

**City of Marshall
Lyon County, Minnesota**

Basic Financial Statements

December 31, 2023

**City of Marshall
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**City of Marshall
Elected Officials and Administration
December 31, 2023**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Robert Byrnes	Mayor	January 1, 2025
John Alcorn	Council Member, Ward 1	January 4, 2027
Amanda Schroeder	Council Member, Ward 1	January 1, 2025
Steven Meister	Council Member, Ward 2	January 1, 2025
See Moua-Leske	Council Member, Ward 2	January 4, 2027
Craig Schafer	Council Member, Ward 3	January 4, 2027
James Lozinski	Council Member, Ward 3	January 1, 2025

Administration

Sharon Hanson	City Administrator
Jim Marshall	Director of Public Safety
Jason Anderson	Director of Public Works / City Engineer
E.J. Moberg	Director of Administrative Services
Karla Drown	Finance Director
Lauren Deutz	Economic Development Director



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshall, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshall, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- ◆ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ◆ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

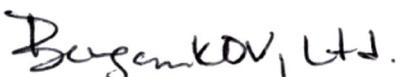
Supplementary Information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2024, on our consideration of the City of Marshall's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Marshall's internal control over financial reporting and compliance.



St. Cloud, Minnesota
June 12, 2024

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, 2023.

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 \$116,560,567 (net position). Of this amount, \$14,784,409 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- ◆ The City's total net position increased by \$2,466,201. Governmental activities had an increase of \$1,366,599 and business-type activities (enterprise funds) had an increase of \$1,099,602.
- ◆ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27,804,510, an increase of \$3,144,438 in comparison with the prior year. Approximately 44 percent of this total amount, \$12,188,389, 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 - \$188,306
 - 2) Restricted - \$15,427,815
 - 3) Assigned - \$6,055,405
 - 4) Unassigned - \$6,132,984

Overview of the Financial Statements

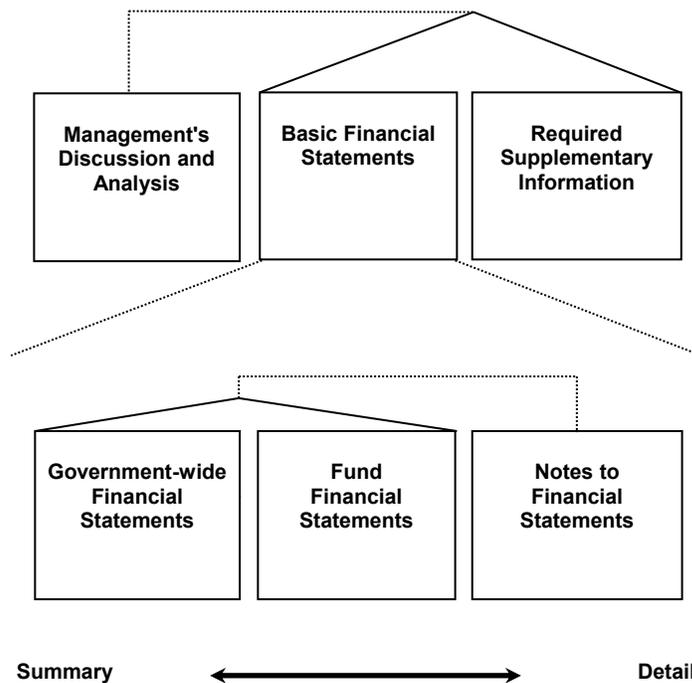
This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report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

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

Overview of the Financial Statements (Continued)

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

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



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

Overview of the Financial Statements (Continued)

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

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

	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

Overview of the Financial Statements (Continued)

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

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, economic development, airport, and interest on long-term debt. The business-type activities of the City include wastewater treatment, surface water management, and a municipal liquor store operation.

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

The City maintains numerous individual governmental funds, many of which are Debt Service funds, which are considered one fund for reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund, and the 2023 Public Improvements Fund, all of which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and certain special revenue funds. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

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

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

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

City of Marshall Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found as listed in the table of contents.

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 \$116,560,567 at the close of the most recent fiscal year.

City of Marshall
Management's Discussion and Analysis

Government-Wide Financial Analysis

A large portion of the City's net position (70.2%) 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		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Assets						
Current and other assets	\$34,382,328	\$32,288,414	\$ 2,093,914	\$15,338,338	\$13,764,223	\$ 1,574,115
Capital assets	93,340,983	94,659,297	(1,318,314)	44,361,804	44,990,678	(628,874)
Total assets	<u>127,723,311</u>	<u>126,947,711</u>	<u>775,600</u>	<u>59,700,142</u>	<u>58,754,901</u>	<u>945,241</u>
Deferred Outflows of Resources						
Deferred OPEB resources	65,600	68,876	(3,276)	12,697	11,648	1,049
Deferred pension resources	5,226,690	6,714,195	(1,487,505)	249,428	357,250	(107,822)
Total deferred outflows of resources	<u>5,292,290</u>	<u>6,783,071</u>	<u>(1,490,781)</u>	<u>262,125</u>	<u>368,898</u>	<u>(106,773)</u>
Liabilities						
Other liabilities	2,733,755	3,267,314	(533,559)	784,059	549,570	234,489
Noncurrent liabilities	41,297,654	47,633,664	(6,336,010)	23,525,586	24,349,758	(824,172)
Total liabilities	<u>44,031,409</u>	<u>50,900,978</u>	<u>(6,869,569)</u>	<u>24,309,645</u>	<u>24,899,328</u>	<u>(589,683)</u>
Deferred Inflows of Resources						
Grants for subsequent years	2,060,591	2,456,410	(395,819)	-	-	-
Deferred OPEB resources	284,212	88,224	195,988	55,008	14,921	40,087
Deferred pension resources	5,323,901	339,281	4,984,620	312,035	25,573	286,462
Deferred inflows related to leases	40,500	37,500	3,000	-	-	-
Total deferred inflows of resources	<u>7,709,204</u>	<u>2,921,415</u>	<u>4,787,789</u>	<u>367,043</u>	<u>40,494</u>	<u>326,549</u>
Net Position						
Net investment in capital assets	59,759,668	60,670,297	(910,629)	22,077,970	22,148,114	(70,144)
Restricted	16,150,716	15,587,628	563,088	3,787,804	3,955,953	(168,149)
Unrestricted	5,364,604	3,650,464	1,714,140	9,419,805	8,081,910	1,337,895
Total net position	<u>\$81,274,988</u>	<u>\$79,908,389</u>	<u>\$ 1,366,599</u>	<u>\$35,285,579</u>	<u>\$34,185,977</u>	<u>\$ 1,099,602</u>

An additional portion of the City's net position (17.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (12.7%) may be used to meet the City's ongoing obligations to citizens and creditors.

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

There was an increase of \$1,099,602 in net position reported in connection with the City's business-type activities. This increase was a result of the following funds change in net position: Wastewater Treatment \$850,680, Municipal Liquor Store \$384,182, and Surface Water Management (\$135,260). The Municipal Liquor fund's gross profit percentage is currently at 28.7%, higher than 28.4% in 2022.

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

Government-wide Financial Analysis (Continued)

Governmental Activities. Governmental activities increased the City's net position by \$1,366,599. Key elements of this increase are described above and summarized in the following table:

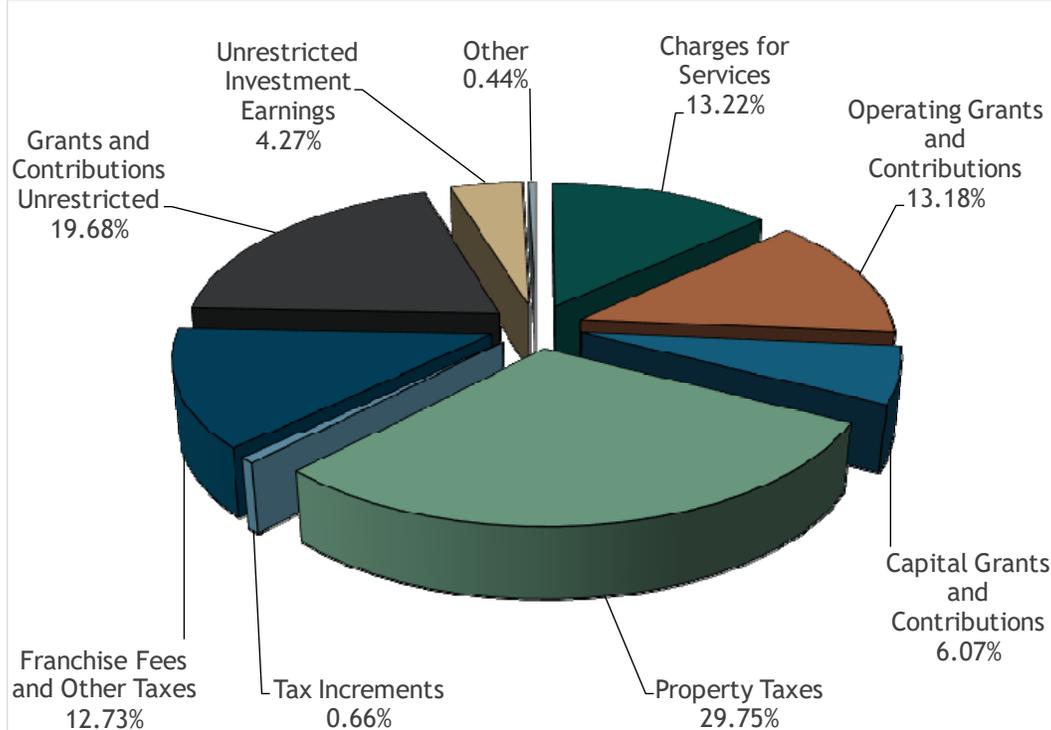
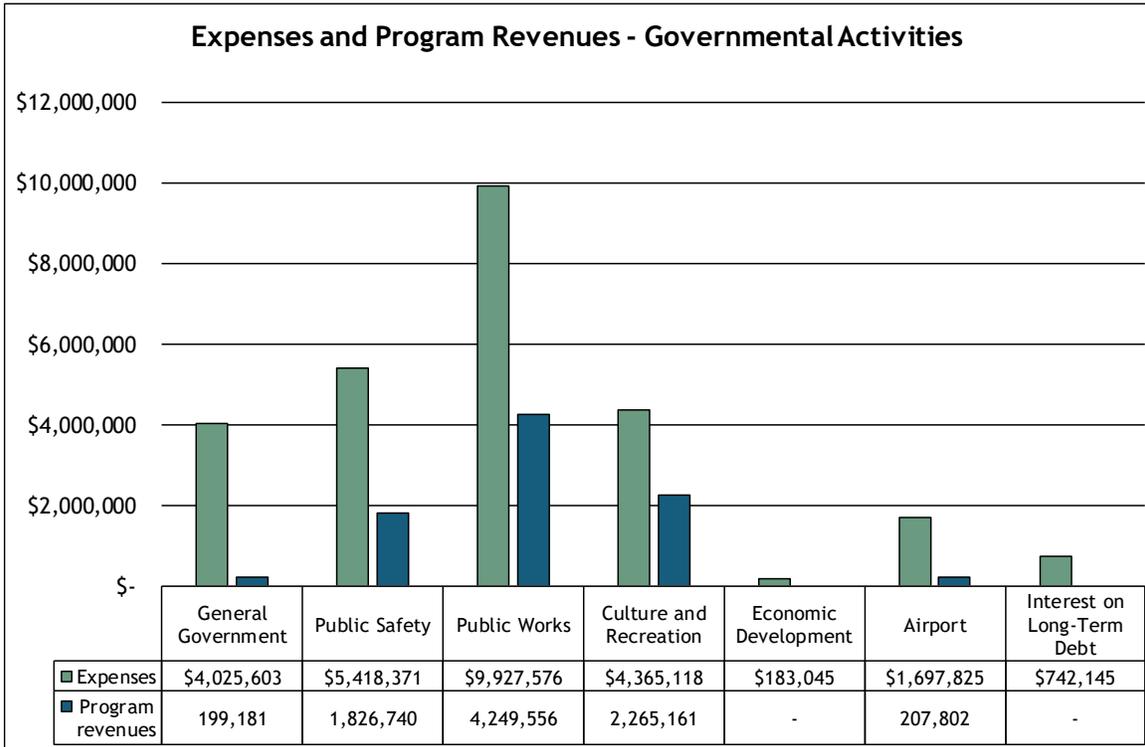
City of Marshall's Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 3,561,602	\$ 3,914,143	\$ (352,541)	\$14,314,413	\$13,939,327	\$ 375,086
Operating grants and contributions	3,551,857	3,404,098	147,759	33,833	67,052	(33,219)
Capital grants and contributions	1,634,981	1,551,125	83,856	455	3,354	(2,899)
General revenues						
Property taxes	8,014,610	7,427,698	586,912	-	-	-
Tax increments	178,235	361,407	(183,172)	-	-	-
Franchise fees and other taxes	3,429,341	3,463,095	(33,754)	-	-	-
State grants and contributions not restricted to specific programs	5,301,656	3,480,083	1,821,573	-	-	-
Unrestricted investment earnings	1,151,380	(366,042)	1,517,422	586,110	(388,880)	974,990
Other	118,545	119,755	(1,210)	-	-	-
Total revenues	<u>26,942,207</u>	<u>23,355,362</u>	<u>3,586,845</u>	<u>14,934,811</u>	<u>13,620,853</u>	<u>1,313,958</u>
Expenses						
General government	4,025,603	4,380,825	(355,222)	-	-	-
Public safety	5,418,371	5,575,149	(156,778)	-	-	-
Public works	9,927,576	8,164,101	1,763,475	-	-	-
Culture and recreation	4,365,118	5,946,188	(1,581,070)	-	-	-
Economic development	183,045	1,551,729	(1,368,684)	-	-	-
Airport	1,697,825	1,654,638	43,187	-	-	-
Interest on long-term debt	742,145	882,627	(140,482)	-	-	-
Wastewater treatment	-	-	-	5,134,014	4,818,481	315,533
Surface water management	-	-	-	1,589,387	1,602,394	(13,007)
Municipal liquor store	-	-	-	6,327,733	6,181,079	146,654
Parkway townhomes	-	-	-	-	-	-
Total expenses	<u>26,359,683</u>	<u>28,155,257</u>	<u>(1,795,574)</u>	<u>13,051,134</u>	<u>12,601,954</u>	<u>449,180</u>
Increase (Decrease) in Net Position before Transfers	582,524	(4,799,895)	5,382,419	1,883,677	1,018,899	864,778
Transfers	784,075	580,520	203,555	(784,075)	(580,520)	(203,555)
Change in Net Position	1,366,599	(4,219,375)	5,585,974	1,099,602	438,379	661,223
Net position, January 1	<u>79,908,389</u>	<u>84,127,764</u>	<u>(4,219,375)</u>	<u>34,185,977</u>	<u>33,747,598</u>	<u>438,379</u>
Net position, December 31	<u>\$81,274,988</u>	<u>\$79,908,389</u>	<u>\$ 1,366,599</u>	<u>\$35,285,579</u>	<u>\$34,185,977</u>	<u>\$ 1,099,602</u>

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

Government-wide Financial Analysis (Continued)

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

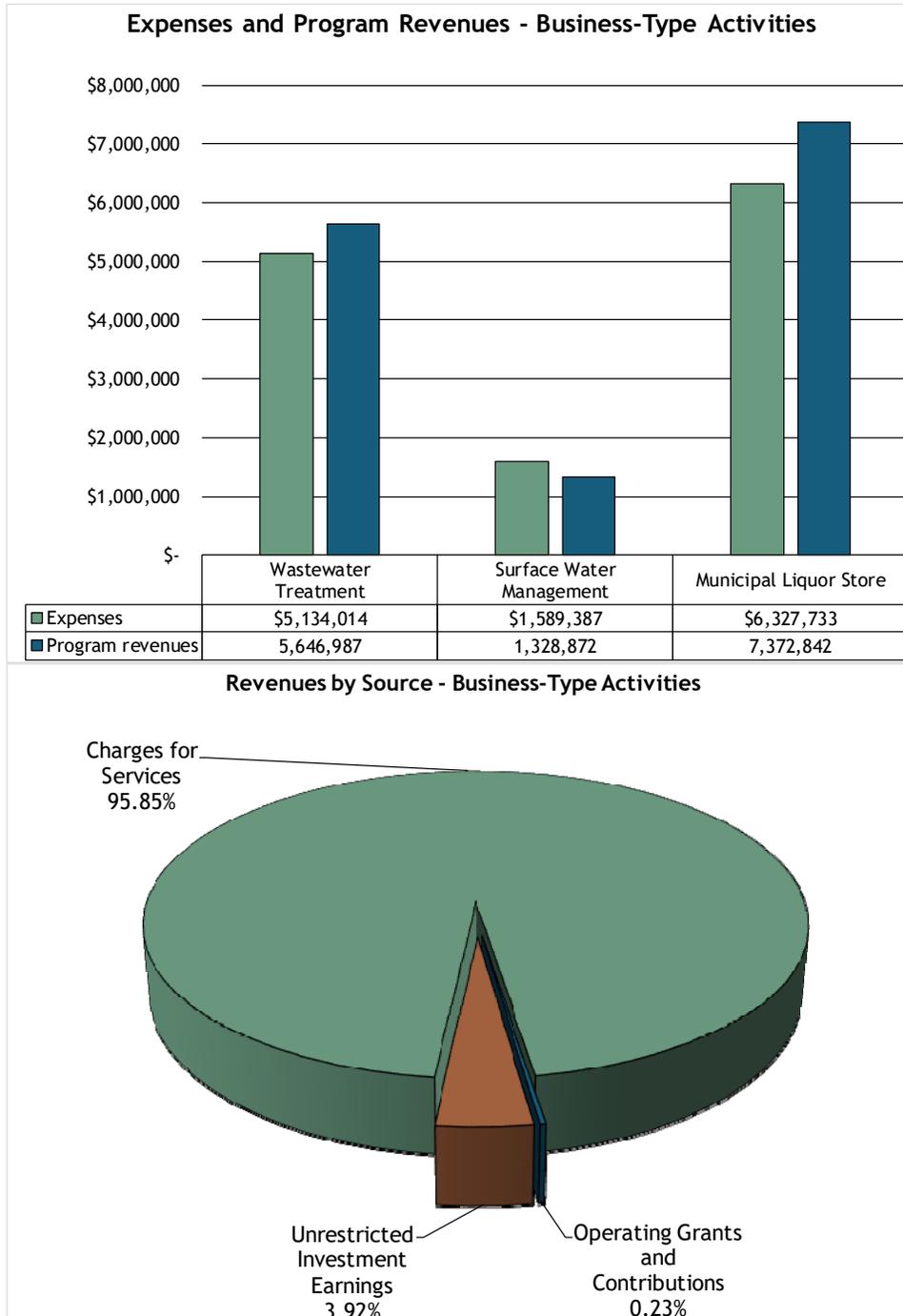


**City of Marshall
Management's Discussion and Analysis**

Government-Wide Financial Analysis (Continued)

Business-Type Activities. Business-type activities increased the City's net position by \$1,099,602. Key elements of this increase are as follows:

- ◆ Overall gross profit increased by \$273,707 in the business-type funds while nonoperating income increased by \$839,780.



City of Marshall Management's Discussion and Analysis

Financial Analysis of the City's Funds

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

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

The *General Fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General Fund was \$6,952,477. 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 48.8% of fund expenditures, while total fund balance represents 60.9% of that same amount.

The fund balance of the City's *General Fund* increased by \$2,149,224 during the current fiscal year. The key factor in this increase was an increase in revenues of \$2,648,833.

The *Debt Service Fund* has a total fund balance of \$6,831,152, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service Fund was \$681,835. The major factor in this decrease was debt service principal and interest expenditures exceeding revenues and transfers in for the year.

The *2023 Public Improvements Fund* has a total fund balance of \$527,012. Revenues and other financing sources outpaced expenditures for the fund by \$686,176 for the year.

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 \$9,419,805. The total increase in net position for the funds was \$1,099,602. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General Fund budget had no amendments during the year. The budget called for a decrease in fund balance of \$23,978. Actual revenues were over budget by \$1,595,480 and the expenditure budget was underspent by \$539,163. Other financing sources (uses) were over budget \$38,559. The net result was an increase to the General Fund balance of \$2,149,224 in 2023.

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

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2023, amounts to \$137,702,787 (net of accumulated depreciation/amortization). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total decrease in the City's investment in capital assets for the current fiscal year was 1.4% (a 1.4% decrease for governmental activities and a 1.4% decrease for business-type activities).

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

Governmental Activities

- ◆ N 3rd/W Lyon street reconstruction costs of \$1,926,684.
- ◆ Channel Parkway overlay costs of \$1,398,094.
- ◆ 2023 mill and overlay costs of \$635,145.

Business-Type Activities

- ◆ N 3rd/W Lyon street reconstruction costs of \$997,350
- ◆ Legion Field project costs of \$699,956

Additional information on the City's capital assets can be found in Note 6 in the notes to basic financial statements as listed in the table of contents.

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

	Governmental Activities			Business-Type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Land	\$ 7,561,656	\$ 7,093,656	\$ 468,000	\$ 512,872	\$ 512,872	\$ -
Construction in progress	2,482,429	914,090	1,568,339	1,098,056	501,963	596,093
Buildings	35,268,089	36,716,968	(1,448,879)	1,926,110	1,992,815	(66,705)
Improvements other than buildings	9,468,782	10,423,375	(954,593)	18,578,280	19,448,723	(870,443)
Systems and infrastructure	34,286,373	35,220,579	(934,206)	21,521,387	21,715,421	(194,034)
Equipment and machinery	3,687,792	4,197,677	(509,885)	725,099	818,884	(93,785)
Library books	-	-	-	-	-	-
Leased vehicles	585,862	92,952	492,910	-	-	-
Total	\$ 93,340,983	\$ 94,659,297	\$ (1,318,314)	\$ 44,361,804	\$ 44,990,678	\$ (628,874)

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

Capital Asset and Debt Administration (Continued)

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$52,793,001 as shown in the chart below. 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		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
General Obligation Bonds	\$ 7,505,000	\$ 8,165,000	\$ (660,000)	\$ -	\$ -	\$ -
G.O. Tax Increment Bonds	1,885,000	2,060,000	(175,000)	-	-	-
G.O. Tax Abatement Bonds	2,090,000	2,215,000	(125,000)	-	-	-
G.O. Improvement Bonds	17,902,264	17,492,282	409,982	-	-	-
G.O. State Aid Street Bonds	1,545,000	1,770,000	(225,000)	-	-	-
G.O. Revenue Bonds	-	-	-	8,252,737	7,992,718	260,019
Revenue Bonds	-	-	-	1,485,000	1,710,000	(225,000)
PFA Notes	-	-	-	12,128,000	12,823,890	(695,890)
Total	\$ 30,927,264	\$ 31,702,282	\$ (775,018)	\$ 21,865,737	\$ 22,526,608	\$ (660,871)

The City's total debt decreased \$1,435,889, or 2.7 percent, during the current fiscal year. Long-term debt of \$4,790,000 was issued during the year and \$6,225,889 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. The current legal debt limit (3% of 2022/23 estimated market value) for the City is \$33,549,795, which is significantly in excess of the City's outstanding debt subject to the limit of \$13,579,600.

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

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

Economic Factors and Next Year's Budgets and Rates

- ◆ The unemployment rate for the City of Marshall in 2023 was 2.3 percent, which was an increase from the rate of 2.2 percent in 2022. The unemployment rate for Lyon County in 2023 was 2.5 percent, which was an increase from the rate of 2.4 percent in 2022. This is comparable to the State's average unemployment rate in 2023, where the unemployment rate in Minnesota was 2.8 percent. This is an increase from the previous year, when the unemployment rate in Minnesota stood at 2.7 percent.
- ◆ The increase in Net Tax Capacity from pay 2023 to pay 2024 was \$321,267 or 2.24% (percent). The total estimated market value for all taxable property in 2015 (pay 2016) was \$910,762,900 and in 2023 (pay 2024) was \$1,216,811,900. This represents an average increase of 3.69% (percent) per year.

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

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

- ◆ In November 2023, City voters approved extending the local option sales tax of 0.5% to fund a new aquatic center. The City intends to issue bonds in fall 2024 to finance construction of the facility, along with capitalized interest and issuance costs. The par amount of the bonds is estimated to be around \$21 million.
- ◆ All of these factors were considered in preparing the City's budget for the 2024 fiscal 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

City of Marshall
Statement of Net Position
December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and temporary investments	\$ 30,849,577	\$ 9,581,558	\$ 40,431,135
Restricted assets	-	3,787,804	3,787,804
Receivables			
Interest	110,651	43,093	153,744
Delinquent taxes	56,872	-	56,872
Accounts	320,471	159,416	479,887
Notes	264	-	264
Leases	40,500	-	40,500
Special assessments	1,495,679	16,204	1,511,883
Intergovernmental	621,965	13,221	635,186
Due from component units/primary government	167,074	828,681	995,755
Inventories	-	838,974	838,974
Prepaid items	188,306	69,387	257,693
Land held for resale	-	-	-
Net pension asset	530,969	-	530,969
Capital assets			
Nondepreciable	10,044,085	1,610,928	11,655,013
Depreciable, net of accumulated depreciation	83,296,898	42,750,876	126,047,774
Total assets	<u>127,723,311</u>	<u>59,700,142</u>	<u>187,423,453</u>
Deferred Outflows of Resources			
Deferred outflows related to OPEB	65,600	12,697	78,297
Deferred outflows related to pensions	5,226,690	249,428	5,476,118
Total deferred outflows of resources	<u>5,292,290</u>	<u>262,125</u>	<u>5,554,415</u>
Liabilities			
Accounts payable	431,787	300,475	732,262
Contracts payable	198,626	146,411	345,037
Other payable	-	-	-
Due to other governments	39,392	84,923	124,315
Due to component units/primary government	265,120	24,818	289,938
Accrued interest payable	518,051	166,360	684,411
Accrued salaries payable	234,588	44,240	278,828
Accrued liabilities - other	-	-	-
Deposits payable	-	-	-
Unearned revenue	1,046,191	16,832	1,063,023
Noncurrent liabilities			
Due within one year	4,067,430	2,522,457	6,589,887
Due in more than one year	30,784,193	19,980,061	50,764,254
Net pension liability, due in more than one year	6,081,801	952,573	7,034,374
Total OPEB liability, due within one year	15,369	2,974	18,343
Total OPEB liability, due in more than one year	348,861	67,521	416,382
Total liabilities	<u>44,031,409</u>	<u>24,309,645</u>	<u>68,341,054</u>
Deferred Inflows of Resources			
Deferred inflows related to OPEB	284,212	55,008	339,220
Deferred inflows related to pensions	5,323,901	312,035	5,635,936
Advanced appropriations - State shared taxes	2,060,591	-	2,060,591
Deferred inflows of resources related to leases	40,500	-	40,500
Deferred inflows related to water treatment plant upgrades	-	-	-
Total deferred inflows of resources	<u>7,709,204</u>	<u>367,043</u>	<u>8,076,247</u>
Net Position			
Net investment in capital assets	59,759,668	22,077,970	81,837,638
Restricted for			
Debt service	7,554,053	3,787,804	11,341,857
Public safety	595,928	-	595,928
Economic development	4,059,502	-	4,059,502
Tax increment financing	2,818,970	-	2,818,970
Capital projects	987,940	-	987,940
Library	134,323	-	134,323
Unrestricted	5,364,604	9,419,805	14,784,409
Total net position	<u>\$ 81,274,988</u>	<u>\$ 35,285,579</u>	<u>\$ 116,560,567</u>

See notes to basic financial statements.

Component Units		
Marshall Municipal Utilities	Marshall Housing Commission	Economic Development Authority
\$ 24,624,537	\$ 482,449	\$ 2,592,353
1,386,417	40,692	-
154,605	4,736	10,259
-	-	1,211
4,248,119	40,458	-
-	-	257,161
-	-	-
-	-	-
-	-	1,637
289,938	-	-
1,262,748	-	-
276,667	24,389	255
-	-	832,581
-	-	-
722,128	514,965	-
68,543,613	2,495,696	3,068
<u>101,508,772</u>	<u>3,603,385</u>	<u>3,698,525</u>
135,158	-	-
646,766	-	-
<u>781,924</u>	<u>-</u>	<u>-</u>
2,779,973	4,684	3,029
-	-	-
-	-	19,769
-	11,211	-
828,681	-	167,092
88,825	-	-
331,863	636	4,972
-	5,250	-
93,819	28,391	-
-	12,301	2,329
1,525,000	38,421	-
5,375,066	35,058	-
2,466,023	-	-
-	-	-
574,006	-	-
<u>14,063,256</u>	<u>135,952</u>	<u>197,191</u>
107,418	-	-
815,270	-	-
-	-	-
-	-	-
8,946,911	-	-
<u>9,869,599</u>	<u>-</u>	<u>-</u>
55,178,994	3,010,661	3,068
1,386,417	-	-
-	-	-
-	-	123,283
-	-	-
-	-	-
-	-	-
21,792,430	456,772	3,374,983
<u>\$ 78,357,841</u>	<u>\$ 3,467,433</u>	<u>\$ 3,501,334</u>

City of Marshall
Statement of Activities
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 4,025,603	\$ 175,692	\$ 23,489	\$ -
Public safety	5,418,371	522,966	1,110,066	193,708
Public works	9,927,576	2,122,798	1,870,895	255,863
Culture and recreation	4,365,118	740,146	444,090	1,080,925
Economic development	183,045	-	-	-
Airport	1,697,825	-	103,317	104,485
Interest on long-term debt	742,145	-	-	-
Total governmental activities	<u>26,359,683</u>	<u>3,561,602</u>	<u>3,551,857</u>	<u>1,634,981</u>
Business-type activities				
Wastewater treatment	5,134,014	5,606,455	36,400	4,132
Surface water management	1,589,387	1,327,904	4,645	(3,677)
Municipal liquor store	6,327,733	7,380,054	(7,212)	-
Total business-type activities	<u>13,051,134</u>	<u>14,314,413</u>	<u>33,833</u>	<u>455</u>
Total primary government	<u>\$ 39,410,817</u>	<u>\$ 17,876,015</u>	<u>\$ 3,585,690</u>	<u>\$ 1,635,436</u>
Component Units				
Marshall Municipal Utilities - Water	\$ 7,332,984	\$ 7,790,847	\$ -	\$ -
Marshall Municipal Utilities - Electric	37,239,812	37,966,308	-	-
Marshall Housing Commission	1,125,125	515,031	432,533	74,416
Economic Development Authority	194,952	12,089	253,057	-
Total component units	<u>\$ 45,892,873</u>	<u>\$ 46,284,275</u>	<u>\$ 685,590</u>	<u>\$ 74,416</u>
General revenues				
Property taxes, levied for general purposes				
Property taxes, levied for special purposes				
Property taxes, levied for debt service				
Tax increments				
Sales tax				
Lodging taxes				
Franchise taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - January 1				
Net position, December 31				

Net (Expense) Revenues and Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Marshall Municipal Utilities	Marshall Housing Commission	Economic Development Authority
\$ (3,825,486)	\$ -	\$ (3,825,486)	\$ -	\$ -	\$ -
(3,591,631)	-	(3,591,631)	-	-	-
(5,678,020)	-	(5,678,020)	-	-	-
(2,099,957)	-	(2,099,957)	-	-	-
(183,045)	-	(183,045)	-	-	-
(1,490,023)	-	(1,490,023)	-	-	-
(742,145)	-	(742,145)	-	-	-
<u>(17,610,307)</u>	<u>-</u>	<u>(17,610,307)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	512,973	512,973	-	-	-
-	(260,515)	(260,515)	-	-	-
-	1,045,109	1,045,109	-	-	-
<u>-</u>	<u>1,297,567</u>	<u>1,297,567</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (17,610,307)</u>	<u>\$ 1,297,567</u>	<u>\$ (16,312,740)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 457,863	\$ -	\$ -
-	-	-	726,496	-	-
-	-	-	-	(103,145)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,194</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,184,359</u>	<u>\$ (103,145)</u>	<u>\$ 70,194</u>
\$ 6,291,243	\$ -	\$ 6,291,243	\$ -	\$ -	\$ -
-	-	-	-	-	173,633
1,723,367	-	1,723,367	-	-	-
178,235	-	178,235	-	-	-
2,564,338	-	2,564,338	-	-	-
320,570	-	320,570	-	-	-
544,433	-	544,433	-	-	-
5,301,656	-	5,301,656	-	-	-
1,151,380	586,110	1,737,490	1,143,699	9,039	88,127
118,545	-	118,545	-	-	-
784,075	(784,075)	-	-	-	-
<u>18,977,842</u>	<u>(197,965)</u>	<u>18,779,877</u>	<u>1,143,699</u>	<u>9,039</u>	<u>261,760</u>
1,367,535	1,099,602	2,467,137	2,328,058	(94,106)	331,954
<u>79,908,389</u>	<u>34,185,977</u>	<u>114,094,366</u>	<u>76,205,366</u>	<u>3,561,539</u>	<u>3,169,380</u>
<u>\$ 81,275,924</u>	<u>\$ 35,285,579</u>	<u>\$ 116,561,503</u>	<u>\$ 78,357,841</u>	<u>\$ 3,467,433</u>	<u>\$ 3,501,334</u>

City of Marshall
Balance Sheet - Governmental Funds
December 31, 2023

	General Fund (101/106)	Debt Service (300s)	Sales / Lodging Tax (256)	2023 Public Improvements (481)	Other Governmental Funds	Totals
Assets						
Cash and temporary investments	\$ 9,525,520	\$ 7,265,719	\$ 1,656,645	\$ 583,767	\$ 11,641,089	\$ 30,672,740
Receivables						
Interest	94,328	551	6,555	-	8,517	109,951
Delinquent taxes	41,027	12,014	-	-	3,831	56,872
Accounts	103,045	-	8,309	-	209,117	320,471
Notes	-	-	-	-	264	264
Leases	-	-	-	-	40,500	40,500
Special assessments	707	1,158,792	-	-	336,180	1,495,679
Intergovernmental	194,796	22,982	399,000	-	5,187	621,965
Due from other funds	83,264	-	-	-	1,200	84,464
Due from component units	-	-	-	-	167,074	167,074
Prepaid items	156,287	-	-	-	32,019	188,306
Total assets	<u>\$ 10,198,974</u>	<u>\$ 8,460,058</u>	<u>\$ 2,070,509</u>	<u>\$ 583,767</u>	<u>\$ 12,444,978</u>	<u>\$ 33,758,286</u>
Liabilities						
Accounts payable	\$ 136,708	\$ 3,100	\$ -	\$ 3,820	\$ 288,159	\$ 431,787
Contracts payable	-	-	-	52,660	145,966	198,626
Due to other funds	-	-	-	-	84,464	84,464
Due to component units	254,133	-	-	-	10,987	265,120
Due to other governments	21,828	-	-	275	17,255	39,358
Accrued salaries payable	209,024	-	-	-	25,564	234,588
Unearned revenue	873,231	-	-	-	172,960	1,046,191
Total liabilities	<u>1,494,924</u>	<u>3,100</u>	<u>-</u>	<u>56,755</u>	<u>745,355</u>	<u>2,300,134</u>
Deferred Inflows of Resources						
Unavailable revenue - taxes	41,027	12,014	-	-	3,831	56,872
Unavailable revenue - special assessments	707	1,158,792	-	-	336,180	1,495,679
Advanced appropriations - State shared taxes	-	455,000	-	-	1,605,591	2,060,591
Deferred inflows of resources related to leases	-	-	-	-	40,500	40,500
Total deferred inflows of resources	<u>41,734</u>	<u>1,625,806</u>	<u>-</u>	<u>-</u>	<u>1,986,102</u>	<u>3,653,642</u>
Fund Balances (Deficits)						
Nonspendable						
Prepaid items	156,287	-	-	-	32,019	188,306
Restricted						
Debt service	-	6,831,152	-	-	-	6,831,152
Public safety	595,928	-	-	-	-	595,928
Economic development	-	-	2,070,509	-	1,988,993	4,059,502
Tax increment financing	-	-	-	-	2,818,970	2,818,970
Capital projects	-	-	-	-	987,940	987,940
Library	-	-	-	-	134,323	134,323
Assigned						
Insurance reserve	152,803	-	-	-	-	152,803
OPEB liability	364,230	-	-	-	-	364,230
Shelter	50,000	-	-	-	-	50,000
DARE - police department	195,500	-	-	-	-	195,500
Forfeiture program - police department	37,033	-	-	-	-	37,033
Unallocated health insurance premium	9,282	-	-	-	-	9,282
City band memorial donations	1,020	-	-	-	-	1,020
Legion Field donations	62,244	-	-	-	-	62,244
Budgeted and levied expenditures	84,420	-	-	-	-	84,420
Staff separation	-	-	-	-	129,976	129,976
Library operations	-	-	-	-	106,833	106,833
Economic development	-	-	-	-	86,685	86,685
Capital projects	-	-	-	527,012	3,394,242	3,921,254
Drivers education	-	-	-	-	58,605	58,605
ASC Arena	-	-	-	-	371,115	371,115
Park improvements	1,092	-	-	-	132,493	133,585
Emergency response and industrial training center	-	-	-	-	290,820	290,820
Unassigned	6,952,477	-	-	-	(819,493)	6,132,984
Total fund balances (deficits)	<u>8,662,316</u>	<u>6,831,152</u>	<u>2,070,509</u>	<u>527,012</u>	<u>9,713,521</u>	<u>27,804,510</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 10,198,974</u>	<u>\$ 8,460,058</u>	<u>\$ 2,070,509</u>	<u>\$ 583,767</u>	<u>\$ 12,444,978</u>	<u>\$ 33,758,286</u>

City of Marshall
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2023

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

Total fund balances - governmental funds	27,804,510
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	92,755,121
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	(1,270,308)
Other postemployment benefits obligation	(364,230)
Pension liability	(6,081,801)
Bonds payable	(30,927,264)
Unamortized bond premiums	(2,218,917)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes	56,872
Special assessments receivable	1,495,679
Long-term assets from pensions reported in governmental activities are not financial resources therefore are not reported as assets in the funds.	530,969
Governmental funds do not report long-term amounts related to pensions and other post-employment benefits.	
Deferred outflows of pension resources	5,226,690
Deferred inflows of pension resources	(5,323,901)
Deferred outflows of other postemployment benefits	65,600
Deferred inflows of other postemployment benefits	(284,212)
Governmental funds do not report a liability for accrued interest until due and payable.	(447,905)
An internal service fund is used by management to charge the costs of fleet activity to individual funds. The assets and liabilities of the Central Fleet Internal Service Fund are included in governmental activities in the Statement of Net Position.	258,085
Total net position - governmental activities	<u>\$ 81,274,988</u>

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2023

	General Fund (101/106)	Debt Service (300s)	Sales / Lodging Tax (256)
Revenues			
Taxes	\$ 6,541,526	\$ 1,723,367	\$ 2,666,552
Special assessments	352	221,209	-
Licenses and permits	393,543	-	-
Intergovernmental	5,090,456	66,300	-
Charges for services	2,012,499	-	-
Fines and forfeitures	98,769	-	-
Investment earnings	915,059	4,128	50,562
Miscellaneous	989,773	-	-
Total revenues	<u>16,041,977</u>	<u>2,015,004</u>	<u>2,717,114</u>
Expenditures			
Current			
General government	3,019,275	-	936
Public safety	4,449,639	-	-
Public works	3,290,502	-	-
Culture and recreation	2,676,261	-	-
Economic development	-	-	-
Airport	788,915	-	-
Capital outlay			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	10,000	-	-
Airport	-	-	-
Debt service			
Principal	-	3,827,818	-
Interest and other	-	1,023,561	-
Total expenditures	<u>14,234,592</u>	<u>4,851,379</u>	<u>936</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,807,385</u>	<u>(2,836,375)</u>	<u>2,716,178</u>
Other Financing Sources (Uses)			
Sale of capital assets	65,189	-	-
Bonds issued	-	92,856	-
Premium on bonds issued	-	-	-
Transfers in	424,625	2,066,684	-
Transfers out	(147,975)	(5,000)	(2,267,844)
Total other financing sources (uses)	<u>341,839</u>	<u>2,154,540</u>	<u>(2,267,844)</u>
Net change in fund balances	2,149,224	(681,835)	448,334
Fund Balances, January 1	<u>6,513,092</u>	<u>7,512,987</u>	<u>1,622,175</u>
Fund Balances, December 31	<u>\$ 8,662,316</u>	<u>\$ 6,831,152</u>	<u>\$ 2,070,509</u>

2023 Public Improvements (481)	Other Governmental Funds	Totals
\$ -	\$ 705,858	\$ 11,637,303
-	15,407	236,968
-	-	393,543
-	4,222,743	9,379,499
-	77,265	2,089,764
-	8,488	107,257
-	176,683	1,146,432
641,323	530,314	2,161,410
<u>641,323</u>	<u>5,736,758</u>	<u>27,152,176</u>
-	28,539	3,048,750
-	167,813	4,617,452
289,234	64,571	3,644,307
-	2,248,839	4,925,100
-	181,294	181,294
-	6,532	795,447
-	67,409	67,409
-	32,850	32,850
3,056,456	2,088,856	5,145,312
-	691,432	701,432
-	73,499	73,499
-	-	3,827,818
37,131	-	1,060,692
<u>3,382,821</u>	<u>5,651,634</u>	<u>28,121,362</u>
<u>(2,741,498)</u>	<u>85,124</u>	<u>(969,186)</u>
-	-	65,189
2,959,944	-	3,052,800
317,730	-	317,730
150,000	865,755	3,507,064
-	(408,340)	(2,829,159)
<u>3,427,674</u>	<u>457,415</u>	<u>4,113,624</u>
686,176	542,539	3,144,438
<u>(159,164)</u>	<u>9,170,982</u>	<u>24,660,072</u>
<u>\$ 527,012</u>	<u>\$ 9,713,521</u>	<u>\$ 27,804,510</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, 2023

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

Net change in fund balances - governmental funds	\$ 3,144,438
<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	5,130,716
Depreciation/amortization expense	(6,901,514)
Disposal of capital assets	(40,426)
<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	(3,052,800)
Premium on bonds issued	(317,730)
Principal repayments	3,827,819
Bond premiums amortization	280,371
<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 in the funds when it is due and thus requires use of current financial resources. 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>	
	(2,298)
Long-term pension activity is not reported in governmental funds.	(418,013)
<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	(15,117)
Special assessments	(326,168)
<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	(11,107)
Other postemployment benefits costs	(8,877)
<p>An internal service fund is used by management to charge the costs of fleet activity to individual funds. The change in net position of the Central Fleet Internal Service Fund is included in governmental activities in the Statement of Activities.</p>	
	77,305
Change in net position - governmental activities	\$ 1,366,599

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 6,525,175	\$ 6,525,175	\$ 6,541,526	\$ 16,351
Licenses and permits	381,240	381,240	393,543	12,303
Special assessments	1,000	1,000	352	(648)
Intergovernmental	4,736,868	4,736,868	5,090,456	353,588
Charges for services	1,966,150	1,966,150	2,012,499	46,349
Fines and forfeitures	112,900	112,900	98,769	(14,131)
Investment earnings	149,640	149,640	915,059	765,419
Miscellaneous	573,524	573,524	989,773	416,249
Total revenues	<u>14,446,497</u>	<u>14,446,497</u>	<u>16,041,977</u>	<u>1,595,480</u>
Expenditures				
Current				
General government	2,936,617	2,936,617	3,019,275	82,658
Public safety	4,574,864	4,574,864	4,449,639	(125,225)
Public works	3,253,289	3,253,289	3,290,502	37,213
Culture and recreation	2,730,321	2,730,321	2,676,261	(54,060)
Airport	1,278,664	1,278,664	788,915	(489,749)
Capital outlay				
Culture and recreation	-	-	10,000	10,000
Total expenditures	<u>14,773,755</u>	<u>14,773,755</u>	<u>14,234,592</u>	<u>(539,163)</u>
Excess of revenues under expenditures	(327,258)	(327,258)	1,807,385	2,134,643
Other Financing Sources				
Sale of capital assets	-	-	65,189	65,189
Transfers in	400,000	400,000	424,625	24,625
Transfers out	(96,720)	(96,720)	(147,975)	(51,255)
Total other financing sources (uses)	<u>303,280</u>	<u>303,280</u>	<u>341,839</u>	<u>38,559</u>
Net change in fund balances	<u>\$ (23,978)</u>	<u>\$ (23,978)</u>	2,149,224	<u>\$ 2,173,202</u>
Fund Balance				
Beginning of year			<u>6,513,092</u>	
End of year			<u>\$ 8,662,316</u>	

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Sales / Lodging Tax
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 2,120,000	\$ 2,120,000	\$ 2,666,552	\$ 546,552
Investment earnings	16,498	16,498	50,562	34,064
Total revenues	<u>2,136,498</u>	<u>2,136,498</u>	<u>2,717,114</u>	<u>580,616</u>
Expenditures				
Current				
General government	<u>1,000</u>	<u>1,000</u>	<u>936</u>	<u>(64)</u>
Excess of revenues over expenditures	2,136,498	2,136,498	2,716,178	580,680
Other Financing Sources (Uses)				
Transfers out	<u>(2,267,844)</u>	<u>(2,267,844)</u>	<u>(2,267,844)</u>	<u>-</u>
Net change in fund balances	<u>\$ (131,346)</u>	<u>\$ (131,346)</u>	448,334	<u>\$ 580,680</u>
Fund Balance				
Beginning of year			<u>1,622,175</u>	
End of year			<u>\$ 2,070,509</u>	

City of Marshall
Statement of Net Position - Proprietary Funds
December 31, 2023

	Wastewater Treatment (602)	Municipal Liquor Store (609)	Surface Water Management (630)	Totals	Governmental Activities - Internal Service Fund
Assets					
Current assets					
Cash and temporary investments	\$ 5,880,362	\$ 1,454,830	\$ 2,246,366	\$ 9,581,558	\$ 176,837
Restricted assets					
Debt service	1,649,217	1,563,970	574,617	3,787,804	-
Receivables					
Interest	18,263	11,557	13,273	43,093	700
Accounts	159,074	342	-	159,416	-
Special assessments	-	-	16,204	16,204	-
Intergovernmental	13,150	-	71	13,221	-
Due from component units	611,422	-	217,259	828,681	-
Inventories	-	838,974	-	838,974	-
Prepaid items	55,102	9,956	4,329	69,387	-
Total current assets	<u>8,386,590</u>	<u>3,879,629</u>	<u>3,072,119</u>	<u>15,338,338</u>	<u>177,537</u>
Noncurrent assets					
Capital assets					
Land	199,134	48,603	265,135	512,872	-
Construction in progress	361,047	-	737,009	1,098,056	-
Buildings	168,472	2,359,862	-	2,528,334	-
Improvements other than buildings	42,976,501	123,122	-	43,099,623	-
Systems and infrastructure	23,176,652	-	20,721,682	43,898,334	-
Equipment and machinery	2,981,918	220,871	596,473	3,799,262	-
Leased vehicles	-	-	-	-	712,182
Total capital assets	<u>69,863,724</u>	<u>2,752,458</u>	<u>22,320,299</u>	<u>94,936,481</u>	<u>712,182</u>
Less accumulated depreciation/amortization	<u>(40,068,339)</u>	<u>(715,251)</u>	<u>(9,791,087)</u>	<u>(50,574,677)</u>	<u>(126,320)</u>
Net capital assets	<u>29,795,385</u>	<u>2,037,207</u>	<u>12,529,212</u>	<u>44,361,804</u>	<u>585,862</u>
Total noncurrent assets	<u>29,795,385</u>	<u>2,037,207</u>	<u>12,529,212</u>	<u>44,361,804</u>	<u>585,862</u>
Total assets	<u>38,181,975</u>	<u>5,916,836</u>	<u>15,601,331</u>	<u>59,700,142</u>	<u>763,399</u>
Deferred Outflows of Resources					
Deferred inflows related to pensions	171,122	78,306	-	249,428	-
Deferred inflows related to OPEB	10,160	2,537	-	12,697	-
Total deferred outflows of resources	<u>181,282</u>	<u>80,843</u>	<u>-</u>	<u>262,125</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>38,363,257</u>	<u>5,997,679</u>	<u>15,601,331</u>	<u>59,962,267</u>	<u>763,399</u>
Liabilities					
Current liabilities					
Accounts payable	93,516	206,731	228	300,475	-
Contracts payable	-	-	146,411	146,411	-
Due to component unit	20,581	2,219	2,018	24,818	-
Due to other governments	379	84,502	42	84,923	34
Accrued interest payable	86,879	3,739	75,742	166,360	70,146
Accrued salaries payable	33,927	10,313	-	44,240	-
Unearned revenue	-	16,832	-	16,832	-
Compensated absences payable	54,643	13,980	-	68,623	-
Notes from direct borrowings - current portion	703,000	-	-	703,000	-
Bonds payable - current portion	946,217	230,000	574,617	1,750,834	-
Total OPEB liability - current portion	2,380	594	-	2,974	-
Lease liability - current portion	-	-	-	-	137,791
Total current liabilities	<u>1,941,522</u>	<u>568,910</u>	<u>799,058</u>	<u>3,309,490</u>	<u>207,971</u>
Noncurrent liabilities					
Compensated absences payable	108,158	41,903	-	150,061	-
Notes from direct borrowings - noncurrent portion	11,425,000	-	-	11,425,000	-
Bonds payable - noncurrent portion	2,607,307	1,255,000	4,124,596	7,986,903	-
Premium or discount on bonds payable	102,995	-	315,102	418,097	-
Total OPEB liability - noncurrent portion	54,031	13,490	-	67,521	-
Net pension liability	653,520	299,053	-	952,573	-
Lease liability - noncurrent portion	-	-	-	-	297,343
Total noncurrent liabilities	<u>14,951,011</u>	<u>1,609,446</u>	<u>4,439,698</u>	<u>21,000,155</u>	<u>297,343</u>
Total liabilities	<u>16,892,533</u>	<u>2,178,356</u>	<u>5,238,756</u>	<u>24,309,645</u>	<u>505,314</u>
Deferred inflows of resources					
Deferred inflows related to OPEB	44,018	10,990	-	55,008	-
Deferred inflows related to pensions	214,074	97,961	-	312,035	-
Total deferred inflows of resources	<u>258,092</u>	<u>108,951</u>	<u>-</u>	<u>367,043</u>	<u>-</u>
Net Position					
Net investment in capital assets	14,010,866	552,207	7,514,897	22,077,970	150,728
Restricted for debt service	1,649,217	1,563,970	574,617	3,787,804	-
Unrestricted	5,552,549	1,594,195	2,273,061	9,419,805	107,357
Total net position	<u>\$ 21,212,632</u>	<u>\$ 3,710,372</u>	<u>\$ 10,362,575</u>	<u>\$ 35,285,579</u>	<u>\$ 258,085</u>

See notes to basic financial statements.

City of Marshall
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2023

	Wastewater Treatment (602)	Municipal Liquor Store (609)	Surface Water Management (630)	Totals	Governmental Activities - Internal Service Fund
Operating Revenues					
Charges for services	\$ 5,558,950	\$ -	\$ 1,281,033	\$ 6,839,983	\$ -
Sales	-	7,376,044	-	7,376,044	-
Cost of sales	-	(5,256,596)	-	(5,256,596)	-
Total operating revenues/gross profit	<u>5,558,950</u>	<u>2,119,448</u>	<u>1,281,033</u>	<u>8,959,431</u>	<u>-</u>
Operating Expenses					
Salaries and benefits	1,421,868	579,582	-	2,001,450	-
Supplies	553,580	40,528	2,104	596,212	43,895
Repairs and maintenance	187,267	7,525	57,891	252,683	-
Professional services	-	-	-	-	400
Other services and charges	666,230	241,540	645,673	1,553,443	-
Insurance	84,257	18,010	5,859	108,126	-
Utilities	250,261	39,661	17,388	307,310	-
Depreciation/amortization	1,748,536	93,953	718,612	2,561,101	83,347
Total operating expenses	<u>4,911,999</u>	<u>1,020,799</u>	<u>1,447,527</u>	<u>7,380,325</u>	<u>127,642</u>
Operating income (loss)	646,951	1,098,649	(166,494)	1,579,106	(127,642)
Nonoperating Revenues (Expenses)					
Special assessments	4,132	-	(3,677)	455	-
Other income	-	4,010	-	4,010	-
Grants and contributions	46,437	37	-	46,474	-
Investment earnings (loss)	347,157	113,698	125,255	586,110	4,948
Refunds and reimbursements	(10,037)	(7,249)	4,645	(12,641)	-
Rents	14,809	-	-	14,809	-
Gain on disposal of assets	-	-	-	-	53,356
Bond premium amortization	32,696	-	46,871	79,567	-
Bond issuance costs	-	-	(21,130)	(21,130)	-
Interest and other expenses	(222,015)	(50,338)	(120,730)	(393,083)	40,473
Total nonoperating revenues (expenses)	<u>213,179</u>	<u>60,158</u>	<u>31,234</u>	<u>304,571</u>	<u>98,777</u>
Income before transfers	860,130	1,158,807	(135,260)	1,883,677	(28,865)
Transfers in	-	-	-	-	106,170
Transfers out	(9,450)	(774,625)	-	(784,075)	-
Change in net position	850,680	384,182	(135,260)	1,099,602	77,305
Net position, January 1	<u>20,361,952</u>	<u>3,326,190</u>	<u>10,497,835</u>	<u>34,185,977</u>	<u>180,780</u>
Net position, December 31	<u>\$ 21,212,632</u>	<u>\$ 3,710,372</u>	<u>\$ 10,362,575</u>	<u>\$ 35,285,579</u>	<u>\$ 258,085</u>

City of Marshall
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2023

	Wastewater Treatment (602)	Municipal Liquor Store (609)	Surface Water Management (630)	Totals	Internal Service Fund
Cash Flows - Operating Activities					
Receipts from customers and users	\$ 5,730,813	\$ 7,376,108	\$ 1,280,082	\$ 14,387,003	\$ -
Payments to suppliers and vendors	(1,659,894)	(5,588,564)	(588,296)	(7,836,754)	(45,476)
Payments to and on behalf of employees	(1,297,572)	(564,797)	-	(1,862,369)	-
Other receipts	4,772	(3,239)	4,645	6,178	(25,586)
Net cash provided (used) by operating activities	<u>2,778,119</u>	<u>1,219,508</u>	<u>696,431</u>	<u>4,694,058</u>	<u>(71,062)</u>
Cash Flows - Noncapital Financing Activities					
Transfer from other funds	-	-	-	-	106,170
Transfer to other funds	(9,450)	(774,625)	-	(784,075)	-
Net cash provided (used) by noncapital financing activities	<u>(9,450)</u>	<u>(774,625)</u>	<u>-</u>	<u>(784,075)</u>	<u>106,170</u>
Cash Flows - Capital and Related Financing Activities					
Acquisition of capital assets	(457,646)	(44,360)	(1,436,964)	(1,938,970)	(576,257)
Proceeds from sales of capital assets	6,743	-	-	6,743	53,356
Proceeds from bonds, leases, and notes issued, net of discounts/premiums issued	-	-	1,918,908	1,918,908	-
Principal paid on long-term debt	(1,610,979)	(225,000)	(562,092)	(2,398,071)	329,974
Federal grants	46,356	-	-	46,356	-
Interest paid on long-term debt	(236,013)	(50,835)	(80,924)	(367,772)	136,205
Bond issuance costs	-	-	(21,130)	(21,130)	-
Special assessments received	4,132	-	7,065	11,197	-
Net cash provided (used) by capital and related financing activities	<u>(2,247,407)</u>	<u>(320,195)</u>	<u>(175,137)</u>	<u>(2,742,739)</u>	<u>(56,722)</u>
Cash Flows - Investing Activities					
Interest received on cash and investments	345,015	112,947	120,812	578,774	4,248
Net increase (decrease) in cash and cash equivalents	866,277	237,635	642,106	1,746,018	(17,366)
Cash and Cash Equivalents					
January 1	6,663,302	2,781,165	2,178,877	11,623,344	194,203
December 31	<u>\$ 7,529,579</u>	<u>\$ 3,018,800</u>	<u>\$ 2,820,983</u>	<u>\$ 13,369,362</u>	<u>\$ 176,837</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position					
Cash and temporary investments					
Unrestricted	\$ 5,880,362	\$ 1,454,830	\$ 2,246,366	\$ 9,581,558	\$ 176,837
Restricted - debt service	1,649,217	1,563,970	574,617	3,787,804	-
Total Cash and Cash Equivalents	<u>\$ 7,529,579</u>	<u>\$ 3,018,800</u>	<u>\$ 2,820,983</u>	<u>\$ 13,369,362</u>	<u>\$ 176,837</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ 646,951	\$ 1,098,649	\$ (166,494)	\$ 1,579,106	\$ (127,642)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Other income related to operations	4,772	(3,239)	4,645	6,178	(25,586)
Depreciation	1,748,536	93,953	718,612	2,561,101	83,347
(Increase) decrease in assets					
Accounts receivable	(5,634)	110	-	(5,524)	-
Due from component units	190,647	-	(880)	189,767	-
Due from other governments	(13,150)	-	(71)	(13,221)	-
Inventories	-	(8,627)	-	(8,627)	-
Prepaid items	2,900	3,115	87	6,102	-
Increase (decrease) in liabilities					
Accounts payable	82,342	13,069	(4,203)	91,208	-
Contracts payable	-	-	146,411	146,411	-
Due to other governments	(262)	7,772	(1,424)	6,086	(1,181)
Due to component unit	(3,279)	(33)	(252)	(3,564)	-
Accrued salaries payable	(21,078)	(9,839)	-	(30,917)	-
Compensated absences payable	7,091	6,240	-	13,331	-
Increase (decrease) in deferred inflows of resources					
Unearned revenue	-	(46)	-	(46)	-
Pension related activity	125,381	15,551	-	140,932	-
Other postemployment benefit activity	12,902	2,833	-	15,735	-
Net cash provided (used) by operating activities	<u>\$ 2,778,119</u>	<u>\$ 1,219,508</u>	<u>\$ 696,431</u>	<u>\$ 4,694,058</u>	<u>\$ (71,062)</u>
Noncash Investing, Capital and Financing Activities					
Book value of disposed/traded of capital assets	\$ 6,743	\$ -	\$ -	6,743	\$ 53,356
Amortization of bond (premium) discount	(32,696)	-	(46,871)	(79,567)	-

See notes to basic financial statements.

City of Marshall
Statement of Fiduciary Net Position
December 31, 2023

	Private Purpose Trust Fund (802)
Assets	
Current	
Cash and investments	\$ 18,118
Interest receivable	72
Total assets	\$ 18,190
Net Position	
Held in trust	\$ 18,190

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2023

	Private Purpose Trust Fund (802)
Additions	
Investment income	\$ 712
Other additions	
Donations	929
Total additions	1,641
Deductions	
Program expenditures	900
Change in net position	741
Net Position	
Beginning of year	17,449
End of year	\$ 18,190

City of Marshall
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

1. Blended Component Units

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

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

City of Marshall
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

2. Discretely Presented Component Units

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

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

The Marshall Housing Commission (the Commission) meets the criteria to be included as a discrete presentation. The members of the governing board of the Utilities are appointed by the Mayor and approved by the City Council. Although the City does not have the authority to approve or modify the Commission's operational and capital budgets, the tax rates established by the Commission and bonded debt must be approved by the City Council. The Commission has a September 30 reporting date, therefore, the information presented within the government-wide financial statements is from its September 30, 2023, separately issued financial statements. Complete financial statements for the Commission may be obtained from the Marshall Housing Commission at 202 North First Street, Marshall, Minnesota.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. The fiduciary funds are only reported in the statement of fiduciary net position and the statement of changes in fiduciary net position at the fund financial statement level. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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.

City of Marshall
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Description of Funds:

Major Governmental Funds:

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

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

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

City of Marshall
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Description of Funds: (Continued)

Major Governmental Funds: (Continued)

2023 Public Improvement Capital Project Fund - This fund is used to account for street and utility improvements made to the City's infrastructure system.

Proprietary Funds:

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

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

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

Fiduciary Fund:

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

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

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.

1. 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.

City of Marshall
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Component Units (Continued)

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

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

1. Deposits and Investments

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

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

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

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.

City of Marshall
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

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

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

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

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

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.

City of Marshall
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets (Continued)

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

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

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

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 3.25% of the average balance of depreciable property in service at December 31, 2023.

5. Lease Receivable

The City is a lessor for numerous noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date.

Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term in a systematic and rational manner.

Key estimates and judgments include how the City determines (1) the discount rate, (2) lease term, (3) lease receipts, and (4) amortization.

City of Marshall
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Right-to-Use Lease Assets/Lease Liabilities

The City recorded right-to-use lease assets as a result of implementing GASB Statement No. 87, *Leases*. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the lease liability plus any payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Key estimates and judgments related to leases include (1) the discount rate, (2) lease term, (3) lease payments, and (4) amortization.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a re-measurement of the leases and will remeasure the right-to-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

7. Deferred Outflows/Inflows of Resources

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

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

City of Marshall
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Compensated Absences

a. 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 accumulate one (1) day or 8 hours for each month of service up to 120 days or 960 hours and then continue to accumulate $\frac{1}{2}$ day or 4 hours for each month of service.

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

City of Marshall
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Compensated Absences (Continued)

b. 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.

9. 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, 2023, the City has recorded estimated future costs under this plan of \$138,418.

10. 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, 2023. The General Fund is typically used to liquidate the governmental total OPEB liability.

11. 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 Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. 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.

12. 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.

13. 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 \$3,787,804.

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

City of Marshall
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Fund Balance (Continued)

a. Classification (Continued)

- ◆ Assigned Fund Balances - 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.

15. Net Position

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

E. Use of Estimates

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

F. Budgetary Information

1. Prior to September 1 of each year, City Administrator submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. The final budget is legally enacted through passage of a resolution on or before December 28 and the property tax levy is certified to the County Auditor.
3. Budgets for the General and certain Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
4. Expenditures may not legally exceed budgeted appropriations at the fund level. All amounts over budget are approved by the City Council through the disbursement process. Management is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Reported budget amounts are as originally adopted or amended by the City Council. Monitoring of budgets is maintained at the expenditure category level (i.e., personnel services, supplies, charges for services, and capital outlay) within each program.

City of Marshall
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Information (Continued)

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, 2023:

Capital Projects	
2020 Public Improvements	\$ (488,224)
2024 Public Improvements	(23,255)
Aquatic Center	<u>(308,014)</u>
Total	<u><u>\$ (819,493)</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.

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, 2023, 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, 2023, the City's deposits consisted of the following:

Checking and savings	\$ 6,195,770
Certificates of deposit	194,096
Money market	<u>4,555,469</u>
Total Deposits	<u><u>\$ 10,945,335</u></u>

City of Marshall
Notes to Basic Financial Statements

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

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

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

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

Concentration of Credit Risk: The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy places no limit on the amount the City may invest in any one issuer; however, it does state diversification strategies shall be determined and revised periodically by the investment officer for all funds.

Custodial Credit Risk - Investments: This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City typically limits its exposure by purchasing securities that are insured or registered, or securities held by the City or its agent in the City's name.

City of Marshall
Notes to Basic Financial Statements

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

As of December 31, 2023, 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	\$ 17,110,871	\$ -	\$ -	\$ -
U.S Treasury Notes	N/A	less than 1 year	996,460	-	-	-
Investments at Fair Value						
Federal Agency Bonds and Notes	N/A	less than 1 year	2,241,048	-	2,241,048	-
Federal Agency Bonds and Notes	N/A	1 to 5 years	10,520,511	-	10,520,511	-
Federal Agency Bonds and Notes	N/A	more than 5 years	1,762,536	-	1,762,536	-
Municipal Bonds	Baa1 to Aaa	less than 1 year	1,595,891	-	1,595,891	-
Municipal Bonds	Aa1 to Aaa, A+ to AAA	1 to 5 years	4,318,333	-	4,318,333	-
Municipal Bonds	Aa1 to Aaa	more than 5 years	573,717	-	573,717	-
Certificate of Deposit	N/A	less than 1 year	1,931,629	-	1,931,629	-
Certificate of Deposit	N/A	1 to 5 years	740,406	-	740,406	-
Total Primary Government			\$ 41,791,402	\$ -	\$ 23,684,071	\$ -

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	\$ 1,525,564	\$ -	\$ -	\$ -
Investments at Fair Value						
U.S Treasury Notes	N/A	1 to 5 years	1,246,221	-	1,246,221	-
U.S Treasury Notes	N/A	more than 5 years	1,239,218	-	1,239,218	-
Federal Agency Bonds and Notes	N/A	less than 1 year	313,357	-	313,357	-
Federal Agency Bonds and Notes	N/A	1 to 5 years	2,512,475	-	2,512,475	-
Federal Agency Bonds and Notes	N/A	more than 5 years	1,850,494	-	1,850,494	-
Federal Agency Mortgage Pools	N/A	less than 1 year	245,945	-	245,945	-
Federal Agency Mortgage Pools	N/A	1 to 5 years	1,013,263	-	1,013,263	-
Federal Agency Mortgage Pools	N/A	more than 5 years	237,621	-	237,621	-
Certificates of Deposrt	A+ to AAA	1 to 5 years	18,009	-	-	-
Municipal Bonds	A+ to AAA	less than 1 year	1,414,955	-	1,414,955	-
Municipal Bonds	A+ to AAA	1 to 5 years	6,159,977	-	6,159,977	-
Municipal Bonds	A+ to AAA	more than 5 years	2,845,162	-	2,845,162	-
Total Marshall Municipal Utilities Investments			20,622,261	-	19,078,688	-
Total Investments			\$ 62,413,663	\$ -	\$ 42,762,759	\$ -

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

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

N/A Indicates not applicable or available.

The City has the following recurring fair value measurements as of December 31, 2023:

- ◆ Investments of \$42,762,759 are valued using a matrix pricing model (Level 2 inputs)

City of Marshall
Notes to Basic Financial Statements

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

C. Cash and Investment Summary

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

	Component Units			
	Primary Government	Municipal Utilities	Housing Commission	Economic Development Authority
Deposits (Note 3 A.)	\$ 2,424,630	\$ 5,387,093	\$ 523,141	\$ 2,592,353
Cash on Hand	2,907	1,600	-	-
Investments (Note 3 B.)	41,791,402	20,622,261	-	-
Total	\$ 44,218,939	\$ 26,010,954	\$ 523,141	\$ 2,592,353
Cash and Temporary Investments	\$ 40,431,135	\$ 24,624,537	\$ 482,449	\$ 2,592,353
Restricted Assets	3,787,804	1,386,417	40,692	-
Total	\$ 44,218,939	\$ 26,010,954	\$ 523,141	\$ 2,592,353
	Fiduciary Funds	Total		
Deposits (Note 3 A.)	\$ 18,118	\$ 10,945,335		
Cash on Hand	-	4,507		
Investments (Note 3 B.)	-	62,413,663		
Total	18,118	73,363,505		
Cash and Temporary Investments	18,118	68,148,592		
Restricted Assets	-	5,214,913		
Total	\$ 18,118	\$ 73,363,505		

City of Marshall
Notes to Basic Financial Statements

NOTE 4 - INTERFUND ACTIVITY

A. Transfers

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

Fund	Transfers In					Total
	General	Debt Service	2023 Public Improvements	Nonmajor Governmental	Internal Service Fund	
Transfers out						
General	\$ -	\$ -	\$ -	\$ 51,255	\$ 96,720	\$ 147,975
Debt service	-	5,000	-	-	-	5,000
Sales/Lodging Tax	-	1,453,344	-	814,500	-	2,267,844
Nonmajor governmental	-	408,340	-	-	-	408,340
Wastewater Treatment	-	-	-	-	9,450	9,450
Municipal Liquor Store	424,625	200,000	150,000	-	-	774,625
Total transfers out	<u>\$ 424,625</u>	<u>\$ 2,066,684</u>	<u>\$ 150,000</u>	<u>\$ 865,755</u>	<u>\$ 106,170</u>	<u>\$ 3,613,234</u>

B. Interfund Receivables/Payables

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

Due From/To Other Funds

Fund	Due from Other Funds	Due to Other Funds
General	\$ 83,264	\$ -
Nonmajor governmental	1,200	84,464
Total	<u>\$ 84,464</u>	<u>\$ 84,464</u>

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

Due to Primary Government from Component Unit

Receivable Entity/Fund	Payable Entity/Fund	Amount
Primary Government	Component unit	
Nonmajor governmental	Economic Development Authority	\$ 167,074
Enterprise		
Wastewater Treatment	Marshall Municipal Utilities	611,422
Surface Water Management	Marshall Municipal Utilities	217,259
Total		<u>\$ 995,755</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 4 - INTERFUND ACTIVITY (CONTINUED)

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	\$ 254,133
Marshall Municipal Utilities	Nonmajor governmental	10,987
Marshall Municipal Utilities	Wastewater Treatment enterprise	20,581
Marshall Municipal Utilities	Municipal Liquor Store enterprise	2,219
Marshall Municipal Utilities	Surface Water Management enterprise	2,018
		<hr/>
Total		<u>\$ 289,938</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	\$ 18
		<hr/>

NOTE 5 - NOTES AND LEASES RECEIVABLE

Loans were made by the Economic Development Authority, EDA Parkway Housing Fund and EDA Revolving Fund, the balances of which are \$80,000, and \$177,161, respectively, as of December 31, 2023. 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 \$264 as of December 31, 2023, net of an allowance of \$688,532.

The City has a lease for building space within the MERIT Center. The lease agreement includes annual principal and interest payments. The annual interest and discount rate on the lease agreement is 2.5%. Revenue from these leases for the year ended December 31, 2023, was \$13,000.

City of Marshall
Notes to Basic Financial Statements

NOTE 6 - CAPITAL ASSETS

Primary Government

Capital asset activity for the primary government for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 7,093,656	\$ 468,000	\$ -	\$ 7,561,656
Construction in progress	914,090	2,311,140	742,801	2,482,429
Total capital assets not being depreciated	<u>8,007,746</u>	<u>2,779,140</u>	<u>742,801</u>	<u>10,044,085</u>
Other capital assets				
Buildings	51,862,830	73,499	-	51,936,329
Improvements other than buildings	29,963,842	145,799	-	30,109,641
Infrastructure	75,765,427	2,650,087	-	78,415,514
Equipment and machinery	13,059,906	224,992	768,407	12,516,491
Library books	330,753	-	71,287	259,466
Leased vehicles	135,925	576,257	-	712,182
Total other capital assets at historical cost	<u>171,118,683</u>	<u>3,670,634</u>	<u>839,694</u>	<u>173,949,623</u>
Less accumulated depreciated for				
Buildings	15,145,862	1,522,378	-	16,668,240
Improvements other than buildings	19,540,467	1,100,392	-	20,640,859
Infrastructure	40,544,848	3,584,293	-	44,129,141
Equipment and machinery	8,862,229	694,451	727,981	8,828,699
Library books	330,753	-	71,287	259,466
Less accumulated amortization for				
Leased vehicles	42,973	83,347	-	126,320
Total accumulated depreciation and amortization	<u>84,467,132</u>	<u>6,984,861</u>	<u>799,268</u>	<u>90,652,725</u>
Total other capital assets, net	<u>86,651,551</u>	<u>(3,314,227)</u>	<u>40,426</u>	<u>83,296,898</u>
Governmental activities capital assets, net	<u>\$ 94,659,297</u>	<u>\$ (535,087)</u>	<u>\$ 783,227</u>	<u>\$ 93,340,983</u>

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

General government	\$ 824,699
Public safety	401,506
Public works	4,082,751
Culture and recreation	1,085,739
Airport	<u>590,166</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 6,984,861</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 512,872	\$ -	\$ -	\$ 512,872
Construction in progress	501,963	1,808,011	1,211,918	1,098,056
Total capital assets not being depreciated	<u>1,014,835</u>	<u>1,808,011</u>	<u>1,211,918</u>	<u>1,610,928</u>
Capital assets being depreciated				
Buildings	2,528,334	-	-	2,528,334
Improvements other than buildings	43,044,625	54,998	-	43,099,623
Infrastructure	42,724,724	1,188,418	14,808	43,898,334
Equipment and machinery	4,010,455	99,461	310,654	3,799,262
Total capital assets being depreciated	<u>92,308,138</u>	<u>1,342,877</u>	<u>325,462</u>	<u>93,325,553</u>
Less accumulated depreciated for				
Buildings	535,519	66,705	-	602,224
Improvements other than buildings	23,595,902	925,441	-	24,521,343
Infrastructure	21,009,303	1,382,452	14,808	22,376,947
Equipment and machinery	3,191,571	186,503	303,911	3,074,163
Total accumulated depreciation	<u>48,332,295</u>	<u>2,561,101</u>	<u>318,719</u>	<u>50,574,677</u>
Total capital assets being depreciated, net	<u>43,975,843</u>	<u>(1,218,224)</u>	<u>6,743</u>	<u>42,750,876</u>
Business-type activities capital assets, net	<u>\$ 44,990,678</u>	<u>\$ 589,787</u>	<u>\$ 1,218,661</u>	<u>\$ 44,361,804</u>

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

Wastewater Treatment	\$ 1,748,536
Municipal Liquor Store	93,953
Surface Water Management	<u>718,612</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 2,561,101</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units

Capital asset activity for the Marshall Municipal Utilities for the year ended December 31, 2023, 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	\$ 308,893	\$ 1,807,604	\$ 1,394,369	\$ 722,128
Capital assets being depreciated				
Electric production plant	3,330,746	661,778	-	3,992,524
Electric transmission line	16,564,891	-	-	16,564,891
Electric distribution system	61,405,328	992,408	147,785	62,249,951
Transportation and general	10,582,989	476,496	90,984	10,968,501
Water utility	73,164,018	1,015,818	69,578	74,110,258
Total capital assets being depreciated	<u>165,047,972</u>	<u>3,146,500</u>	<u>308,347</u>	<u>167,886,125</u>
Less accumulated depreciated for				
Electric production plant	2,897,556	63,965	-	2,961,521
Electric transmission line	12,107,622	526,783	-	12,634,405
Electric distribution system	34,998,825	2,566,149	147,785	37,417,189
Transportation and general	8,874,912	609,550	90,984	9,393,478
Water utility	35,348,070	1,692,263	69,578	36,970,755
Total accumulated depreciation	<u>94,226,985</u>	<u>5,458,710</u>	<u>308,347</u>	<u>99,377,348</u>
Total capital assets being depreciated, net	<u>70,820,987</u>	<u>(2,312,210)</u>	<u>-</u>	<u>68,508,777</u>
Capital assets, net	<u>\$ 82,315,906</u>	<u>\$ (504,606)</u>	<u>\$ 1,394,369</u>	<u>\$ 69,230,905</u>

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

Business-type Activities	
Marshall Municipal Utilities - Water	\$ 1,692,263
Marshall Municipal Utilities - Electric	<u>3,766,447</u>
Total	<u>\$ 5,458,710</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Capital asset activity for the Marshall Housing Commission for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Marshall Housing Commission				
Capital assets not being depreciated				
Land	\$ 514,965	\$ -	\$ -	\$ 514,965
Capital assets being depreciated				
Buildings	9,441,182	109,898	-	9,551,080
Equipment and machinery	198,297	8,598	3,100	203,795
Total capital assets being depreciated	9,639,479	118,496	3,100	9,754,875
Less accumulated depreciated	6,970,150	292,129	3,100	7,259,179
Total capital assets being depreciated, net	2,669,329	(173,633)	-	2,495,696
Capital assets, net	<u>\$ 3,184,294</u>	<u>\$ (173,633)</u>	<u>\$ -</u>	<u>\$ 3,010,661</u>

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

Business-type Activities	
Marshall Housing Commission	<u>\$ 292,129</u>

Capital asset activity for the Economic Development Authority for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Economic Development Authority				
Capital assets being depreciated				
Land improvements	\$ 12,920	\$ -	\$ -	\$ 12,920
Less accumulated depreciated for Land improvements	9,206	646	-	9,852
Total capital assets being depreciated, net	3,068	(646)	-	3,068
Capital assets, net	<u>\$ 3,068</u>	<u>\$ (646)</u>	<u>\$ -</u>	<u>\$ 3,068</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 6 - CAPITAL ASSETS (CONTINUED)

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

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

NOTE 7 - LONG-TERM DEBT

A. Components of Long-Term Liabilities

1. Governmental Activity Debt

a. General Obligation Bonds

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

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

General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Capital Improvement of 2010A	\$ 1,150,000	2.00 - 3.30 %	09/15/10	02/01/26	\$ 230,000
G.O. Bonds of 2015A	1,710,000	2.00 - 3.00	01/01/15	02/01/31	975,000
G.O. Bonds of 2020A	6,170,000	2.00 - 5.00	02/27/20	02/01/40	5,655,000
G.O. Equipment Certificates of 2020B	360,000	2.00	07/09/20	02/01/28	260,000
G.O. Equipment Certificates of 2021A	440,000	2.00	06/10/21	02/01/30	385,000
Total General Obligation Bonds					<u>\$ 7,505,000</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

1. Governmental Activity Debt (Continued)

a. General Obligation Bonds (Continued)

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

<u>Year Ending</u> <u>December 31,</u>	General Obligation Bonds Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 535,000	\$ 209,309	\$ 744,309
2025	555,000	189,259	744,259
2026	570,000	169,289	739,289
2027	510,000	151,294	661,294
2028	530,000	133,919	663,919
2029-2033	2,145,000	432,519	2,577,519
2034-2038	1,860,000	199,253	2,059,253
2039-2040	800,000	19,119	819,119
Total	<u>\$ 7,505,000</u>	<u>\$ 1,503,960</u>	<u>\$ 9,008,960</u>

b. 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.

<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 Increment					
Revenues Bonds of 2017B	\$ 2,930,000	0.70 - 2.70%	10/26/17	02/01/33	<u>\$ 1,885,000</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

1. Governmental Activity Debt (Continued)

b. General Obligation Tax Increment Bonds (Continued)

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

Year Ending December 31,	G.O. Tax Increment Bonds Governmental Activities		
	Principal	Interest	Total
2024	\$ -	\$ 51,225	\$ 51,225
2025	100,000	50,100	150,100
2026	115,000	47,538	162,538
2027	220,000	43,350	263,350
2028	225,000	37,788	262,788
2029-2033	1,225,000	91,888	1,316,888
Total	<u>\$ 1,885,000</u>	<u>\$ 321,888</u>	<u>\$ 2,206,888</u>

c. General Obligation Tax Abatement Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Tax Abatement Bonds of 2016C	\$ 2,810,000	2.00 - 3.00%	06/23/16	02/01/37	<u>\$ 2,090,000</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

1. Governmental Activity Debt (Continued)

c. General Obligation Tax Abatement Bonds (Continued)

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>
2024	\$ 130,000	\$ 53,300	\$ 183,300
2025	130,000	50,700	180,700
2026	135,000	48,050	183,050
2027	135,000	45,350	180,350
2028	140,000	42,600	182,600
2029-2033	750,000	157,550	907,550
2034-2037	670,000	40,950	710,950
Total	<u>\$ 2,090,000</u>	<u>\$ 438,500</u>	<u>\$ 2,528,500</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

d. 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	\$ 310,000
G.O. Improvement Bonds of 2012A	2,550,000	2.00 - 2.55	06/01/12	02/01/28	390,000
G.O. Improvement Bonds of 2013A	2,785,000	2.00 - 3.00	08/01/13	02/01/25	470,000
G.O. Improvement Bonds of 2014B	15,735,000	3.13 - 5.00	07/23/14	02/01/28	6,705,000
G.O. Improvement Bonds of 2014C	1,955,000	2.00 - 3.00	07/23/14	02/01/26	255,000
G.O. Improvement Bonds of 2015B	895,000	3.00 - 4.00	07/22/15	02/01/24	115,000
G.O. Improvement Bonds of 2016B	1,500,000	2.00	06/23/16	02/01/25	380,000
G.O. Improvement Bonds of 2017A	1,035,000	2.00 - 3.00	07/13/17	02/01/28	535,000
G.O. Improvement Bonds of 2017B	360,000	1.65 - 3.00	10/26/17	02/01/28	190,000
G.O. Improvement Bonds of 2018A	2,328,608	3.13 - 4.00	07/25/18	02/01/34	1,612,024
G.O. Improvement Bonds of 2020B	424,535	2.00	07/09/20	02/01/28	295,990
G.O. Improvement Bonds of 2021A	899,600	2.00	06/10/21	02/01/30	766,450
G.O. Improvement Bonds of 2022A	2,825,000	3.00 - 5.00	05/26/22	02/01/33	2,825,000
G.O. Improvement Bonds of 2023A	3,052,800	5.00	06/22/23	02/01/34	3,052,800
Total G.O. Improvement Bonds					<u>\$ 17,902,264</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
2024	\$ 2,899,166	\$ 703,430	\$ 3,602,596
2025	2,888,566	568,822	3,457,388
2026	2,615,010	469,181	3,084,191
2027	2,599,659	382,896	2,982,555
2028	2,511,957	294,768	2,806,725
2029-2033	3,895,213	657,318	4,552,531
2034	492,693	17,986	510,679
Total	<u>\$ 17,902,264</u>	<u>\$ 3,094,400</u>	<u>\$ 20,996,664</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

e. General Obligation State Aid Street Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. State Aid Street Bonds of 2021B	\$ 2,000,000	4.00%	06/10/21	04/01/29	<u>\$ 1,545,000</u>

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

Year Ending December 31,	G.O. State Aid Street Bonds Governmental Activities		
	Principal	Interest	Total
2024	\$ 235,000	\$ 57,100	\$ 292,100
2025	240,000	47,600	287,600
2026	250,000	37,800	287,800
2027	260,000	27,600	287,600
2028	275,000	16,900	291,900
2029	285,000	5,700	290,700
Total	<u>\$ 1,545,000</u>	<u>\$ 192,700</u>	<u>\$ 1,737,700</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT

A. Components of Long-Term Liabilities (Continued)

1. Business-Type Activity Debt

a. 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	\$ 290,000
G.O. Utility and Improvement Bonds of 2011A - Wastewater	960,000	0.50 - 4.00	09/15/11	02/01/27	300,000
G.O. Utility and Improvement Bonds of 2011B - Storm	335,000	0.50 - 4.00	10/01/11	02/01/27	105,000
G.O. Utility and Improvement Bonds of 2011B - Wastewater	205,000	0.50 - 4.00	10/01/11	02/01/27	60,000
G.O. Utility and Improvement Bonds of 2012A - Wastewater	1,775,000	2.00 - 2.55	06/01/12	02/01/28	655,000
G.O. Utility and Improvement Bonds of 2014C - Wastewater	1,420,000	2.00 - 3.00	07/23/14	02/01/25	315,000
G.O. Utility and Improvement Bonds of 2015B - Wastewater	860,000	3.00 - 4.00	07/22/15	02/01/24	120,000
G.O. Utility and Improvement Bonds of 2016B - Wastewater	305,553	2.00	06/23/16	02/01/25	81,181
G.O. Utility and Improvement Bonds of 2016B - Storm	1,049,447	2.00	06/23/16	02/01/25	278,820
G.O. Utility and Improvement Bonds of 2016D - Wastewater	3,630,000	2.00	06/23/16	02/01/27	1,565,000
G.O. Utility and Improvement Bonds of 2017A - Storm	85,000	2.00 - 3.00	07/13/17	02/01/23	15,000
G.O. Utility and Improvement Bonds of 2018A - Wastewater	619,850	3.13 - 4.00	07/25/18	02/01/34	457,343
G.O. Utility and Improvement Bonds of 2018A - Storm	631,542	3.13 - 4.00	07/25/18	02/01/34	425,633
G.O. Utility and Improvement Bonds of 2020B - Storm	1,685,465	2.00	07/09/20	02/01/31	1,299,010
G.O. Utility and Improvement Bonds of 2021A - Wastewater	625,400	2.00	06/10/21	02/01/30	548,550
G.O. Utility and Improvement Bonds of 2023A - Storm	1,737,200	5.00	06/22/23	02/01/34	<u>1,737,200</u>
Total G.O. Revenue Bonds					<u>\$ 8,252,737</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

2. Business-Type Activity Debt (Continued)

a. General Obligation Revenue Bonds (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>
2024	\$ 1,520,834	\$ 241,391	\$ 1,762,225
2025	1,526,434	191,020	1,717,454
2026	1,224,991	152,738	1,377,728
2027	1,260,341	117,732	1,378,072
2028	673,043	90,175	763,218
2029-2033	1,759,787	227,451	1,987,238
2034	287,307	6,489	293,796
Total	<u>\$ 8,252,736</u>	<u>\$ 1,026,995</u>	<u>\$ 9,279,731</u>

b. 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	<u>\$ 1,485,000</u>

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>
2024	\$ 230,000	\$ 44,873	\$ 274,873
2025	235,000	38,318	273,318
2026	245,000	31,620	276,620
2027	250,000	24,025	274,025
2028	260,000	16,275	276,275
2029	265,000	8,215	273,215
Total	<u>\$ 1,485,000</u>	<u>\$ 163,325</u>	<u>\$ 1,648,325</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

2. Business-Type Activity Debt (Continued)

c. 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, 2023, the City had drawn \$14,830,890 on this note and have made \$2,076,590 in principal payments. The amortization schedule below represents the entire liability once the project is complete, and all draws have been made.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Wastewater Revenue Utility and Improvement Note 2019A	\$ 15,678,015	1.00 %	07/10/2019	08/20/1939	<u>\$ 12,128,000</u>

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
2024	\$ 703,000	\$ 121,280	\$ 824,280
2025	710,000	114,250	824,250
2026	717,000	107,150	824,150
2027	724,000	99,980	823,980
2028	731,000	92,740	823,740
2029-2033	3,767,000	352,540	4,119,540
2034-2038	3,960,000	160,400	4,120,400
2039	816,000	8,160	824,160
Total	<u>\$ 12,128,000</u>	<u>\$ 1,056,500</u>	<u>\$ 13,184,500</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

2. Business-Type Activity Debt (Continued)

d. Lease Liability

The City entered into lease agreements for vehicles. The lease agreements include annual principal and interest payments as noted below. Interest and discount rates on the lease agreements range from 4.29% to 15.4%.

Year Ending December 31,	Lease Liability		
	Governmental Activities		
	Principal	Interest	Total
2024	\$ 137,791	\$ 36,740	\$ 174,531
2025	151,202	23,328	174,530
2026	121,356	9,507	130,863
2027	24,785	571	25,356
Total	<u>\$ 435,134</u>	<u>\$ 70,146</u>	<u>\$ 505,280</u>

3. Component Unit Debt

a. Revenue Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Utility Revenue Bonds					
Series 2014A	\$ 4,025,000	3.04%	04/24/14	07/01/29	\$ 1,835,000
Series 2021C	3,420,000	0.44	08/18/21	07/01/25	1,415,000
Series 2021D	2,515,000	0.99	08/18/21	07/01/25	<u>1,855,000</u>
Total Revenue Bonds					<u>\$ 5,105,000</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

3. Component Unit Debt (Continued)

b. Revenue Bonds (Continued)

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

<u>Year Ending December 31,</u>	Revenue Bonds Marshall Municipal Utilities Component Unit Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2024	\$ 1,525,000	\$ 177,650
2025	1,170,000	114,000	1,284,000
2026	670,000	68,500	738,500
2027	695,000	48,025	743,025
2028	715,000	30,250	745,250
2029	330,000	11,550	341,550
Total	<u>\$ 5,105,000</u>	<u>\$ 449,975</u>	<u>\$ 5,554,975</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 8,165,000	\$ -	\$ 660,000	\$ 7,505,000	\$ 535,000
General obligation tax increment bonds	2,060,000	-	175,000	1,885,000	-
General obligation tax abatement bonds	2,215,000	-	125,000	2,090,000	130,000
General obligation improvement bonds	17,492,282	3,052,800	2,642,818	17,902,264	2,899,166
General obligation State Aid street bonds	1,770,000	-	225,000	1,545,000	235,000
Unamortized bond premium	2,181,558	317,730	280,371	2,218,917	-
Total bonds payable	<u>33,883,840</u>	<u>3,370,530</u>	<u>4,108,189</u>	<u>33,146,181</u>	<u>3,799,166</u>
Lease liability	105,160	437,022	107,048	435,134	137,791
Compensated absences payable	<u>1,259,201</u>	<u>65,120</u>	<u>54,013</u>	<u>1,270,308</u>	<u>130,473</u>
Governmental activity long-term liabilities	<u>\$ 35,248,201</u>	<u>\$ 3,872,672</u>	<u>\$ 4,269,250</u>	<u>\$ 34,851,623</u>	<u>\$ 4,067,430</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Liabilities (Continued)

Long-term liability activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities					
Bonds payable					
General obligation					
revenue bonds	\$ 7,992,718	\$ 1,737,200	\$ 1,477,181	\$ 8,252,737	\$ 1,520,834
Revenue bonds	1,710,000	-	225,000	1,485,000	230,000
PFA notes	12,823,890	-	695,890	12,128,000	703,000
Unamortized bond premium	315,956	181,708	79,567	418,097	-
Total bonds payable	<u>22,842,564</u>	<u>1,918,908</u>	<u>2,477,638</u>	<u>22,283,834</u>	<u>2,453,834</u>
Compensated absences payable	<u>205,353</u>	<u>25,372</u>	<u>12,041</u>	<u>218,684</u>	<u>68,623</u>
Business-type activity long-term liabilities	<u>\$23,047,917</u>	<u>\$ 1,944,280</u>	<u>\$ 2,489,679</u>	<u>\$22,502,518</u>	<u>\$ 2,522,457</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, 2023, the following issues were outstanding:

Name	Date of Issue	Original Amount of Issue	Balance Outstanding as of 12/31/23
SMSU - Student Housing Revenue Note	2005	\$ 5,600,000	\$ 1,975,638

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.

City of Marshall
Notes to Basic Financial Statements

NOTE 9 - RISK MANAGEMENT (CONTINUED)

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 2023 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2023, 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, 2023, was \$1,509,060. The components of pension expense are noted in the following plan summaries.

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

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

B. Benefits Provided

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

City of Marshall
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

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. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

Police and Fire Plan Benefits

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

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

C. Contributions

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

City of Marshall
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

Police and Fire Plan Benefits (Continued)

C. Contributions (Continued)

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2023 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, 2023, were \$457,283. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2023 and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2023, were \$357,424. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$4,378,448 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 \$120,761.

The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0783% at the end of the measurement period and 0.0776% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 4,378,448
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>120,761</u>
Total	<u><u>\$ 4,499,209</u></u>

City of Marshall
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

For the year ended December 31, 2023, the City recognized pension expense of \$675,685 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$543 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.

At December 31, 2023, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 143,481	\$ 30,239
Changes in actuarial assumptions	710,295	1,200,095
Net collective difference between projected and actual investment earnings	-	184,698
Changes in proportion	64,063	19,218
Contributions paid to PERA subsequent to the measurement date	228,641	-
Total	\$ 1,146,480	\$ 1,434,250

City of Marshall
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The \$228,641 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, 2024. 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>
2024	\$ 126,781
2025	(659,284)
2026	111,075
2027	<u>(94,983)</u>
Total	<u><u>\$ (516,411)</u></u>

Police and Fire Fund Pension Costs

At December 31, 2023, the City reported a liability of \$2,655,926 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1538% at the end of the measurement period and 0.1584% for the beginning of the period.

City of Marshall
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2022. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$106,986.

City's proportionate share of the net pension liability	\$ 2,655,926
State of Minnesota's proportionate share of the net pension liability associated with the City	106,986
Total	\$ 2,762,912

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2023, the City recognized pension expense of \$781,147 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized (\$6,444) as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City also recognized \$13,842 for the year ended December 31, 2023, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

City of Marshall
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Plan Pension Costs (Continued)

At December 31, 2023, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 736,199	\$ -
Changes in actuarial assumptions	3,127,196	3,733,916
Net collective difference between projected and actual investment earnings	-	71,472
Changes in proportion	50,167	172,490
Contributions paid to PERA subsequent to the measurement date	178,712	-
Total	<u>\$ 4,092,274</u>	<u>\$ 3,977,878</u>

The \$178,712 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2024	\$ 128,464
2025	37,304
2026	647,496
2027	(185,262)
2028	(692,318)
Total	<u>\$ (64,316)</u>

City of Marshall
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real</u>
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	<u>100.0 %</u>	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1% for the Police and Fire Plan.

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

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

City of Marshall
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2021 and was adopted by the Board and became effective with the July 1, 2021, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

Changes in Actuarial Assumptions

- ◆ The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions

- ◆ An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- ◆ The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- ◆ The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- ◆ A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund

Changes in Actuarial Assumptions

- ◆ The investment return assumption and single discount rate were changed from 6.5% to 7.0%.
- ◆ The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions

- ◆ Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- ◆ Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- ◆ A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- ◆ Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- ◆ The total and permanent duty disability benefit was increased, effective July 1, 2023.

G. Discount Rate

The rate used for the General Employees Plan used to measure the total pension liability in 2023 was 7.0%. 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 and Police and Fire Plans 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 Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the General Employees Fund net pension liability	\$ 7,745,827	\$ 4,378,448	\$ 1,608,652
	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the Police and Fire Fund net pension liability	\$ 5,269,674	\$ 2,655,926	\$ 507,076

I. Pension Plan Fiduciary Net Position

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

Public Employees Defined Contribution Plan

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

City of Marshall
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Public Employees Defined Contribution Plan (Continued)

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

Pension expense for the year is equal to the contributions made. Total contributions made by the City during fiscal year 2023 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rate</u>
<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	
\$ 1,945	\$ 1,945	5%	5%	5%

A. 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, 2023, were \$11,938.

Detailed information concerning the Commission's pension plan is presented in its publicly available annual report for the year ended September 30, 2023. That report may be obtained by contacting the Commission.

Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association

A. Plan Description

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

City of Marshall
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

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

A. Plan Description (Continued)

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

B. Benefits Provided

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

C. Members Covered by Benefit Terms

At December 31, 2022, the following members were covered by the benefit terms:

Inactive members entitled to but not yet receiving benefits	10
Active members	<u>46</u>
Total	<u><u>56</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 \$125,641 made by the State of Minnesota for the Relief Association.

E. Net Pension Liability

The City's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022.

Actuarial Assumptions

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

Inflation	2.5 %
Investment rate of return	6.00 %, net of pensions plan investment expenses: including inflation

City of Marshall
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

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

E. Net Pension Liability (Continued)

Actuarial Assumptions (Continued)

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.00%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate. The equivalent single rate is the discount rate.

City of Marshall
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

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

F. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at January 1, 2023	\$ 2,463,048	\$ 2,688,949	\$ (225,901)
Changes for the year			
Service cost	144,955	-	144,955
Interest cost	120,423	-	120,423
Differences between expected and actual experience	(56,818)	-	(56,818)
Changes of assumptions	(76,050)	-	(76,050)
Contributions - State and local	-	125,641	(125,641)
Net investment income	-	323,557	(323,557)
Benefit payments	(628,464)	(628,464)	-
Administrative expense	-	(11,620)	11,620
Net changes	(495,954)	(190,886)	(305,068)
Balances at December 31, 2023	\$ 1,967,094	\$ 2,498,063	\$ (530,969)

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 6.00%, 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 (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

	1% Decrease in Discount Rate 5.00%	Current Discount Rate Rate 6.00%	1% Increase in Discount Rate 7.00%
City's net pension liability (asset)	\$ (449,569)	\$ (530,969)	\$ (609,116)

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

City of Marshall
Notes to Basic Financial Statements

NOTE 10 - PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan - Volunteer Firefighter'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, 2023, the City recognized pension expense of \$50,283. At December 31, 2023, 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	\$ -	\$ 155,487
Changes of assumptions	71,240	68,321
Net difference between projected and actual earnings on pension plan investments	166,124	-
Total	\$ 237,364	\$ 223,808

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

Year Ending	Total
2024	\$ 18,691
2025	47,774
2026	81,249
2027	(58,471)
2028	(18,699)
Thereafter	(56,988)
Total	\$ 13,556

H. Payable to the Pension Plan

At December 31, 2023, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2023.

City of Marshall
Notes to Basic Financial Statements

NOTE 11 - POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

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

B. Benefits Provided

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

C. Contributions

Retirees contribute to the health care plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with union representatives. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2023, the City had implicit contributions of \$31,237 to the plan.

D. Members

As of December 31, 2022, the following were covered by the benefit terms:

Retirees electing coverage	17
Actives waiving coverage	9
Active employees electing coverage	89
Total	115

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation measured as of December 31, 2022, 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

Discount rate	4.05%
Inflation	2.50%
Healthcare cost trend increases	6.30% intitially, gradually decreasing to an ultimate rate of 3.90% in 2075 and later years
Mortality assumption	Pub-2010 General (General) and Public Safety (Polce and Fire) mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.

City of Marshall
Notes to Basic Financial Statements

NOTE 11 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

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

The discount rate used to measure the total OPEB liability was 4.05% which is equal to the 20 Year Municipal Bond Yield.

F. Total OPEB Liability

The City's total OPEB liability of \$434,725 was measured as of December 31, 2022, and was determined by an actuarial valuation as of December 31, 2022.

	<u>Total OPEB Liability</u>
Balance at January 1, 2022	<u>\$ 648,415</u>
Changes for the year	
Service cost	86,290
Interest	13,231
Differences between expected and actual economic experience	(164,139)
Changes of assumptions	(117,835)
Benefit payments	<u>(31,237)</u>
Net changes	<u>(213,690)</u>
Balance at December 31, 2022	<u><u>\$ 434,725</u></u>

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

- ◆ The discount rate was changed from 1.84% to 4.05% based on updated 20-year municipal bond rates.
- ◆ The inflation rate was changed from 2.25% to 2.50%.
- ◆ The payroll growth assumption was changed from 3.00% to 3.25% based on the 7/1/22 PERA valuations.

The General Fund typically liquidates the liability related to OPEB.

City of Marshall
Notes to Basic Financial Statements

NOTE 11 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 4.05% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability		
1% Decrease in Discount Rate (3.05%)	Current Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
\$ 465,464	\$ 434,725	\$ 404,935

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 in Trend Rate (5.3% Decreasing to 2.9%)	Current Trend Rate (6.3% Decreasing to 3.9%)	1% Increase in Trend Rate (7.3% Decreasing to 4.9%)
\$ 382,360	\$ 434,725	\$ 497,368

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

For the year ended December 31, 2023, the City recognized OPEB expense of \$63,124. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 233,881
Changes of assumptions	47,060	105,339
Contributions subsequent to the measurement date	31,237	-
Total	\$ 78,297	\$ 339,220

City of Marshall
Notes to Basic Financial Statements

NOTE 11 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

The \$31,237 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, 2024. 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>			
2024		\$	(36,397)
2025			(36,397)
2026			(36,397)
2027			(38,161)
2028			(35,533)
Thereafter			<u>(109,275)</u>
Total		\$	<u><u>(292,160)</u></u>

NOTE 12 - SUBSEQUENT EVENT

On May 9, 2024, the City of Marshall issued General Obligation Bonds, Series 2024A in the amount of \$3,580,000 and General Obligation Grant Anticipation Notes, Series 2024B in the amount of \$2,415,000. The Series 2024A Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. The Series 2024B Notes will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes; however, the City does not anticipate the need to levy taxes to pay debt service on the Series 2024B Notes. The City has applied for grants of state and federal funds, including from the Federal Aviation Administration, to aid in the payment of the cost of the various improvements to the Southwest Minnesota Regional Airport, and the City will pledge such grant receipts, plus certain local funds, to cover 105% of debt Service on the Series 2024B Notes.

REQUIRED SUPPLEMENTARY INFORMATION

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

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Total OPEB Liability				
Service cost	\$ 86,290	\$ 81,632	\$ 67,767	\$ 59,020
Interest	13,231	12,817	17,247	20,045
Differences between expected and actual experience	(164,139)	(1,556)	(74,789)	-
Changes of assumptions	(117,835)	8,282	13,009	20,751
Benefit payments	(31,237)	(23,963)	(22,830)	(20,572)
Net change in total OPEB liability	(213,690)	77,212	404	79,244
Beginning of year	648,415	571,203	570,799	491,555
End of year	<u>\$ 434,725</u>	<u>\$ 648,415</u>	<u>\$ 571,203</u>	<u>\$ 570,799</u>
Covered-employee payroll	\$ 9,219,677	\$ 8,406,199	\$ 6,917,827	\$ 5,045,093
Total OPEB liability as a percentage of covered-employee payroll	4.83%	7.75%	8.29%	11.31%

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

December 31, 2019	December 31, 2018
\$ 53,044	\$ 46,291
17,550	17,579
(74,431)	-
29,640	17,186
<u>(22,807)</u>	<u>(15,171)</u>
<u>2,996</u>	<u>65,885</u>
<u>488,559</u>	<u>422,674</u>
<u>\$ 491,555</u>	<u>\$ 488,559</u>
\$ 6,221,055	\$ 7,183,783
7.90%	6.80%

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
2023	0.0783%	\$ 4,378,448	\$ 120,761	\$ 4,499,209	\$ 6,230,493	70.3%	83.1%
2022	0.0776%	6,145,946	180,012	6,325,958	5,809,627	105.8%	76.7%
2021	0.0785%	3,352,303	102,376	3,454,679	5,653,000	59.3%	87.0%
2020	0.0770%	4,616,502	142,402	4,758,904	5,491,880	84.1%	79.1%
2019	0.0755%	4,174,226	129,661	4,303,887	5,340,853	78.2%	80.2%
2018	0.0747%	4,144,050	135,844	4,279,894	5,015,656	85.3%	79.5%
2017	0.0757%	4,832,638	60,786	4,893,424	4,879,197	100.3%	75.9%
2016	0.0708%	5,748,609	75,053	5,823,662	4,394,194	132.5%	68.9%
2015	0.0730%	3,783,239	-	3,783,239	4,221,213	89.6%	78.2%

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

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

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability 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
2023	0.1538%	\$ 2,655,926	\$ 106,986	\$ 2,762,912	\$ 2,020,316	136.8%	86.5%
2022	0.1584%	6,982,942	301,086	7,284,028	1,924,192	378.5%	70.5%
2021	0.1515%	1,155,784	52,570	1,208,354	1,955,765	61.8%	93.7%
2020	0.1503%	1,967,588	46,689	2,014,277	1,814,074	111.0%	87.2%
2019	0.1519%	1,596,623	-	1,596,623	1,639,377	97.4%	89.3%
2018	0.1481%	1,578,593	-	1,578,593	1,561,333	101.1%	88.8%
2017	0.1530%	2,065,682	-	2,065,682	1,566,649	131.9%	85.4%
2016	0.1490%	5,979,629	-	5,979,629	1,433,849	417.0%	63.9%
2015	0.1540%	1,749,800	-	1,749,800	1,367,414	128.0%	86.6%

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

REQUIRED SUPPLEMENTARY INFORMATION

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
2023	\$ 457,283	\$ 457,283	\$ -	\$ 6,097,107	7.5%
2022	432,918	432,918	-	5,772,240	7.5%
2021	437,879	437,879	-	5,838,387	7.5%
2020	479,230	479,230	-	6,389,733	7.5%
2019	406,453	406,453	-	5,419,373	7.5%
2018	388,137	388,137	-	5,175,154	7.5%
2017	364,044	364,044	-	4,853,924	7.5%
2016	339,038	339,038	-	4,520,504	7.5%
2015	337,463	337,463	-	4,499,507	7.5%

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

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

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
2023	\$ 357,424	\$ 357,424	\$ -	\$ 2,019,345	17.70%
2022	367,844	367,844	-	2,078,215	17.70%
2021	327,828	327,828	-	1,852,136	17.70%
2020	270,285	270,285	-	1,527,034	17.70%
2019	277,118	277,118	-	1,634,914	16.95%
2018	260,368	260,368	-	1,607,210	16.20%
2017	254,704	254,704	-	1,572,247	16.20%
2016	229,508	229,508	-	1,416,716	16.20%
2015	240,460	240,460	-	1,484,321	16.20%

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

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

	2023	2022	2021	2020
Total Pension Liability (TPL)				
Service cost	\$ 144,955	\$ 134,664	\$ 119,404	\$ 116,491
Interest	120,423	126,627	153,954	157,417
Differences between expected and actual experience	(56,818)	-	(114,170)	-
Changes of assumptions	(76,050)	-	67,464	-
Changes of benefit terms	-	86,052	-	-
Benefit payments, including refunds or member contributions	(628,464)	(323,133)	(468,609)	(200,478)
Net change in total pension liability	<u>(495,954)</u>	<u>24,210</u>	<u>(241,957)</u>	<u>73,430</u>
Beginning of year	<u>2,463,048</u>	<u>2,438,838</u>	<u>2,680,795</u>	<u>2,607,365</u>
End of year	<u>\$ 1,967,094</u>	<u>\$ 2,463,048</u>	<u>\$ 2,438,838</u>	<u>\$ 2,680,795</u>
Plan Fiduciary Net Position (FNP)				
Contributions - State and local	\$ 125,641	\$ 112,667	\$ 111,585	\$ 106,308
Contributions - donations and other income	-	-	-	223
Net investment income	323,557	(530,734)	361,217	330,106
Benefit payments, including refunds of member contributions	(628,464)	(323,133)	(468,609)	(200,478)
Administrative expense	(11,620)	(11,150)	(11,496)	(9,750)
Other	-	584	-	-
Net change in plan fiduciary net position	<u>(190,886)</u>	<u>(751,766)</u>	<u>(7,303)</u>	<u>226,409</u>
Beginning of year	<u>2,688,949</u>	<u>3,440,715</u>	<u>3,448,018</u>	<u>3,221,609</u>
End of year	<u>\$ 2,498,063</u>	<u>\$ 2,688,949</u>	<u>\$ 3,440,715</u>	<u>\$ 3,448,018</u>
Net Pension Liability (NPL)	<u>\$ (530,969)</u>	<u>\$ (225,901)</u>	<u>\$ (1,001,877)</u>	<u>\$ (767,223)</u>
Plan fiduciary net position as a percentage of the total pension liability	127.0%	109.2%	141.1%	128.6%
Covered employee payroll	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

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

	2019	2018	2017	2016	2015
\$	134,662	\$ 131,058	\$ 138,841	\$ 151,873	\$ 128,480
	165,189	173,655	234,533	206,225	203,955
	(69,133)	-	(504,956)	-	-
	64,058	-	(579)	(44,795)	34,723
	-	-	-	88,384	59,012
	-	(867,453)	(656,455)	(45,890)	(254,609)
	<u>294,776</u>	<u>(562,740)</u>	<u>(788,616)</u>	<u>355,797</u>	<u>171,561</u>
	<u>2,312,589</u>	<u>2,875,329</u>	<u>3,663,945</u>	<u>3,308,148</u>	<u>3,136,587</u>
\$	<u>2,607,365</u>	<u>2,312,589</u>	<u>2,875,329</u>	<u>3,663,945</u>	<u>3,308,148</u>
\$	100,826	\$ 108,906	\$ 156,757	\$ 124,166	\$ 103,127
	-	8,454	-	-	-
	482,227	(147,725)	514,498	269,176	(45,718)
	-	(867,453)	(656,455)	(45,890)	(254,609)
	(9,925)	(9,975)	(9,152)	(8,530)	(11,275)
	-	-	-	-	-
	<u>573,128</u>	<u>(907,793)</u>	<u>5,648</u>	<u>338,922</u>	<u>(208,475)</u>
	<u>2,648,481</u>	<u>3,556,274</u>	<u>3,550,626</u>	<u>3,211,704</u>	<u>3,420,179</u>
\$	<u>3,221,609</u>	<u>2,648,481</u>	<u>3,556,274</u>	<u>3,550,626</u>	<u>3,211,704</u>
\$	<u>(614,244)</u>	<u>(335,892)</u>	<u>(680,945)</u>	<u>113,319</u>	<u>96,444</u>
	123.6%	114.5%	123.7%	96.9%	97.1%
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employer				
Statutorily determined contribution (SDC)	\$ -	\$ -	\$ -	\$ -
Contribution made	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Non-employer				
2% aid	\$ 120,641	\$ 110,667	\$ 107,585	\$ 104,308

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ -	\$ 1,654	\$ 48,227	\$ 21,501	\$ -	\$ 74,423
-	(1,654)	(48,227)	(21,501)	-	(74,507)
<u>\$ -</u>	<u>\$ (84)</u>				
\$ 100,826	\$ 100,252	\$ 101,530	\$ 100,664	\$ 101,127	\$ 95,892

City of Marshall
Notes to Required Supplementary Information

General Employees Fund

2023 Changes

Changes in Actuarial Assumptions

- ◆ The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions

- ◆ An additional one-time direct state aid contribution of \$170.1 million was contributed to the Plan on October 1, 2023.
- ◆ The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- ◆ The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- ◆ A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- ◆ The price inflation assumption was decreased from 2.5% to 2.25%.
- ◆ The payroll growth assumption was decreased from 3.25% to 3.0%.
- ◆ Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- ◆ Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- ◆ Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- ◆ Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- ◆ The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- ◆ The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

City of Marshall
Notes to Required Supplementary Information

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- ◆ 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.

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.
- ◆ Annual 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.

City of Marshall
Notes to Required Supplementary Information

General Employees Fund (Continued)

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 annual 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.

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

2023 Changes

Changes in Actuarial Assumptions

- ◆ The investment return assumption was changed from 6.5% to 7.0%.
- ◆ The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions

- ◆ Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- ◆ Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- ◆ A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- ◆ Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- ◆ The total and permanent duty disability benefit was increased, effective July 1, 2023.
- ◆

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

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

City of Marshall
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2021 Changes (Continued)

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

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

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

City of Marshall
Notes to Required Supplementary Information

Post Employment Health Care Plan

2023 Changes

Changes in Actuarial Assumptions

- ◆ The discount rate was changed from 1.84% to 4.05% based on updated 20-year municipal bond rates.
- ◆ Health care trend rates were reset to reflect updated cost increase expectations.
- ◆ Medical per capita claims costs were updated to reflect recent experience and new plan offerings.
- ◆ Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2020 PERA General Employees Plan and 7/1/2020 Police and Fire Plan valuations to the rates used in the 7/1/2022 valuations.
- ◆ The percent of future retirees assumed to elect life insurance coverage at retirement changed from 70% to 50% to reflect recent plan experience.
- ◆ The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings.
- ◆ The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.
- ◆ The payroll growth assumption was changed from 3.00% to 3.25% based on the 7/1/2022 PERA valuations.

2022 Changes

Changes in Actuarial Assumptions

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

2021 Changes

Changes in Actuarial Assumptions

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

2020 Changes

Changes in Actuarial Assumptions

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

2019 Changes

Changes in Actuarial Assumptions

- ◆ The discount rate was changed from 3.31% to 3.71% based on updated 20-year municipal bond rates.

City of Marshall
Notes to Required Supplementary Information

Post Employment Health Care Plan (Continued)

2019 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- ◆ 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

Changes in Actuarial Assumptions

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

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SUPPLEMENTARY INFORMATION

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 5,795,175	\$ 5,795,175	\$ 5,804,767	\$ 9,592
Lodging tax	170,000	170,000	218,356	48,356
Franchise fees	560,000	560,000	518,403	(41,597)
Total taxes	<u>6,525,175</u>	<u>6,525,175</u>	<u>6,541,526</u>	<u>16,351</u>
Special assessments	<u>1,000</u>	<u>1,000</u>	<u>352</u>	<u>(648)</u>
Licenses and permits				
Business	61,640	61,640	57,797	(3,843)
Nonbusiness	319,600	319,600	335,746	16,146
Total licenses and permits	<u>381,240</u>	<u>381,240</u>	<u>393,543</u>	<u>12,303</u>
Intergovernmental				
Federal				
Other Federal aid	600,580	600,580	121,598	(478,982)
State				
Local government aid	2,706,253	2,706,253	2,706,253	-
Property tax credits and aids	799,333	799,333	799,539	206
Airport grants	91,027	91,027	103,317	12,290
Other State aids	447,675	447,675	1,248,530	800,855
Total State	<u>4,044,288</u>	<u>4,044,288</u>	<u>4,857,639</u>	<u>813,351</u>
Local				
Other local grants	<u>92,000</u>	<u>92,000</u>	<u>111,219</u>	<u>19,219</u>
Total intergovernmental	<u>4,736,868</u>	<u>4,736,868</u>	<u>5,090,456</u>	<u>353,588</u>
Charges for services				
General government	50,600	50,600	48,408	(2,192)
Public safety	200,870	200,870	211,023	10,153
Public works	1,329,680	1,329,680	1,348,753	19,073
Culture and recreation	385,000	385,000	404,315	19,315
Total charges for services	<u>1,966,150</u>	<u>1,966,150</u>	<u>2,012,499</u>	<u>46,349</u>
Fines and forfeitures	<u>112,900</u>	<u>112,900</u>	<u>98,769</u>	<u>(14,131)</u>
Investment earnings	<u>149,640</u>	<u>149,640</u>	<u>915,059</u>	<u>765,419</u>
Miscellaneous				
Contributions and donations	175,500	175,500	282,883	107,383
Refunds and reimbursements	145,250	145,250	428,612	283,362
Total miscellaneous	<u>573,524</u>	<u>573,524</u>	<u>989,773</u>	<u>416,249</u>
Total revenues	<u>14,446,497</u>	<u>14,446,497</u>	<u>16,041,977</u>	<u>1,595,480</u>

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2023

Expenditures	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Current				
General government				
Adult community center				
Personnel services	\$ 128,514	\$ 128,514	\$ 125,241	\$ (3,273)
Supplies	16,500	16,500	18,516	2,016
Other services and charges	18,573	18,573	25,481	6,908
Total adult community center	163,587	163,587	169,238	5,651
Appraising and assessing				
Personnel services	354,094	354,094	359,083	4,989
Supplies	1,200	1,200	162	(1,038)
Other services and charges	23,554	23,554	16,111	(7,443)
Total appraising and assessing	378,848	378,848	375,356	(3,492)
Cable commission				
Personnel services	213,297	213,297	216,521	3,224
Supplies	8,250	8,250	5,937	(2,313)
Other services and charges	13,330	13,330	9,474	(3,856)
Total cable commission	234,877	234,877	231,932	(2,945)
City administration				
Personnel services	543,684	543,684	551,425	7,741
Supplies	5,000	5,000	4,595	(405)
Other services and charges	65,413	65,413	32,377	(33,036)
Total City administration	614,097	614,097	588,397	(25,700)
Finance				
Personnel services	402,918	402,918	391,441	(11,477)
Supplies	2,500	2,500	15,859	13,359
Other services and charges	67,048	67,048	82,901	15,853
Total finance	472,466	472,466	490,201	17,735
General community development				
Supplies	167,130	167,130	209,234	42,104
Other services and charges	101,363	101,363	124,906	23,543
Total general community development	268,493	268,493	334,140	65,647
Information technology				
Supplies	29,421	29,421	29,225	(196)
Other services and charges	137,060	137,060	146,169	9,109
Total information technology	166,481	166,481	175,394	8,913
Legal				
Supplies	300	300	-	(300)
Other services and charges	137,394	137,394	195,655	58,261
Total legal	137,694	137,694	195,655	57,961

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Expenditures (continued)				
Current (continued)				
General government (continued)				
Mayor and Council				
Personnel services	\$ 58,601	\$ 58,601	\$ 57,858	\$ (743)
Supplies	13,500	13,500	9,029	(4,471)
Other services and charges	124,948	124,948	118,372	(6,576)
Total Mayor and Council	<u>197,049</u>	<u>197,049</u>	<u>185,259</u>	<u>(11,790)</u>
Municipal building maintenance				
Personnel services	252,340	252,340	217,893	(34,447)
Supplies	13,650	13,650	16,742	3,092
Other services and charges	37,035	37,035	39,068	2,033
Total building maintenance	<u>303,025</u>	<u>303,025</u>	<u>273,703</u>	<u>(29,322)</u>
Total general government	<u>2,936,617</u>	<u>2,936,617</u>	<u>3,019,275</u>	<u>82,658</u>
Public safety				
Animal impoundment				
Personnel services	34,613	34,613	27,824	(6,789)
Supplies	1,900	1,900	2,947	1,047
Other services and charges	8,321	8,321	4,653	(3,668)
Total animal impoundment	<u>44,834</u>	<u>44,834</u>	<u>35,424</u>	<u>(9,410)</u>
Chemical assessment team				
Personnel services	27,252	27,252	33,005	5,753
Supplies	17,389	17,389	31,060	13,671
Other services and charges	15,359	15,359	23,709	8,350
Total chemical assessment team	<u>60,000</u>	<u>60,000</u>	<u>87,774</u>	<u>27,774</u>
Emergency management services				
Supplies	10,000	10,000	3,304	(6,696)
Other services and charges	9,569	9,569	6,485	(3,084)
Total emergency management services	<u>19,569</u>	<u>19,569</u>	<u>9,789</u>	<u>(9,780)</u>
Fire services				
Personnel services	250,538	250,538	263,378	12,840
Supplies	118,500	118,500	109,135	(9,365)
Other services and charges	327,502	327,502	414,451	86,949
Total fire services	<u>696,540</u>	<u>696,540</u>	<u>786,964</u>	<u>90,424</u>
Police administration				
Personnel services	3,260,636	3,260,636	3,076,743	(183,893)
Supplies	124,469	124,469	106,669	(17,800)
Other services and charges	368,816	368,816	346,276	(22,540)
Total police administration	<u>3,753,921</u>	<u>3,753,921</u>	<u>3,529,688</u>	<u>(224,233)</u>
Total public safety	<u>4,574,864</u>	<u>4,574,864</u>	<u>4,449,639</u>	<u>(125,225)</u>

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Expenditures (continued)				
Current (continued)				
Public works				
Community planning				
Personnel services	\$ 507,634	\$ 507,634	\$ 489,915	\$ (17,719)
Supplies	17,000	17,000	15,514	(1,486)
Other services and charges	29,784	29,784	53,415	23,631
Total community planning	<u>554,418</u>	<u>554,418</u>	<u>558,844</u>	<u>4,426</u>
Engineering				
Personnel services	823,129	823,129	772,693	(50,436)
Supplies	32,350	32,350	19,719	(12,631)
Other services and charges	61,929	61,929	112,837	50,908
Total engineering	<u>917,408</u>	<u>917,408</u>	<u>905,249</u>	<u>(12,159)</u>
Street administration				
Personnel services	908,271	908,271	893,056	(15,215)
Supplies	493,218	493,218	501,853	8,635
Other services and charges	102,452	102,452	153,979	51,527
Total street administration	<u>1,503,941</u>	<u>1,503,941</u>	<u>1,548,888</u>	<u>44,947</u>
Street lighting				
Other services and charges	<u>277,522</u>	<u>277,522</u>	<u>277,521</u>	<u>(1)</u>
Total street lighting	<u>277,522</u>	<u>277,522</u>	<u>277,521</u>	<u>(1)</u>
Total public works	<u>3,253,289</u>	<u>3,253,289</u>	<u>3,290,502</u>	<u>37,213</u>
Culture and recreation				
Aquatic center				
Personnel services	101,345	101,345	107,978	6,633
Supplies	88,840	88,840	77,182	(11,658)
Other services and charges	58,043	58,043	59,633	1,590
Total aquatic center	<u>248,228</u>	<u>248,228</u>	<u>244,793</u>	<u>(3,435)</u>
Community education				
Personnel services	119,588	119,588	111,820	(7,768)
Supplies	19,160	19,160	18,666	(494)
Other services and charges	20,120	20,120	17,477	(2,643)
Total community education	<u>158,868</u>	<u>158,868</u>	<u>147,963</u>	<u>(10,905)</u>
Community services administration				
Personnel services	306,016	306,016	169,268	(136,748)
Supplies	15,350	15,350	18,565	3,215
Other services and charges	43,917	43,917	58,383	14,466
Total community services administration	<u>365,283</u>	<u>365,283</u>	<u>246,216</u>	<u>(119,067)</u>

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2023

	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	\$ 720,625	\$ 720,625	\$ 720,625	\$ -
Community services youth activities				
Personnel services	9,606	9,606	283	(9,323)
Supplies	4,000	4,000	-	(4,000)
Total community services youth activities	<u>13,606</u>	<u>13,606</u>	<u>283</u>	<u>(13,323)</u>
Municipal band				
Personnel services	6,692	6,692	4,057	(2,635)
Supplies	700	700	1,508	808
Other services and charges	12	12	11	(1)
Total municipal band	<u>7,404</u>	<u>7,404</u>	<u>5,576</u>	<u>(1,828)</u>
Park maintenance and development				
Personnel services	530,110	530,110	503,255	(26,855)
Supplies	290,200	290,200	264,590	(25,610)
Other services and charges	154,778	154,778	235,071	80,293
Total park maintenance and development	<u>975,088</u>	<u>975,088</u>	<u>1,002,916</u>	<u>27,828</u>
Recreation				
Personnel services	175,849	175,849	214,775	38,926
Supplies	38,000	38,000	43,034	5,034
Other services and charges	27,370	27,370	50,080	22,710
Total recreation	<u>241,219</u>	<u>241,219</u>	<u>307,889</u>	<u>66,670</u>
Total culture and recreation	<u>2,730,321</u>	<u>2,730,321</u>	<u>2,676,261</u>	<u>(54,060)</u>
Airport				
Personnel services	326,382	326,382	317,978	(8,404)
Supplies	104,700	104,700	100,966	(3,734)
Other services and charges	847,582	847,582	369,971	(477,611)
Total airport	<u>1,278,664</u>	<u>1,278,664</u>	<u>788,915</u>	<u>(489,749)</u>
Total current	<u>14,773,755</u>	<u>14,773,755</u>	<u>14,224,592</u>	<u>(549,163)</u>
Capital outlay				
Culture and recreation	-	-	10,000	10,000
Total expenditures	<u>14,773,755</u>	<u>14,773,755</u>	<u>14,234,592</u>	<u>(539,163)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(327,258)</u>	<u>(327,258)</u>	<u>1,807,385</u>	<u>2,134,643</u>

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Other Financing Sources (Uses)				
Sale of capital assets	\$ -	\$ -	\$ 65,189	\$ 65,189
Transfers in	400,000	400,000	424,625	24,625
Transfers out	(96,720)	(96,720)	(147,975)	(51,255)
Total other financing sources (uses)	<u>303,280</u>	<u>303,280</u>	<u>341,839</u>	<u>38,559</u>
 Net change in fund balances	 <u>\$ (23,978)</u>	 <u>\$ (23,978)</u>	 2,149,224	 <u>\$ 2,173,202</u>
 Fund Balance				
Beginning of year			<u>6,513,092</u>	
End of year			<u>\$ 8,662,316</u>	

City of Marshall
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2023

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
Assets			
Cash and temporary investments	\$ 5,902,280	\$ 5,738,809	\$ 11,641,089
Receivables			
Interest	4,925	3,592	8,517
Delinquent taxes	-	3,831	3,831
Accounts	1,108	208,009	209,117
Notes	264	-	264
Leases	40,500	-	40,500
Special assessments	-	336,180	336,180
Intergovernmental	-	5,187	5,187
Due from other funds	-	1,200	1,200
Due from component units	167,074	-	167,074
Prepaid items	32,019	-	32,019
Total assets	<u>\$ 6,148,170</u>	<u>\$ 6,296,808</u>	<u>\$ 12,444,978</u>
Liabilities			
Accounts payable	\$ 34,822	\$ 253,337	\$ 288,159
Contracts payable	-	145,966	145,966
Due to other funds	-	84,464	84,464
Due to component unit	10,880	107	10,987
Due to other governments	17,255	-	17,255
Accrued salaries payable	25,564	-	25,564
Unearned revenue	810	172,150	172,960
Total liabilities	<u>89,331</u>	<u>656,024</u>	<u>745,355</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes	-	3,831	3,831
Unavailable revenue - special assessments	-	336,180	336,180
Advanced appropriations - State shared taxes	-	1,605,591	1,605,591
Deferred inflows of resources related to leases	40,500	-	40,500
Total deferred inflows of resources	<u>40,500</u>	<u>1,945,602</u>	<u>1,986,102</u>
Fund Balances			
Nonspendable			
Prepaid items	32,019	-	32,019
Restricted for			
Economic development	1,988,993	-	1,988,993
Tax increment financing	2,818,970	-	2,818,970
Capital projects	-	987,940	987,940
Library	134,323	-	134,323
Assigned for			
Staff separation	129,976	-	129,976
Library operations	106,833	-	106,833
Economic development	86,685	-	86,685
Capital projects	-	3,394,242	3,394,242
Driver education	58,605	-	58,605
ASC Arena	371,115	-	371,115
Park improvements	-	132,493	132,493
Emergency response and industrial training center	290,820	-	290,820
Unassigned	-	(819,493)	(819,493)
Total fund balances	<u>6,018,339</u>	<u>3,695,182</u>	<u>9,713,521</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 6,148,170</u>	 <u>\$ 6,296,808</u>	 <u>\$ 12,444,978</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2023

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
Revenues			
Taxes	\$ 177,573	\$ 528,285	\$ 705,858
Intergovernmental	1,080,925	3,141,818	4,222,743
Charges for services	77,265	-	77,265
Fines and forfeitures	8,488	-	8,488
Special assessments	-	15,407	15,407
Investment earnings	146,308	30,375	176,683
Other revenues	372,907	157,407	530,314
Total revenues	<u>1,863,466</u>	<u>3,873,292</u>	<u>5,736,758</u>
Expenditures			
Current			
General government	4,762	23,777	28,539
Public safety	167,813	-	167,813
Public works	-	64,571	64,571
Culture and recreation	2,011,137	237,702	2,248,839
Economic development	181,294	-	181,294
Airport	-	6,532	6,532
Capital outlay			
General government	-	67,409	67,409
Public safety	-	32,850	32,850
Public works	-	2,088,856	2,088,856
Culture and recreation	-	691,432	691,432
Airport	-	73,499	73,499
Total expenditures	<u>2,365,006</u>	<u>3,286,628</u>	<u>5,651,634</u>
Excess (deficiency) of revenues under expenditures	(501,540)	586,664	85,124
Other Financing Sources (Uses)			
Transfers in	814,500	51,255	865,755
Transfers out	(230,146)	(178,194)	(408,340)
Total other financing sources (uses)	<u>584,354</u>	<u>(126,939)</u>	<u>457,415</u>
Net change in fund balances	82,814	459,725	542,539
Fund Balances January 1	<u>5,935,525</u>	<u>3,235,457</u>	<u>9,170,982</u>
Fund Balances, December 31	<u>\$ 6,018,339</u>	<u>\$ 3,695,182</u>	<u>\$ 9,713,521</u>

City of Marshall
Combining Balance Sheet -
Nonmajor Special Revenue Funds
December 31, 2023

	Marshall - Lyon County Library (211)	Small Cities Development Program (220)	2018 Small Cities Development Program (221)	Tax Increment Financing (230)
Assets				
Cash and temporary investments	\$ 406,763	\$ 86,343	\$ 43,599	\$ 2,652,145
Receivables				
Interest	1,668	342	170	-
Accounts	-	-	88	-
Notes	-	-	264	-
Leases	-	-	-	-
Intergovernmental	-	-	-	-
Due from other funds	-	-	-	-
Due from component units	-	-	-	167,074
Prepaid items	10,043	-	-	-
	<u>418,474</u>	<u>86,685</u>	<u>44,121</u>	<u>2,819,219</u>
Total assets	\$ 418,474	\$ 86,685	\$ 44,121	\$ 2,819,219
Liabilities				
Accounts payable	\$ 21,407	\$ -	\$ 1	\$ -
Due to component unit	-	-	-	249
Due to other governments	311	-	-	-
Accrued salaries payable	15,581	-	-	-
Unearned revenue	-	-	-	-
	<u>37,299</u>	<u>-</u>	<u>1</u>	<u>249</u>
Total liabilities	\$ 37,299	\$ -	\$ 1	\$ 249
Deferred Inflows of Resources				
Deferred inflows of resources related to leases	-	-	-	-
Fund Balances				
Nonspendable				
Prepaid items	10,043	-	-	-
Restricted				
Economic development	-	-	44,120	-
Tax increment financing	-	-	-	2,818,970
Library	134,323	-	-	-
Assigned				
Staff separation	129,976	-	-	-
Library operations	106,833	-	-	-
Economic development	-	86,685	-	-
Driver education	-	-	-	-
ASC Arena	-	-	-	-
Emergency response and industrial training center	-	-	-	-
	<u>381,175</u>	<u>86,685</u>	<u>44,120</u>	<u>2,818,970</u>
Total fund balances	\$ 381,175	\$ 86,685	\$ 44,120	\$ 2,818,970
Total liabilities, deferred inflows of resources and fund balances	\$ 418,474	\$ 86,685	\$ 44,121	\$ 2,819,219

Community Education Drivers Training (240)	ASC Arena (258)	Emergency Response and Industrial Training Center (270)	Endowment - Avera / WMMC (280)	Total
\$ 74,659	\$ 399,748	\$ 294,150	\$ 1,944,873	\$ 5,902,280
-	1,587	1,158	-	4,925
840	180	-	-	1,108
-	-	-	-	264
-	-	40,500	-	40,500
-	-	-	-	-
-	-	-	-	-
-	-	-	-	167,074
-	16,605	5,371	-	32,019
<u>\$ 75,499</u>	<u>\$ 418,120</u>	<u>\$ 341,179</u>	<u>\$ 1,944,873</u>	<u>\$ 6,148,170</u>
\$ -	\$ 11,851	\$ 1,563	\$ -	\$ 34,822
-	9,735	896	-	10,880
16,894	-	50	-	17,255
-	8,004	1,979	-	25,564
-	810	-	-	810
<u>16,894</u>	<u>30,400</u>	<u>4,488</u>	<u>-</u>	<u>89,331</u>
-	-	40,500	-	40,500
-	16,605	5,371	-	32,019
-	-	-	1,944,873	1,988,993
-	-	-	-	2,818,970
-	-	-	-	134,323
-	-	-	-	129,976
-	-	-	-	106,833
-	-	-	-	86,685
58,605	-	-	-	58,605
-	371,115	-	-	371,115
-	-	290,820	-	290,820
<u>58,605</u>	<u>387,720</u>	<u>296,191</u>	<u>1,944,873</u>	<u>6,018,339</u>
<u>\$ 75,499</u>	<u>\$ 418,120</u>	<u>\$ 341,179</u>	<u>\$ 1,944,873</u>	<u>\$ 6,148,170</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Special Revenue Funds
December 31, 2023

	Marshall - Lyon County Library (211)	Small Cities Development Program (220)	2018 Small Cities Development Program (221)	Tax Increment Financing (230)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 177,573
Intergovernmental	1,080,925	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	8,488	-	-	-
Investment earnings	15,415	3,365	2,293	-
Other revenues	87,362	-	-	-
Total revenues	<u>1,192,190</u>	<u>3,365</u>	<u>2,293</u>	<u>177,573</u>
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	1,141,868	-	-	-
Economic development	-	-	41,239	140,055
Total expenditures	<u>1,141,868</u>	<u>-</u>	<u>41,239</u>	<u>140,055</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50,322</u>	<u>3,365</u>	<u>(38,946)</u>	<u>37,518</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(200,760)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,760)</u>
Net change in fund balances	50,322	3,365	(38,946)	(163,242)
Fund Balances, January 1	<u>330,853</u>	<u>83,320</u>	<u>83,066</u>	<u>2,982,212</u>
Fund Balances, December 31	<u>\$ 381,175</u>	<u>\$ 86,685</u>	<u>\$ 44,120</u>	<u>\$ 2,818,970</u>

Community Education Drivers Training (240)	ASC Arena (258)	Emergency Response and Industrial Training Center (270)	Endowment - Avera / WMMC (280)	Totals
\$ -	\$ -	\$ -	\$ -	\$ 177,573
-	-	-	-	1,080,925
70,520	6,745	-	-	77,265
-	-	-	-	8,488
-	13,261	10,281	101,693	146,308
21	245,501	40,023	-	372,907
<u>70,541</u>	<u>265,507</u>	<u>50,304</u>	<u>101,693</u>	<u>1,863,466</u>
-	-	-	4,762	4,762
-	-	167,813	-	167,813
89,240	780,029	-	-	2,011,137
-	-	-	-	181,294
<u>89,240</u>	<u>780,029</u>	<u>167,813</u>	<u>4,762</u>	<u>2,365,006</u>
<u>(18,699)</u>	<u>(514,522)</u>	<u>(117,509)</u>	<u>96,931</u>	<u>(501,540)</u>
-	643,000	171,500	-	814,500
-	-	-	(29,386)	(230,146)
<u>-</u>	<u>643,000</u>	<u>171,500</u>	<u>(29,386)</u>	<u>584,354</u>
(18,699)	128,478	53,991	67,545	82,814
<u>77,304</u>	<u>259,242</u>	<u>242,200</u>	<u>1,877,328</u>	<u>5,935,525</u>
<u>\$ 58,605</u>	<u>\$ 387,720</u>	<u>\$ 296,191</u>	<u>\$ 1,944,873</u>	<u>\$ 6,018,339</u>

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Marshall - Lyon County Library
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,080,925	\$ 1,080,925	\$ 1,080,925	\$ -
Charges for services	-	-	-	-
Fines and forfeitures	7,500	7,500	8,488	988
Investment earnings	750	750	15,415	14,665
Miscellaneous	22,300	22,300	87,362	65,062
Total revenues	<u>1,111,475</u>	<u>1,111,475</u>	<u>1,192,190</u>	<u>80,715</u>
Expenditures				
Current				
Culture and recreation	<u>1,128,638</u>	<u>1,128,638</u>	<u>1,141,868</u>	<u>13,230</u>
Excess of revenues over (under) expenditures	<u>\$ (17,163)</u>	<u>\$ (17,163)</u>	50,322	<u>\$ 67,485</u>
Fund Balance				
Beginning of year			<u>330,853</u>	
End of year			<u>\$ 381,175</u>	

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Tax Increment Financing
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 178,750	\$ 178,750	\$ 177,573	\$ (1,177)
Investment earnings	27,958	27,958	-	(27,958)
Total revenues	<u>206,708</u>	<u>206,708</u>	<u>177,573</u>	<u>(29,135)</u>
Expenditures				
Current				
Economic development	<u>136,273</u>	<u>136,273</u>	<u>140,055</u>	<u>3,782</u>
Excess of revenues over (under) expenditures	<u>70,435</u>	<u>70,435</u>	<u>37,518</u>	<u>(32,917)</u>
Other Financing Uses				
Transfers out	<u>(200,761)</u>	<u>(200,761)</u>	<u>(200,760)</u>	<u>1</u>
Net change in fund balances	<u>\$ (130,326)</u>	<u>\$ (130,326)</u>	<u>(163,242)</u>	<u>\$ (32,916)</u>
Fund Balance				
Beginning of year			<u>2,982,212</u>	
End of year			<u>\$ 2,818,970</u>	

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Community Education Drivers Training
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Charges for services	\$ 60,000	\$ 60,000	\$ 70,520	\$ 10,520
Investment earnings	702	702	-	(702)
Total revenues	<u>60,702</u>	<u>60,702</u>	<u>70,541</u>	<u>9,839</u>
Expenditures				
Current				
Culture and recreation	<u>60,675</u>	<u>60,675</u>	<u>89,240</u>	<u>28,565</u>
Excess of revenues Over (under) expenditures	<u>\$ 27</u>	<u>\$ 27</u>	(18,699)	<u>\$ (18,726)</u>
Fund Balance				
Beginning of year			<u>77,304</u>	
End of year			<u>\$ 58,605</u>	

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - ASC Arena
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Charges for services	\$ -	\$ -	\$ 6,745	\$ 6,745
Investment earnings	1,290	1,290	13,261	11,971
Miscellaneous	185,700	185,700	245,501	59,801
Total revenues	<u>186,990</u>	<u>186,990</u>	<u>265,507</u>	<u>78,517</u>
Expenditures				
Current				
Culture and recreation	<u>830,526</u>	<u>830,526</u>	<u>780,029</u>	<u>(50,497)</u>
Excess of revenues over (under) expenditures	(643,536)	(643,536)	(514,522)	129,014
Other Financing Sources				
Transfers in	<u>643,000</u>	<u>643,000</u>	<u>643,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (536)</u>	<u>\$ (536)</u>	128,478	<u>\$ 129,014</u>
Fund Balance				
Beginning of year			<u>259,242</u>	
End of year			<u>\$ 387,720</u>	

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Emergency Response and Industrial Training Center
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Charges for services	10,000	10,000	-	(10,000)
Investment earnings	2,282	2,282	10,281	7,999
Miscellaneous	41,500	41,500	40,023	(1,477)
Total revenues	<u>53,782</u>	<u>53,782</u>	<u>50,304</u>	<u>(3,478)</u>
Expenditures				
Current				
Public safety	<u>225,282</u>	<u>225,282</u>	<u>167,813</u>	<u>(57,469)</u>
Excess of revenues over (under) expenditures	(171,500)	(171,500)	(117,509)	53,991
Other Financing Sources				
Transfers in	<u>171,500</u>	<u>171,500</u>	<u>171,500</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	53,991	<u>\$ 53,991</u>
Fund Balance				
Beginning of year			<u>242,200</u>	
End of year			<u>\$ 296,191</u>	

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Endowment Avera / WMMC
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Investment earnings	\$ 10,000	\$ 10,000	\$ 101,693	\$ 91,693
Expenditures				
Current				
General government	-	-	4,762	4,762
Excess of revenues over (under) expenditures	10,000	10,000	96,931	86,931
Other Financing Sources (Uses)				
Transfers out	(40,000)	(40,000)	(29,386)	10,614
Net change in fund balances	<u>\$ (30,000)</u>	<u>\$ (30,000)</u>	67,545	<u>\$ 97,545</u>
Fund Balance				
Beginning of year			<u>1,877,328</u>	
End of year			<u>\$ 1,944,873</u>	

City of Marshall
Combining Balance Sheet -
Nonmajor Capital Project Funds
December 31, 2023

	Municipal State Aid (103)	Marshall Industrial Park (260)	Capital Equipment (401)	Park Improvements (423)
Assets				
Cash and temporary investments	\$ 509,281	\$ 1,072,934	\$ 1,421,262	\$ 127,931
Receivables				
Interest	-	-	-	-
Delinquent taxes	-	-	1,503	-
Accounts	-	198,588	4,859	4,562
Special assessments	-	27,192	-	-
Intergovernmental	-	-	1,702	-
Due from other funds	-	-	-	-
	<u>509,281</u>	<u>1,298,714</u>	<u>1,429,326</u>	<u>132,493</u>
Total assets	<u>\$ 509,281</u>	<u>\$ 1,298,714</u>	<u>\$ 1,429,326</u>	<u>\$ 132,493</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 6,532	\$ -
Contracts payable	-	-	134,144	-
Due to other funds	-	-	-	-
Due to component unit	-	107	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	172,150	-
	<u>-</u>	<u>107</u>	<u>312,826</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>107</u>	<u>312,826</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	1,503	-
Unavailable revenue - special assessments	-	27,192	-	-
Advanced appropriations - State shared taxes	-	-	117,944	-
	<u>-</u>	<u>27,192</u>	<u>119,447</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>27,192</u>	<u>119,447</u>	<u>-</u>
Fund Balances				
Restricted				
Capital projects	101,933	-	131,238	-
Assigned				
Capital projects	407,348	1,271,415	865,815	-
Park improvements	-	-	-	132,493
Unassigned	-	-	-	-
	<u>509,281</u>	<u>1,271,415</u>	<u>997,053</u>	<u>132,493</u>
Total fund balances	<u>509,281</u>	<u>1,271,415</u>	<u>997,053</u>	<u>132,493</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 509,281</u>	<u>\$ 1,298,714</u>	<u>\$ 1,429,326</u>	<u>\$ 132,493</u>

2020 Public Improvements (476)	2021 Public Improvements (479)	2022 Public Improvements (480)	2024 Public Improvements (482)	Aquatic Center (492)	City Hall Building (494)
\$ 867,197	\$ 54,604	\$ 754,769	\$ -	\$ -	\$ 32,609
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 867,197</u>	<u>\$ 54,604</u>	<u>\$ 754,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,609</u>
\$ -	\$ -	\$ -	\$ -	\$ 246,805	\$ -
-	-	-	-	-	11,822
-	-	-	23,255	61,209	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	23,255	308,014	11,822
-	-	-	-	-	-
-	-	-	-	-	-
1,355,421	39,211	-	-	-	-
<u>1,355,421</u>	<u>39,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	754,769	-	-	-
-	15,393	-	-	-	20,787
-	-	-	-	-	-
(488,224)	-	-	(23,255)	(308,014)	-
<u>(488,224)</u>	<u>15,393</u>	<u>754,769</u>	<u>(23,255)</u>	<u>(308,014)</u>	<u>20,787</u>
<u>\$ 867,197</u>	<u>\$ 54,604</u>	<u>\$ 754,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,609</u>

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City of Marshall
Combining Balance Sheet -
Nonmajor Capital Project Funds
December 31, 2023

	Public Improvement Revolving (495)	<u>Totals</u>
Assets		
Cash and temporary investments	\$ 898,222	\$ 5,738,809
Receivables		
Interest	3,592	3,592
Delinquent taxes	2,328	3,831
Accounts	-	208,009
Special assessments	308,988	336,180
Intergovernmental	3,485	5,187
Due from other funds	1,200	1,200
	<u>1,200</u>	<u>1,200</u>
Total assets	<u>\$ 1,217,815</u>	<u>\$ 6,296,808</u>
Liabilities		
Accounts payable	\$ -	\$ 253,337
Contracts payable	-	145,966
Due to other funds	-	84,464
Due to component unit	-	107
Due to other governments	-	-
Unearned revenue	-	172,150
Total liabilities	<u>-</u>	<u>656,024</u>
Deferred Inflows of Resources		
Unavailable revenue - property taxes	2,328	3,831
Unavailable revenue - special assessments	308,988	336,180
Advanced appropriations - State shared taxes	93,015	1,605,591
Total deferred inflows of resources	<u>404,331</u>	<u>1,945,602</u>
Fund Balances		
Restricted		
Capital projects	-	987,940
Assigned		
Capital projects	813,484	3,394,242
Park improvements	-	132,493
Unassigned	-	(819,493)
Total fund balances	<u>813,484</u>	<u>3,695,182</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,217,815</u>	<u>\$ 6,296,808</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Capital Project Funds
December 31, 2023

	Municipal State Aid (103)	Marshall Industrial Park (260)	Capital Equipment (401)	Park Improvements (423)
Revenues				
Taxes	\$ -	\$ -	\$ 177,545	\$ -
Special assessments	-	850	-	-
Intergovernmental	-	-	1,432,850	26,744
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Other revenues	-	8,334	-	74,862
Total revenues	<u>-</u>	<u>9,184</u>	<u>1,610,395</u>	<u>101,606</u>
Expenditures				
Current				
General government	-	18,398	5,379	-
Public works	2,249	-	9,331	-
Culture and recreation	-	-	1,366	3,276
Airport	-	-	6,532	-
Capital outlay				
General government	-	-	67,409	-
Public safety	-	-	32,850	-
Public works	-	-	1,453,711	-
Culture and recreation	-	-	72,298	19,846
Airport	-	-	73,499	-
Total expenditures	<u>2,249</u>	<u>18,398</u>	<u>1,722,375</u>	<u>23,122</u>
Excess (deficiency) of revenues over (under) expenditures	(2,249)	(9,214)	(111,980)	78,484
Other Financing Sources (Uses)				
Transfers in	-	-	51,255	-
Transfers out	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>51,255</u>	<u>-</u>
Net change in fund balances	(2,249)	(9,214)	(60,725)	78,484
Fund Balances, January 1	<u>511,530</u>	<u>1,280,629</u>	<u>1,057,778</u>	<u>54,009</u>
Fund Balances, December 31	<u>\$ 509,281</u>	<u>\$ 1,271,415</u>	<u>\$ 997,053</u>	<u>\$ 132,493</u>

2018 Public Improvements (475)	2020 Public Improvements (476)	2021 Public Improvements (479)	2022 Public Improvements (480)	2024 Public Improvements (482)	Aquatic Center (492)	City Hall Building (494)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
315,904	482,087	-	32,033	-	468,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>315,904</u>	<u>482,087</u>	<u>-</u>	<u>32,033</u>	<u>-</u>	<u>468,000</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	18,491	23,255	-	7,008
-	-	-	-	-	233,060	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	599,288	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>18,491</u>	<u>23,255</u>	<u>832,348</u>	<u>7,008</u>
315,904	482,087	-	13,542	(23,255)	(364,348)	(7,008)
-	-	-	-	-	-	-
(178,194)	-	-	-	-	-	-
<u>(178,194)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
137,710	482,087	-	13,542	(23,255)	(364,348)	(7,008)
<u>(137,710)</u>	<u>(970,311)</u>	<u>15,393</u>	<u>741,227</u>	<u>-</u>	<u>56,334</u>	<u>27,795</u>
<u>\$ -</u>	<u>\$ (488,224)</u>	<u>\$ 15,393</u>	<u>\$ 754,769</u>	<u>\$ (23,255)</u>	<u>\$ (308,014)</u>	<u>\$ 20,787</u>

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City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Capital Project Funds
December 31, 2023

	Public Improvement Revolving (495)	<u>Totals</u>
Revenues		
Taxes	\$ 350,740	\$ 528,285
Special assessments	14,557	15,407
Intergovernmental	384,200	3,141,818
Charges for services	-	-
Investment earnings	30,375	30,375
Other revenues	74,211	157,407
Total revenues	<u>854,083</u>	<u>3,873,292</u>
 Expenditures		
Current		
General government	-	23,777
Public works	4,237	64,571
Culture and recreation	-	237,702
Airport	-	6,532
Capital outlay		
General government	-	67,409
Public safety	-	32,850
Public works	635,145	2,088,856
Culture and recreation	-	691,432
Airport	-	73,499
Total expenditures	<u>639,382</u>	<u>3,286,628</u>
 Excess (deficiency) of revenues over (under) expenditures	 214,701	 586,664
 Other Financing Sources (Uses)		
Transfers in	-	51,255
Transfers out	-	(178,194)
Total other financing sources	<u>-</u>	<u>(126,939)</u>
 Net change in fund balances	 214,701	 459,725
Fund Balances, January 1	<u>598,783</u>	<u>3,235,457</u>
Fund Balances, December 31	<u>\$ 813,484</u>	<u>\$ 3,695,182</u>

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City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Capital Equipment
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 168,140	\$ 168,140	\$ 177,545	\$ 9,405
Intergovernmental	-	-	1,432,850	1,432,850
Investment earnings	12,628	12,628	-	(12,628)
Total revenues	<u>180,768</u>	<u>180,768</u>	<u>1,610,395</u>	<u>1,429,627</u>
Expenditures				
Current				
General government	-	-	5,379	5,379
Public works	-	-	9,331	9,331
Culture and recreation	-	-	1,366	1,366
Airport	8,000	8,000	6,532	(1,468)
Capital outlay				
General government	-	-	67,409	67,409
Public safety	-	-	32,850	32,850
Public works	125,000	125,000	1,453,711	1,328,711
Culture and recreation	142,000	142,000	72,298	(69,702)
Airport	80,000	80,000	73,499	(6,501)
Total expenditures	<u>355,000</u>	<u>355,000</u>	<u>1,722,375</u>	<u>1,367,375</u>
Excess of revenues over (under) expenditures	(174,232)	(174,232)	(111,980)	62,252
Other Financing Sources				
Transfers in	-	-	51,255	51,255
Net change in fund balances	<u>\$ (174,232)</u>	<u>\$ (174,232)</u>	(60,725)	<u>\$ 113,507</u>
Fund Balance				
Beginning of year			<u>1,057,778</u>	
End of year			<u>\$ 997,053</u>	

City of Marshall
Combining Balance Sheet -
Debt Service Funds
December 31, 2023

	Marshall - Lyon County Library Debt (321)	2014B MERIT / SMASC (322)	2015A Bond (325)	2021B G.O. State Aid Street Bonds (356)
Assets				
Cash and temporary investments	\$ 140,957	\$ 1,568,003	\$ 62,712	\$ 4,530
Receivables				
Interest	-	-	-	-
Delinquent taxes	347	-	383	-
Special assessments				
Delinquent	-	-	-	-
Deferred	-	-	-	-
Intergovernmental	457	-	502	-
Total assets	<u>141,761</u>	<u>1,568,003</u>	<u>63,597</u>	<u>4,530</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	\$ 347	\$ -	\$ 383	\$ -
Unavailable revenue - special assessments	-	-	-	-
Total deferred inflows of resources	<u>347</u>	<u>-</u>	<u>383</u>	<u>455,000</u>
Fund Balances				
Restricted				
Debt service	<u>141,414</u>	<u>1,568,003</u>	<u>63,214</u>	<u>(450,470)</u>
Total deferred inflows of resources and fund balances	<u>\$ 141,761</u>	<u>\$ 1,568,003</u>	<u>\$ 63,597</u>	<u>\$ 4,530</u>

2015 Public Improvement Bonds (359)	2016B G.O. Various Purpose Bonds (360)	2017A Public Improvement Bonds (362)	2011 Public Improvement Bonds (369)	2011A G.O. Tax Increment Bonds (370)	2012A G.O. Tax Increment Bonds (371)
\$ 24,000	\$ 291,906	\$ 142,309	\$ 50,994	\$ 160,899	\$ 564,152
85	2	-	-	-	411
393	1,015	991	646	-	46
2,081	3,817	-	-	-	2,442
133,872	129,154	-	-	-	-
1,607	1,272	1,266	848	-	5,214
<u>162,038</u>	<u>427,166</u>	<u>144,566</u>	<u>52,488</u>	<u>160,899</u>	<u>572,265</u>
\$ 393	\$ 1,015	\$ 991	\$ 646	\$ -	\$ 46
135,953	132,971	-	-	-	2,442
<u>136,346</u>	<u>133,986</u>	<u>991</u>	<u>646</u>	<u>-</u>	<u>2,488</u>
25,692	293,180	143,575	51,842	160,899	569,777
<u>\$ 162,038</u>	<u>\$ 427,166</u>	<u>\$ 144,566</u>	<u>\$ 52,488</u>	<u>\$ 160,899</u>	<u>\$ 572,265</u>

City of Marshall
Combining Balance Sheet -
Debt Service Funds
December 31, 2023

	2013 Public Improvement Bonds (372)	2014 Public Improvement Bonds (373)	23 Pedestrian Bridge (374)	2018A Improvement Bonds (375)
Assets				
Cash and temporary investments	\$ 261,483	\$ 273,590	\$ 733,975	\$ 785,267
Receivables				
Interest	53	-	-	-
Delinquent taxes	94	91	694	839
Special assessments				
Delinquent	-	497	-	4,191
Deferred	53,689	489,051	-	153,562
Intergovernmental	310	75	915	1,100
Total assets	<u>315,629</u>	<u>763,304</u>	<u>735,584</u>	<u>944,959</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	\$ 94	\$ 91	\$ 694	\$ 839
Unavailable revenue - special assessments	53,689	489,548	-	157,753
Total deferred inflows of resources	<u>53,783</u>	<u>489,639</u>	<u>694</u>	<u>158,592</u>
Fund Balances				
Restricted				
Debt service	<u>258,746</u>	<u>273,665</u>	<u>734,890</u>	<u>786,367</u>
Total deferred inflows of resources and fund balances	<u>\$ 315,629</u>	<u>\$ 763,304</u>	<u>\$ 735,584</u>	<u>\$ 944,959</u>

2016C Tax Abatement Bonds (376)	2017B Improvement Bonds (377)	2000B Improvement Bonds (378)	2021A G.O. Bonds (379)	2022A G.O. Bonds (380)	2023A G.O. Bond (381)
\$ 171,365	\$ 420,995	\$ 193,608	\$ 306,176	\$ 346,183	\$ 92,856
-	-	-	-	-	-
1,423	306	794	1,183	1,108	-
-	-	-	2,160	-	-
-	-	55,664	128,612	-	-
1,879	404	1,093	1,733	2,095	-
<u>174,667</u>	<u>421,705</u>	<u>251,159</u>	<u>439,864</u>	<u>349,386</u>	<u>92,856</u>
\$ 1,423	\$ 306	\$ 794	\$ 1,183	\$ 1,108	\$ -
-	-	55,664	130,772	-	-
<u>1,423</u>	<u>306</u>	<u>56,458</u>	<u>131,955</u>	<u>1,108</u>	<u>-</u>
<u>173,244</u>	<u>421,399</u>	<u>194,701</u>	<u>307,909</u>	<u>348,278</u>	<u>92,856</u>
<u>\$ 174,667</u>	<u>\$ 421,705</u>	<u>\$ 251,159</u>	<u>\$ 439,864</u>	<u>\$ 349,386</u>	<u>\$ 92,856</u>

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City of Marshall
Combining Balance Sheet -
Debt Service Funds
December 31, 2023

	2020A City Hall CIP Bond (394)	Debt Revolving Fund (399)	Totals
Assets			
Cash and temporary investments	\$ 406,541	\$ 263,218	\$ 7,265,719
Receivables			
Interest	-	-	551
Delinquent taxes	1,524	137	12,014
Special assessments			
Delinquent	-	-	15,188
Deferred	-	-	1,143,604
Intergovernmental	2,125	87	22,982
Total assets	<u>410,190</u>	<u>263,442</u>	<u>8,460,058</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	\$ 1,524	\$ 137	\$ 12,014
Unavailable revenue - special assessments	-	-	1,158,792
Total deferred inflows of resources	<u>1,524</u>	<u>137</u>	<u>1,625,806</u>
Fund Balances			
Restricted			
Debt service	<u>408,666</u>	<u>263,305</u>	<u>6,831,152</u>
Total deferred inflows of resources and fund balances	<u>\$ 410,190</u>	<u>\$ 263,442</u>	<u>\$ 8,460,058</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Debt Service Funds
December 31, 2023

	Marshall - Lyon County Library Debt (321)	2014B MERIT / SMASC (322)	2015A Bond (325)	2021B G.O. State Aid Street Bonds (356)
Revenues				
Taxes	\$ 47,069	\$ -	\$ 51,653	\$ -
Intergovernmental	-	-	-	66,300
Special assessments	-	-	-	-
Investment earnings	-	1	1	-
Total revenues	<u>47,069</u>	<u>1</u>	<u>51,654</u>	<u>66,300</u>
Expenditures				
Debt service				
Principal	70,000	1,170,000	45,000	225,000
Interest and other	9,235	283,414	5,139	67,070
Total expenditures	<u>79,235</u>	<u>1,453,414</u>	<u>50,139</u>	<u>292,070</u>
Excess (deficiency) of revenues over (under) expenditures	(32,166)	(1,453,413)	1,515	(225,770)
Other Financing Sources (Uses)				
Bonds issued	-	-	-	-
Transfers in	29,386	1,453,344	-	5,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>29,386</u>	<u>1,453,344</u>	<u>-</u>	<u>5,000</u>
Net change in fund balances	(2,780)	(69)	1,515	(220,770)
Fund Balances, January 1	<u>144,194</u>	<u>1,568,072</u>	<u>61,699</u>	<u>(229,700)</u>
Fund Balances, December 31	<u>\$ 141,414</u>	<u>\$ 1,568,003</u>	<u>\$ 63,214</u>	<u>\$ (450,470)</u>

2015 Public Improvement Bonds (359)	2016B G.O. Various Purpose Bonds (360)	2017A Public Improvement Bonds (362)	2011 Public Improvement Bonds (369)	2011A G.O. Tax Increment Bonds (370)	2012A G.O. Tax Increment Bonds (371)	2013 Public Improvement Bonds (372)
\$ 54,098	\$ 109,667	\$ 127,738	\$ 87,037	\$ 2	\$ 66	\$ 151
-	-	-	-	-	-	-
6,768	9,462	-	-	-	4,994	4,719
380	875	-	-	-	1,388	1,013
<u>61,246</u>	<u>120,004</u>	<u>127,738</u>	<u>87,037</u>	<u>2</u>	<u>6,448</u>	<u>5,883</u>
110,000	190,000	140,000	70,000	175,000	75,000	385,000
7,306	9,907	22,150	13,946	2,691	10,306	23,795
<u>117,306</u>	<u>199,907</u>	<u>162,150</u>	<u>83,946</u>	<u>177,691</u>	<u>85,306</u>	<u>408,795</u>
(56,060)	(79,903)	(34,412)	3,091	(177,689)	(78,858)	(402,912)
-	-	-	-	-	-	-
-	-	-	-	-	-	200,760
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,760</u>
(56,060)	(79,903)	(34,412)	3,091	(177,689)	(78,858)	(202,152)
81,752	373,083	177,987	48,751	338,588	648,635	460,898
<u>\$ 25,692</u>	<u>\$ 293,180</u>	<u>\$ 143,575</u>	<u>\$ 51,842</u>	<u>\$ 160,899</u>	<u>\$ 569,777</u>	<u>\$ 258,746</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Debt Service Funds
December 31, 2023

	2014 Public Improvement Bonds (373)	23 Pedestrian Bridge (374)	2018A Improvement Bonds (375)	2016C Tax Abatement Bonds (376)
Revenues				
Taxes	\$ 66	\$ 94,243	\$ 114,445	\$ 194,347
Intergovernmental	-	-	-	-
Special assessments	9,885	-	5,585	-
Investment earnings	417	2	19	1
Total revenues	<u>10,368</u>	<u>94,245</u>	<u>120,049</u>	<u>194,348</u>
Expenditures				
Debt service				
Principal	225,000	65,000	182,896	125,000
Interest and other	11,483	25,344	58,677	56,620
Total expenditures	<u>236,483</u>	<u>90,344</u>	<u>241,573</u>	<u>181,620</u>
Excess (deficiency) of revenues over (under) expenditures	(226,115)	3,901	(121,524)	12,728
Other Financing Sources (Uses)				
Bonds issued	-	-	-	-
Transfers in	-	-	178,194	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>178,194</u>	<u>-</u>
Net change in fund balances	(226,115)	3,901	56,670	12,728
Fund Balances, January 1	<u>499,780</u>	<u>730,989</u>	<u>729,697</u>	<u>160,516</u>
Fund Balances, December 31	<u>\$ 273,665</u>	<u>\$ 734,890</u>	<u>\$ 786,367</u>	<u>\$ 173,244</u>

2017B Improvement Bonds (377)	2000B Improvement Bonds (378)	2021A G.O. Bonds (379)	2022A G.O. Bonds (380)	2023A G.O. Bond (381)	2020A City Hall CIP Bond (394)
\$ 41,489	\$ 120,572	\$ 197,861	\$ 242,549	\$ -	\$ 240,314
-	-	-	-	-	-
-	2,312	12,260	165,224	-	-
1	2	28	-	-	-
<u>41,490</u>	<u>122,886</u>	<u>210,149</u>	<u>407,773</u>	<u>-</u>	<u>240,314</u>
35,000	116,772	188,150	-	-	235,000
58,560	12,472	25,434	139,426	-	176,839
<u>93,560</u>	<u>129,244</u>	<u>213,584</u>	<u>139,426</u>	<u>-</u>	<u>411,839</u>
(52,070)	(6,358)	(3,435)	268,347	-	(171,525)
-	-	-	-	92,856	-
-	-	-	-	-	200,000
-	-	-	-	-	-
-	-	-	-	92,856	200,000
(52,070)	(6,358)	(3,435)	268,347	92,856	28,475
<u>473,469</u>	<u>201,059</u>	<u>311,344</u>	<u>79,931</u>	<u>-</u>	<u>380,191</u>
<u>\$ 421,399</u>	<u>\$ 194,701</u>	<u>\$ 307,909</u>	<u>\$ 348,278</u>	<u>\$ 92,856</u>	<u>\$ 408,666</u>

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City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Debt Service Funds
December 31, 2023

	Debt Revolving Fund (399)	Totals
Revenues		
Taxes	\$ -	\$ 1,723,367
Intergovernmental	-	66,300
Special assessments	-	221,209
Investment earnings	-	4,128
Total revenues	-	2,015,004
 Expenditures		
Debt service		
Principal	-	3,827,818
Interest and other	3,747	1,023,561
Total expenditures	3,747	4,851,379
 Excess (deficiency) of revenues over (under) expenditures	(3,747)	(2,836,375)
 Other Financing Sources (Uses)		
Bonds issued	-	92,856
Transfers in	-	2,066,684
Transfers out	(5,000)	(5,000)
Total other financing sources (uses)	(5,000)	2,154,540
 Net change in fund balances	(8,747)	(681,835)
 Fund Balances, January 1	272,052	7,512,987
 Fund Balances, December 31	\$ 263,305	\$ 6,831,152

City of Marshall
Combining Balance Sheet
Economic Development Authority Funds
December 31, 2023

	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	\$ 714,918	\$ 567,650	\$ 50,583	\$ 1,259,202	\$ 2,592,353
Receivables					
Interest	9,344	715	200	-	10,259
Delinquent taxes	1,211	-	-	-	1,211
Notes	80,000	177,161	-	-	257,161
Intergovernmental	1,637	-	-	-	1,637
Prepaid items	255	-	-	-	255
Land held for resale	-	832,581	-	-	832,581
	<u>\$ 807,365</u>	<u>\$ 1,578,107</u>	<u>\$ 50,783</u>	<u>\$ 1,259,202</u>	<u>\$ 3,695,457</u>
Liabilities					
Accounts payable	\$ 3,029	\$ -	\$ -	\$ -	\$ 3,029
Due to primary government	-	167,074	-	-	167,074
Due to other component unts	-	18	-	-	18
Accrued salaries payable	4,972	-	-	-	4,972
Other payable	-	19,769	-	-	19,769
Unearned revenue	-	2,329	-	-	2,329
Total liabilities	<u>8,001</u>	<u>189,190</u>	<u>-</u>	<u>-</u>	<u>197,191</u>
Deferred Inflows of Resources					
Unavailable revenue - taxes	1,211	-	-	-	1,211
Fund Balances					
Nonspendable					
Prepaid items	255	-	-	-	255
Land held for resale	-	832,581	-	-	832,581
Restricted					
Economic development	72,500	-	50,783	-	123,283
Assigned					
Economic development	725,398	556,336	-	1,259,202	2,540,936
Total fund balances	<u>798,153</u>	<u>1,388,917</u>	<u>50,783</u>	<u>1,259,202</u>	<u>3,497,055</u>
	<u>\$ 807,365</u>	<u>\$ 1,578,107</u>	<u>\$ 50,783</u>	<u>\$ 1,259,202</u>	<u>\$ 3,695,457</u>

Reconciliation of balance sheet to the Statement of Net Position

Total fund balances \$ 3,497,055

Capital assets used in EDA activities are not financial resources and therefore are not reported as assets in the fund 3,068

Long-term assets are not available to pay current period expenditures and, therefore are unavailable in the funds.

 Delinquent property taxes receivable 1,211

Total net position \$ 3,501,334

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Economic Development Authority Funds
December 31, 2023

	Economic Development Authority (204/208)	EDA Parkway Housing Fund (205/206 /207)	Federal EDA CRIF (213)	EDA Revolving (214)	Totals
Revenues					
Taxes	\$ 173,857	\$ -	\$ -	\$ -	\$ 173,857
Charges for services	1,800	2,422	-	-	4,222
Intergovernmental	74,506	-	-	178,551	253,057
Investment earnings	81,892	4,261	1,974	-	88,127
Miscellaneous	1,681	6,186	-	-	7,867
Total Revenues	<u>333,736</u>	<u>12,869</u>	<u>1,974</u>	<u>178,551</u>	<u>527,130</u>
Expenditures					
Current					
Economic development	<u>167,721</u>	<u>5,835</u>	<u>-</u>	<u>20,750</u>	<u>194,306</u>
Excess (deficiency) of revenues over (under) expenditures	166,015	7,034	1,974	157,801	332,824
Fund Balances, January 1	<u>632,138</u>	<u>1,381,883</u>	<u>48,809</u>	<u>1,101,401</u>	<u>3,164,231</u>
Fund Balances, December 31	<u>\$ 798,153</u>	<u>\$ 1,388,917</u>	<u>\$ 50,783</u>	<u>\$ 1,259,202</u>	<u>\$ 3,497,055</u>

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

Net Change in Fund Balances \$ 332,824

EDA funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.

Depreciation expense (646)

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.

Property taxes (224)

Change in Net Position \$ 331,954

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Economic Development Authority
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 173,486	\$ 173,486	\$ 173,857	\$ 371
Charges for services	2,500	2,500	1,800	(700)
Intergovernmental	-	-	74,506	74,506
Investment earnings	5,288	5,288	81,892	76,604
Miscellaneous	-	-	1,681	1,681
Total revenues	<u>181,274</u>	<u>181,274</u>	<u>333,736</u>	<u>152,462</u>
Expenditures				
Current				
Economic development	<u>176,706</u>	<u>176,706</u>	<u>167,721</u>	<u>(8,985)</u>
Excess of revenues over expenditures	<u>\$ 4,568</u>	<u>\$ 4,568</u>	166,015	<u>\$ 161,447</u>
Fund Balance				
Beginning of year			<u>632,138</u>	
End of year			<u>\$ 798,153</u>	

City of Marshall
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

<u>Federal Agency/Pass Through Agency/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Expenditures</u>
U.S. Department of Health		
Passed through the State of Minnesota		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	\$ <u>500</u>
U.S. Department of Justice		
Passed through the State of Minnesota		
Missing Children's Assistance	16.543	<u>4,067</u>
U.S. Department of Transportation		
Passed through the State of Minnesota		
Airport Improvement Program	20.106	181,039
State and Community Highway Safety (Cluster)	20.600	2,478
National Priority Safety Programs (Cluster)	20.616	<u>2,843</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	1,927
Total U.S. Department of Transportation		<u>188,287</u>
U.S. Department of Treasury		
Passed through the State of Minnesota		
Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>645,850</u>
U.S. Department of Environmental Protection Agency (EPA)		
Passed through State of Minnesota		
Performance Partnership Grants	66.605	<u>1,040</u>
Total federal expenditures		<u>\$ 839,744</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 (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year-ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - PASS-THROUGH GRANT NUMBERS

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

NOTE 4 - INDIRECT COST RATE

The City did not elect to use the 10 percent de minimis indirect cost rate, as allowed under the Uniform Guidance.



**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, 2023, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 12, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



St. Cloud, Minnesota
June 12, 2024



**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

Opinion on Each Major Federal Program

We have audited the City's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2023. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- ◆ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- ◆ Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Bogen KOV, Ltd.

St. Cloud, Minnesota
June 12, 2024

City of Marshall
Schedule of Findings and Questioned Costs

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: 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).

Internal control over financial reporting:
 ◆ Material weakness(es) identified? No
 ◆ Significant deficiency(ies) identified? None reported

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? None reported

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

Identification of Major Programs

Assistance Listing No.: 21.027
 Name of Federal Program or Cluster: Coronavirus State and Local Fiscal Recovery Funds

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

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV - PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None

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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, 2023, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 12, 2024.

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 - bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to *Minnesota Statute § 6.65*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

BerganKDV, Ltd.

St. Cloud, Minnesota
June 12, 2024