

CITY OF MARCELINE, MISSOURI

FINANCIAL STATEMENTS

FOR THE YEAR ENDED OCTOBER 31, 2021

JOHN W. GILLUM, CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT
KIRKSVILLE, MISSOURI

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JOHN W. GILLUM, CPA, LLC

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Marceline
Marceline, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Marceline, Missouri as of and for the year ended October 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marceline, Missouri, as of October 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

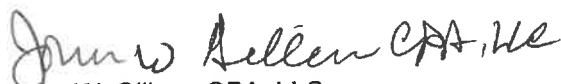
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of changes in net pension liability and related ratios and schedules of contributions multiyear on pages 3-9, 39-40, 41-46 and 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marceline, Missouri's basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison information for the non-major governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The budgetary comparison information for the non-major governmental funds have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



John W. Gillum, CPA, LLC
Certified Public Accountant
Kirksville, Missouri
July 19, 2022



CITY of
Marceline
- MISSOURI -

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Management's Discussion and Analysis--Unaudited

Our discussion and analysis of City of Marceline, Missouri's financial performance provides an overview of the City's financial activities for the fiscal year ended October 31, 2021. Please read it in conjunction with the City's financial statements, which begin on page 11.

Financial Highlights

- The assets of the City of Marceline exceeded its liabilities at the close of the most recent fiscal year by \$19,520,270 (*net position*). Of this amount, \$3,673,201 (*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 \$381,732.
- As of the close of the current fiscal year, the City of Marceline's governmental funds reported combined negative ending fund balances of \$987,600.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in them. You can think of the City's net position—the difference between assets and liabilities—as one way to measure the City's financial health. Over time, *increases or decreases* in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities**—Most of the City's basic services are reported here, including the public safety, streets, library, cemetery and general administration. Property taxes, franchise fees, other taxes and state and federal grants finance most of these activities.
- **Business-type activities**—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer and electric operations are reported here.

Reporting the City's Most Significant Funds

The fund financial statements begin on page 12 and provide detailed information about the most significant funds—not the City as a whole. The City's two kinds of funds—*governmental* and *proprietary*—use different accounting approaches.

- *Governmental funds*—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the City's fund balances by law, creditors, City council, and the City's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.
- *Proprietary funds*—When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Marceline, assets exceeded liabilities by \$19,520,270 at the close of the most recent fiscal year.

By far, the largest portion of the City of Marceline's net position, \$15,633,472 (80 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Marceline uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Marceline'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 Marceline's Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>						
Current and other assets	\$ 1,334,469	\$ 528,403	\$ 5,758,481	\$ 6,024,903	\$ 7,092,950	\$ 6,553,306
Capital assets, net	<u>7,746,482</u>	<u>8,235,990</u>	<u>9,772,807</u>	<u>10,111,279</u>	<u>17,519,289</u>	<u>18,347,269</u>
Total Assets	9,080,951	8,764,393	15,531,288	16,136,182	24,612,239	24,900,575
<u>DEFERRED INFLOWS</u>						
	<u>56,061</u>	<u>145,546</u>	<u>6,921</u>	<u>88,394</u>	<u>62,982</u>	<u>233,940</u>
<u>LIABILITIES</u>						
Long-term liabilities	1,795,908	2,100,633	89,909	285,470	1,885,817	2,386,103
Other liabilities	<u>1,561,374</u>	<u>1,966,250</u>	<u>834,896</u>	<u>1,658,220</u>	<u>2,396,270</u>	<u>3,624,470</u>
Total Liabilities	<u>3,357,282</u>	<u>4,066,883</u>	<u>924,805</u>	<u>1,943,690</u>	<u>4,282,087</u>	<u>6,010,573</u>
<u>DEFERRED OUTFLOWS</u>						
	<u>809,783</u>	<u>18,256</u>	<u>63,081</u>	<u>3,708</u>	<u>872,864</u>	<u>21,964</u>
<u>NET POSITION</u>						
Net investment in capital assets	5,950,574	6,233,628	9,682,898	10,015,636	15,633,472	16,249,264
Restricted	199,105	194,106	14,492	354,240	213,597	548,346
Unrestricted	<u>(1,179,732)</u>	<u>(1,602,934)</u>	<u>4,852,933</u>	<u>3,907,302</u>	<u>3,673,201</u>	<u>2,304,368</u>
Total Net Position	<u>\$ 4,969,947</u>	<u>\$ 4,824,800</u>	<u>\$14,550,323</u>	<u>\$ 14,277,178</u>	<u>\$ 19,520,270</u>	<u>\$ 19,101,978</u>

Business-type activities. Business-type activities increased the City of Marceline's net position by \$236,585.

Governmental activities. Governmental activities increased the City of Marceline's net position by \$145,147.

Key elements of these changes are as follows:

City of Marceline's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services	\$ 155,047	\$ 146,434	\$ 5,030,855	\$ 4,914,173	\$ 5,185,902	\$ 5,060,607
Operating grants	321,074	312,070	11,032	1,900	332,106	313,970
Capital grants	259,472	57,906	-	-	259,472	57,906
General revenues:						
Property & other taxes	669,883	602,984	-	-	669,883	602,984
Other	122,627	61,927	2,459	16,553	125,086	78,488
Total Revenue	<u>1,528,103</u>	<u>1,181,321</u>	<u>5,044,346</u>	<u>4,932,626</u>	<u>6,572,449</u>	<u>6,113,955</u>
Expenses:						
General government	609,167	528,147	-	-	609,167	528,147
Public safety	861,778	923,113	-	-	861,778	923,113
Streets	564,349	507,553	-	-	564,349	507,553
Parks & recreation	644,106	464,640	-	-	644,106	464,640
Airport	50,000	50,000	-	-	50,000	50,000
Cemetery	30,749	39,348	-	-	30,749	39,348
Library	67,786	63,917	-	-	67,786	63,917
Pension adjustment	(164,993)	18,116	(93,451)	23,539	(258,444)	41,655
Sewer	-	-	489,096	463,032	489,096	463,032
Water	-	-	1,052,141	1,079,052	1,052,141	1,079,052
Electric	-	-	2,077,467	2,236,857	2,077,467	2,236,857
Interest on debt	-	-	2,522	14,529	2,522	14,529
Total Expenses	<u>2,662,942</u>	<u>2,594,834</u>	<u>3,527,775</u>	<u>3,817,009</u>	<u>6,190,717</u>	<u>6,411,843</u>
Increase (decrease) in Net Position	(1,134,839)	(1,413,513)	1,516,571	1,115,617	381,732	(299,796)
Transfers	<u>1,279,986</u>	<u>1,203,000</u>	<u>(1,279,986)</u>	<u>(1,203,000)</u>	-	-
Change in Net Position	145,147	(210,513)	236,585	(87,383)	381,732	(299,796)
Prior Period Adjustment	-	-	36,560	(15,000)	36,560	(15,000)
Net Position—Beginning	<u>4,824,800</u>	<u>5,035,313</u>	<u>14,277,178</u>	<u>14,379,561</u>	<u>19,101,978</u>	<u>19,414,874</u>
Net Position—Ending	<u>\$ 4,969,947</u>	<u>\$ 4,824,800</u>	<u>\$ 14,550,323</u>	<u>\$ 14,277,178</u>	<u>\$ 19,520,270</u>	<u>\$ 19,101,978</u>

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Marceline'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 of Marceline's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Marceline's governmental funds reported combined negative ending fund balances of \$987,600, an increase of \$263,208. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

The fund balance of the City of Marceline's general fund increased by \$204,637 during the current fiscal year.

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

As of the end of the current fiscal year, the City of Marceline's proprietary funds reported combined ending fund balances of \$14,550,323, an increase of \$236,585.

General Fund Budgetary Highlights

A schedule showing the General Fund's original and final budget compared with actual operating results is provided in this report on page 39.

Actual revenues for the General Fund were \$1,207,952, which was \$63,089 less than budgeted. Actual expenditures were \$2,241,115, which was \$326,500 less than budgeted.

The General Fund ended the year \$263,236 under budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets.

The City of Marceline's investment in capital assets as of October 31, 2021, amounts to \$17,519,289 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and infrastructure. This amount represents a net decrease of \$634,562 from the prior year.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land and improvements	\$ 265,041	\$ 1,559,152	\$ 1,824,193
Construction in progress	-	38,407	38,407
Buildings and systems	5,449,935	17,950,652	23,400,587
Machinery and equipment	2,362,374	2,070,251	4,432,625
Infrastructure	12,439,529	-	12,439,529
Less accumulated depreciation	<u>(12,770,397)</u>	<u>(11,845,655)</u>	<u>(24,616,052)</u>
Total	<u>\$ 7,746,482</u>	<u>\$ 9,772,807</u>	<u>\$ 17,519,289</u>

Debt

Following is a summary of long-term debt transactions for the year ended October 31, 2021:

Bonds Payable

Beginning Balance 11/1/20	\$ 805,000
Additions	749,000
Reductions	<u>(805,000)</u>
Ending Balance 10/31/21	<u>\$ 749,000</u>

Capital Leases

Beginning Balance 11/1/20	\$ 344,041
Additions	50,745
Reductions	<u>(93,145)</u>
Ending Balance 10/31/21	<u>\$ 301,641</u>

Lease Certificates of Participation

Beginning Balance 11/1/20	\$ 890,000
Reductions	<u>(60,000)</u>
Ending Balance 10/31/21	<u>\$ 830,000</u>

Existing debt matures annually through 2033.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Assessed valuations, tax rates and other factors affecting governmental fund revenues are expected to remain consistent with past years.

Requests for Information

This financial report is designed to provide a general overview of the City of Marceline'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 City Hall, Marceline, Missouri, 116 N. Main St. USA, Marceline, MO 64658 or by telephone at (660) 376-3528 during regular business hours.

Mayor and Members
of the City Council
City of Marceline, Missouri

BASIC FINANCIAL STATEMENTS

City of Marceline, Missouri
Statement of Net Position
October 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 303,128	\$ 5,085,416	\$ 5,388,544
Accounts receivable (net of allowance for uncollectibles)	21,053	553,362	574,415
Prepaid expenses	50,488	55,287	105,775
Restricted cash & cash equivalents	114,430	14,492	128,922
Restricted investments	84,675	-	84,675
Net pension asset	760,695	49,924	810,619
Capital assets not being depreciated:			
Land & improvements	265,041	1,559,152	1,824,193
Construction in progress	-	38,407	38,407
Capital assets net of accumulated depreciation:			
Buildings & systems	5,449,935	17,950,652	23,400,587
Machinery & equipment	2,362,374	2,070,251	4,432,625
Infrastructure	12,439,529	-	12,439,529
Less: Accumulated depreciation	<u>(12,770,397)</u>	<u>(11,845,655)</u>	<u>(24,616,052)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>7,746,482</u>	<u>9,772,807</u>	<u>17,519,289</u>
Total Assets	9,080,951	15,531,288	24,612,239
DEFERRED OUTFLOWS			
Deferred Outflows—LAGERS	56,061	6,921	62,982
LIABILITIES			
Negative cash balance	1,401,665	569,360	1,971,025
Accounts payable	22,082	118,823	140,905
Accrued liabilities	137,627	92,848	230,475
Customer deposits	-	53,865	53,865
Noncurrent liabilities:			
Due within one year	194,703	36,727	231,430
Due in more than one year	<u>1,601,205</u>	<u>53,182</u>	<u>1,654,387</u>
Total Liabilities	<u>3,357,282</u>	<u>924,805</u>	<u>4,282,087</u>
DEFERRED INFLOWS			
Deferred Inflows—LAGERS	809,783	63,081	872,864
NET POSITION			
Net investment in capital assets	5,950,574	9,682,898	15,633,472
Restricted	199,105	14,492	213,597
Unrestricted	<u>(1,179,732)</u>	<u>4,852,933</u>	<u>3,673,201</u>
TOTAL NET POSITION	<u>\$ 4,969,947</u>	<u>\$ 14,550,323</u>	<u>\$ 19,520,270</u>

See Accompanying Notes to Financial Statements

City of Marceline, Missouri
Statement of Activities
For the Fiscal Year Ended October 31, 2021

	Program Revenues				Net (Expenses) Revenue & Changes in Net Position		
	Expenses	Charges for Services	Operating Grants/ Contrib.	Capital Grants/ Contrib.	Primary Government		Total
					Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT							
Governmental activities							
General government	\$ 609,167	\$ 56,247	\$ 2,714	\$ -	\$ (550,206)	\$ -	\$ (550,206)
Public safety	861,778	15,947	-	259,472	(586,359)	-	(586,359)
Streets	564,349	-	318,360	-	(245,989)	-	(245,989)
Parks & recreation	644,106	66,453	-	-	(577,653)	-	(577,653)
Airport	50,000	-	-	-	(50,000)	-	(50,000)
Cemetery	30,749	16,400	-	-	(14,349)	-	(14,349)
Library	67,786	-	-	-	(67,786)	-	(67,786)
Pension adjustment—LAGERS	(164,993)	-	-	-	164,993	-	164,993
Total governmental activities	2,662,942	155,047	321,074	259,472	(1,927,349)	-	(1,927,349)
Business-type activities							
Sewer	489,096	537,565	-	-	-	48,469	48,469
Water	1,052,141	1,229,414	11,032	-	-	188,305	188,305
Electric	2,077,467	3,263,876	-	-	-	1,186,409	1,186,409
Interest on long-term debt	2,522	-	-	-	-	(2,522)	(2,522)
Pension expense—LAGERS	(93,451)	-	-	-	-	93,451	93,451
Total business-type activities	3,527,775	5,030,855	11,032	-	-	1,514,112	1,514,112
Total primary government	\$ 6,190,717	\$ 5,185,902	\$ 332,106	\$ 259,472	(1,927,349)	1,514,112	(413,237)
GENERAL REVENUES							
Property taxes					252,880	-	252,880
Franchise taxes					57,126	-	57,126
Other taxes					359,877	-	359,877
Investment earnings					665	2,459	3,124
Payment in lieu of tax					3,122	-	3,122
Other					118,840	-	118,840
Transfers in (out)					1,279,986	(1,279,986)	-
Total general revenues					2,072,496	(1,277,527)	794,969
Change in net position					145,147	236,585	381,732
Prior period adjustment					-	36,560	36,560
Net position—Beginning					4,824,800	14,277,178	19,101,978
Net position—Ending					\$ 4,969,947	\$ 14,550,323	\$ 19,520,270

See Accompanying Notes to Basic Financial Statements

City of Marceline, Missouri
Balance Sheet—Governmental Funds
October 31, 2021

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 303,128	\$ 303,128
Restricted cash and cash equivalents	114,430	-	114,430
Restricted investments	-	84,675	84,675
Accounts receivable (net of allowance for uncollectibles)	8,306	12,747	21,053
Prepaid expenses	<u>50,009</u>	<u>479</u>	<u>50,488</u>
Total Assets	<u>\$ 172,745</u>	<u>\$ 401,029</u>	<u>\$ 573,774</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Negative Cash Balance	\$ 1,282,272	\$ 119,393	\$ 1,401,665
Accrued liabilities	137,627	-	137,627
Accounts payable	<u>21,964</u>	<u>118</u>	<u>22,082</u>
Total Liabilities	1,441,863	119,511	1,561,374
FUND BALANCES			
Restricted	114,430	84,675	199,105
Committed	-	196,843	196,843
Unassigned	<u>(1,383,548)</u>	<u>-</u>	<u>(1,383,548)</u>
Total Fund Balances	<u>(1,269,118)</u>	<u>281,518</u>	<u>(987,600)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 172,745</u>	<u>\$ 401,029</u>	

Reconciliation to statement of net position:

Amounts reported for governmental activities in the statement of net position are different because:

Bonds payable and related liabilities are not due and payable in the current period and therefore are not reported in the funds. (1,584,176)

Capital leases are not due and payable in the current period and therefore are not reported in the funds (211,732)

Capital assets used in governmental activities of \$20,389,983 net of accumulated depreciation of \$12,153,993 are not financial resources and therefore are not reported in the funds. 7,746,482

Amounts required by GASB 68 relating to the City's participation in LAGERS are not reported in the funds.

Net Pension Asset	760,695
Deferred Outflows	56,061
Deferred Inflows	<u>(809,783)</u>

Net position of governmental activities \$ 4,969,947

See Accompanying Notes to Basic Financial Statements

City of Marceline, Missouri
Statement of Revenues, Expenditures, And
Changes in Fund Balances—Governmental Funds
For The Year Ended October 31, 2021

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Taxes			
Property	\$ 190,781	\$ 62,099	\$ 252,880
Railroad & utility	12,730	3,590	16,320
Franchise	57,126	-	57,126
Corp & Intang tax	21,202	5,980	27,182
Sales tax	-	201,585	201,585
Road & bridge tax	50,310	-	50,310
Use tax	64,480	-	64,480
Payment in lieu of tax	2,579	543	3,122
Licenses & permits	24,630	-	24,630
Investment earnings	200	465	665
User fees – gas tax	59,233	-	59,233
Motor vehicle - fees	11,060	-	11,060
Motor vehicle – sales tax	248,067	-	248,067
User fees - rent	17,653	-	17,653
Fines	13,649	-	13,649
User fees – sanitation	13,964	-	13,964
User fees – lot sales	-	16,400	16,400
User fees – fire	2,298	-	2,298
User fees – pool	66,453	-	66,453
Donations	2,014	700	2,714
Grants	259,472	-	259,472
Proceeds of long-term debt	25,372	-	25,372
Other revenue	<u>64,679</u>	<u>-</u>	<u>64,679</u>
Total Revenues	1,207,952	291,362	1,499,314
EXPENDITURES			
General government	379,036	-	379,036
Public safety	745,516	-	745,516
Streets	495,234	-	495,234
Parks & recreation	534,433	87,916	622,349
Airport	50,000	-	50,000
Cemetery	-	29,275	29,275
Library	-	67,786	67,786
Capital outlay	<u>36,896</u>	<u>90,000</u>	<u>126,896</u>
Total Expenditures	<u>2,241,115</u>	<u>274,977</u>	<u>2,516,092</u>
Excess (deficiency) of revenues over (under) expenditures	(1,033,163)	16,385	(1,016,778)
Other Financing Sources (Uses)			
Transfers in (out)	<u>1,237,800</u>	<u>42,186</u>	<u>1,279,986</u>
Total other financing sources and (uses)	<u>1,237,800</u>	<u>42,186</u>	<u>1,279,986</u>
Net change in fund balances	204,637	58,571	263,208
Fund balances—beginning	<u>(1,473,755)</u>	<u>222,947</u>	<u>(1,250,808)</u>
Fund balances—ending	<u>\$ (1,269,118)</u>	<u>\$ 281,518</u>	<u>\$ (987,600)</u>

See Accompanying Notes to Basic Financial Statements

City of Marcelline, Missouri
Statement of Revenues, Expenditures and
Changes in Fund Balance (Continued)
Governmental Funds
For the Fiscal Year Ended October 31, 2021

Reconciliation to the Statement of Activities:

Net change in fund balances—total governmental funds	\$ 263,208
<p>Amounts reported in governmental activities in the statement of activities are different because:</p>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	(489,508)
The issuance of long-term debt (e.g., leases) 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. This amount is the net effect of these differences in the treatment of long-term debt.	152,293
Bond premium	54,161
The change in amounts required by GASB 68 relating to the City's participation in LAGERS are not reported in the funds.	(89,485)
Deferred Outflows	(791,527)
Deferred Inflows	760,695
Net Pension Asset	285,310
Net Pension Liability	<u>285,310</u>
Change in net position of governmental activities	\$ <u>145,147</u>

See Accompanying Notes to Basic Financial Statements

City of Marceline, Missouri
Statement of Net Position
Proprietary Funds
October 31, 2021

-----Business-Type Activities---Enterprise Funds-----

	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Total</u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 185,570	-	\$ 4,899,846	\$ 5,085,416
Accounts receivable—net of allowances	57,053	131,232	365,077	553,362
Prepaid expenses	<u>8,036</u>	<u>18,166</u>	<u>29,085</u>	<u>55,287</u>
Total current assets	<u>250,659</u>	<u>149,398</u>	<u>5,294,008</u>	<u>5,694,065</u>
Non-Current Assets				
Restricted cash & cash equivalents	-	14,492	-	14,492
Net pension asset	12,481	18,154	19,289	49,924
Capital Assets				
Land & improvements	1,000	1,542,643	15,509	1,559,152
Construction in progress	38,407	-	-	38,407
Buildings & systems	3,506,983	8,349,804	6,093,865	17,950,652
Machinery & equipment	604,607	352,701	1,112,943	2,070,251
Less: Accumulated depreciation	<u>(2,928,960)</u>	<u>(5,084,320)</u>	<u>(3,832,375)</u>	<u>(11,845,655)</u>
Total Capital Assets, net of accumulated depreciation	<u>1,222,037</u>	<u>5,160,828</u>	<u>3,389,942</u>	<u>9,772,807</u>
Total non-current assets	<u>1,234,518</u>	<u>5,193,474</u>	<u>3,409,231</u>	<u>9,837,223</u>
TOTAL ASSETS	<u>1,485,177</u>	<u>5,342,872</u>	<u>8,703,239</u>	<u>15,531,288</u>
DEFERRED OUTFLOWS				
Deferred Outflows—LAGERS	<u>1,730</u>	<u>2,517</u>	<u>2,674</u>	<u>6,921</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,486,907</u>	<u>\$ 5,345,389</u>	<u>\$ 8,705,913</u>	<u>\$ 15,538,209</u>

See Accompanying Notes to Financial Statements

City of Marceline, Missouri
Statement of Net Position (Continued)
Proprietary Funds
October 31, 2021

	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Total</u>
-----Business-Type Activities-----Enterprise Funds-----				
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities				
Negative cash balance	\$ -	\$ 569,360	-	\$ 569,360
Accounts payable	16,967	5,423	96,433	118,823
Accrued liabilities	19,239	29,330	44,279	92,848
Capital leases payable—current	2,426	2,426	31,875	36,727
Customer deposits payable	-	18,965	34,900	53,865
Total current liabilities	<u>38,632</u>	<u>625,504</u>	<u>207,487</u>	<u>871,623</u>
Non-Current Liabilities				
Capital lease payable—less current	10,260	10,260	32,662	53,182
Total non-current liabilities	<u>10,260</u>	<u>10,260</u>	<u>32,662</u>	<u>53,182</u>
Total Liabilities	<u>48,892</u>	<u>635,764</u>	<u>240,149</u>	<u>924,805</u>
DEFERRED INFLOWS				
Deferred Inflows—LAGERS	<u>15,770</u>	<u>22,939</u>	<u>24,372</u>	<u>63,081</u>
NET POSITION				
Net investment in capital assets	1,209,351	5,148,142	3,325,405	9,682,898
Restricted	-	14,492	-	14,492
Unrestricted	212,894	(475,948)	5,115,987	4,852,933
Total net position	<u>1,422,245</u>	<u>4,686,686</u>	<u>8,441,392</u>	<u>14,550,323</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & NET ASSETS	<u>\$ 1,486,907</u>	<u>\$ 5,345,389</u>	<u>\$ 8,705,913</u>	<u>\$ 15,538,209</u>

See Accompanying Notes to Financial Statements

City of Marceline, Missouri
Statement of Revenues, Expenses & Changes in Fund Net Position
Proprietary Funds
For the Year Ended October 31, 2021

-----Business-Type Activities---Enterprise Funds-----

	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Total</u>
REVENUES				
Operating Revenues				
Sewer sales	\$ 533,567	-	-	\$ 533,567
Water sales	-	1,227,760	-	1,227,760
Electric sales	-	-	3,231,260	3,231,260
Miscellaneous income	3,998	1,654	32,616	38,268
Total operating revenue	<u>537,565</u>	<u>1,229,414</u>	<u>3,263,876</u>	<u>5,030,855</u>
Operating Expenses				
Cost of sales & services	261,385	562,384	1,758,257	2,582,026
Administration	106,763	218,705	173,893	499,361
Pension adjustment—LAGERS	(25,439)	(30,961)	(37,051)	(93,451)
Depreciation & amortization	120,948	271,052	145,317	537,317
Total operating expenses	<u>463,657</u>	<u>1,021,180</u>	<u>2,040,416</u>	<u>3,525,253</u>
Operating income (loss)	<u>73,908</u>	<u>208,234</u>	<u>1,223,460</u>	<u>1,505,602</u>
Non-Operating Revenues (Expenses)				
Grants	1,494	6,551	2,987	11,032
Investment earnings	187	210	2,062	2,459
Interest expense	-	-	(2,362)	(2,362)
Fiscal agent fees	-	(160)	-	(160)
Total non-operating revenues/(expenses)	<u>1,681</u>	<u>6,601</u>	<u>2,687</u>	<u>10,969</u>
Income (loss) before contributions & transfers	<u>75,589</u>	<u>214,835</u>	<u>1,226,147</u>	<u>1,516,571</u>
Transfers in	-	-	-	-
Transfers out	-	-	(1,279,986)	(1,279,986)
Change in Net Position	<u>75,589</u>	<u>214,835</u>	<u>(53,839)</u>	<u>236,585</u>
Prior Period Adjustment	-	36,560	-	36,560
Total Net Position—Beginning	<u>1,346,656</u>	<u>4,435,291</u>	<u>8,495,231</u>	<u>14,277,178</u>
Total Net Position—Ending	<u>\$ 1,422,245</u>	<u>\$ 4,686,686</u>	<u>\$ 8,441,392</u>	<u>\$ 14,550,323</u>

See Accompanying Notes to Financial Statements

City of Marceline, Missouri
Statement of Cash Flows—Proprietary Funds
For the Year Ended October 31, 2021

	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Total</u>
-----Business-Type Activities-----Enterprise Funds-----				
<u>Cash Flows From Operating Activities</u>				
Receipts from customers	\$ 535,505	\$ 1,216,818	\$ 3,256,628	\$ 5,008,951
Payments to suppliers & employees	<u>(356,141)</u>	<u>(805,526)</u>	<u>(1,937,623)</u>	<u>(3,099,290)</u>
Net cash provided by operating activities	179,364	411,292	1,319,005	1,909,661
<u>Cash Flows From Non-Capital Financing Activities</u>				
Prior period adjustment	-	36,560	-	36,560
Transfers (to) from other funds	-	-	<u>(1,279,986)</u>	<u>(1,279,986)</u>
Net cash provided (used) by non-capital financing	-	<u>36,560</u>	<u>(1,279,986)</u>	<u>(1,243,426)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>				
Grants	1,494	6,551	2,987	11,032
Advances on long-term debt	12,686	12,686	-	25,372
Debt reduction	-	<u>(36,560)</u>	<u>(31,106)</u>	<u>(67,666)</u>
Interest paid on debt	-	<u>(160)</u>	<u>(2,362)</u>	<u>(2,522)</u>
Acquisition and construction of capital assets	<u>(50,686)</u>	<u>(12,687)</u>	<u>(135,472)</u>	<u>(198,845)</u>
Net cash (used) by capital and related financing activities	<u>(36,506)</u>	<u>(30,170)</u>	<u>(165,953)</u>	<u>(232,629)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>				
Interest received	<u>187</u>	<u>210</u>	<u>2,062</u>	<u>2,459</u>
Net cash provided by investing activities	187	210	2,062	2,459
Net increase (decrease) in cash & cash equivalents	143,045	417,892	<u>(124,872)</u>	436,065
Cash—Beginning of Year	<u>42,525</u>	<u>(972,760)</u>	<u>5,024,718</u>	<u>4,094,483</u>
Cash—End of Year	<u>\$ 185,570</u>	<u>\$ (554,868)</u>	<u>\$ 4,899,846</u>	<u>\$ 4,530,548</u>

See Accompanying Notes to Financial Statements

City of Marceline, Missouri
Statement of Cash Flows—Proprietary Funds
For the Year Ended October 31, 2021

-----Business-Type Activities---Enterprise Funds-----

	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Total</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>				
Operating income (loss)	\$ 73,908	\$ 208,234	\$ 1,223,460	\$ 1,505,602
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation & amortization expense	120,948	271,052	145,317	537,317
(Increase) decrease in:				
Accounts receivable	1,938	(12,596)	(7,248)	(17,906)
Prepaid expenses	(4,939)	(8,462)	(10,482)	(23,883)
Net pension asset	(12,481)	(18,154)	(19,289)	(49,924)
Deferred outflows	22,210	26,948	32,315	81,473
Increase (decrease) in:				
Accounts payable	15,472	(10,494)	23,858	28,836
Accrued liabilities	(2,524)	(796)	(11,194)	(14,514)
Deferred inflows	14,766	21,703	22,904	59,373
Net pension liability	(49,934)	(61,458)	(72,981)	(184,373)
Customer deposits	-	(4,685)	(7,655)	(12,340)
Total adjustments	<u>105,456</u>	<u>203,058</u>	<u>95,545</u>	<u>404,059</u>
Net cash provided (used) by operating activities	\$ <u>179,364</u>	\$ <u>411,292</u>	\$ <u>1,319,005</u>	\$ <u>1,909,661</u>

See Accompanying Notes to Financial Statements

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Marceline, Missouri (the “City”), was incorporated in 1888. The City operates under a Council-Manager form of government. The City’s major operations include public safety (police and fire), streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning and general administrative services. Other services include utilities and airport operations.

The City’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City is discussed below.

A. REPORTING ENTITY

These financial statements present the City (the primary government). As defined by GASBS No. 14, the City does not have component units required to be included in the City’s reporting entity.

B. BASIC FINANCIAL STATEMENTS—GOVERNMENT-WIDE STATEMENTS

The City’s basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City’s police and fire protection, parks, library, airport, cemetery, streets and general administrative services are classified as governmental activities. The City’s water, sewer and electric services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reports both the gross and net cost of each of the City’s functions and business-type activities (general government, public safety, streets, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, streets, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc).

The government-wide focus is more on the sustainability of the City as an entity and the change in the City’s net position resulting from the current year’s activities.

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIC FINANCIAL STATEMENTS—FUND FINANCIAL STATEMENTS

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The City reports these major governmental funds and fund types:

- a. The general fund is the City's primary operating fund. It is used to account for and report all financial resources except those required to be accounted for in another fund.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The City reports the following proprietary fund types:

- a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The Water, Sewer and Electric funds operate the City's water and electric distribution system and its sewer system, which primarily serves City residents.

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other non-exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent. Additionally, each fund's equity in the City's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Receivables:

All receivables are reported net of estimated uncollectible amounts.

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

3. Capital Assets:

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings & Systems	10-50 years
Infrastructure	10-40 years
Machinery & Equipment	3-15 years

4. Property Tax Calendar and Revenues:

The City is responsible for levying property taxes. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. All unpaid taxes levied November 1 become delinquent January 1 of the following year. Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year-end.

5. Compensated Absences:

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation from City's service. Up to two year's vacation and half of up to 60 days sick leave earned is vested. Employees may elect overtime to be booked as comp time at time and a half, to be used at a later date, or to be paid as earned. After an employee has accumulated 48 or more days of sick leave, up to 2 days of sick leave may be traded for 2 days of personal leave per calendar year. Vacation time, accrued holiday time, accrued compensatory leave time, and sick leave are considered as expenditures in the year paid. Unpaid amounts at October 31, 2021, are recorded as a liability in the financial statements.

6. Defining Operating Revenues and Expenses:

The City's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the City's water, sewer and electric funds consist of charges for services and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

7. Government-wide and Proprietary Fund Net Position:

Government-wide and proprietary fund net position are divided into three components:

- a. **Net investment in capital assets**—consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- b. **Restricted net position**—consists of net position that is restricted by the City's creditors (for example, through debt covenants), by grantors (both federal and state) or by other enabling legislation.
- c. **Unrestricted**—all other net position is reported in this category.

8. Governmental Fund Balances:

In the governmental fund financial statements, fund balances are classified as follows:

- a. **Nonspendable**—Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. **Restricted**—Externally enforceable limitations on use; amounts that can be spent only for specific purposes; limitations are imposed by creditors, grantors, or laws and regulations of other governments.
- c. **Committed**—Self-imposed limitations that must be set in place prior to the end of the period; amounts that can be used only for specific purposes determined by a formal action of the City Council; removal of the commitment must also be approved by a formal action of the City Council.
- d. **Assigned**—Limitation resulting from intended use; amounts that are designated by the City Council for a particular purpose but are not spendable until there is a majority vote approval by the City Council.
- e. **Unassigned**—All amounts not included in other spendable classifications.

The City does not have nonspendable or assigned governmental fund balances to report. In addition, the City has not formally adopted a stabilization policy.

9. Use of Restricted Resources:

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Formal budgetary accounting is employed as a management control for all funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund, Special Revenues Funds, and Proprietary Funds, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis. Budgets for certain Special Revenues Funds are made on a project basis, spanning more than one fiscal year.

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with State Statutes, prior to October 31, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following November 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the legislative (council) level.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to November 1, the budget is legally enacted through passage of an ordinance.
4. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.
5. The City Council may authorize supplemental appropriations during the year.
6. The City does not utilize encumbrance accounting with regard to budget or accounting functions.
7. Appropriations and the authority to expend funds lapse on October 31.

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. PROPERTY TAXES

The City is responsible for collecting and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of the levy year.

Taxes are due December 1 and become delinquent at January 1 of the year following tax levy.

The City's property tax is levied each year on the assessed value listed as of the prior January 1, for all real and personal property located in the City. The assessed value upon which the 2020 levy was based for real, personal, and public utility property was \$23,938,783.

Property tax levies per \$100 assessed valuation for the calendar year ended 2020 are as follows:

<u>Fund</u>	<u>Levy</u>
General	0.5181
Debt Service	0.2492
Library	<u>0.2232</u>
	<u>0.9905</u>

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. CASH

State statutes require that the City's deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of October 31, 2021, all bank balances on deposit are entirely insured or collateralized with securities.

B. INVESTMENTS

The City's investments at October 31, 2021, consist of:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificate of Deposit	03/03/2022	\$ <u>84,675</u>

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 3. DETAILED NOTES ON ALL FUNDS

C. RECEIVABLES

Accounts receivable in the governmental funds at October 31, 2021, consist of property taxes receivable as follows:

	<u>General Fund</u>	<u>Library</u>	<u>Total Governmental</u>
Property Taxes Receivable	\$ 20,539	\$ 18,723	\$ 39,262
Less: Allowance for uncollectibles	<u>(12,233)</u>	<u>(5,976)</u>	<u>(18,209)</u>
Net taxes receivable	<u>\$ 8,306</u>	<u>\$ 12,747</u>	<u>\$ 21,053</u>

Proprietary funds accounts receivable and the related allowance for doubtful accounts are as follows:

	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Total Proprietary</u>
Accounts Receivable	\$ 74,645	\$165,066	\$ 517,645	\$ 757,356
Less: Allowance for Doubtful Acct.	<u>(17,592)</u>	<u>(33,834)</u>	<u>(152,568)</u>	<u>(203,994)</u>
Net Accounts Receivable	<u>\$ 57,053</u>	<u>\$131,232</u>	<u>\$ 365,077</u>	<u>\$ 553,362</u>

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 3. DETAILED NOTES ON ALL FUNDS

D. CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2021, was as follows:

Governmental Activities:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of Year</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 265,041	\$ -	\$ -	\$ 265,041
Total capital assets not being depreciated	265,041	-	-	265,041
<u>Capital assets being depreciated:</u>				
Buildings & systems	5,449,935	-	-	5,449,935
Machinery & equipment	2,331,496	30,878	-	2,362,374
Infrastructure	<u>12,343,511</u>	<u>96,018</u>	-	<u>12,439,529</u>
Total capital assets being depreciated	20,124,942	126,896	-	20,251,838
Less accumulated depreciation:	<u>(12,153,993)</u>	<u>(616,404)</u>	-	<u>(12,770,397)</u>
Total capital assets being depreciated—net	<u>7,970,949</u>	<u>(489,508)</u>	-	<u>7,481,441</u>
Governmental activities, capital assets-net	<u>\$ 8,235,990</u>	<u>\$ (489,508)</u>	<u>\$ -</u>	<u>\$ 7,746,482</u>

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 3. DETAILED NOTES ON ALL FUNDS

D. CAPITAL ASSETS (CONTINUED)

Business-Type Activities:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of Year</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 1,559,152	\$ -	\$ -	\$ 1,559,152
Construction in progress	<u>38,407</u>	<u>-</u>	<u>-</u>	<u>38,407</u>
Total capital assets not being depreciated	1,597,559	-	-	1,597,559
<u>Capital assets being depreciated:</u>				
Buildings & system	17,815,180	135,472	-	17,950,652
Machinery & equipment	<u>2,006,878</u>	<u>63,373</u>	<u>-</u>	<u>2,070,251</u>
Total capital assets being depreciated	19,822,058	198,845	-	20,020,903
Less: accumulated depreciation	<u>(11,308,338)</u>	<u>(537,317)</u>	<u>-</u>	<u>(11,845,655)</u>
Total capital assets being depreciated—net	<u>8,513,720</u>	<u>(338,472)</u>	<u>-</u>	<u>8,175,248</u>
Business-type activities, capital assets-net	<u>\$ 10,111,279</u>	<u>\$ (338,472)</u>	<u>\$ -</u>	<u>\$ 9,772,807</u>

Depreciation Expense was charged to functions/programs as follows:

Governmental Activities:

General Government	\$ 285,757
Cemetery	1,474
Public Safety	178,301
Streets	69,115
Parks & Recreation	<u>81,757</u>
Total depreciation—governmental activities	<u>\$ 616,404</u>

Business-Type Activities:

Sewer	\$ 120,948
Water	271,052
Electric	<u>145,317</u>
Total depreciation expense—business-type activities	<u>\$ 537,317</u>

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 3. DETAILED NOTES ON ALL FUNDS

E. LONG-TERM DEBT

Summary of current year bond activity is as follows:

Bonds Payable—November 1, 2020	\$ 805,000
Bonds Issued	749,000
Bond Payments	<u>(805,000)</u>
Bonds Payable—October 31, 2021	<u>\$ 749,000</u>

During the year, the City issued General Obligation Refunding Bonds Series 2021, to call and retire the Series 2020 General Obligation Bonds. Details of the transaction were as follows:

<u>Sources of Funds</u>	
Proceeds of General Obligation Refunds Bonds Series 2021	\$ 749,000
City Contribution	<u>17,031</u>
	<u>\$ 766,031</u>

<u>Uses of Funds</u>	
Call and Retire General Obligation Bonds Series 2020	\$ 750,523
Cost of Issuance	<u>15,508</u>
	<u>\$ 766,031</u>

The refunding is expected to save the City in excess of \$110,000 over the life of the bonds.

Bonds outstanding at October 31, 2021, are as follows:

General Obligation Refunding Bonds Series 2021; due in varying annual principal and interest installments, until maturity in 2031; interest at 1.65% per annum	<u>\$ 749,000</u>
--	-------------------

Summary of future debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 61,000	\$ 13,709	\$ 74,709
2023	70,000	10,775	80,775
2024	70,000	9,620	79,620
2025	76,000	8,415	84,415
2026	76,000	7,161	83,161
2027-31	<u>396,000</u>	<u>16,602</u>	<u>412,602</u>
	<u>\$ 749,000</u>	<u>\$ 66,282</u>	<u>\$ 815,262</u>

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 3. DETAILED NOTES ON ALL FUNDS

E. LONG-TERM DEBT (CONTINUED)

Lease Certificates of Participation at October 31, 2021, were as follows:

\$1,000,000 Lease Certificates of Participation, Series 2021;
due in varying annual principal and interest payments commencing
March 2021 through 2033; interest from 2% to 3.5% per annum. \$ 830,000

Summary of future debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 60,000	\$ 25,258	\$ 85,258
2023	60,000	23,712	83,712
2024	60,000	22,062	82,062
2025	65,000	20,344	85,344
2026	65,000	18,475	83,475
2027-31	360,000	59,150	419,150
2032-33	<u>160,000</u>	<u>5,600</u>	<u>165,600</u>
	<u>\$ 830,000</u>	<u>\$ 174,601</u>	<u>\$ 1,004,601</u>

F. CAPITAL LEASES

Summary of current year activity is as follows:

Leases Payable—November 1, 2020	\$ 344,041
Leases Issued	50,745
Lease Payments	<u>(93,145)</u>
Leases Payable—October 31, 2021	<u>\$ 301,641</u>

Capital leases at October 31, 2021, were as follows:

\$43,282 capital lease; due in annual principal and interest payments
of \$9,814 through 2023, interest at 6.7% per annum; executed for the
purchase of a police car \$ 17,818

\$378,024 capital lease; due in annual principal and interest payments of
\$58,477 through 2024, interest at 2.0% per annum; executed to purchase
a fire truck. 168,541

\$218,003 capital lease; due in annual principal and interest payments of
\$33,469 through 2024; interest at 2.47% per annum; executed for the
purchase of equipment for the electric system. 64,537

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 3. DETAILED NOTES ON ALL FUNDS

F. CAPITAL LEASES (CONTINUED)

\$50,745 capital lease; due in annual principal and interest payments of \$10,845 through 2026, interest at 2.25% per annum; executed for the purchase of equipment for the general, water and sewer departments. 50,745

\$ 301,641

Summary of future maturities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 105,254	\$ 7,351	\$ 112,605
2023	107,953	4,652	112,605
2024	67,455	1,867	69,322
2025	10,373	472	10,845
2026	<u>10,606</u>	<u>239</u>	<u>10,845</u>
	<u>\$ 301,641</u>	<u>\$ 14,581</u>	<u>\$ 316,222</u>

G. TRANSFERS

Interfund transfers were:

	<u>(From)</u>	<u>To</u>
General Fund	\$ -	\$1,237,800
Cemetery Fund	-	42,186
Electric Fund	<u>(1,279,986)</u>	<u>-</u>
	<u>\$(1,279,986)</u>	<u>\$1,279,986</u>

Transfers were made for purposes of maintaining operations. All transfers are approved and are part of the budget process.

NOTE 4. RISK MANAGEMENT

Significant risk of loss is covered by commercial insurance for the City. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE 5. COMMITMENTS AND CONTINGENCIES

COMMITMENTS--NONE

CONTINGENCIES--NONE

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 6. EMPLOYEE RETIREMENT PLAN

Plan Description

The City participates in the Missouri Local Area Government Employees Retirement System (LAGERS), an agent multi-employer, statewide public employee retirement plan that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability and death benefits to plan members and beneficiaries.

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo 70.600 – 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

The Missouri Local Area Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.molagers.org or from Missouri Local Area Government Employee Retirement System LAGERS, P.O. Box 1665, Jefferson City, MO 65102

Benefits Provided

LAGERS provides retirement, death and disability benefits to employees of participating political subdivisions. All benefits vests after 5 years of credited service. Employees who retire on or after age 60 with 5 or more years of service are entitled to an allowance for life based upon the benefit program then in effect for their political subdivision. Employees may retire with an early retirement benefit with a minimum of 5 years of credit service and after attaining age 55 and receive a reduced allowance. The LAGERS Board of Trustees establishes the benefit plans and provisions that are available for adoption. The political subdivision's governing body adopts all benefits of the plan. Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year. If an employee leaves covered employment or dies before attaining 5 years of credited service, accumulated employee contributions are refunded to the employee or designated beneficiary. Each participating employer is required by statute to contribute the remaining amounts necessary to finance the coverage of its own employees. Benefit and contribution provisions are fixed by state statute and may be amended only by action of the state legislature.

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Funding

The City is required to contribute at an actuarially determined rate; the current rate is 10.9% (general) and 12.4% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

The annual required contribution was determined as part of the June 30, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.25 percent investment rate of return and (b) projected salary increase ranging from 3.5 to 6.8 percent per year (c) pre-retirement mortality based on 75% of the RP 2000 Combined Health Table set back 0 years for men and 0 years for women and (3) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women.. Both (a) and (b) include an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2021 was 12 to 17 years.

Pooled Funds Allocation

As previously mentioned, LAGERS is an agent multi-employer plan. However, for purposes of certain benefit payments, LAGERS functions similar to a cost-sharing plan with pooled funds. These pooled funds are the Casualty Reserve Fund (CRF) and the Benefit Reserve Fund (BRF). The CRF is the fund in which the employer contributions and interest credits are accumulated and from which transfers are made to pay for members retired as a result of disability or duty-related death. The BRF is the fund from which all retirement, disability and survivor benefits are paid. For GASB 68 purposes, these pooled funds are allocated to participating employers using factors and formulas of actuarially computed amounts which include the present value of future benefits and the accrued liabilities for both current members and retirees. The annual change in each participating employer's proportionate share of these funds is represented as either an addition or (deduction) on the Schedule of Changes in Fiduciary Net Position by Employer. This amount will net to zero as the changes in proportionate share are fully allocated among all participating employers.

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At October 31, 2021, the City recorded a combined asset of \$810,619 (General \$697,155; Police \$113,464) for its proportionate share of the net pension asset. The net pension liability for the plan in total was measured as of October 31, 2021 and determined by an actuarial valuation as of that date. For the year ended October 31, 2021, the City recognized a combined pension expense of \$(112,574) (General \$(114,587), Police \$2,013), its proportionate share of the total pension expense.

	<u>General</u>	<u>Police</u>
Total Pension		
Service Cost	\$ 106,498	\$ 45,181
Interest on Total Pension Liability	317,332	56,518
Difference between expected and actual experience of the Total Pension Liability	(121,658)	(58,055)
Changes of assumptions	(61,781)	(550)
Benefit payments, including refunds of employee contributions	<u>(209,096)</u>	<u>(48,983)</u>
Net change in total pension liability	31,295	(5,889)
Total pension liability—beginning	<u>4,427,400</u>	<u>781,432</u>
Total pension liability—ending	<u>\$ 4,458,695</u>	<u>\$ 775,543</u>
Plan Fiduciary Net Position		
Contributions—employer	\$ 108,006	\$ 37,864
Contributions—employee	37,488	12,417
Net investment income	1,167,507	187,722
Benefit payments, including refunds of employee contributions	(209,096)	(48,983)
Pension Plan Administrative Expense	(3,904)	(1,439)
Other (Net Transfer)	<u>12,560</u>	<u>5,566</u>
Net change in fiduciary net position	1,112,561	193,147
Plan fiduciary net position—beginning	<u>4,043,289</u>	<u>695,860</u>
Plan fiduciary net position—ending	<u>\$ 5,155,850</u>	<u>\$ 889,007</u>
Net pension liability/(asset)	<u>\$ (697,155)</u>	<u>\$ (113,464)</u>
Membership		
Number of		
• Retirees and Beneficiaries	14	4
• Inactive Non-retired Members	9	10
• Active Members	19	6
• Total	42	20
Covered Payroll	\$ 839,047	\$ 242,188
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	115.64%	114.635%
Plan Pension Liability as a Percentage of Covered Payroll	(83.09)%	(46.85)%
Total Pension Expense	\$ (114,587)	\$ 2,013

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

At October 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources from the following sources related to LAGERS pension benefits:

Balance of Deferred Outflows and Inflows Due to:	<u>General</u>		<u>Police</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ 47,253	\$ (101,359)	\$ 15,729	\$ (54,731)
Changes in assumptions	-	(50,844)	-	(439)
Net Difference between projected and actual earnings on pension plan investments	-	(577,295)	-	(88,196)
Employer contribution subsequent to the measurement date	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 47,253</u>	<u>\$ (729,498)</u>	<u>\$ 15,729</u>	<u>\$ (143,366)</u>

Amounts reported as collective deferred (inflows)/outflows of resources to be recognized in pension expense:

	<u>General</u>	<u>Police</u>
2022	\$ (170,017)	\$ (33,031)
2023	(138,828)	(24,806)
2024	(148,276)	(30,992)
2025	(204,060)	(38,808)
2026	<u>(21,064)</u>	<u>-</u>
	<u>\$ (682,245)</u>	<u>\$ (127,637)</u>

Actuarial Assumptions

Actuarial valuations of LAGERS involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Significant actuarial assumptions and other inputs used to measure the total pension liability:

- Valuation Date February 28, 2021
- Notes: The roll-forward of total pension liability from February 28, 2021 to June 30, 2021 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.
- Actuarial Cost Method Entry Age Normal
- Amortization Method Level Percentage of Payroll, Closed
- Remaining Amortization From 11 to 16 years
- Asset Valuation method 5-Year smoothed market; 20% corridor
- Inflation 2.75% wage inflation; 2.25% price inflation
- Investment Rate of Return 7.00%, net of investment expenses

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions (Continued)

- Retirement Age Experience-based table of rates that are specific to the type of eligibility condition.
- Mortality The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Single Discount Rate

GASB State No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position in future years can then be determine and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required.

The single discount rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 3.8%; and the resulting discount rate is 7.25% for General.

Discount Rate Sensitivity

The sensitivity of the City’s net pension liability to changes in the discount rate is presented below. The City’s net pension liability is calculated using the discount rate of 7.25% is presented as well as the net pension liability using a discount rate that is 1.0% lower (6.25%) or 1.0% higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
<u>General</u>			
Total Pension Liability	\$5,098,146	\$4,458,695	\$ 3,930,754
Plan Fiduciary Position	<u>5,155,850</u>	<u>5,155,850</u>	<u>5,155,850</u>
Net Position Liability/Asset (NPL)	<u>\$ (57,704)</u>	<u>\$ (697,155)</u>	<u>\$(1,225,096)</u>
<u>Police</u>			
Total Pension Liability	\$ 895,823	\$ 775,543	\$ 677,011
Plan Fiduciary Position	<u>889,007</u>	<u>889,007</u>	<u>889,007</u>
Net Position Liability/Asset (NPL)	<u>\$ 6,816</u>	<u>\$ (113,464)</u>	<u>\$ (221,996)</u>

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2021

NOTE 7. ADVERTISING

During the year, the City expended \$5,446 for advertising.

NOTE 8. DEFICIT FUND BALANCE

For the year ended October 31, 2021, the general and cemetery funds reported ending deficit fund balances as follows:

General Fund	\$ <u>(1,269,118)</u>
Cemetery Fund	\$ <u>(119,032)</u>

NOTE 9. MACKS CREEK LAW COMPLIANCE

The City is in compliance with the provisions of the Macks Creek Law, 302.241.2 RSMo., which establishes that traffic fines and fees cannot exceed 30 percent of annual general operating revenue. For the year ended October 31, 2021, the City collected fines totaling \$13,649, representing 1.16% of general operating revenue for the year.

NOTE 10. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made in the water fund to correct long-term debt balances, as follows:

Prior Period Adjustment	\$ <u>36,560</u>
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REQUIRED SUPPLEMENTAL INFORMATION

City of Marceline, Missouri
Statement of Revenues, Expenditures and
Changes in Fund Balances—Budget and Actual—General Fund
For the Year Ended October 31, 2021

	----Budgeted Amounts----			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues:				
Taxes				
Property	\$ 114,172	\$ 114,172	\$ 190,781	\$ 76,609
Railroad and utility	6,785	6,785	12,730	5,945
Franchise	70,422	70,422	57,126	(13,296)
Corp. and intang tax	10,725	10,725	21,202	10,477
Road and bridge tax	57,864	57,864	50,310	(7,554)
Use tax	55,000	55,000	64,480	9,480
Payment in lieu of tax	1,146	1,146	2,579	1,433
Licenses and permits	21,189	21,189	24,630	3,441
Investment earnings	612	612	200	(412)
User fees—gas tax	59,115	59,115	59,233	118
Motor vehicle—fees	10,108	10,108	11,060	952
Motor vehicle—sales tax	235,382	235,382	248,067	12,685
User fees—rent	20,200	20,200	17,653	(2,547)
Fines	7,062	7,062	13,649	6,587
User fees—pool	67,276	67,276	66,453	(823)
User fees—sanitation	12,650	12,650	13,964	1,314
User fees—fire	5,655	5,655	2,298	(3,357)
Grants	423,170	423,170	259,472	(163,698)
Donations	42,112	42,112	2,014	(40,098)
Proceeds of long-term debt	-	-	25,372	25,372
Other revenue	<u>50,396</u>	<u>50,396</u>	<u>64,679</u>	<u>14,283</u>
Total Revenues	1,271,041	1,271,041	1,207,952	(63,089)
Expenditures:				
General government	350,719	350,719	379,036	(28,317)
Public safety	726,191	726,191	745,516	(19,325)
Streets	520,448	520,448	495,234	25,214
Parks and recreation	840,910	840,910	534,433	306,477
Airport	50,000	50,000	50,000	-
Capital outlay	<u>79,347</u>	<u>79,347</u>	<u>36,896</u>	<u>42,451</u>
Total Expenditures	<u>2,567,615</u>	<u>2,567,615</u>	<u>2,241,115</u>	<u>326,500</u>
Excess/deficiency of revenues over (under) expenditures	(1,296,574)	(1,296,574)	(1,033,163)	263,411
Other Financing Sources (Uses)				
Transfers in (out)	<u>1,237,975</u>	<u>1,237,975</u>	<u>1,237,800</u>	<u>(175)</u>
Net change in fund balance	(58,599)	(58,599)	204,637	263,236
Fund balances—beginning	<u>(1,473,755)</u>	<u>(1,473,755)</u>	<u>(1,473,755)</u>	<u>-</u>
Fund balances—ending	<u>\$ (1,532,354)</u>	<u>\$ (1,532,354)</u>	<u>\$ (1,269,118)</u>	<u>\$ 263,236</u>

See Accompanying Notes to Financial Statements

City of Marceline, Missouri
Notes to Budgetary Comparison Schedule
October 31, 2021

Budget Law

The City prepares its annual operating budget under the provisions of RSMO 78.610(7). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to October 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 31.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to October 1.
- c. Subsequent to the public hearings but no later than seven days prior to November, the budget is adopted by ordinance of the City Council. Under the ordinance, the City Manager is allowed to make budget adjustments between departments up to \$10,000. Any changes to the budget between funds or in excess of \$10,000 is subject to Council approval.

Basis of Accounting

The City budget is presented in accordance with generally accepted accounting principles (GAAP), including accounts receivable and other accrual items. This presentation, as compared to the cash basis presentation, is not materially different in actual results. Accordingly, the actual amounts agree with other segments of this report.

City of Marceline, Missouri
Schedule of Changes in Net Pension Liability and Related Ratios—GENERAL
October 31, 2021

Fiscal Year Ending October 31,	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Pension Liability			
Service Cost	\$ 63,257	\$ 81,898	\$ 88,041
Interest on Total Pension Liability	216,185	227,444	242,643
Difference between expected	18,022	80,445	-
Change of assumptions	-	138,281	(33,674)
Benefit payments	<u>117,310</u>	<u>186,554</u>	<u>133,619</u>
Net change in total pension liability	180,154	180,624	163,391
Total pension liability—beginning	<u>3,008,413</u>	<u>3,188,567</u>	<u>3,369,191</u>
Total pension liability—ending (a)	<u>\$ 3,188,567</u>	<u>\$ 3,369,191</u>	<u>\$ 3,532,582</u>
Plan Fiduciary Net Position			
Contributions—employer	\$ 70,418	\$ 78,936	\$ 78,223
Contributions—employee	26,854	30,900	33,703
Net investment income	59,100	(7,123)	345,338
Benefit payments	117,310	186,554	(133,619)
Pension Plan Administrative Expense	3,728	3,281	(2,950)
Other (Net Transfer)	<u>25,429</u>	<u>(71,390)</u>	<u>(24,927)</u>
Net change in fiduciary net position	60,763	(158,512)	295,768
Plan fiduciary net position—beginning	<u>3,104,408</u>	<u>3,165,171</u>	<u>3,006,659</u>
Plan fiduciary net position—ending (b)	<u>\$ 3,165,171</u>	<u>\$ 3,006,659</u>	<u>\$ 3,302,427</u>
Net pension liability/(asset)—ending (a)-(b)	<u>\$ 23,396</u>	<u>\$ 362,532</u>	<u>\$ 230,155</u>
 Plan fiduciary net position as a percentage of the total pension liability	 99.27%	 89.24%	 93.48%
 Covered employee payroll	 \$ 711,652	 \$ 741,323	 \$ 840,358
 Net pension liability as a percentage of covered employee payroll	 3.29%	 48.90%	 27.39%

NOTE: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Marceline, Missouri
Schedule of Changes in Net Pension Liability and Related Ratios—GENERAL
October 31, 2021

Fiscal Year Ending October 31,	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Pension Liability			
Service Cost	\$ 99,711	\$ 107,547	\$ 108,661
Interest on Total Pension Liability	255,602	274,221	295,650
Difference between expected & actual	9,812	23,698	54,855
Change of assumptions	-	-	-
Benefit payments	<u>114,026</u>	<u>(110,227)</u>	<u>(110,686)</u>
Net change in total pension liability	251,099	295,239	348,480
Total pension liability—beginning	<u>3,532,582</u>	<u>3,783,681</u>	<u>4,078,920</u>
Total pension liability—ending (a)	<u>\$ 3,783,681</u>	<u>\$ 3,961,774</u>	<u>\$ 4,427,400</u>
Plan Fiduciary Net Position			
Contributions—employer	\$ 87,250	\$ 99,034	\$ 109,546
Contributions—employee	35,912	37,270	39,440
Net investment income	396,087	237,899	50,717
Benefit payments	(114,026)	(110,227)	(110,686)
Pension Plan Administrative Expense	(3,159)	(4,348)	(5,110)
Other (Net Transfer)	<u>(2,703)</u>	<u>358</u>	<u>(2,392)</u>
Net change in fiduciary net position	399,361	259,986	81,515
Plan fiduciary net position—beginning	<u>3,302,427</u>	<u>3,701,788</u>	<u>3,961,774</u>
Plan fiduciary net position—ending (b)	<u>\$ 3,701,788</u>	<u>\$ 3,961,774</u>	<u>\$ 4,043,289</u>
Net pension liability/(asset)—ending (a)-(b)	<u>\$ 81,893</u>	<u>\$ 117,146</u>	<u>\$ 384,111</u>
Plan fiduciary net position as a percentage of the total pension liability	97.84%	97.13%	91.32%
Covered employee payroll	\$ 913,129	\$ 931,358	\$ 975,683
Net pension liability as a percentage of covered employee payroll	8.97%	12.58%	39.37%

NOTE: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Marceline, Missouri
Schedule of Changes in Net Pension Liability and Related Ratios—GENERAL
October 31, 2021

Fiscal Year Ending October 31,	<u>2021</u>
Total Pension Liability	
Service Cost	\$ 106,498
Interest on Total Pension Liability	317,332
Difference between expected & actual	(121,658)
Change of assumptions	(61,781)
Benefit payments	<u>(209,096)</u>
Net change in total pension liability	31,295
Total pension liability—beginning	<u>4,427,400</u>
Total pension liability—ending (a)	<u>\$ 4,458,695</u>
Plan Fiduciary Net Position	
Contributions—employer	\$ 108,006
Contributions—employee	37,488
Net investment income	1,167,507
Benefit payments	(209,096)
Pension Plan Administrative Expense	(3,904)
Other (Net Transfer)	<u>12,560</u>
Net change in fiduciary net position	1,112,561
Plan fiduciary net position—beginning	<u>4,043,289</u>
Plan fiduciary net position—ending (b)	<u>\$ 5,155,850</u>
Net pension liability/(asset)—ending (a)-(b)	<u>\$ (697,155)</u>
Plan fiduciary net position as a percentage of the total pension liability	115.64%
Covered employee payroll	\$ 839,047
Net pension liability as a percentage of covered employee payroll	(83.09)%

NOTE: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Marceline, Missouri
Schedule of Changes in Net Pension Liability and Related Ratios—POLICE
October 31, 2021

Fiscal Year Ending October 31,	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Pension Liability			
Service Cost	\$ 24,519	\$ 25,145	\$ 30,803
Interest on Total Pension Liability	38,590	39,519	39,691
Difference between expected	(24,417)	(49,984)	(4,466)
Change of Assumptions	-	14,045	-
Benefit payments	<u>26,095</u>	<u>26,283</u>	<u>(32,082)</u>
Net change in total pension liability	<u>12,597</u>	<u>2,442</u>	<u>33,946</u>
Total pension liability—beginning	<u>533,045</u>	<u>545,642</u>	<u>548,084</u>
Total pension liability—ending (a)	<u>\$ 545,642</u>	<u>\$ 548,084</u>	<u>\$ 582,030</u>
Plan Fiduciary Net Position			
Contributions—employer	\$ 15,733	\$ 17,386	\$ 24,433
Contributions—employee	7,844	7,611	9,686
Net investment income	9,034	(425)	54,643
Benefit payments	26,095	26,283	(32,082)
Pension Plan Administrative Expense	1,025	926	(1,180)
Other (Net Transfer)	<u>(13,304)</u>	<u>(525)</u>	<u>3,521</u>
Net change in fiduciary net position	<u>(7,813)</u>	<u>(3,162)</u>	<u>59,021</u>
Plan fiduciary net position—beginning	<u>482,664</u>	<u>474,851</u>	<u>471,689</u>
Plan fiduciary net position—ending (b)	<u>\$ 474,851</u>	<u>\$ 471,689</u>	<u>\$ 530,710</u>
Net pension liability/(asset)—ending (a)-(b)	<u>\$ 70,791</u>	<u>\$ 76,395</u>	<u>\$ 51,320</u>
Plan fiduciary net position as a percentage of the total pension liability	87.03%	86.06%	91.18%
Covered employee payroll	\$ 190,624	\$ 207,204	\$ 215,462
Net pension liability as a percentage of covered employee payroll	39.64%	37.14%	23.82%

NOTE: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Marceline, Missouri
Schedule of Changes in Net Pension Liability and Related Ratios—POLICE
October 31, 2021

Fiscal Year Ending October 31,	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Pension Liability			
Service Cost	\$ 34,022	\$ 40,482	\$ 43,344
Interest on Total Pension Liability	42,494	47,781	50,144
Difference between expected	23,613	(25,978)	31,243
Change of Assumptions	-	-	-
Benefit payments	<u>25,684</u>	<u>(35,240)</u>	<u>(26,819)</u>
Net change in total pension liability	74,445	27,045	97,912
Total pension liability—beginning	<u>582,030</u>	<u>656,475</u>	<u>683,520</u>
Total pension liability—ending (a)	<u>\$ 656,475</u>	<u>\$ 683,520</u>	<u>\$ 781,432</u>
Plan Fiduciary Net Position			
Contributions—employer	\$ 29,953	\$ 36,553	\$ 4,123
Contributions—employee	10,778	12,092	13,459
Net investment income	63,267	38,802	8,672
Benefit payments	(25,684)	(35,240)	(26,819)
Pension Plan Administrative Expense	(1,281)	(1,812)	(1,883)
Other (Net Transfer)	<u>981</u>	<u>(1,231)</u>	<u>420</u>
Net change in fiduciary net position	78,014	49,164	37,972
Plan fiduciary net position—beginning	<u>530,710</u>	<u>608,724</u>	<u>657,888</u>
Plan fiduciary net position—ending (b)	<u>\$ 608,724</u>	<u>\$ 657,888</u>	<u>\$ 695,860</u>
Net pension liability/(asset)—ending (a)-(b)	<u>\$ 47,751</u>	<u>\$ 25,632</u>	<u>\$ 85,572</u>
 Plan fiduciary net position as a percentage of the total pension liability	 92.73%	 96.25%	 89.05%
 Covered employee payroll	 \$ 288,662	 \$ 279,636	 \$ 335,689
 Net pension liability as a percentage of covered employee payroll	 16.54%	 9.17%	 25.49%

NOTE: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Marceline, Missouri
 Schedule of Changes in Net Pension Liability and Related Ratios—POLICE
 October 31, 2021

Fiscal Year Ending October 31,	<u>2021</u>
Total Pension Liability	
Service Cost	\$ 45,181
Interest on Total Pension Liability	56,518
Difference between expected	(58,055)
Change of Assumptions	(550)
Benefit payments	<u>(48,983)</u>
Net change in total pension liability	(5,889)
Total pension liability—beginning	<u>781,432</u>
Total pension liability—ending (a)	\$ <u>775,543</u>
Plan Fiduciary Net Position	
Contributions—employer	\$ 37,864
Contributions—employee	12,417
Net investment income	187,722
Benefit payments	(48,983)
Pension Plan Administrative Expense	(1,439)
Other (Net Transfer)	<u>5,566</u>
Net change in fiduciary net position	193,147
Plan fiduciary net position—beginning	<u>695,860</u>
Plan fiduciary net position—ending (b)	\$ <u>889,007</u>
Net pension liability/(asset)—ending (a)-(b)	\$ <u>(113,464)</u>
Plan fiduciary net position as a percentage of the total pension liability	114.63%
Covered employee payroll	\$ 242,188
Net pension liability as a percentage of covered employee payroll	(46.85)%

NOTE: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Marceline, Missouri
 Schedule of Contributions Multiyear
 October 31, 2021

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 112,397	\$ 93,916	\$ 18,481	\$ 907,817	10.35%
06/30/2016	\$ 106,321	\$ 95,983	\$ 10,338	\$ 980,401	9.79%
06/30/2017	\$ 103,423	\$ 100,013	\$ 3,410	\$1,073,372	9.32%
06/30/2018	\$ 135,936	\$ 125,209	\$ 10,727	\$1,212,006	10.33%
06/30/2019	\$ 146,222	\$ 141,031	\$ 5,191	\$1,251,840	11.27%
06/30/2020	\$ 160,476	\$ 159,135	\$ 1,341	\$1,355,024	11.74%
06/30/2021	\$ 145,870	\$ 145,870	\$ -	\$1,081,235	13.50%

NOTE: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTAL INFORMATION

City of Marceline, Missouri
Combining Balance Sheet
Non-Major Governmental Funds
October 31, 2021

	Transportation Sales Tax <u>Fund</u>	Library Fund	Cemetery Fund	Cemetery Perpetual Fund	Pool Sales Tax	Total Other <u>Governmental</u>
<u>ASSETS:</u>						
Cash and cash equivalents	\$ 96,551	\$ 43,710	\$ -	\$ 13,723	\$ 149,144	\$ 303,128
Restricted investments	-	-	-	84,675	-	84,675
Accounts receivable, net	-	12,747	-	-	-	12,747
Prepaid expenses	-	-	479	-	-	479
 Total Assets	 <u>\$ 96,551</u>	 <u>\$ 56,457</u>	 <u>\$ 479</u>	 <u>\$ 98,398</u>	 <u>\$ 149,144</u>	 <u>\$ 401,029</u>
 <u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES:</u>						
Negative Cash Balance	\$ -	\$ -	\$ 119,393	\$ -	\$ -	\$ 119,393
Accounts payable	-	-	118	-	-	118
Total Liabilities	-	-	119,511	-	-	119,511
 <u>FUND BALANCES:</u>						
Restricted	-	-	-	84,675	-	84,675
Committed	<u>96,551</u>	<u>56,457</u>	<u>(119,032)</u>	<u>13,723</u>	<u>149,144</u>	<u>196,843</u>
Total Fund Balances	<u>96,551</u>	<u>56,457</u>	<u>(119,032)</u>	<u>98,398</u>	<u>149,144</u>	<u>281,518</u>
Total Liabilities & Fund Balances	 <u>\$ 96,551</u>	 <u>\$ 56,457</u>	 <u>\$ 479</u>	 <u>\$ 98,398</u>	 <u>\$ 149,144</u>	 <u>\$ 401,029</u>

See Accompanying Notes to Financial Statements

City of Marceline, Missouri
Combining Statement of Revenues,
Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended October 31, 2021

	Transportation Sales Tax Fund	Library Fund	Cemetery Fund	Cemetery Perpetual Fund	Pool Sales Tax	Total Other Governmental
<u>REVENUES:</u>						
Taxes						
Property taxes	\$ -	\$ 62,099	\$ -	\$ -	\$ -	\$ 62,099
Railroad and utility	-	3,590	-	-	-	3,590
Sales tax	100,798	-	-	-	100,787	201,585
Corp. and intang. tax	-	5,980	-	-	-	5,980
Payment in lieu of tax	-	543	-	-	-	543
Investment earnings	89	16	1	274	85	465
User fees – lot sales	-	-	14,470	1,930	-	16,400
Donations	-	-	700	-	-	700
Total Revenue	100,887	72,228	15,171	2,204	100,872	291,362
<u>EXPENDITURES:</u>						
Parks and recreation	-	-	-	-	87,916	87,916
Library	-	67,786	-	-	-	67,786
Cemetery	-	-	29,275	-	-	29,275
Capital outlay	90,000	-	-	-	-	90,000
Total Expenditures	90,000	67,786	29,275	-	87,916	274,977
Excess (deficiency) of revenues over (under) expenditures	10,887	4,442	(14,104)	2,204	12,956	16,385
Other Financing Sources (Uses) Transfers in (out)	-	-	42,186	-	-	42,186
Net Change in Fund Balance	10,887	4,442	28,082	2,204	12,956	58,571
Fund balance—beginning	85,664	52,015	(147,114)	96,194	136,188	222,947
Fund balance—ending	\$ 96,551	\$ 56,457	\$(119,032)	\$ 98,398	\$ 149,144	\$ 281,518

See Accompanying Notes to Financial Statements

JOHN W. GILLUM, CPA, LLC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council
City of Marceline
Marceline, Missouri

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, each major fund, and the aggregate remaining fund information of City of Marceline, Missouri, as of and for the year ended October 31, 2021, and the related notes to the financial statements, which collectively comprise City of Marceline, Missouri's basic financial statements, and have issued our report thereon dated July 19, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Marceline, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Marceline, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Marceline, Missouri'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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



John W. Gillum, CPA, LLC
Certified Public Accountant
Kirksville, Missouri
July 19, 2022