

CITY OF MARCELINE, MISSOURI

FINANCIAL STATEMENTS

FOR THE YEAR ENDED OCTOBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Marceline
Marceline, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Marceline, Missouri as of and for the year ended October 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Marceline, Missouri's basic financial statements as listed in the table of contents.

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, and each major fund of the City of Marceline, Missouri, as of October 31, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

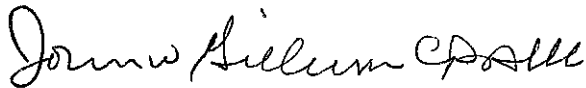
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios and schedule of contributions multiyear on pages 4-10, 41-42, 43-48 and 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marceline, Missouri's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2023, on our consideration of the City of Marceline, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Marceline, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Marceline, Missouri's internal control over financial reporting and compliance.



John W. Gillum, CPA, LLC
Certified Public Accountant
Kirksville, Missouri
July 12, 2023



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, 2022. 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 \$19,934,928 (*net position*). Of this amount, \$4,490,386 (*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 \$474,198.
- As of the close of the current fiscal year, the City of Marceline's governmental funds reported combined negative ending fund balances of \$779,434.

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 \$19,934,928 at the close of the most recent fiscal year.

By far, the largest portion of the City of Marceline's net position, \$13,394,861 (67 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>						
Current and						
other assets	\$ 839,898	\$ 1,334,469	\$ 7,759,508	\$ 5,758,481	\$ 8,599,406	\$ 7,092,950
Capital assets, net	<u>7,592,771</u>	<u>7,746,482</u>	<u>9,334,983</u>	<u>9,772,807</u>	<u>16,927,754</u>	<u>17,519,289</u>
Total Assets	8,432,669	9,080,951	17,094,491	15,531,288	25,527,160	24,612,239
<u>DEFERRED</u>						
<u>INFLOWS</u>	<u>161,414</u>	<u>56,061</u>	<u>97,132</u>	<u>6,921</u>	<u>258,546</u>	<u>62,982</u>
<u>LIABILITIES</u>						
Long-term liabilities	1,664,871	1,795,908	1,868,022	89,909	3,532,893	1,885,817
Other liabilities	<u>1,433,016</u>	<u>1,561,374</u>	<u>575,636</u>	<u>834,896</u>	<u>2,008,652</u>	<u>2,396,270</u>
Total Liabilities	<u>3,097,887</u>	<u>3,357,282</u>	<u>2,443,658</u>	<u>924,805</u>	<u>5,541,545</u>	<u>4,282,087</u>
<u>DEFERRED</u>						
<u>OUTFLOWS</u>	<u>193,781</u>	<u>809,783</u>	<u>115,452</u>	<u>63,081</u>	<u>309,233</u>	<u>872,864</u>
<u>NET POSITION</u>						
Net investment in						
capital assets	5,927,900	5,950,574	7,466,961	9,682,898	13,394,861	15,633,472
Restricted	186,872	199,105	1,862,809	14,492	2,049,681	213,597
Unrestricted	<u>(812,357)</u>	<u>(1,179,732)</u>	<u>5,302,743</u>	<u>4,852,933</u>	<u>4,490,386</u>	<u>3,673,201</u>
Total Net Position	\$ <u>5,302,415</u>	\$ <u>4,969,947</u>	\$ <u>14,632,513</u>	\$ <u>14,550,323</u>	\$ <u>19,934,928</u>	\$ <u>19,520,270</u>

Business-type activities. Business-type activities increased the City of Marceline's net position by \$143,757.

Governmental activities. Governmental activities increased the City of Marceline's net position by \$330,441.

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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
Program revenues:						
Charges for services	\$ 164,091	\$ 155,047	\$ 5,136,417	\$ 5,030,855	\$ 5,300,508	\$ 5,185,902
Operating grants	350,951	321,074	-	11,032	350,951	332,106
Capital grants	227,976	259,472	-	-	227,976	259,472
General revenues:						
Property & other taxes	720,788	669,883	-	-	720,788	669,883
Other	210,859	122,627	8,939	2,459	219,798	125,086
Total Revenue	<u>1,674,665</u>	<u>1,528,103</u>	<u>5,145,356</u>	<u>5,044,346</u>	<u>6,820,021</u>	<u>6,572,449</u>
Expenses:						
General government	669,528	609,167	-	-	669,528	609,167
Public safety	798,807	861,778	-	-	798,807	861,778
Streets	471,995	564,349	-	-	471,995	564,349
Parks & recreation	525,100	644,106	-	-	525,100	644,106
Airport	50,000	50,000	-	-	50,000	50,000
Cemetery	32,312	30,749	-	-	32,312	30,749
Library	69,597	67,786	-	-	69,597	67,786
Pension adjustment	(146,976)	(164,993)	(118,603)	(93,451)	(265,579)	(258,444)
Sewer	-	-	551,652	489,096	551,652	489,096
Water	-	-	1,165,065	1,052,301	1,165,065	1,052,301
Electric	-	-	2,277,346	2,079,829	2,277,346	2,079,829
Total Expenses	<u>2,470,363</u>	<u>2,662,942</u>	<u>3,875,460</u>	<u>3,527,775</u>	<u>6,345,823</u>	<u>6,190,717</u>
Increase (decrease) in Net Position	(795,698)	(1,134,839)	1,269,896	1,516,571	474,198	381,732
Transfers	1,126,139	1,279,986	(1,126,139)	(1,279,986)	-	-
Change in Net Position	330,441	145,147	143,757	236,585	474,198	381,732
Prior Period Adjustment	2,027	-	(61,567)	36,560	(59,540)	36,560
Net Position—Beginning	<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>
Net Position—Ending	<u>\$ 5,302,415</u>	<u>\$ 4,969,947</u>	<u>\$14,632,513</u>	<u>\$14,550,323</u>	<u>\$19,934,928</u>	<u>\$19,520,270</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 \$779,434, an increase of \$208,166. 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 \$108,303 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 \$14,632,513, an increase of \$143,757.

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 \$2,306,776, which was \$903,723 more than budgeted. Actual expenditures were \$3,289,175, which was \$359,519 more than budgeted.

The General Fund ended the year \$381,164 under budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets.

The City of Marceline's investment in capital assets as of October 31, 2022, amounts to \$16,927,754 (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 \$591,535 from the prior year.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land and improvements	\$ 265,041	\$ 1,571,152	\$ 1,836,193
Construction in progress	-	50,826	50,826
Buildings and systems	5,494,213	18,134,574	23,628,787
Machinery and equipment	2,593,358	2,094,346	4,687,704
Infrastructure	12,524,210	-	12,524,210
Less accumulated depreciation	<u>(13,284,051)</u>	<u>(12,515,915)</u>	<u>(25,799,966)</u>
Total	<u>\$ 7,592,771</u>	<u>\$ 9,334,983</u>	<u>\$ 16,927,754</u>

Debt

Following is a summary of long-term debt transactions for the year ended October 31, 2022:

Bonds Payable

Beginning Balance 11/1/21	\$ 749,000
Reductions	<u>(61,000)</u>
Ending Balance 10/31/22	<u>\$ 688,000</u>

Capital Leases

Beginning Balance 11/1/21	\$ 301,641
Additions	135,000
Reductions	<u>(239,915)</u>
Ending Balance 10/31/22	<u>\$ 196,726</u>

Lease Certificates of Participation

Beginning Balance 11/1/21	\$ 830,000
Additions	2,646,250
Reductions	<u>(830,000)</u>
Ending Balance 10/31/22	<u>\$ 2,646,250</u>

Existing debt matures annually through 2037.

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, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 401,381	\$ 5,201,961	\$ 5,603,342
Accounts receivable (net of allowance for uncollectibles)	9,438	498,836	508,274
Prepaid expenses	55,891	65,215	121,106
Restricted cash & cash equivalents	101,986	1,862,809	1,964,795
Restricted investments	84,886	-	84,886
Net pension asset	186,316	130,687	317,003
Capital assets not being depreciated:			
Land & improvements	265,041	1,571,152	1,836,193
Construction in progress	-	50,826	50,826
Capital assets net of accumulated depreciation:			
Buildings & systems	5,494,213	18,134,574	23,628,787
Machinery & equipment	2,593,358	2,094,346	4,687,704
Infrastructure	12,524,210	-	12,524,210
Less: Accumulated depreciation	<u>(13,284,051)</u>	<u>(12,515,915)</u>	<u>(25,799,966)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>7,592,771</u>	<u>9,334,983</u>	<u>16,927,754</u>
Total Assets	8,432,669	17,094,491	25,527,160
DEFERRED OUTFLOWS			
Deferred Outflows—LAGERS	161,414	97,132	258,546
LIABILITIES			
Negative cash balance	1,282,222	281,738	1,563,960
Accounts payable	23,991	113,817	137,808
Accrued liabilities	126,803	122,856	249,659
Customer deposits	-	57,225	57,225
Noncurrent liabilities:			
Due within one year	242,316	5,186	247,502
Due in more than one year	<u>1,422,555</u>	<u>1,862,836</u>	<u>3,285,391</u>
Total Liabilities	3,097,887	2,443,658	5,541,545
DEFERRED INFLOWS			
Deferred Inflows—LAGERS	<u>193,781</u>	<u>115,452</u>	<u>309,233</u>
NET POSITION			
Net investment in capital assets	5,927,900	7,466,961	13,394,861
Restricted	186,872	1,862,809	2,049,681
Unrestricted	<u>(812,357)</u>	<u>5,302,743</u>	<u>4,490,386</u>
TOTAL NET POSITION	<u>\$ 5,302,415</u>	<u>\$ 14,632,513</u>	<u>\$ 19,934,928</u>

See Accompanying Notes to Financial Statements

City of Marceline, Missouri
Statement of Activities
For the Fiscal Year Ended October 31, 2022

	Program Revenues				Net (Expenses) Revenue & Changes in Net Position			
	Expenses	Charges for Services	Operating Grants/ Contrib.	Capital Grants/ Contrib.	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT								
Governmental activities								
General government	\$ 669,528	\$ 71,918	\$ 2,080	\$ -	\$ (595,530)	\$ -	\$ -	\$ (595,530)
Public safety	798,807	14,424	-	227,976	(556,407)	-	-	(556,407)
Streets	471,995	-	344,296	-	(127,699)	-	-	(127,699)
Parks & recreation	525,100	64,849	3,750	-	(456,501)	-	-	(456,501)
Airport	50,000	-	-	-	(50,000)	-	-	(50,000)
Cemetery	32,312	12,900	825	-	(18,587)	-	-	(18,587)
Library	69,597	-	-	-	(69,597)	-	-	(69,597)
Pension adjustment—LAGERS	(146,976)	-	-	-	146,976	-	-	146,976
Total governmental activities	2,470,363	164,091	350,951	227,976	(1,727,345)	-	-	(1,727,345)
Business-type activities								
Sewer	551,652	543,734	-	-	-	(7,918)	(7,918)	(7,918)
Water	1,165,065	1,250,020	-	-	-	84,955	84,955	84,955
Electric	2,277,346	3,342,663	-	-	-	1,065,317	1,065,317	1,065,317
Pension expense—LAGERS	(118,603)	-	-	-	-	118,603	118,603	118,603
Total business-type activities	3,875,460	5,136,417	-	-	-	1,260,957	1,260,957	1,260,957
Total primary government	\$ 6,345,823	\$ 5,300,508	\$ 350,951	\$ 227,976	(1,727,345)	1,260,957	1,260,957	(466,388)
GENERAL REVENUES								
Property taxes					222,369	-	-	222,369
Franchise taxes					68,459	-	-	68,459
Other taxes					429,960	-	-	429,960
Investment earnings					1,373	8,939	-	10,312
Payment in lieu of tax					3,005	-	-	3,005
Other					206,481	-	-	206,481
Transfers in (out)					(1,126,139)	(1,126,139)	-	-
Total general revenues					2,057,786	(1,117,200)	-	940,586
Change in net position					330,441	143,757	-	474,198
Prior period adjustment					2,027	(61,567)	-	(59,540)
Net position—Beginning					4,969,947	14,550,323	-	19,520,270
Net position—Ending					\$ 5,302,415	\$ 14,632,513	-	\$ 19,934,928

See Accompanying Notes to Basic Financial Statements

City of Marceline, Missouri
Balance Sheet—Governmental Funds
October 31, 2022

	General	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 401,381	\$ 401,381
Restricted cash and cash equivalents	101,986	-	101,986
Restricted investments	-	84,886	84,886
Accounts receivable (net of allowance for uncollectibles)	6,897	2,541	9,438
Prepaid expenses	<u>55,376</u>	<u>515</u>	<u>55,891</u>
Total Assets	<u>\$ 164,259</u>	<u>\$ 489,323</u>	<u>\$ 653,582</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Negative Cash Balance	\$ 1,174,398	\$ 107,824	\$ 1,282,222
Accrued liabilities	126,803	-	126,803
Accounts payable	<u>23,873</u>	<u>118</u>	<u>23,991</u>
Total Liabilities	1,325,074	107,942	1,433,016
<u>FUND BALANCES</u>			
Restricted	101,986	84,886	186,872
Committed	-	296,495	296,495
Unassigned	<u>(1,262,801)</u>	<u>-</u>	<u>(1,262,801)</u>
Total Fund Balances	<u>(1,160,815)</u>	<u>381,381</u>	<u>(779,434)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 164,259</u>	<u>\$ 489,323</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. (1,478,666)

Capital leases are not due and payable in the current period and therefore are not reported in the funds (186,205)

Capital assets used in governmental activities of \$20,876,822 net of accumulated depreciation of \$13,284,051 are not financial resources and therefore are not reported in the funds. 7,592,771

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

Net Pension Asset	186,316
Deferred Outflows	161,414
Deferred Inflows	<u>(193,781)</u>

Net position of governmental activities \$ 5,302,415

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, 2022

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Taxes			
Property	\$ 174,807	\$ 47,562	\$ 222,369
Railroad & utility	11,709	3,903	15,612
Franchise	68,459	-	68,459
Corp & Intang tax	22,336	7,450	29,786
Sales tax	-	217,990	217,990
Road & bridge tax	57,056	-	57,056
Use tax	109,516	-	109,516
Payment in lieu of tax	2,482	523	3,005
Licenses & permits	46,572	-	46,572
Investment earnings	887	486	1,373
User fees – gas tax	69,322	-	69,322
Motor vehicle - fees	10,575	-	10,575
Motor vehicle – sales tax	264,399	-	264,399
User fees - rent	13,150	-	13,150
Fines	10,329	-	10,329
User fees – sanitation	12,196	-	12,196
User fees – lot sales	-	12,900	12,900
User fees – fire	4,095	-	4,095
User fees – pool	64,849	-	64,849
Donations	5,830	825	6,655
Grants	227,976	-	227,976
Proceeds of long-term debt	923,750	-	923,750
Other revenue	<u>206,481</u>	<u>-</u>	<u>206,481</u>
Total Revenues	2,306,776	291,639	2,598,415
EXPENDITURES			
General government	372,634	-	372,634
Public safety	766,601	-	766,601
Streets	486,353	-	486,353
Parks & recreation	1,189,489	83,711	1,273,200
Airport	50,000	-	50,000
Cemetery	-	36,997	36,997
Library	-	69,597	69,597
Capital outlay	<u>424,098</u>	<u>36,908</u>	<u>461,006</u>
Total Expenditures	<u>3,289,175</u>	<u>227,213</u>	<u>3,516,388</u>
Excess (deficiency) of revenues over (under) expenditures	(982,399)	64,426	(917,973)
Other Financing Sources (Uses)			
Transfers in (out)	<u>1,090,702</u>	<u>35,437</u>	<u>1,126,139</u>
Total other financing sources and (uses)	<u>1,090,702</u>	<u>35,437</u>	<u>1,126,139</u>
Net change in fund balances	108,303	99,863	208,166
Fund balances—beginning	<u>(1,269,118)</u>	<u>281,518</u>	<u>(987,600)</u>
Fund balances—ending	<u>\$ (1,160,815)</u>	<u>\$ 381,381</u>	<u>\$ (779,434)</u>

See Accompanying Notes to Basic Financial Statements

City of Marceline, Missouri
Statement of Revenues, Expenditures and
Changes in Fund Balance (Continued)
Governmental Funds
For the Fiscal Year Ended October 31, 2022

Reconciliation to the Statement of Activities:

Net change in fund balances—total governmental funds \$ 208,166

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

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. (155,738)

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. 131,037

The change in amounts required by GASB 68 relating
to the City's participation in LAGERS is not reported
in the funds.

Deferred Outflows	105,353
Deferred Inflows	616,002
Net Pension Asset	<u>(574,379)</u>

Change in net position of governmental activities \$ 330,441

See Accompanying Notes to Basic Financial Statements

City of Marcelline, Missouri
Statement of Net Position
Proprietary Funds
October 31, 2022

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

	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Total</u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 268,408	-	\$ 4,933,553	\$ 5,201,961
Accounts receivable—net of allowances	53,344	111,004	334,488	498,836
Prepaid expenses	<u>9,923</u>	<u>20,885</u>	<u>34,407</u>	<u>65,215</u>
Total current assets	331,675	131,889	5,302,448	5,766,012
Non-Current Assets				
Restricted cash & cash equivalents	-	14,492	1,848,317	1,862,809
Net pension asset	37,755	46,466	46,466	130,687
Capital Assets				
Land & improvements	1,000	1,554,643	15,509	1,571,152
Construction in progress	38,407	-	12,419	50,826
Buildings & systems	3,506,983	8,417,888	6,209,703	18,134,574
Machinery & equipment	621,802	359,601	1,112,943	2,094,346
Less: Accumulated depreciation	<u>(3,051,902)</u>	<u>(5,358,844)</u>	<u>(4,105,169)</u>	<u>(12,515,915)</u>
Total Capital Assets, net of accumulated depreciation	1,116,290	4,973,288	3,245,405	9,334,983
Total non-current assets	<u>1,154,045</u>	<u>5,034,246</u>	<u>5,140,188</u>	<u>11,328,479</u>
TOTAL ASSETS	<u>1,485,720</u>	<u>5,166,135</u>	<u>10,442,636</u>	<u>17,094,491</u>
DEFERRED OUTFLOWS				
Deferred Outflows—LAGERS	<u>28,060</u>	<u>34,536</u>	<u>34,536</u>	<u>97,132</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,513,780</u>	<u>\$ 5,200,671</u>	<u>\$ 10,477,172</u>	<u>\$ 17,191,623</u>

See Accompanying Notes to Financial Statements

City of Marceline, Missouri
Statement of Net Position (Continued)
Proprietary Funds
October 31, 2022

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

	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Total</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities				
Negative cash balance	\$ -	\$ 281,738	\$ -	\$ 281,738
Accounts payable	5,730	6,962	101,125	113,817
Accrued liabilities	20,922	30,307	71,627	122,856
Leases payable—current	2,593	2,593	-	5,186
Customer deposits payable	-	<u>20,265</u>	<u>36,960</u>	<u>57,225</u>
Total current liabilities	<u>29,245</u>	<u>341,865</u>	<u>209,712</u>	<u>580,822</u>
Non-Current Liabilities				
Leases payable—less current	<u>2,668</u>	<u>2,668</u>	<u>1,857,500</u>	<u>1,862,836</u>
Total non-current liabilities	<u>2,668</u>	<u>2,668</u>	<u>1,857,500</u>	<u>1,862,836</u>
Total Liabilities	31,913	344,533	2,067,212	2,443,658
DEFERRED INFLOWS				
Deferred Inflows—LAGERS	<u>33,352</u>	<u>41,050</u>	<u>41,050</u>	<u>115,452</u>
NET POSITION				
Net investment in capital assets	1,111,029	4,968,027	1,387,905	7,466,961
Restricted	-	14,492	1,848,317	1,862,809
Unrestricted	<u>337,486</u>	<u>(167,431)</u>	<u>5,132,688</u>	<u>5,302,743</u>
Total net position	<u>1,448,515</u>	<u>4,815,088</u>	<u>8,368,910</u>	<u>14,632,513</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & NET ASSETS	<u>\$ 1,513,780</u>	<u>\$ 5,200,671</u>	<u>\$ 10,477,172</u>	<u>\$ 17,191,623</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, 2022

	-----Business-Type Activities-----Enterprise Funds-----			
	<u>Sewer</u>	<u>Water</u>	<u>Electric</u>	<u>Total</u>
REVENUES				
Operating Revenues				
Sewer sales	\$ 538,846	-	-	\$ 538,846
Water sales	-	1,245,352	-	1,245,352
Electric sales	-	-	3,294,554	3,294,554
Miscellaneous income	<u>4,888</u>	<u>4,668</u>	<u>48,109</u>	<u>57,665</u>
Total operating revenue	543,734	1,250,020	3,342,663	5,136,417
Operating Expenses				
Cost of sales & services	304,182	640,984	1,855,099	2,800,265
Administration	124,243	249,272	183,471	556,986
Pension adjustment—LAGERS	(34,022)	(42,220)	(42,361)	(118,603)
Depreciation & amortization	<u>122,942</u>	<u>274,524</u>	<u>211,227</u>	<u>608,693</u>
Total operating expenses	517,345	1,122,560	2,207,436	3,847,341
Operating income (loss)	26,389	127,460	1,135,227	1,289,076
Non-Operating Revenues (Expenses)				
Investment earnings	166	1,227	7,546	8,939
Interest expense	(285)	(285)	(27,549)	(28,119)
Total non-operating revenues/(expenses)	<u>(119)</u>	<u>942</u>	<u>(20,003)</u>	<u>(19,180)</u>
Income (loss) before contributions & transfers	26,270	128,402	1,115,224	1,269,896
Transfers in	-	-	-	-
Transfers out	-	-	(1,126,139)	(1,126,139)
Change in Net Position	<u>26,270</u>	<u>128,402</u>	<u>(10,915)</u>	<u>143,757</u>
Prior Period Adjustment	-	-	(61,567)	(61,567)
Total Net Position—Beginning	<u>1,422,245</u>	<u>4,686,686</u>	<u>8,441,392</u>	<u>14,550,323</u>
Total Net Position—Ending	<u>\$ 1,448,515</u>	<u>\$ 4,815,088</u>	<u>\$ 8,368,910</u>	<u>\$ 14,632,513</u>

See Accompanying Notes to Financial Statements

City of Marcelline, Missouri
Statement of Cash Flows—Proprietary Funds
For the Year Ended October 31, 2022

	<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	\$ 547,443	\$ 1,270,248	\$ 3,373,252	\$ 5,190,943
Payments to suppliers & employees	<u>(439,866)</u>	<u>(889,159)</u>	<u>(2,009,792)</u>	<u>(3,338,817)</u>
Net cash provided by operating activities	107,577	381,089	1,363,460	1,852,126
<u>Cash Flows From Non-Capital Financing Activities</u>				
Transfers (to) from other funds	-	-	<u>(1,126,139)</u>	<u>(1,126,139)</u>
Net cash provided (used) by non-capital financing	-	-	<u>(1,126,139)</u>	<u>(1,126,139)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>				
Advances on long-term debt	-	-	1,857,500	1,857,500
Debt reduction	<u>(7,425)</u>	<u>(7,425)</u>	<u>(64,537)</u>	<u>(79,387)</u>
Interest paid on debt	<u>(285)</u>	<u>(285)</u>	<u>(27,549)</u>	<u>(28,119)</u>
Acquisition and construction of capital assets	<u>(17,195)</u>	<u>(86,984)</u>	<u>(128,257)</u>	<u>(232,436)</u>
Net cash (used) by capital and related financing activities	<u>(24,905)</u>	<u>(94,694)</u>	<u>1,637,157</u>	<u>1,517,558</u>
<u>Cash Flows From Capital and Related Financing Activities</u>				
Interest received	<u>166</u>	<u>1,227</u>	<u>7,546</u>	<u>8,939</u>
Net cash provided by investing activities	166	1,227	7,546	8,939
Net increase (decrease) in cash & cash equivalents	82,838	287,622	1,882,024	2,252,484
Cash—Beginning of Year	<u>185,570</u>	<u>(554,868)</u>	<u>4,899,846</u>	<u>4,530,548</u>
Cash—End of Year	<u>\$ 268,408</u>	<u>\$ (267,246)</u>	<u>\$ 6,781,870</u>	<u>\$ 6,783,032</u>

See Accompanying Notes to Financial Statements

City of Marceline, Missouri
Statement of Cash Flows—Proprietary Funds
For the Year Ended October 31, 2022

-----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)	\$ 26,389	\$ 127,460	\$ 1,135,227	\$ 1,289,076
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation & amortization expense	122,942	274,524	211,227	608,693
(Increase) decrease in:				
Accounts receivable	3,709	20,228	30,589	54,526
Prepaid expenses	(1,887)	(2,719)	(5,322)	(9,928)
Net pension asset	(25,274)	(28,312)	(27,177)	(80,763)
Deferred outflows	(26,330)	(32,019)	(31,862)	(90,211)
Increase (decrease) in:				
Accounts payable	(11,237)	1,539	4,692	(5,006)
Accrued liabilities	1,683	977	27,348	30,008
Deferred inflows	17,582	18,111	16,678	52,371
Customer deposits	-	1,300	2,060	3,360
Total adjustments	<u>81,188</u>	<u>253,629</u>	<u>228,233</u>	<u>563,050</u>
Net cash provided (used) by operating activities	<u>\$ 107,577</u>	<u>\$ 381,089</u>	<u>\$ 1,363,460</u>	<u>\$ 1,852,126</u>

See Accompanying Notes to Financial Statements

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2022

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, 2022

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, 2022

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, 2022

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, 2022, 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, 2022

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, 2022

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, 2022

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 2021 levy was based for real, personal, and public utility property was \$24,395,558.

Property tax levies per \$100 assessed valuation for the calendar year ended 2021 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, 2022, all bank balances on deposit are entirely insured or collateralized with securities.

B. INVESTMENTS

The City's investments at October 31, 2022, consist of:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificate of Deposit	03/03/2023	\$ <u>84,886</u>

City of Marcelline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS

C. RECEIVABLES

Accounts receivable in the governmental funds at October 31, 2022, consist of property taxes receivable as follows:

	<u>General Fund</u>	<u>Library</u>	<u>Total Governmental</u>
Property Taxes Receivable	\$ 23,604	\$ 10,577	\$ 34,181
Less: Allowance for uncollectibles	<u>(16,707)</u>	<u>(8,036)</u>	<u>(24,743)</u>
Net taxes receivable	<u>\$ 6,897</u>	<u>\$ 2,541</u>	<u>\$ 9,438</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	\$ 70,936	\$144,838	\$ 475,142	\$ 690,916
Less: Allowance for Doubtful Acct.	<u>(17,592)</u>	<u>(33,834)</u>	<u>(140,654)</u>	<u>(192,080)</u>
Net Accounts Receivable	<u>\$ 53,344</u>	<u>\$111,004</u>	<u>\$ 334,488</u>	<u>\$ 498,836</u>

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS

D. CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2022, 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	44,278	-	5,494,213
Machinery & equipment	2,363,601	332,047	(102,290)	2,593,358
Infrastructure	<u>12,439,529</u>	<u>84,681</u>	<u>-</u>	<u>12,524,210</u>
Total capital assets being depreciated	20,253,065	461,006	(102,290)	20,611,781
Less accumulated depreciation:	<u>(12,769,597)</u>	<u>(616,744)</u>	<u>102,290</u>	<u>(13,284,051)</u>
Total capital assets being depreciated—net	<u>7,483,468</u>	<u>(155,738)</u>	<u>-</u>	<u>7,327,730</u>
Governmental activities, capital assets-net	<u>\$ 7,748,509</u>	<u>\$ (155,738)</u>	<u>\$ -</u>	<u>\$ 7,592,771</u>

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2022

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	\$ 12,000	\$ -	\$ 1,571,152
Construction in progress	<u>38,407</u>	<u>12,419</u>	<u>-</u>	<u>50,826</u>
Total capital assets not being depreciated	1,597,559	24,419	-	1,621,978
<u>Capital assets being depreciated:</u>				
Buildings & system	17,950,652	183,922	-	18,134,574
Machinery & equipment	<u>2,070,251</u>	<u>24,095</u>	<u>-</u>	<u>2,094,346</u>
Total capital assets being depreciated	20,020,903	208,017	-	20,228,920
Less: accumulated depreciation	<u>(11,907,222)</u>	<u>(608,693)</u>	<u>-</u>	<u>(12,515,915)</u>
Total capital assets being depreciated—net	<u>8,113,681</u>	<u>(400,676)</u>	<u>-</u>	<u>7,713,005</u>
Business-type activities, capital assets-net	<u>\$ 9,711,240</u>	<u>\$ (376,257)</u>	<u>\$ -</u>	<u>\$ 9,334,983</u>

Depreciation Expense was charged to functions/programs as follows:

Governmental Activities:

General Government	\$ 361,154
Cemetery	2,741
Public Safety	95,881
Streets	75,068
Parks & Recreation	<u>81,900</u>
Total depreciation—governmental activities	<u>\$ 616,744</u>

Business-Type Activities:

Sewer	\$ 122,942
Water	274,524
Electric	<u>211,227</u>
Total depreciation expense—business-type activities	<u>\$ 608,693</u>

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS

E. LONG-TERM DEBT

Summary of current year bond activity is as follows:

Bonds Payable—November 1, 2021	\$ 749,000
Bond Payments	<u>(61,000)</u>
Bonds Payable—October 31, 2022	<u>\$ 688,000</u>

Bonds outstanding at October 31, 2022, 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>\$ 688,000</u>
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Summary of future debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	78,000	5,890	83,890
2028-31	<u>318,000</u>	<u>10,712</u>	<u>328,712</u>
	<u>\$ 688,000</u>	<u>\$ 52,573</u>	<u>\$ 740,573</u>

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS

E. LONG-TERM DEBT (CONTINUED)

During the year, the City issued Lease Certificates of Participation, Series 2022 to retire the Series 2021 issue. Details of the transaction were as follows:

<u>Sources of Funds</u>	
Proceeds from Series 2022 Lease	\$ 788,750
Payments received from City	<u>72,989</u>
	<u>\$ 861,739</u>
 <u>Uses of Funds</u>	
Payoff of Series 2021 issue (including interest of \$12,989)	\$ 842,989
Cost of Issuance	<u>18,750</u>
	<u>\$ 861,739</u>

Lease Certificates of Participation – Governmental Activities at October 31, 2022, were as follows:

\$788,750 Lease Certificates of Participation, Series 2022; due in varying annual principal and interest payments commencing March 2023 through 2033; interest at 2.1% per annum.	<u>\$ 788,750</u>
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Summary of future debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 71,705	\$ 15,811	\$ 87,516
2024	71,705	14,305	86,010
2025	71,705	12,799	84,504
2026	71,705	11,293	82,998
2027	71,705	9,788	81,493
2028-32	358,525	25,598	384,123
2033	<u>71,700</u>	<u>1,506</u>	<u>73,206</u>
	<u>\$ 788,750</u>	<u>\$ 91,100</u>	<u>\$ 879,850</u>

The City also issued Lease Certificates of Participation dated June 30, 2022 for the purpose of making improvements to the City’s electric system. At October 31, 2022, \$1,848,317 remained unexpended and available for completion of the project.

Lease Certificates of Participation – Business Type Activities at October 31, 2022 were as follows:

\$1,857,500 Lease Certificates of Participation dated June 30, 2022; due in varying annual principal and interest payments of \$175,771 commencing June 2024 through 2037; interest at 3.990% per annum.	<u>\$ 1,857,500</u>
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City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS

E. LONG-TERM DEBT (CONTINUED)

Summary of future debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 74,114	\$ 74,114
2024	101,454	74,317	175,771
2025	105,705	70,066	175,771
2026	109,922	65,849	175,771
2027	114,308	61,463	175,771
2028-32	643,422	235,433	878,855
2033-37	782,689	96,166	878,855
	<u>\$ 1,857,500</u>	<u>\$ 677,408</u>	<u>\$ 2,534,908</u>

F. CAPITAL LEASES

Summary of current year activity is as follows:

Leases Payable—November 1, 2021	\$ 301,641
Leases Issued	135,000
Lease Payments	<u>(239,915)</u>
Leases Payable—October 31, 2022	<u>\$ 196,726</u>

Capital leases at October 31, 2022, 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	\$ 9,198
\$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.	113,486
\$135,000 capital lease; due in annual principal and interest payments of \$30,148 through 2027; interest at 3.79% per annum; executed for the purchase of street equipment.	53,000
\$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.	<u>21,042</u>
	<u>\$ 196,726</u>

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2022

NOTE 3. DETAILED NOTES ON ALL FUNDS

F. CAPITAL LEASES (CONTINUED)

Summary of future maturities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 103,881	\$ 5,402	\$ 109,283
2024	<u>92,845</u>	<u>2,346</u>	<u>95,191</u>
	<u>\$ 196,726</u>	<u>\$ 7,748</u>	<u>\$ 204,474</u>

G. TRANSFERS

Interfund transfers were:

	<u>(From)</u>	<u>To</u>
General Fund	\$ -	\$1,090,702
Cemetery Fund	-	35,437
Electric Fund	<u>(1,126,139)</u>	<u>-</u>
	<u>\$(1,126,139)</u>	<u>\$1,126,139</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, 2022

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, 2022

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, 2022 was 10 to 15 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, 2022

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, 2022, the City recorded a combined asset of \$317,003 (General \$290,416; Police \$26,587) for its proportionate share of the net pension asset. The net pension liability for the plan in total was measured as of October 31, 2022 and determined by an actuarial valuation as of that date. For the year ended October 31, 2022, the City recognized a combined pension expense of \$(94,814) (General \$(109,042), Police \$14,228), its proportionate share of the total pension expense.

	<u>General</u>	<u>Police</u>
Total Pension		
Service Cost	\$ 102,955	\$ 41,533
Interest on Total Pension Liability	309,112	54,746
Difference between expected and actual experience of the Total Pension Liability	231,873	50,489
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	<u>(190,035)</u>	<u>(28,222)</u>
Net change in total pension liability	453,905	118,546
Total pension liability—beginning	<u>4,458,695</u>	<u>775,543</u>
Total pension liability—ending	<u>\$ 4,912,600</u>	<u>\$ 894,089</u>
Plan Fiduciary Net Position		
Contributions—employer	\$ 125,753	\$ 45,012
Contributions—employee	41,103	15,946
Net investment income	4,352	906
Benefit payments, including refunds of employee contributions	(190,035)	(28,222)
Pension Plan Administrative Expense	(4,530)	(1,437)
Other (Net Transfer)	<u>70,523</u>	<u>(536)</u>
Net change in fiduciary net position	47,166	31,669
Plan fiduciary net position—beginning	<u>5,155,850</u>	<u>889,007</u>
Plan fiduciary net position—ending	<u>\$ 5,203,016</u>	<u>\$ 920,676</u>
Net pension liability/(asset)	<u>\$ (290,416)</u>	<u>\$ (26,587)</u>
Membership		
Number of		
• Retirees and Beneficiaries	16	5
• Inactive Non-retired Members	6	9
• Active Members	23	8
• Total	45	22
Covered Payroll	\$ 1,021,202	\$ 315,135
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.91%	102.97%
Plan Pension Liability as a Percentage of Covered Payroll	(28.44)%	(8.44)%
Total Pension Expense	\$ (109,042)	\$ 14,228

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2022

NOTE 6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

At October 31, 2022, 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	\$ 215,850	\$ (78,582)	\$ 42,696	\$ (37,169)
Changes in assumptions	-	(39,907)	-	(328)
Net Difference between projected and actual earnings on pension plan investments	-	(138,072)	-	(15,175)
Employer contribution subsequent to the measurement date	-	-	-	-
Total	<u>\$ 215,850</u>	<u>\$ (256,561)</u>	<u>\$ 42,696</u>	<u>\$ (52,672)</u>

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

	<u>General</u>	<u>Police</u>
2023	\$ (20,441)	\$ 3,436
2024	(29,889)	(2,750)
2025	(85,673)	(23,137)
2026	95,292	12,475
2027	-	-
	<u>\$ (40,711)</u>	<u>\$ (9,976)</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, 2022
- Notes: The roll-forward of total pension liability from February 28, 2022 to June 30, 2022 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 10 to 15 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, 2022

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 7.00%; the municipal bond rate is 3.8%; and the resulting discount rate is 7.00% 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 7.00% is presented as well as the net pension liability using a discount rate that is 1.0% lower (6.00%) or 1.0% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
<u>General</u>			
Total Pension Liability	\$5,615,993	\$4,912,600	\$ 4,331,622
Plan Fiduciary Position	<u>5,203,016</u>	<u>5,203,016</u>	<u>5,203,016</u>
Net Position Liability/Asset (NPL)	<u>\$ 412,977</u>	<u>\$ (290,416)</u>	<u>\$ (871,394)</u>
<u>Police</u>			
Total Pension Liability	\$1,033,283	\$ 894,089	\$ 780,341
Plan Fiduciary Position	<u>920,676</u>	<u>920,676</u>	<u>920,676</u>
Net Position Liability/Asset (NPL)	<u>\$ 112,607</u>	<u>\$ (26,587)</u>	<u>\$ (140,335)</u>

City of Marceline, Missouri
Notes to Financial Statements
For the Year Ended October 31, 2022

NOTE 7. ADVERTISING

During the year, the City expended \$4,386 for advertising.

NOTE 8. DEFICIT FUND BALANCE

For the year ended October 31, 2022, the general and cemetery funds reported ending deficit fund balances as follows:

General Fund	\$ <u>(1,160,815)</u>
Cemetery Fund	\$ <u>(107,427)</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, 2022, the City collected fines totaling \$10,329, representing 0.7% of general operating revenue for the year.

NOTE 10. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made in the general and electric funds to correct accumulated depreciation, as follows:

<u>Prior Period Adjustment</u>	
General Fund	\$ 2,027
Electric Fund	<u>(61,567)</u>
	\$ <u>(59,540)</u>

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, 2022

	----Budgeted Amounts----			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues:				
Taxes				
Property	\$ 119,244	\$ 119,244	\$ 174,807	\$ 55,563
Railroad and utility	6,565	6,565	11,709	5,144
Franchise	64,110	64,110	68,459	4,349
Corp. and intang tax	11,693	11,693	22,336	10,643
Road and bridge tax	49,224	49,224	57,056	7,832
Use tax	60,000	60,000	109,516	49,516
Payment in lieu of tax	1,184	1,184	2,482	1,298
Licenses and permits	17,665	17,665	46,572	28,907
Investment earnings	497	497	887	390
User fees—gas tax	58,970	58,970	69,322	10,352
Motor vehicle—fees	10,399	10,399	10,575	176
Motor vehicle—sales tax	242,453	242,453	264,399	21,946
User fees—rent	18,586	18,586	13,150	(5,436)
Fines	9,891	9,891	10,329	438
User fees—pool	40,000	40,000	64,849	24,849
User fees—sanitation	12,060	12,060	12,196	136
User fees—fire	3,282	3,282	4,095	813
Grants	576,461	576,461	227,976	(348,485)
Donations	1,909	1,909	5,830	3,921
Proceeds of long-term debt	-	-	923,750	923,750
Other revenue	<u>98,860</u>	<u>98,860</u>	<u>206,481</u>	<u>107,621</u>
Total Revenues	1,403,053	1,403,053	2,306,776	903,723
Expenditures:				
General government	368,665	368,665	372,634	(3,969)
Public safety	750,318	750,318	766,601	(16,283)
Streets	485,331	485,331	486,353	(1,022)
Parks and recreation	701,281	701,281	1,189,489	(488,208)
Airport	50,000	50,000	50,000	-
Capital outlay	<u>574,061</u>	<u>574,061</u>	<u>424,098</u>	<u>149,963</u>
Total Expenditures	<u>2,929,656</u>	<u>2,929,656</u>	<u>3,289,175</u>	<u>(359,519)</u>
Excess/deficiency of revenues over (under) expenditures	(1,526,603)	(1,526,603)	(982,399)	544,204
Other Financing Sources (Uses)				
Transfers in (out)	<u>1,253,742</u>	<u>1,253,742</u>	<u>1,090,702</u>	<u>(163,040)</u>
Net change in fund balance	(272,861)	(272,861)	108,303	381,164
Fund balances—beginning	<u>(1,269,118)</u>	<u>(1,269,118)</u>	<u>(1,269,118)</u>	<u>-</u>
Fund balances—ending	<u>\$ (1,541,979)</u>	<u>\$ (1,541,979)</u>	<u>\$ (1,160,815)</u>	<u>\$ 381,164</u>

See Accompanying Notes to Financial Statements

City of Marceline, Missouri
Notes to Budgetary Comparison Schedule
October 31, 2022

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, 2022

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, 2022

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, 2022

Fiscal Year Ending October 31,	<u>2021</u>	<u>2022</u>
Total Pension Liability		
Service Cost	\$ 106,498	\$ 102,955
Interest on Total Pension Liability	317,332	309,112
Difference between expected & actual	(121,658)	231,873
Change of assumptions	(61,781)	-
Benefit payments	<u>(209,096)</u>	<u>(190,035)</u>
Net change in total pension liability	31,295	453,905
Total pension liability—beginning	<u>4,427,400</u>	<u>4,458,695</u>
Total pension liability—ending (a)	<u>\$ 4,458,695</u>	<u>\$ 4,912,600</u>
Plan Fiduciary Net Position		
Contributions—employer	\$ 108,006	\$ 125,753
Contributions—employee	37,488	41,103
Net investment income	1,167,507	4,352
Benefit payments	(209,096)	(190,035)
Pension Plan Administrative Expense	(3,904)	(4,530)
Other (Net Transfer)	<u>12,560</u>	<u>70,523</u>
Net change in fiduciary net position	1,112,561	47,166
Plan fiduciary net position—beginning	<u>4,043,289</u>	<u>5,155,850</u>
Plan fiduciary net position—ending (b)	<u>\$ 5,155,850</u>	<u>\$ 5,203,016</u>
Net pension liability/(asset)—ending (a)-(b)	<u>\$ (697,155)</u>	<u>\$ (290,416)</u>
Plan fiduciary net position as a percentage of the total pension liability	115.64%	105.91%
Covered employee payroll	\$ 839,047	\$ 1,021,202
Net pension liability as a percentage of covered employee payroll	(83.09)%	(28.44)%

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, 2022

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	12,597	2,442	33,946
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	(7,813)	(3,162)	59,021
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, 2022

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, 2022

Fiscal Year Ending October 31,	<u>2021</u>	<u>2022</u>
Total Pension Liability		
Service Cost	\$ 45,181	\$ 41,533
Interest on Total Pension Liability	56,518	54,746
Difference between expected	(58,055)	50,489
Change of Assumptions	(550)	-
Benefit payments	<u>(48,983)</u>	<u>(28,222)</u>
Net change in total pension liability	(5,889)	118,546
Total pension liability—beginning	<u>781,432</u>	<u>775,543</u>
Total pension liability—ending (a)	<u>\$ 775,543</u>	<u>\$ 894,089</u>
Plan Fiduciary Net Position		
Contributions—employer	\$ 37,864	\$ 45,012
Contributions—employee	12,417	15,946
Net investment income	187,722	906
Benefit payments	(48,983)	(28,222)
Pension Plan Administrative Expense	(1,439)	(1,437)
Other (Net Transfer)	<u>5,566</u>	<u>(536)</u>
Net change in fiduciary net position	193,147	31,669
Plan fiduciary net position—beginning	<u>695,860</u>	<u>889,007</u>
Plan fiduciary net position—ending (b)	<u>\$ 889,007</u>	<u>\$ 920,676</u>
Net pension liability/(asset)—ending (a)-(b)	<u>\$ (113,464)</u>	<u>\$ (26,587)</u>
Plan fiduciary net position as a percentage of the total pension liability	114.63%	102.97%
Covered employee payroll	\$ 242,188	\$ 315,135
Net pension liability as a percentage of covered employee payroll	(46.85)%	(8.44)%

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, 2022

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
06/30/2016	\$ 112,397	\$ 93,916	\$ 18,481	\$ 907,817	10.35%
06/30/2017	\$ 106,321	\$ 95,983	\$ 10,338	\$ 980,401	9.79%
06/30/2018	\$ 103,423	\$ 100,013	\$ 3,410	\$1,073,372	9.32%
06/30/2019	\$ 135,936	\$ 125,209	\$ 10,727	\$1,212,006	10.33%
06/30/2020	\$ 146,222	\$ 141,031	\$ 5,191	\$1,251,840	11.27%
06/30/2021	\$ 160,476	\$ 159,135	\$ 1,341	\$1,355,024	11.74%
06/30/2022	\$ 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, 2022

	Transportation Sales Tax Fund	Library Fund	Cemetery Fund	Cemetery Perpetual Fund	Pool Sales Tax	Total Other Governmental
<u>ASSETS:</u>						
Cash and cash equivalents	\$ 168,786	\$ 43,787	\$ -	\$ 14,284	\$ 174,524	\$ 401,381
Restricted investments	-	-	-	84,886	-	84,886
Accounts receivable, net	-	2,541	-	-	-	2,541
Prepaid expenses	-	-	515	-	-	515
Total Assets	\$ <u>168,786</u>	\$ <u>46,328</u>	\$ <u>515</u>	\$ <u>99,170</u>	\$ <u>174,524</u>	\$ <u>489,323</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES:</u>						
Negative Cash Balance	\$ -	\$ -	\$ 107,824	\$ -	\$ -	\$ 107,824
Accounts payable	-	-	118	-	-	118
Total Liabilities	-	-	107,942	-	-	107,942
<u>FUND BALANCES:</u>						
Restricted	-	-	-	84,886	-	84,886
Committed	<u>168,786</u>	<u>46,328</u>	<u>(107,427)</u>	<u>14,284</u>	<u>174,524</u>	<u>296,495</u>
Total Fund Balances	<u>168,786</u>	<u>46,328</u>	<u>(107,427)</u>	<u>99,170</u>	<u>174,524</u>	<u>381,381</u>
Total Liabilities & Fund Balances	\$ <u>168,786</u>	\$ <u>46,328</u>	\$ <u>515</u>	\$ <u>99,170</u>	\$ <u>174,524</u>	\$ <u>489,323</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, 2022

	Transportation Sales Tax <u>Fund</u>	Library <u>Fund</u>	Cemetery <u>Fund</u>	Cemetery Perpetual <u>Fund</u>	Pool Sales Tax	Total Other <u>Governmental</u>
<u>REVENUES:</u>						
Taxes						
Property taxes	\$ -	\$ 47,562	\$ -	\$ -	\$ -	\$ 47,562
Railroad and utility	-	3,903	-	-	-	3,903
Sales tax	109,020	-	-	-	108,970	217,990
Corp. and intang. tax	-	7,450	-	-	-	7,450
Payment in lieu of tax	-	523	-	-	-	523
Investment earnings	123	30	-	212	121	486
User fees – lot sales	-	-	12,340	560	-	12,900
Donations	-	-	825	-	-	825
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenue	109,143	59,468	13,165	772	109,091	291,639
<u>EXPENDITURES:</u>						
Parks and recreation	-	-	-	-	83,711	83,711
Library	-	69,597	-	-	-	69,597
Cemetery	-	-	36,997	-	-	36,997
Capital outlay	<u>36,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,908</u>
Total Expenditures	<u>36,908</u>	<u>69,597</u>	<u>36,997</u>	<u>-</u>	<u>83,711</u>	<u>227,213</u>
Excess (deficiency) of revenues over (under) expenditures	72,235	(10,129)	(23,832)	772	25,380	64,426
Other Financing Sources (Uses)						
Transfers in (out)	<u>-</u>	<u>-</u>	<u>35,437</u>	<u>-</u>	<u>-</u>	<u>35,437</u>
Net Change in Fund Balance	72,235	(10,129)	11,605	772	25,380	99,863
Fund balance—beginning	<u>96,551</u>	<u>56,457</u>	<u>(119,032)</u>	<u>98,398</u>	<u>149,144</u>	<u>281,518</u>
Fund balance—ending	<u>\$ 168,786</u>	<u>\$ 46,328</u>	<u>\$ (107,427)</u>	<u>\$ 99,170</u>	<u>\$ 174,524</u>	<u>\$ 381,381</u>

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, 2022, 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 12, 2023.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as finding 2022-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

City of Marceline, Missouri's Response to Finding

City of Marceline, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Marceline, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

A handwritten signature in black ink, appearing to read "John W. Gillum CPA, LLC". The signature is fluid and cursive, with the initials "CPA, LLC" written in a slightly different style at the end.

John W. Gillum, CPA, LLC
Certified Public Accountant
Kirksville, Missouri
July 12, 2023

City of Marceline
Summary Schedule of Findings and Responses
For the Year Ended October 31, 2022

FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2022-001 Segregation of Duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. There are some mitigating controls in place but it is not possible to have segregation in all areas.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties and the City does not have the resources to hire additional accounting personnel.

Repeat finding of 2021-001

City of Marceline
Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

FINANCIAL STATEMENT FINDINGS

2021-001 Segregation of Duties

Auditor's Recommendation: We realize because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Status: Uncorrected. The limited number of available personnel prohibits segregation of incompatible duties and the City does not have the resources to hire additional accounting personnel.