355	\$ 3,077,214	\$ 11,115,436	\$ 30,601,131
921	2,489	12,834	28,186
-	-	15,986	207,940
-	-	105,208	199,152
-	-	32,180	32,180
-	-	431,698	2,713,718
-	-	594,664	688,709
-	-	675,636	675,636
23,022	-	167,613	194,319
-	-	35,749	161,237
<u>\$ 937,298</u>	<u>\$ 3,079,703</u>	<u>\$ 13,187,004</u>	<u>\$ 35,502,208</u>
\$ 3,055	\$ 921	\$ 53,273	\$ 128,661
55,166	734,860	-	790,026
-	-	522,035	675,636
-	-	16,528	79,806
682	141	9,503	47,452
-	-	35,300	284,100
-	-	-	15,752
<u>58,903</u>	<u>735,922</u>	<u>636,639</u>	<u>2,021,433</u>
-	-	15,986	207,940
-	-	431,698	2,708,272
<u>1,837,507</u>	<u>-</u>	<u>-</u>	<u>3,674,883</u>
<u>1,837,507</u>	<u>-</u>	<u>447,684</u>	<u>6,591,095</u>
-	-	35,749	161,237
-	-	-	11,611
-	-	317,153	7,970,085
-	-	18,425	18,425
-	-	2,151,375	2,151,375
-	-	4,361,185	4,361,185
-	2,343,781	241,872	2,585,653
-	-	970,686	970,686
-	-	84,823	84,823
-	-	-	-
-	-	-	107,159
-	-	-	484,584
-	-	-	190,185
-	-	-	72,098
-	-	-	12,218
-	-	-	18,000
-	-	109,273	109,273
-	-	92,137	92,137
-	-	83,236	83,236
-	-	3,340,924	3,340,924
-	-	61,934	61,934
-	-	31,051	31,051
-	-	35,854	35,854
-	-	170,007	170,007
<u>(959,112)</u>	<u>-</u>	<u>(3,003)</u>	<u>3,765,940</u>
<u>(959,112)</u>	<u>2,343,781</u>	<u>12,102,681</u>	<u>26,889,680</u>
<u>\$ 937,298</u>	<u>\$ 3,079,703</u>	<u>\$ 13,187,004</u>	<u>\$ 35,502,208</u>

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City of Marshall
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2020

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

Total fund balances - governmental funds	26,889,680
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	98,168,941
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	(1,144,629)
Other postemployment benefits obligation	(484,584)
Pension liability	(5,701,056)
Bonds payable	(32,799,653)
Unamortized bond premiums	(2,090,427)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes	207,940
Special assessments receivable	2,708,272
Long-term assets from pensions reported in governmental activities are not financial resources therefore are not reported as assets in the funds.	767,223
Governmental funds do not report long-term amounts related to pensions and other post-employment benefits.	
Deferred outflows of pension resources	1,443,812
Deferred inflows of pension resources	(2,047,326)
Deferred outflows of other postemployment benefits	62,796
Deferred inflows of other postemployment benefits	(49,774)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(470,355)</u>
Total net position - governmental activities	<u><u>\$ 85,460,860</u></u>

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2020

	General Fund (101/106)	Debt Service (300s)	2018 Public Improvements (475)
Revenues			
Taxes	\$ 5,218,715	\$ 1,483,576	\$ -
Special assessments	1,203	703,899	-
Licenses and permits	251,480	-	-
Intergovernmental	3,731,984	-	567,094
Charges for services	1,617,579	-	-
Fines and forfeitures	77,870	-	-
Investment earnings	137,228	34,237	1,666
Miscellaneous	1,198,160	-	3,475
Total revenues	<u>12,234,219</u>	<u>2,221,712</u>	<u>572,235</u>
Expenditures			
Current			
General government	2,605,957	-	-
Public safety	3,971,645	-	-
Public works	3,086,069	-	-
Culture and recreation	2,197,312	-	-
Economic development	-	-	-
Airport	500,696	-	-
Capital outlay			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	4,813
Culture and recreation	-	-	-
Airport	-	-	-
Debt service			
Principal	-	3,613,490	-
Interest and other	-	1,010,283	-
Total expenditures	<u>12,361,679</u>	<u>4,623,773</u>	<u>4,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(127,460)</u>	<u>(2,402,061)</u>	<u>567,422</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	-	-
Transfers in	300,000	3,764,768	-
Bonds issued	-	-	-
Premium on bonds issued	-	-	-
Transfers out	-	(153)	-
Total other financing sources (uses)	<u>300,000</u>	<u>3,764,615</u>	<u>-</u>
Net change in fund balances	172,540	1,362,554	567,422
Fund Balances, January 1	<u>7,239,435</u>	<u>6,290,378</u>	<u>(2,229,999)</u>
Fund Balances, December 31	<u>\$ 7,411,975</u>	<u>\$ 7,652,932</u>	<u>\$ (1,662,577)</u>

2020 Public Improvements (476)	City Hall Building (494)	Other Governmental Funds	Totals
\$ -	\$ -	\$ 3,053,108	\$ 9,755,399
-	-	113,791	818,893
-	-	-	251,480
-	-	1,965,407	6,264,485
-	-	301,521	1,919,100
-	-	4,254	82,124
5,509	37,386	113,526	329,552
775,456	922	118,934	2,096,947
<u>780,965</u>	<u>38,308</u>	<u>5,670,541</u>	<u>21,517,980</u>
-	-	34,895	2,640,852
-	-	157,736	4,129,381
775,456	1,970	34,889	3,898,384
-	-	1,807,333	4,004,645
-	-	1,141,331	1,141,331
-	-	46,256	546,952
-	-	13,840	13,840
-	-	540,321	540,321
1,278,254	4,586,625	1,072,701	6,942,393
126,508	-	435,563	562,071
-	-	266,478	266,478
-	-	-	3,613,490
9,823	106,725	9,943	1,136,774
<u>2,190,041</u>	<u>4,695,320</u>	<u>5,561,286</u>	<u>29,436,912</u>
<u>(1,409,076)</u>	<u>(4,657,012)</u>	<u>109,255</u>	<u>(7,918,932)</u>
-	-	103,137	103,137
-	-	1,254,771	5,319,539
424,535	6,170,000	360,000	6,954,535
25,429	456,474	22,255	504,158
-	-	(5,019,386)	(5,019,539)
<u>449,964</u>	<u>6,626,474</u>	<u>(3,279,223)</u>	<u>7,861,830</u>
(959,112)	1,969,462	(3,169,968)	(57,102)
-	374,319	15,272,649	26,946,782
<u>\$ (959,112)</u>	<u>\$ 2,343,781</u>	<u>\$ 12,102,681</u>	<u>\$ 26,889,680</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, 2020

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

Net change in fund balances - governmental funds	\$ (57,102)
<p>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.</p>	
Capital outlay	8,325,068
Depreciation expense	(6,295,079)
<p>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.</p>	
Bonds issued	(6,954,535)
Premium on bonds issued	(504,158)
Principal repayments	3,613,490
Bond premiums amortization	200,765
<p>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.</p>	
	(68,287)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	301,926
<p>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.</p>	
Property taxes	52,783
Special assessments	(698,512)
<p>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.</p>	
Compensated absences	(68,240)
Other postemployment benefits costs	(49,081)
	(117,321)
Change in net position - governmental activities	\$ (2,200,962)

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 5,390,747	\$ 5,390,747	\$ 5,218,715	\$ (172,032)
Licenses and permits	291,990	291,990	251,480	(40,510)
Special assessments	-	-	1,203	1,203
Intergovernmental	3,137,512	3,137,512	3,731,984	594,472
Charges for services	2,229,746	2,229,746	1,617,579	(612,167)
Fines and forfeitures	111,450	111,450	77,870	(33,580)
Investment earnings	125,000	125,000	137,228	12,228
Miscellaneous	1,128,118	1,128,118	1,198,160	70,042
Total revenues	<u>12,414,563</u>	<u>12,414,563</u>	<u>12,234,219</u>	<u>(180,344)</u>
Expenditures				
Current				
General government	2,746,226	2,746,226	2,605,957	(140,269)
Public safety	4,048,032	4,048,032	3,971,645	(76,387)
Public works	3,019,446	3,019,446	3,086,069	66,623
Culture and recreation	2,596,167	2,596,167	2,197,312	(398,855)
Airport	496,566	496,566	500,696	4,130
Total expenditures	<u>12,906,437</u>	<u>12,906,437</u>	<u>12,361,679</u>	<u>(544,758)</u>
Excess of revenues over (under) expenditures	(491,874)	(491,874)	(127,460)	364,414
Other Financing Sources				
Transfers in	300,000	300,000	300,000	-
Net change in fund balances	<u>\$ (191,874)</u>	<u>\$ (191,874)</u>	172,540	<u>\$ 364,414</u>
Fund Balance				
Beginning of year			<u>7,239,435</u>	
End of year			<u>\$ 7,411,975</u>	

City of Marshall
Statement of Net Position - Proprietary Funds
December 31, 2020

	Wastewater Treatment (602)	Municipal Liquor Store (609)	Surface Water Management (630)	Totals
Assets				
Current assets				
Cash and temporary investments	\$ 6,077,641	\$ 875,049	\$ 2,705,564	\$ 9,658,254
Restricted assets				
Debt service	1,993,674	1,720,672	283,228	3,997,574
Receivables				
Interest	6,551	3,166	4,803	14,520
Accounts	121,571	265	4,225	126,061
Special assessments	-	-	33,153	33,153
Intergovernmental	269,233	-	-	269,233
Due from component units	608,046	-	210,604	818,650
Inventories	-	816,587	-	816,587
Prepaid items	32,610	12,465	3,548	48,623
Total current assets	<u>9,109,326</u>	<u>3,428,204</u>	<u>3,245,125</u>	<u>15,782,655</u>
Noncurrent assets				
Capital assets				
Land	199,134	48,603	265,135	512,872
Construction in progress	13,034,881	-	1,275,425	14,310,306
Buildings	168,472	2,359,862	-	2,528,334
Improvements other than buildings	28,001,430	123,122	-	28,124,552
Systems and infrastructure	21,482,320	-	17,309,364	38,791,684
Equipment and machinery	3,222,895	177,894	356,215	3,757,004
Total capital assets	<u>66,109,132</u>	<u>2,709,481</u>	<u>19,206,139</u>	<u>88,024,752</u>
Less accumulated depreciation	<u>(35,095,765)</u>	<u>(475,082)</u>	<u>(7,848,166)</u>	<u>(43,419,013)</u>
Total noncurrent assets	<u>31,013,367</u>	<u>2,234,399</u>	<u>11,357,973</u>	<u>44,605,739</u>
Total assets	<u>40,122,693</u>	<u>5,662,603</u>	<u>14,603,098</u>	<u>60,388,394</u>
Deferred Outflows of Resources				
Deferred inflows related to pensions	60,811	25,926	-	86,737
Deferred inflows related to OPEB	9,648	1,525	-	11,173
Total deferred outflows of resources	<u>70,459</u>	<u>27,451</u>	<u>-</u>	<u>97,910</u>
Liabilities				
Current liabilities				
Accounts payable	84,568	140,286	5,418	230,272
Contracts payable	832,466	-	2,603	835,069
Due to component unit	136,182	2,068	1,126	139,376
Due to other governments	428	78,284	112	78,824
Accrued interest payable	110,259	5,152	40,460	155,871
Accrued salaries payable	45,486	13,699	-	59,185
Unearned revenue	-	11,711	-	11,711
Compensated absences payable	62,953	10,735	-	73,688
Notes from direct borrowings - current portion	727,000	-	-	727,000
Bonds payable - current portion	1,266,674	215,000	283,228	1,764,902
Total current liabilities	<u>3,266,016</u>	<u>476,935</u>	<u>332,947</u>	<u>4,075,898</u>
Noncurrent liabilities				
Compensated absences payable	150,549	32,731	-	183,280
Other postemployment benefit obligation	74,448	11,767	-	86,215
Pension liability	619,095	263,939	-	883,034
Notes from direct borrowings - noncurrent portion	10,464,701	-	-	10,464,701
Bonds payable - noncurrent portion	5,356,414	1,930,000	3,379,032	10,665,446
Premium or discount on bonds payable	212,003	-	177,749	389,752
Total noncurrent liabilities	<u>16,877,210</u>	<u>2,238,437</u>	<u>3,556,781</u>	<u>22,672,428</u>
Total liabilities	<u>20,143,226</u>	<u>2,715,372</u>	<u>3,889,728</u>	<u>26,748,326</u>
Deferred inflows of resources related to pension activity				
Deferred inflows related to OPEB	7,647	1,209	-	8,856
Deferred inflows related to pensions	27,112	11,559	-	38,671
Total deferred inflows of resources	<u>34,759</u>	<u>12,768</u>	<u>-</u>	<u>47,527</u>
Net Position				
Net investment in capital assets	12,986,575	89,399	8,177,538	21,253,512
Restricted for debt service	1,993,674	1,720,672	283,228	3,997,574
Unrestricted	5,034,918	1,151,843	2,252,604	8,439,365
Total net position	<u>\$ 20,015,167</u>	<u>\$ 2,961,914</u>	<u>\$ 10,713,370</u>	<u>\$ 33,690,451</u>

See notes to financial statements.

City of Marshall
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2020

	Wastewater Treatment (602)	Municipal Liquor Store (609)	Surface Water Management (630)	Totals
Operating revenues				
Charges for services	\$ 5,338,470	\$ -	\$ 1,223,517	\$ 6,561,987
Sales	-	6,860,252	-	6,860,252
Cost of sales	-	(4,923,147)	-	(4,923,147)
Total operating revenues/gross profit	<u>5,338,470</u>	<u>1,937,105</u>	<u>1,223,517</u>	<u>8,499,092</u>
Operating expenses				
Salaries and benefits	1,147,006	447,836	-	1,594,842
Supplies	310,473	53,245	1,722	365,440
Repairs and maintenance	190,344	5,213	33,279	228,836
Other services and charges	1,419,877	208,425	379,577	2,007,879
Insurance	36,801	16,608	9,877	63,286
Utilities	266,688	30,281	20,912	317,881
Depreciation	1,707,187	93,481	528,821	2,329,489
Total operating expenses	<u>5,078,376</u>	<u>855,089</u>	<u>974,188</u>	<u>6,907,653</u>
Operating income (loss)	260,094	1,082,016	249,329	1,591,439
Nonoperating revenues (expenses)				
Property taxes	-	-	4	4
Special assessments	-	-	2,987	2,987
Other income	-	5,478	-	5,478
Grants and contributions	7,857	6,934	9,920	24,711
Investment earnings (loss)	122,744	17,122	29,325	169,191
Refunds and reimbursements	35,488	1,808	5,427	42,723
Rents	15,282	-	-	15,282
Gain (loss) on disposal of assets	9,300	-	-	9,300
Bond (discount) premium amortization	43,616	-	14,124	57,740
Bond issuance costs	-	-	(43,501)	(43,501)
Interest and other expense	(245,879)	(69,254)	(75,866)	(390,999)
Total nonoperating revenues (expenses)	<u>(11,592)</u>	<u>(37,912)</u>	<u>(57,580)</u>	<u>(107,084)</u>
Income before capital contributions and transfers	248,502	1,044,104	191,749	1,484,355
Transfers out	-	(300,000)	-	(300,000)
Change in net position	248,502	744,104	191,749	1,184,355
Net position, January 1	<u>19,766,665</u>	<u>2,217,810</u>	<u>10,521,621</u>	<u>32,506,096</u>
Net position, December 31	<u>\$ 20,015,167</u>	<u>\$ 2,961,914</u>	<u>\$ 10,713,370</u>	<u>\$ 33,690,451</u>

See notes to financial statements.

City of Marshall
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2020

	Wastewater Treatment (602)	Municipal Liquor Store (609)	Surface Water Management (630)	Totals
Cash Flows - Operating Activities				
Receipts from customers and users	\$ 5,357,208	\$ 6,864,411	\$ 1,215,917	\$ 13,437,536
Payments to suppliers and vendors	(2,793,022)	(5,304,269)	(440,776)	(8,538,067)
Payments to and on behalf of employees	(1,232,405)	(442,847)	-	(1,675,252)
Other receipts	50,770	7,286	5,427	63,483
Net cash Provided (Used) by operating activities	<u>1,382,551</u>	<u>1,124,581</u>	<u>780,568</u>	<u>3,287,700</u>
Cash Flows - Noncapital Financing Activities				
Transfer to other funds	-	(300,000)	-	(300,000)
Cash Flows - Capital and Related Financing Activities				
Acquisition of capital assets	(7,793,697)	(9,978)	(1,138,811)	(8,942,486)
Proceeds from sales of capital assets	15,407	-	-	15,407
Proceeds from bonds and notes issued, net of discounts/premiums issued	7,742,079	-	1,789,922	9,532,001
Principal paid on long-term debt	(1,791,154)	(210,000)	(281,355)	(2,282,509)
State grants	-	6,225	9,920	16,145
Federal grants	6,195	-	-	6,195
Interest paid on long-term debt	(226,145)	(69,648)	(62,439)	(358,232)
Bond issuance costs	-	-	(43,501)	(43,501)
Property taxes received/adjusted	-	-	10	10
Special assessments received	-	-	6,124	6,124
Net cash provided (used) by capital and related financing activities	<u>(2,047,315)</u>	<u>(283,401)</u>	<u>279,870</u>	<u>(2,050,846)</u>
Cash Flows - Investing Activities				
Interest received on cash and investments	116,464	18,232	24,644	159,340
Net increase (decrease) in cash and cash equivalents	(548,300)	559,412	1,085,082	1,096,194
Cash and Cash Equivalents				
January 1	8,619,615	2,036,309	1,903,710	12,559,634
December 31	<u>\$ 8,071,315</u>	<u>\$ 2,595,721</u>	<u>\$ 2,988,792</u>	<u>\$ 13,655,828</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Cash and temporary investments				
Unrestricted	\$ 6,077,641	\$ 875,049	\$ 2,705,564	\$ 9,658,254
Restricted - debt service	1,993,674	1,720,672	283,228	3,997,574
Total Cash and Cash Equivalents	<u>\$ 8,071,315</u>	<u>\$ 2,595,721</u>	<u>\$ 2,988,792</u>	<u>\$ 13,655,828</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided(Used) by Operating Activities				
Operating income (Loss)	\$ 260,094	\$ 1,082,016	\$ 249,329	\$ 1,591,439
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Other income related to operations	50,770	7,286	5,427	63,483
Depreciation	1,707,187	93,481	528,821	2,329,489
(Increase) decrease in assets				
Accounts receivable	30,230	(195)	-	30,035
Due from component units	(15,707)	-	(7,600)	(23,307)
Due from other governments	4,215	-	-	4,215
Inventories	-	(58,401)	-	(58,401)
Prepaid items	(6,680)	(12)	5,145	(1,547)
Increase (decrease) in liabilities				
Accounts payable	(673,984)	(22,928)	(2,429)	(699,341)
Contracts payable	-	-	2,603	2,603
Due to other governments	195	14,061	(33)	14,223
Due to component unit	111,630	(70)	(695)	110,865
Accrued salaries payable	20,771	5,427	-	26,198
Compensated absences payable	(26,785)	6,891	-	(19,894)
Unearned revenue	-	4,354	-	4,354
Pension related activity	(89,734)	(7,971)	-	(97,705)
Other postemployment benefit activity	10,349	642	-	10,991
Net cash provided (used) by operating activities	<u>\$ 1,382,551</u>	<u>\$ 1,124,581</u>	<u>\$ 780,568</u>	<u>\$ 3,287,700</u>
Noncash Investing, Capital and Financing Activities				
Book value of disposed/traded of capital assets	\$ 15,407	\$ -	\$ -	15,407
Amortization of bond (premium) discount	(43,616)	-	(14,124)	(57,740)

See notes to financial statements.

City of Marshall
Statement of Fiduciary Net Position
December 31, 2020

	Private Purpose Trust Fund (802)
Assets	
Current:	
Cash and investments	\$ 16,411
Interest receivable	20
Total assets	\$ 16,431
Net Position	
Held in trust	\$ 16,431

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2020

	Private Purpose Trust Fund (802)
Additions	
Investment income	\$ 148
Deductions	
Program expenditures	350
Change in net position	(202)
Net Position	
Beginning of year	16,633
End of year	\$ 16,431

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City of Marshall
Notes to 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 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 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, 2020, 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.

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

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.

2018 Public Improvement Capital Project Fund – This fund is used to account for street and utility improvements made to the City's infrastructure system.

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

City Hall Building Capital Project Fund – This fund accounts for costs associated with the construction project of City Hall.

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.

City of Marshall
Notes to 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):

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.

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.

City of Marshall
Notes to 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)

Minnesota Statutes authorizes the City to invest in 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.

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.

**City of Marshall
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

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.

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:

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

City of Marshall
Notes to 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-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.

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, 2020.

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 position 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 Statement 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 position 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 grants for subsequent years 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 related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

City of Marshall
Notes to 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

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.

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 accumulated one (1) day or 6 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 and the employee utilizes sick leave times. It shall first be withdrawn from the 960 hour portion and not from the accumulated sick leave.

City of Marshall
Notes to 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

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 31st 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.

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, 2020, the City has recorded estimated future costs under this plan of \$178,755.

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, 2019. 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.

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Long-Term Obligations (Continued)

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

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 \$3,997,574 and amounts designated for capital reserves are \$3,284,910.

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.

City of Marshall
Notes to 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)

- 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.
- 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.

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Information (Continued)

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.
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., personal 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, 2020:

Capital Projects	
2018 Public Improvements	\$(1,662,577)
2020 Public Improvements	(959,112)
2021 Public Improvements	<u>(3,003)</u>
 Total	 <u><u>\$(2,624,692)</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 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, 2020, 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, 2020, the City's deposits consisted of the following:

Checking	\$ 8,802,129
Certificates of deposit	11,116,504
Money market	<u>13,184,246</u>
Total Deposits	<u>\$ 33,102,879</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. The City was not exposed to concentration of credit risk as none of their investments exceeded 5% of total investments.

City of Marshall
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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.

As of December 31, 2020, the City had the following investments:

Types of Investments	Credit Quality/ Ratings (1)	Primary Government		Fair Value Measurement Using		
		Segmented Time Distribution (2)	Amount	Level 1	Level 2	Level 3
Investments at Amortized Cost						
Broker Money Market Funds	N/A	less than 1 year	\$ 3,468,999	-	-	-
Real Estate	N/A	less than 1 year	1,148,206			
Investments at Fair Value						
Federal Agency Bonds and Notes	N/A	less than 1 year	70,952	-	70,952	-
Federal Agency Bonds and Notes	N/A	1 to 5 years	637,713	-	637,713	-
Federal Agency Bonds and Notes	N/A	more than 5 years	1,373,421	-	1,373,421	-
Municipal Bonds	Aaa	less than 1 year	926,752	-	926,752	-
Municipal Bonds	Aa1 to Aaa, A to AAA	1 to 5 years	6,401,148	-	6,401,148	-
Municipal Bonds	Aa1 to Aaa	more than 5 years	409,462	-	409,462	-
Certificate Of Deposit	N/A	less than 6 months	631,504	-	631,504	-
Certificate Of Deposit	N/A	6 months to 1 year	1,983,018	-	1,983,018	-
Certificate Of Deposit	N/A	1 to 3 years	747,652	-	747,652	-
Total Primary Government			<u>\$ 17,798,827</u>	<u>\$ -</u>	<u>\$ 13,181,622</u>	<u>\$ -</u>

Types of Investments	Credit Quality/ Ratings (1)	Component Units		Fair Value Measurement Using		
		Segmented Time Distribution (2)	Amount	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	\$ 3,463,528	\$ -	\$ -	\$ -
Investments at Fair Value						
U.S Treasury Notes	N/A	1 to 5 years	693,491	-	693,491	-
U.S Treasury Notes	N/A	more than 5 years	440,093	-	440,093	-
Federal Agency Bonds and Notes	N/A	1 to 5 years	1,948,216	-	1,948,216	-
Federal Agency Bonds and Notes	N/A	more than 5 years	1,800,301	-	1,800,301	-
Federal Agency Mortgage Pools	N/A	more than 5 years	920,383	-	920,383	-
Municipal Bonds	A+ to AAA	less than 1 year	2,645,924	-	2,645,924	-
Municipal Bonds	A+ to AAA	1 to 5 years	10,608,577	-	10,608,577	-
Municipal Bonds	A+ to AAA	more than 5 years	4,418,131	-	4,418,131	-
Total Marshall Municipal Utilities Investments			<u>26,938,644</u>	<u>-</u>	<u>23,475,116</u>	<u>-</u>
Total Investments			<u>\$ 44,737,471</u>	<u>\$ -</u>	<u>\$ 36,656,738</u>	<u>\$ -</u>

- (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.

City of Marshall
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The City has the following recurring fair value measurements as of December 31, 2020:

- Investments of \$36,656,738 are valued using a matrix pricing model (Level 2 inputs)

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.)	\$ 26,454,239	\$ 4,737,866	\$ 535,463	\$ 1,358,900
Cash on Hand	3,893	1,600	-	-
Investments (Note 3 B.)	17,798,827	26,938,644	-	-
Total	<u>44,256,959</u>	<u>31,678,110</u>	<u>535,463</u>	<u>1,358,900</u>
Cash and Temporary Investments	40,259,385	25,360,617	527,672	1,358,900
Restricted Assets	3,997,574	6,317,493	7,791	-
Total	<u>\$ 44,256,959</u>	<u>\$ 31,678,110</u>	<u>\$ 535,463</u>	<u>\$ 1,358,900</u>
	Fiduciary Funds	Total		
Deposits (Note 3 A.)	\$ 16,411	\$ 33,102,879		
Cash on Hand	-	5,493		
Investments (Note 3 B.)	-	44,737,471		
Total	<u>16,411</u>	<u>77,845,843</u>		
Cash and Temporary Investments	16,411	67,522,985		
Restricted Assets	-	10,322,858		
Total	<u>\$ 16,411</u>	<u>\$ 77,845,843</u>		

City of Marshall
Notes to 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			
	General	Debt Service	Nonmajor Governmental	Total
Transfers out				
Debt service	\$ -	\$ 153	\$ -	\$ 153
Nonmajor governmental	-	3,764,615	1,254,771	5,019,386
Municipal liquor store	300,000	-	-	300,000
Total transfers out	\$ 300,000	\$ 3,764,768	\$ 1,254,771	\$ 5,319,539

B. Interfund Receivables/Payables

The following balances arise from negative cash balances in the debtor fund or temporary funding for various projects:

Due From/To Other Funds

Fund	Due from Other Funds	Due to Other Funds
General	\$ -	\$ 153,601
Nonmajor governmental	675,636	522,035
Total	\$ 675,636	\$ 675,636

City of Marshall
Notes to Financial Statements

NOTE 4 – INTERFUND ACTIVITY (CONTINUED)

B. Interfund Receivables/Payables (Continued)

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

Due to Primary Government from Component Unit

<u>Receivable Entity/Fund</u>	<u>Payable Entity/Fund</u>	<u>Amount</u>
Primary Government	Component unit	
General	Marshall Municipal Utilities	\$ 3,684
Nonmajor governmental	Marshall Municipal Utilities	23,561
Nonmajor governmental	Economic Development Authority	167,074
Enterprise		
Wastewater Treatment	Marshall Municipal Utilities	608,046
Surface Water Management	Marshall Municipal Utilities	210,604
		<hr/>
Total		<u>\$ 1,012,969</u>

Due to Component Unit from Primary Government

<u>Receivable Fund/Entity</u>	<u>Payable Fund/Entity</u>	<u>Amount</u>
Component Unit	Primary Government	
Marshall Municipal Utilities	General	\$ 63,278
Marshall Municipal Utilities	Nonmajor governmental	16,528
Marshall Municipal Utilities	Wastewater Treatment enterprise	136,182
Marshall Municipal Utilities	Municipal Liquor Store enterprise	2,068
Marshall Municipal Utilities	Surface Water Management enterprise	1,126
		<hr/>
Total		<u>\$ 219,182</u>

Due to Component Unit from other Component Unit

<u>Receivable Fund/Entity</u>	<u>Payable Fund/Entity</u>	<u>Amount</u>
Component Unit	Component Unit	
Marshall Municipal Utilities	Economic Development Authority	\$ 17
		<hr/>

NOTE 5 – NOTES RECEIVABLE

Loans were made by the EDA Parkway Housing Fund and EDA Revolving Fund, the balances of which are \$210,575 and \$5,000, respectively, as of December 31, 2020. 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 \$29,680 as of December 31, 2020, net of an allowance of \$861,085. Marshall Municipal Utilities has issued a loan for energy efficiency that has a balance of \$14,054 as of December 31, 2020.

City of Marshall
Notes to Financial Statements

NOTE 6 – CAPITAL ASSETS

Primary Government

Capital asset activity for the primary government for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 7,320,348	\$ -	\$ -	\$ 7,320,348
Construction in progress	4,146,722	5,989,145	3,893,729	6,242,138
Total capital assets not being depreciated	<u>11,467,070</u>	<u>5,989,145</u>	<u>3,893,729</u>	<u>13,562,486</u>
Capital assets being depreciated				
Buildings	45,315,120	178,180	28,118	45,465,182
Improvements other than Building	29,188,792	379,638	-	29,568,430
Infrastructure	65,257,176	4,495,778	185,168	69,567,786
Equipment and Machinery	11,104,942	1,176,056	135,056	12,145,942
Library Books	923,228	-	-	923,228
Total capital assets being depreciated	<u>151,789,258</u>	<u>6,229,652</u>	<u>348,342</u>	<u>157,670,568</u>
Less accumulated depreciated for				
Buildings	11,681,083	1,313,853	28,118	12,966,818
Improvements other than Building	16,292,857	1,094,580	-	17,387,437
Infrastructure	31,135,625	3,089,701	185,168	34,040,158
Equipment and Machinery	7,145,274	764,315	135,056	7,774,533
Library Books	862,537	32,630	-	895,167
Total accumulated depreciation	<u>67,117,376</u>	<u>6,295,079</u>	<u>348,342</u>	<u>73,064,113</u>
Total capital assets being depreciated, net	<u>84,671,882</u>	<u>(65,427)</u>	<u>-</u>	<u>84,606,455</u>
Governmental activities, capital assets, net	<u>\$ 96,138,952</u>	<u>\$ 5,923,718</u>	<u>\$ 3,893,729</u>	<u>\$ 98,168,941</u>

City of Marshall
Notes to Financial Statements

NOTE 6 – CAPITAL ASSETS (CONTINUED)

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

General Government	\$ 285,131
Public Safety	452,675
Public Works	3,367,854
Culture and Recreation	1,288,994
Airport	<u>900,425</u>

Total Depreciation Expense - Governmental Activities	<u><u>\$ 6,295,079</u></u>
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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 512,872	\$ -	\$ -	\$ 512,872
Construction in progress	<u>4,695,278</u>	<u>9,696,500</u>	<u>81,472</u>	<u>14,310,306</u>
Total capital assets not being depreciated	<u>5,208,150</u>	<u>9,696,500</u>	<u>81,472</u>	<u>14,823,178</u>
Capital assets being depreciated				
Buildings	2,528,334	-	-	2,528,334
Improvements other than buildings	28,124,552	-	-	28,124,552
Infrastructure	38,721,033	95,565	24,914	38,791,684
Equipment and machinery	<u>3,738,555</u>	<u>64,359</u>	<u>45,910</u>	<u>3,757,004</u>
Total capital assets being depreciated	<u>73,112,474</u>	<u>159,924</u>	<u>70,824</u>	<u>73,201,574</u>
Less accumulated depreciated for				
Buildings	333,378	68,137	-	401,515
Improvements other than buildings	20,835,596	894,438	-	21,730,034
Infrastructure	17,458,146	1,133,995	24,914	18,567,227
Equipment and machinery	<u>2,527,121</u>	<u>232,919</u>	<u>39,803</u>	<u>2,720,237</u>
Total accumulated depreciation	<u>41,154,241</u>	<u>2,329,489</u>	<u>64,717</u>	<u>43,419,013</u>
Total capital assets being depreciated, net	<u>31,958,233</u>	<u>(2,169,565)</u>	<u>6,107</u>	<u>29,782,561</u>
Business-type activities capital assets, net	<u><u>\$ 37,166,383</u></u>	<u><u>\$ 7,526,935</u></u>	<u><u>\$ 87,579</u></u>	<u><u>\$ 44,605,739</u></u>

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

Wastewater Treatment	\$ 1,707,187
Municipal Liquor Store	93,481
Surface Water Management	<u>528,821</u>

Total Depreciation Expense - Business-type Activities	<u><u>\$ 2,329,489</u></u>
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City of Marshall
Notes to 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, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Marshall Municipal Utilities				
Capital assets not being depreciated				
Construction in progress	<u>\$ 3,008,119</u>	<u>\$ 8,756,681</u>	<u>\$ 269,881</u>	<u>\$ 11,494,919</u>
Capital assets being depreciated				
Electric production plant	3,324,745	-	-	3,324,745
Electric transmission line	16,404,370	35,780	-	16,440,150
Electric distribution system	57,773,623	1,295,920	133,137	58,936,406
Transportation and general	9,524,235	490,860	89,109	9,925,986
Water utility	<u>58,888,917</u>	<u>17,657</u>	<u>100</u>	<u>58,906,474</u>
Total capital assets being depreciated	<u>145,915,890</u>	<u>1,840,217</u>	<u>222,346</u>	<u>147,533,761</u>
Less accumulated depreciated for				
Electric production plant	2,719,932	66,470	-	2,786,402
Electric transmission line	10,534,124	522,856	-	11,056,980
Electric distribution system	27,861,867	2,426,488	133,137	30,155,218
Transportation and general	7,348,354	561,846	89,109	7,821,091
Water utility	<u>31,128,954</u>	<u>1,301,693</u>	<u>100</u>	<u>32,430,547</u>
Total accumulated depreciation	<u>79,593,231</u>	<u>4,879,353</u>	<u>222,346</u>	<u>84,250,238</u>
Total capital assets being depreciated, net	<u>66,322,659</u>	<u>(3,039,136)</u>	<u>-</u>	<u>63,283,523</u>
Capital assets, net	<u>\$ 69,330,778</u>	<u>\$ 5,717,545</u>	<u>\$ 269,881</u>	<u>\$ 74,778,442</u>

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

Business-type Activities	
Marshall Municipal Utilities - Water	\$ 1,390,165
Marshall Municipal Utilities - Electric	<u>3,489,188</u>
Total	<u>\$ 4,879,353</u>

City of Marshall
Notes to Financial Statements

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the Marshall Housing Commission for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Marshall Housing Commission				
Capital assets not being depreciated				
Land	\$ 514,965	\$ -	\$ -	\$ 514,965
Capital assets being depreciated				
Buildings	8,308,802	298,943	-	8,607,745
Equipment and machinery	192,826	1,600	-	194,426
Total capital assets being depreciated	<u>8,501,628</u>	<u>300,543</u>	<u>-</u>	<u>8,802,171</u>
Less accumulated depreciated	<u>6,138,711</u>	<u>255,931</u>	<u>-</u>	<u>6,394,642</u>
Total capital assets being depreciated, net	<u>2,362,917</u>	<u>44,612</u>	<u>-</u>	<u>2,407,529</u>
Capital assets, net	<u>\$ 2,877,882</u>	<u>\$ 44,612</u>	<u>\$ -</u>	<u>\$ 2,922,494</u>

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

Business-type Activities	
Marshall Housing Commission	<u>\$ 255,931</u>

City of Marshall
Notes to Financial Statements

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the Economic Development Authority for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Economic Development Authority				
Capital assets not being depreciated				
Land improvements	\$ 12,920	\$ -	\$ -	\$ 12,920
Less accumulated depreciated for				
Land improvements	<u>7,267</u>	<u>647</u>	<u>-</u>	<u>7,914</u>
Total capital assets being depreciated, net	<u>5,653</u>	<u>(647)</u>	<u>-</u>	<u>5,006</u>
Capital assets, net	<u><u>\$ 5,653</u></u>	<u><u>\$ (647)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,006</u></u>

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

Governmental Activities	
Economic Development Authority	<u><u>\$ 647</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.

City of Marshall
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT

A. Components of Long-Term Liabilities (Continued)

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	\$ 435,000
G.O. Equipment Certificates of 2013A	860,000	2.00 - 3.00	08/01/13	02/01/23	305,000
G.O. Bonds of 2015A	1,710,000	2.00 - 3.00	01/01/15	02/01/31	1,300,000
G.O. Bonds of 2016B	705,000	2.00	06/23/16	02/01/25	290,000
G.O. Bonds of 2017A	170,000	2.00 - 3.00	07/13/17	02/01/23	105,000
G.O. Bonds of 2020A	6,170,000	2.00 - 5.00	02/27/20	02/01/40	6,170,000
G.O. Equipment Certificates of 2020B	360,000	2.00	07/09/20	02/01/28	360,000
Total General Obligation Bonds					<u>\$ 8,965,000</u>

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
2021	\$ 505,000	\$ 262,579	\$ 767,579
2022	735,000	244,264	979,264
2023	605,000	221,946	826,946
2024	480,000	202,159	682,159
2025	500,000	183,209	683,209
2026 - 2030	2,325,000	656,364	2,981,364
2031 - 2035	1,875,000	320,466	2,195,466
2036 - 2040	1,940,000	114,811	2,054,811
Total	<u>\$ 8,965,000</u>	<u>\$ 2,205,798</u>	<u>\$ 11,170,798</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	\$ 510,000
G.O. Tax Increment Revenues Bonds of 2017B	2,930,000	0.70 - 2.70	10/26/17	02/01/33	2,125,000
Total G.O. Tax Increment Bonds					<u>\$ 2,635,000</u>

City of Marshall
Notes to 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:

<u>Year Ending December 31,</u>	G.O. Tax Increment Bonds Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 405,000	\$ 64,497	\$ 469,497
2022	170,000	58,075	228,075
2023	175,000	53,588	228,588
2024	-	51,225	51,225
2025	100,000	50,100	150,100
2026 - 2030	1,035,000	186,513	1,221,513
2031 - 2033	750,000	34,050	784,050
Total	<u>\$ 2,635,000</u>	<u>\$ 498,048</u>	<u>\$ 3,133,048</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.

<u>Description</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance at Year End</u>
G.O. Tax Abatement Bonds of 2016C	\$ 2,810,000	2.00 - 3.00 %	06/23/16	02/01/37	\$ 2,460,000

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

<u>Year Ending December 31,</u>	G.O. Tax Abatement Bonds Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 120,000	\$ 60,800	\$ 180,800
2022	125,000	58,350	183,350
2023	125,000	55,850	180,850
2024	130,000	53,300	183,300
2025	130,000	50,700	180,700
2026 - 2030	695,000	212,025	907,025
2031 - 2035	790,000	112,050	902,050
2036 - 2038	345,000	10,425	355,425
Total	<u>\$ 2,460,000</u>	<u>\$ 613,500</u>	<u>\$ 3,073,500</u>

City of Marshall
Notes to 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	\$ 605,000
G.O. Improvement Bonds of 2012A	2,550,000	2.00 - 2.55	06/01/12	02/01/28	765,000
G.O. Improvement Bonds of 2013A	2,785,000	2.00 - 3.00	08/01/13	02/01/25	1,305,000
G.O. Improvement Bonds of 2014B	15,735,000	3.13 - 5.00	07/23/14	02/01/28	10,050,000
G.O. Improvement Bonds of 2014C	1,955,000	2.00 - 3.00	07/23/14	02/01/26	920,000
G.O. Improvement Bonds of 2015B	895,000	3.00 - 4.00	07/22/15	02/01/24	445,000
G.O. Improvement Bonds of 2016B	1,500,000	2.00	06/23/16	02/01/25	940,000
G.O. Improvement Bonds of 2017A	1,035,000	2.00 - 3.00	07/13/17	02/01/28	845,000
G.O. Improvement Bonds of 2017B	360,000	1.65 - 3.00	10/26/17	02/01/28	295,000
G.O. Improvement Bonds of 2018A	2,328,608	3.13 - 4.00	07/25/18	02/01/34	2,145,118
G.O. Improvement Bonds of 2020B	424,535	2.00	07/09/20	02/01/28	424,535
Total G.O. Improvement Bonds					<u>\$ 18,739,653</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
2021	\$ 2,500,099	\$ 624,871	\$ 3,124,970
2022	2,471,872	533,652	3,005,524
2023	2,509,668	438,196	2,947,864
2024	2,506,016	339,497	2,845,513
2025	2,231,016	243,823	2,474,839
2026 - 2030	6,008,210	373,056	6,381,266
2031 - 2034	512,772	33,341	546,113
Total	<u>\$ 18,739,653</u>	<u>\$ 2,586,436</u>	<u>\$ 21,326,089</u>

City of Marshall
Notes to 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	\$ 480,000
G.O. Utility and Improvement Bonds of 2011A - Wastewater	960,000	0.50 - 4.00	09/15/11	02/01/27	500,000
G.O. Utility and Improvement Bonds of 2011B - Storm	335,000	0.50 - 4.00	10/01/11	02/01/27	180,000
G.O. Utility and Improvement Bonds of 2011B - Wastewater	205,000	0.50 - 4.00	10/01/11	02/01/27	105,000
G.O. Utility and Improvement Bonds of 2012A - Wastewater	1,775,000	2.00 - 2.55	06/01/12	02/01/28	1,010,000
G.O. Utility and Improvement Bonds of 2014C - Wastewater	1,420,000	2.00 - 3.00	07/23/14	02/01/25	750,000
G.O. Utility and Improvement Bonds of 2015B - Wastewater	860,000	3.00 - 4.00	07/22/15	02/01/24	455,000
G.O. Utility and Improvement Bonds of 2016B - Wastewater	305,553	2.00	06/23/16	02/01/25	196,186
G.O. Utility and Improvement Bonds of 2016B - Storm	1,049,447	2.00	06/23/16	02/01/25	673,815
G.O. Utility and Improvement Bonds of 2016D - Wastewater	3,630,000	2.00	06/23/16	02/01/27	2,635,000
G.O. Utility and Improvement Bonds of 2017B - Wastewater	1,140,000	2.00	06/23/16	02/01/25	395,000
G.O. Utility and Improvement Bonds of 2017A - Storm	85,000	2.00 - 3.00	07/13/17	02/01/23	65,000
G.O. Utility and Improvement Bonds of 2018A - Wastewater	619,850	3.13 - 4.00	07/25/18	02/01/34	576,902
G.O. Utility and Improvement Bonds of 2018A - Storm	631,542	3.13 - 4.00	07/25/18	02/01/34	577,980
G.O. Utility and Improvement Bonds of 2020B - Storm	1,685,465	2.00	07/09/20	02/01/31	<u>1,685,465</u>
Total G.O. Revenue Bonds					<u><u>\$ 10,285,348</u></u>

City of Marshall
Notes to 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:

<u>Year Ending December 31,</u>	G.O. Revenue Bonds Business-type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,549,902	\$ 244,232	\$ 1,794,134
2022	1,368,129	208,571	1,576,700
2023	1,400,331	172,691	1,573,022
2024	1,443,984	133,919	1,577,903
2025	1,308,984	98,009	1,406,993
2026 - 2030	2,796,790	171,307	2,968,097
2031 - 2034	417,228	21,421	438,649
Total	<u>\$ 10,285,348</u>	<u>\$ 1,050,150</u>	<u>\$ 11,335,498</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.

<u>Description</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance at Year End</u>
Lease Revenue Bond of 2015	\$ 3,240,000	1.05 - 3.10 %	02/10/15	12/01/29	\$ 2,145,000

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

<u>Year Ending December 31,</u>	Revenue Bonds Business-type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 215,000	\$ 61,823	\$ 276,823
2022	220,000	56,555	276,555
2023	225,000	50,835	275,835
2024	230,000	44,872	274,872
2025	235,000	38,318	273,318
2026 - 2029	1,020,000	80,135	1,100,135
Total	<u>\$ 2,145,000</u>	<u>\$ 332,538</u>	<u>\$ 2,477,538</u>

City of Marshall
Notes to 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, 2020, the City had drawn \$11,737,701 on this note and have made \$546,000 in principal payments. The amortization schedule below represents the entire liability once the project is complete and all draws have been made. The remaining balance is expected to be drawn in 2021.

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	08/20/1939	\$ 11,191,701

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
2021	\$ 727,000	\$ 169,758	\$ 896,758
2022	734,000	144,050	878,050
2023	742,000	136,710	878,710
2024	749,000	129,290	878,290
2025	757,000	121,800	878,800
2026 - 2030	3,898,000	493,961	4,391,961
2031 - 2034	4,097,000	295,141	4,392,141
2035 - 2039	3,428,015	86,131	3,514,146
Total	<u>\$ 15,132,015</u>	<u>\$ 1,576,841</u>	<u>\$ 16,708,856</u>

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.

City of Marshall
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Utility Revenue Bonds					
Series 2009	\$ 5,000,000	4 %	\$ 39,931	\$ 45,474	\$ 1,615,000
Series 2010	6,635,000	3 %	40,500	45,839	2,555,000
Series 2011	4,290,000	3 %	40,857	44,743	1,950,000
Series 2012	5,500,000	2 %	41,061	46,569	2,785,000
Series 2013	6,355,000	3 %	41,626	46,935	3,685,000
Series 2014	4,025,000	3 %	41,753	47,300	2,635,000
Series 2016	7,310,000	2 %	42,481	45,108	3,045,000
Total Revenue Bonds					<u>\$ 18,270,000</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
	2021	\$ 3,645,000	\$ 646,436
2022	3,245,000	535,919	3,780,919
2023	2,915,000	429,040	3,344,040
2024	2,420,000	323,137	2,743,137
2025	2,060,000	222,063	2,282,063
2026 - 2029	3,985,000	272,310	4,257,310
Total	<u>\$ 18,270,000</u>	<u>\$ 2,428,905</u>	<u>\$ 20,698,905</u>

City of Marshall
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 2,875,000	\$ 6,530,000	\$ 440,000	\$ 8,965,000	\$ 505,000
General obligation tax increment bonds	3,210,000	-	575,000	2,635,000	405,000
General obligation tax abatement bonds	2,580,000	-	120,000	2,460,000	120,000
General obligation improvement bonds	20,793,608	424,535	2,478,490	18,739,653	2,500,099
Unamortized bond premium	1,787,034	504,158	200,765	2,090,427	-
Total bonds payable	<u>31,245,642</u>	<u>7,458,693</u>	<u>3,814,255</u>	<u>34,890,080</u>	<u>3,530,099</u>
Compensated absences payable	<u>1,076,389</u>	<u>455,878</u>	<u>387,638</u>	<u>1,144,629</u>	<u>103,477</u>
Governmental activity long-term liabilities	<u>\$ 32,322,031</u>	<u>\$ 7,914,571</u>	<u>\$ 4,201,893</u>	<u>\$ 36,034,709</u>	<u>\$ 3,633,576</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities					
Bonds payable					
General obligation revenue bonds	\$ 10,126,392	\$ 1,685,465	\$ 1,526,509	\$ 10,285,348	\$ 1,549,902
Revenue bonds	2,355,000	-	210,000	2,145,000	215,000
PFA notes	4,463,363	7,274,338	546,000	11,191,701	727,000
Unamortized bond premium	343,035	104,457	57,740	389,752	-
Total bonds payable	<u>17,287,790</u>	<u>9,064,260</u>	<u>2,340,249</u>	<u>24,011,801</u>	<u>2,491,902</u>
Compensated absences payable	<u>276,862</u>	<u>65,243</u>	<u>85,137</u>	<u>256,968</u>	<u>73,688</u>
Business-type activity long-term liabilities	<u>\$ 17,564,652</u>	<u>\$ 9,129,503</u>	<u>\$ 2,425,386</u>	<u>\$ 24,268,769</u>	<u>\$ 2,565,590</u>

City of Marshall
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Liabilities (Continued)

Component Unit Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Marshall Municipal Utilities					
Revenue bonds	\$ 21,805,000	\$ -	\$ 3,535,000	\$ 18,270,000	\$ 3,645,000
Accrued transmission reserve	1,180,025	-	-	1,180,025	-
Compensated absences payable	731,245	-	91,933	639,312	-
Unamortized bond discount	(15,519)	-	6,945	(8,574)	-
Component Unit					
Long-term liabilities	<u>\$ 23,700,751</u>	<u>\$ -</u>	<u>\$ 3,633,878</u>	<u>\$ 20,080,763</u>	<u>\$ 3,645,000</u>
Marshall Housing Commission					
Compensated Absences Payable	<u>\$ 59,232</u>	<u>\$ -</u>	<u>\$ 6,704</u>	<u>\$ 52,528</u>	<u>\$ 8,709</u>

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, 2020, the following issues were outstanding:

Name	Date of Issue	Original Amount of Issue	Balance Outstanding as of 12/31/20
Lake View Memorial Hospital	2005	\$ 5,600,000	\$ 2,796,960

City of Marshall
Notes to Financial Statements

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 2020 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2020, 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, 2020 was \$496,072. The components of pension expense are noted in the following plan summaries.

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

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.

City of Marshall
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

A. Plan Description (Continued)

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 a local relief association 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.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, 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. For 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.

City of Marshall
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

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. Beginning in 2019, the postretirement increase was 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. For 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 2020 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, 2020, were \$479,230. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 11.3% of pay to 11.8% and employer rates increased from 16.95% to 17.7% on January 1, 2020. The City's contributions to the Police and Fire Fund for the year ended December 31, 2020, were \$270,285. The City's contributions were equal to the required contributions as set by state statute.

City of Marshall
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2020, the City reported a liability of \$4,616,502 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 \$142,402. The net pension liability was measured as of June 30, 2020, 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0770% at the end of the measurement period and 0.0755% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 4,616,502
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>142,402</u>
Total	<u><u>\$ 4,758,904</u></u>

For the year ended December 31, 2020, the City recognized pension expense of \$339,780 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$12,393 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 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, 2020, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 41,254	\$ 17,467
Changes in actuarial assumptions	-	168,741
Net collective difference between projected and actual investment earnings	88,201	-
Changes in proportion	84,389	15,960
Contributions paid to PERA subsequent to the measurement date	<u>239,615</u>	<u>-</u>
Total	<u><u>\$ 453,459</u></u>	<u><u>\$ 202,168</u></u>

The \$239,615 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, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2021	\$ (238,331)
2022	30,101
2023	108,369
2024	<u>111,537</u>
Total	<u><u>\$ 11,676</u></u>

City of Marshall
Notes to 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, 2020, the City reported a liability of \$1,967,588 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the City's proportionate share was 0.1503% at the end of the measurement period and 0.1519% for the beginning of the period.

The State of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state aid was paid on October 1, 2019. 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 fire 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.

As a result, 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, Current Reporting Period Only (pension allocation schedules) for the \$4.5 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, 2020, the City recognized pension expense of \$225,955 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$14,364 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$4.5 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 fire state aid. The City also recognized \$46,689 for the year ended December 31, 2020, 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 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, 2020, 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.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 87,788	\$ 93,265
Changes in actuarial assumptions	658,170	1,255,992
Net collective difference between projected and actual investment earnings	59,470	-
Changes in proportion	80,512	56,742
Contributions paid to PERA subsequent to the measurement date	<u>135,143</u>	<u>-</u>
Total	<u><u>\$ 1,021,083</u></u>	<u><u>\$ 1,405,999</u></u>

The \$135,143 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2021	\$ (147,803)
2022	(539,366)
2023	78,828
2024	89,726
2025	<u>(1,444)</u>
Total	<u><u>\$ (520,059)</u></u>

City of Marshall
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

	<u>General Employees Fund</u>	<u>Police and Fire Fund</u>
Inflation	2.25 % Per Year	2.50 % Per year
Salary increase	3.00 % Per Year	3.25 % Per year
Investment rate of return	7.50 %	7.50 %

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and 1.0% per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation. The most recent four-year experience study for Police and Fire Plan was completed in 2020. The recommended assumptions for that plan was adopted by the Board and will be effective with the July 1, 2021, actual valuation if approved by the Legislature.

The following changes in actuarial assumptions occurred in 2020:

General Employees Fund

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 changes 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.

City of Marshall
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

General Employees Fund (Continued)

Changes in Actuarial Assumptions: (Continued)

- 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.

Police and Fire Fund

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.

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:

City of Marshall
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

General Employees Fund (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term</u>
Domestic stocks	35.5 %	5.10 %
International stocks	17.5	5.30
Bonds (fixed income)	20.0	0.75
Alternative assets (private markets)	25.0	5.90
Cash	2.0	0.00
Total	<u>100 %</u>	

Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.5%. 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 positions of the General Employees Fund and the Police and Fire Fund were 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.

City of Marshall
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. 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 (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the General Employees Fund net pension liability	\$ 7,398,651	\$ 4,616,502	\$ 2,321,452
	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the Police and Fire Fund net pension liability	\$ 2,611,023	\$ 1,967,588	\$ 221,319

H. 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.

City of Marshall
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees Defined Contribution Plan (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.

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% (.0025) 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 2020 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,967	\$ 1,967	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, 2020, were \$9,037.

Detailed information concerning the Commission's pension plan is presented in its publicly available annual report for the year ended September 30, 2020. That report may be obtained by contacting the Commission.

City of Marshall
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter'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*.

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 Fire Fighter'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, 2018, the following members were covered by the benefit terms:

Inactive members entitled to but not yet receiving benefits	11
Active members	<u>41</u>
Total	<u><u>52</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 \$106,308 made by the State of Minnesota for the Relief Association.

City of Marshall
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

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

E. Net Pension Liability

The City's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019.

Actuarial Assumptions:

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 %
Investment rate of return	6.0 %, 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 below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	60.00 %	4.76 %
Fixed income	30.00	2.01
Real estate and alternatives	5.00	4.53
Cash and equivalents	5.00	0.74
 Total	 <u>100.00 %</u>	

Discount Rate:

The discount rate used to measure the total pension liability was 6.0%. 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 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 (a) - (b)
Balances at January 1, 2020	\$ 2,607,365	\$ 3,221,609	\$ (614,244)
Changes for the year			
Service cost	116,491	-	116,491
Interest cost	157,417	-	157,417
State contributions	-	106,308	(106,308)
Contributions - donations and other income	-	223	(223)
Net investment income	-	330,106	(330,106)
Benefit payments	(200,478)	(200,478)	-
Administrative expense	-	(9,750)	9,750
Net changes	<u>73,430</u>	<u>226,409</u>	<u>(152,979)</u>
Balances at December 31, 2020	<u>\$ 2,680,795</u>	<u>\$ 3,448,018</u>	<u>\$ (767,223)</u>

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 6.0%, 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 (5.0%) or 1-percentage-point higher (7.0%) than the current rate:

	1% Decrease 5.0%	Current Discount Rate 6.0%	1% Increase 7.00%
City's net pension liability (asset)	<u>\$ (701,304)</u>	<u>\$ (767,223)</u>	<u>\$ (830,268)</u>

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 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, 2020, the City recognized pension expense of (\$71,630). At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 260,313
Changes of assumptions	56,007	5,039
Net difference between projected and actual earnings on pension plan investments	-	212,478
Total	\$ 56,007	\$ 477,830

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

Year Ending	Total
2021	\$ (151,798)
2022	(89,924)
2023	(148,934)
2024	(29,680)
2025	(598)
Thereafter	(889)
Total	\$ (421,823)

H. Payable to the Pension Plan

At December 31, 2020, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2020.

City of Marshall
Notes to 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 2020, the City had implicit contributions of \$20,572 to the plan.

D. Members

As of December 31, 2018, the following were covered by the benefit terms:

Retirees electing coverage	19
Actives waiving coverage	8
Active employees	90
Total	117

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, 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

Investment rate of return	N/A
Salary increases	N/A
Inflation	2.50%
Healthcare cost trend increases	6.40% initially, gradually decreasing to an ultimate rate of 4.00% in 2075
Mortality assumption	RP-2014 mortality tables with projected mortality improvements based on scale MP-2017, and other adjustments.

City of Marshall
Notes to Financial Statements

NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of an actuarial experience study for the period January 1, 2019 – December 31, 2019.

The discount rate used to measure the total OPEB liability was 2.75% which is equal to the 20 Year Municipal Bond Yield.

F. Total OPEB Liability

The City's total OPEB liability of \$570,799 was measured as of December 31, 2020, and was determined by an actuarial valuation as of December 31, 2019.

	<u>Total OPEB Liability</u>
Balances at January 1, 2020	\$ 491,555
Changes for the year	
Service cost	59,020
Interest	20,045
Changes of assumptions	20,751
Benefit payments	<u>(20,572)</u>
Net changes	<u>79,244</u>
Balances at December 31, 2020	<u>\$ 570,799</u>

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

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

The General Fund typically liquidates the liability related to OPEB.

City of Marshall
Notes to 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 2.75% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability		
1% decrease (1.75%)	Current (2.75%)	1% increase (3.75%)
\$ 618,701	\$ 570,799	\$ 527,079

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 (5.4% decreasing to 3.0%)	Current (6.4% decreasing to 4.0%)	1% increase (7.4% decreasing to 5.0%)
\$ 508,658	\$ 570,799	\$ 645,462

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$78,408. At December 31, 2020, 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
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ -
Differences between expected and actual economic experience	-	58,630
Changes of assumptions	53,397	-
Contributions subsequent to the measurement date	20,572	-
	\$ 73,969	\$ 58,630
Total	\$ 73,969	\$ 58,630

City of Marshall
Notes to 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 \$20,572 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as follows:

<u>Year Ending</u> <u>December 31,</u>	
2021	\$ (657)
2022	(657)
2023	(657)
2024	(657)
2025	(657)
Thereafter	<u>(1,948)</u>
Total	<u>\$ (5,233)</u>

NOTE 12 – COMMITMENTS

At December 31, 2020, the City had outstanding construction contract commitments totaling \$4,469,704 for the Wastewater Improvement Project and the City Hall Renovation.

NOTE 13 – SUBSEQUENT EVENTS

Pursuant to a resolution adopted by the City Council on April 13, 2021, the City authorized the sale of its General Obligation Bonds, Series 2021A, in the amount of \$1,965,000 to finance street reconstruction and bituminous overlays, certain improvements under an approved capital improvement plan, the purchase of items of capital equipment, and other public improvements. The City also authorized the sale of its General Obligation State Aid Bonds, Series 2021B, in the amount of \$2,310,000 to provide financing for state aid improvements in anticipation of the allocation of municipal state aid funds.

NOTE 14 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending December 31, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

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

	December 31, 2020	December 31, 2019	December 31, 2018
Total OPEB Liability			
Service cost	\$ 59,020	\$ 53,044	\$ 46,291
Interest	20,045	17,550	17,579
Differences between expected and actual experience	-	(74,431)	-
Changes of assumptions	20,751	29,640	17,186
Benefit payments	(20,572)	(22,807)	(15,171)
Net change in total OPEB liability	<u>79,244</u>	<u>2,996</u>	<u>65,885</u>
Beginning of year	<u>491,555</u>	<u>488,559</u>	<u>422,674</u>
End of year	<u>\$ 570,799</u>	<u>\$ 491,555</u>	<u>\$ 488,559</u>
Covered-employee payroll	\$ 5,045,093	\$ 6,221,055	\$ 7,183,783
Total OPEB liability as a percentage of covered-employee payroll	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
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 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
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.

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

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
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

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
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

	2020	2019	2018	2017
Total Pension Liability (TPL)				
Service cost	\$ 116,491	\$ 134,662	\$ 131,058	\$ 138,841
Interest	157,417	165,189	173,655	234,533
Differences between expected and actual experience	-	(69,133)	-	(504,956)
Changes of assumptions	-	64,058	-	(579)
Changes of benefit terms	-	-	-	-
Benefit payments, including refunds or member contributions	(200,478)	-	(867,453)	(656,455)
Net change in total pension liability	<u>73,430</u>	<u>294,776</u>	<u>(562,740)</u>	<u>(788,616)</u>
Beginning of year	<u>2,607,365</u>	<u>2,312,589</u>	<u>2,875,329</u>	<u>3,663,945</u>
End of year	<u>\$ 2,680,795</u>	<u>\$ 2,607,365</u>	<u>\$ 2,312,589</u>	<u>\$ 2,875,329</u>
Plan Fiduciary Net Position (FNP)				
Contributions - State and local	\$ 106,308	\$ 100,826	\$ 108,906	\$ 156,757
Contributions - donations and other income	223	-	8,454	-
Net investment income	330,106	482,227	(147,725)	514,498
Benefit payments, including refunds of member contributions	(200,478)	-	(867,453)	(656,455)
Administrative expense	(9,750)	(9,925)	(9,975)	(9,152)
Other	-	-	-	-
Net change in plan fiduciary net position	<u>226,409</u>	<u>573,128</u>	<u>(907,793)</u>	<u>5,648</u>
Beginning of year	<u>3,221,609</u>	<u>2,648,481</u>	<u>3,556,274</u>	<u>3,550,626</u>
End of year	<u>\$ 3,448,018</u>	<u>\$ 3,221,609</u>	<u>\$ 2,648,481</u>	<u>\$ 3,556,274</u>
Net Pension Liability (NPL)	<u>\$ (767,223)</u>	<u>\$ (614,244)</u>	<u>\$ (335,892)</u>	<u>\$ (680,945)</u>
Plan fiduciary net position as a percentage of the total pension liability	128.6%	123.6%	114.5%	123.7%
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.

<u>2016</u>	<u>2015</u>
\$ 151,873	\$ 128,480
206,225	203,955
-	-
(44,795)	34,723
88,384	59,012
<u>(45,890)</u>	<u>(254,609)</u>
<u>355,797</u>	<u>171,561</u>
<u>3,308,148</u>	<u>3,136,587</u>
<u>\$ 3,663,945</u>	<u>\$ 3,308,148</u>

\$ 124,166	\$ 103,127
-	-
269,176	(45,718)
(45,890)	(254,609)
(8,530)	(11,275)
-	-
<u>338,922</u>	<u>(208,475)</u>
<u>3,211,704</u>	<u>3,420,179</u>
<u>\$ 3,550,626</u>	<u>\$ 3,211,704</u>
<u>\$ 113,319</u>	<u>\$ 96,444</u>

96.9%	97.1%
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N/A	N/A
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N/A	N/A
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City of Marshall
Schedule of Employer Contributions
and Non-Employer Contributing
Entities - Fire Relief Association

	2020	2019	2018	2017
Employer				
Statutorily determined contribution (SDC)	\$ -	\$ -	\$ 1,654	\$ 48,227
Contribution made	-	-	(1,654)	(48,227)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution deficiency (excess)				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Non-employer				
2% aid	\$ 104,308	\$ 100,826	\$ 100,252	\$ 101,530

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>2016</u>	<u>2015</u>	<u>2014</u>
\$ 21,501	\$ -	\$ 74,423
<u>(21,501)</u>	<u>-</u>	<u>(74,507)</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (84)</u></u>
\$ 100,664	\$ 101,127	\$ 95,892

City of Marshall
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND

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.

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.

City of Marshall
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND (CONTINUED)

2018 Changes Continued)

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.

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.

City of Marshall
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND (CONTINUED)

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

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.

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.

City of Marshall
Notes to Required Supplementary Information

POLICE AND FIRE FUND (CONTINUED)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- 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.
- 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 were 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

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.

2018 Changes

- 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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 4,783,647	\$ 4,783,647	\$ 4,746,308	\$ (37,339)
Lodging tax	175,000	175,000	137,713	(37,287)
Franchise fees	432,100	432,100	334,694	(97,406)
Total taxes	<u>5,390,747</u>	<u>5,390,747</u>	<u>5,218,715</u>	<u>(172,032)</u>
Special assessments	-	-	1,203	1,203
Licenses and permits				
Business	55,290	55,290	11,725	(43,565)
Nonbusiness	<u>236,700</u>	<u>236,700</u>	<u>239,755</u>	<u>3,055</u>
Total licenses and permits	<u>291,990</u>	<u>291,990</u>	<u>251,480</u>	<u>(40,510)</u>
Intergovernmental				
Federal				
Other Federal aid	<u>2,080</u>	<u>2,080</u>	<u>562,602</u>	<u>560,522</u>
State				
Local government aid	2,590,715	2,590,715	2,596,588	5,873
Property tax credits and aids	-	-	137	137
Airport grants	91,027	91,027	10,883	(80,144)
Other State aids	<u>383,590</u>	<u>383,590</u>	<u>478,018</u>	<u>94,428</u>
Total State	<u>3,065,332</u>	<u>3,065,332</u>	<u>3,085,626</u>	<u>20,294</u>
Local				
Other local grants	<u>70,100</u>	<u>70,100</u>	<u>83,756</u>	<u>13,656</u>
Total intergovernmental	<u>3,137,512</u>	<u>3,137,512</u>	<u>3,731,984</u>	<u>594,472</u>
Charges for services				
General government	39,983	39,983	44,108	4,125
Public safety	178,162	178,162	144,966	(33,196)
Public works	1,408,351	1,408,351	1,135,262	(273,089)
Culture and recreation	483,250	483,250	164,128	(319,122)
Miscellaneous	<u>120,000</u>	<u>120,000</u>	<u>129,115</u>	<u>9,115</u>
Total charges for services	<u>2,229,746</u>	<u>2,229,746</u>	<u>1,617,579</u>	<u>(612,167)</u>
Fines and forfeitures	<u>111,450</u>	<u>111,450</u>	<u>77,870</u>	<u>(33,580)</u>
Investment earnings	<u>125,000</u>	<u>125,000</u>	<u>137,228</u>	<u>12,228</u>
Miscellaneous				
Contributions and donations	972,479	972,479	996,009	23,530
Refunds and reimbursements	<u>155,639</u>	<u>155,639</u>	<u>202,151</u>	<u>46,512</u>
Total miscellaneous	<u>1,128,118</u>	<u>1,128,118</u>	<u>1,198,160</u>	<u>70,042</u>
Total revenues	<u>12,414,563</u>	<u>12,414,563</u>	<u>12,234,219</u>	<u>(180,344)</u>

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Expenditures				
Current				
General government				
Adult community center				
Personnel services	\$ 145,606	\$ 145,606	\$ 95,574	\$ (50,032)
Supplies	16,900	16,900	6,742	(10,158)
Other services and charges	17,046	17,046	11,284	(5,762)
Total adult community center	<u>179,552</u>	<u>179,552</u>	<u>113,600</u>	<u>(65,952)</u>
Appraising and assessing				
Personnel services	321,792	321,792	320,259	(1,533)
Supplies	1,750	1,750	436	(1,314)
Other services and charges	29,882	29,882	16,393	(13,489)
Total appraising and assessing	<u>353,424</u>	<u>353,424</u>	<u>337,088</u>	<u>(16,336)</u>
Cable commission				
Personnel services	164,144	164,144	165,550	1,406
Supplies	7,200	7,200	10,418	3,218
Other services and charges	11,761	11,761	9,637	(2,124)
Total cable commission	<u>183,105</u>	<u>183,105</u>	<u>185,605</u>	<u>2,500</u>
City administration				
Personnel services	473,101	473,101	491,206	18,105
Supplies	3,900	3,900	9,807	5,907
Other services and charges	69,524	69,524	51,955	(17,569)
Total City administration	<u>546,525</u>	<u>546,525</u>	<u>552,968</u>	<u>6,443</u>
Finance				
Personnel services	360,962	360,962	357,984	(2,978)
Supplies	36,124	36,124	16,967	(19,157)
Other services and charges	50,393	50,393	50,227	(166)
Total finance	<u>447,479</u>	<u>447,479</u>	<u>425,178</u>	<u>(22,301)</u>
General community development				
Supplies	167,450	167,450	123,987	(43,463)
Other services and charges	60,341	60,341	131,025	70,684
Total general community development	<u>227,791</u>	<u>227,791</u>	<u>255,012</u>	<u>27,221</u>
Information technology				
Supplies	26,589	26,589	22,257	(4,332)
Other services and charges	171,537	171,537	102,511	(69,026)
Total information technology	<u>198,126</u>	<u>198,126</u>	<u>124,768</u>	<u>(73,358)</u>
Legal				
Supplies	500	500	140	(360)
Other services and charges	130,954	130,954	133,698	2,744
Total legal	<u>131,454</u>	<u>131,454</u>	<u>133,838</u>	<u>2,384</u>

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Expenditures (continued)				
Current (continued)				
General government (continued)				
Mayor and Council				
Personnel services	\$ 54,322	\$ 54,322	\$ 49,684	\$ (4,638)
Supplies	21,700	21,700	12,516	(9,184)
Other services and charges	132,342	132,342	186,614	54,272
Total Mayor and Council	<u>208,364</u>	<u>208,364</u>	<u>248,814</u>	<u>40,450</u>
Municipal building maintenance				
Personnel services	187,123	187,123	196,410	9,287
Supplies	22,550	22,550	15,825	(6,725)
Other services and charges	60,733	60,733	16,851	(43,882)
Total building maintenance	<u>270,406</u>	<u>270,406</u>	<u>229,086</u>	<u>(41,320)</u>
Total general government	<u>2,746,226</u>	<u>2,746,226</u>	<u>2,605,957</u>	<u>(140,269)</u>
Public safety				
Animal impoundment				
Personnel services	25,704	25,704	28,444	2,740
Supplies	4,997	4,997	772	(4,225)
Other services and charges	7,008	7,008	4,116	(2,892)
Total animal impoundment	<u>37,709</u>	<u>37,709</u>	<u>33,332</u>	<u>(4,377)</u>
Chemical assessment team				
Personnel services	25,837	25,837	19,712	(6,125)
Supplies	20,262	20,262	20,965	703
Other services and charges	13,901	13,901	25,007	11,106
Total chemical assessment team	<u>60,000</u>	<u>60,000</u>	<u>65,684</u>	<u>5,684</u>
Emergency management services				
Supplies	2,500	2,500	21,517	19,017
Other services and charges	7,658	7,658	8,141	483
Total emergency management services	<u>10,158</u>	<u>10,158</u>	<u>29,658</u>	<u>19,500</u>
Fire services				
Personnel services	223,447	223,447	244,812	21,365
Supplies	105,600	105,600	113,733	8,133
Other services and charges	329,294	329,294	336,615	7,321
Total fire services	<u>658,341</u>	<u>658,341</u>	<u>695,160</u>	<u>36,819</u>
Police administration				
Personnel services	2,788,602	2,788,602	2,791,362	2,760
Supplies	146,297	146,297	72,634	(73,663)
Other services and charges	346,925	346,925	283,815	(63,110)
Total police administration	<u>3,281,824</u>	<u>3,281,824</u>	<u>3,147,811</u>	<u>(134,013)</u>
Total public safety	<u>4,048,032</u>	<u>4,048,032</u>	<u>3,971,645</u>	<u>(76,387)</u>

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Expenditures (continued)				
Current (continued)				
Public works				
Community planning				
Personnel services	\$ 474,876	\$ 474,876	\$ 444,820	\$ (30,056)
Supplies	26,100	26,100	18,819	(7,281)
Other services and charges	25,749	25,749	32,754	7,005
Total community planning	<u>526,725</u>	<u>526,725</u>	<u>496,393</u>	<u>(30,332)</u>
Engineering				
Personnel services	746,300	746,300	863,689	117,389
Supplies	28,550	28,550	35,003	6,453
Other services and charges	40,265	40,265	29,133	(11,132)
Total engineering	<u>815,115</u>	<u>815,115</u>	<u>927,825</u>	<u>112,710</u>
Street administration				
Personnel services	832,516	832,516	829,129	(3,387)
Supplies	463,800	463,800	470,361	6,561
Other services and charges	103,974	103,974	85,045	(18,929)
Total street administration	<u>1,400,290</u>	<u>1,400,290</u>	<u>1,384,535</u>	<u>(15,755)</u>
Street lighting				
Other services and charges	277,316	277,316	277,316	-
Total street lighting	<u>277,316</u>	<u>277,316</u>	<u>277,316</u>	<u>-</u>
Total public works	<u>3,019,446</u>	<u>3,019,446</u>	<u>3,086,069</u>	<u>66,623</u>
Culture and recreation				
Aquatic center				
Personnel services	118,111	118,111	72,818	(45,293)
Supplies	76,600	76,600	30,350	(46,250)
Other services and charges	63,941	63,941	37,409	(26,532)
Total aquatic center	<u>258,652</u>	<u>258,652</u>	<u>140,577</u>	<u>(118,075)</u>
Community education				
Personnel services	137,201	137,201	93,717	(43,484)
Supplies	27,000	27,000	19,519	(7,481)
Other services and charges	17,450	17,450	6,265	(11,185)
Total community education	<u>181,651</u>	<u>181,651</u>	<u>119,501</u>	<u>(62,150)</u>
Community services administration				
Personnel services	327,882	327,882	312,472	(15,410)
Supplies	15,500	15,500	10,403	(5,097)
Other services and charges	54,319	54,319	27,700	(26,619)
Total community services administration	<u>397,701</u>	<u>397,701</u>	<u>350,575</u>	<u>(47,126)</u>

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Expenditures (continued)				
Current (continued)				
Culture and recreation (continued)				
Library				
Other services and charges	\$ 655,134	\$ 655,134	\$ 655,134	\$ -
Community services youth activities				
Personnel services	15,304	15,304	3,456	(11,848)
Supplies	1,600	1,600	497	(1,103)
Other services and charges	8,500	8,500	-	(8,500)
Total community services youth activities	<u>25,404</u>	<u>25,404</u>	<u>3,953</u>	<u>(21,451)</u>
Municipal band				
Personnel services	11,603	11,603	314	(11,289)
Other services and charges	202	202	143	(59)
Total municipal band	<u>11,805</u>	<u>11,805</u>	<u>457</u>	<u>(11,348)</u>
Park maintenance and development				
Personnel services	439,706	439,706	403,003	(36,703)
Supplies	278,880	278,880	297,023	18,143
Other services and charges	95,646	95,646	84,030	(11,616)
Total park maintenance and development	<u>814,232</u>	<u>814,232</u>	<u>784,056</u>	<u>(30,176)</u>
Recreation				
Personnel services	182,688	182,688	113,726	(68,962)
Supplies	44,000	44,000	11,963	(32,037)
Other services and charges	24,900	24,900	17,370	(7,530)
Total recreation	<u>251,588</u>	<u>251,588</u>	<u>143,059</u>	<u>(108,529)</u>
Total culture and recreation	<u>2,596,167</u>	<u>2,596,167</u>	<u>2,197,312</u>	<u>(398,855)</u>
Airport				
Personnel services	254,567	254,567	284,434	29,867
Supplies	77,823	77,823	73,318	(4,505)
Other services and charges	164,176	164,176	142,944	(21,232)
Total airport	<u>496,566</u>	<u>496,566</u>	<u>500,696</u>	<u>4,130</u>
Total current	<u>12,906,437</u>	<u>12,906,437</u>	<u>12,361,679</u>	<u>(544,758)</u>
Total expenditures	<u>12,906,437</u>	<u>12,906,437</u>	<u>12,361,679</u>	<u>(544,758)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(491,874)</u>	<u>(491,874)</u>	<u>(127,460)</u>	<u>364,414</u>

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Other Financing Sources				
Transfers in	\$ 300,000	\$ 300,000	\$ 300,000	\$ -
Net change in fund balances	<u>\$ (191,874)</u>	<u>\$ (191,874)</u>	172,540	<u>\$ 364,414</u>
Fund Balance				
Beginning of year			<u>7,239,435</u>	
End of year			<u>\$ 7,411,975</u>	

City of Marshall
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2020

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
Assets			
Cash and temporary investments	\$ 7,260,059	\$ 3,855,377	\$ 11,115,436
Receivables			
Interest	8,585	4,249	12,834
Delinquent taxes	-	15,986	15,986
Accounts	20,787	84,421	105,208
Notes	32,180	-	32,180
Special assessments	-	431,698	431,698
Intergovernmental	380,202	214,462	594,664
Due from other funds	673,946	1,690	675,636
Due from component units	167,613	-	167,613
Prepaid items	35,749	-	35,749
Total assets	<u>\$ 8,579,121</u>	<u>\$ 4,607,883</u>	<u>\$ 13,187,004</u>
Liabilities			
Accounts payable	\$ 38,513	\$ 14,760	\$ 53,273
Due to other funds	-	522,035	522,035
Due to component unit	8,771	7,757	16,528
Due to other governments	9,503	-	9,503
Accrued salaries payable	35,300	-	35,300
Total liabilities	<u>92,087</u>	<u>544,552</u>	<u>636,639</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes	-	15,986	15,986
Unavailable revenue - special assessments	-	431,698	431,698
Total Deferred Inflows of Resources	<u>-</u>	<u>447,684</u>	<u>447,684</u>
Fund Balances			
Nonspendable			
Prepaid items	35,749	-	35,749
Restricted for			
Debt service	317,153	-	317,153
City celebrations	18,425	-	18,425
Economic development	2,151,375	-	2,151,375
Tax increment financing	4,361,185	-	4,361,185
Capital projects	-	241,872	241,872
Operations - Arena and MERIT	970,686	-	970,686
Library	84,823	-	84,823
Assigned for			
Staff separation	109,273	-	109,273
Library operations	92,137	-	92,137
Economic development	83,236	-	83,236
Capital projects	-	3,340,924	3,340,924
Driver education	61,934	-	61,934
ASC Arena	31,051	-	31,051
Park improvements	-	35,854	35,854
Emergency response and industrial training center	170,007	-	170,007
Unassigned	-	(3,003)	(3,003)
Total fund balances	<u>8,487,034</u>	<u>3,615,647</u>	<u>12,102,681</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,579,121</u>	<u>\$ 4,607,883</u>	<u>\$ 13,187,004</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2020

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
Revenues			
Taxes	\$ 2,369,987	\$ 683,121	\$ 3,053,108
Intergovernmental	1,136,833	828,574	1,965,407
Charges for services	292,666	8,855	301,521
Fines and forfeitures	4,254	-	4,254
Special assessments	-	113,791	113,791
Investment earnings	78,578	34,948	113,526
Other revenues	39,198	79,736	118,934
Total revenues	<u>3,921,516</u>	<u>1,749,025</u>	<u>5,670,541</u>
Expenditures			
Current			
General government	721	34,174	34,895
Public safety	146,873	10,863	157,736
Public works	-	34,889	34,889
Culture and recreation	1,788,690	18,643	1,807,333
Economic development	1,141,331	-	1,141,331
Airport	-	46,256	46,256
Capital outlay			
General government	-	13,840	13,840
Public safety	-	540,321	540,321
Public works	-	1,072,701	1,072,701
Culture and recreation	163,117	272,446	435,563
Airport	-	266,478	266,478
Debt service			
Interest and other		9,943	9,943
Total expenditures	<u>3,240,732</u>	<u>2,320,554</u>	<u>5,561,286</u>
Excess (Deficiency) of revenues over (under) expenditures	680,784	(571,529)	109,255
Other Financing Sources (Uses)			
Sale of capital assets	-	103,137	103,137
Transfers in	864,192	390,579	1,254,771
Bonds issued	-	360,000	360,000
Premium on bonds issued	-	22,255	22,255
Transfers out	(2,697,208)	(2,322,178)	(5,019,386)
Total other financing sources (uses)	<u>(1,833,016)</u>	<u>(1,446,207)</u>	<u>(3,279,223)</u>
Net change in fund balances	(1,152,232)	(2,017,736)	(3,169,968)
Fund Balances January 1, restated	<u>9,639,266</u>	<u>5,633,383</u>	<u>15,272,649</u>
Fund Balances, December 31	<u>\$ 8,487,034</u>	<u>\$ 3,615,647</u>	<u>\$ 12,102,681</u>

City of Marshall
Combining Balance Sheet -
Nonmajor Special Revenue Funds
December 31, 2020

	Marshall - Lyon County Library (211)	Marshall Celebrations (215)	Small Cities Development Program (220)	2018 Small Cities Development Program (221)
Assets				
Cash and temporary investments	\$ 327,954	\$ 18,402	\$ 78,156	\$ 35,718
Receivables				
Interest	380	23	95	183
Accounts	-	-	377	9,425
Notes	2,500	-	4,612	25,068
Intergovernmental	-	-	-	-
Due from other funds	-	-	-	-
Due from component units	-	-	-	-
Prepaid items	5,064	-	-	-
Total assets	<u>\$ 335,898</u>	<u>\$ 18,425</u>	<u>\$ 83,240</u>	<u>\$ 70,394</u>
Liabilities				
Accounts payable	20,759	-	4	60
Due to component unit	2,847	-	-	-
Due to other governments	23	-	-	-
Accrued salaries payable	20,972	-	-	-
Total liabilities	<u>44,601</u>	<u>-</u>	<u>4</u>	<u>60</u>
Fund Balances				
Nonspendable				
Prepaid items	5,064	-	-	-
Restricted				
Debt service	-	-	-	-
City celebrations	-	18,425	-	-
Economic development	-	-	-	70,334
Tax increment financing	-	-	-	-
Operations - Arena and MERIT	-	-	-	-
Library	84,823	-	-	-
Assigned				
Staff separation	109,273	-	-	-
Library operations	92,137	-	-	-
Economic development	-	-	83,236	-
Driver education	-	-	-	-
ASC Arena	-	-	-	-
Emergency response and industrial training center	-	-	-	-
Total fund balances	<u>291,297</u>	<u>18,425</u>	<u>83,236</u>	<u>70,334</u>
Total liabilities and fund balances	<u>\$ 335,898</u>	<u>\$ 18,425</u>	<u>\$ 83,240</u>	<u>\$ 70,394</u>

Tax Increment Financing (230)	Community Education Drivers Training (240)	Sales / Lodging Tax (256)	ASC Arena (258)	Emergency Response and Industrial Training Center (270)	Endowment - Avera / WMMC (280)	Total
\$ 3,526,074	\$ 71,299	\$ 909,713	\$ 42,716	\$ 168,986	\$ 2,081,041	\$ 7,260,059
5,234	100	2,339	39	192	-	8,585
-	-	4,985	6,000	-	-	20,787
-	-	-	-	-	-	32,180
-	-	370,802	3,150	6,250	-	380,202
673,946	-	-	-	-	-	673,946
167,074	-	-	-	539	-	167,613
-	-	-	21,401	9,284	-	35,749
<u>\$ 4,372,328</u>	<u>\$ 71,399</u>	<u>\$ 1,287,839</u>	<u>\$ 73,306</u>	<u>\$ 185,251</u>	<u>\$ 2,081,041</u>	<u>\$ 8,579,121</u>
11,058	-	-	4,466	2,166	-	38,513
85	-	-	5,157	682	-	8,771
-	9,465	-	-	15	-	9,503
-	-	-	11,231	3,097	-	35,300
<u>11,143</u>	<u>9,465</u>	<u>-</u>	<u>20,854</u>	<u>5,960</u>	<u>-</u>	<u>92,087</u>
-	-	-	21,401	9,284	-	35,749
-	-	317,153	-	-	-	317,153
-	-	-	-	-	-	18,425
-	-	-	-	-	2,081,041	2,151,375
4,361,185	-	-	-	-	-	4,361,185
-	-	970,686	-	-	-	970,686
-	-	-	-	-	-	84,823
-	-	-	-	-	-	109,273
-	-	-	-	-	-	92,137
-	-	-	-	-	-	83,236
-	61,934	-	-	-	-	61,934
-	-	-	31,051	-	-	31,051
-	-	-	-	170,007	-	170,007
<u>4,361,185</u>	<u>61,934</u>	<u>1,287,839</u>	<u>52,452</u>	<u>179,291</u>	<u>2,081,041</u>	<u>8,487,034</u>
<u>\$ 4,372,328</u>	<u>\$ 71,399</u>	<u>\$ 1,287,839</u>	<u>\$ 73,306</u>	<u>\$ 185,251</u>	<u>\$ 2,081,041</u>	<u>\$ 8,579,121</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Special Revenue Funds
December 31, 2020

	Marshall - Lyon County Library (211)	Marshall Celebrations (215)	Small Cities Development Program (220)	2018 Small Cities Development Program (221)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	991,488	-	-	125,209
Charges for services	2,691	-	-	-
Fines and forfeitures	4,254	-	-	-
Investment earnings	2,715	166	887	1,824
Other revenues	32,052	-	-	-
Total Revenues	<u>1,033,200</u>	<u>166</u>	<u>887</u>	<u>127,033</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	1,016,868	-	-	-
Economic development	-	-	69	426,009
Capital outlay				
Culture and recreation	6,412	-	-	-
Total Expenditures	<u>1,023,280</u>	<u>-</u>	<u>69</u>	<u>426,009</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>9,920</u>	<u>166</u>	<u>818</u>	<u>(298,976)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	61,000
Transfers out	-	-	(61,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(61,000)</u>	<u>61,000</u>
Net change in fund balances	9,920	166	(60,182)	(237,976)
Fund Balances, January 1	<u>281,377</u>	<u>18,259</u>	<u>143,418</u>	<u>308,310</u>
Fund Balances, December 31	<u>\$ 291,297</u>	<u>\$ 18,425</u>	<u>\$ 83,236</u>	<u>\$ 70,334</u>

Tax Increment Financing (230)	Community Education Drivers Training (240)	Sales / Lodging Tax (256)	ASC Arena (258)	Emergency Response and Industrial Training Center (270)	Endowment - Avera / WMMC (280)	Totals
\$ 361,523	\$ -	\$ 2,008,464	\$ -	\$ -	\$ -	\$ 2,369,987
-	-	-	4,004	16,132	-	1,136,833
-	58,240	-	181,540	50,195	-	292,666
-	-	-	-	-	-	4,254
(16,375)	737	15,917	543	1,266	70,898	78,578
-	-	-	5,384	1,762	-	39,198
<u>345,148</u>	<u>58,977</u>	<u>2,024,381</u>	<u>191,471</u>	<u>69,355</u>	<u>70,898</u>	<u>3,921,516</u>
-	-	721	-	-	-	721
-	-	-	-	146,873	-	146,873
-	59,359	-	712,463	-	-	1,788,690
715,253	-	-	-	-	-	1,141,331
-	-	-	156,705	-	-	163,117
<u>715,253</u>	<u>59,359</u>	<u>721</u>	<u>869,168</u>	<u>146,873</u>	<u>-</u>	<u>3,240,732</u>
<u>(370,105)</u>	<u>(382)</u>	<u>2,023,660</u>	<u>(677,697)</u>	<u>(77,518)</u>	<u>70,898</u>	<u>680,784</u>
-	-	-	610,692	162,500	30,000	864,192
(361,670)	-	(2,233,192)	-	-	(41,346)	(2,697,208)
(361,670)	-	(2,233,192)	610,692	162,500	(11,346)	(1,833,016)
(731,775)	(382)	(209,532)	(67,005)	84,982	59,552	(1,152,232)
<u>5,092,960</u>	<u>62,316</u>	<u>1,497,371</u>	<u>119,457</u>	<u>94,309</u>	<u>2,021,489</u>	<u>9,639,266</u>
<u>\$ 4,361,185</u>	<u>\$ 61,934</u>	<u>\$ 1,287,839</u>	<u>\$ 52,452</u>	<u>\$ 179,291</u>	<u>\$ 2,081,041</u>	<u>\$ 8,487,034</u>

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Marshall - Lyon County Library
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ 982,656	\$ 982,656	\$ 991,488	\$ 8,832
Charges for services	1,500	1,500	2,691	1,191
Fines and forfeitures	7,500	7,500	4,254	(3,246)
Investment earnings	750	750	2,715	1,965
Miscellaneous	20,800	20,800	32,052	11,252
Total revenues	<u>1,013,206</u>	<u>1,013,206</u>	<u>1,033,200</u>	<u>19,994</u>
Expenditures				
Current				
Culture and recreation	1,023,366	1,023,366	1,016,868	(6,498)
Capital outlay				
Culture and recreation	-	-	6,412	6,412
Total expenditures	<u>1,023,366</u>	<u>1,023,366</u>	<u>1,023,280</u>	<u>(86)</u>
Excess of revenues over (under) expenditures	<u>\$ (10,160)</u>	<u>\$ (10,160)</u>	9,920	<u>\$ 20,080</u>
Fund Balance				
Beginning of year			<u>281,377</u>	
End of year			<u>\$ 291,297</u>	

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Tax Increment Financing
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 305,000	\$ 305,000	\$ 361,523	\$ 56,523
Investment earnings	15,000	15,000	(16,375)	(31,375)
Total revenues	320,000	320,000	345,148	25,148
Expenditures				
Current				
Economic development	79,307	79,307	715,253	635,946
Excess of revenues over expenditures	240,693	240,693	(370,105)	(610,798)
Other Financing Uses				
Transfers out	(566,500)	(566,500)	(361,670)	204,830
Net change in fund balances	\$ (325,807)	\$ (325,807)	(731,775)	\$ (405,968)
Fund Balance				
Beginning of year			5,092,960	
End of year			\$ 4,361,185	

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Community Education Drivers Training
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Charges for services	\$ 53,000	\$ 53,000	\$ 58,240	\$ 5,240
Investment earnings	-	-	737	737
Total revenues	<u>53,000</u>	<u>53,000</u>	<u>58,977</u>	<u>5,977</u>
Expenditures				
Current				
Culture and recreation	<u>56,800</u>	<u>56,800</u>	<u>59,359</u>	<u>2,559</u>
Excess of revenues under expenditures	<u>\$ (3,800)</u>	<u>\$ (3,800)</u>	(382)	<u>\$ 3,418</u>
Fund Balance				
Beginning of year			<u>62,316</u>	
End of year			<u>\$ 61,934</u>	

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Sales / Lodging Tax
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
Revenues				
Taxes	\$ 2,067,594	\$ 2,067,594	\$ 2,008,464	\$ (59,130)
Investment earnings	1,000	1,000	15,917	14,917
Total revenues	2,068,594	2,068,594	2,024,381	(44,213)
Expenditures				
Current				
General government	-	-	721	721
Excess of revenues over expenditures	2,068,594	2,068,594	2,023,660	(44,934)
Other Financing Sources				
Transfers out	(2,133,192)	(2,133,192)	(2,233,192)	(100,000)
Net change in fund balances	\$ (64,598)	\$ (64,598)	(209,532)	\$ (144,934)
Fund Balance				
Beginning of year			1,497,371	
End of year			\$ 1,287,839	

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - ASC Arena
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Charges for services	\$ 204,000	\$ 204,000	\$ 185,544	\$ (18,456)
Investment earnings	500	500	543	43
Miscellaneous	-	-	5,384	5,384
Total revenues	<u>204,500</u>	<u>204,500</u>	<u>191,471</u>	<u>(13,029)</u>
Expenditures				
Current				
Culture and recreation	711,502	711,502	712,463	961
Capital outlay				
Culture and recreation	<u>130,000</u>	<u>130,000</u>	<u>156,705</u>	<u>26,705</u>
Total expenditures	<u>841,502</u>	<u>841,502</u>	<u>869,168</u>	<u>27,666</u>
Excess of revenues (under) expenditures	(637,002)	(637,002)	(677,697)	(40,695)
Other Financing Sources				
Transfers in	<u>510,692</u>	<u>510,692</u>	<u>610,692</u>	<u>100,000</u>
Net change in fund balances	<u>\$ (126,310)</u>	<u>\$ (126,310)</u>	(67,005)	<u>\$ 59,305</u>
Fund Balance				
Beginning of year			<u>119,457</u>	
End of year			<u>\$ 52,452</u>	

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 16,132	\$ 16,132
Charges for services	25,000	25,000	50,195	25,195
Investment earnings	500	500	1,266	766
Miscellaneous	-	-	1,762	1,762
Total revenues	<u>25,500</u>	<u>25,500</u>	<u>69,355</u>	<u>43,855</u>
Expenditures				
Current				
Public safety	<u>187,815</u>	<u>187,815</u>	<u>146,873</u>	<u>(40,942)</u>
Excess of revenues over (under) expenditures	(162,315)	(162,315)	(77,518)	84,797
Other Financing Sources				
Transfers in	<u>162,500</u>	<u>162,500</u>	<u>162,500</u>	<u>-</u>
Net change in fund balances	<u>\$ 185</u>	<u>\$ 185</u>	84,982	<u>\$ 84,797</u>
Fund Balance				
Beginning of year			<u>94,309</u>	
End of year			<u>\$ 179,291</u>	

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City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Endowment Avera / WMMC
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Investment earnings	\$ 15,000	\$ 15,000	\$ 70,898	\$ 55,898
Other Financing Sources (Uses)				
Transfers in	-	-	30,000	30,000
Transfers out	(78,500)	(78,500)	(41,346)	37,154
Total other financing sources (uses)	(78,500)	(78,500)	(11,346)	67,154
Net change in fund balances	<u>\$ (63,500)</u>	<u>\$ (63,500)</u>	59,552	<u>\$ 123,052</u>
Fund Balance				
Beginning of year			<u>2,021,489</u>	
End of year			<u>\$ 2,081,041</u>	

City of Marshall
Combining Balance Sheet -
Nonmajor Capital Project Funds
December 31, 2020

	Municipal State Aid (103)	Marshall Industrial Park (260)	Capital Equipment (401)	SMASC Ball Parks (413)
Assets				
Cash and temporary investments	\$ 524,828	\$ 1,135,828	\$ 796,091	\$ -
Receivables				
Interest	652	1,417	894	-
Delinquent taxes	-	-	12,522	-
Accounts	-	-	84,421	-
Special assessments				
Delinquent	-	-	-	-
Noncurrent	-	47,586	-	-
Intergovernmental	-	-	213,555	-
Due from other funds	-	-	-	-
	<u>525,480</u>	<u>1,184,831</u>	<u>1,107,483</u>	<u>-</u>
Total assets	<u>\$ 525,480</u>	<u>\$ 1,184,831</u>	<u>\$ 1,107,483</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ 50	\$ 1,478	\$ 11,919	\$ -
Due to other funds	-	-	135,000	-
Due to component unit	-	7,694	-	-
Total liabilities	<u>50</u>	<u>9,172</u>	<u>146,919</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	12,522	-
Unavailable revenue - special assessments	-	47,586	-	-
Total deferred inflows of resources	-	47,586	12,522	-
Fund Balances				
Restricted				
Capital projects	126,253	-	115,619	-
Assigned				
Capital projects	399,177	1,128,073	832,423	-
Park improvements	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>525,430</u>	<u>1,128,073</u>	<u>948,042</u>	<u>-</u>
	<u>525,480</u>	<u>1,184,831</u>	<u>1,107,483</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 525,480</u>	<u>\$ 1,184,831</u>	<u>\$ 1,107,483</u>	<u>\$ -</u>

Park Improvements (423)	2013 Amateur Sports Center (456)	2017 Public Improvements (462)	2021 Public Improvements (479)	MERIT Track Expansion (493)	Public Improvement Revolving (495)	Totals
\$ 35,731	\$ -	\$ -	\$ -	\$ -	\$ 1,362,899	\$ 3,855,377
123	-	-	-	-	1,163	4,249
-	-	-	-	-	3,464	15,986
-	-	-	-	-	-	84,421
-	-	-	-	-	480	480
-	-	-	-	-	383,632	431,218
-	-	-	-	-	907	214,462
-	-	-	-	-	1,690	1,690
<u>\$ 35,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,754,235</u>	<u>\$ 4,607,883</u>
\$ -	\$ -	\$ -	\$ 1,313	\$ -	\$ -	\$ 14,760
-	-	-	1,690	-	385,345	522,035
-	-	-	-	-	63	7,757
-	-	-	3,003	-	385,408	544,552
-	-	-	-	-	3,464	15,986
-	-	-	-	-	384,112	431,698
-	-	-	-	-	387,576	447,684
-	-	-	-	-	-	241,872
-	-	-	-	-	981,251	3,340,924
35,854	-	-	-	-	-	35,854
-	-	-	(3,003)	-	-	(3,003)
<u>35,854</u>	<u>-</u>	<u>-</u>	<u>(3,003)</u>	<u>-</u>	<u>981,251</u>	<u>3,615,647</u>
<u>\$ 35,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,754,235</u>	<u>\$ 4,607,883</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Capital Project Funds
December 31, 2020

	Municipal State Aid (103)	Marshall Industrial Park (260)	Capital Equipment (401)	SMASC Ball Parks (413)
Revenues				
Taxes	\$ -	\$ -	\$ 435,618	\$ -
Special assessments	-	8,158	-	-
Intergovernmental	-	-	371,205	-
Charges for services	-	8,855	-	-
Investment earnings	4,718	8,362	6,758	-
Other revenues	-	-	4,105	-
Total Revenues	<u>4,718</u>	<u>25,375</u>	<u>817,686</u>	<u>-</u>
Expenditures				
Current				
General government	-	23,061	11,113	-
Public safety	-	-	10,863	-
Public works	50	-	22,578	-
Culture and recreation	-	-	3,870	-
Airport	-	-	46,256	-
Capital outlay				
General government	-	-	13,840	-
Public safety	-	-	423,842	-
Public works	-	-	467,647	-
Culture and recreation	-	-	79,699	-
Airport	-	-	266,478	-
Debt service				
Interest and other	-	-	9,943	-
Total Expenditures	<u>50</u>	<u>23,061</u>	<u>1,356,129</u>	<u>-</u>
Excess (Deficiency) of revenues over (under) expenditures	4,668	2,314	(538,443)	-
Other Financing Sources (Uses)				
Sale of capital assets	-	18,870	84,267	-
Transfers in	-	-	-	390,579
Bonds issued	-	-	360,000	-
Premium on bonds issued	-	-	22,255	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>18,870</u>	<u>466,522</u>	<u>390,579</u>
Net change in fund balances	4,668	21,184	(71,921)	390,579
Fund Balances, January 1	<u>520,762</u>	<u>1,106,889</u>	<u>1,019,963</u>	<u>(390,579)</u>
Fund Balances, December 31	<u>\$ 525,430</u>	<u>\$ 1,128,073</u>	<u>\$ 948,042</u>	<u>\$ -</u>

Park Improvements (423)	2013 Amateur Sports Center (456)	2017 Public Improvements (462)	2021 Public Improvements (479)	MERIT Track Expansion (493)	Public Improvement Revolving (495)	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247,503	\$ 683,121
-	-	-	-	-	105,633	113,791
-	-	270,359	-	172,010	15,000	828,574
-	-	-	-	-	-	8,855
1,034	3,481	299	-	-	10,296	34,948
75,168	-	-	-	-	463	79,736
<u>76,202</u>	<u>3,481</u>	<u>270,658</u>	<u>-</u>	<u>172,010</u>	<u>378,895</u>	<u>1,749,025</u>
-	-	-	-	-	-	34,174
-	-	-	-	-	-	10,863
-	-	-	-	-	12,261	34,889
248	14,525	-	-	-	-	18,643
-	-	-	-	-	-	46,256
-	-	-	-	-	-	13,840
-	-	-	-	116,479	-	540,321
-	-	-	3,003	-	602,051	1,072,701
192,747	-	-	-	-	-	272,446
-	-	-	-	-	-	266,478
-	-	-	-	-	-	9,943
<u>192,995</u>	<u>14,525</u>	<u>-</u>	<u>3,003</u>	<u>116,479</u>	<u>614,312</u>	<u>2,320,554</u>
(116,793)	(11,044)	270,658	(3,003)	55,531	(235,417)	(571,529)
-	-	-	-	-	-	103,137
-	-	-	-	-	-	390,579
-	-	-	-	-	-	360,000
-	-	-	-	-	-	22,255
<u>(30,000)</u>	<u>(1,619,625)</u>	<u>(672,553)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,322,178)</u>
<u>(30,000)</u>	<u>(1,619,625)</u>	<u>(672,553)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,446,207)</u>
(146,793)	(1,630,669)	(401,895)	(3,003)	55,531	(235,417)	(2,017,736)
<u>182,647</u>	<u>1,630,669</u>	<u>401,895</u>	<u>-</u>	<u>(55,531)</u>	<u>1,216,668</u>	<u>5,633,383</u>
<u>\$ 35,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,003)</u>	<u>\$ -</u>	<u>\$ 981,251</u>	<u>\$ 3,615,647</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 450,000	\$ 450,000	\$ 435,618	\$ (14,382)
Intergovernmental	157,500	157,500	371,205	213,705
Investment earnings	-	-	6,758	6,758
Miscellaneous	-	-	4,105	4,105
Total revenues	<u>607,500</u>	<u>607,500</u>	<u>817,686</u>	<u>210,186</u>
Expenditures				
Current				
General government	-	-	11,113	11,113
Public safety	-	-	10,863	10,863
Public works	-	-	22,578	22,578
Culture and recreation	-	-	3,870	3,870
Airport	-	-	46,256	46,256
Capital outlay				
General government	8,250	8,250	13,840	5,590
Public safety	235,200	235,200	423,842	188,642
Public works	80,500	80,500	467,647	387,147
Culture and recreation	43,300	43,300	79,699	36,399
Airport	234,000	234,000	266,478	32,478
Debt service				
Interest and other charges	-	-	9,943	9,943
Total expenditures	<u>601,250</u>	<u>601,250</u>	<u>1,356,129</u>	<u>754,879</u>
Excess of revenues over (under) expenditures	<u>\$ 6,250</u>	<u>\$ 6,250</u>	(538,443)	<u>\$ (544,693)</u>
Other Financing Sources				
Sale of capital assets	-	-	84,267	84,267
Bonds issued	-	-	360,000	360,000
Premium on bonds issued	-	-	22,255	22,255
Total other financing sources	<u>-</u>	<u>-</u>	<u>466,522</u>	<u>466,522</u>
Net change in fund balances	<u>\$ 6,250</u>	<u>\$ 6,250</u>	(71,921)	<u>\$ (78,171)</u>
Fund Balance				
Beginning of year			<u>1,019,963</u>	
End of year			<u>\$ 948,042</u>	

**City of Marshall
Combining Balance Sheet -
Debt Service Funds
December 31, 2020**

	Marshall - Lyon County Library Debt (321)	2014B MERIT / SMASC (322)	2015A Bond (325)	2015 Public Improvement Bonds (359)
Assets				
Cash and temporary investments	\$ 129,441	\$ 1,252,762	\$ 56,247	\$ 60,279
Receivables				
Interest	116	-	43	139
Delinquent taxes	1,411	-	1,693	1,699
Special assessments				
Current	-	-	-	1,220
Delinquent	-	-	-	2,467
Deferred	-	-	-	276,467
Intergovernmental	176	-	220	206
	<u>\$ 131,144</u>	<u>\$ 1,252,762</u>	<u>\$ 58,203</u>	<u>\$ 342,477</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	\$ 1,411	\$ -	\$ 1,693	\$ 1,699
Unavailable revenue - special assessments	-	-	-	278,934
Total deferred inflows of resources	<u>1,411</u>	<u>-</u>	<u>1,693</u>	<u>280,633</u>
Fund Balances				
Restricted for				
Debt service	129,733	1,252,762	56,510	61,844
Total fund balances	<u>129,733</u>	<u>1,252,762</u>	<u>56,510</u>	<u>61,844</u>
	<u>\$ 131,144</u>	<u>\$ 1,252,762</u>	<u>\$ 58,203</u>	<u>\$ 342,477</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 131,144</u>	<u>\$ 1,252,762</u>	<u>\$ 58,203</u>	<u>\$ 342,477</u>

2016B G.O. Various Purpose Bonds (360)	2017A Public Improvement Bonds (362)	2010 Public Improvement Bonds (368)	2011 Public Improvement Bonds (369)	2011A G.O. Tax Increment Bonds (370)
\$ 501,069	\$ 166,997	\$ -	\$ 95,800	\$ 669,769
508	125	-	64	691
8,395	4,179	-	2,844	6
602	-	-	-	938
2,266	-	-	1,025	-
297,788	-	-	21,059	13,458
1,061	652	-	352	-
<u>\$ 811,689</u>	<u>\$ 171,953</u>	<u>\$ -</u>	<u>\$ 121,144</u>	<u>\$ 684,862</u>
\$ 8,395	\$ 4,179	\$ -	\$ 2,844	\$ 6
300,054	-	-	22,084	13,458
<u>308,449</u>	<u>4,179</u>	<u>-</u>	<u>24,928</u>	<u>13,464</u>
503,240	167,774	-	96,216	671,398
<u>503,240</u>	<u>167,774</u>	<u>-</u>	<u>96,216</u>	<u>671,398</u>
<u>\$ 811,689</u>	<u>\$ 171,953</u>	<u>\$ -</u>	<u>\$ 121,144</u>	<u>\$ 684,862</u>

**City of Marshall
Combining Balance Sheet -
Debt Service Funds
December 31, 2020**

	2012A G.O. Tax Increment Bonds (371)	2013 Public Improvement Bonds (372)	2014 Public Improvement Bonds (373)	23 Pedestrian Bridge (374)
Assets				
Cash and temporary investments	\$ 561,770	\$ 635,617	\$ 712,159	\$ 701,701
Receivables				
Interest	704	767	770	826
Taxes	1,718	3,073	3,138	3,064
Special assessments				
Current	1,010	1,081	595	-
Delinquent	5,140	1,530	2,597	-
Noncurrent	374,993	265,431	719,748	-
Intergovernmental	41	84	324	377
	<u>\$ 945,376</u>	<u>\$ 907,583</u>	<u>\$ 1,439,331</u>	<u>\$ 705,968</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	\$ 1,718	\$ 3,073	\$ 3,138	\$ 3,064
Unavailable revenue - special assessments	380,133	266,961	722,345	-
Total deferred inflows of resources	<u>381,851</u>	<u>270,034</u>	<u>725,483</u>	<u>3,064</u>
Fund Balances				
Restricted for				
Debt service	563,525	637,549	713,848	702,904
Total fund balances	<u>563,525</u>	<u>637,549</u>	<u>713,848</u>	<u>702,904</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 945,376</u>	<u>\$ 907,583</u>	<u>\$ 1,439,331</u>	<u>\$ 705,968</u>

2018A Improvement Bonds (375)	2016C Tax Abatement Bonds (376)	2017B Improvement Bonds (377)	2000B Improvement Bonds (378)	2020A City Hall CIP Bond (394)	Debt Revolving Fund (399)	Totals
\$ 798,258	\$ 136,846	\$ 805,056	\$ 49,263	\$ 163,450	\$ 137,987	\$ 7,634,471
897	74	981	36	78	172	6,991
2,514	6,083	1,081	705	-	3,866	45,469
-	-	-	-	-	-	5,446
215	-	-	-	-	-	15,240
287,720	-	-	-	-	-	2,256,664
486	763	174	181	927	-	6,024
<u>\$ 1,090,090</u>	<u>\$ 143,766</u>	<u>\$ 807,292</u>	<u>\$ 50,185</u>	<u>\$ 164,455</u>	<u>\$ 142,025</u>	<u>\$ 9,970,305</u>
\$ 2,514	\$ 6,083	\$ 1,081	\$ 705	\$ -	\$ 3,866	\$ 45,469
287,935	-	-	-	-	-	2,271,904
<u>290,449</u>	<u>6,083</u>	<u>1,081</u>	<u>705</u>	<u>-</u>	<u>3,866</u>	<u>2,317,373</u>
799,641	137,683	806,211	49,480	164,455	138,159	7,652,932
<u>799,641</u>	<u>137,683</u>	<u>806,211</u>	<u>49,480</u>	<u>164,455</u>	<u>138,159</u>	<u>7,652,932</u>
<u>\$ 1,090,090</u>	<u>\$ 143,766</u>	<u>\$ 807,292</u>	<u>\$ 50,185</u>	<u>\$ 164,455</u>	<u>\$ 142,025</u>	<u>\$ 9,970,305</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Debt Service Funds
December 31, 2020

	Marshall - Lyon County Library Debt (321)	2014B MERIT / SMASC (322)	2015A Bond (325)	2015 Public Improvement Bonds (359)
Revenues				
Taxes	\$ 43,053	\$ -	\$ 54,081	\$ 50,956
Special assessments	-	-	-	66,545
Investment earnings	593	(338)	222	764
Total revenues	<u>43,646</u>	<u>(338)</u>	<u>54,303</u>	<u>118,265</u>
Expenditures				
Debt service				
Principal	65,000	1,010,000	45,000	110,000
Interest and other	17,495	446,344	10,375	19,662
Total expenditures	<u>82,495</u>	<u>1,456,344</u>	<u>55,375</u>	<u>129,662</u>
Excess (Deficiency) of revenues over (under) expenditures	(38,849)	(1,456,682)	(1,072)	(11,397)
Other Financing Sources (Uses)				
Transfers in	41,346	2,689,046	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>41,346</u>	<u>2,689,046</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>2,497</u>	<u>1,232,364</u>	<u>(1,072)</u>	<u>(11,397)</u>
Fund Balances, January 1	<u>127,236</u>	<u>20,398</u>	<u>57,582</u>	<u>73,241</u>
Fund Balances, December 31	<u>\$ 129,733</u>	<u>\$ 1,252,762</u>	<u>\$ 56,510</u>	<u>\$ 61,844</u>

2016B G.O. Various Purpose Bonds (360)	2017A Public Improvement Bonds (362)	2010 Public Improvement Bonds (368)	2011 Public Improvement Bonds (369)
\$ 263,218	\$ 163,576	\$ -	\$ 86,177
64,950	-	-	23,247
2,504	697	-	278
<u>330,672</u>	<u>164,273</u>	<u>-</u>	<u>109,702</u>
325,000	130,000	-	115,000
28,066	28,868	-	21,296
<u>353,066</u>	<u>158,868</u>	<u>-</u>	<u>136,296</u>
(22,394)	5,405	-	(26,594)
-	-	-	-
<u>-</u>	<u>-</u>	<u>(153)</u>	<u>-</u>
-	-	(153)	-
<u>(22,394)</u>	<u>5,405</u>	<u>(153)</u>	<u>(26,594)</u>
<u>525,634</u>	<u>162,369</u>	<u>153</u>	<u>122,810</u>
<u>\$ 503,240</u>	<u>\$ 167,774</u>	<u>\$ -</u>	<u>\$ 96,216</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Debt Service Funds
December 31, 2020

	2011A G.O. Tax Increment Bonds (370)	2012A G.O. Tax Increment Bonds (371)	2013 Public Improvement Bonds (372)	2014 Public Improvement Bonds (373)
Revenues				
Taxes	\$ 1	\$ 340	\$ 694	\$ 74,764
Special assessments	8,022	168,253	82,908	224,504
Investment earnings	2,324	3,476	2,057	3,997
Total revenues	<u>10,347</u>	<u>172,069</u>	<u>85,659</u>	<u>303,265</u>
Expenditures				
Debt service				
Principal	160,000	235,000	370,000	235,000
Interest and other	14,690	19,215	50,138	29,025
Total expenditures	<u>174,690</u>	<u>254,215</u>	<u>420,138</u>	<u>264,025</u>
Excess (Deficiency) of revenues over (under) expenditures	(164,343)	(82,146)	(334,479)	39,240
Other Financing Sources (Uses)				
Transfers in	157,996	-	203,674	153
Transferred out	-	-	-	-
Total other financing sources (uses)	<u>157,996</u>	<u>-</u>	<u>203,674</u>	<u>153</u>
Net change in fund balances	<u>(6,347)</u>	<u>(82,146)</u>	<u>(130,805)</u>	<u>39,393</u>
Fund Balances, January 1	<u>677,745</u>	<u>645,671</u>	<u>768,354</u>	<u>674,455</u>
Fund Balances, December 31	<u>\$ 671,398</u>	<u>\$ 563,525</u>	<u>\$ 637,549</u>	<u>\$ 713,848</u>

23 Pedestrian Bridge (374)	2018A Improvement Bonds (375)	2016C Tax Abatement Bonds (376)	2017B Improvement Bonds (377)	2000B Improvement Bonds (378)	2020A City Hall CIP Bond (394)	Debt Revolving Fund (399)	Totals
\$ 92,180	\$ 124,250	\$ 189,871	\$ 43,037	\$ 49,567	\$ 247,811	\$ -	\$ 1,483,576
-	65,470	-	-	-	-	-	703,899
5,885	4,736	379	4,773	185	464	1,241	34,237
<u>98,065</u>	<u>194,456</u>	<u>190,250</u>	<u>47,810</u>	<u>49,752</u>	<u>248,275</u>	<u>1,241</u>	<u>2,221,712</u>
60,000	183,490	120,000	450,000	-	-	-	3,613,490
28,975	81,287	63,650	67,105	272	83,820	-	1,010,283
<u>88,975</u>	<u>264,777</u>	<u>183,650</u>	<u>517,105</u>	<u>272</u>	<u>83,820</u>	<u>-</u>	<u>4,623,773</u>
9,090	(70,321)	6,600	(469,295)	49,480	164,455	1,241	(2,402,061)
-	-	-	672,553	-	-	-	3,764,768
-	-	-	-	-	-	-	(153)
-	-	-	672,553	-	-	-	3,764,615
9,090	(70,321)	6,600	203,258	49,480	164,455	1,241	1,362,554
693,814	869,962	131,083	602,953	-	-	136,918	6,290,378
<u>\$ 702,904</u>	<u>\$ 799,641</u>	<u>\$ 137,683</u>	<u>\$ 806,211</u>	<u>\$ 49,480</u>	<u>\$ 164,455</u>	<u>\$ 138,159</u>	<u>\$ 7,652,932</u>

City of Marshall
Combining Balance Sheet
Economic Development Authority Funds
December 31, 2020

	Economic Development Authority (204/208)	EDA Parkway Housing Fund (205/206/207)	Federal EDA CRIF (213)	EDA Revolving (214)	Totals
Assets					
Cash and temporary investments	\$ 661,871	\$ 314,020	\$ 48,590	\$ 334,419	\$ 1,358,900
Receivables					
Interest	709	393	60	318	1,480
Delinquent taxes	4,042	-	-	-	4,042
Notes	-	210,575	-	5,000	215,575
Intergovernmental	542	-	-	-	542
Prepaid items	181	-	-	-	181
Land held for resale	-	1,025,341	-	-	1,025,341
Total assets	<u>\$ 667,345</u>	<u>\$ 1,550,329</u>	<u>\$ 48,650</u>	<u>\$ 339,737</u>	<u>\$ 2,606,061</u>
Liabilities					
Accounts payable	1,469	-	-	-	1,469
Other payable	-	19,769	-	-	19,769
Accrued salaries payable	2,646	-	-	-	2,646
Due to primary government	-	167,074	-	-	167,074
Due to other component units	-	17	-	-	17
Total liabilities	<u>4,115</u>	<u>186,860</u>	<u>-</u>	<u>-</u>	<u>190,975</u>
Deferred Inflows of Resources					
Unavailable revenue - taxes	<u>4,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,042</u>
Fund Balances					
Nonspendable					
Prepaid items	181	-	-	-	181
Land held for resale	-	1,025,341	-	-	1,025,341
Restricted					
Economic development	-	-	48,650	-	48,650
Assigned					
Economic development	659,007	338,128	-	339,737	1,336,872
Total Fund Balances	<u>659,188</u>	<u>1,363,469</u>	<u>48,650</u>	<u>339,737</u>	<u>2,411,044</u>
Total liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 667,345</u>	<u>\$ 1,550,329</u>	<u>\$ 48,650</u>	<u>\$ 339,737</u>	<u>\$ 2,606,061</u>

Reconciliation of balance sheet to the Statement of Net Position

Total fund balances	\$ 2,411,044
Capital assets used in EDA activities are not financial resources and therefore are not reported as assets in the fund	5,006
Long-term assets are not available to pay current period expenditures and, therefore are unavailable in the funds.	
Delinquent property taxes receivable	<u>4,042</u>
Total net position	<u>\$ 2,420,092</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Economic Development Authority Funds
December 31, 2020

	Economic Development Authority (204/208)	EDA Parkway Housing Fund (205/206 /207)	Federal EDA CRIF (213)	EDA Revolving (214)	Totals
Revenues					
Taxes	\$ 134,063	\$ -	\$ -	\$ -	\$ 134,063
Intergovernmental	543,631	-	-	100,000	643,631
Investment earnings	5,228	1,359	376	2,297	9,260
Miscellaneous	3,616	-	-	-	3,616
Total Revenues	<u>686,538</u>	<u>1,359</u>	<u>376</u>	<u>102,297</u>	<u>790,570</u>
Expenditures					
Current					
Economic development	<u>645,745</u>	<u>16,876</u>	<u>-</u>	<u>18,192</u>	<u>680,813</u>
Excess (Deficiency) of revenues over (under) expenditures	40,793	(15,517)	376	84,105	109,757
Other Financing Sources (Uses)					
Sale of capital assets	<u>-</u>	<u>35,319</u>	<u>-</u>	<u>-</u>	<u>35,319</u>
Net change in fund balances	40,793	19,802	376	84,105	145,076
Fund Balances, January 1	<u>618,395</u>	<u>1,343,667</u>	<u>48,274</u>	<u>255,632</u>	<u>2,265,968</u>
Fund Balances, December 31	<u>\$ 659,188</u>	<u>\$ 1,363,469</u>	<u>\$ 48,650</u>	<u>\$ 339,737</u>	<u>\$ 2,411,044</u>

Reconciliation of the statement of revenues, expenditures and changes in the fund balance to the statement of activities

Net Change in Fund Balances \$ 145,076

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 (647)

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 1,045

Change in Net Position \$ 145,474

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Economic Development Authority
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 135,000	\$ 135,000	\$ 134,063	\$ (937)
Intergovernmental	-	-	543,631	543,631
Investment earnings	10,000	10,000	5,228	(4,772)
Miscellaneous	3,500	3,500	3,616	116
Total revenues	<u>148,500</u>	<u>148,500</u>	686,538	538,038
Expenditures				
Current				
Economic development	<u>144,384</u>	<u>144,384</u>	<u>645,745</u>	<u>501,361</u>
Excess of revenues over expenditures	<u>\$ 4,116</u>	<u>\$ 4,116</u>	40,793	<u>\$ 36,677</u>
Fund Balance				
Beginning of year			<u>618,395</u>	
End of year			<u>\$ 659,188</u>	

City of Marshall
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Federal Agency/Pass Through Agency/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Passed through the State of Minnesota		
Community Development Block Grants	14.228	\$ 125,209
U.S. Department of Justice		
Passed through the State of Minnesota		
Missing Children's Assistance	16.543	1,233
U.S. Department of Transportation		
Passed through the State of Minnesota		
Airport Improvement Program	20.106	69,000
State and Community Highway Safety	20.600	2,499
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	3,083
National Priority Safety Programs	20.616	6,367
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	1,310
Total U.S. Department of Transportation		<u>82,259</u>
U.S. Department of Treasury		
Passed through the State of Minnesota		
Coronavirus Relief Fund	21.019	<u>1,041,565</u>
U.S. Department of Environmental Protection Agency (EPA)		
Passed through State of Minnesota		
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	2,080
Capitalization Grants for Clean Water State Revolving Funds	66.458	7,274,338
Total U.S. Department of Environment Protection Agency		<u>7,276,418</u>
U.S. Department of Homeland Security		
Passed through State of Minnesota		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	<u>31,795</u>
Total federal expenditures		<u>\$ 8,558,479</u>

City of Marshall
Notes to Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Marshall, Minnesota and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the regulatory basis financial statements.

NOTE 2 – PASS-THROUGH GRANT NUMBERS

All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

NOTE 3 – INDIRECT COST RATE

The City did not elect to use the 10 percent de minimis indirect cost rate.

**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, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 20, 2021.

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.

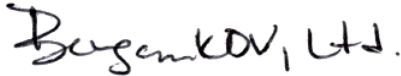
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not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

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
May 20, 2021

**Report on Compliance for each Major Federal Program
and Report on Internal Control over Compliance In Accordance
With the Uniform Guidance**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the City's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

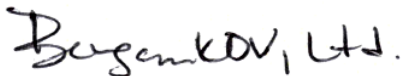
Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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



St. Cloud, Minnesota
May 20, 2021

City of Marshall
Schedule of Findings and Questioned Costs

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Type of auditor’s report issued:

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of Major Programs

CFDA No.: 66.458
 Name of Federal Program or Cluster: Capitalization Grants for Clean Water State Revolving Funds

CFDA No.: 21.019
 Name of Federal Program or Cluster: Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low risk auditee? No

City of Marshall
Schedule of Findings and Questioned Costs

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal award findings and questioned costs.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings and questioned costs.

Minnesota Legal Compliance

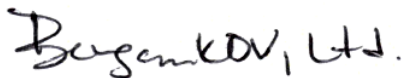
Independent Auditor's Report

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, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 20, 2021.

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 Minn. Stat. § 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
May 20, 2021