



**CITY OF MARSHALL
City Council Meeting
A g e n d a**

**Tuesday, May 26, 2020 at 5:30 PM
Minnesota Emergency Response and Industrial
Training (MERIT) Center, 1001 Erie Road**

NOTICE: Pursuant to Minnesota State Statute 13D.021

Some or all members of the City Council may participate by telephone or other electronic means. Regular attendance and meeting location are not feasible due to the Coronavirus disease (COVID-19) pandemic.

OPENING ITEMS

1. Call to Order/Pledge of Allegiance

APPROVAL OF AGENDA

APPROVAL OF MINUTES

2. Consider approval of the minutes of the regular meeting held on May 12, 2020.
3. Consider approval of the minutes of the Local Board of Appeal and Equalization Reconvene held on May 19, 2020.

AWARD OF BIDS

4. Project Z76: South 1st Street Reconstruction Project -- 1) Resolution Declaring Official Intent Regarding The Reimbursement Of Expenditures With The Proceeds Of Tax-Exempt Bonds; 2) Resolution Accepting Bid (Awarding Contract).

CONSENT AGENDA

5. Consider authorization to declare vehicles as surplus property for the Marshall Police Department.
6. Set Public Hearing Date for MS4 Permit Program Summary of the 2019 Activities.
7. Consider the request of the Marshall Downtown Business Association for Crazy Days (Thursday-July 16, 2020).
8. Consider Request of Southwest Minnesota State University for Homecoming Parade (Saturday-October 10, 2020).
9. 1997 SMART Trailer donation from the City of Eden Prairie
10. Consideration declaration of surplus items from the Marshall Fire Department.
11. Consider ratification of the Economic Development Authority Revolving Loan Fund.
12. Consider approval of the bills/project payments

APPROVAL OF ITEMS PULLED FROM CONSENT

TABLED ITEM

13. Introduction of Ordinance Amending Section 86-161 Height Modifications, 86-162 Yard modifications, 86-163 Accessory buildings, and 86-164 Accessory equipment and Call for Public Hearing
14. Introduction of Ordinance Amending Section 86-247 Landscaping and 86-248 Storage and Call for Public Hearing

NEW BUSINESS

15. Presentation of the 2019 Year-End Audit for the City of Marshall
16. Consider Expediting and Streamlining Outdoor Patio Requests.
17. Consider Resolution Number XXXX, Second Series, A Resolution Extending a Declared Emergency.
18. Authorize Acceptance of FAA CARES Act Grant Funding (MML-GLG-3-27-0056-016-2020-Grant Agreement).
19. Consider a LG220 Application for Exempt Permit for SMSU Foundation for September 19, 2020.

Disclaimer: These agendas have been prepared to provide information regarding an upcoming meeting of the Common Council of the City of Marshall. This document does not claim to be complete and is subject to change.

COUNCIL REPORTS

- [20.](#) Commission/Board Liaison Reports
- 21. Councilmember Individual Items

STAFF REPORTS

- 22. City Administrator
- 23. Director of Public Works
- 24. City Attorney

INFORMATION ONLY

- [25.](#) Information Only

ADJOURN TO CLOSED SESSION

MEETINGS

- [26.](#) Upcoming Meetings

ADJOURN

RULES OF CONDUCT

- You may follow the meeting online – www.ci.marshall.mn.us.
- Public Hearing – the general public shall have the opportunity to address the Council.
 - Approach the front podium
 - State you name, address and interest on the subject
- Mayor may choose to allow others to address the Council during other agenda items. Persons who desire to speak should do so only after being recognized by the Mayor.
 - Approach the front podium
 - State you name, address and interest on the subject
- Persons in attendance at the meeting should refrain from loud discussions among themselves, clapping, whistling or any other actions. Our values include mutual respect and civility for all in attendance.
- If you have questions during the Council meeting please see Kyle Box, City Clerk who sits in the front left area of the audience sitting area.



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, May 26, 2020
Category:	APPROVAL OF MINUTES
Type:	ACTION
Subject:	Consider approval of the minutes of the regular meeting held on May 12, 2020.
Background Information:	Enclosed are the minutes of the regular meeting held on May 12, 2020.
Fiscal Impact:	None
Alternative/ Variations:	Staff encourages City Council Members to provide any suggested corrections to the minutes in writing to City Clerk Kyle Box, prior to the meeting.
Recommendations:	that the minutes of the regular meeting held on May 12, 2020 be approved as filed with each member and that the reading of the same be waived.

**CITY OF MARSHALL
CITY COUNCIL MEETING
M I N U T E S
Tuesday, May 12, 2020**

The regular meeting of the Common Council of the City of Marshall was held April 14, 2020, at the Minnesota Emergency Response and Industrial Training (MERIT) Center, 1001 West Erie Road. The meeting was called to order at 5:30 P.M. by Mayor Robert Byrnes. In addition to Byrnes the following members were in attendance: Craig Schafer, Steven Meister (5:35 P.M.), Glenn Bayerkohler, John DeCramer, Russ Labat and James Lozinski. Absent: None. Staff present included: Sharon Hanson, City Administrator; Dennis Simpson, City Attorney; Jason Anderson, Director of Public Works/ City Engineer; Annette Storm, Director of Administrative Services; Jim Marshall, Director of Public Safety; Glenn Olson, City Hall Owners Representative; Ilya Gutman, Plan Examiner/ Assistant Zoning Administrator and Kyle Box, City Clerk.

The Pledge of Allegiance was recited at this time.

Recognition of Glenn Olson, Public Works Director by United Community Action Partnership.

Members of United Community Action Partnership's Community Transit operation provided former Director of Public Works/ City Engineer Glenn Olson with the Community Transit 'Friends of Transit' plaque.

There was a consensus to operate under the current agenda.

Consider approval of the minutes of the regular meeting held on April 28, 2020.

Motion made by Councilmember Lozinski, Seconded by Councilmember Decramer that the minutes of the regular meeting held on April 28, 2020 be approved as filed with each member and that the reading of the same be waived.

Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Bayerkohler, Councilmember Decramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Buffalo Ridge Concrete Addition – 1) Public Hearing on Preliminary Plat and Approval of Preliminary Plat; 2) Consider Resolution Approving the Final Plat.

The City of Marshall is working to resolve drainage concerns in the vicinity of the area of the proposed plat. To accommodate the construction of a normally dry ponding area and affiliated stormwater piping improvements, the City has reached out to Buffalo Ridge Concrete to discuss the acquisition of some land. This plat is required to identify property to be used for a future stormwater basin (Outlot A) while also creating proper access to city right of way as required by city ordinance.

At the Planning Commission meeting on April 15, 2020, Schroeder made a motion, seconded by Fox to recommend approval of the preliminary plat to the City Council. All voted in favor.

Director of Public Works/ City Engineer Jason Anderson provided the background information on the agenda item.

Motion made by Councilmember Schafer, Seconded by Councilmember Meister to close the public hearing. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Bayerkohler, Councilmember Decramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Motion made by Councilmember Schafer, Seconded by Councilmember Decramer that the Council approve 2. preliminary plat of Buffalo Ridge Concrete Addition. Voting Yea: Mayor Byrnes, Councilmember Schafe 5

Councilmember Meister, Councilmember Bayerkohler, Councilmember Decramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Motion made by Councilmember Schafer, Seconded by Councilmember Lozinski that the Council adopt RESOLUTION NUMBER 4731, SECOND SERIES which is the Resolution Approving the Final Plat of Buffalo Ridge Concrete Addition, contingent upon City Attorney review and approval. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Bayerkohler, Councilmember Decramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Consider Award of Bid for Demolition of Structure at 326 West Main Street.

This project involves the demolition and removal of the building structure and foundation at 326 West Main Street. Bids for the project were due by 10:00 am on Tuesday, May 5, 2020. One bid was received from LinnCo, Inc. of Sauk Rapids, Minnesota, in the amount of \$523,444.00.

The Contractor has submitted a list of cost savings that could be made to help reduce the amount of the contract. The total cost of all cost savings proposed is \$26,332.00.

In 2009, the City initiated a process for acquisition of the Marshall Hotel building. At that time, the building was considered a blighted structure within in downtown Marshall. Over the past 11 years, the City has considered many options and worked with multiple developers for the improvement of the building, including redevelopment, demolition, or combinations of those alternatives.

During the process of the renovation of City Hall, the existing condition of the adjacent wall of the Marshall Hotel was exposed and found to be in significant disrepair requiring substantial reconstruction costs if the building was to be renovated.

Prior to the April 8th City Hall Committee meeting, some of the committee members visited the site and pictures were taken of the existing walls of the adjacent Marshall Hotel building.

At the April 8th City Hall Committee meeting, discussion was held concerning alternatives for the hotel. After considerable discussion, a motion was made to recommend to City Council the demolition and removal of the Marshall Hotel building structure, foundation and materials of the building.

The ultimate use of the property is unknown at this time but could be reused for open greenspace, parking, or other uses as recommended by a future downtown committee or redevelopment group.

The approval of the demolition will necessitate a change to the construction plans of the southeast wall of City Hall, as well as some potential of improvement to the existing wall of the Main Stay Cafe. As you can see, this issue has been a prime topic of dialogue and debate for many years.

One bid was received from LinnCo, Inc. of Sauk Rapids, Minnesota, in the amount of \$523,444.00. Per Finance, the funding source is not final at this time.

Motion made by Councilmember Lozinski, Seconded by Councilmember Decramer that the Council award the project to LinnCo, Inc. of Sauk Rapids, Minnesota, in the amount of \$523,444.00, less any cost savings
2. ures approved by City Council. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember

Meister, Councilmember Bayerkohler, Councilmember Decramer, Councilmember Lozinski. Voting Nay: Councilmember Labat. The motion **Passed. 6-1**

Consider Approval of the Consent Agenda.

Motion made by Councilmember Schafer, Seconded by Councilmember Meister to approve the consent agenda. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Bayerkohler, Councilmember Decramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Approval of the Wastewater Treatment Facilities Improvement Project – 1) Consider Application for Payment No. 10 to Magney Construction, Inc.; 2) Consider Payment of Invoice 0249427 to Bolton & Menk, Inc.

Approval to apply for grant funding for Marshall Fire Department

Approval of the bills/project payments

SP 4210-56: TH 68 Ultra-Thin Bond Wear Course (UTBWC) Project – Consider Resolution Approving No Parking Along TH 68 (Channel Parkway to T.H. 59 North).

MnDOT design engineers approached City Engineering staff with a proposal to restripe West Main Street (TH 68) to include a center left turn lane between Channel Parkway and T.H. 59 North. The work would occur in 2022 in concurrence with an Ultra-Thin Bond Wear Course (UTBWC) project on T.H. 68 from Minneota to the junction of T.H. 59 North in Marshall.

Currently, the road is striped as a two-lane street with parking allowed on both sides. In its current condition, there is some on-street parking that occurs between T.H. 59 and 10th Street, which is a residential portion of the corridor. In the proposed striping, MnDOT includes a two-way center turn lane to go along with the two through lanes. There are two 6.5-ft shoulders that remain. MnDOT is proposing that no parking be allowed between Channel Parkway and T.H. 59 North.

This information was presented to the Public Improvement/Transportation Committee at their meeting on February 6, 2020.

At their meeting on April 14, 2020, the City Council tabled action on this item. City Council requested City staff to notify property owners adjacent to this segment of highway of the proposed striping change and allowing for public comment. A letter was mailed on April 20, 2020 to said property owners. One comment was received.

Motion made by Councilmember Schafer, Seconded by Councilmember Lozinski to remove the agenda item from the table. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Bayerkohler, Councilmember Decramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Motion made by Councilmember Lozinski, Seconded by Councilmember Schafer that the Council adopt RESOLUTION NUMBER 4732, SECOND SERIES, which is the Resolution Approving “No Parking” Along TH 68 (Channel Parkway Street to TH 59 North) in connection with SP 4210-56: TH 68 Ultra-Thin Bond Wear Course (UTBWC) Project. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister,

Councilmember Bayerkohler, Councilmember Decramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Consider Resolution Providing for the Issuance and Sale of the City's General Obligation Bonds, Series 2020B

The issuance of the City's General Obligation Bonds, Series 2020B in the principal aggregate amount of \$2,650,000 currently includes the following;

- Street Reconstruction Bonds: \$1,215,000
 - S 4th Street Reconstruction: \$790,900
 - S 1st Street Reconstruction: \$424,100
- Abatement Bonds: \$130,000
 - Freedom Park Bathroom Replacement: \$130,000
- Equipment Certificates: \$385,000
 - SCBA Pack & Mask Replacement: \$234,580
 - Dump Truck: \$158,420
- Utility Revenue Bond: \$920,000
 - Legion Field Buffalo Ridge Basin: \$573,400
 - MERIT Dry Pond Outlet Piping: \$346,600

Director of Administrative Services, Annette Strom provided the background information on the agenda item. There was further discussion on the agenda item by council and staff.

Motion made by Councilmember Schafer, Seconded by Councilmember Decramer Approve Resolution Number 4733, Second Series, providing for the Issuance and Sale of the City's General Obligation Bonds, Series 2020B Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Bayerkohler, Councilmember Decramer Voting Nay: Councilmember Meister, Councilmember Labat, Councilmember Lozinski. The motion **Passed. 4-3**

Consider Resolution Declaring Building "Blighted" and "Substandard" for Redevelopment

On Tuesday May 12, 2020, Council will decide on accepting a bid for the demolition of the Marshall Hotel (located at 326 W Main Street). To keep funding source options open, staff are recommending that the council declare the building as "Blight" and "Substandard" for the ability to use a TIF Redevelopment District in the future if the sight becomes developed. The TIF Qualification Summary determines the eligibility of the building to meet state statute 469.174, Subdivision 10.

Motion made by Councilmember Lozinski, Seconded by Councilmember Decramer Approve Resolution Number 4734, Second Series Declaring Building "Blighted" and "Substandard" for Redevelopment. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Bayerkohler, Councilmember Decramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Review 2020 On-Sale Liquor License Fees.

On March 16, 2020, Executive Order 20-04 was issued ordering the closure of bars, restaurants, and other places of public accommodations.

In 2020, the City of Marshall issued 14 On-Sale Intoxicating Liquor Licenses, 13 On-Sale Intoxicating Sunday Liquor Licenses and 4 Combination Wine/On-Sale Malt Intoxicating Liquor Licenses. Sec. 6-56. - Fees. (a)The annual intoxicating liquor license fee shall be set by council resolution which fee shall be paid with the issuance of the license, unless it is a renewal fee as provided in this subsection. The renewal license fee for an intoxicating liquor license shall be set by council resolution, which shall be paid with the issuance of the license, unless the renewing licensee elects to make payments as follows: (1) One-half of the license fee on or before January 1 of the license year. (2) The last half of the license fee on or before June 1 of the license year.

Any renewing licensee that elects to make part payments, as provided in this subsection, who does not make the June 1 payment, may have his license revoked for nonpayment of the license fee effective July 1 of the license year.

Sec. 6-79. - Wine license fee. (a) The annual fee for a wine license shall be set by council resolution. (b) Each application for a wine license shall be accompanied by a receipt from the city clerk for payment in full of the license fee. All fees shall be paid into the general fund. If an application for a license is rejected, the city clerk shall refund the amount paid. (c) No refund of any wine license fee shall be made except as authorized by statute. State Law reference— Intoxicating liquor license fees and refunds, Minn. Stat. § 340A.408, subds. 2—4.

Motion made by Councilmember Lozinski, Seconded by Councilmember Meister to place a moratorium on the second half the 2020 On-Sale Intoxicating liquor licenses as well as prorate the annual license fees and reimburse each license holder for the days they are not able to use the On-Sale License. Reimbursement will be issued to the following licenses holders: On-Sale Intoxicating Liquor, Sunday Intoxicating, Wine/On-Sale Malt Liquor (Combination Only). Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Bayerkohler, Councilmember Decramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Introduction of Ordinance Amending Section 86-247 Landscaping and 86-248 Storage and Call for Public Hearing.

These changes are mostly technical in nature caused by the development of the City Tree Policy and creation of an Interim Use permit concept that allows temporary deviations from the Ordinance. It is similar to conditional use permit but allows time limits. It also cleans up some language and clarifies some concepts.

At the March 11, 2020, regular Planning Commission meeting, Schroeder made a motion, second by Lee to recommend to city council an approval as recommend by staff. All voted in favor of the motion.

At the meeting on April 30, 2020, Legislative and Ordinance Committee voted to recommend to council the approval of revisions to City Ordinance Sections 86-247 Landscaping and 86-248 Storage.

Motion made by Councilmember Schafer, Seconded by Councilmember Lozinski. To table until the next regular meeting. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Bayerkohler, Councilmember Decramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Introduction of Ordinance Amending Section 86-161 Height Modifications, 86-162 Yard modifications, 86-163 Accessory buildings, and 86-164 Accessory equipment and Call for Public Hearing.

These proposed changes are mostly based on staff experience with applications and voiced concerns. Some changes are purely technical in nature, some are a result of the development of the City Tree Policy, and others are related to the creation of an Interim permit concept that allows temporary deviations from the Ordinance. This opportunity was also used to clean up some language and clarify some concepts. Below are the most significant proposed changes.

- Allowing to build a front door landing without a variance even if a house is located too close to the street.
- Requiring at least 3 feet of clearance along alleys for snow removal and more for garages for cars parking in front of them.
- Clarifying yard requirements for three street corner lots, flag lots, and lots open to roadway easements rather than streets.
- Allowing larger accessory structures for smaller existing houses. ☐ Allowing motor-homes and RV's to be placed on driveways for longer than 10 days by an Interim Use permit, but limiting projection into the right of way.
- Allowing secondary detached garages without driveway and limiting required driveway pavement to the required front yard.
- Allowing accessory equipment in front yards if fully screened by the fence.

At the March 11, 2020, regular Planning Commission meeting, Fox made a motion, second by Knieff to recommend to City Council an approval as recommend by staff. All voted in favor of the motion.

At the meeting on April 30, 2020, Legislative and Ordinance Committee voted to recommend to council the approval of revisions to City Ordinance Sections 86-161 Height Modifications, 86- 162 Yard modifications, 86-163 Accessory buildings, and 86-164 Accessory equipment.

Motion made by Councilmember Lozinski, Seconded by Councilmember Schafer to table the agenda item. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Bayerkohler, Councilmember Decramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Consider a LG220 Application for Exempt Permit for SMSU Foundation for January 29, 2021.

Motion made by Councilmember Schafer, Seconded by Councilmember Decramer BE IT RESOLVED, that the City Council hereby (1) grants local unit of government approval to SMSU Foundation to hold a raffle on January 29, 2021, at Southwest Minnesota State University , 1501 State Street, Marshall, Minnesota, (2) acknowledges the receipt of LG220 Application of Exempt Permit, (3) waives the 30- day waiting period, and (4) authorizes and directs the appropriate city personnel to complete and sign the LG220 Application for Exempt Permit on behalf of the City of Marshall. Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Decramer, Councilmember Labat, Councilmember Lozinski. Voting Abstaining: Councilmember Bayerkohler. The motion **Passed. 6-0-1**

Acknowledgement of a Closed Meeting for Labor Negotiations Strategy.

13D.03 CLOSED MEETINGS FOR LABOR NEGOTIATIONS STRATEGY. At 4:00 P.M., a closed meeting was held at the Minnesota Emergency Response and Training (MERIT) Center.

Commission/Board Liaison Reports

2. es No Report

- Schafer No Report
- Meister Economic Development Authority held a public hearing on the sale of lots in Parkway II, issued a loan to a downtown business and will move forward with UCAP in a Small Cities grant application.
- Bayerkohler Public Housing Commission met and implemented a lockdown of the building to protect 'at risk' tenants, approved the payment in lieu of taxes and discussed the moratorium on evictions and fees.
- DeCramer Ways and Means met and awarded a fire department scholarship.
Marshall Municipal Utilities have begun the next steps in the interview process in the hiring of the next General Manager.
- Labat Library Board update their response and daily actions regarding the COVID-19 Pandemic and are starting to review the 2021 budget.
- Lozinski City Hall Committee met and discussed the demolition action items in the agenda.

Councilmember Individual Items

Councilmember Schafer commented that he has been acting as a liaison to Avera's Incident Command Group.

Councilmember Meister discussed the importance of using a mask during the COVID-19 pandemic.

Councilmember Labat requested the status of the Freedom Park bathroom and asked for an update on the MAHA Contract.

Mayor Byrnes commented that the City of Marshall has received support from the League of Minnesota Cities in its continued efforts during COVID-19.

City Administrator

City Administrator, Sharon Hanson commented on the support of wearing masks and the current status of testing.

Director of Public Works

Director of Public works/ City Engineer, Jason Anderson provided an update on construction projects.

City Attorney

City Attorney Dennis Simpson provided an updated on the sale of lots in the Parkway II addition, work on the Legion Field Plat and is reviewing an agreement with MMU for the management of a windfarm.

Administrative Brief

2. There were no questions regarding the administrative brief.

Information Only

There were no questions regarding the information items.

Upcoming Meetings

There were no questions on the upcoming meetings.

At 7:15 PM, Motion made by Councilmember Lozinski, Seconded by Councilmember Decramer to adjourn.
Voting Yea: Mayor Byrnes, Councilmember Schafer, Councilmember Meister, Councilmember Bayerkohler,
Councilmember Decramer, Councilmember Labat, Councilmember Lozinski. The motion **Carried. 7-0**

Mayor

Attest:

City Clerk



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, May 26, 2020
Category:	APPROVAL OF MINUTES
Type:	ACTION
Subject:	Consider approval of the minutes of the Local Board of Appeal and Equalization Reconvene held on May 19, 2020.
Background Information:	Enclosed are the minutes of the Local Board of Appeal and Equalization Reconvene held on May 19, 2020.
Fiscal Impact:	None
Alternative/Variations:	Staff encourages City Council Members to provide any suggested corrections to the minutes in writing to City Clerk Kyle Box, prior to the meeting.
Recommendations:	that the minutes of the r the Local Board of Appeal and Equalization Reconvene held on May 19, 2020 be approved as filed with each member and that the reading of the same be waived.

**LOCAL BOARD OF APPEAL AND EQUALIZATION RENCONVENE MEETING
MAY 19, 2020**

Local Board of Appeal and Equalization Members Present Byrnes.

Local Board of Appeal and Equalization Members Present via zoom: Schafer, Meister, DeCramer, Labat, and Lozinski

Staff Present: David Parsons, Carolyn Runholt, Kyle Box.

Staff Present via zoom: Sharon Hanson and Mark Buysse.

Public Present: none

The 2020 City of Marshall Board of Appeal and Equalization (LBAE) was reconvened at 5:30 p.m. by Mayor Byrnes at the Marshall-Lyon County Library with a verbal roll call and confirmation of Certified LBAE members. Mayor Byrnes outlined the purpose of the meeting, which was a reconvene of the LBAE meeting of April 7, 2020 to review the Assessor recommendations. Mayor Byrnes indicated that if the owners do not agree the recommendation of the LBAE, they may appeal at the County Board of Appeal and Equalization on June 16, 2020.

27-209048-0 – Linda McGrath (401 Kathryn Avenue)

The above property owner contacted our office prior to the April 7th LBAE meeting regarding the value. At the time of our April 7th meeting the homeowner had not yet been able to send us photos of the property. Since then, the property owner has sent photos giving a clear picture of the finished areas and condition of the interior. Based off these photos, changes to the overall condition and the square footage of basement finish were applied. Prior to this year, our office has not been allowed an interior inspection since 1990.

MOTION BY MEISTER, SECONDED BY DECRAMER, to reduce the proposed 2020 Estimated Market Value from \$150,800 to \$116,800 for Parcel 27-209048-0 located at 401 Kathryn Avenue. ALL VOTED IN FAVOR OF THE MOTION.

27-289004-0 – Jordan Marron (312 6th Street South)

The above parcel was an estimate from the 2019 Quintile inspections. The homeowner contacted our office on April 8th. Carolyn Runholt reviewed photos and sketches of property with the owner and made the proper changes to the property. In addition to the property not having any basement finish, one of the main contributing factors in the larger decrease in value was due to the increase in depreciation that was applied city wide. Once the condition was changed from above normal to normal, the amount of depreciation increased substantially.

MOTION BY SCHAFFER, SECONDED BY LOZINSKI, to reduce the 2020 proposed Estimated Market Value from \$108,300 to \$83,900 for Parcel 27-289004-0 located at 312 6th Street South. ALL VOTED IN FAVOR OF THE MOTION.

27-677211-0 – Christine Bump (208 Lyon Street East)

The above parcel had been a prior estimate. In 2019 we were able to view the property during our quintile inspections. The EMV was reduced from \$116,900 to \$97,700. The homeowner contacted our office on May 12th questioning why the value had decreased. The property owner supplied our office with photos of the interior of the home. Carolyn Runholt reviewed photos and sketches of the property with the owner and with comparable properties. As known, our office works with averages

such as this, we could justify a range of value from \$97,700 to \$106,400. The property has been previously listed for sale with a sale price starting at \$106,000 down to \$94,000. It is not currently listed. Because the property owner is looking to sell her property and has the mindset that a higher EMV will increase her sale price, our office is hesitant to make any changes to avoid the DOR targeting us for sales chasing. We have analyzed an acceptable EMV to fall in a range of \$97,700 to \$106,400.

MOTION BY SCHAFFER, SECONDED BY LOZINSKI, to affirm the 2020 proposed Estimated Market Value of \$97,700 for Parcel 27-677211 located at 208 Lyon Street East. Discussion followed the motion. MOTION PASSED 5-2 WITH BAYERKOHLE AND LABAT VOTING NO.

27-794009-0 – Jonathon & Christina Kunkel (224 Whitney Street North)

The above parcel was an estimate from the 2019 Quintile inspections, the homeowner contacted our office on May 12th. Carolyn Runholt reviewed photos and sketches of property with the owner and made the proper changes to the property. The main contributing factor to the change in the value was the basement finish which was adjusted from 1,150 sq. ft. to 360 sq. ft.

MOTION BY SCHAFFER, SECONDED BY DECRAMER, to reduce the 2020 proposed Estimated Market Value from \$201,000 to \$168,300 for Parcel 27-794009-0 located at 224 Whitney Street North. ALL VOTED IN FAVOR OF THE MOTION.

27-812024-0 – Brian & Laura Pehrson (400 Southview Drive East)

The above property owner contacted our office prior to the April 7th LBAE meeting regarding the value. When reviewing the value, it was mentioned there was more basement water damage which had occurred since the last inspection. Photos were provided. Based off those photos, a reduction from \$167,100 to \$163,900 was recommended at the April 7th LBAE meeting. The owner, in attendance at that meeting, mentioned there was additional water damage which had not been revealed to our office prior. The Board requested further review. Additional photos were sent to our office and the final recommendation reflects those.

MOTION BY MEISTER, SECONDED BY SCHAFFER, to reduce the 2020 proposed Estimated Market Value from \$167,100 to \$162,200 for parcel 27-812024-0 located at 400 Southview Drive East. ALL VOTED IN FAVOR OF THE MOTION.

27-937019-0 – David & Gwen Sturrock (1142 David Drive)

The above parcel experienced basement damage from the 2019 flooding. The homeowner contacted our office on April 7th. Carolyn Runholt reviewed the photos and sketches of property with the owner and made the proper changes to the property.

MOTION BY DECRAMER, SECONDED BY SCHAFFER, to reduce the 2020 proposed Estimated Market Value from \$252,600 to \$244,000 for Parcel 27-937019-0 located at 1142 David Drive. ALL VOTED IN FAVOR OF THE MOTION.

27-598017-0 & 27-598044-0 D & K Marshall Rentals (1112 - 1126 Birch Street)

Also known as RC Square, the owner contacted our office regarding the increase in his parcel from \$1,489,000 to \$1,699,200. An increase of \$210,200 or 14%. This increase was applied to all large unit apartments. Even with the increases, we still are not within our 90% - 105% ratio criteria. The property owner was mostly concerned with the large increase in one year. I explained that we did

not have the sales data to gradually increase the values and are not allowed to make incremental increases to reach market valuations.

MOTION BY LOZINSKI, SECONDED BY DECRAMER, to affirm the 2020 proposed Estimated Market Value of \$1,699,200 for Parcel 27-598017-0 located at 1112 - 1126 Birch St. ALL VOTED IN FAVOR OF THE MOTION.

MOTION BY LOZINSKI, SECONDED BY LABAT, to affirm the 2020 proposed Estimated Market Value of \$5,900 for parcel 27-598044-0 located at 1112 Birch St. ALL VOTED IN FAVOR OF THE MOTION

27-527014-1 – Angeline Taft (203 Jewett Street#2) Taft Optical

The above property owner contacted our office prior to the April 7th LBAE meeting regarding the value of his office condominium. Being it is currently vacant; I was able to complete an interior inspection of the property. The unit was a former eye doctors office, the building was built in 1986 and has had minimal improvements. The single permit for the structure was a re-roof in 2010. The unit is shared with two other units, one being an office and the second being a chiropractor. The overall condition of the property was likely overstated at above normal and was changed as the building appears to be in normal condition for its age. I also reviewed the very few prior sales of office condos in that area and found a range of sale from \$94.84 per square foot to \$156.80 per square foot. Of the three comparable sales the median sale price was \$114.23 with the average sale price per square foot being \$121.95. The median sale was given the most consideration as it was a condominium office also. After lowering the condition, the price per square foot for Unit #2 is \$115.53. This property has also been listed for sale for some time and is currently listed for \$185,000. The proposed change will place the value close to the asking price. However, in this case we will be recommending that we change the valuation for all three units in the condominium to maintain equalization. Further sales analysis has also warranted the adjustments and personal interviews with potential buyers have occurred. It is likely that we will be seeing market changes regarding office trends in the future.

MOTION BY SCHAFFER, SECONDED BY LOZINSKI, to reduce the 2020 proposed Estimated Market Value from \$193,600 to \$184,400 for Parcel 27-527014-1 located at 203 Jewett #2. ALL VOTED IN FAVOR OF THE MOTION.

MOTION BY MEISTER, SECONDED BY SCHAFFER, to reduce the 2020 proposed Estimated Market Value from \$203,800 to \$194,600 for parcel 27-527014-0 located at 203 Jewett St. ALL VOTED IN FAVOR OF THE MOTION.

MOTION BY SCHAFFER, SECONDED BY DECRAMER, to reduce the 2020 proposed Estimated Market Value from \$204,300 to \$195,100 for parcel 27-527014-2 located at 203 Jewett #3. ALL VOTED IN FAVOR OF THE MOTION.

27-677141-0 and 27-677143 - Scott Hiller
27-677142-0 - Marshall Area YMCA

The above parcel(s) consist of one building that spreads over three parcels. Parcels are as follow:

1. 27-677141-0 (John Scott Hiller Trust) consists of 9 office/retail rental shops along West Lyon St and North 3rd Street, second and third floors consist of 14 apartment units, 6 efficiency units, 7 -1 bedroom units and 1- 2 bedroom unit, and 5,376 sq. ft. of the 6-screen movie theatre.

2. 27-677142-0 (Marshall Area YMCA) consists of 5,600 sq. ft. of the theater. Also, in the rear of the property is a three-car garage.
3. 27-677143-0 (John Scott Hiller Trust) consists of a 1996 addition of 3,308 sq. ft. It is also part of the 6-screen movie theatre.

An exterior inspection of the property was performed on May 11, 2020. The main part of the building, including the apartments, consist of a brick exterior, standard exterior doors on office/retail businesses. Apartment windows have a metal clad exterior, screens are in poor condition. The condition of the roof is unknown, permit in 2010 for re-roof of the theatre section of the roof. Overall the exterior appears in "average/normal" condition for its age. The "middle parcel" of the theatre has had minimal updates and the 1996 addition on parcel 27-677143-0 appears to be in "average/normal" condition for its age. All three parcels were adjusted downward through making changes to the overall condition. Information from the Building Inspection Department was also used in determining that the apartments are likely in normal condition on the exterior and below normal on the interior. No interior inspection was made, and no information was supplied by the property owner.

With the theatre providing the most value of the building, we currently are valuing all three parcels as one building as the theatre is spread out over all three parcels. The value was extracted on the theatre portion; and, after adjustments, the value of just the theater and the land is \$856,159.

I researched sales of similar Cinema Theatres across Minnesota and the rest of the nation. I was able to find 6 listings and 1 sale of non-leased fee simple properties with downtown similarities. These ranged from \$72,570 to \$715,000. In most of the research I found, the listings were all advertised by "per screen", of these 7 comparables the screen number ranged from one screen to four. The range, median, and mean respectively for price per screen were \$72,570 - \$357,500, \$199,500 and \$196,111. The square footage of the theatres ranged from 3,202 to 15,162 with a median price per square foot of \$58.18.

The single sale in Minnesota that I could find was in Kasson, MN. This was a 4,400 sq. ft. single screen downtown building that sold for \$150,000 with \$77,430 listed for personal property, for an adjusted sale price of \$72,570, or \$72,570 per screen or \$16.49 per square foot. This is a private theatre, with no leasehold, and the lowest outlier of the comparable set. While data is very limited and hard to find for cinema theaters, and the above-mentioned comps would likely not be upheld in court, it does provide a range of values. The proposed value for the theatre portion of the building seems appropriate at \$56.82 per square foot (15,068 sq. ft.) or \$142,000 per screen.

The remaining portion of non-theatre is being valued consistently with the rest of the downtown properties.

MOTION BY DECRAMER, SECONDED BY MEISTER, to reduce the 2020 proposed Estimated Market Value from \$645,200 to \$586,600 for Parcel 27-677141-0 located at 230 Lyon Street West. Discussion followed. Assessor Parsons explained the situation with the three parcels and the involvement with the YMCA. ALL VOTED IN FAVOR OF THE MOTION.

MOTION BY MEISTER, SECONDED BY SHAFER, to reduce the 2020 proposed Estimated Market Value from \$309,900 to \$254,500 for Parcel 27-677142-0 located at 230 Lyon Street West. ALL VOTED IN FAVOR OF THE MOTION.

MOTION BY DECRAMER, SECONDED BY LOZINSKI, to reduce the 2020 proposed Estimated Market Value from \$274,000 to \$256,500 for Parcel 27-677143-0 located at 204 Lyon Street West. ALL VOTED IN FAVOR OF THE MOTION.

27-420005-0 – Paul & Joanne Stoneberg (Vacant lot on Susan Drive)

The above property is a vacant commercial lot consisting of 8.45 acres that is currently being farmed. The property is consistently valued with neighboring commercial property. However, when reviewing the property some deficiencies were discovered that are not consistent with neighboring parcels.

1. There is approximately 1.9472 acres that are low lying areas with standing water and marshy soil. These acres are not deemed wetlands by the DNR, but for assessing purposes will be addressed as if they were, and no value was applied to these acres. If developed, the area would most likely be used as a holding pond which also carries no value. The cost to mitigate would exceed the maximally feasible usage.
2. The remaining acres suffer inadequacy's in topography compared to neighboring vacant lots and obsolescence was applied.
3. There are deed restrictions on this property. In conversations with commercial fee appraisers, the difficulty in valuing the reduction of value due to the deed restrictions was discussed. Until 2007 this parcel was receiving a 10% discount due to the deed restrictions. After further investigation, I feel it warranted to re-apply the 10% deduction to the parcel due to the deed restrictions.

MOTION BY SCHAFFER, SECONDED BY DECRAMER, to reduce the 2020 proposed Estimated Market Value from \$655,600 to \$488,000 for Parcel 27-420005-0 located on Susan Drive. MOTION PASSED 6-1, WITH LABAT VOTING NO.

MOTION BY SCHAFFER, SECONDED BY MEISTER, TO ADJOURN THE 2020 LOCAL BOARD OF APPEAL AND EQUALIZATION AT 6:05 P.M. ALL VOTED IN FAVOR OF THE MOTION.

Mayor

Attest:

City Assessor



**CITY OF MARSHALL
AGENDA ITEM REPORT**

Meeting Date:	Tuesday, May 26, 2020
Category:	AWARD OF BIDS
Type:	ACTION
Subject:	Project Z76: South 1 st Street Reconstruction Project -- 1) Resolution Declaring Official Intent Regarding The Reimbursement Of Expenditures With The Proceeds Of Tax-Exempt Bonds; 2) Resolution Accepting Bid (Awarding Contract).
Background Information:	<p>This project consists of: reconstruction and utility replacement on South 1st Street generally between Southview Drive and George Street. Water, sanitary sewer, and storm sewer catch basins will be replaced along South 1st Street in this area. Sidewalk is proposed to be installed along the west side of South 1st Street from Southview Drive to a point approximately 215 ft. north of George Street. In addition to the utility replacement and street reconstruction on South 1st Street, sanitary sewer force main improvements are proposed at the intersection of South 1st Street and DeSchepper Street.</p> <p>On May 22, 2020, bids were received for the above-referenced project. Two bids were received as shown on the attached Resolution Accepting Bid. The low bid was from Duininck, Inc. of Prinsburg, Minnesota, in the amount of \$617,136.55. The engineer’s estimate was approximately \$643,400.00.</p>
Fiscal Impact:	<p>The above-referenced project, or a portion thereof, may be financed by the sale of bonds with repayment coming from assessments and Debt Service Fund Levy. It is required that action be authorized by City Council via Resolution Declaring Official Intent Regarding the Reimbursement of Expenditures with the Proceeds of Tax-Exempt Bonds.</p> <p>Attached is the “Resolution Accepting Bid” awarding the contract to Duininck, Inc. of Prinsburg, Minnesota, in the amount of \$617,136.55.</p> <p>The estimated total project cost including 5% allowance for contingencies and 16% for engineering and administrative costs is \$751,672.32.</p> <p>All improvements will be assessed according to the current Special Assessment Policy, including but not limited to participation from Marshall Municipal Utilities, Wastewater Department, Surface Water Management Utility Fund and Ad Valorem participation. Final approval of the project must include determination of funding sources.</p> <p>The financing and cost participation will be forthcoming and addressed at the time of the Resolution Declaring Cost to be Assessed.</p>
Alternative/ Variations:	No alternative actions recommended.

Recommendations:	<p>Recommendation No. 1 that the Council adopt RESOLUTION NUMBER XXXX, which provides for Resolution Declaring Official Intent Regarding the Reimbursement of Expenditures with the Proceeds of Tax-Exempt Bonds for Project Z76: South 1st Street Reconstruction Project.</p> <p>Recommendation No. 2 that the Council adopt RESOLUTION NUMBER XXXX, which provides for the Resolution Accepting Bid (Awarding Contract) and authorizing entering into an agreement with Duinick, Inc. of Prinsburg, Minnesota, in the amount of \$617,136.55 for Project Z76: South 1st Street Reconstruction Project.</p>
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RESOLUTION NUMBER _____, SECOND SERIES

**DECLARATION OF OFFICIAL INTENT
REGARDING THE REIMBURSEMENT OF EXPENDITURES
WITH THE PROCEEDS OF TAX-EXEMPT BONDS**

WHEREAS, under regulations adopted by the Secretary of the Treasury of the United States of America, the City of Marshall, Minnesota (the "City") is required to make a declaration of its official intent prior to making a capital expenditure, if it intends to be reimbursed for such capital expenditure at a future date from the proceeds of a tax-exempt bond; and

WHEREAS, the City intends to make capital expenditures with respect to the project described below and also intends to reimburse the fund or account described below from which the capital expenditure will be initially paid from the proceeds of an issue of tax-exempt bonds issued at a future date.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City as follows:

1. A general functional description of the project for which the expenditures to be reimbursed are paid is set forth below:

PROJECT Z76: SOUTH 1ST STREET RECONSTRUCTION PROJECT -
This project consists of: reconstruction and utility replacement on South 1st Street generally between Southview Drive and George Street. Water, sanitary sewer, and storm sewer catch basins will be replaced along South 1st Street in this area. Sidewalk is proposed to be installed along the west side of South 1st Street from Southview Drive to a point approximately 215 ft. north of George Street. In addition to the utility replacement and street reconstruction on South 1st Street, sanitary sewer force main improvements are proposed at the intersection of South 1st Street and DeSchepper Street.

The principal amount of debt expected to be issued for the project referred to above will not exceed \$775,000.

2. The fund or account from which the expenditures to be reimbursed are to be paid and the general functional purpose of the fund or account is set forth below:

Capital Improvements Projects Fund

3. The City reasonably expects to reimburse the expenditures referred to above with the proceeds of tax-exempt bonds.
4. This statement of the official intent of the City is a declaration of official intent under the regulations adopted by the Secretary of the Treasury of the United States of America.

Passed and adopted by the City Council this 26th day of May, 2020.

ATTEST:

City Clerk

Mayor

This Instrument Drafted By: Jason R. Anderson, P.E.; Director of Public Works/City Engineer

**RESOLUTION NUMBER _____, SECOND SERIES
RESOLUTION ACCEPTING BID (AWARD CONTRACT)**

WHEREAS, pursuant to an advertisement for bids for the following project:

PROJECT Z76: SOUTH 1ST STREET RECONSTRUCTION PROJECT - This project consists of: reconstruction and utility replacement on South 1st Street generally between Southview Drive and George Street. Water, sanitary sewer, and storm sewer catch basins will be replaced along South 1st Street in this area. Sidewalk is proposed to be installed along the west side of South 1st Street from Southview Drive to a point approximately 215 ft. north of George Street. In addition to the utility replacement and street reconstruction on South 1st Street, sanitary sewer force main improvements are proposed at the intersection of South 1st Street and DeSchepper Street.

bids were received, opened and tabulated according to law, and the following bids were received complying with the advertisement:

Bidder	Bid Amount
Duininck, Inc. Prinsburg, MN	\$617,136.55
D&G Excavating, Inc. Marshall, MN	\$622,285.80

AND WHEREAS, Duininck, Inc. of Prinsburg, Minnesota, is the lowest responsible bidder.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MARSHALL, MINNESOTA:

1. The Mayor and City Clerk are hereby authorized and directed to enter into a contract with Duininck, Inc. of Prinsburg, Minnesota, in the amount of \$617,136.55, in the name of the City of Marshall for the above referenced project, according to the plans and specifications therefore approved by the City Council and on file in the office of the City Clerk.

Passed and adopted by the City Council this 26th day of May, 2020.

ATTEST:

City Clerk

Mayor

This Instrument Drafted By: Jason R. Anderson, P.E.; Director of Public Works/City Engineer



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, May 26, 2020
Category:	CONSENT AGENDA
Type:	ACTION
Subject:	Consider authorization to declare vehicles as surplus property for the Marshall Police Department.
Background Information:	These vehicles have been abandoned or seized by the Marshall Police Department and have gone through the notification processes and required periods for disposal.
Fiscal Impact:	These vehicles will be auctioned on-line at the state site or will be taken to Alters for disposal.
Alternative/ Variations:	
Recommendations:	That the vehicles be declared as surplus property by the City of Marshall.

20-2847	97 Buick Park Ave	797 JEY	1G4CW52K3V4646880	Forfeiture (Co. Atty)/Abandoned
20-3910	99 Infiniti QX4	094 LPM	JNRAR05Y3XW043781	Forfeiture (City Atty)
19-20480	05 Mazda 3	ATM 409	JM1BK323151222835	Forfeiture (City Atty)
19-15191	03 Dodge Caravan	827 WAT	1D4GP24333B259555	Forfeiture (City Atty)
19-11005	89 Gran Marquis	BXZ 033	2MEBM75F5KX676269	Forfeiture (City Atty)
19-1482	02 Jeep Grand Cherokee	332 MWC	1J4GW58S82C327497	Forfeiture (County Atty)

Meeting Date:	Tuesday, May 26, 2020
Category:	CONSENT AGENDA
Type:	ACTION
Subject:	Set Public Hearing Date for MS4 Permit Program Summary of the 2019 Activities.
Background Information:	<p>As per the requirements of the federally mandated MS4 Permit Program, a public hearing must be held regarding the program. The public hearing will include a review of the City's MS4 program and a summary of the 2019 activities. The meeting will include an open forum for answering questions from the general public.</p> <p>Topics addressed by the MS4 program include the following:</p> <ul style="list-style-type: none"> - Storm Water Pollution Prevention Program - Public Education and Outreach on Storm Water Impacts - Public Participation/Involvement - Illicit Discharge Detection and Elimination - Construction Site Storm Water Runoff Control - Post Construction Storm Water Management for New Development & Redevelopment - Pollution Prevention/Good Housekeeping For Municipal Operations
Fiscal Impact:	None.
Alternative/Variations:	No alternative actions recommended.
Recommendations:	that City Council schedule a public hearing for Tuesday, June 16, 2020 regarding the MS4 Permit Program and a Summary of the 2019 Activities.

Meeting Date:	Tuesday, May 26, 2020
Category:	CONSENT AGENDA
Type:	ACTION
Subject:	Consider the request of the Marshall Downtown Business Association for Crazy Days (Thursday-July 16, 2020).
Background Information:	<p>Attached is a request from the Marshall Downtown Business Association requesting the closing of the following streets on Thursday, July 16, 2020 from 6:00 a.m. to 7:00 p.m. for the Annual Crazy Days activities:</p> <ul style="list-style-type: none"> - Main Street from College Drive (intersection of T.H. 19 & T.H. 59) northwest to North 6th Street - North 3rd Street from Main Street to Lyon Street - 4th Street from the alley south of Main Street (behind Bot Appliance) to the alley north of Main Street (behind Wells Fargo) - 5th Street to the alleys south and north of Main Street. <p>If the request is approved by Council, the request will then be submitted to Mn/DOT for their approval and implementation of the detour route. This request has presented no significant public safety problems in the past, and it is not expected to be a problem this year either. The Street Department is responsible for the appropriate barricades and signage. If the request is approved, area public safety agencies will be advised of the event so that they are aware of the road blockage/detour.</p>
Fiscal Impact:	Staff time only.
Alternative/ Variations:	No alternative actions recommended.
Recommendations:	that the Council approve the request of the Marshall Downtown Business Association for street closure for Crazy Days on Thursday, July 16, 2020, contingent on Mn/DOT approval of the permit.



APPLICATION FOR PERMIT FOR PRIVATE USE OF PUBLIC STREETS (RIGHTS-OF-WAY) AND PARKING LOTS

Applicant Name: Marshall Downtown Business Association

Applicant Address: 118 W College Dr

Contact Person: Erin Reveling Phone/Cell#: 507-532-4484

Address of Request: Attached Map

Reason for Request: Crazy Days

Start Date of Request: July 16, 2020 Start Time: 6:00 am/pm

End Date of Request: July 16, 2020 End Time: 7:00 am/pm

Brief Description of Area Requested for Private Use/Closure (attach map):

Does the request involve Mn/DOT Right-of-Way? Yes No

The Applicant agrees to assume entire responsibility and liability for all damages or injury to all persons, whether employees or otherwise and to all property, arising out of, resulting from or in any manner connected with the operation of the event.

The Applicant agrees to indemnify the City, its agents and employees from all such claims including, without limiting the generality of the foregoing claims for which the City may be or may be claimed to be liable, and legal fees and disbursements paid or incurred to enforce the provisions this paragraph.

The Applicant will be responsible for any damage done to the public property as a result of the event activities, damages payable upon receipt of invoice.

It is the responsibility of the Applicant to install and maintain the appropriate traffic control devices during the closure period. Traffic control devices shall be in conformance with the Minnesota Manual on Uniform Traffic Control Devices, MUTCD.

- If the event or private use area occurs within Mn/DOT right-of-way:
1. Participants and event officials will obey all Minnesota Laws pertaining to the use of Highway Rights of Way.
2. The event officials will notify the Minnesota State Patrol of the proposed event and will provide law enforcement officers to control and/or detour trunk highway traffic affected by the event.

Date May 6, 2020

Signature of Applicant Erin Reveling

Meeting Date:	Tuesday, May 26, 2020
Category:	CONSENT AGENDA
Type:	ACTION
Subject:	Consider Request of Southwest Minnesota State University for Homecoming Parade (Saturday-October 10, 2020).
Background Information:	<p>Attached is a request from Southwest Minnesota State University requesting street closure for the Homecoming Day Parade on Saturday, October 10, 2020. Line-up would begin at 10:00 a.m., with the parade start at 11:00 a.m. and ending at approximately 12:30 p.m. Line-up would begin at Jewett Street and East Lyon Street to Bruce Street and beginning there, proceeding to East Main Street (T.H. 59) northwest to downtown Marshall and ending at 5th and 6th Streets.</p> <p>If the request is approved by Council, the request will then be submitted to Mn/DOT for their approval and implementation of the detour route. This request has presented no significant public safety problems in the past, and it is not expected to be a problem this year either. The Street Department is responsible for the appropriate barricades and signage. If the request is approved, area public safety agencies will be advised of the event so that they are aware of the road blockage/detour.</p>
Fiscal Impact:	There will be costs involved for overtime for personnel for set-up and take-down of the detours, barricades, traffic control and street sweeping. Staff is proceeding with plans not to charge fees for this event based on past practice. Costs for operations attributed to the parade only are estimated at less than \$5,000.
Alternative/Variations:	No alternative actions recommended.
Recommendations:	that the Council approves the SMSU Homecoming Day Parade on Saturday, October 10, 2020, subject to Mn/DOT approval of the permit.

April 14, 2020

Jason Anderson
Director of Public Works
City of Marshall
344 W. Main St.
Marshall, MN 56258

Dear Jason,

As the Southwest Minnesota State University Homecoming Parade Coordinator, I hereby request permission to hold our Homecoming Day Parade on Saturday, October 10, 2020, along the traditional route. Line-up would begin at Jewett Street and East Lyon Street to Bruce Street, the start of the parade. It would proceed to East Main Street (TH59) in a Northwestern path to downtown Marshall and ending at 5th and 6th Streets. Line-up would begin at 10:00am and the Parade Start at 11:00am, with an estimated 12:30pm end time if an exceptionally large parade, sooner if normal in size.

In the past, it has been requested that we secure your permission as well as working with City and County Law Enforcement to temporarily close TH59 and TH68 through the parade route and to coordinate that with MNDOT. Consider this a request for such. I am attaching the Marshall City map indicating the proposed route for your consideration.

As you might guess, we have a several people to contact and press deadlines to meet, in preparing for the Homecoming Day Parade and activities. Please respond at your earliest convenience, so we may proceed, or plan other options.

Sincerely,



Scott Ewing
Assistant Director, Student Activities

cc. Jim Marshall, Marshall Director of Public Safety
Eric Wallen, Lyon County Sheriff

Telephone (507) 537-7678 • FAX (507) 537-7154
1501 State Street, Marshall MN 56258-1598 • www.SMSU.edu



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, May 26, 2020
Category:	CONSENT AGENDA
Type:	ACTION
Subject:	1997 SMART Trailer donation from the City of Eden Prairie
Background Information:	<p>The Eden Prairie Police Department has offered to donate a SMART Trailer (speed trailer) to the fiscal agent of the Toward Zero Death Program (TZD). This donation would be made to the City of Marshall who would become the owners of the speed trailer. The trailer would be utilized by the Marshall Police Department or other TZD participants in speed enforcement efforts.</p> <p>This SMART trailer is slightly larger than our current speed trailer and would be better utilized and visual on Hwy 23 bypass/ Hwy 19 & 59.</p>
Fiscal Impact:	None
Alternative/ Variations:	
Recommendations:	Approve donation of the SMART Trailer

**CITY OF MARSHALL
AGENDA ITEM REPORT**

Meeting Date:	Tuesday, May 26, 2020
Category:	CONSENT AGENDA
Type:	ACTION
Subject:	Consideration declaration of surplus items from the Marshall Fire Department.
Background Information:	<p>This past week the new self-contained breathing apparatus that was approved in October for purchase was delivered and put into service. We removed the previous SCBA from service and therefore, asking to declare it as surplus. The following list is what is being recommended to declare as surplus:</p> <ol style="list-style-type: none"> 1. Quantity 61 – 4500 psi, 30-minute, composite cylinders. 2. Quantity 63 – Drager SCBA facemasks 3. Quantity 29 – Drager SCBA back plates with sentinels.
Fiscal Impact:	
Alternative/ Variations:	
Recommendations:	Declare the property as surplus.

**CITY OF MARSHALL
AGENDA ITEM REPORT**

Meeting Date:	Tuesday, May 26, 2020
Category:	CONSENT AGENDA
Type:	ACTION
Subject:	Consider ratification of the Economic Development Authority Revolving Loan Fund.
Background Information:	<p>The Economic Development Authority approved an update to its revolving loan fund at the last month’s board meeting. This update will need to be approved by the full council. Attached is the redlined document</p> <p>Staff reviewed the current Marshall Revolving Loan Fund Policy. Staff researched and compared many revolving loan fund policies around the state. The staff is recommending two additions to section VI. Eligible Activities; C. Eligible Costs which is listed below:</p> <ul style="list-style-type: none"> A. Eligible Costs: 1. Land acquisition and improvements. Improvements to the land which are a portion of the project cost including but not limited to: grading, new streets or street improvements, parking lots, utilities and landscaping. B. Eligible Costs: 7. Investment in technology that increase productivity, provides higher wages, or increases online sales.
Fiscal Impact:	
Alternative/ Variations:	
Recommendations:	To ratify the Economic Development Authority’s action and approve the amendments the Marshall Revolving Loan Fund.

CITY OF MARSHALL
ECONOMIC DEVELOPMENT AUTHORITY
REVOLVING LOAN FUND POLICY

Introduction

Sections I through XIII of this document govern the use of Federal Economic Development Revolving Loan Funds. Section XIV of this document applies to the use of State Economic Development Revolving Loan Funds.

I. Purpose.

The purpose of these guidelines is to establish policies and procedures to regulate, coordinate and facilitate the workflow for underwriting new financing requests, servicing revolving loans, and ensuring borrower compliance with loan terms and conditions.

II. Authorization and Funding Sources.

Chapter 469 of the Minnesota State Statutes, as amended, authorizes the Economic Development Authority in and for the City of Marshall (“City of Marshall EDA” or “EDA”) to make grants or loans to prospective private businesses. The Revolving Loan Fund was capitalized through funds made available by the City of Marshall EDA and the Minnesota Department of Employment and Economic Development (“DEED”).

III. Mission.

The mission of the Revolving Loan Fund is to increase the City’s tax base, create and retain permanent private sector jobs and improve economic opportunity and living standards for the citizens of Marshall by promoting local business development and expansion, by attracting out-of-state business expansion, leveraging private sector funds and assisting the development of new technologies.

IV. Program Objective.

The objective of the Revolving Loan Fund is to fill the financing gap between project costs and private debt financing and private equity by making direct loans for certain approved activities to businesses within the Marshall city limits.

V. Equal Opportunity and Affirmative Action.

- A. Non-discrimination. No one shall be denied assistance based upon race, color, creed, religion, national origin, sex, marital status, age, familial status, or disability.
- B. All loan recipients, developers, contractors and subcontractors must agree:
 - 1. Not to discriminate in any manner against an employee or applicants because of race, color, creed, religion, sex, marital status, age, familial status, or disability.
 - 2. To post and to cause subcontractors to post in conspicuous places available to employee and applicants for employment, notices setting forth the substance of this clause.

VI. Eligible Activities

Certain projects, applicants, activities and costs are eligible for Revolving Loan Funds.

- A. Eligible applicants. Applicants may be a small business or developers who are organized as proprietorships, partnerships, limited liability companies or a corporation whose business sales are less than \$5 million annually for each of the last two years. The City of Marshall EDA may make exceptions to this rule on a case by case basis. Moreover, the successful applicant must also demonstrate proof of the following:
 1. Ownership or lease agreements of the subject property; and
 2. Property insurance; and
 3. Property taxes paid and current; and
 4. Freedom from all judgments, liens, agreements, consent decrees, stipulations for settlements, or other such actions which would prevent the applicant from participating in any program administered by the City of Marshall EDA; and
 5. Compliance with all applicable City of Marshall ordinances and plans.
- B. Eligible activities. Loan funds may be used to assist small businesses primarily by providing financial assistance for the following types of activities, including but not limited to: growth and expansion, rehabilitation, code compliance, employee recruitment and retention and facade enhancement.
- C. Eligible costs. Eligible costs may include the following:
 1. Land acquisition and improvements. Improvements to the land which are a portion of the project cost including but not limited to: grading, new streets or street improvements, parking lots, utilities and landscaping.
 2. Purchase or renovation of building. Purchase and, if necessary, renovation of an existing industrial or commercial facility is permitted.
 3. Purchase machinery or equipment. Purchase of major items of machinery and equipment independent of land and buildings. These items must be defined to have a useful life of at least five years.
 4. Building construction. Construction of a new building and/or a major addition to an existing building.
 5. Leasehold improvements. Revolving Loan Funds may be used for certain leasehold improvements provided the lease is equal to or greater than the term of the loan and the City secures a lien on the land or building and improvements.
 6. Infrastructure Improvements. In order to promote job creation/retention for low and moderate income persons and/or to prevent or eliminate slum and blight the City may apply proceeds from the Revolving Loan Fund to develop public infrastructure. Such infrastructure may include utilities, streets, walkways and/or parking facilities. The use of funds for these purposes must be appropriately documented as meeting economic development and redevelopment objectives.
 - ~~6.7. Investment in technology that increase productivity, provides higher wages, or increases online sales.~~

VII. Ineligible Activities.

Certain applicants, projects, activities, and cost are ineligible for Revolving Loan Funds.

- A. Ineligible applicants. Any applicants not meeting the eligibility requirements outlined in Section VI, subsection A shall be ineligible to receive Revolving Loan Funds.
- B. Ineligible activities. Funds may not be used for non-profit institutions, gambling organizations, lending or investment organizations, land speculation, or any use deemed illegal by federal, state, or local law or ordinance.
- C. Ineligible costs. Ineligible costs include but are not limited to: management fees, financing costs, franchise fees, debt repayment or consolidation, moving costs, refinancing, and operating costs, working capital, or inventory financing.

VIII. Loan Terms and Conditions.

The City shall make available to eligible applicants direct, deferred, or low interest loans for the purpose of encouraging economic development, downtown development, job creation and job retention to meet business needs and preservation of business districts in the City of Marshall.

- A. Loan amount. There are maximum and minimum loan amounts for eligible projects.
 - 1. Maximum loan amount. The maximum loan available from the Revolving Loan Fund for each eligible project is limited to \$300,000.00 or 40% of total project cost, whichever is less.
 - 2. Minimum loan amount. The minimum loan amount available from the Revolving Loan Fund for each eligible project is \$10,000.00.
 - 3. Infrastructure Grant. The City Council, upon recommendation from City of Marshall EDA, shall determine the extent to which fund proceeds may be expended for public infrastructure.
 - 4. The City of Marshall EDA may make exceptions to this rule on a case by case basis.
- B. Interest rate. The interest rate shall be a fixed-rate established at the time of contract closing, but shall not be less than 2.0%.
- C. Term. The term of the loan will be tied to the useful life of the assets being financed. The following general terms apply:
 - 1. Machinery/equipment. The term of the loan for machinery/equipment shall not exceed seven years.
 - 2. Land/building acquisition. The term of the loan for land/building shall not exceed 15 years.
 - 3. New construction/renovation. The term of the loan for new construction/renovation shall not exceed 15 years.
 - 4. Balance due. All balances will be due and payable if and when the loan recipient sells or otherwise transfers any or part or his/her interest in the property or fails to meet any of the guidelines established within this document before the maturity date of the loan or relocates any part or all of the business outside the City of Marshall.
- D. Job creation.
 - 1. One permanent full-time equivalent job must be created or saved within two years of the loan closing for up to each \$50,000 borrowed from the Revolving Loan Fund;

2. Businesses receiving Revolving Loan Funds must pay each employee as and for total compensation, including benefits not mandated by law that, on an annualized basis, is equal to at least 110 percent of the federal poverty level for a family of four.
- E. *Slum and Blight. Funds may be expended for economic development activities, such as commercial property rehabilitation, which funds shall aid in the elimination of slum or blight in an area as designated by the EDA. Designated areas must meet the definition of slum or blight as defined by state or local law.
 - F. Equity participation. There shall be a minimum 10 percent equity investment of total project costs required of all applicants.
 - G. Collateral requirements. All loan agreements will be secured by one or more of the following: promissory note, mortgage, or security agreement as required by the City; and
 1. The revolving fund may take a subordinate position to the primary lender on the assets financed; and
 2. Surety deposits shall be required for certain construction contracts as set forth in Minnesota Statutes 290.9705.
 - H. Letters of Commitment. Letters of commitment from all funding sources must be submitted for the application to be deemed complete.
 - I. Personal guaranty. Personal guarantees of persons with ownership interest of 20% or greater are required. Personal guarantees of persons with ownership interest between 5 percent to 19 percent may be required by the EDA but said requirement is discretionary.
 - J. Loan repayments. Repayment of the loan must begin within one month of completion of construction or taking possession of machinery and equipment purchased with loan funds. The EDA may make exceptions to this rule on a case by case basis.
 - K. Loan prepayment. Prepayments are permitted where the Borrower makes the EDA whole for any losses or costs associated with the prepayment.
 - L. Notice of award or denial. Applicants will be notified in writing not more than fourteen (14) days after final action has been taken on their Revolving Loan Fund application by the EDA.
 - M. Loan closing documents. The City will close the loan within sixty (60) days of final EDA approval of the loan application. At that time, the City will deliver to the Borrower all closing documents and a final debt service schedule. In exchange, the Borrower will deliver to the City its loan obligation which is defined as a bond, note, or other evidence of obligation issued by the Borrower to evidence its indebtedness under the loan agreement.
 - N. Post closing amendments and modifications. Requests for amendments and modifications following award, closing or disbursement of funds to the underwriting of the original request require EDA approval and shall be presented at the next scheduled meeting of the Board ("Board").
 - O. Loan declination. The EDA will not make a loan if it determines that the loan amount would place an undue burden on the financial resources of the Borrower or the Borrower cannot demonstrate adequate financial capacity to repay the loan or the EDA otherwise determines that making the loan is not in the best interest of the City.
 - P. Appeal. There will be a complaint and appeal procedure for aggrieved applicants if loan application is denied:

1. Written notice. Applicants will receive written notice of the denial of the loan and the reason(s) for the denial determination within fourteen (14) days of the determination.
2. Petition. The aggrieved applicant may petition the EDA in writing for reconsideration within fourteen (14) days from the date of the written notice of denial. Any request to appear before the Board must be in writing and must be submitted at least seven (7) days prior to the Board's scheduled meeting. Upon receipt of the written petition for reconsideration, the EDA shall consider the petition at its next scheduled meeting and advise the petitioner in writing of its decision within fourteen (14) days of that meeting. The Board's decision will be final.
3. Re-application. Applicants aggrieved by the Board's final decision may re-apply for Revolving Loan Funds after ninety (90) days of the final decision if the concerns in the preceding application are adequately and appropriately addressed.

IX. Administration.

- A. Loan application review process and loan review committee.
 1. The EDA Director serves as the loan officer. The Director will gather preliminary details from the interested business or individual including background materials necessary for a full loan application review.
 2. When satisfied to present the application to the EDA Loan Committee, the EDA Director will contact the EDA Board Chairman for approval to call an EDA Loan Committee meeting. (The Chairman may call an EDA Loan Committee meeting or may call for a full EDA Board meeting to evaluate the merits of the loan request).
 3. The EDA Loan Committee meeting will be set in a timely manner and the EDA Director will present the application.
 4. The EDA Loan Committee shall include two EDA members as appointed by the Chairman of the EDA Board. The EDA Board has designated the Marshall Industries Foundation (M.I.F.) Board to appoint the remaining EDA Loan Committee appointments as well as the Chairman of the Committee.
 5. The EDA Loan Committee reviews and makes a full recommendation to the EDA Board. The EDA Loan Committee can request more information as part of their review including, but not limited to, a presentation by the applicant or request for additional information. The EDA Loan Committee may approve expenditures for additional consulting fees as they determine necessary such as attorney fees or financial analysis up to \$1,000.00. Any fees above \$1,000.00 shall require the approval of the EDA Board.
 6. The Loan Committee provides a recommendation to the EDA Board for final authorization. The EDA Board loan consideration shall generally occur during regular meetings. However, if necessary the EDA Board Chairman may call a special EDA Board meeting for loan consideration. No loan shall be made prior to EDA authorization.
- B. Conflict of Interest. All city officials and employees shall comply with the applicable conflict of interest regulations set forth in the City Code.

- C. Staff responsibility. Economic development staff shall have the general responsibility for coordinating the application process, reviewing loan application, preparing applications and recommendations for review by the EDA, and coordinating the loan approval and service process as set forth in Subsections D – G of this section.
- D. Pre-application process. All parties seeking Revolving Loan Funds must file a pre-application. Pre-application forms may be obtained from the Economic Development Department.
1. There will be a pre-application form that must be completed and submitted to the Economic Development Department for review and approval.
 2. The pre-application form will request information regarding the applicant, project scope, and project costs.
 3. Upon Economic Development Department approval, the applicant will be forwarded a Revolving Loan Fund application.
 4. Pre-application forms may be submitted on an open basis throughout the year.
- E. Application process. All parties seeking Revolving Loan Funds must file an application. Application forms may be obtained from the Economic Development Authority.
1. Components of application. Only completed applications will be reviewed for consideration by economic development staff. A completed application is one that satisfies the checklist provided below:
 - a. Business plan describing the scope of the project, including site plans, building plans, renderings, or blueprints;
 - b. Project budget;
 - c. Private financing commitment;
 - d. Equity investment commitment;
 - e. Proposed security;
 - f. Company financial statements (most recent 3 years);
 - g. Personal financial statements (most recent 2 years);
 - h. Credit check release;
 - i. Mortgage or lease of property to be improved;
 - j. Proof of insurance of property to be improved;
 - k. Number of jobs to be created or retained;
 - l. Wage information;
 - m. Amount of loan request; and
 - n. Other documentation as requested.
 2. Incomplete applications. Economic development staff, in its sole discretion, will determine if the application is complete and actionable. Incomplete applications will be assigned pending status and the applicant will be informed in writing of the missing documentation.
 3. Transmittal. Applications transmitted by oral, telegraphic, facsimile, or e-mail will not be accepted.
 4. Determination of eligibility. Applicant eligibility will be determined by economic development staff using criteria enumerated in subsection D (1) of this section.
 5. Site inspection. As part of the eligibility determination process, the city will inspect the property or building designated for improvements for compliance with the city administrative ordinances and zoning codes.

6. Credit check. A credit check for the company and each of its principal owners shall be conducted by economic development staff.
- F. Final loan approval process. Economic development staff will prepare loan applications and make recommendations to the EDA.
1. EDA agenda. Upon determining the eligibility of the completed application and reviewing for credit worthiness and soundness of plan, economic development staff will place the loan application on the agenda for the EDA's next scheduled meeting.
 2. Criteria. The EDA will base their decision on the economic benefit to the City of Marshall, credit underwriting typical to the lending community including the borrower's ability to repay the loan and the collateral offered to secure the loan, the number of jobs to be created or retained, wage rates of jobs created or retained and increase in the local tax base.
 3. EDA action. Upon placement on the agenda, the EDA shall approve, deny, or table for consideration at a future meeting the loan application request.
 4. Notification of EDA action. The applicant shall be notified in writing within fourteen (14) days of the EDA's decision in accordance with the requirements set forth in Section VIII, Subsection M of these guidelines.
 5. Approval. If approved, the applicant will be sent a written commitment letter that will outline the terms and conditions of the loan approval. A copy of the commitment letter will be signed by the Borrowers and Guarantors signifying acceptance of the terms and conditions of the loan proposal and the conditions for funding. Upon the return of the executed commitment letter, community development staff will begin the loan closing process with the City Attorney.
 6. Closing. The City Attorney will prepare documentation and coordinate the closing with the Borrower or the Borrower's counsel.
- G. Loan servicing. Economic development staff will coordinate loan servicing activities.
1. Monitoring. Economic development staff will monitor loans for compliance with the accepted terms and conditions including job creation statistics and wage and benefit levels.
 2. Reports. Economic development staff and finance staff are responsible for ensuring that all required reports are filed in a timely manner.
 3. Records. Computer files and conventional paper files will be maintained for the purpose of documenting, tracking, and monitoring program and project activities. Program records will be maintained primarily by the Economic Development Authority and financial records will be maintained primarily by the Finance Officer. Where applicable, the following records will be maintained:
 - a. Program records. The following program information will be maintained in the program project file, including but not limited to:
 - i. Environmental report;
 - ii. Eligibility determination records as set forth in Section IX, Subsection E (1) (a-n);
 - iii. Property inspection report;
 - iv. Progress reports;
 - v. EDA Resolutions;
 - vi. Correspondence;

- vii. Loan documents; and
- viii. Executed loan agreement.
- b. Financial records. The following financial information will be maintained in the financial project file, including but not limited to:
 - i. Copy of the executed loan agreement;
 - ii. Disbursement data;
 - iii. Progress reports;
 - iv. Repayment data; and
 - v. Amortization tables.
- 4. Record retention. All program and financial records, supporting documents, statistical records, environmental review records and other records pertinent to the revolving loan program shall be maintained for a period of at least three (3) years from the final project report and project closeout date.

X. Delinquency.

There shall be a notification procedure for delinquent loans.

- A. Economic Development Director will review the loan agreements.
- B. Finance Officer will notify the Economic Development Director when a payment is received.
 - 1. 14 day grace period applies with no late fee.
 - 2. 5 days past due, a reminder letter will be sent (Attachment #1). Notify City Administrator when the Reminder Notice Letter is sent. The City Administrator may make a call.
 - 3. 12 days past due, the City Administrator shall make a phone call and shall serve a letter documenting the call.
 - 4. 15 days past due, this will be brought before the EDA Board at their next scheduled EDA meeting. Loans prior to 2010, the EDA Board determines if late fee is incurred. (Late Fee=Loans prior to 2010 are 15% of the Loan Payment Amount. Loans after 2010 are 5% of the Loan Payment Amount).
 - 5. If late fee is incurred, late fee invoice will be sent (Attachment #2)
 - 6. 30 days past due, the City Attorney will be notified and follow-up invoice will be sent (Attachment #3).
 - 7. After 30 days past due, ongoing review and analysis in consultation with the EDA Board and City Attorney.
- C. If payment is not received on time, a Notice Letter will be sent.
- D. EDA Staff will be tracking and invoicing the late charges.
- E. Update EDA Board with status of payments at the EDA monthly meetings.
- F. Negotiation. Throughout this process, every attempt will be made to preserve the company, the jobs and the loan funds.

XI. Default.

If the EDA determines a loan to be in default it will pass a resolution declaring the loan to be in default and shall convey the matter to the City Attorney for disposition.

XII. Funding acknowledgement.

For projects financially supported by Revolving Loan Funds the Borrower shall:

- A. Acknowledge Revolving Loan Fund support in certain written materials including company brochures, reports, newsletters, and press releases; and
- B. On the building or expansion construction site post a sign acknowledging financial support from the State of Minnesota and the City of Marshall.

XIII. Other Federal and State Requirements.

Revolving Loan Fund recipients must also comply with all applicable federal and state laws, executive orders and regulations governing:

- A. *Fair Housing and Equal Access, including:
 - 1. Title IV of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.) (24 CFR Part 1) which Act defines and prohibits discrimination based on race, color, or national origin. Its protections have been greatly expanded by subsequent legislation;
 - 2. The Fair Housing Act (42 U.S.C. 3601-3620) (24 CFR Part 100-115) was enacted to prevent discrimination in rental and homeownership housing. The Act prohibits all forms of discrimination, in public and private housing markets, that is based on race, color, sex, religion, national origin, disability, or familial status;
 - 3. Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259) (24 CFR Part 107) charges Federal agencies involved in housing programs with the responsibility of enforcing nondiscrimination laws, and empowers HUD to carry out all actions necessary to prevent discrimination in housing;
 - 4. Age Discrimination Act of 1975, as amended (42 U.S.C. 6101) (24 CFR Part 146) which prohibits discrimination based on age in programs or activities receiving Federal financial assistance;
 - 5. Section 109 of Title I of the Housing and Community Development Act of 1974 provides that no person in the US shall, on the ground of race, color, national origin, religion, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with Federal finance assistance;
 - 6. Americans with Disabilities Act prohibits discrimination and ensures equal opportunity for persons with disabilities in employment;
 - 7. Section 504 of the Rehabilitation Act of 1973 is a national law that protects qualified individuals from discrimination based on their disability; and
 - 8. Architectural Barriers Act of 1968 requires that facilities designed, built, altered, or leased with funds supplied by the United States Federal Government be accessible to the public.
- B. *Equal Opportunity, including

1. Equal Employment Opportunity, Executive Order 11246, as amended (41 CFR Part 60) provides for equal opportunity in Federal employment for all qualified persons, to prohibit discrimination in employment because of race, creed, color, or national origin, and to promote the full realization of equal employment opportunity through a positive, continuing program in each executive department and agency;
 2. Section 3 of the Housing and Urban Development Act of 1968 is intended to ensure that when employment or contracting opportunities are generated because a covered project or activity necessitates the employment of additional persons or the awarding of contracts for work, preference must be given to low- and very low-income persons or business concerns residing in the community where the project is located;
 3. Minority/Women's Business Enterprise (Executive Orders 11625, 12432, 12138) (24 CFR 85.36(e)) which provides grantee and subgrantees to take necessary affirmative steps to assure that minority firms, women's business enterprises and labor surplus area firms are used when possible.
- C. *Labor Requirements, including:
1. Davis-Bacon and Related Acts (40 CFR U.S.C. 276 (A)-7) provides prevailing wage provisions which apply to the "Related Acts" under which federal agencies assist construction projects through grants, loans, loan guarantees, and insurance. Davis-Bacon prevailing wage provisions are triggered and apply when labor costs for the project are more than \$2,000.00;
 2. Contract Work Hours and Safety Standards Act, as amended (40 CFR U.S.C. 327-333) applies to federal service contracts and federal and federally assisted construction contracts over \$100,000. It requires contractors and subcontractors on covered contracts to pay laborers and mechanic employed in the performance of the contracts one and one-half times their basic rate of pay for all hours worked over 40 in a workweek. This Act also prohibits unsanitary, hazardous, or dangerous working conditions on federal and federally financed and assisted construction projects;
 3. Copeland Anti-Kickback Act (40 U.S.C. 276c) prohibits a federal building contractor or subcontractor from inducing an employee into giving up any part of the compensation that he or she is entitled to under the terms of his or her employment contract. ; and
 4. Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201, et seq.) which introduced the forty-hour workweek, established a national minimum wage and guaranteed time-and-a-half for overtime in certain jobs.
- D. *Procurement Requirements, including the standards of 24 CFR 85.36.
- E. *Conflict of Interest. For the procurement of services and property, the following conflict-of-interest provisions apply:
1. 24 CFR 85.36 which provides for procurement standards regarding grants and cooperative agreements to State and Local Governments;
 2. 24 CFR 84.42 discusses uniform administrative requirements for grants and agreements; and
 3. Marshall City Code.

- F. *Environmental Review. The City will be responsible for undertaking environmental reviews, if required, in accordance with the Minnesota Department of Trade and Economic Development Environmental Manual. The environmental review, if required, must be complete before funds are committed.
- G. *Flood Insurance. Section 202 of the Flood Disaster Protection Act of 1973 (42 U.S.C 4106) apply which provides for prohibition against Federal approval of financial assistance and notification of purchaser or lessee of property in flood hazard area of availability of Federal disaster relief assistance in event of a flood disaster.
- H. *Displacement, Acquisition and Relocation. Section 570.606 and 24CFR part 42 apply and provides for relocation services for displaced persons under certain situations.

XIV. Guidelines for the regulation of State Economic Development Revolving Loan Funds.

- A. General. The following rules, regulations, policies, and procedures govern state economic development Revolving Loan Funds.
- B. State prevailing wage requirements of Minn. Statutes §116J.871 and §177.42 subd. 6 are triggered and apply if loan is \$500,000.00 or more or if the real estate involved in the project has a taxable value of \$200,000.00 or more.
- C. Incorporation by Reference. The dissemination, use, and regulation of state economic development Revolving Loan Funds shall be generally governed by guidelines including:
 - 1. Marshall Economic Development Authority guidelines governing the use of federal economic development Revolving Loan Funds Sections I through XIII of this document; and
 - 2. The Minnesota Investment Fund (MS.116J.8731).
 - 3. The Operating Guidelines for Revolving Loan Funds seeded by State Minnesota Investment Fund Awards (attached hereto and marked as Exhibit A.)
 - 4. The Minnesota Business Subsidy Act (M.S. 116J.993 to 116.J.995)
- D. Exceptions. The state economic development revolving loan guidelines shall be exempt from the following requirements set forth in the federal guidelines referenced in Section B (1) above:
 - 1. Section VIII, E; Slum or Blight; and
 - 2. Section XIII, A through H.

*The State Economic Development Revolving Loan guidelines shall be exempt from these federal guidelines.

CITY OF MARSHALL
ECONOMIC DEVELOPMENT AUTHORITY
PRE-APPLICATION
Information Required for Evaluating Financial Incentives

1. General information:

Business Name: _____
Address: _____
Telephone #: _____ Fax #: _____ Email: _____
Contact Person: _____
Business Form: ___ Corporation ___ Partnership ___ Sole Proprietorship

If partnership, include names and addresses of partners. If corporation, include name and address of agent in the State of Minnesota; specify state of incorporation, location of principle place of business, and list names and addresses of major stockholders or principals.

State of Incorporation or Organization: _____
Years in Business: _____

Brief description of the business (attach additional information as necessary):

2. Proposed project site:

Location: _____ Present Ownership: _____

3. Provide description of proposed project and attach supporting materials.

4. Cost Breakdown:

- a. Land Acquisition \$ _____
- b. Utilities _____
- c. Site Development _____
- d. Building Construction _____
- e. Contamination Clean-Up _____
- f. Construction contracts _____
- g. Equipment Installation & Acquisition _____
- h. Architectural & Engineering Fees _____
- i. Legal Fees _____
- j. Financing Costs _____
- k. Broker Costs _____
- l. Pending Assessments _____
- m. Estimated Assessments _____
- n. Contingencies _____
- o. Other (please specify) _____

Total \$ _____

5. Total Estimated Market Value at completion: \$ _____

6. Sources of Financing and Market Analysis: (completed cash flow analysis and proforma is required for determining need for tax increment financing. The proforma should identify the owners and each owner's equity in the project and details on project financing).

- a. Equity \$ _____
- b. Bank Loan \$ _____
- c. Tax Increment Financing \$ _____
- d. Other (please specify \$ _____

Total \$ _____

7. Form of assistance requested (check one)

- Tax Increment: Pay As You Go _____ or Bond Issuance _____
- JobZ _____
- Loan _____
- Revenue Bonds _____

8. Professional services used by applicant:

Architectural Firm/Contact: _____

Address: _____

Telephone #: _____ Fax #: _____
 Engineering Firm/Contact: _____
 Address: _____
 Telephone #: _____ Fax #: _____

General Contractor/Contact: _____
 Address: _____
 Telephone #: _____ Fax #: _____

Attorney Firm/Contact: _____
 Address: _____
 Telephone #: _____ Fax #: _____

Accounting Firm/Contact: _____
 Address: _____
 Telephone #: _____ Fax #: _____

9. Project construction schedule:

- a. Construction Start Date: _____
- b. Construction Completion Date: _____

If construction will not be completed at year end, what % of construction will be completed by year end? ___%

10. Current and projected employment and wage information: Note: Wage is hourly

Type	Existing Jobs	First Year	Second Year	Wage
Professional/Managerial	___ FT ___ PT	___ FT ___ PT	___ FT ___ PT	\$ ___ / ___
Technical/Skilled	___ FT ___ PT	___ FT ___ PT	___ FT ___ PT	\$ ___ / ___
Unskilled/Semi-skilled	___ FT ___ PT	___ FT ___ PT	___ FT ___ PT	\$ ___ / ___

Describe Benefit Package(s) for employees (ie. health care benefits, retirement, etc.)

11. Statement of necessity for the use of financial assistance. Include how the request conforms to EDA Revolving Loan Guidelines and Policy. Attach additional sheets if necessary.

12. Attach list of references.

13. Attach certified audits of the company for the past three years and personal financial statements for the last two years.

The undersigned certifies that all the foregoing information is true and accurate to the best of their knowledge.

Signature(s) of Applicant(s)

Date: _____

Notes:

- **A business subsidy agreement will be required between the City and the benefiting company. The agreement will require the repayment of benefits if employment and wage goals are not met within 2 years of the benefit date for most types of assistance.**
- **The EDA meets the 3rd Wednesday of each month. The information requested in this application must be submitted 2 weeks prior in order to be placed on the agenda for the meeting.**
- **Granting financial assistance is at the sole discretion of the EDA and City Council.**
- **Administration fees may apply once financial assistance is approved.**

Office of
CITY ADMINISTRATOR
E-mail: sharon.hanson@ci.marshall.mn.us
PHONE: (507) 537-6763
FAX: (507) 537-6830

Month Day, 2012

Company
Attn: xxxx
Address
Marshall, MN 56258

RE: REMINDER OF PAYMENT DUE

Dear xxxx:

This is a reminder of the Marshall Economic Development Authority CRIF Loan payment was due on Month Day, 2012. Our records indicate that the payment has not yet been received.

Thank you for your attention to this matter. Please call me with any questions.

Sincerely,

Sharon Hanson
City Administrator

#1

Office of
CITY ADMINISTRATOR
E-mail: sharon.hanson@ci.marshall.mn.us
PHONE: (507) 537-6763
FAX: (507) 537-6830

Month Day, 2012

Company
Attn: xxxx
Address
Marshall, MN 56258

RE: NOTICE OF PAYMENT-INVOICE

Dear xxxx:

Reference is made to a CRIF Loan under date of Month Day, Year, in the original amount of \$xxxx. You are hereby notified that your payment of \$xxxx was due on or before Month Day, 2012 has not been received. As a result of non-payment, you have incurred a late charge of Fifteen (15%) percent in the amount of \$xxxx. Therefore, the total balance due and outstanding to the City of Marshall equals \$xxxx

Thank you for your immediate attention in this matter.

Sincerely,

Sharon Hanson
City Administrator

Enclosure

#2

Office of
CITY ADMINISTRATOR
E-mail: sharon.hanson@ci.marshall.mn.us
PHONE: (507) 537-6763
FAX: (507) 537-6830

Month Day, 2010

Company
Attn: xxxx
Address
Marshall, MN 56258

RE: NOTICE OF PAYMENT-INVOICE FOLLOW-UP

Dear xxxx:

Reference is made to a CRIF Loan under date of Month Day, Year, in the original amount of \$xxxx. You are hereby notified that your payment of \$xxxx was due on or before Month Day, 2012 has not been received. As a result of non-payment, you have incurred a late charge of Fifteen (15%) percent in the amount of \$xxxx. Therefore, the total balance of \$xxxx due and outstanding to the City of Marshall equals \$xxxx.

Per the Installment Promissory Note, if any installment of principal and/or interest hereunder is not paid when due, then, in any such event, the holder thereof may, at its option, declare this Note to be immediately due and payable. As a result thereof, this Note shall be immediately due and payable, together with all unpaid interest accrued hereon, without notice or indebtedness evidenced by this Note against any indebtedness of the City to the undersigned.

Thank matter demands your immediate attention.

Sincerely,

Sharon Hanson
City Administrator
Enclosure

#3

July 2014

**OPERATING GUIDELINES FOR
REVOLVING LOAN FUNDS SEEDDED BY
STATE MINNESOTA INVESTMENT FUND AWARDS**

A local unit of government may establish a Revolving Loan Fund (RLF) with funds from a variety of sources. The guidelines outlined in this document pertain only to a RLF seeded with funds received through the repayment of a loan provided from the state-funded Minnesota Investment Fund (MIF) or Economic Recovery Fund programs administered through the Department of Employment and Economic Development or its predecessors.

The local government must follow the RLF guidelines that were submitted with the initial MIF application and approved by your DEED Senior Loan Officer. Although the guidelines provide the policies and procedures for the reuse of these funds, the RLF policies and procedures must also adhere to the same requirements that are followed by the state's Minnesota Investment Fund program. In addition to the local government's underwriting criteria, the guidelines from Minn. Stat. 116J.8731 (some of which is summarized below) and from the Minnesota Business Subsidy Law (Minn. Stat. 116J. 993 and 116J.994) must be included in the policies and procedures

General Purposes and Guidelines for RLFs Seeded by the Minnesota Investment Fund

Purpose and Goals

The purpose of the RLF is to provide financial and technical assistance for the creation and retention of new employment. These objectives may be accomplished through the following means:

1. Create/retain permanent private sector jobs to fuel above-average economic growth consistent with environmental protection;
2. Investment in technology and equipment that increase productivity and provide for higher wages;
3. Leverage of private investment to ensure economic renewal and competitiveness;
4. Increase the local tax base to guarantee a diversified industry mix;
5. Improve the quality of existing jobs, based on increases in wages or improvements in the job duties, training, or education associated with those jobs;
6. Improve employment and economic opportunities and create a reasonable standard of living; and
7. Enhance productivity growth through improved manufacturing or new technologies.

One way to meet these objectives is to assist businesses that have location options outside Minnesota. These firms bring income into the state and raise the overall standard of living.

Eligible Expenditures

The MIF-seeded funds may be used in a variety of ways include example noted below. More information is available in Minn. Stat. 116J.8731 and through conversations with your loan officer.

1. Provide loans, loan guarantees, interest buy-downs, and other forms of participation, ensuring that RLF funds are matched by private financing.
2. Fund strategic investments in renewable energy market development. Any expenditure for external marketing for renewable energy market development is not subject to the matching requirements listed above.
3. Provide entrepreneurs with training, other technical assistance, and financial assistance as defined by federal guidelines.

July 2014

Eligible Projects

Assistance must be evaluated on the existence of the following conditions as noted in Minn. Stat. 116J.8731:

1. Creation or retention of jobs, or the improvement of jobs as measured by wages, skills or knowledge;
2. Increase in the tax base;
3. Attraction of private funds to the project;
4. Incapacity of local communities and finance partners to finance project;
5. Results in higher wage levels or workforce skills;
6. Supports development of microenterprises, as defined by federal guidelines, through technical assistance or financial assistance.
7. Need for assistance to retain existing business;
8. Importance of assistance to attract out-of-state business; and
9. The project promotes or advances the green economy.

The assistance cannot meet solely 7. or 8.; other conditions must also be present.

Eligible Activities

RLF's may be used to fund a variety of business activities including:

1. Acquisition of land
2. Construction or rehabilitation of facilities
3. Site improvements
4. Utilities or infrastructure
5. Machinery and Equipment
6. Training
7. Working capital

Advance approval from DEED is necessary if the local government would like to provide financing for activities not listed above. Approval is more likely to occur in projects that relate to business development and involve other local government funds.

Ineligible Activities

In contrast to federal MIF funds, there are industry limitations on how state MIF RLFs may be used. State MIF RLFs may not be used for the operation, construction or expansion of a casino, a sport facility that that has a professional sports team as a principal tenant or any firm engaged in retailing merchandise. All assistance should follow the approved RLF guidelines. Please call your loan officer to discuss any prospective financing.

Wage Goals

Businesses receiving RLF-State MIF assistance must pay each employee total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 % of the federal poverty level for a family of four, which as of February 1, 2014 is \$12.61 per hour. Each year's compensation level changes and can be found on DEED's Business Finance MIF website.

Other Eligible Uses of the Funds

Minn. Stat. 116J.8731 allows local governments to loan or grant RLF funds to a regional development commission, other regional entities, or a certain statewide community capital funds to provide the local match required for capitalization of a regional or statewide RLF. Unlike federal MIF funds, state MIF funds held by local governments never lose their state identify and must follow all applicable laws and regulations.

July 2014

The local government must request permission from the DEED before it can commit to providing funds to any of these organizations. The local government **does not** have the authority to turn over to another entity, such as Port Authority, Economic Development Authority, Housing Authority, etc. revolving loan funds for any purpose; these entities may administer MIF transactions provided the MIF grantee still maintains control over the RLF.

Conflict of Interest

Minn. Stat. 471.87 and 471.88 provide guidance on conflict of interest in a MIF transaction. An actual conflict of interest shall be deemed to exist when a decision on a MIF transaction would compromise a duty to another party or if special advantage is deemed to occur. Potential conflict of interests should also be considered.

Business Subsidy Law

As mentioned on page 1, Minn. Stat. 116J.993 and 116J.994 must be followed in the administration of RLF-State MIF. These sections pertain to the definition of a business subsidy, public purpose of the subsidy, criteria, subsidy agreements, wage and job goals, timing of the project, public notice and hearing requirements, failure to meet goals, and reporting of information regarding the outcomes of the subsidy.

Job Listing Requirements

Per Minn. Stat. 116L.66, a business that receives grants or loans in an amount greater than \$200,000 must agree to list any vacant or new positions related to the financial assistance on the MinnesotaWorks.net job bank website.

Prevailing Wage

Per Minn. Stat. 116J.871, laborers and mechanics at the project site during construction, installation, remodeling, and repairs must be paid the state prevailing wage if the financial assistance is greater than \$500,000 for a loan. All contracts for publicly owned infrastructure using the RLF must comply with the prevailing wage provisions.

Data Privacy

The provision of any information related to any applications for assistance is guided by Minn. Stat. 13.591, particularly Subd 1 and 2.

These operating guidelines provide a summary of how to administer revolving loan funds seeded with repayments from Minnesota Investment Fund loans. Specific transactions and RLF administration should be discussed with your DEED Senior Loan Officer. Other applicable state and federal laws and rules must also be followed.



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, May 26, 2020
Category:	CONSENT AGENDA
Type:	ACTION
Subject:	Consider approval of the bills/project payments
Background Information:	Staff encourages the City Council Members to contact staff in advance of the meeting regarding these items if there are questions. Construction contract questions are encouraged to be directed to Director of Public Works Jason Anderson at 537-6051 or Finance Director Karla Drown at 537-6764
Fiscal Impact:	
Alternative/ Variations:	
Recommendations:	That the following bills and project payments be authorized for payment



Marshall, MN

Check Report

By Vendor Name

Date Range: 05/11/2020 - 05/22/2020

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP-REG AP						
4549	A & B BUSINESS, INC	05/13/2020	EFT	0.00	420.97	4402
4549	A & B BUSINESS, INC	05/15/2020	EFT	0.00	1,868.36	4408
5813	ACE HOME & HARDWARE	05/15/2020	Regular	0.00	25.56	116208
5813	ACE HOME & HARDWARE	05/22/2020	Regular	0.00	3,087.45	116247
4629	ACTION MANUFACTURING INC	05/15/2020	EFT	0.00	92.51	4409
6469	ACTIVE911, INC	05/22/2020	Regular	0.00	25.40	116249
6412	AG PLUS COOPERATIVE	05/22/2020	Regular	0.00	26.33	116250
6505	ALCORN, RILEY	05/22/2020	Regular	0.00	286.06	116251
0567	ALEX AIR APPARATUS INC	05/15/2020	EFT	0.00	1,782.05	4410
0567	ALEX AIR APPARATUS INC	05/22/2020	EFT	0.00	686.72	4446
0578	AMAZON CAPITAL SERVICES	05/15/2020	EFT	0.00	77.90	4411
0578	AMAZON CAPITAL SERVICES	05/22/2020	EFT	0.00	15.99	4447
4570	AMAZON	05/12/2020	Regular	0.00	104.28	116196
3761	AMERICAN BOTTLING CO.	05/15/2020	Regular	0.00	179.04	116209
0584	AMERICAN LEGION POST 113	05/22/2020	Regular	0.00	349.32	116252
0658	AP DESIGN	05/15/2020	EFT	0.00	285.00	4412
0658	AP DESIGN	05/22/2020	EFT	0.00	1,010.00	4448
6490	APPLEBEE'S GRILL & BAR	05/22/2020	Regular	0.00	657.75	116253
0630	ARCTIC GLACIER	05/15/2020	Regular	0.00	219.47	116210
0629	ARNOLD MOTOR SUPPLY	05/15/2020	Regular	0.00	103.83	116211
5447	ARTISAN BEER COMPANY	05/15/2020	Regular	0.00	804.25	116212
5447	ARTISAN BEER COMPANY	05/22/2020	Regular	0.00	681.70	116254
5702	B & H PHOTO & ELECTRONICS CORP	05/22/2020	EFT	0.00	139.70	4449
6491	BAHR, CLIFF	05/22/2020	Regular	0.00	19.29	116255
0688	BELLBOY CORPORATION	05/15/2020	EFT	0.00	1,998.62	4413
5612	BELLO CUCINA OF MARSHALL	05/22/2020	Regular	0.00	657.75	116256
0689	BEND RITE FABRICATION INC	05/15/2020	Regular	0.00	549.69	116213
0689	BEND RITE FABRICATION INC	05/22/2020	Regular	0.00	22.20	116257
0699	BEVERAGE WHOLESALERS	05/15/2020	Regular	0.00	40,532.93	116214
0699	BEVERAGE WHOLESALERS	05/22/2020	Regular	0.00	36,525.26	116258
0724	BOLTON & MENK INC	05/15/2020	EFT	0.00	22,006.75	4414
0018	BORDER STATES ELECTRIC SUPPLY	05/12/2020	Regular	0.00	97.92	116197
0018	BORDER STATES ELECTRIC SUPPLY	05/15/2020	Regular	0.00	75.54	116215
4457	BREAKTHRU BEVERAGE	05/15/2020	Regular	0.00	4,798.57	116216
4457	BREAKTHRU BEVERAGE	05/22/2020	Regular	0.00	12,210.37	116259
3568	BRUNSVOLD, QUENTIN	05/22/2020	EFT	0.00	282.63	4450
0815	CATTOOR OIL COMPANY INC	05/15/2020	EFT	0.00	5,552.00	4415
6349	CHAMPAGNE, TIM	05/22/2020	EFT	0.00	99.99	4451
0836	CHARTER COMMUNICATIONS	05/15/2020	EFT	0.00	110.70	4416
0875	COMPUTER MAN INC	05/15/2020	EFT	0.00	2,194.00	4417
0875	COMPUTER MAN INC	05/22/2020	EFT	0.00	69.00	4452
6374	CONNECT BUSINESS MAGAZINE	05/22/2020	EFT	0.00	480.00	4453
5545	CROW RIVER WINERY	05/22/2020	Regular	0.00	604.80	116260
0934	D & G EXCAVATING INC	05/22/2020	EFT	0.00	1,056.00	4454
3819	DACOTAH PAPER CO	05/15/2020	Regular	0.00	50.64	116217
3819	DACOTAH PAPER CO	05/22/2020	Regular	0.00	42.62	116261
0966	DELTA DENTAL OF MINNESOTA	05/22/2020	Regular	0.00	1,084.12	116262
0966	DELTA DENTAL OF MINNESOTA	05/15/2020	Bank Draft	0.00	4,498.42	DFT0000044
0966	DELTA DENTAL OF MINNESOTA	05/15/2020	Bank Draft	0.00	530.38	DFT0000045
0975	DEPUTY REGISTRAR #32	05/15/2020	Regular	0.00	38.50	116218
5731	DOLL DISTRIBUTING	05/15/2020	EFT	0.00	19,401.02	4418
5731	DOLL DISTRIBUTING	05/22/2020	EFT	0.00	14,197.02	4455
6492	D'S THAI RESTAURANT	05/22/2020	Regular	0.00	174.66	116263
6488	E & C GRAPHICS INC	05/15/2020	Regular	0.00	100.00	116219

Check Report

Date Range: 05/11/2020 - 05/22/2020

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
6493	EAGLES CLUB	05/22/2020	Regular	0.00	657.75	116264
6494	EL RANCHO	05/22/2020	Regular	0.00	349.32	116265
1090	FASTENAL COMPANY	05/15/2020	EFT	0.00	1,215.44	4419
1090	FASTENAL COMPANY	05/22/2020	EFT	0.00	292.66	4456
4656	FINANCE & COMMERCE	05/22/2020	EFT	0.00	178.90	4457
3772	FRONTIER PRECISION	05/22/2020	EFT	0.00	2,989.47	4458
4805	FURTHER	05/15/2020	Bank Draft	0.00	4,417.02	DFT0000060
4805	FURTHER	05/15/2020	Bank Draft	0.00	1,187.52	DFT0000061
4805	FURTHER	05/15/2020	Bank Draft	0.00	1,437.50	DFT0000062
4805	FURTHER	05/15/2020	Bank Draft	0.00	770.85	DFT0000063
4805	FURTHER	05/15/2020	Bank Draft	0.00	8,971.67	DFT0000066
4805	FURTHER	05/15/2020	Bank Draft	0.00	520.84	DFT0000073
6495	FUZZY'S BAR & GRILL	05/22/2020	Regular	0.00	349.32	116266
6496	GAMBLER	05/22/2020	Regular	0.00	308.22	116267
1199	GRAHAM TIRE AND AUTOMOTIVE SERVICES	05/15/2020	Regular	0.00	1,026.00	116220
1199	GRAHAM TIRE AND AUTOMOTIVE SERVICES	05/22/2020	Regular	0.00	25.00	116268
6127	GRANDVIEW VALLEY WINERY, INC	05/22/2020	Regular	0.00	900.00	116269
3760	GROWMARK INC.	05/15/2020	EFT	0.00	403.70	4420
1243	HARDWARE HANK	05/15/2020	EFT	0.00	213.72	4421
1243	HARDWARE HANK	05/22/2020	EFT	0.00	24.99	4459
1247	HARTS HEATING & REFRIGERATION INC	05/22/2020	Regular	0.00	190.50	116270
1256	HAWKINS INC	05/15/2020	Regular	0.00	5,471.32	116221
6483	HEARTLAND SECURITY	05/12/2020	Regular	0.00	1,580.27	116198
5825	HEFTY SEED CO	05/15/2020	Regular	0.00	424.93	116222
1271	HENLE PRINTING COMPANY	05/15/2020	EFT	0.00	581.76	4422
6497	HITCHING POST EATERY & SALOON	05/22/2020	Regular	0.00	657.75	116271
4533	HUNAN LION	05/22/2020	Regular	0.00	174.66	116272
6238	HYDRO OPERATING LLC	05/15/2020	Regular	0.00	284.39	116223
1311	HYVEE FOOD STORES INC	05/22/2020	Regular	0.00	174.66	116273
1322	ICC	05/15/2020	Regular	0.00	381.00	116224
1325	ICMA RETIREMENT TRUST #300877	05/22/2020	Regular	0.00	300.00	116274
1326	ICOM AMERICA, INC.	05/22/2020	Regular	0.00	2,309.00	116275
4552	INGRAM LIBRARY SERVICES	05/12/2020	Regular	0.00	2,637.94	116199
1358	INTERNAL REVENUE SERVICE	05/15/2020	Bank Draft	0.00	24,862.18	DFT0000069
1358	INTERNAL REVENUE SERVICE	05/15/2020	Bank Draft	0.00	22,024.35	DFT0000070
1358	INTERNAL REVENUE SERVICE	05/15/2020	Bank Draft	0.00	7,395.64	DFT0000071
1399	JOHNSON BROTHERS LIQUOR COMPANY	05/15/2020	Regular	0.00	21,306.76	116225
1399	JOHNSON BROTHERS LIQUOR COMPANY	05/22/2020	Regular	0.00	15,281.27	116276
4140	KRUSE FORD-LINCOLN-MERCURY, INC	05/15/2020	Regular	0.00	252.47	116227
5138	L & A SYSTEMS, LLC	05/15/2020	EFT	0.00	80.00	4423
1483	LEAGUE OF MINNESOTA CITIES INS TRUST	05/15/2020	Regular	0.00	297.90	116228
1506	LOCATORS & SUPPLIES INC	05/15/2020	EFT	0.00	392.63	4424
1507	LOCHER BROTHERS INC	05/22/2020	EFT	0.00	985.48	4460
3034	LOZINSKI, JIM	05/22/2020	Regular	0.00	600.00	116277
6072	LUND, CHELSEA	05/12/2020	Regular	0.00	17.50	116201
3816	LUTHERAN SOCIAL SERVICES	05/15/2020	Regular	0.00	27.80	116229
1531	LYON COUNTY AUDITOR-TREASURER	05/15/2020	Regular	0.00	2,500.00	116230
1531	LYON COUNTY AUDITOR-TREASURER	05/22/2020	Regular	0.00	650.89	116278
1545	LYON COUNTY HIGHWAY DEPARTMENT	05/22/2020	Regular	0.00	5,307.51	116279
1555	LYON LINCOLN ELECTRIC COOPERATIVE INC	05/15/2020	Regular	0.00	39.21	116231
1565	MACQUEEN EQUIPMENT INC.	05/15/2020	EFT	0.00	1,653.15	4425
6498	MAINSTAY CAFE & COFFEE	05/22/2020	Regular	0.00	174.66	116280
6499	MARIACHI FIESTA	05/22/2020	Regular	0.00	349.32	116281
1616	MARSHALL CONVENTION & VISITORS BUREAU	05/15/2020	EFT	0.00	10,138.78	4426
6500	MARSHALL GOLF CLUB	05/22/2020	Regular	0.00	349.32	116282
1633	MARSHALL MUNICIPAL UTILITIES	05/13/2020	EFT	0.00	2,607.13	4403
1633	MARSHALL MUNICIPAL UTILITIES	05/15/2020	EFT	0.00	6,742.05	4427
1633	MARSHALL MUNICIPAL UTILITIES	05/22/2020	EFT	0.00	72,413.36	4461
1635	MARSHALL NORTHWEST PIPE FITTINGS INC	05/15/2020	EFT	0.00	132.89	4428
1635	MARSHALL NORTHWEST PIPE FITTINGS INC	05/22/2020	EFT	0.00	76.06	4463
3545	MARSHALL RADIO	05/15/2020	EFT	0.00	400.00	4429

Check Report

Date Range: 05/11/2020 - 05/22/2020

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
3545	MARSHALL RADIO	05/22/2020	EFT	0.00	795.00	4464
1649	MARSHALL TRUCK SALVAGE INC.	05/15/2020	Regular	0.00	2.50	116232
1649	MARSHALL TRUCK SALVAGE INC.	05/22/2020	Regular	0.00	105.15	116283
6025	MELLENTIN, CODY	05/22/2020	EFT	0.00	154.95	4465
4980	MENARDS INC	05/12/2020	Regular	0.00	33.36	116202
4980	MENARDS INC	05/22/2020	Regular	0.00	214.19	116284
6489	MILLER, ROGER & JULIE	05/15/2020	Regular	0.00	21.10	116233
3669	MINNESOTA STATE RETIREMENT SYSTEM	05/15/2020	Bank Draft	0.00	874.68	DFT0000046
3669	MINNESOTA STATE RETIREMENT SYSTEM	05/15/2020	Bank Draft	0.00	170.00	DFT0000047
3669	MINNESOTA STATE RETIREMENT SYSTEM	05/15/2020	Bank Draft	0.00	1,275.00	DFT0000048
3669	MINNESOTA STATE RETIREMENT SYSTEM	05/15/2020	Bank Draft	0.00	2,532.52	DFT0000049
3669	MINNESOTA STATE RETIREMENT SYSTEM	05/15/2020	Bank Draft	0.00	200.00	DFT0000050
3669	MINNESOTA STATE RETIREMENT SYSTEM	05/15/2020	Bank Draft	0.00	1,170.00	DFT0000056
3669	MINNESOTA STATE RETIREMENT SYSTEM	05/15/2020	Bank Draft	0.00	355.00	DFT0000057
1839	MINNESOTA VALLEY TESTING LABS INC	05/15/2020	EFT	0.00	33.00	4430
1757	MN CHILD SUPPORT PAYMENT CENTER	05/22/2020	Regular	0.00	356.25	116285
1813	MN POLLUTION CONTROL AGENCY	05/15/2020	EFT	0.00	604.84	4431
1818	MN REVENUE	05/15/2020	Bank Draft	0.00	10,244.73	DFT0000072
4704	MN SHERIFF'S ASSOCIATION	05/22/2020	Regular	0.00	80.00	116286
1864	MONTES ELECTRIC INC	05/15/2020	Regular	0.00	113.27	116234
1887	MTI DISTRIBUTING INC	05/15/2020	EFT	0.00	86.13	4432
2512	NATIONWIDE RETIREMENT	05/15/2020	Bank Draft	0.00	875.00	DFT0000051
2513	NATIONWIDE RETIREMENT-FIRE	05/15/2020	Bank Draft	0.00	1,093.81	DFT0000052
1945	NORMS GTC	05/15/2020	Regular	0.00	698.02	116235
1945	NORMS GTC	05/22/2020	Regular	0.00	33.45	116287
1986	NORTH CENTRAL INTERNATIONAL, INC	05/15/2020	EFT	0.00	659.85	4433
1986	NORTH CENTRAL INTERNATIONAL, INC	05/22/2020	EFT	0.00	849.66	4466
1946	NORTH CENTRAL LABS	05/22/2020	EFT	0.00	277.77	4467
1958	NORTHERN BUSINESS PRODUCTS, INC	05/13/2020	EFT	0.00	49.93	4404
5891	ONE OFFICE SOLUTION	05/13/2020	EFT	0.00	19.97	4405
5891	ONE OFFICE SOLUTION	05/15/2020	EFT	0.00	209.93	4434
5891	ONE OFFICE SOLUTION	05/22/2020	EFT	0.00	10.99	4468
3809	O'REILLY AUTOMOTIVE STORES, INC	05/15/2020	Regular	0.00	229.98	116236
2019	PAUSTIS WINE COMPANY	05/22/2020	Regular	0.00	5,694.00	116288
2026	PEPSI COLA BOTTLING OF PIPESTONE MN INC	05/22/2020	EFT	0.00	59.25	4469
2028	PERA OF MINNESOTA REG	05/15/2020	Bank Draft	0.00	18,031.15	DFT0000042
2028	PERA OF MINNESOTA REG	05/15/2020	Bank Draft	0.00	30,523.17	DFT0000043
2036	PHILLIPS WINE AND SPIRITS INC	05/15/2020	Regular	0.00	8,258.94	116237
2036	PHILLIPS WINE AND SPIRITS INC	05/22/2020	Regular	0.00	16,218.20	116289
6279	PIONEER PHOTOGRAPHY	05/15/2020	Regular	0.00	200.00	116238
2044	PITNEY BOWES INC	05/22/2020	Regular	0.00	700.00	116290
4548	PLUM CREEK LIBRARY SYSTEM	05/12/2020	Regular	0.00	55.67	116203
2064	POWERPLAN	05/15/2020	Regular	0.00	54.81	116239
6166	PULVER MOTOR SVC, LLC	05/22/2020	EFT	0.00	75.00	4470
2096	QUARNSTROM & DOERING, PA	05/22/2020	EFT	0.00	3,693.00	4471
5303	RAMADA MARSHALL	05/22/2020	Regular	0.00	657.75	116291
5867	ROUND LAKE VINEYARDS & WINERY	05/15/2020	Regular	0.00	495.00	116240
5180	RTVISION INC	05/15/2020	EFT	0.00	4,750.00	4435
2201	RUNNINGS SUPPLY INC	05/22/2020	EFT	0.00	521.81	4472
6502	SATOR SOCCER/THE SAY SOCCER STORE	05/22/2020	Regular	0.00	8,148.15	116292
6286	SCHWEEMAN'S CLEANERS, LLP	05/12/2020	Regular	0.00	98.97	116204
4855	SOUTHERN GLAZER'S OF MN	05/15/2020	EFT	0.00	13,578.77	4436
4855	SOUTHERN GLAZER'S OF MN	05/22/2020	EFT	0.00	7,935.94	4473
4887	SOUTHWEST MINNESOTA REGIONAL RADIO BOAF	05/22/2020	Regular	0.00	1,986.00	116293
2318	SOUTHWEST SANITATION INC.	05/13/2020	EFT	0.00	83.42	4406
2318	SOUTHWEST SANITATION INC.	05/22/2020	EFT	0.00	2,013.39	4474
2373	STREICHERS	05/15/2020	EFT	0.00	127.99	4437
4385	STUART C IRBY CO.	05/15/2020	EFT	0.00	44.40	4438
6277	TALKING WATERS BREWING CO, LLC	05/22/2020	EFT	0.00	442.00	4475
6137	TEIGS LAWN CARE & LANDSCAPING, LLC	05/22/2020	Regular	0.00	170.00	116294
4734	TESSMAN COMPANY	05/15/2020	EFT	0.00	8,316.28	4439

Check Report

Date Range: 05/11/2020 - 05/22/2020

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
6503	THE GYM OF MARSHALL	05/22/2020	Regular	0.00	657.75	116295
3483	TITLE & ASTRACT SERVICES, LLC	05/22/2020	Regular	0.00	560.00	116296
4648	TRI-COUNTY NEWS	05/12/2020	Regular	0.00	86.00	116205
6156	TRUE BRANDS	05/15/2020	EFT	0.00	184.65	4440
5106	ULINE	05/15/2020	EFT	0.00	300.39	4441
6126	UNITED COMMUNITY ACTION PARTNERSHIP	05/15/2020	EFT	0.00	31,247.62	4442
6432	USA SAFETY SUPPLY CORP	05/15/2020	Regular	0.00	183.62	116241
3443	VALIC DEFERRED COMP	05/15/2020	Bank Draft	0.00	1,202.00	DFT0000053
3443	VALIC DEFERRED COMP	05/15/2020	Bank Draft	0.00	144.38	DFT0000054
3443	VALIC DEFERRED COMP	05/15/2020	Bank Draft	0.00	1,250.00	DFT0000055
4429	VANGUARD APPRAISALS, INC.	05/22/2020	Regular	0.00	9,487.50	116297
6504	VARSITY PUB	05/22/2020	Regular	0.00	657.75	116298
5733	VAST BROADBAND	05/12/2020	Regular	0.00	89.86	116206
5733	VAST BROADBAND	05/15/2020	Regular	0.00	483.41	116242
5733	VAST BROADBAND	05/22/2020	Regular	0.00	796.47	116299
4489	VERIZON WIRELESS	05/13/2020	EFT	0.00	77.65	4407
4489	VERIZON WIRELESS	05/15/2020	EFT	0.00	49.04	4443
4489	VERIZON WIRELESS	05/22/2020	EFT	0.00	360.13	4476
2538	VIKING COCA COLA BOTTLING COMPANY	05/15/2020	EFT	0.00	137.00	4444
2538	VIKING COCA COLA BOTTLING COMPANY	05/22/2020	EFT	0.00	232.20	4477
4594	VINOCUPIA	05/15/2020	EFT	0.00	408.00	4445
4594	VINOCUPIA	05/22/2020	EFT	0.00	1,972.74	4478
2545	VOLUNTEER FIREFIGHTERS BENEFIT ASSOC	05/15/2020	Regular	0.00	33.00	116243
6085	VOYA - INVESTORS CHOICE	05/15/2020	Bank Draft	0.00	150.00	DFT0000058
6085	VOYA - INVESTORS CHOICE	05/15/2020	Bank Draft	0.00	825.00	DFT0000059
4118	WALMART BUSINESS	05/12/2020	Regular	0.00	42.90	116207
4118	WALMART BUSINESS	05/15/2020	Regular	0.00	522.70	116244
6506	WEBER, TREYTON	05/22/2020	Regular	0.00	119.99	116300
2580	WERNER BROS., INC.	05/15/2020	Regular	0.00	1,147.00	116245
2605	WINE MERCHANTS	05/15/2020	Regular	0.00	1,099.52	116246
2605	WINE MERCHANTS	05/22/2020	Regular	0.00	1,749.97	116301
6379	WINEBOW	05/22/2020	EFT	0.00	856.00	4479
2608	WOODEN NICKEL SALOON	05/22/2020	Regular	0.00	657.75	116302
2631	ZEP MANUFACTURING COMPANY	05/22/2020	Regular	0.00	1,138.85	116303

Bank Code AP Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	231	105	0.00	233,630.74
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	28	28	0.00	147,532.81
EFT's	134	77	0.00	256,567.79
	393	210	0.00	637,731.34

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	231	105	0.00	233,630.74
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	28	28	0.00	147,532.81
EFT's	134	77	0.00	256,567.79
	393	210	0.00	637,731.34

Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH FUND	5/2020	637,731.34
			637,731.34

**CITY OF MARSHALL
AGENDA ITEM REPORT**

Meeting Date:	Tuesday, May 26, 2020
Category:	OLD BUSINESS
Type:	INFO/ACTION
Subject:	Introduction of Ordinance Amending Section 86-161 Height Modifications, 86-162 Yard modifications, 86-163 Accessory buildings, and 86-164 Accessory equipment and Call for Public Hearing
Background Information:	<p>These proposed changes are mostly based on staff experience with applications and voiced concerns. Some changes are purely technical in nature, some are a result of the development of the City Tree Policy, and others are related to the creation of an Interim permit concept that allows temporary deviations from the Ordinance. This opportunity was also used to clean up some language, clarify some concepts, and relax some requirements.</p> <p>Below are the most significant proposed changes.</p> <ul style="list-style-type: none"> • Allowing to build a front door landing without a variance even if a house is located too close to the street. • Requiring at least 3 feet of clearance along alleys for snow removal and more for garages for cars parking in front of them. • Clarifying yard requirements for three street corner lots, flag lots, and lots open to roadway easements rather than streets. • Allowing larger accessory structures for smaller existing houses. • Allowing motor-homes and RV's to be placed on driveways for longer than 10 days by an Interim Use permit, but limiting projection into the right of way. • Allowing secondary detached garages without driveway and limiting required driveway pavement to the required front yard. • Allowing accessory equipment in front yards if fully screened by the fence. <p>At the March 11, 2020, regular Planning Commission meeting, Fox made a motion, second by Knieff to recommend to City Council an approval as recommend by staff. All voted in favor of the motion.</p> <p>At the meeting on April 30, 2020, Legislative and Ordinance Committee voted to recommend to council the approval of revisions to City Ordinance Sections 86-161 Height Modifications, 86-162 Yard modifications, 86-163 Accessory buildings, and 86-164 Accessory equipment.</p> <p>At the May 12, 2020, regular meeting, the Council tabled this item citing difficulty in getting public input.</p>
Fiscal Impact:	None.
Alternative/ Variations:	<p>Remove this item from the table.</p> <p>Staff recommends, based on L&O Committee input, that the Council introduce the amendments to City Ordinance Section 86-161 Height Modifications, 86-162 Yard modifications, 86-163 Accessory buildings, and 86-164 Accessory equipment and call for public hearing to be held on June 23, 2020.</p>
Recommendations:	EnterTextHere

Sec. 86-161. - Height modifications.

~~(a) Where the average slope of a lot is greater than one foot rise or fall in seven feet of horizontal distance from the established street elevation at the property line, one floor in addition to the number permitted in the district in which the lot is situated shall be permitted on the downhill side of any building.~~

(ab) Height limitations set forth elsewhere in this chapter may be increased by 100 percent when applied to the following:

- (1) Church spires, belfries or domes which do not contain usable space.
- (2) Monuments.
- (3) Water towers.
- (4) Flagpoles.
- (5) Chimneys or smokestacks.
- (6) Cooling towers.

(b) Height limitations set forth elsewhere in this chapter may be increased by 25 percent when applied to the following:

- (17) Elevator and mechanical penthouses
- (2) Clearstories and other above roof structures with a footprint less than 10 percent of the roof area.

(Code 1976, § 11.19(4)(A); Ord. No. 466, § 2, 10-15-2001)

Sec. 86-162. - Yard modifications.

Measurements shall be taken from the nearest point of the wall of a building to the lot line in question, subject to the following qualifications:

- (1) Cornices, ~~canopies, awnings, marquees,~~ or eaves may extend into the required front yard a distance not exceeding four feet, six inches, and the required side yard distance not exceeding two feet, ~~six inches. Cornices, canopies or eaves may have a maximum projection of more than four feet, six inches, but not greater than 25 percent of the required or observed front yard setback, by recommendation for adjustment by the board of zoning adjustment and approval of the city council after notice of a public hearing has been given to the owners of lands within 200 feet of the affected property, and such notice has been officially published. The application form and fees shall be the same as for a variance procedure.~~
- (2) Fire escapes may extend into the required front yard a distance not exceeding four feet, six inches. Basement egress window wells may extend into required front and side yards a distance not to exceed three feet.
- (3) A landing place, deck or uncovered porch may extend into the required front yard to a distance not exceeding eight feet, if the landing place or porch has its floor no higher than the entrance floor of the building, except a landing place installed at the main entrance of existing residential structure and projecting no more than 4 feet from the structure may extend 15 feet into required front yard. A four foot square landing, not including stair, or a five foot square landing serving a ramp, shall always be permitted at the main entrance of existing residential structures if replacing an existing landing; An open railing no higher than three feet, ~~six inches,~~ may be placed around such place.
- (4) A bay window having a bow, or angled sides, with windows on all faces projecting no more than two feet from the building wall may extend 20 feet into required front yard.

(b) Accessory buildings shall comply with the following regulations in addition to other requirements of this chapter:

- (1) An accessory building must not be placed on a lot where there is no permitted use main building except in a case when such lot is not substandard and is adjacent to the lot where a permitted use main building is located, provided both lots have the same owner(s), and the owner(s) sign and record an agreement prohibiting the sales or transfer of individual lots unless a new main structure is built on a lot where a standalone accessory building, compliant with the city ordinance ~~[this chapter]~~, is located or said accessory building is removed. If such accessory structure is allowed under above conditions, the city ordinance ~~[this chapter]~~ shall be applied as if two adjacent lots are combined into one.
- (2) An accessory building must not be placed less than five feet from the main building or another accessory building.
- (3) An accessory building must not be placed in a required front yard or side yard, or less than 12 feet to the rear property line except one accessory building less than 200 square feet in area and less than ten feet in height may be placed not less than five feet to the side or rear property line. For accessory buildings over 1,000 square feet or over ten feet in height, the distance to the rear property line shall be increased by one-foot for every 100 square feet area increase over 1,000 square feet and every one-foot height increase over ten feet until ordinance required rear yard depth is reached.
- (4) An accessory building must not exceed 1,000 square feet in area in the R-1 one-family residence district, nor exceed 600 square feet in area per dwelling unit in residential structures in any other residential district, nor exceed ~~80~~ 60 percent of the footprint area of the main use building when its footprint exceeds 1,200 square feet in all classes of residential and business districts, except an accessory building size may be increased 50 percent if located on lots of more than seven-tenths of an acre in the R-1 one-family residence district and the R-2 one- to four-family residence district. In all classes of residential and business districts, all accessory buildings combined must not exceed the area of the main building nor occupy more than 25 percent of the area of a rear or front yard.
- (5) In all classes of residential and business districts an accessory building must not be more than one-story or greater than 15 feet in actual height ~~on lots of less than seven-tenths of an acre~~. An accessory building located 25 feet or more from all property lines on a lot of seven-tenths of an acre or more must not be more than one and one-half stories, nor more than 18 feet in actual height. Accessory buildings must not be greater in height than the main building.
- (6) In the R-1 one-family residence district and the R-2 one- to four-family residence district, an accessory building must not be located a lesser distance to a front property line than the main building except an open gazebo under 200 square feet in area and 12 feet in height may be placed in front of the main building on lots of more than seven-tenths of an acre, provided the house front yard depth is at least two times greater than the required front yard. On double frontage lots one accessory building may be permitted on the side opposite to the lot access point provided it meets applicable front yard requirements and matches the main structure in appearance. In all classes of residential and business districts, accessory buildings located in the front yard shall be finished to match the main use building.
- (7) In the R-1 one-family residence district and the R-2 one- to four-family residence district there must not be more than two accessory buildings placed on a lot of less than seven-tenths of an acre ~~(30,492 square feet)~~, nor more than three accessory buildings placed on a lot of more than seven-tenths of an acre. An open gazebo under ~~200~~ 120 square feet in area and 12 feet in height may be built in addition to the number of accessory building limitations indicated above.
- (8) All accessory buildings must be constructed to comply with all requirements of the building code including structural requirements.
- (9) No accessory building shall be used, permanently or temporarily, for human habitation; any building containing provisions for human habitation shall be considered a main use. In the R-1

one-family residence district and the R-2 one- to four-family residence district, one travel trailer, camper, motor-home or recreational vehicle may be used as a temporary guest residence for no more than ten days per calendar year ~~provided it complies with all applicable requirements of this section except as may be allowed by a conditional use permit. If placed in the front yard, it shall not project into public right of way or visibility triangles. The 10 days limit may be extended to 30 days by an interim use permit.~~

- (10) Trailers, semi-trailers, and storage containers (including, but not limited to, cargo and shipping container and PODS or any structures made of the above components) must not be used as accessory buildings in all classes of residential or business zoning districts. A single unit as described above may be utilized for temporary storage for no more than 30 consecutive days in a calendar year. The 30 days limit may be extended to 180 days by applying for an interim use temporary structure building permit and complying with all requirements of the city and building codes.
- (11) Any accessory building exceeding 300 400 square feet, ~~shall have a floor structure or be installed over a floating concrete slab and, if~~ capable of storing street legal motorized vehicles, shall be provided with a street driveway access to the public right of way in a form of a driveway that shall be paved complying with section 86-206 from the street through the required front yard. No driveway shall be required for secondary garages, provided a minimum double garage is attached to the house; however, if such driveway is installed, it shall be paved within the public right-of-way.
- (12) Accessory buildings, ~~including any projections,~~ must not be located within any utility easements. Overhangs and eaves may extend into such easement not more than two feet with written approval of the City Engineer.
- (13) In all classes of residential and business districts accessory buildings, ~~(including carports)~~ but excluding temporary structures installed for less than 90 days, must not use cloth, canvas, plastic sheathing, tarps, or similar materials as finish building materials.
- (14) Temporary Family Health Care Dwellings are not permitted~~Opt-out of Minn. Stat. § 462.3593, pursuant to authority granted by Minn. Stat. § 462.3593, Subd. 9.~~

(Code 1976, § 11.19(4)(C); Ord. No. 574, § 1, 6-4-2007; Ord. No. 614, § 1, 10-13-2009; Ord. No. 681 2nd series, § 1, 9-24-2013; Ord. No. 699 2nd series, § 1, 9-9-2015; Ord. No. 711 2nd series, § 1 8-8-2016)

Sec. 86-164. - Accessory equipment.

- (a) In all the classes of residential districts, accessory equipment shall be subject to the following qualifications:
 - (1) Accessory equipment, except a single basketball hoop, shall not be located in any required front yard, side yard, or be located within 12 feet of any rear lot line except accessory equipment cumulatively less than 200 five square feet in area and less than eight four feet in height, ~~children playgrounds,~~ and sport courts may be placed not less than five feet to the side or rear property line.
 - (2) Accessory equipment shall not exceed 12 feet in height when measured from the lowest point of the finished surface of the ground within five feet of the support structure to the top of the equipment, ~~;~~ except that eEquipment mounted on the roof of the main building shall not project beyond the highest portion of the pitched roof structure of the building nor exceed four feet above the flat roof structure.
 - (3) When the accessory equipment is attached structurally and not just electrically to the main building, it shall comply in all respects with the requirements of this chapter as applicable to the main building and also to the requirements of the building code.

- (4) Accessory equipment must not be placed on a lot where there is no permitted use main building except in a case when such lot is not substandard and is adjacent to the lot where a permitted use main building is located, provided both lots have the same owner(s), and the owner(s) sign and record an agreement prohibiting the sales or transfer of individual lots unless a new main structure is built on a lot where accessory equipment, compliant with the city ordinance ~~[this chapter]~~, is located or said accessory equipment is removed. If such accessory equipment is allowed under above conditions, the city ordinance ~~[this chapter]~~ shall be applied as if two adjacent lots are combined into one, except a sports court may be located at a lesser distance to a front property line than the main building.
- (5) In the R-1 one-family residence district and the R-2 one- to four-family residence district accessory equipment must not be located a lesser distance to a front property line than the main building except accessory equipment less than six five square feet in area and less than four feet in height or (unless fully screened from public right-of-way by solid fence). On double frontage lots accessory equipment may be permitted on the side opposite to the lot access point provided it meets applicable front yard requirements.
- (6) Accessory equipment, including any projections, must not be located within any utility easements.
- (b) In all the classes of business ~~and industrial~~ districts, accessory equipment shall be subject to subsections (a)(1), (2), (3) and (6).
- (c) In all the classes of industrial districts, accessory equipment shall be subject to subsections (a)(1), (3) and (6).

(Code 1976, § 11.19(4)(D); Ord. No. 681 2nd series, § 1, 9-24-2013)

**CITY OF MARSHALL, MINNESOTA
ORDINANCE NO. _____, SECOND SERIES**

**AN ORDINANCE AMENDING
MARSHALL CITY CODE OF ORDINANCES – CHAPTER 86
RELATING TO ZONING**

The Common Council of the City of Marshall does ordain as follows:

Section 1: City Code of Ordinances, Chapter 86, Article VI, Sections 86-161 Height Modifications, 86-162 Yard Modifications, 86-163 Accessory Buildings, and 86-164 Accessory Equipment are hereby amended.

Section 2: It is hereby determined that publication of this Title and Summary Ordinance will clearly inform the public of the intent and effect of Ordinance No. _____, Second Series.

It is hereby directed that only the above Title and Summary of Ordinance No. _____, Second Series be published conforming to Minnesota Statutes §331A.01 with the following:

NOTICE

Persons interested in reviewing a complete copy of the Ordinance may do so at the office of the City Clerk, City Offices, 1501 State Street, Social Science Building, Room 213, Marshall, Minnesota 56258.

Section 3: These Ordinances shall take effect after their passage and summary publication.

Passed and adopted by the Common Council this 23rd day of June, 2020.

THE COMMON COUNCIL

ATTEST:

Mayor of the City of Marshall, MN

City Clerk

Introduced on: May 26, 2020

Final Passage on: June 23, 2020

Published in the Marshall Independent: _____

**CITY OF MARSHALL
AGENDA ITEM REPORT**

Meeting Date:	Tuesday, May 26, 2020
Category:	OLD BUSINESS
Type:	INFO/ACTION
Subject:	Introduction of Ordinance Amending Section 86-247 Landscaping and 86-248 Storage and Call for Public Hearing
Background Information:	<p>These changes are mostly technical in nature caused by the development of the City Tree Policy and creation of an Interim Use permit concept that allows temporary deviations from the Ordinance. It is similar to conditional use permit but allows time limits. It also cleans up some language and clarifies some concepts.</p> <p>At the March 11, 2020, regular Planning Commission meeting, Schroeder made a motion, second by Lee to recommend to city council an approval as recommend by staff. All voted in favor of the motion.</p> <p>At the meeting on April 30, 2020, Legislative and Ordinance Committee voted to recommend to council the approval of revisions to City Ordinance Sections 86-247 Landscaping and 86-248 Storage.</p> <p>At the May 12, 2020, regular meeting, the Council tabled this item citing difficulty in getting public input.</p>
Fiscal Impact:	None.
Alternative/ Variations:	None.
Recommendations:	<p>Remove this item from the table.</p> <p>Staff recommends, based on L&O Committee input, that the Council introduce the amendments to City Ordinance Section 86-247 Landscaping and 86-248 Storage and call for public hearing to be held on June 23, 2020.</p>

Sec. 86-247. - Landscaping.

- (a) In all classes of residential and business districts, all exposed ground areas surrounding a principal and accessory use, including street boulevards and easements, and which are not devoted to parking, drives, walks, patios, designated retail display areas or other such uses shall be landscaped except vegetation areas left in a natural state during initial construction may remain if properly maintained. Downtown district is exempted from the landscaping requirements.
- (1) Fences, bushes, shrubs, and any other landscape elements placed upon easements are subject to removal at owner's expense if required for maintenance or improvement of the utility. The city shall not be required to pay compensation for the items to be removed from a utility easement. Retaining walls shall not be placed upon easements.
 - (2) ~~Trees and any other vegetation shall be planted in such a manner that, when fully grown, no projection into the public right-of-way or easements occurs below nine feet above ground.~~ Trees planted within or adjacent to public right-of-way shall comply with the city tree policy.
 - (3) All landscaped areas shall be kept neat, clean, uncluttered and be properly maintained. Landscaped area shall not be used for the recurring parking of vehicles, ~~(except as provided for in section 86-230 for overflow parking.)~~ or the storage or display of materials, supplies, and merchandise.
 - (4) Vegetation within a 25-foot visibility triangle of the property corner at street intersections and within a 10-foot visibility triangle adjacent to alleys and driveways ~~25 feet of the property corner at street intersections~~ shall not be taller than three feet measured from the top of the street curb. All vegetation upon, and adjacent to, boulevards shall comply with the City Tree Policy ~~except one deciduous tree may be planted within that area.~~
 - (5) Vegetable gardens are allowed in R-1 and R-2 residence districts but shall not be located in the front yard or side yards and shall not occupy more than 25 percent of the area of a rear yard; larger gardens may be allowed by an interim conditional use permit. Vegetable gardens must not be placed on a lot where there is no permitted use main building except when such lot is adjacent to the lot where a permitted use main building is located and both lots have the same owner(s), in which case the vegetable garden can occupy 20 percent of the area of a rear yard calculated for these two lots combined. Community gardens may be allowed in all other zoning districts by an interim conditional use permit, only; ~~except interim conditional~~ use permit is not required in agricultural district.
- (b) Landscape area shall occupy not less than 25 percent of the exposed ground area of the lot. Landscape area shall include not less than 50 percent live materials (vegetation) with the balance being permeable landscaping decorative materials such as landscape rock or mulch.
- (1) Grade slope over one-foot in three feet is prohibited unless existing site grading is unique and special measures are taken to prevent erosion.
 - (2) The trees shall be planted at a rate of at least one tree per 5,000 square feet of landscaped area or one tree per 50 feet of lot street frontage, whichever is greater; existing trees protected during construction may be counted toward the total number of trees required. If more than five trees are required, at least two species shall be used.
 - (3) Overgrown vegetation and sizable broken limbs shall be trimmed; dead or severely damaged trees shall be replaced. Infected trees shall be treated in accordance with chapter 828 Vegetation.
 - (4) Elms, ash, and box elder trees shall not be used unless disease resistant species are utilized.
- (c) In all classes of business and industrial zoning districts yards adjoining any of the classes of residence districts or public parks shall be landscaped with buffer planting screens unless an adjacent residence district property contains a non-residential use. In R-3 and R-4 multiple family residence districts, yards adjoining lower classes of residence districts shall be landscaped with

buffer planting screens unless a multiple family residence district property contains exclusively one-to four-family residences.

- (1) Buffer planting screens shall be at least 80 percent opaque year-round and six feet high. Planting screens shall be planted in such manner that, when fully grown, they remain entirely within the property boundaries. A maintenance-free opaque fence or other means deemed comparable to planting screens by the city staff may be used to substitute for the required buffer planting screens provided requirements of subsection (b) are met.

(d) Building enlargement and expansions over 50 percent of existing building footprint area or construction of additional main use buildings on site shall cause an entire site landscaping review by city staff for Ordinance compliance.

- (ed) All requirements of this section shall be satisfied within one year of receiving a temporary certificate of occupancy. All new site work performed on existing occupied sites shall comply with the landscaping requirements.

(Code 1976, § 11.19(3)(A)(1); Ord. No. 687, § 1, 6-10-2014; Ord. No. 727 2nd series, § 1, 4-24-2018)

Sec. 86-248. - Outside sStorage.

- (a) In all classes of residential districts, open storage and accumulation of materials and equipment shall be prohibited. In all other zoning districts, open storage of materials and equipment shall be prohibited in the any required front, and side, and rear yards, except storage shall be allowed in the required rear yard in industrial districts. Unless prohibited elsewhere in the ordinance ~~[this chapter], any other outside storage, including outdoor storage tanks but excluding retail merchandise intended for sale or rent and open to public and displayed in designated areas,~~ shall be located or screened so as not to be visible from public right-of-way, public parks or any lot within 500 feet in any of the classes of business or residence districts, except in industrial and agricultural zoning districts screening from public right-of-way is not required. The screening may be achieved by fencing or landscaping means compliant with section 86-247 Landscaping. In all classes of business districts, the storage area shall be paved to control dust and erosion and shall be properly maintained. Temporary storage of building materials intended for construction use on premises shall be allowed during ongoing construction and up to one week prior to construction and is exempt from the above requirements provided a valid building permit is displayed on site.
- (b) Outdoor display of retail merchandise intended for sale or rent and open to public shall be allowed in all classes of business and industrial zoning districts. In all classes of business districts, the display area, except live plants sales area, shall be so designated and paved to control dust and erosion and facilitate moving of displayed products. Except licensed automobile, motorcycle, off-road vehicle, and boat sales lots, and small motorized farm and lawn care equipment sales, the display area shall not be located in the required front and side yards. Outdoor display areas adjacent to any of the classes of residence districts shall be screened by fencing or landscaping means compliant with section 86-247 Landscaping. Outdoor display area shall be adequately lighted.
- (c) Outdoor display and sale ~~during garage sale only~~ shall be allowed in all classes of residential zoning districts and residential properties within other zoning districts during garage and yard sales only. The display area shall be located entirely within the pertinent residential property. ~~The following conditions shall be complied with unless a conditional use permit for home occupation is obtained.~~
 - (1) Any related signage shall be limited to premises and to other private properties provided permission from the property owners is obtained; all signage shall be erected not earlier than one-day before sale and shall be removed at the termination of the sale. Such signs shall be limited to three square feet each.
 - (2) There shall be no more than four garage sales conducted during any period of 12 calendar months; there shall be no more than two garage sales conducted during any period of 30

**CITY OF MARSHALL, MINNESOTA
ORDINANCE NO. _____, SECOND SERIES**

**AN ORDINANCE AMENDING
MARSHALL CITY CODE OF ORDINANCES – CHAPTER 86
RELATING TO ZONING**

The Common Council of the City of Marshall does ordain as follows:

Section 1: City Code of Ordinances, Chapter 86, Article VI, Sections 86-247 Landscaping and 86-248 Storage are hereby amended.

Section 2: It is hereby determined that publication of this Title and Summary Ordinance will clearly inform the public of the intent and effect of Ordinance No. _____, Second Series.

It is hereby directed that only the above Title and Summary of Ordinance No. _____, Second Series be published conforming to Minnesota Statutes §331A.01 with the following:

NOTICE

Persons interested in reviewing a complete copy of the Ordinance may do so at the office of the City Clerk/Finance Director, City Hall, 344 West Main Street, Marshall, Minnesota 56258.

Section 3: These Ordinances shall take effect after their passage and summary publication.

Passed and adopted by the Common Council this 26th day of May, 2020.

THE COMMON COUNCIL

ATTEST:

Mayor of the City of Marshall, MN

City Clerk

Introduced on: May 12, 2020

Final Passage on: May 26, 2020

Published in the Marshall Independent: _____

**CITY OF MARSHALL, MINNESOTA
ORDINANCE NO. _____, SECOND SERIES**

**AN ORDINANCE AMENDING
MARSHALL CITY CODE OF ORDINANCES – CHAPTER 86
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Section 3: These Ordinances shall take effect after their passage and summary publication.

Passed and adopted by the Common Council this 23rd day of June, 2020.

THE COMMON COUNCIL

ATTEST:

Mayor of the City of Marshall, MN

City Clerk

Introduced on: May 26, 2020

Final Passage on: June 23, 2020

Published in the Marshall Independent: _____



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, May 26, 2020
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Presentation of the 2019 Year-End Audit for the City of Marshall
Background Information:	Attached is the 2019-year end audit for the City of Marshall. The City Auditors, Nancy Schulzetenberg and Andrew Grice of BerganKDV will present the 2019-year end audit. Staff encourage questions on the audit report in advance to Mrs. Drown, Finance Director or Mrs. Storm, Director of Administrative Services.
Fiscal Impact:	
Alternative/ Variations:	
Recommendations:	Approve the 2019-year end audit report for the City of Marshall

**City of Marshall
Lyon County, Minnesota**

Communications Letter

December 31, 2019

**City of Marshall
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Report on Matters Identified as a Result of the Audit of the Financial Statements

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

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshall, Minnesota, as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

The material weakness identified is stated within this letter.

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.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated May 19, 2020, on such statements.

This communication is intended solely for the information and use of the City Council and management and others within the City and state oversight agencies and is not intended to be, and should not be, used by anyone other than these specified parties,

BergankDV, Ltd.

St. Cloud, Minnesota
May 19, 2020

City of Marshall
Material Weakness

Prior Period Adjustments

Prior period adjustments were required to adjust beginning net position for governmental activities to reflect changes in deferred inflows of resources related to the Municipal State Aid Street program and to change the presentation of the Marshall-Lyon County Library component unit from discrete to blended. A prior period adjustment was also required for the Economic Development Authority, a discretely presented component unit, to adjust land held for resale to the lower of cost or market value.

City of Marshall Required Communication

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2019. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic audit financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Our Responsibility in Relation to *Government Auditing Standards*

As communicated in our engagement letter, part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City's 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, the objective of our tests was not to provide an opinion on compliance with such provisions.

City of Marshall Required Communication

Our Responsibility in Relation to Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)

As communicated in our engagement letter, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit provided a reasonable basis for our opinion, it did not provide a legal determination on the City's compliance with those requirements.

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

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

City of Marshall Required Communication

Qualitative Aspects of Significant Accounting Practices (Continued)

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements. The most sensitive estimates affecting the financial statements were:

Depreciation – The City is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Expense Allocation – Certain expenses are allocated to programs based on an estimate of the benefit to that particular program. Examples are salaries, benefits, and supplies.

Total Other Post Employment Benefits (OPEB) Liability, Deferred Outflows of Resources Related to OPEB and Deferred Inflows of Resources Related to OPEB – These balances are based on an actuarial study using the estimates of future obligations of the City for post employment benefits.

Net Pension Liability, Deferred Outflows of Resources Related to Pensions and Deferred Inflows of Resources Related to Pensions – These balances are based on an allocation by the pension plans using estimates based on contributions.

Allowance for Uncollectible Accounts – an allowance is used to reduce the balance of notes receivable that are estimated to be forgiven.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

City of Marshall Required Communication

Uncorrected and Corrected Misstatements (Continued)

Management did not identify and we did not notify them of any uncorrected financial statement misstatements. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Prior period adjustments were required to adjust beginning net position for governmental activities to reflect changes in deferred inflows of resources related to the Municipal State Aid Street program and to change the presentation of the Marshall-Lyon County Library component unit from discrete to blended. A prior period adjustment was also required for the Economic Development Authority, a discretely presented component unit, to adjust land held for resale to the lower of cost or market value.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the City, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditor.

Other Information in Documents Containing Audited Financial Statements

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

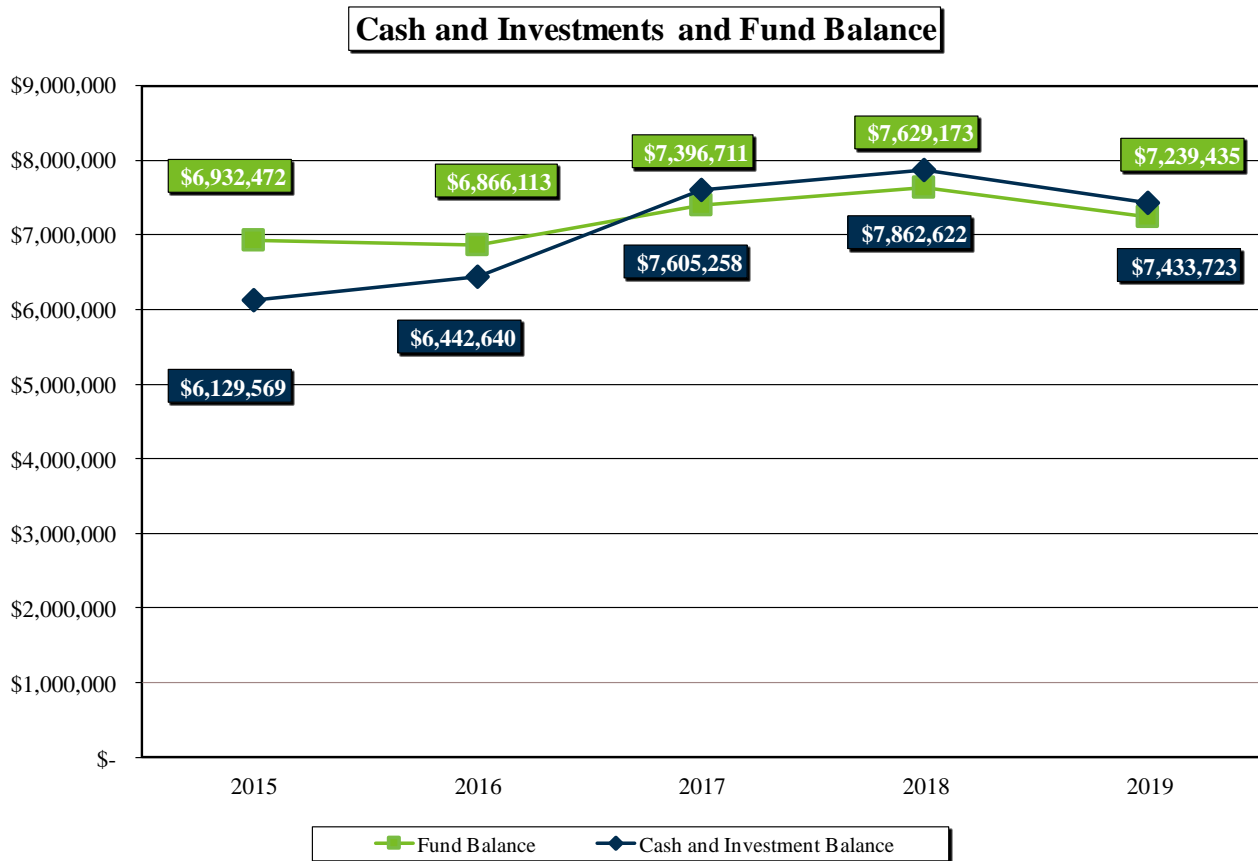
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

City of Marshall Financial Analysis

The following pages provide graphic representations of select data pertaining to the financial position and operations of the City for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours. A subsequent discussion of this information should be useful for planning purposes.

GENERAL FUND – FUND BALANCE

The following graph illustrates the relationship between cash and investments and fund balance over the past five years. At December 31, 2019, the General Fund balance consisted of \$119,804 nonspendable, \$605,754 assigned, and \$6,513,877 unassigned. The total unassigned fund balance represented over six months of expenditures at current levels. The Office of the State Auditor has issued a statement of position recommending cities maintain an unreserved fund balance of approximately 35% to 50% of fund operating revenues, or no less than five months of operating expenditures. The City's fund balance policy for the General Fund is to maintain a minimum unrestricted fund balance of an amount not less than 5 months of the next year's budgeted expenditures. The City's unrestricted fund balance in the General Fund at December 31, 2019 was 51% of 2020 budgeted expenditures of \$12,881,437 which represented just over six months of expenditures.



On the following pages, we will discuss the revenues and expenditures of the General Fund and the variations in the fund balance.

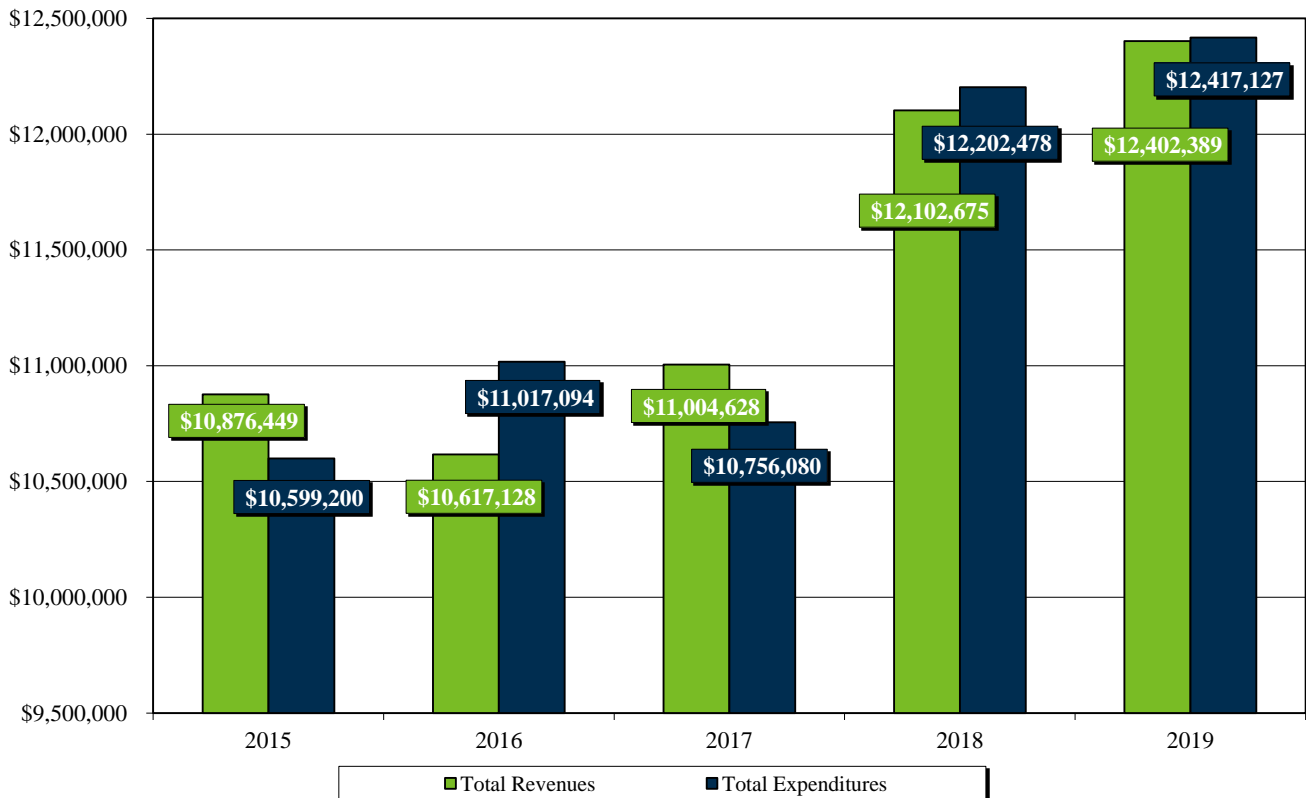
City of Marshall Financial Analysis

GENERAL FUND – REVENUES AND EXPENDITURES

The following table and graph show the overall operations of the General Fund. Revenues have fluctuated over the five years shown from a high in 2019 of \$12,402,389 to a low of \$10,617,128 in 2016. Overall from 2015 to 2019, revenues have increased \$1,525,940. Similarly, expenditures have fluctuated over the five years presented. In 2019, expenditures were \$12,417,127, an increase from the prior year of \$214,649. Since 2015, expenditures have increased \$1,817,927.

	2015	2016	2017	2018	2019
Revenues	\$ 10,876,449	\$ 10,617,128	\$ 11,004,628	\$ 12,102,675	\$ 12,402,389
Expenditures	10,599,200	11,017,094	10,756,080	12,202,478	12,417,127
Proceeds from the sale of capital assets	34,574	31,585	29,945	5,160	-
Net transfers	(24,057)	302,022	252,105	327,105	(375,000)
Net change in fund balance	\$ 287,766	\$ (66,359)	\$ 530,598	\$ 232,462	\$ (389,738)

Revenues and Expenditures

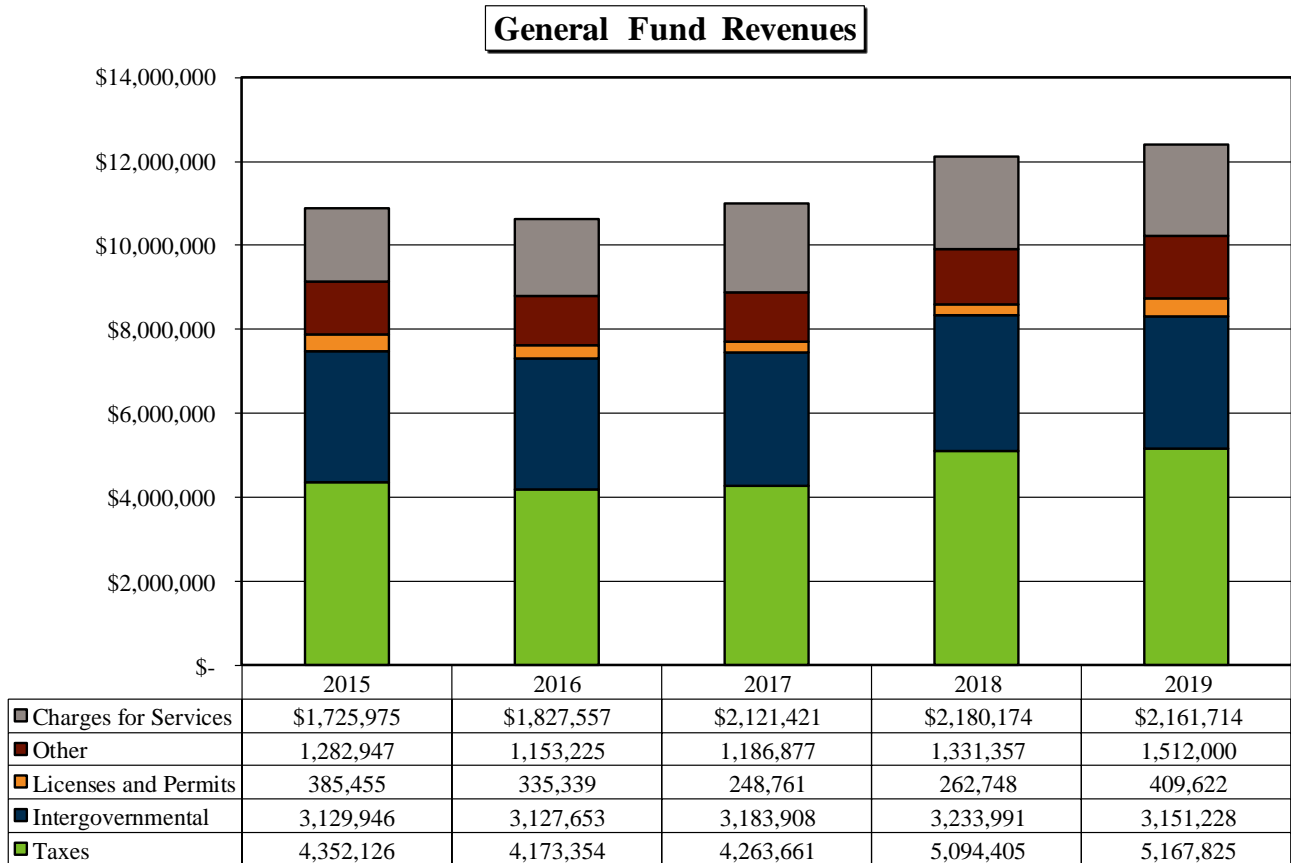


City of Marshall Financial Analysis

GENERAL FUND – REVENUES

The following graph presents comparisons of revenues by type, illustrating the majority of revenue for the City is from taxes, intergovernmental sources, and charges for services. These three sources represent 41.7%, 25.4%, and 17.4% of total General Fund revenues, respectively. Other revenues include items such as licenses and permits, fines and forfeitures, special assessments, investment earnings, and other miscellaneous items.

Revenues of the General Fund increased from 2018 to 2019 by \$299,714. The other revenue category increased \$180,643 due in part to a \$77,415 increase in investment earnings. There was also a change in classification of the contribution revenue received from Avera Marshall Regional Medical Center for public safety services which contributed to the variance. Licenses and permits had an increase in 2019 of \$146,874 due to an increase in building activity.

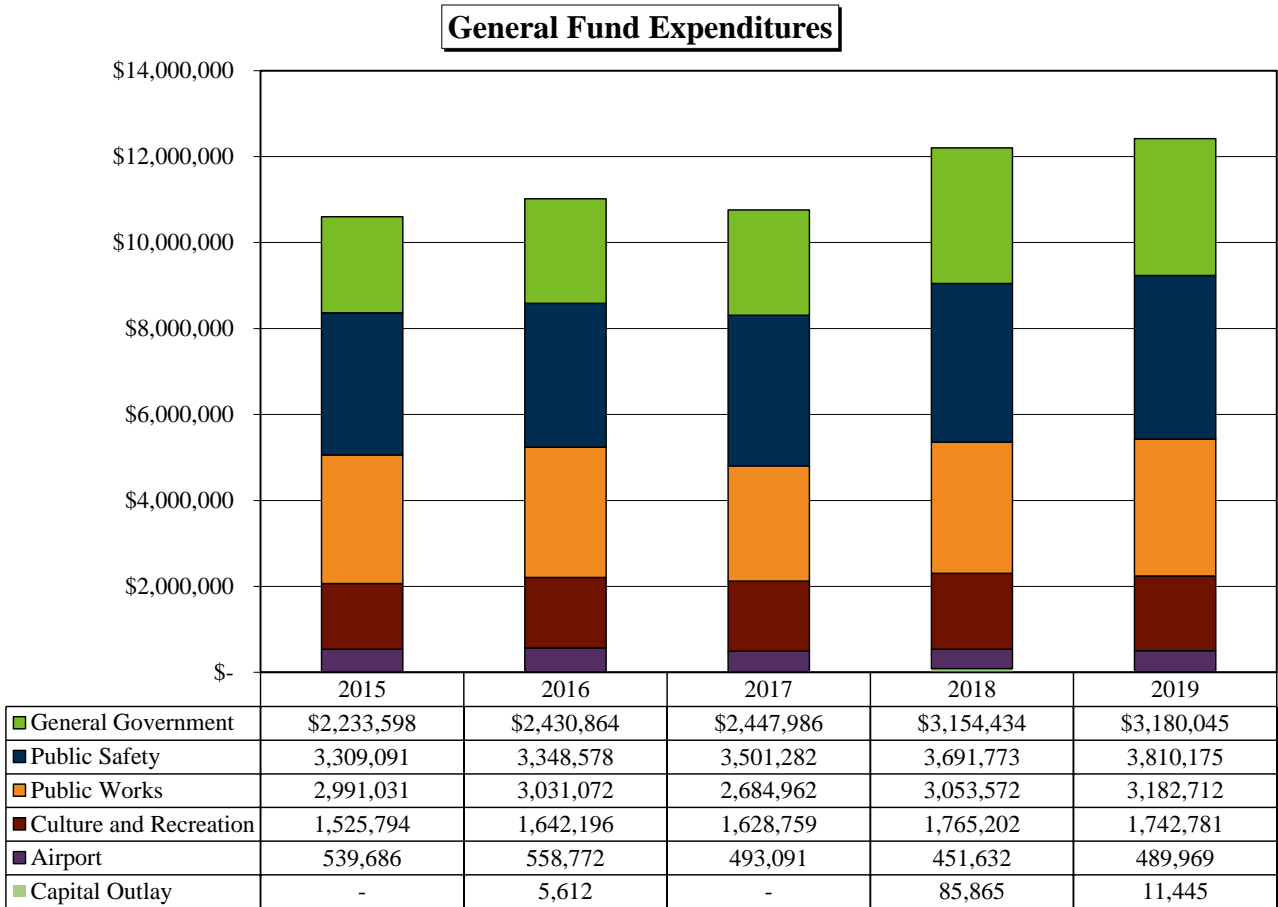


City of Marshall Financial Analysis

GENERAL FUND – EXPENDITURES

The graph below represents the breakdown of expenditures by department. Public safety continues to comprise the largest portion of General Fund expenditures, representing 30.7%. Overall, General Fund expenditures increased \$214,649 from 2018.

Public works increased \$129,140 compared to the prior year due in part to an increase in professional fees, particularly related to snow removal. Public safety increased \$118,402 as a result of increased operating expenditures, such as higher repair and maintenance costs and increased insurance expenditures.



**City of Marshall
Financial Analysis**

GENERAL FUND – BUDGETARY COMPARISON

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget - Over (Under)
Revenues				
Taxes	\$5,080,788	\$5,080,788	\$5,167,825	\$ 87,037
Licenses and permits	261,851	261,851	409,622	147,771
Special assessments	-	-	2,862	2,862
Intergovernmental	3,094,857	3,094,857	3,151,228	56,371
Charges for services	2,297,738	2,297,738	2,161,714	(136,024)
Fines and forfeitures	101,400	101,400	127,425	26,025
Investment earnings	30,000	30,000	162,709	132,709
Miscellaneous	959,594	959,594	1,219,004	259,410
Total revenue	11,826,228	11,826,228	12,402,389	576,161
Expenditures				
General government	3,227,163	3,227,163	3,180,045	(47,118)
Public safety	3,742,562	3,742,562	3,821,620	79,058
Public works	2,861,300	2,861,300	3,182,712	321,412
Culture and recreation	1,912,574	1,912,574	1,742,781	(169,793)
Airport	459,362	459,362	489,969	30,607
Total expenditures	12,202,961	12,202,961	12,417,127	214,166
Excess of revenue over (under) expenditures	(376,733)	(376,733)	(14,738)	361,995
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	30,000	30,000	-	(30,000)
Net transfers	225,000	225,000	(375,000)	(600,000)
Total other financing sources (uses)	255,000	255,000	(375,000)	(630,000)
Net change in fund balances	\$ (121,733)	\$ (121,733)	\$ (389,738)	\$ (268,005)

Overall, actual revenues were \$576,161, or 4.9%, over budget. Miscellaneous revenues were \$259,410 over budget due in part to refunds and reimbursements exceeding budgeted amounts along with changes in classification of public safety service to Avera Marshall Regional Medical Center. Also as a result of these classification changes, charges for services were \$136,024 under budget in total. Investment earnings were \$132,709 over budget due to a strong investment market performance in 2019. Licenses and permits were \$147,771 over budget due to more building activity than anticipated. Tax revenue was \$87,037 over budget primarily the result of franchise fees coming in well over budget. Other revenue categories were relatively consistent with the budget.

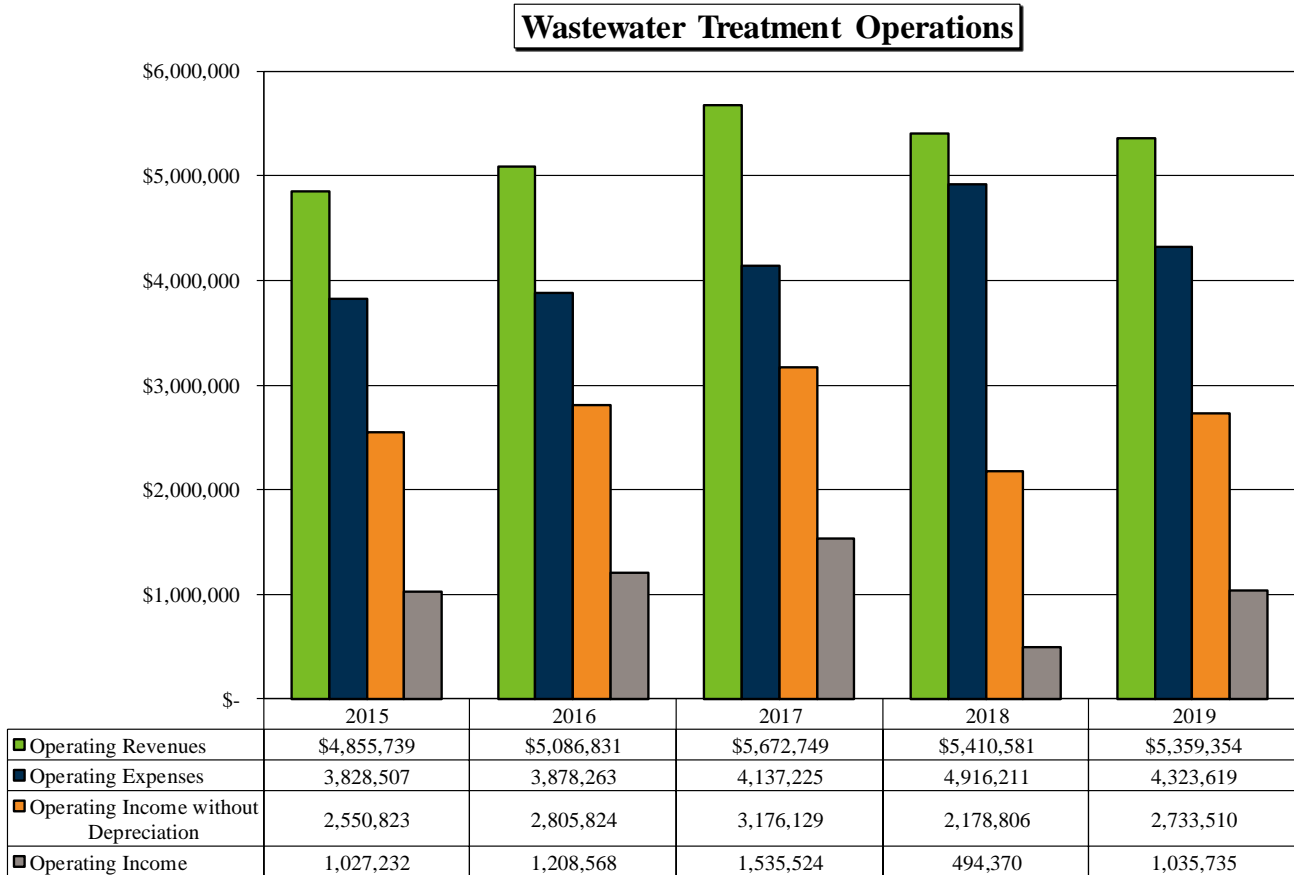
Overall, actual expenditures were more than budgeted amounts by \$214,166, or 1.8%. Public works was over budget \$321,412 due to more repairs and maintenance expenditures than anticipated along with professional services coming in over budget in large part due to increased snow removal. Culture and recreation was under budget \$169,793 due in part to less part time employment needed than was budgeted along with conservative budgeting for professional services.

**City of Marshall
Financial Analysis**

WASTEWATER TREATMENT ENTERPRISE FUND

The following graph illustrates the current operations of the Wastewater Treatment Fund for the past five years. Operating income is shown with and without depreciation below.

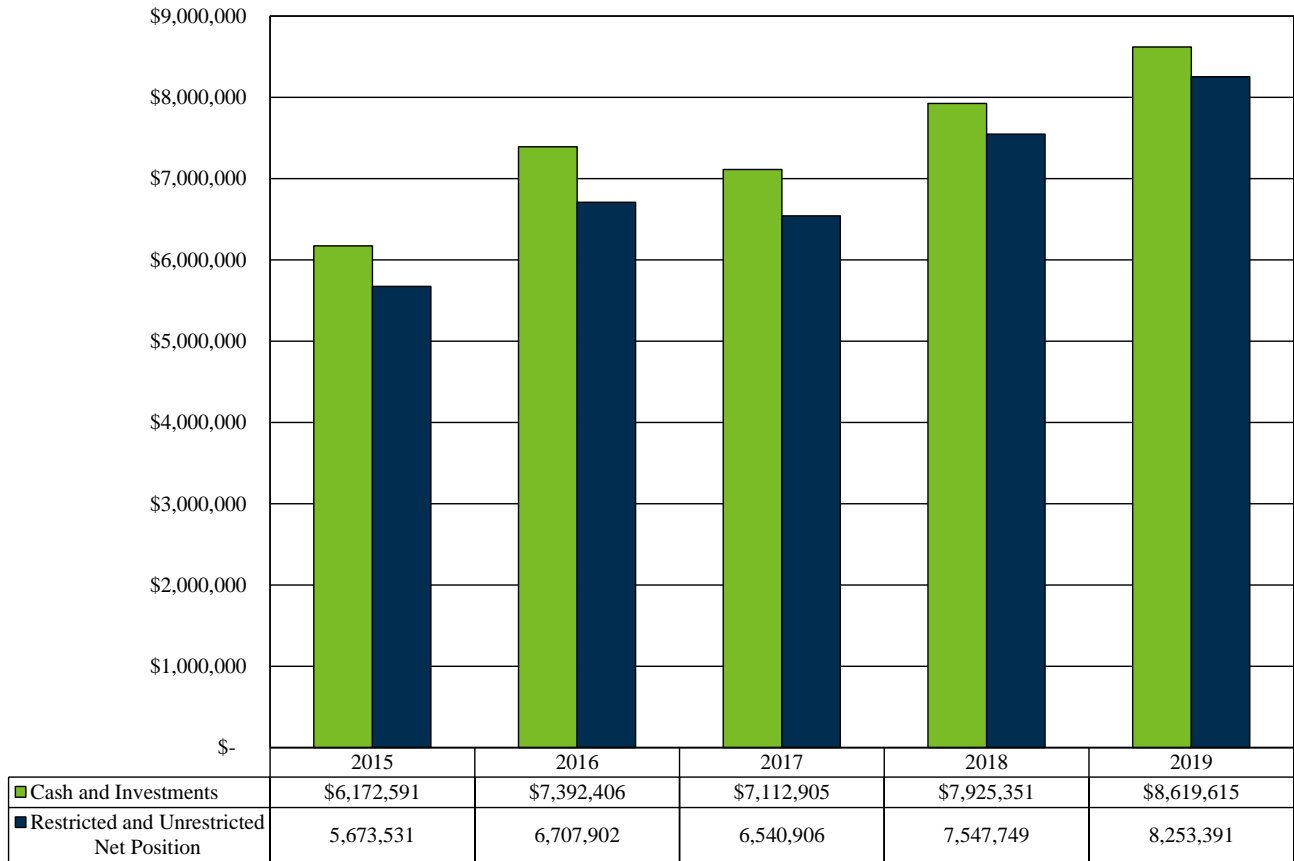
Operating revenue decreased \$51,227, or 0.9%, from 2018 while operating expenses decreased by \$592,592, or 12.1%. The decrease is primarily due to decreased professional services expenses related to the timing of significant planning activity for the wastewater treatment upgrades. The net effect of the decreased revenues and decreased expenses is operating income of \$1,035,735 which is an increase of \$541,365 compared to 2018.



**City of Marshall
Financial Analysis**

WASTEWATER TREATMENT ENTERPRISE FUND (CONTINUED)

Wastewater Treatment Fund



The above graph shows the cash and investment balances and restricted and unrestricted net position balances as of December 31 for the last five years. The cash and investment balance increased \$694,264 during 2019 while the restricted and unrestricted net position for the Wastewater Treatment Fund increased \$705,642 during the same time period. This was due to significant funds being received and spent for construction of the wastewater treatment upgrades during 2019. Unrestricted net position as of December 31, 2019 was \$ 6,462,235.

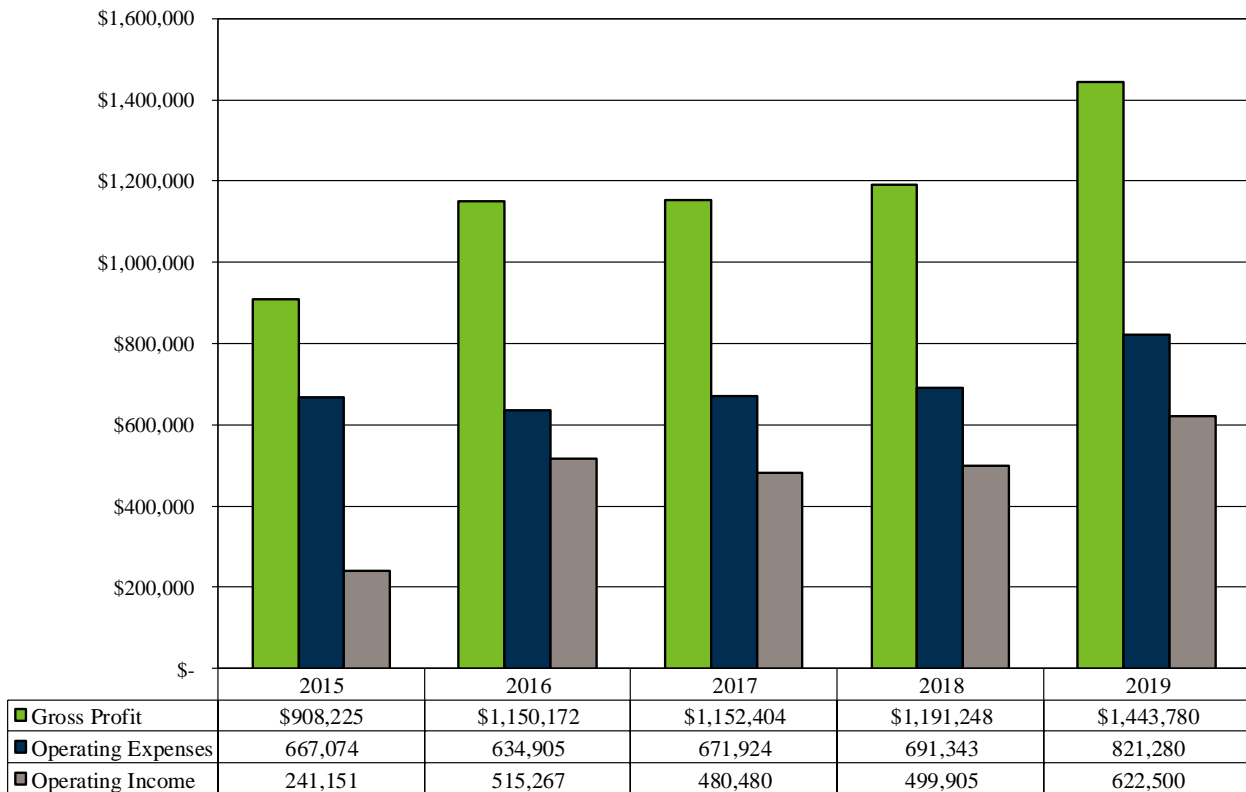
**City of Marshall
Financial Analysis**

MUNICIPAL LIQUOR STORE ENTERPRISE FUND

The following graph illustrates the current operations of the Municipal Liquor Store Fund for the past five years.

The Municipal Liquor Store Fund has shown an operating income in each of the five years presented. In 2019, the Fund showed an operating income of \$622,500. This is an increase in operating income of \$122,595 from 2018. The Fund experienced an increase in gross profit of \$252,532 while liquor store expenses increased \$129,937. Revenues increased with management monitoring gross profit more closely and adjusting sales price based on current gross profit. There was also implementation of taste testing, and festivals for promotional purposes. Expenses increased as a result of operations and changes in staffing, particularly a new full-time position. The Fund was able to transfer \$255,000 to the General Fund.

Municipal Liquor Store Operations

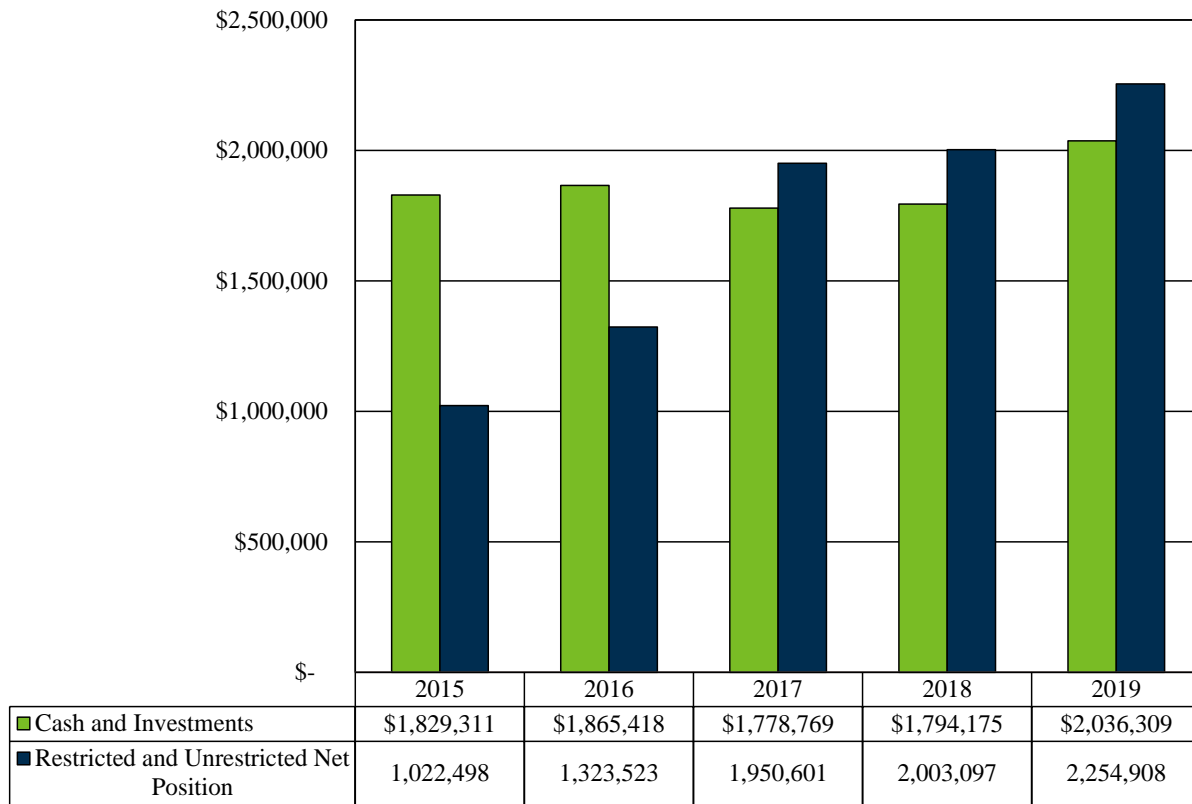


**City of Marshall
Financial Analysis**

MUNICIPAL LIQUOR STORE ENTERPRISE FUND (CONTINUED)

The graph below shows the cash and investment balances and restricted and unrestricted net position balances as of December 31 for the last five years. The Municipal Liquor Store Fund cash and investment balance increased \$242,134 while the restricted and unrestricted net position increased \$251,811 in 2019. Unrestricted net position as of December 31, 2019 was \$ 549,667.

Municipal Liquor Store Fund

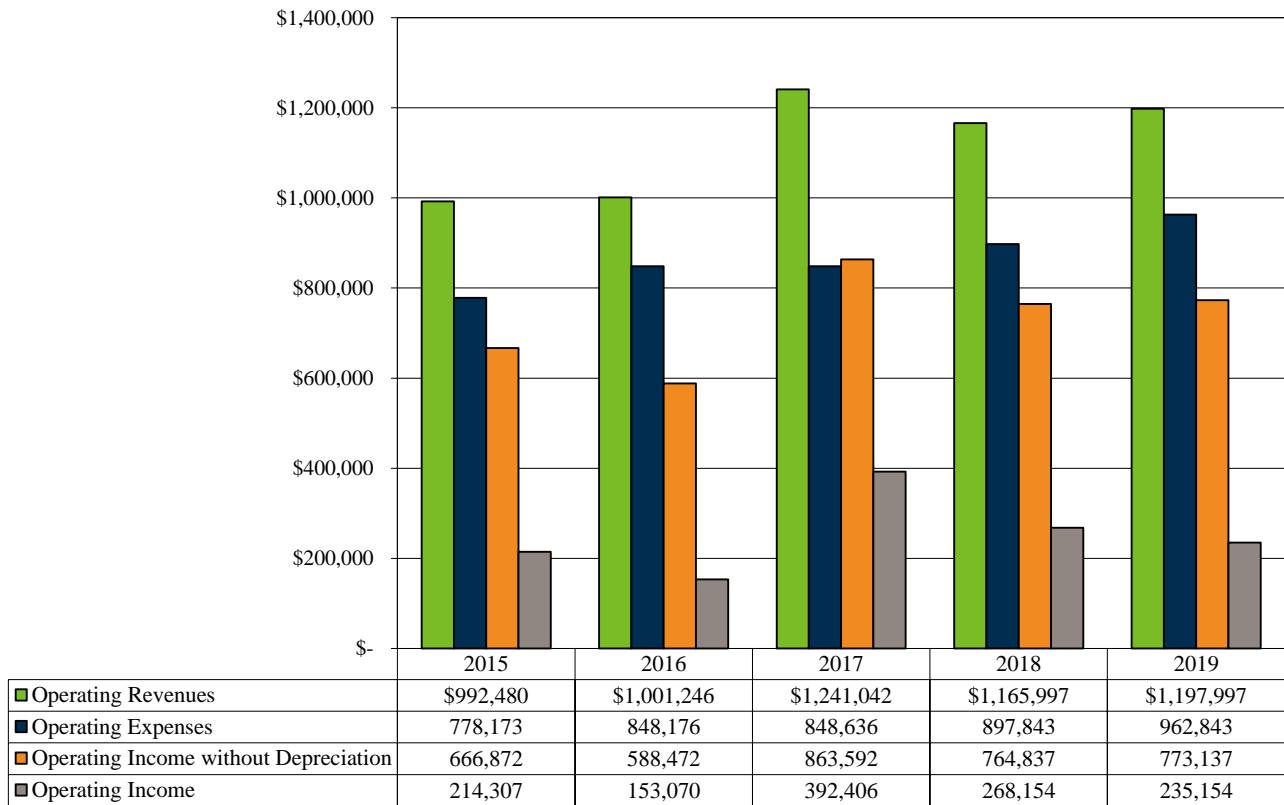


**City of Marshall
Financial Analysis**

SURFACE WATER MANAGEMENT ENTERPRISE FUND

The following graph illustrates the current operations of the Surface Water Management Fund for the past five years. For all five years shown, the City's Surface Water Management Fund has generated an operating income. Operating revenue increased \$32,000 or 2.7% while expenses increased \$65,000 or 7.2% compared to 2018. Surface water management fee revenue increased with increased rates in 2019 while expenses increased primarily to an increase in depreciation expense of \$41,300. The net effect of the changes in revenues and expenses is operating income of \$235,154.

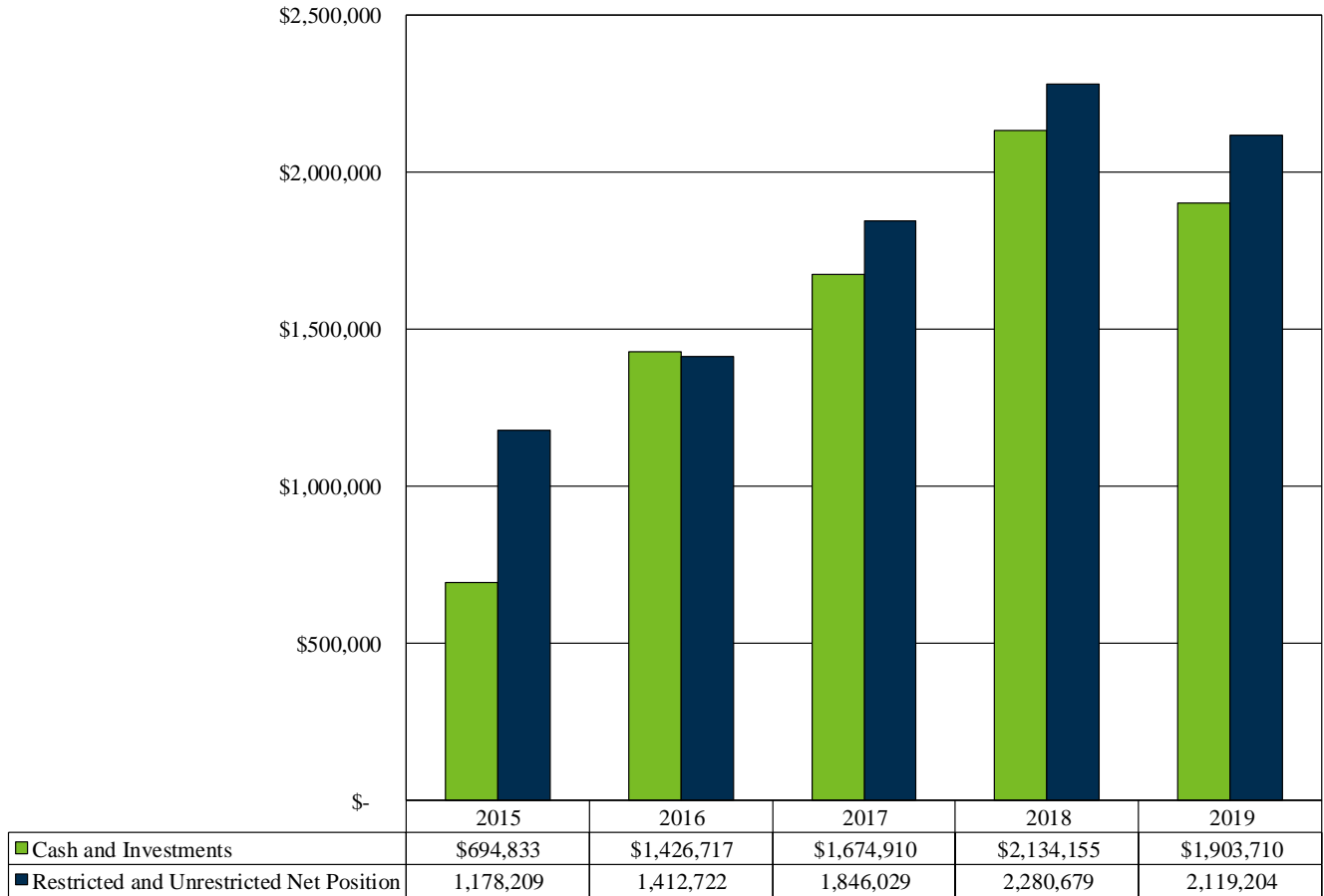
Surface Water Management Operations



**City of Marshall
Financial Analysis**

SURFACE WATER MANAGEMENT ENTERPRISE FUND (CONTINUED)

Surface Water Management Fund



As of December 31, 2019, the Surface Water Management Fund had a net cash and investment balance of \$1,903,710. This is a decrease of \$230,445 compared to 2018. However, the cash investment balance has increased \$1,208,877 since 2015. Restricted and unrestricted net position at year-end 2019 was \$2,119,204, a decrease of \$161,475 compared to 2018. Unrestricted net position as of December 31, 2019 was \$ 1,837,849.

City of Marshall Emerging Issue

Executive Summary

The following is an executive summary of financial and business related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant update includes:

- **Accounting Standard Update – GASB Statement No. 87 – Leases** – GASB has issued GASB Statement No. 87 relating to accounting and financial reporting for leases. This new statement establishes a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset.

The following is an extensive summary of the current update. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and their applicability to your City.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – LEASES

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

City of Marshall
Emerging Issue

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – LEASES
(CONTINUED)

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

GASB Statement No. 87 is effective for fiscal years beginning after June 15, 2021.

Information provided above was obtained from www.gasb.org.

**City of Marshall
Lyon County, Minnesota**

Financial Statements

December 31, 2019

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**City of Marshall
Elected Officials and Administration
December 31, 2019**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Robert Byrnes	Mayor	January 12, 2021
John DeCramer	Council Member, Ward 1	January 10, 2023
Glenn Bayerkohler	Council Member, Ward 1	January 12, 2021
Steven Meister	Council Member, Ward 2	January 12, 2021
Russ Labat	Council Member, Ward 2	January 10, 2023
Craig Schafer	Council Member, Ward 3	January 10, 2023
James Lozinski	Council Member, Ward 3	January 12, 2021
<u>Administration</u>	<u>Position</u>	
Sharon Hanson	City Administrator	Appointed
Karla Drown	Finance Director	Appointed

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshall, Minnesota, as of and for the year ended December 31, 2019, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following discretely presented component units: Marshall Municipal Utilities and Marshall Housing Commission. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion insofar, as it relates to the amounts presented for the discretely presented component units mentioned above, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Auditor's Responsibility (Continued)

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

Opinions

In our opinion based on our audit and the reports of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshall, Minnesota, as of December 31, 2019, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB 84

As discussed in Note 12 to the financial statements, the City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and other Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marshall's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the financial statements.

Other Matters (Continued)

Other Information (Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2020, on our consideration of the City of Marshall's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Marshall's internal control over financial reporting and compliance.

BergankDV, Ltd.

St. Cloud, Minnesota
May 19, 2020

City of Marshall Management's Discussion and Analysis

As management of the City of Marshall, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$120,167,918 (net position). Of this amount, \$13,178,968 (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 \$4,887,816, compared to an increase of \$5,000,180 in the previous year. Of this increase, business-type activities (enterprise funds) had an increase of \$2,760,206 and governmental activities had an increase of \$2,127,610. The major factor in the governmental activity change was a MERIT Track Expansion State Grant (\$2,859,352).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$26,946,782, a decrease of \$3,784,405 in comparison with the prior year. Approximately 36 percent of this total amount, \$10,860,910, is available for spending at the City's discretion between assigned and unassigned fund balance. The fund balances are classified in accordance with GASB Statement No. 54 as follows: 1) nonspendable - \$151,860; 2) restricted - \$15,934,012; 3) assigned - \$7,023,142; and 4) unassigned \$3,837,768.

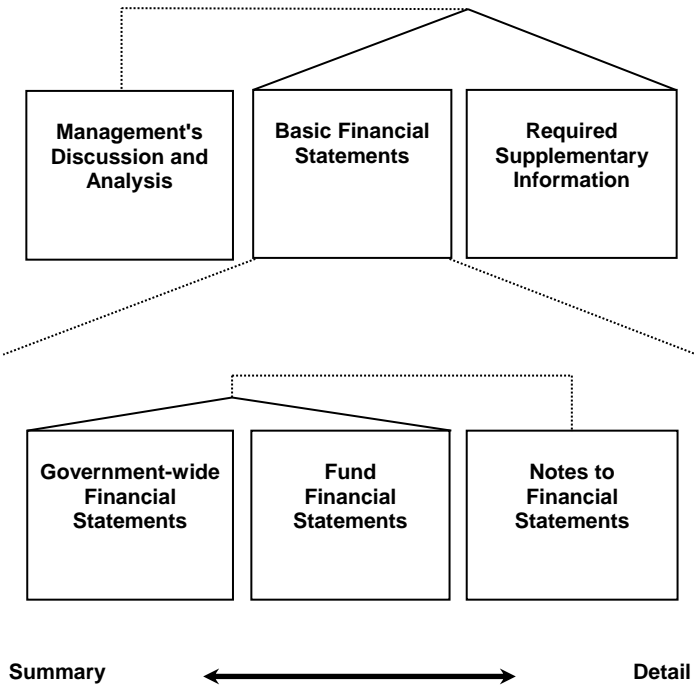
Overview of the Financial Statements

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

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

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

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



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

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

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

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

City of Marshall Management's Discussion and Analysis

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

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

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

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

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

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

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

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

City of Marshall Management's Discussion and Analysis

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

The City maintains numerous individual governmental funds, many of which are Debt Service funds, which are considered one fund for reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, the Tax Increment Financing fund, the Debt Service fund, the 2018 Public Improvement fund and the MERIT Track Expansion Fund, all of which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

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

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

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

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

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

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

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

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 35 of this report.

City of Marshall Management's Discussion and Analysis

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$120,167,918 at the close of the most recent fiscal year.

A large portion of the City's net position (70.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Marshall's Summary of Net Position

	Governmental Activities			Business-Type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Assets						
Current and other assets	\$ 34,645,329	\$ 36,372,743	\$ (1,727,414)	\$ 15,098,489	\$ 13,502,895	\$ 1,595,594
Capital assets	96,138,952	90,846,375	5,292,577	37,166,383	33,252,779	3,913,604
Total assets	130,784,281	127,219,118	3,565,163	52,264,872	46,755,674	5,509,198
Deferred Outflows of Resources						
Deferred OPEB resources	53,470	32,084	21,386	9,227	6,082	3,145
Deferred pension resources	2,069,052	3,012,264	(943,212)	93,517	173,416	(79,899)
Total deferred outflows of resources	2,122,522	3,044,348	(921,826)	102,744	179,498	(76,754)
Liabilities						
Other liabilities	1,249,051	1,519,813	(270,762)	1,186,173	421,918	764,255
Noncurrent liabilities	37,648,014	41,032,016	(3,384,002)	18,501,073	16,542,926	1,958,147
Total liabilities	38,897,065	42,551,829	(3,654,764)	19,687,246	16,964,844	2,722,402
Deferred Inflows of Resources						
Grants for subsequent years	2,675,379	-	2,675,379	-	-	-
Deferred OPEB resources	56,739	-	56,739	9,791	-	9,791
Deferred pension resources	3,615,798	4,263,961	(648,163)	164,483	224,438	(59,955)
Total deferred inflows of resources	6,347,916	4,263,961	2,083,955	174,274	224,438	(50,164)
Net Position						
Net investment in capital assets	64,893,310	55,540,334	9,352,976	19,878,593	17,914,365	1,964,228
Restricted	18,439,295	20,024,390	(1,585,095)	3,777,752	-	3,777,752
Unrestricted	4,329,217	7,882,952	(3,553,735)	8,849,751	11,831,525	(2,981,774)
Total net position	\$ 87,661,822	\$ 83,447,676	\$ 4,214,146	\$ 32,506,096	\$ 29,745,890	\$ 2,760,206

An additional portion of the City's net position (15.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (11.0%) may be used to meet the City's ongoing obligations to citizens and creditors.

City of Marshall Management's Discussion and Analysis

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

There was an increase of \$2,760,206 in net position reported in connection with the City's business-type activities. This increase was a result of the following funds change in net position: Municipal Liquor Store (\$363,227), Surface Water Management (\$998,735) and Wastewater Treatment (\$1,398,244). The Municipal Liquor fund's gross profit percentage is currently at 26.0%, higher than 23.3% in 2018.

Governmental Activities. Governmental activities increased the City's net position by \$2,127,610. Key elements of this increase are described above and summarized in the following table:

City of Marshall's Changes in Net Position

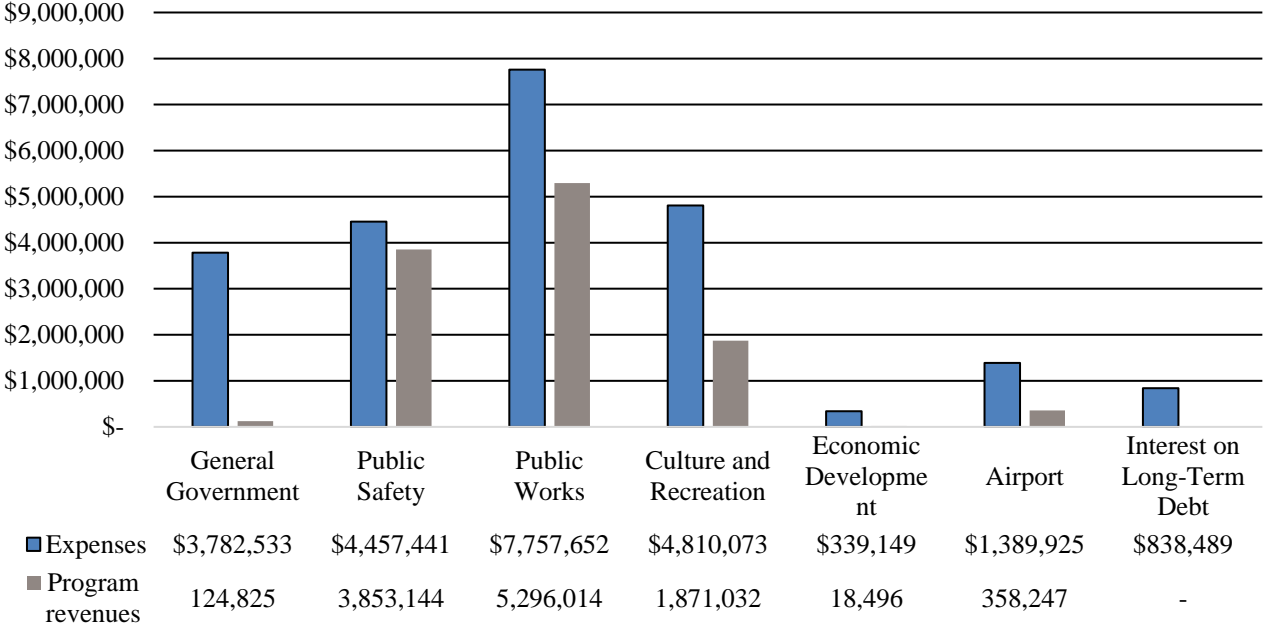
	Governmental Activities			Business-Type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 3,386,582	\$ 3,215,326	\$ 171,256	\$ 12,509,331	\$ 11,774,791	\$ 734,540
Operating grants and contributions	1,804,838	1,363,290	441,548	2,303	-	2,303
Capital grants and contributions	6,330,338	5,416,612	913,726	840,529	13,046	827,483
General revenues						
Property taxes	6,673,726	6,266,425	407,301	-	(105)	105
Tax increments	308,163	749,421	(441,258)	-	-	-
Franchise fees and other taxes	2,799,220	2,679,113	120,107	-	-	-
State grants and contributions not restricted to specific programs	3,312,799	3,315,293	(2,494)	-	-	-
Unrestricted investment earnings	502,722	241,317	261,405	265,151	70,479	194,672
Other	100,192	43,014	57,178	-	25,917	(25,917)
Total revenues	<u>25,218,580</u>	<u>23,289,811</u>	<u>1,928,769</u>	<u>13,617,314</u>	<u>11,884,128</u>	<u>1,733,186</u>
Expenses						
General government	\$3,782,533	3,370,422	412,111	-	-	-
Public safety	4,457,441	4,069,232	388,209	-	-	-
Public works	7,757,652	7,252,085	505,567	-	-	-
Culture and recreation	4,810,073	3,110,696	1,699,377	-	-	-
Economic development	339,149	138,506	200,643	-	-	-
Airport	1,389,925	512,992	876,933	-	-	-
Interest on long-term debt	838,489	931,375	(92,886)	-	-	-
Wastewater treatment	-	-	-	4,540,427	5,117,137	(576,710)
Surface water management	-	-	-	1,036,031	970,624	65,407
Municipal liquor store	-	-	-	4,996,358	4,678,944	317,414
Parkway townhomes	-	-	-	-	21,746	(21,746)
Total expenses	<u>23,375,262</u>	<u>19,385,308</u>	<u>3,989,954</u>	<u>10,572,816</u>	<u>10,788,451</u>	<u>(215,635)</u>
Increase in Net Position before Transfers	1,843,318	3,904,503	(2,061,185)	3,044,498	1,095,677	1,948,821
Transfers	284,292	448,290	(163,998)	(284,292)	(448,290)	163,998
Change in Net Position	2,127,610	4,352,793	(2,225,183)	2,760,206	647,387	2,112,819
Net position, January 1, as previously stated	83,447,676	79,094,883	4,352,793	29,745,890	29,098,503	647,387
Change in Accounting Principle	2,086,536	-	2,086,536	-	-	-
Net position, January 1, as restated	<u>85,534,212</u>	<u>79,094,883</u>	<u>6,439,329</u>	<u>29,745,890</u>	<u>29,098,503</u>	<u>647,387</u>
Net position, December 31	<u>\$ 87,661,822</u>	<u>\$ 83,447,676</u>	<u>\$ 4,214,146</u>	<u>\$ 32,506,096</u>	<u>\$ 29,745,890</u>	<u>\$ 2,760,206</u>

*State grants & contributions not restricted to specific programs

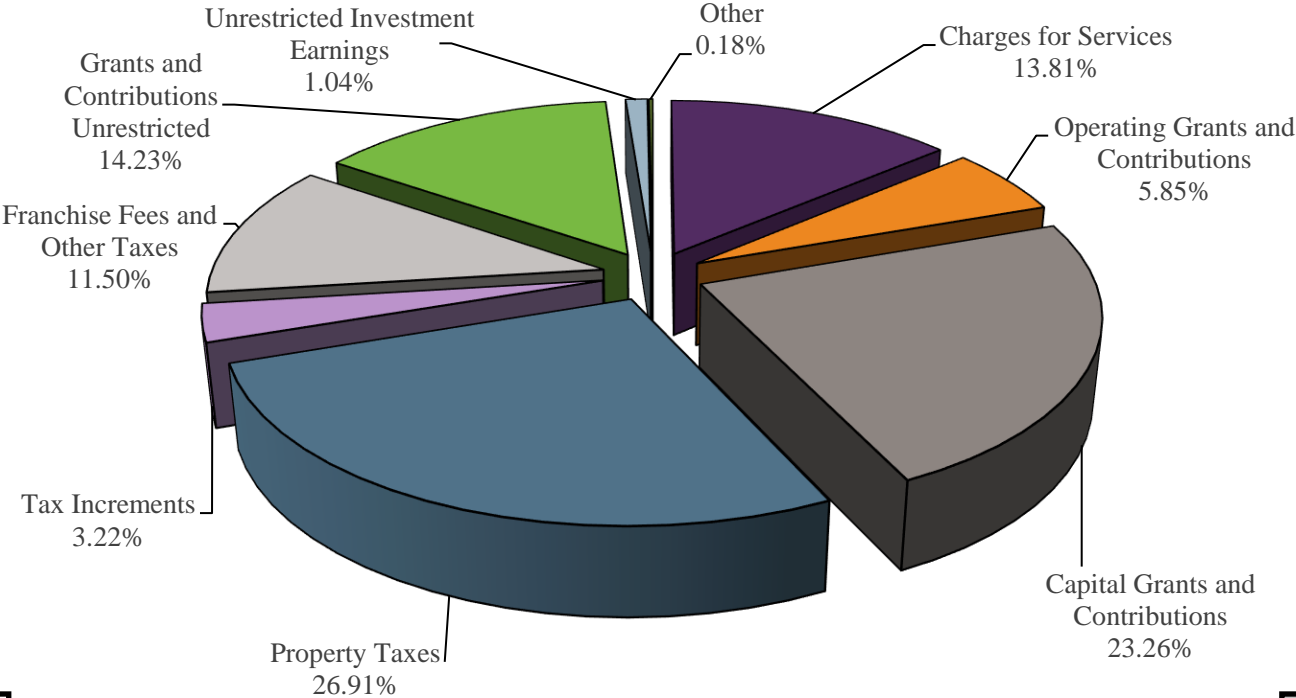
City of Marshall Management's Discussion and Analysis

The following graphs depict various governmental activities and show the revenues and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

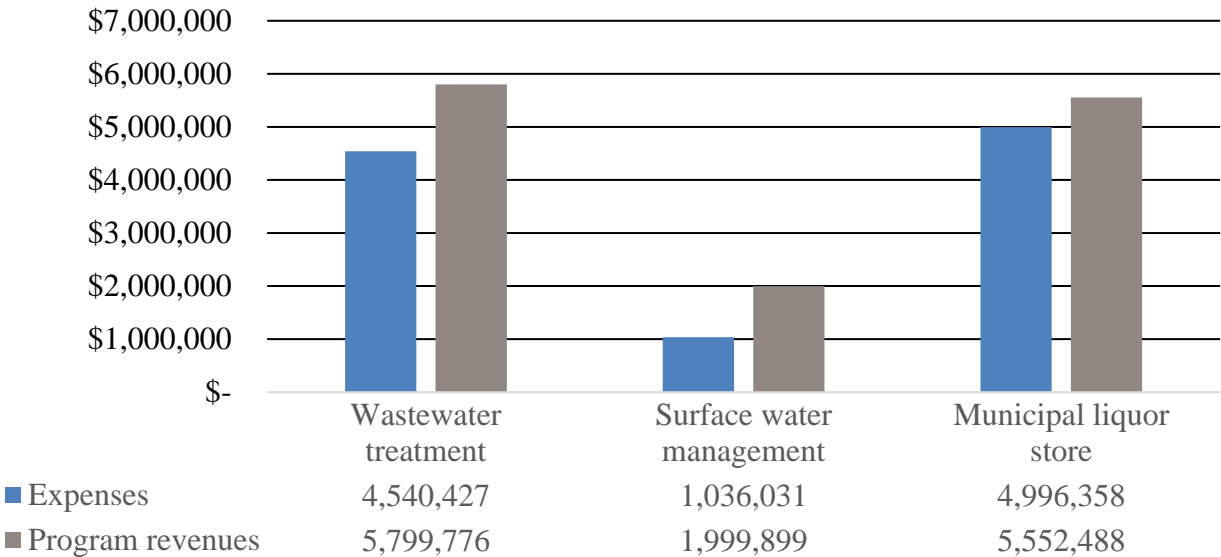


**City of Marshall
Management's Discussion and Analysis**

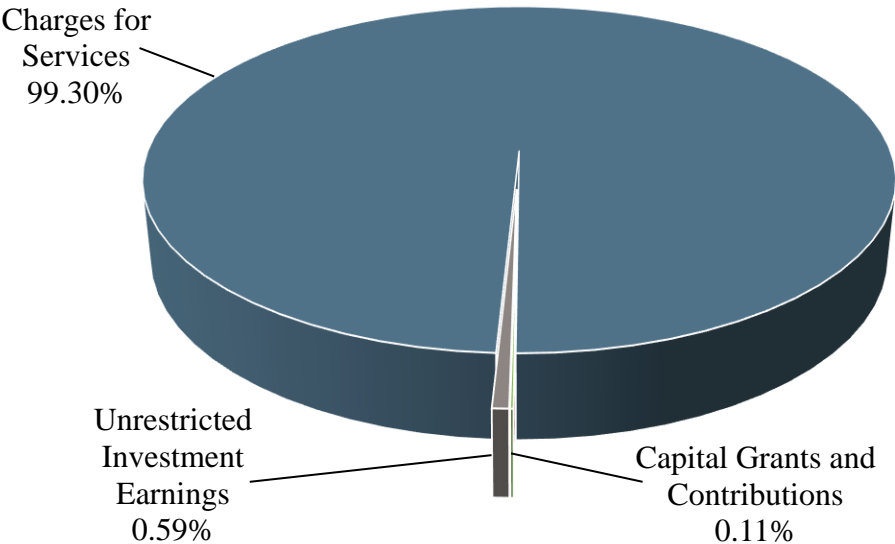
Business-type Activities. Business-type activities increased the City's net position by \$2,760,206. Key elements of this increase are as follows:

- Overall gross profit increased by \$233,305 in the business-type funds while operating expenses decreased by \$397,655.
- Transfers out decreased by \$163,998 in the current year.

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



City of Marshall Management's Discussion and Analysis

Financial Analysis of the City's Funds

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

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

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund was \$7,239,435. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 55.5 percent of fund expenditures, while total fund balance also represents 58.3 percent of that same amount.

The fund balance of the City's *General fund* decreased by \$389,738 during the current fiscal year. The key factor in this decrease was a planned draw down of reserves of \$ 600,000. There was also an increase of revenues of \$299,714.

The *Tax Increment Financing fund* has a total fund balance of \$5,092,960. The net decrease in fund balance during the current year in this fund was \$60,957. The key factor for this decrease relates to tax increment revenues of \$308,163 not exceeding transfers out totaling \$365,135 to debt service funds for capital improvements.

The *Debt Service fund* has a total fund balance of \$6,290,378, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the Debt Service fund was \$341,922. Major factors in this increase were due primarily to revenues and transfers in of \$6,426,541 that were mainly offset by debt service payments of \$5,501,527 and transfers out of 583,092.

The *2018 Public Improvement fund* has a total fund balance of negative \$2,229,999. The fund is currently negative due to deferred grant revenue of 2,404,470 of Municipal State Aid Funds not yet earned.

The *MERIT Track Expansion fund* has a total fund balance of negative \$55,531. The fund is currently negative due to a timing difference of grant proceeds and grant expenditures.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$ 8,849,751. The total increase in net position for the funds was \$2,760,206. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

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

General Fund Budgetary Highlights

The City's General fund budget had no amendments during the year. The budget called for a decrease in fund balance of \$121,733. Actual revenues exceeded budgeted revenues by \$576,161 and the expenditure budget was overspent by \$214,166. Other financing sources (uses) were over expectations by \$630,000 due to intended use of reserves of 600,000 to fund capital projects. The net result was a decrease to the General fund balance of \$389,738 in 2019.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2019, amounts to \$133,305,335 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 7.4% (a 5.8% increase for governmental activities and an 11.8% increase for business-type activities).

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

Governmental Activities

- Reb Baron Parking Lot costs of \$431,608
- Street Department Parking Lot costs of \$308,133
- Commerce Industrial Park costs of \$961,705
- MERIT Track Expansion costs for \$2,859,352
- City Hall Reconstruction Project costs for \$337,909

Business-type Activities

- Wastewater Plant Upgrade costs of \$4,463,362

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

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

	Governmental Activities			Business-Type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Land	\$ 7,320,348	\$ 7,301,489	\$ (18,859)	\$ 512,872	\$ 512,872	\$ -
Construction in progress	4,146,722	7,269,915	3,123,193	4,695,278	667,011	(4,028,267)
Buildings	33,634,037	29,176,649	(4,457,388)	2,194,956	2,263,093	68,137
Improvements other than buildings	12,895,935	13,132,458	236,523	7,288,956	8,184,879	895,923
Systems and infrastructure	34,121,551	29,777,167	(4,344,384)	21,262,887	20,196,444	(1,066,443)
Equipment and machinery	3,959,668	4,188,697	229,029	1,211,434	1,428,480	217,046
Library books	60,691	-	(60,691)	-	-	-
Total	\$ 96,138,952	\$ 90,846,375	\$ (5,292,577)	\$ 37,166,383	\$ 33,252,779	\$ (3,913,604)

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

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$46,403,363. Of this amount, \$2,875,000 is general obligation debt, \$3,210,000 is tax increment debt, \$2,580,000 is tax abatement debt, \$20,793,608 is general obligation assessment debt and \$16,944,755 is revenue debt. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of Marshall's Outstanding Debt

	Governmental Activities			Business-Type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
General Obligation Bonds	\$ 2,875,000	\$ 2,745,000	\$ 130,000	\$ -	\$ -	\$ -
G.O. Tax Increment Bonds	3,210,000	3,760,000	(550,000)	-	-	-
G.O. Tax Abatement Bonds	2,580,000	2,695,000	(115,000)	-	-	-
G.O. Special Assessment Bonds	20,793,608	24,133,608	(3,340,000)	-	-	-
G.O. Revenue Bonds	-	-	-	10,126,392	12,381,392	(2,255,000)
Revenue Bonds	-	-	-	2,355,000	2,560,000	(205,000)
PFA Notes	-	-	-	4,463,363	-	4,463,363
Total	\$ 29,458,608	\$ 33,333,608	\$ (3,875,000)	\$ 16,944,755	\$ 14,941,392	\$ 2,003,363

The City's total debt decreased \$1,871,637, or 3.9 percent during the current fiscal year. Long-term debt of \$4,463,363 was issued during the year and \$6,335,000 was retired during the year.

Minnesota statutes limit the amount of net general obligation debt a City may issue up to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is \$28,965,708, which is significantly in excess of the City's outstanding debt subject to the limit of \$11,680,000.

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

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Lyon County is currently 4.0%. This is comparable to the State's average unemployment rate of 3.1% and the national average rate of 4.4%.
- Property valuations within the City remain relatively stable.
- Inflationary trends in the region compare favorably to national indices.

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

Property tax levies increased by \$ 270,642 or (3.99 percent) during the year.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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**City of Marshall
Statement of Net Position
December 31, 2019**

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Marshall Municipal Utilities	Marshall Housing Commission	Economic Development Authority
Assets						
Cash and temporary investments	\$ 29,173,659	\$ 8,781,882	\$ 37,955,541	\$ 22,983,279	\$ 471,837	\$ 1,210,656
Restricted assets	-	3,777,752	3,777,752	6,241,362	31,901	-
Receivables						
Interest	66,110	4,669	70,779	152,693	485	1,354
Delinquent taxes	155,157	6	155,163	-	-	2,997
Accounts	171,605	156,096	327,701	4,474,022	28,159	-
Notes	33,594	-	33,594	27,558	-	233,713
Special assessments	3,408,422	36,290	3,444,712	-	-	-
Intergovernmental	699,096	741,189	1,440,285	-	-	406
Due from component units/primary government	171,582	795,343	966,925	112,033	-	-
Inventories	-	758,186	758,186	749,921	1,100	-
Prepaid items	151,860	47,076	198,936	219,107	14,495	118
Land held for resale	-	-	-	-	-	1,034,422
Net pension asset	614,244	-	614,244	-	-	-
Capital assets						
Nondepreciable	11,467,070	5,208,150	16,675,220	3,008,119	514,965	-
Depreciable, net of accumulated depreciation	84,671,882	31,958,233	116,630,115	66,322,659	2,362,916	5,653
Total Assets	<u>130,784,281</u>	<u>52,264,872</u>	<u>183,049,153</u>	<u>104,290,753</u>	<u>3,425,858</u>	<u>2,489,319</u>
Deferred Outflows of Resources						
Deferred outflows related to OPEB	53,470	9,227	62,697	38,217	-	-
Deferred outflows related to pensions	2,069,052	93,517	2,162,569	216,440	-	-
Total Deferred Outflows of Resources	<u>2,122,522</u>	<u>102,744</u>	<u>2,225,266</u>	<u>254,657</u>	<u>-</u>	<u>-</u>
Liabilities						
Accounts payable	\$ 273,975	\$ 233,055	\$ 507,030	\$ 3,239,992	\$ 4,391	\$ 47,627
Contracts payable	218,322	696,558	914,880	-	-	-
Due to other governments	78,018	64,601	142,619	-	8,352	-
Due to component units/primary government	83,522	28,511	112,033	799,851	-	167,074
Accrued interest payable	402,068	123,104	525,172	350,439	-	-
Accrued salaries payable	186,364	32,987	219,351	268,069	3,761	-
Accrued liabilities - other	-	-	-	-	7,168	-
Deposits payable	-	-	-	88,151	23,920	-
Unearned revenue	6,782	7,357	14,139	-	7,981	-
Noncurrent liabilities						
Due within one year	3,705,674	2,356,539	6,062,213	3,535,000	14,303	-
Due in more than one year	28,616,357	15,208,113	43,824,470	20,107,204	44,929	-
Net pension liability, due in more than one year	4,906,771	864,078	5,770,849	2,405,018	-	-
Total OPEB liability, due in more than one year	419,212	72,343	491,555	353,012	-	-
Total liabilities	<u>38,897,065</u>	<u>19,687,246</u>	<u>58,584,311</u>	<u>31,146,736</u>	<u>114,805</u>	<u>214,701</u>
Deferred Inflows of Resources						
Grants for subsequent years	2,675,379	-	2,675,379	2,337,071	-	-
Deferred inflows related to OPEB	56,739	9,791	66,530	8,729	-	-
Deferred inflows related to pensions	3,615,798	164,483	3,780,281	653,269	-	-
Total deferred inflows of resources	<u>6,347,916</u>	<u>174,274</u>	<u>6,522,190</u>	<u>2,999,069</u>	<u>-</u>	<u>-</u>
Net Position						
Net investment in capital assets	64,893,310	19,878,593	84,771,903	45,188,707	2,877,881	5,653
Restricted for						
Debt service	8,795,661	3,777,752	12,573,413	6,241,362	-	-
City celebrations	18,259	-	18,259	-	-	-
Economic development	2,329,799	-	2,329,799	-	-	-
Tax increment financing	5,092,960	-	5,092,960	-	-	-
Capital projects	2,113,479	-	2,113,479	-	-	-
Library	89,137	-	89,137	-	-	-
Unrestricted	4,329,217	8,849,751	13,178,968	18,969,536	433,172	2,268,965
Total net position	<u>\$ 87,661,822</u>	<u>\$ 32,506,096</u>	<u>\$ 120,167,918</u>	<u>\$ 70,399,605</u>	<u>\$ 3,311,053</u>	<u>\$ 2,274,618</u>

Statement of Activities
Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 3,782,533	\$ 104,859	\$ 5,756	\$ 14,210
Public safety	4,457,441	464,186	581,187	2,807,771
Public works	7,757,652	1,861,740	64,044	3,370,230
Culture and recreation	4,810,073	779,630	1,063,483	27,919
Economic development	339,149	18,496	-	-
Airport	1,389,925	157,671	90,368	110,208
Interest on long-term debt	838,489	-	-	-
Total governmental activities	<u>23,375,262</u>	<u>3,386,582</u>	<u>1,804,838</u>	<u>6,330,338</u>
Business-type activities				
Wastewater treatment	4,540,427	5,505,294	1,455	293,027
Surface water management	1,036,031	1,452,397	-	547,502
Municipal liquor store	4,996,358	5,551,640	848	-
Total business-type activities	<u>10,572,816</u>	<u>12,509,331</u>	<u>2,303</u>	<u>840,529</u>
Total primary government	<u>\$ 33,948,078</u>	<u>\$ 15,895,913</u>	<u>\$ 1,807,141</u>	<u>\$ 7,170,867</u>
Component Units				
Marshall Municipal Utilities - Water	\$ 4,500,160	\$ 5,353,937	\$ -	\$ -
Marshall Municipal Utilities - Electric	39,432,530	39,774,095	-	-
Marshall Housing Commission	953,881	428,547	316,916	34,175
Economic Development Authority	284,002	14,095	-	-
Total component units	<u>\$ 45,170,573</u>	<u>\$ 45,570,674</u>	<u>\$ 316,916</u>	<u>\$ 34,175</u>

General revenues	
Property taxes, levied for general purposes	
Property taxes, levied for special purposes	
Property taxes, levied for debt service	
Tax increments	
Sales tax	
Lodging taxes	
Franchise taxes	
Grants and contributions not restricted to specific programs	
Unrestricted investment earnings	
Gain on sale of capital assets	
Other revenues	
Transfers	
Total general revenues and transfers	

Change in net position

Net position - January 1, as previously stated
 Prior period adjustment (See Note 13)
 Net position - January 1 as restated

Net position, December 31

Net (Expense) Revenues and Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Marshall Municipal Utilities	Marshall Housing Commission	Economic Development Authority
\$ (3,657,708)	\$ -	\$ (3,657,708)	\$ -	\$ -	\$ -
(604,297)	-	(604,297)	-	-	-
(2,461,638)	-	(2,461,638)	-	-	-
(2,939,041)	-	(2,939,041)	-	-	-
(320,653)	-	(320,653)	-	-	-
(1,031,678)	-	(1,031,678)	-	-	-
(838,489)	-	(838,489)	-	-	-
<u>(11,853,504)</u>	<u>-</u>	<u>(11,853,504)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,259,349	1,259,349	-	-	-
-	963,868	963,868	-	-	-
-	556,130	556,130	-	-	-
-	<u>2,779,347</u>	<u>2,779,347</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (11,853,504)</u>	<u>\$ 2,779,347</u>	<u>\$ (9,074,157)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 853,777	\$ -	\$ -
-	-	-	341,565	-	-
-	-	-	-	(174,243)	-
-	-	-	-	-	(269,907)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,195,342</u>	<u>\$ (174,243)</u>	<u>\$ (269,907)</u>
\$ 4,954,734	\$ -	\$ 4,954,734	\$ -	\$ -	\$ -
-	-	-	-	-	125,005
1,718,992	-	1,718,992	-	-	-
308,163	-	308,163	-	-	-
2,042,872	-	2,042,872	-	-	-
265,746	-	265,746	-	-	-
490,602	-	490,602	-	-	-
3,312,799	-	3,312,799	-	-	-
502,722	265,151	767,873	1,125,667	4,796	21,822
59,115	-	59,115	-	-	60,925
41,077	-	41,077	-	1,402	-
284,292	(284,292)	-	-	-	-
<u>13,981,114</u>	<u>(19,141)</u>	<u>13,961,973</u>	<u>1,125,667</u>	<u>6,198</u>	<u>207,752</u>
2,127,610	2,760,206	4,887,816	2,321,009	(168,045)	(62,155)
83,447,676	29,745,890	113,193,566	68,078,596	3,479,098	2,377,273
2,086,536	-	2,086,536	-	-	(40,500)
<u>85,534,212</u>	<u>29,745,890</u>	<u>115,280,102</u>	<u>68,078,596</u>	<u>3,479,098</u>	<u>2,336,773</u>
<u>\$ 87,661,822</u>	<u>\$ 32,506,096</u>	<u>\$ 120,167,918</u>	<u>\$ 70,399,605</u>	<u>\$ 3,311,053</u>	<u>\$ 2,274,618</u>

City of Marshall
Balance Sheet - Governmental Funds
December 31, 2019

	General Fund (101)	Tax Increment Financing (230)	Debt Service (300s)
Assets			
Cash and temporary investments	\$ 7,433,723	\$ 4,202,463	\$ 6,277,284
Receivables			
Interest receivable	237	54,286	9,562
Delinquent taxes	110,267	-	35,249
Accounts receivable	102,066	-	-
Notes	-	-	-
Special assessments	4,853	-	2,873,740
Intergovernmental	144,816	-	5,575
Due from other funds	-	669,437	-
Due from component units	4,508	167,074	-
Prepaid items	119,804	-	-
	<u>\$ 7,920,274</u>	<u>\$ 5,093,260</u>	<u>\$ 9,201,410</u>
Liabilities			
Accounts payable	128,694	219	3,681
Contracts payable	-	-	-
Due to other funds	153,601	-	-
Due to component units	69,616	81	-
Due to other governments	42,237	-	-
Accrued salaries payable	164,789	-	-
Unearned revenue	6,782	-	-
Total liabilities	<u>565,719</u>	<u>300</u>	<u>3,681</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes	110,267	-	35,249
Unavailable revenue - special assessments	4,853	-	2,872,102
Grants for subsequent years	-	-	-
Total deferred inflows of resources	<u>115,120</u>	<u>-</u>	<u>2,907,351</u>
Fund Balances (Deficits)			
Nonspendable			
Prepaid items	119,804	-	-
Restricted			
Debt service	-	-	6,290,378
City celebrations	-	-	-
Economic development	-	-	-
Tax increment financing	-	5,092,960	-
Capital projects	-	-	-
Library	-	-	-
Assigned			
Insurance reserve	93,347	-	-
OPEB liability	419,212	-	-
Shelter	17,194	-	-
Forfeiture program - police department	63,783	-	-
Unallocated health insurance premium	12,218	-	-
Staff seperation	-	-	-
Library operations	-	-	-
Economic development	-	-	-
Capital projects	-	-	-
Drivers education	-	-	-
ASC Arena	-	-	-
Park improvements	-	-	-
Emergency response and industrial training center	-	-	-
Unassigned	6,513,877	-	-
Total fund balances (deficits)	<u>7,239,435</u>	<u>5,092,960</u>	<u>6,290,378</u>
	<u>\$ 7,920,274</u>	<u>\$ 5,093,260</u>	<u>\$ 9,201,410</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)			

2018 Public Improvements (475)	MERIT Track Expansion (493)	Other Governmental Funds	Totals
\$ 209,620	\$ -	\$ 11,050,569	\$ 29,173,659
-	-	2,025	66,110
-	-	9,641	155,157
-	-	69,539	171,605
-	-	33,594	33,594
-	-	529,829	3,408,422
15,936	103,053	429,716	699,096
-	-	436,105	1,105,542
-	-	-	171,582
-	-	32,056	151,860
<u>\$ 225,556</u>	<u>\$ 103,053</u>	<u>\$ 12,593,074</u>	<u>\$ 35,136,627</u>
-	-	141,381	273,975
51,085	139,967	27,270	218,322
-	15,526	936,415	1,105,542
-	-	13,825	83,522
-	3,091	32,690	78,018
-	-	21,575	186,364
-	-	-	6,782
<u>51,085</u>	<u>158,584</u>	<u>1,173,156</u>	<u>1,952,525</u>
-	-	9,641	155,157
-	-	529,829	3,406,784
2,404,470	-	270,909	2,675,379
<u>2,404,470</u>	<u>-</u>	<u>810,379</u>	<u>6,237,320</u>
-	-	32,056	151,860
-	-	-	6,290,378
-	-	18,259	18,259
-	-	2,329,799	2,329,799
-	-	-	5,092,960
-	-	2,113,479	2,113,479
-	-	89,137	89,137
-	-	-	93,347
-	-	-	419,212
-	-	-	17,194
-	-	-	63,783
-	-	-	12,218
-	-	100,388	100,388
-	-	86,955	86,955
-	-	143,418	143,418
-	-	5,655,057	5,655,057
-	-	62,316	62,316
-	-	100,971	100,971
-	-	182,647	182,647
-	-	85,636	85,636
(2,229,999)	(55,531)	(390,579)	3,837,768
<u>(2,229,999)</u>	<u>(55,531)</u>	<u>10,609,539</u>	<u>26,946,782</u>
<u>\$ 225,556</u>	<u>\$ 103,053</u>	<u>\$ 12,593,074</u>	<u>\$ 35,136,627</u>

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City of Marshall
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2019

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

Total fund balances - governmental funds	26,946,782
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	96,138,952
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Compensated absences payable	(1,076,389)
Other postemployment benefits obligation	(419,212)
Pension liability	(4,906,771)
Bonds payable	(29,458,608)
Unamortized bond premiums	(1,787,034)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes	155,157
Special assessments receivable	3,406,784
Long-term assets from pensions reported in governmental activities are not financial resources therefore are not reported as assets in the funds.	614,244
Governmental funds do not report long-term amounts related to pensions and other post-employment benefits.	
Deferred outflows of pension resources	2,069,052
Deferred inflows of pension resources	(3,615,798)
Deferred outflows of other postemployment benefits	53,470
Deferred inflows of other postemployment benefits	(56,739)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(402,068)</u>
Total net position - governmental activities	<u><u>\$ 87,661,822</u></u>

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2019

	General Fund (101)	Tax Increment Financing (230)	Debt Service (300s)
Revenues			
Taxes	\$ 5,167,825	\$ 308,163	\$ 1,718,676
Special assessments	2,862	-	1,034,019
Licenses and permits	409,622	-	-
Intergovernmental	3,151,228	-	-
Charges for services	2,161,714	-	-
Fines and forfeitures	127,425	-	-
Investment earnings	162,709	78,729	74,669
Miscellaneous	1,219,004	-	500,000
Total revenues	<u>12,402,389</u>	<u>386,892</u>	<u>3,327,364</u>
Expenditures			
Current			
General government	3,180,045	-	-
Public safety	3,810,175	-	-
Public works	3,182,712	-	-
Culture and recreation	1,742,781	-	-
Economic development	-	82,714	-
Airport	489,969	-	-
Capital outlay			
General government	-	-	-
Public safety	11,445	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Airport	-	-	-
Debt service			
Principal	-	-	4,440,000
Interest and other	-	-	1,061,527
Total expenditures	<u>12,417,127</u>	<u>82,714</u>	<u>5,501,527</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,738)</u>	<u>304,178</u>	<u>(2,174,163)</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	-	-
Transfers in	225,000	-	3,099,177
Transfers out	(600,000)	(365,135)	(583,092)
Total other financing sources (uses)	<u>(375,000)</u>	<u>(365,135)</u>	<u>2,516,085</u>
Net change in fund balances	(389,738)	(60,957)	341,922
Fund Balances, January 1	7,629,173	5,153,917	5,831,563
Prior period adjustment (See Note 13)	-	-	116,893
Fund Balances, January 1, restated	<u>7,629,173</u>	<u>5,153,917</u>	<u>5,948,456</u>
Fund Balances, December 31	<u>7,239,435</u>	<u>5,092,960</u>	<u>6,290,378</u>

2018 Public Improvements (475)	MERIT Track Expansion (493)	Other Governmental Funds	Totals
\$ -	\$ -	\$ 2,599,234	\$ 9,793,898
-	-	334,191	1,371,072
-	-	-	409,622
15,936	2,803,821	3,154,602	9,125,587
-	-	297,381	2,459,095
-	-	15,040	142,465
1,851	-	184,764	502,722
15,485	-	242,936	1,977,425
<u>33,272</u>	<u>2,803,821</u>	<u>6,828,148</u>	<u>25,781,886</u>
-	-	279,215	3,459,260
-	-	169,891	3,980,066
1,358	-	2	3,184,072
-	-	1,744,883	3,487,664
-	-	256,435	339,149
-	-	5,000	494,969
-	-	396,217	396,217
-	2,859,352	10,000	2,880,797
383,899	-	2,429,257	2,813,156
60,637	-	570,543	631,180
-	-	50,000	50,000
-	-	-	4,440,000
-	-	-	1,061,527
<u>445,894</u>	<u>2,859,352</u>	<u>5,911,443</u>	<u>27,218,057</u>
<u>(412,622)</u>	<u>(55,531)</u>	<u>916,705</u>	<u>(1,436,171)</u>
-	-	59,115	59,115
-	-	1,439,375	4,763,552
-	-	(2,931,033)	(4,479,260)
-	-	(1,432,543)	343,407
<u>(412,622)</u>	<u>(55,531)</u>	<u>(515,838)</u>	<u>(1,092,764)</u>
256,467	-	11,860,067	30,731,187
(2,073,844)	-	(734,690)	(2,691,641)
<u>(1,817,377)</u>	<u>-</u>	<u>11,125,377</u>	<u>28,039,546</u>
<u>(2,229,999)</u>	<u>(55,531)</u>	<u>10,609,539</u>	<u>26,946,782</u>

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended December 31, 2019**

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

Net change in fund balances - governmental funds	\$ (1,092,764)
<p>Governmental funds report capital outlay as expenditures. However, in the statement of a activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	5,354,299
Depreciation expense	(5,997,416)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>	
Principal Repayments	4,440,000
Bonds premiums amortization	195,373
Bond discounts amortization	(2,476)
<p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	30,141
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(18,563)
<p>Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Property taxes	(12,789)
Special assessments	(637,838)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(88,265)
Other postemployment benefits costs	(42,092)
	(130,367)
Change in net position - governmental activities	\$ 2,127,610

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 5,080,788	\$ 5,080,788	\$ 5,167,825	\$ 87,037
Licenses and permits	261,851	261,851	409,622	147,771
Special assessments	-	-	2,862	2,862
Intergovernmental	3,094,857	3,094,857	3,151,228	56,371
Charges for services	2,297,738	2,297,738	2,161,714	(136,024)
Fines and forfeitures	101,400	101,400	127,425	26,025
Investment earnings	30,000	30,000	162,709	132,709
Miscellaneous	959,594	959,594	1,219,004	259,410
Total revenues	<u>11,826,228</u>	<u>11,826,228</u>	<u>12,402,389</u>	<u>576,161</u>
Expenditures				
Current				
General government	3,227,163	3,227,163	3,180,045	(47,118)
Public safety	3,742,562	3,742,562	3,810,175	67,613
Public works	2,861,300	2,861,300	3,182,712	321,412
Culture and recreation	1,912,574	1,912,574	1,742,781	(169,793)
Airport	459,362	459,362	489,969	30,607
Capital outlay				
Public safety	-	-	11,445	11,445
Total expenditures	<u>12,202,961</u>	<u>12,202,961</u>	<u>12,417,127</u>	<u>214,166</u>
Excess of revenues over (under) expenditures	(376,733)	(376,733)	(14,738)	361,995
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	30,000	30,000	-	(30,000)
Transfers in	225,000	225,000	225,000	-
Transfers out	-	-	(600,000)	(600,000)
Total other financing sources (uses)	<u>255,000</u>	<u>255,000</u>	<u>(375,000)</u>	<u>(630,000)</u>
Net change in fund balances	<u>\$ (121,733)</u>	<u>\$ (121,733)</u>	(389,738)	<u>\$ (268,005)</u>
Fund Balance				
Beginning of year			<u>7,629,173</u>	
End of year			<u>\$ 7,239,435</u>	

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Tax Increment Financing
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 295,300	\$ 295,300	\$ 308,163	\$ 12,863
Investment earnings	15,000	15,000	78,729	63,729
Total revenues	<u>310,300</u>	<u>310,300</u>	<u>386,892</u>	<u>76,592</u>
Expenditures				
Current				
Economic development	<u>68,375</u>	<u>68,375</u>	<u>82,714</u>	<u>14,339</u>
Excess of revenues over expenditures	<u>241,925</u>	<u>241,925</u>	<u>304,178</u>	<u>62,253</u>
Other Financing Sources				
Transfers out	<u>(395,520)</u>	<u>(395,520)</u>	<u>(365,135)</u>	<u>30,385</u>
Net change in fund balances	<u>\$ (153,595)</u>	<u>\$ (153,595)</u>	<u>(60,957)</u>	<u>\$ 92,638</u>
Fund Balance				
Beginning of year			<u>5,153,917</u>	
End of year			<u>\$ 5,092,960</u>	

See notes to financial statements.

City of Marshall
Statement of Net Position - Proprietary Funds
December 31, 2019

	Wastewater Treatment (602)	Municipal Liquor Store (609)	Surface Water Management (630)	Totals
Assets				
Current assets				
Cash and temporary investments	\$ 6,828,459	\$ 331,068	\$ 1,622,355	\$ 8,781,882
Restricted assets				
Debt service	1,791,156	1,705,241	281,355	3,777,752
Receivables				
Interest	271	4,276	122	4,669
Accounts	151,801	70	4,225	156,096
Delinquent taxes	-	-	6	6
Special assessments	-	-	36,290	36,290
Intergovernmental	741,189	-	-	741,189
Due from component units	592,339	-	203,004	795,343
Inventories	-	758,186	-	758,186
Prepaid items	25,930	12,453	8,693	47,076
Total current assets	<u>10,131,145</u>	<u>2,811,294</u>	<u>2,156,050</u>	<u>15,098,489</u>
Noncurrent assets				
Capital assets				
Land	199,134	48,603	265,135	512,872
Construction in progress	4,508,361	-	186,917	4,695,278
Buildings	168,472	2,359,862	-	2,528,334
Improvements other than buildings	28,001,430	123,122	-	28,124,552
Systems and infrastructure	21,447,259	-	17,273,774	38,721,033
Equipment and machinery	3,214,424	167,916	356,215	3,738,555
Total capital assets	<u>57,539,080</u>	<u>2,699,503</u>	<u>18,082,041</u>	<u>78,320,624</u>
Less accumulated depreciation	<u>(33,438,582)</u>	<u>(381,601)</u>	<u>(7,334,058)</u>	<u>(41,154,241)</u>
Total noncurrent assets	<u>24,100,498</u>	<u>2,317,902</u>	<u>10,747,983</u>	<u>37,166,383</u>
Total assets	<u>34,231,643</u>	<u>5,129,196</u>	<u>12,904,033</u>	<u>52,264,872</u>
Deferred Outflows of Resources				
Deferred inflows related to pensions	67,688	25,829	-	93,517
Deferred inflows related to OPEB	7,859	1,368	-	9,227
Total deferred outflows of resources	<u>75,547</u>	<u>27,197</u>	<u>-</u>	<u>102,744</u>
Liabilities				
Current liabilities				
Accounts payable	61,994	163,214	7,847	233,055
Contracts payable	696,558	-	-	696,558
Due to component unit	24,552	2,138	1,821	28,511
Due to other governments	233	64,223	145	64,601
Accrued interest payable	90,525	5,546	27,033	123,104
Accrued salaries payable	24,715	8,272	-	32,987
Unearned revenue	-	7,357	-	7,357
Compensated absences payable	65,099	8,930	-	74,029
PFA notes payable - current portion	546,000	-	-	546,000
Bonds payable - current portion	1,245,155	210,000	281,355	1,736,510
Total current liabilities	<u>2,754,831</u>	<u>469,680</u>	<u>318,201</u>	<u>3,542,712</u>
Noncurrent liabilities				
Compensated absences payable	175,188	27,645	-	202,833
Other postemployment benefit obligation	61,617	10,726	-	72,343
Pension liability	625,426	238,652	-	864,078
PFA notes payable - noncurrent portion	3,917,363	-	-	3,917,363
Bonds payable - noncurrent portion	6,623,087	2,145,000	1,976,795	10,744,882
Premium or discount on bonds payable	255,619	-	87,416	343,035
Total noncurrent liabilities	<u>11,658,300</u>	<u>2,422,023</u>	<u>2,064,211</u>	<u>16,144,534</u>
Total liabilities	<u>14,413,131</u>	<u>2,891,703</u>	<u>2,382,412</u>	<u>19,687,246</u>
Deferred inflows of resources related to pension activity				
Deferred inflows related to OPEB	8,340	1,451	-	9,791
Deferred inflows related to pensions	119,054	45,429	-	164,483
Total deferred inflows of resources	<u>127,394</u>	<u>46,880</u>	<u>-</u>	<u>174,274</u>
Net Position				
Net investment in capital assets	11,513,274	(37,098)	8,402,417	19,878,593
Restricted for debt service	1,791,156	1,705,241	281,355	3,777,752
Unrestricted	<u>6,462,235</u>	<u>549,667</u>	<u>1,837,849</u>	<u>8,849,751</u>
Total net position	<u>\$ 19,766,665</u>	<u>\$ 2,217,810</u>	<u>\$ 10,521,621</u>	<u>\$ 32,506,096</u>

City of Marshall
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2019

	Wastewater Treatment (602)	Municipal Liquor Store (609)	Surface Water Management (630)	Totals
Operating revenues				
Charges for services	\$ 5,359,354	\$ -	\$ 1,197,997	\$ 6,557,351
Sales	-	5,548,364	-	5,548,364
Cost of sales	-	(4,104,584)	-	(4,104,584)
Total Operating Revenues/Gross Profit	<u>5,359,354</u>	<u>1,443,780</u>	<u>1,197,997</u>	<u>8,001,131</u>
Operating expenses				
Salaries and benefits	1,162,639	453,881	-	1,616,520
Supplies	301,157	27,040	56,830	385,027
Repairs and maintenance	202,918	9,018	-	211,936
Other services and charges	621,625	191,652	368,030	1,181,307
Insurance	35,620	16,628	-	52,248
Utilities	301,885	29,477	-	331,362
Depreciation	1,697,775	93,584	537,983	2,329,342
Total operating expenses	<u>4,323,619</u>	<u>821,280</u>	<u>962,843</u>	<u>6,107,742</u>
Operating income (loss)	1,035,735	622,500	235,154	1,893,389
Nonoperating revenues (expenses)				
Special assessments	-	-	35,679	35,679
Other income	-	1,431	-	1,431
Grants and contributions	1,455	555	-	2,010
Investment earnings (loss)	198,187	32,097	34,867	265,151
Refunds and reimbursements	88,500	2,138	213,834	304,472
Rents	15,282	-	-	15,282
Bond (discount) premium amortization	42,158	-	11,829	53,987
Interest and other expense	(216,808)	(70,494)	(73,188)	(360,490)
Total nonoperating revenues (expenses)	<u>128,774</u>	<u>(34,273)</u>	<u>223,021</u>	<u>317,522</u>
Income before capital contributions and transfers	1,164,509	588,227	458,175	2,210,911
Capital contributions	293,027	-	540,560	833,587
Transfers out	(59,292)	(225,000)	-	(284,292)
Change in net position	1,398,244	363,227	998,735	2,760,206
Net position, January 1	<u>18,368,421</u>	<u>1,854,583</u>	<u>9,522,886</u>	<u>29,745,890</u>
Net position, December 31	<u>\$ 19,766,665</u>	<u>\$ 2,217,810</u>	<u>\$ 10,521,621</u>	<u>\$ 32,506,096</u>

City of Marshall
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2019

	Wastewater Treatment (602)	Municipal Liquor Store (609)	Surface Water Management (630)	Totals
Cash Flows - Operating Activities				
Receipts from customers and users	\$ 5,367,348	\$ 5,569,262	\$ 1,185,433	\$ 12,122,043
Payments to suppliers and vendors	(1,432,005)	(4,450,819)	(450,122)	(6,332,946)
Payments to and on behalf of employees	(1,163,247)	(407,284)	-	(1,570,531)
Other receipts	103,782	3,569	213,834	321,185
Net cash Provided (Used) by operating activities	<u>2,875,878</u>	<u>714,728</u>	<u>949,145</u>	<u>4,539,751</u>
Cash Flows - Noncapital Financing Activities				
Transfer to other funds	(59,292)	(225,000)	-	(284,292)
Cash Flows - Capital and Related Financing Activities				
Acquisition of capital assets	(4,226,798)	-	(491,885)	(4,718,683)
Proceeds from sales of capital assets	5,882	-	-	5,882
Proceeds from bonds and notes issued, net of discounts/premiums issued	3,176,174	-	-	3,176,174
Principal paid on long-term debt	(1,055,081)	(205,000)	(653,919)	(1,914,000)
Interest paid on long-term debt	(222,771)	(70,852)	(80,052)	(373,675)
Special assessments received	-	-	11,496	11,496
Net cash provided (used) by capital and related financing activities	<u>(2,322,594)</u>	<u>(275,852)</u>	<u>(1,214,335)</u>	<u>(3,812,781)</u>
Cash Flows - Investing Activities				
Interest received on cash and investments	200,272	28,258	34,745	263,275
Net increase (decrease) in cash and cash equivalents	694,264	242,134	(230,445)	705,953
Cash and Cash Equivalents				
January 1	<u>7,925,351</u>	<u>1,794,175</u>	<u>2,134,155</u>	<u>11,853,681</u>
December 31	<u>\$ 8,619,615</u>	<u>\$ 2,036,309</u>	<u>\$ 1,903,710</u>	<u>\$ 12,559,634</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Cash and temporary investments				
Unrestricted	\$ 6,828,459	\$ 331,068	\$ 1,622,355	\$ 8,781,882
Restricted - debt service	1,791,156	1,705,241	281,355	3,777,752
Total Cash and Cash Equivalents	<u>\$ 8,619,615</u>	<u>\$ 2,036,309</u>	<u>\$ 1,903,710</u>	<u>\$ 12,559,634</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided(Used) by Operating Activities				
Operating income (Loss)	\$ 1,035,735	\$ 622,500	\$ 235,154	\$ 1,893,389
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Other income related to operations	103,782	3,569	213,834	321,185
Depreciation	1,697,775	93,584	537,983	2,329,342
(Increase) decrease in assets				
Accounts receivable	(8,927)	13,541	(4,225)	389
Due from component units	(4,077)	-	(8,375)	(12,452)
Due from other funds	20,998	-	-	20,998
Due from other governments	-	-	36	36
Inventories	-	(133,738)	-	(133,738)
Prepaid items	1,046	24	1,279	2,349
Increase (decrease) in liabilities				
Accounts payable	30,407	57,285	(26,724)	60,968
Due to other governments	(291)	3,657	145	3,511
Due to component unit	38	352	38	428
Accrued salaries payable	6,158	2,460	-	8,618
Compensated absences payable	(11,224)	2,147	-	(9,077)
Unearned revenue	-	7,357	-	7,357
Pension related activity	745	40,923	-	41,668
Other postemployment benefit activity	3,713	1,067	-	4,780
Net cash provided (used) by operating activities	<u>\$ 2,875,878</u>	<u>\$ 714,728</u>	<u>\$ 949,145</u>	<u>\$ 4,539,751</u>
Noncash Investing, Capital and Financing Activities				
Book value of disposed/traded of capital assets	\$ 5,882	\$ -	\$ -	5,882
Capital assets contributed from (to) other funds	293,027	-	540,560	833,587
Amortization of bond (premium) discount	(42,158)	-	(11,829)	(53,987)

City of Marshall
Statement of Fiduciary Net Position
December 31, 2019

	Private Purpose Trust Fund
	(802)
Assets	
Cash and investments	\$ 16,633
Net Position	
Held in trust	\$ 16,633

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2019

	Private Purpose Trust Fund
	(802)
Additions	
Investment income	\$ 311
Donations	520
Total additions	831
Deductions	
Program expenditures	300
Change in net position	531
Net Position	
Beginning of year	16,102
End of year	\$ 16,633

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

1. Blended Component Units

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

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

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

2. Discretely Presented Component Units

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

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

The Marshall Housing Commission (the Commission) meets the criteria to be included as a discrete presentation. The members of the governing board of the Utilities are appointed by the Mayor and approved by the City Council. Although the City does not have the authority to approve or modify the Commission's operational and capital budgets, the tax rates established by the Commission and bonded debt must be approved by the City Council. Complete financial statements for the Commission may be obtained from the Marshall Housing Commission at 202 North First Street, Marshall, Minnesota.

3. Related Organization

The Marshall Fire Department Relief Association is organized as a non-profit organization, legally separate from the City, by its members to provide pension and other benefits to such members in accordance with *Minnesota Statutes*. Its board of directors is appointed by the membership of the Association not by the City Council and the Association issues its own set of financial statements. All funding is conducted in accordance with applicable *Minnesota Statutes*, whereby state aids flow to the Association, tax levies are determined by the Association, and are only review by the City and the Association pay benefits directly to its members. The Association may certify tax levies to Lyon County directly if the City does not carry out this function. Because the Association is fiscally independent of the City, the financial statements of the Association have not been included within the City's reporting entity. The City's portion of the costs of the Associations pension benefits is included in the General Fund under public safety.

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

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

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

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

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

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

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Description of Funds:

Major Governmental Funds:

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

Tax Increment Financing Special Revenue Fund – This fund accounts for the collection of tax increment and payment of related expenditures for all of the City's tax increment financing districts.

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

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

MERIT Track Expansion Capital Project Fund – This fund accounts for costs associated with the expansion project of the MERIT track.

Proprietary Funds:

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

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

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

Fiduciary Fund:

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

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Description of Funds (Continued):

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Component Units

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

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

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

1. Deposits and Investments

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

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

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments

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

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

2. Receivables and Payables

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

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

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

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

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

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

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

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

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

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

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

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

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

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City reports infrastructure assets on a network and subsystem basis. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets

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

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

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

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

The Marshall Municipal Utilities uses the straight-line composite group method for depreciation based on estimated useful lives of the various classes of property. The provision is 3.36 percent of the average balance of depreciable property in service at December 31, 2019.

5. Deferred Outflows/Inflows of Resources

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

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Deferred Outflows/Inflows of Resources (Continued)

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

6. Compensated Absences

City of Marshall

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

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

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

Sick leave is an authorized absence from work with pay, granted to eligible, full-time and ¾ time employees. Sick leave is a privilege, not a right. Employees are to use this paid leave only when they are unable to work for medical reasons and/or under the conditions explained below. Employees are required to exhaust their sick leave balance prior to approval of an unpaid medical leave absence. Sick leave does not accrue during unpaid leave absence.

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Compensated Absences (Continued)

Full-time employees will earn sick leave at the rate of one (1) day for 8 hours for each month of service and can be accumulated up to 120 days or 960 hours at this rate. Beyond 120 days or 960 hours, sick leave will continue to accumulate at a rate of ½ days or 4 hours for each month of service.

If at any time the accumulation drops below 20 day or 960 hours the employee will then accumulated one (1) day or 6 hours for each month of service up to 120 day or 960 hours and then continue to accumulate ½ day or 4 hours for each month of service.

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

Marshall Municipal Utilities

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

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

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

7. Severance Plan

Employees with at least 20 years of service are eligible for retirement payments based upon their years of service. An eligible individual will receive an amount equal to one month's salary plus an additional three percent annual salary each year in excess of twenty years to a maximum of 150 percent of the monthly salary. As of December 31, 2019, the City has recorded estimated future costs under this plan of \$197,784.

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Postemployment Benefits Other Than Pensions

Under *Minnesota Statute* 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirements. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement No. 75, at December 31, 2018. The General Fund is typically used to liquidate the governmental total OPEB liability.

9. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures

10. Pensions

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

11. Restricted and Designated Assets

The Wastewater Treatment Fund, Surface Water Management fund and the Marshall Municipal Utilities fund (component unit) have classified resources consisting of cash and investments and delinquent taxes receivable as designated and restricted assets on the statements of net position. These amounts have been set aside for debt service payments and capital improvements. Amounts restricted for debt service are \$ 3,777,752 and amounts designated for capital reserves are \$ 3,511,069.

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Fund Balance

a. Classification

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

- Nonspendable Fund Balance – These are amounts that cannot be spent because they are not in spendable form, such as prepaid items.
- Restricted Fund Balance – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- Committed Fund Balance – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution. Committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action used to commit these amounts.
- Assigned Fund Balance – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City's Finance Director based on the City Council's direction.

b. Minimum Fund Balance

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

13. Net Position

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

City of Marshall
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Use of Estimates

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

F. Budgetary Information

1. Prior to September 1 of each year, City Administrator submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. The final budget is legally enacted through passage of a resolution on or before December 28 and the property tax levy is certified to the County Auditor.
3. Budgets for the General and certain Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
4. Expenditures may not legally exceed budgeted appropriations at the fund level. All amounts over budget are approved by the City Council through the disbursement process. Management is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Reported budget amounts are as originally adopted or amended by the City Council. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services, supplies, charges for services, and capital outlay) within each program.
5. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project-length financial plans.
6. Budgeted amounts are as originally adopted or as amended by the City Council. Budgeted expenditure appropriations lapse at year-end.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance

The following funds had a deficit fund balance at December 31, 2019:

Capital Projects	
2018 Public Improvements	\$(2,229,999)
MERIT Track Expansion	(55,531)
SMASC Ball Parks	<u>(390,579)</u>
Total	<u><u>\$(2,676,109)</u></u>

City of Marshall
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS

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

A. Deposits

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

Custodial Credit Risk – Deposits: The City has an investment policy in place to address custodial credit risk for deposits, stating all deposits and investments must be in compliance with *Minnesota Statutes* 118A; protected by federal depository insurance and corporate surety bonds or collateral equal to 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance, National Credit Union Administration (NCUA) or corporate surety bonds. As of December 31, 2019, the City's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name. As of December 31, 2019, the City's deposits consisted of the following:

Checking	\$	17,542,652
Certificates of deposit		3,194,025
Money market		7,428,180
Total Deposits		28,164,857

B. Investments

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

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

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

Concentration of Credit Risk: The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy places no limit on the amount the City may invest in any one issuer; however, it does state diversification strategies shall be determined and revised periodically by the investment officer for all funds. The City was not exposed to concentration of credit risk as none of their investments exceeded 5% of total investments.

City of Marshall
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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

As of December 31, 2019, the City had the following investments:

Types of Investments	Primary Government			Fair Value Measurement Using		
	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Level 1	Level 2	Level 3
Investments at Amortized Cost						
Broker Money Market Funds	N/A	less than 1 year	\$ 8,440,894	-	-	-
Investments at Fair Value						
U.S. Treasury Notes	N/A	less than 1 year	99,883	-	99,883	-
Federal Agency Bonds and Notes	N/A	less than 1 year	460,283	-	460,283	-
Federal Agency Bonds and Notes	N/A	1 to 5 years	665,608	-	665,608	-
Federal Agency Bonds and Notes	N/A	more than 5 years	494,829	-	494,829	-
Municipal Bonds	Aaa	less than 1 year	400,373	-	400,373	-
Municipal Bonds	Aa1 to Aaa, A to AAA	1 to 5 years	3,920,892	-	3,920,892	-
Municipal Bonds	Aa1 to Aaa	more than 5 years	401,407	-	401,407	-
Certificate Of Deposit	N/A	less than 6 months	245,249	-	245,249	-
Certificate Of Deposit	N/A	1 to 3 years	2,697,678	-	2,697,678	-
Total Primary Government			17,827,096	-	9,386,202	-
Component Units						
Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
<i>Component Unit - Marshall Municipal Utilities</i>						
Investments at Amortized Cost						
Broker Money Market Funds	N/A	less than 1 year	3,847,939	-	-	-
Investments at Fair Value						
U.S Treasury Notes	N/A	1 to 5 years	343,616	-	343,616	-
U.S Treasury Notes	N/A	more than 5 years	660,594	-	660,594	-
Federal Agency Bonds and Notes	N/A	less than 1 year	925,288	-	925,288	-
Federal Agency Bonds and Notes	N/A	1 to 5 years	2,401,820	-	2,401,820	-
Federal Agency Bonds and Notes	N/A	more than 5 years	349,262	-	349,262	-
Federal Agency Mortgage Pools	N/A	1 to 5 years	146,792	-	146,792	-
Federal Agency Mortgage Pools	N/A	more than 5 years	1,449,594	-	1,449,594	-
Mortgage Backed Securities	N/A	1 to 5 years	11,481	-	11,481	-
Municipal Bonds	A+ to AAA	less than 1 year	1,347,426	-	1,347,426	-
Municipal Bonds	A+ to AAA	1 to 5 years	11,868,712	-	11,868,712	-
Municipal Bonds	A+ to AAA	more than 5 years	2,492,098	-	2,492,098	-
Total Marshall Municipal Utilities Investments			25,844,622	-	21,996,683	-
<i>Component Unit - Economic Development Authority</i>						
Investments at Amortized Cost						
Broker Money Market Funds	N/A	less than 1 year	847,033	-	-	-
Total Investments			\$ 44,518,751	\$ -	\$ 31,382,885	\$ -

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

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

N/A Indicates not applicable or available.

City of Marshall
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The City has the following recurring fair value measurements as of December 31, 2019:

- Investments of \$31,382,885 are valued using a matrix pricing model (Level 2 inputs)

C. Cash and Investment Summary

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

	Primary Government	Component Units		
		Municipal Utilities	Housing Commission	Economic Development Authority
Deposits (Note 3 A.)	\$ 23,902,444	\$ 3,378,419	\$ 503,738	\$ 363,623
Cash on Hand	3,753	1,600	-	-
Investments (Note 3 B.)	17,827,096	25,844,622	-	847,033
Total	41,733,293	29,224,641	503,738	1,210,656
Cash and Temporary Investments	37,955,541	22,983,279	471,837	1,210,656
Restricted Assets	3,777,752	6,241,362	31,901	-
Total	\$ 41,733,293	\$ 29,224,641	\$ 503,738	\$ 1,210,656
	Fiduciary Funds	Total		
Deposits (Note 3 A.)	16,633	28,164,857		
Cash on Hand	-	5,353		
Investments (Note 3 B.)	-	44,518,751		
Total	16,633	72,688,961		
Cash and Temporary Investments	16,633	62,637,946		
Restricted Assets	-	10,051,015		
Total	\$ 16,633	\$ 72,688,961		

City of Marshall
Notes to Financial Statements

NOTE 4 – INTERFUND ACTIVITY

A. Transfers

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

Fund	Transfers In			
	General	Debt Service	Nonmajor Governmental	Total
Transfers out				
General Fund	\$ -	\$ -	\$ 600,000	\$ 600,000
Tax increment financing	-	365,135	-	365,135
Debt service	-	583,092	-	583,092
Nonmajor governmental	-	2,112,656	818,377	2,931,033
Wastewater Treatment	-	38,294	20,998	59,292
Municipal liquor store	225,000	-	-	225,000
Total transfers out	\$ 225,000	\$ 3,099,177	\$ 1,439,375	\$ 4,763,552

B. Interfund Receivables/Payables

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

Due from/to Other Funds

Fund	Due from Other Funds	Due to Other Funds
General	\$ -	\$ 153,601
Tax Increment Financing	669,437	-
MERIT Track Expansion	-	15,526
Nonmajor governmental	436,105	936,415
Total	\$ 1,105,542	\$ 1,105,542

City of Marshall
Notes to Financial Statements

NOTE 4 – INTERFUND ACTIVITY (CONTINUED)

B. Interfund Receivables/Payables (Continued)

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

Due to Primary Government from Component Unit

<u>Receivable Entity/Fund</u>	<u>Payable Entity/Fund</u>	<u>Amount</u>
Primary Government	Component unit	
General	Marshall Municipal Utilities	\$ 4,508
Tax Increment Financing	Economic Development Authority	167,074
Enterprise		
Wastewater Treatment	Marshall Municipal Utilities	592,339
Surface Water Management	Marshall Municipal Utilities	203,004
		<hr/>
Total		\$ 966,925
		<hr/> <hr/>

Due to Component Unit from Primary Government

<u>Receivable Fund/Entity</u>	<u>Payable Fund/Entity</u>	<u>Amount</u>
Component Unit	Primary Government	
Marshall Municipal Utilities	General	\$ 69,616
Marshall Municipal Utilities	Tax Increment Financing	81
Marshall Municipal Utilities	Nonmajor governmental	13,825
Marshall Municipal Utilities	Wastewater Treatment enterprise	24,552
Marshall Municipal Utilities	Municipal Liquor Store enterprise	2,138
Marshall Municipal Utilities	Surface Water Management enterprise	1,821
		<hr/>
Total		\$ 112,033
		<hr/> <hr/>

NOTE 5 – NOTES RECEIVABLE

Loans were made by the EDA Parkway Housing Fund, the balance of which is \$233,713 as of December 31, 2019. The portion of the Small Cities Development Program which is require to be repaid only if the borrower sells the property within 7 years of the date of the loan is \$33,594 as of December 31, 2019, net of an allowance of \$606,390. Marshall Municipal Utilities has issued a loan for energy efficiency that has a balance of \$27,558 as of December 31, 2019.

City of Marshall
Notes to Financial Statements

NOTE 6 – CAPITAL ASSETS

Primary Government

Capital asset activity for the primary government for the year ended December 31, 2019, was as follows:

	Beginning Balance	Prior Period Adjustment	Beginning Balance Restated	Increases	Decreases	Ending Balance
Governmental activities						
Capital assets not being depreciated						
Land	\$ 7,301,489	\$ -	\$ 7,301,489	\$ 18,859	\$ -	\$ 7,320,348
Construction in progress	7,269,915	-	7,269,915	4,279,948	7,403,141	4,146,722
Total capital assets not being depreciated	<u>14,571,404</u>	<u>-</u>	<u>14,571,404</u>	<u>4,298,807</u>	<u>7,403,141</u>	<u>11,467,070</u>
Capital assets being depreciated						
Buildings	38,700,444	6,409,339	45,109,783	205,337	-	45,315,120
Improvements other than Building	28,377,154	-	28,377,154	811,638	-	29,188,792
Infrastructure	58,258,311	-	58,258,311	7,206,803	207,938	65,257,176
Equipment and Machinery	10,287,833	587,901	10,875,734	234,855	5,647	11,104,942
Library Books	-	923,228	923,228	-	-	923,228
Total capital assets being depreciated	<u>135,623,742</u>	<u>7,920,468</u>	<u>143,544,210</u>	<u>8,458,633</u>	<u>213,585</u>	<u>151,789,258</u>
Less accumulated depreciated for						
Buildings	9,523,795	836,077	10,359,872	1,321,211	-	11,681,083
Improvements other than Building	15,244,696	-	15,244,696	1,048,161	-	16,292,857
Infrastructure	28,481,144	-	28,481,144	2,862,419	207,938	31,135,625
Equipment and Machinery	6,099,136	330,860	6,429,996	720,925	5,647	7,145,274
Library Books	-	817,837	817,837	44,700	-	862,537
Total accumulated depreciation	<u>59,348,771</u>	<u>1,984,774</u>	<u>61,333,545</u>	<u>5,997,416</u>	<u>213,585</u>	<u>67,117,376</u>
Total capital assets being depreciated, net	<u>76,274,971</u>	<u>5,935,694</u>	<u>82,210,665</u>	<u>2,461,217</u>	<u>-</u>	<u>84,671,882</u>
Governmental activities, capital assets, net	<u>\$ 90,846,375</u>	<u>\$ 5,935,694</u>	<u>\$ 96,782,069</u>	<u>\$ 6,760,024</u>	<u>\$ 7,403,141</u>	<u>\$ 96,138,952</u>

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

General Government	\$ 294,850
Public Safety	461,539
Public Works	3,082,717
Culture and Recreation	1,274,575
Airport	883,735
Total Depreciation Expense - Governmental Activities	<u><u>\$ 5,997,416</u></u>

City of Marshall
Notes to Financial Statements

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 512,872	\$ -	\$ -	\$ 512,872
Construction in progress	667,011	4,625,824	597,557	4,695,278
Total capital assets not being depreciated	<u>1,179,883</u>	<u>4,625,824</u>	<u>597,557</u>	<u>5,208,150</u>
Capital assets being depreciated				
Buildings	2,528,334	-	-	2,528,334
Improvements other than buildings	28,124,552	-	-	28,124,552
Infrastructure	36,551,329	2,212,927	43,223	38,721,033
Equipment and machinery	3,740,729	7,634	9,808	3,738,555
Total capital assets being depreciated	<u>70,944,944</u>	<u>2,220,561</u>	<u>53,031</u>	<u>73,112,474</u>
Less accumulated depreciated for				
Buildings	265,241	68,137	-	333,378
Improvements other than buildings	19,939,673	895,923	-	20,835,596
Infrastructure	16,354,885	1,146,485	43,224	17,458,146
Equipment and machinery	2,312,249	218,797	3,925	2,527,121
Total accumulated depreciation	<u>38,872,048</u>	<u>2,329,342</u>	<u>47,149</u>	<u>41,154,241</u>
Total capital assets being depreciated, net	<u>32,072,896</u>	<u>(108,781)</u>	<u>5,882</u>	<u>31,958,233</u>
Business-type activities capital assets, net	<u>\$ 33,252,779</u>	<u>\$ 4,517,043</u>	<u>\$ 603,439</u>	<u>\$ 37,166,383</u>

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

Wastewater Treatment	\$ 1,697,775
Municipal Liquor Store	93,584
Surface Water Management	<u>537,983</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 2,329,342</u>

City of Marshall
Notes to Financial Statements

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units

Capital asset activity for the Marshall Municipal Utilities for the year ended December 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Marshall Municipal Utilities				
Capital assets not being depreciated				
Construction in progress	<u>\$ 2,381,705</u>	<u>\$ 2,805,639</u>	<u>\$ 2,179,225</u>	<u>\$ 3,008,119</u>
Capital assets being depreciated				
Electric production plant	3,324,745	-	-	3,324,745
Electric transmission line	16,404,370	-	-	16,404,370
Electric distribution system	56,204,397	2,663,650	1,094,424	57,773,623
Transportation and general	9,291,432	430,154	197,351	9,524,235
Water utility	<u>56,191,999</u>	<u>3,454,300</u>	<u>757,382</u>	<u>58,888,917</u>
Total capital assets being depreciated	<u>141,416,943</u>	<u>6,548,104</u>	<u>2,049,157</u>	<u>145,915,890</u>
Less accumulated depreciated for				
Electric production plant	2,653,463	66,469	-	2,719,932
Electric transmission line	10,012,459	521,665	-	10,534,124
Electric distribution system	26,437,546	2,518,745	1,094,424	27,861,867
Transportation and general	7,052,635	493,070	197,351	7,348,354
Water utility	<u>30,584,382</u>	<u>1,301,954</u>	<u>757,382</u>	<u>31,128,954</u>
Total accumulated depreciation	<u>76,740,485</u>	<u>4,901,903</u>	<u>2,049,157</u>	<u>79,593,231</u>
Total capital assets being depreciated, net	<u>64,676,458</u>	<u>1,646,201</u>	<u>-</u>	<u>66,322,659</u>
Capital assets, net	<u>\$ 67,058,163</u>	<u>\$ 4,451,840</u>	<u>\$ 2,179,225</u>	<u>\$ 69,330,778</u>

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

Business-type Activities	
Marshall Municipal Utilities - Water	\$ 1,382,123
Marshall Municipal Utilities - Electric	<u>3,519,780</u>
Total	<u>\$ 4,901,903</u>

City of Marshall
Notes to Financial Statements

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the Marshall Housing Commission for the year ended December 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Marshall Housing Commission				
Capital assets not being depreciated				
Land	\$ 514,965	\$ -	\$ -	\$ 514,965
Construction in progress	127,108	-	127,108	-
Total capital assets not being depreciated	<u>642,073</u>	<u>-</u>	<u>127,108</u>	<u>514,965</u>
Capital assets being depreciated				
Buildings	8,129,572	179,230	-	8,308,802
Equipment and machinery	185,311	7,515	-	192,826
Total capital assets being depreciated	<u>8,314,883</u>	<u>186,745</u>	<u>-</u>	<u>8,501,628</u>
Less accumulated depreciated	<u>5,890,827</u>	<u>247,885</u>	<u>-</u>	<u>6,138,712</u>
Total capital assets being depreciated, net	<u>2,424,056</u>	<u>(61,140)</u>	<u>-</u>	<u>2,362,916</u>
Capital assets, net	<u>\$ 3,066,129</u>	<u>\$ (61,140)</u>	<u>\$ 127,108</u>	<u>\$ 2,877,881</u>

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

Business-type Activities	
Marshall Housing Commission	<u>\$ 247,885</u>

City of Marshall
Notes to Financial Statements

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the Economic Development Authority for the year ended December 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Economic Development Authority				
Capital assets not being depreciated				
Land improvements	\$ 12,920	\$ -	\$ -	\$ 12,920
Less accumulated depreciated for				
Land improvements	<u>6,621</u>	<u>646</u>	<u>-</u>	<u>7,267</u>
Total capital assets being depreciated, net	<u>6,299</u>	<u>(646)</u>	<u>-</u>	<u>5,653</u>
Capital assets, net	<u>\$ 6,299</u>	<u>\$ (646)</u>	<u>\$ -</u>	<u>\$ 5,653</u>

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

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

NOTE 7 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

Governmental Activity Debt

General Obligation Bonds

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

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

City of Marshall
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT

A. Components of Long-Term Liabilities (Continued)

General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Capital Improvement of 2010A	\$ 1,150,000	2.00 - 3.30 %	09/15/10	02/01/26	\$ 500,000
G.O. Equipment Certificates of 2013A	860,000	2.00 - 3.00	08/01/13	02/01/23	400,000
G.O. Bonds of 2015A	1,710,000	2.00 - 3.00	01/01/15	02/01/31	1,405,000
G.O. Bonds of 2016B	705,000	2.00	06/23/16	02/01/25	430,000
G.O. Bonds of 2017A	170,000	2.00 - 3.00	07/13/17	02/01/23	140,000
Total General Obligation Bonds					<u>\$ 2,875,000</u>

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

Year Ending December 31,	General Obligation Bonds		
	Governmental Activities		
	Principal	Interest	Total
2020	\$ 440,000	\$ 69,964	\$ 509,964
2021	450,000	60,370	510,370
2022	460,000	49,995	509,995
2023	320,000	40,177	360,177
2024	185,000	33,390	218,390
2025 - 2029	755,000	90,810	845,810
2030 - 2031	265,000	8,025	273,025
Total	<u>\$ 2,875,000</u>	<u>\$ 352,731</u>	<u>\$ 3,227,731</u>

General Obligation Tax Increment Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Tax Increment Revenues Bonds					
Revenues Bonds of 2011A	\$ 1,265,000	0.70 - 2.70 %	09/15/11	02/01/23	\$ 670,000
G.O. Tax Increment					
Revenues Bonds of 2017B	2,930,000	0.70 - 2.70	10/26/17	02/01/33	2,540,000
Total G.O. Tax Increment Bonds					<u>\$ 3,210,000</u>

City of Marshall
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT

A. Components of Long-Term Liabilities (Continued)

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

Year Ending December 31,	G.O. Tax Increment Bonds		
	Governmental Activities		
	Principal	Interest	Total
2020	\$ 575,000	\$ 74,665	\$ 649,665
2021	405,000	64,497	469,497
2022	170,000	58,075	228,075
2023	175,000	53,588	228,588
2024	-	51,225	51,225
2025 - 2029	895,000	210,812	1,105,812
2030 - 2033	990,000	59,850	1,049,850
Total	<u>\$ 3,210,000</u>	<u>\$ 572,712</u>	<u>\$ 3,782,712</u>

General Obligation Tax Abatement Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Tax Abatement Bonds of 2016C	\$ 2,810,000	2.00 - 3.00 %	06/23/16	02/01/37	\$ 2,580,000

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

Year Ending December 31,	G.O. Tax Abatement Bonds		
	Governmental Activities		
	Principal	Interest	Total
2020	\$ 120,000	\$ 63,200	\$ 183,200
2021	120,000	60,800	180,800
2022	125,000	58,350	183,350
2023	125,000	55,850	180,850
2024	130,000	53,300	183,300
2025 - 2029	680,000	226,500	906,500
2030 - 2034	770,000	135,450	905,450
2035 - 2037	510,000	23,250	533,250
Total	<u>\$ 2,580,000</u>	<u>\$ 676,700</u>	<u>\$ 3,256,700</u>

City of Marshall
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT

A. Components of Long-Term Liabilities (Continued)

General Obligation Special Assessment Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2011B	\$ 1,510,000	0.50 - 4.00 %	10/01/11	02/01/27	\$ 720,000
G.O. Improvement Bonds of 2012A	2,550,000	2.00 - 2.55	06/01/12	02/01/28	1,000,000
G.O. Improvement Bonds of 2013A	2,785,000	2.00 - 3.00	08/01/13	02/01/25	1,580,000
G.O. Improvement Bonds of 2014B	15,735,000	3.13 - 5.00	07/23/14	02/01/28	11,060,000
G.O. Improvement Bonds of 2014C	1,955,000	2.00 - 3.00	07/23/14	02/01/26	1,155,000
G.O. Improvement Bonds of 2015B	895,000	3.00 - 4.00	07/22/15	02/01/24	555,000
G.O. Improvement Bonds of 2016B	1,500,000	2.00	06/23/16	02/01/25	1,125,000
G.O. Improvement Bonds of 2017A	1,035,000	2.00 - 3.00	07/13/17	02/01/28	940,000
G.O. Improvement Bonds of 2017B	360,000	1.65 - 3.00	10/26/17	02/01/28	330,000
G.O. Improvement Bonds of 2018A	2,328,608	3.13 - 4.00	07/25/18	02/01/34	2,328,608
Total G.O. Special Assessment Bonds					<u>\$ 20,793,608</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 2,478,490	\$ 702,666	\$ 3,181,156
2021	2,500,099	615,861	3,115,960
2022	2,410,099	525,779	2,935,878
2023	2,442,896	431,609	2,874,505
2024	2,437,896	334,258	2,772,154
2025 - 2029	7,885,664	590,447	8,476,111
2030 - 2034	638,464	51,577	690,041
Total	<u>\$ 20,793,608</u>	<u>\$ 3,252,197</u>	<u>\$ 24,045,805</u>

City of Marshall
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT

A. Components of Long-Term Liabilities (Continued)

Business-Type Activity Debt

General Obligation Revenue Bonds

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

<u>Description</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance at Year End</u>
G.O. Utility and Improvement Bonds of 2011A - Storm	\$ 925,000	0.50 - 4.00 %	09/15/11	02/01/27	\$ 540,000
G.O. Utility and Improvement Bonds of 2011A - Wastewater	960,000	0.50 - 4.00	09/15/11	02/01/27	565,000
G.O. Utility and Improvement Bonds of 2011B - Storm	335,000	0.50 - 4.00	10/01/11	02/01/27	200,000
G.O. Utility and Improvement Bonds of 2011B - Wastewater	205,000	0.50 - 4.00	10/01/11	02/01/27	120,000
G.O. Utility and Improvement Bonds of 2012A - Wastewater	1,775,000	2.00 - 2.55	06/01/12	02/01/28	1,125,000
G.O. Utility and Improvement Bonds of 2014C - Wastewater	1,420,000	2.00 - 3.00	07/23/14	02/01/25	890,000
G.O. Utility and Improvement Bonds of 2015B - Wastewater	860,000	3.00 - 4.00	07/22/15	02/01/24	565,000
G.O. Utility and Improvement Bonds of 2016B - Wastewater	305,553	2.00	06/23/16	02/01/25	233,393
G.O. Utility and Improvement Bonds of 2016B - Storm	1,049,447	2.00	06/23/16	02/01/25	801,607
G.O. Utility and Improvement Bonds of 2016D - Wastewater	3,630,000	2.00	06/23/16	02/01/27	2,975,000
G.O. Utility and Improvement Bonds of 2017B - Wastewater	1,140,000	2.00	06/23/16	02/01/25	775,000
G.O. Utility and Improvement Bonds of 2017A - Storm	85,000	2.00 - 3.00	07/13/17	02/01/23	85,000
G.O. Utility and Improvement Bonds of 2018A - Wastewater	619,850	3.13 - 4.00	07/25/18	02/01/34	619,850
G.O. Utility and Improvement Bonds of 2018A - Storm	631,542	3.13 - 4.00	07/25/18	02/01/34	631,542
Total G.O. Revenue Bonds					<u>\$ 10,126,392</u>

City of Marshall
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

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

<u>Year Ending December 31,</u>	G.O. Revenue Bonds		
	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,526,510	\$ 242,656	\$ 1,769,166
2021	1,549,901	208,462	1,758,363
2022	1,174,901	176,794	1,351,695
2023	1,207,104	144,779	1,351,883
2024	1,247,104	109,907	1,357,011
2025 - 2029	3,024,336	194,611	3,218,947
2030 - 2034	396,536	31,723	428,259
Total	<u>\$ 10,126,392</u>	<u>\$ 1,108,932</u>	<u>\$ 11,235,324</u>

Revenue Bonds

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

<u>Description</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance at Year End</u>
Lease Revenue Bond of 2015	\$ 3,240,000	1.05 - 3.10 %	02/10/15	12/01/29	\$ 2,355,000

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

<u>Year Ending December 31,</u>	Revenue Bonds		
	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 210,000	\$ 66,548	\$ 276,548
2021	215,000	61,823	276,823
2022	220,000	56,555	276,555
2023	225,000	50,835	275,835
2024	230,000	44,872	274,872
2025 - 2029	1,255,000	118,452	1,373,452
Total	<u>\$ 2,355,000</u>	<u>\$ 399,085</u>	<u>\$ 2,754,085</u>

City of Marshall
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

PFA Notes

For the year ended December 31, 2019, the City submitted \$4,463,363 in expenditures for reimbursement from the Minnesota Public Facilities Authority and received \$3,728,864. The remainder will be received in 2020. This disbursement is for financing the eligible project costs of the Wastewater Treatment Plant upgrade project. The aggregate principal amount of the loan disbursed and outstanding will bear interest and servicing fees collectively at the rate of 1% per annum accruing from and after the date of the Note, which is July 10, 2019, through the date on which no principal of the loan remains unpaid and all accrued interest and servicing fees thereon have been paid.

Because a final amortization schedule has not been established by the Minnesota Public Facilities Authority, this note will be excluded from five-year maturity schedules until a schedule is finalized.

There is a regular interest and principal payment due August 20, 2020, and every six months thereafter on a semi-annual basis. This is projected to continue until August 20, 2039, if all amounts are disbursed as projected, and all payments are made on a timely basis. The total amount of the final loan is \$15,678,015.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Utility and Improvement PFA of 2019A - Wastewater	\$ 15,678,015	1.00	07/10/19	08/20/39	\$ 4,463,363

Component Unit Debt

Revenue Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Utility Revenue Bonds					
Series 2009	\$ 5,000,000	4 %	\$ 39,931	\$ 45,474	\$ 1,980,000
Series 2010	6,635,000	3 %	40,500	45,839	3,010,000
Series 2011	4,290,000	3 %	40,857	44,743	2,230,000
Series 2012	5,500,000	2 %	41,061	46,569	3,145,000
Series 2013	6,355,000	3 %	41,626	46,935	4,080,000
Series 2014	4,025,000	3 %	41,753	47,300	2,885,000
Series 2016	7,310,000	2 %	42,481	45,108	4,475,000
Total Revenue Bonds					<u>\$ 21,805,000</u>

City of Marshall
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

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

Year Ending December 31,	Revenue Bonds		
	Marshall Municipal Utilities		
	Component Unit Activities		
	Principal	Interest	Total
2020	\$ 3,535,000	\$ 751,867	\$ 4,286,867
2021	3,645,000	646,436	4,291,436
2022	3,245,000	535,919	3,780,919
2023	2,915,000	429,040	3,344,040
2024	2,420,000	323,137	2,743,137
2025 - 2029	6,045,000	494,373	6,539,373
Total	<u>\$ 21,805,000</u>	<u>\$ 3,180,772</u>	<u>\$ 24,985,772</u>

B. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Prior Period Adjustment	Beginning Balance, restated	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities							
Bonds payable							
General obligation bonds	\$ 2,745,000	\$ 565,000	\$ 3,310,000	\$ -	\$ 435,000	\$ 2,875,000	\$ 440,000
General obligation tax increment bonds	3,760,000	-	3,760,000	-	550,000	3,210,000	575,000
General obligation tax abatement bonds	2,695,000	-	2,695,000	-	115,000	2,580,000	120,000
General obligation special assessment bonds	24,133,608	-	24,133,608	-	3,340,000	20,793,608	2,478,490
Unamortized bond premium	1,974,909	7,498	1,982,407	-	195,373	1,787,034	-
Unamortized bond discount	(2,476)	-	(2,476)	-	(2,476)	-	-
Total bonds payable	<u>35,306,041</u>	<u>572,498</u>	<u>35,878,539</u>	<u>-</u>	<u>4,632,897</u>	<u>31,245,642</u>	<u>3,613,490</u>
Compensated absences payable	896,869	91,255	988,124	521,138	432,873	1,076,389	92,184
Governmental activity long-term liabilities	<u>\$ 36,202,910</u>	<u>\$ 663,753</u>	<u>\$ 36,866,663</u>	<u>\$ 521,138</u>	<u>\$ 5,065,770</u>	<u>\$ 32,322,031</u>	<u>\$ 3,705,674</u>

City of Marshall
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Liabilities (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities					
Bonds payable					
General obligation					
revenue bonds	\$ 12,381,392	\$ -	\$ 2,255,000	\$ 10,126,392	\$ 1,526,510
Revenue bonds	2,560,000	-	205,000	2,355,000	210,000
PFA notes	-	4,463,363	-	4,463,363	546,000
Unamortized bond premium	397,022	-	53,987	343,035	-
Total bonds payable	<u>15,338,414</u>	<u>4,463,363</u>	<u>2,513,987</u>	<u>17,287,790</u>	<u>2,282,510</u>
Compensated absences payable	<u>285,939</u>	<u>84,714</u>	<u>93,791</u>	<u>276,862</u>	<u>74,029</u>
Business-type activity long-term liabilities	<u>\$ 15,624,353</u>	<u>\$ 4,548,077</u>	<u>\$ 2,607,778</u>	<u>\$ 17,564,652</u>	<u>\$ 2,356,539</u>
Component Unit Activities					
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Marshall Municipal Utilities					
Revenue bonds	\$ 25,180,000	\$ -	\$ 3,375,000	\$ 21,805,000	\$ 3,535,000
Accrued transmission reserve	1,956,217	-	776,192	1,180,025	-
Compensated absences payable	683,254	47,991	-	731,245	-
Unamortized bond discount	<u>(25,922)</u>	<u>-</u>	<u>10,403</u>	<u>(15,519)</u>	<u>-</u>
Component Unit Long-term liabilities	<u>\$ 27,793,549</u>	<u>\$ 47,991</u>	<u>\$ 4,161,595</u>	<u>\$ 23,700,751</u>	<u>\$ 3,535,000</u>
Marshall Housing Commission					
Compensated Absences Payable	<u>\$ 71,866</u>	<u>\$ -</u>	<u>\$ 12,634</u>	<u>\$ 59,232</u>	<u>\$ 14,303</u>

NOTE 8 – CONDUIT DEBT

Conduit debt obligations are certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued conduit debt to provide funding to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt beyond the resources provided by related leases or loans. Accordingly, the bonds are not reported as liabilities in the financial statements of the City. As of December 31, 2019, the following issues were outstanding:

Name	Date of Issue	Original Amount of Issue	Balance Outstanding as of 12/31/19
Wake View Memorial Hospital	2005	\$ 5,600,000	\$ 3,054,731

City of Marshall
Notes to Financial Statements

NOTE 9 – RISK MANAGEMENT

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

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

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2019 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2019, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 10 – PENSION PLANS

The City participates in various pension plans, total pension expense for the year ended December 31, 2019 was \$883,673. The components of pension expense are noted in the following plan summaries.

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

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

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

City of Marshall
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

A. Plan Description (Continued)

Public Employees Police and Fire Plan

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

B. Benefits Provided

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

General Employees Plan Benefits

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

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

City of Marshall
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5%, of their annual covered salary in calendar year 2019 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2019, were \$406,453. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 10.8 percent of pay to 11.3 percent and employer rates increased from 16.2 percent to 16.95 percent on January 1, 2019. The City's contributions to the Police and Fire Fund for the year ended December 31, 2019, were \$277,118. The City's contributions were equal to the required contributions as set by state statute.

City of Marshall
Notes to Financial Statements

NOTE 10 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2019, the City reported a liability of \$4,174,226 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$129,661. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.0755%, which was an increase of 0.008% from its proportionate share measured as of June 30, 2018.

City's proportionate share of the net pension liability	\$ 4,174,226
State of Minnesota's proportionate share of the net pension liability associated with the City	129,661
Total	\$ 4,303,887

For the year ended December 31, 2019, the City recognized pension expense of \$538,752 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$9,710 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

City of Marshall
Notes to Financial Statements

NOTE 10 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At December 31, 2019, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 115,789	\$ -
Changes in actuarial assumptions	-	327,474
Difference between projected and actual investment earnings	-	435,199
Changes in proportion	132,749	31,920
Contributions paid to PERA subsequent to the measurement date	203,227	-
Total	\$ 451,765	\$ 794,593

\$203,227 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2020	\$ (141,264)
2021	(339,975)
2022	(71,543)
2023	6,727
Total	\$ (546,055)

City of Marshall
Notes to Financial Statements

NOTE 10 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs

At December 31, 2019, the City reported a liability of \$1,596,623 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.1519%, which was an increase of 0.0038% from its proportionate share measured as of June 30, 2018. The City also recognized \$20,506 for the year ended December 31, 2019 as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019, in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the City recognized pension expense of \$293,094 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2019, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 68,316	\$ 243,287
Changes in actuarial assumptions	1,316,340	1,827,105
Difference between projected and actual investment earnings	-	337,300
Changes in proportion	119,417	63,042
Contributions paid to PERA subsequent to the measurement date	<u>138,559</u>	<u>-</u>
Total	<u>\$ 1,642,632</u>	<u>\$ 2,470,734</u>

City of Marshall
Notes to Financial Statements

NOTE 10 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Plan Pension Costs (Continued)

The \$138,559 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2020	\$ (110,676)
2021	(232,145)
2022	(623,708)
2023	(5,514)
2024	5,382
Total	\$ (966,661)

E. Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50 % Per year
Active member payroll growth	3.25 % Per year
Investment rate of return	7.50 %

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

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

City of Marshall
Notes to Financial Statements

NOTE 10 –PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.5 %	5.10 %
Private markets	25.0	5.90
Fixed income	20.0	0.75
International equity	17.5	5.90
Cash equivalents	2.0	0.00
	<hr/>	
Total	100 %	

City of Marshall
Notes to Financial Statements

NOTE 10 –PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
City's proportionate share of the General Employees Fund net pension liability	\$ 6,862,203	\$ 4,174,226	\$ 1,954,767
City's proportionate share of the Police and Fire Fund net pension liability	\$ 3,514,237	\$ 1,596,623	\$ (20,475)

H. Pension Plan Fiduciary Net Position

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

City of Marshall
Notes to Financial Statements

NOTE 10 –PENSION PLANS (CONTINUED)

Public Employees Defined Contribution Plan (Defined Contribution Plan)

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

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses; therefore, there is no future liability to the City. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually.

Pension expense for the year is equal to the contributions made. Total contributions made by the City during fiscal year 2019 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 2,045	\$ 2,045	5%	5%	5%

Component Unit Pension Information

Qualified employees of the Marshall Housing Commission (the Commission), a discrete component unit of the City, below to the Housing Renewal and Local Agency Retirement Plan, which is a defined contribution retirement plan. The retirement plan is a national plan with local or regional housing authorities and commission, urban renewal agencies, and other organizations eligible to participate. Required contributions were made by the Commission to the Housing Renewal and Local Agency Retirement Plan. The Commission's pension contributions for the year ending December 31, 2019, were \$8,794.

Detailed information concerning the Commission's pension plan is presented in its publicly available annual report for the year ended September 30, 2019. That report may be obtained by contacting the Commission.

City of Marshall
Notes to Financial Statements

NOTE 10 –PENSION PLANS (CONTINUED)

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

A. Plan Description

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

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

B. Benefits Provided

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

C. Members Covered by Benefit Terms

At December 31, 2018, the following members were covered by the benefit terms:

Inactive members entitled to but not yet receiving benefits	11
Active members	<u>41</u>
Total	<u><u>52</u></u>

D. Contributions.

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten year period. The City's obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers: therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). During the year, the City recognized as revenue and as an expenditure an on behalf payment of \$107,826 made by the State of Minnesota for the Relief Association.

City of Marshall
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

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

E. Net Pension Liability

The City's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018.

Actuarial assumptions:

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 %
Investment rate of return	6.0 %, net of pensions plan investment expenses: including inflation

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

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

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

Discount rate:

The discount rate used to measure the total pension liability was 6.0%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate. The equivalent single rate is the discount rate.

City of Marshall
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

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

F. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2019	\$ 2,312,589	\$ 2,648,481	\$ (335,892)
Changes for the year			
Service cost	134,662	-	134,662
Interest cost	165,189	-	165,189
Differences between expected and actual experience	(69,133)	-	(69,133)
Changes of assumptions	64,058	-	64,058
State contributions	-	100,826	(100,826)
Net investment income	-	482,227	(482,227)
Administrative expense	-	(9,925)	9,925
Net changes	<u>294,776</u>	<u>573,128</u>	<u>(278,352)</u>
Balances at December 31, 2019	<u>\$ 2,607,365</u>	<u>\$ 3,221,609</u>	<u>\$ (614,244)</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0%) or 1-percentage-point higher (7.0%) than the current rate:

	1% Decrease 5.0%	Current Discount Rate 6.0%	1% Increase 7.00%
City's net pension liability (asset)	<u>\$ (540,548)</u>	<u>\$ (614,244)</u>	<u>\$ (685,017)</u>

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

City of Marshall
Notes to Financial Statements

NOTE 10 – PENSION PLANS (CONTINUED)

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

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

For the year ended December 31, 2019, the City recognized pension expense of \$ 40,988. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 342,833
Changes of assumptions	68,172	13,123
Net difference between projected and actual earnings on pension plan investments	-	158,998
Total	\$ 68,172	\$ 514,954

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

Year Ending	Total
2020	\$ (141,287)
2021	(122,716)
2022	(60,842)
2023	(119,852)
2024	(598)
Thereafter	(1,487)
Total	\$ (446,782)

H. Payable to the Pension Plan

At December 31, 2019, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2019.

City of Marshall
Notes to Financial Statements

NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

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

B. Benefits Provided

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

C. Contributions

Retirees contribute to the health care plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with union representatives. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2019, the City had implicit contributions of \$22,807 to the plan.

D. Members

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

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

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

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

City of Marshall
Notes to Financial Statements

NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of an actuarial experience study for the period January 1, 2018 – December 31, 2018.

The discount rate used to measure the total OPEB liability was 3.71% which is equal to the 20 Year Municipal Bond Yield.

F. Total OPEB Liability

The City's total OPEB liability of \$491,555 was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2018.

	<u>Total OPEB Liability</u>
Balances at January 1, 2019	<u>\$ 488,559</u>
Changes for the year	
Service cost	53,044
Interest	17,550
Differences between expected and actual economic experience	(74,431)
Changes of assumptions	29,640
Benefit payments	<u>(22,807)</u>
Net changes	<u>2,996</u>
Balances at December 31, 2019	<u><u>\$ 491,555</u></u>

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

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

City of Marshall
Notes to Financial Statements

NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability (Continued)

- The percent of retirees electing spouse coverage changed from 20% to 35% to reflect recent plan experience.
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience. The following table provides the changes for the assumed percent electing each plan:

Medical Plan	12/31/2016 Valuation	12/31/2018 Valuation
\$3,375 HSA	25 %	N/A %
\$5,000 HSA	75	90
\$3,000 VEBA	0	N/A
\$3,375 VEBA	0	N/A
\$5,000 VEBA	0	10

The General Fund typically liquidates the liability related to OPEB.

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 3.71% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability		
1% decrease (2.71%)	Current (3.71%)	1% increase (4.71%)
\$ 531,600	\$ 491,555	\$ 454,634

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

Total OPEB Liability		
1% decrease (5.4% decreasing to 3.0%)	Current (6.4% decreasing to 4.0%)	1% increase (7.4% decreasing to 5.0%)
\$ 441,962	\$ 491,555	\$ 550,399

City of Marshall
Notes to Financial Statements

NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

For the year ended December 31, 2019, the City recognized OPEB expense of \$46,872. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 66,530
Differences between expected and actual economic experience	-	-
Changes of assumptions	39,890	-
Contributions subsequent to the measurement date	22,807	-
Total	\$ 62,697	\$ 66,530

\$22,807 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as follows:

Year Ending December 31,	
2020	\$ (2,860)
2021	(2,860)
2022	(2,860)
2023	(2,860)
2024	(2,860)
Thereafter	(12,340)
Total	\$ (26,640)

NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2019, the City implemented GASB Statement No. 84, *Fiduciary Activities*. No adjustments were needed to the Fiduciary Funds as a result of the implementation.

City of Marshall
Notes to Financial Statements

NOTE 13 – PRIOR PERIOD ADJUSTMENTS

For the year ended December 31, 2019, prior period adjustments were required to adjust beginning net position for governmental activities to reflect changes in deferred inflows of resources related to the Municipal State Aid Street program and to change the presentation of the Marshall-Lyon County Library component unit from discrete to blended. These adjustments affected beginning net position for governmental activities in the amount of \$2,086,536, and the governmental fund in the amount of \$2,691,641. A prior period adjustment was also required for the Economic Development Authority, a discretely presented component unit, in the amount of \$ 40,500 to adjust land held for resale to the lower of cost or market value.

NOTE 14 – COMMITMENTS

At December 31, 2019, the City had outstanding construction contract commitments totaling \$16,630,046 for the Wastewater Improvement Project and the City Hall Renovation.

NOTE 15 – SUBSEQUENT EVENTS

In February of 2020, the City issued General Obligation Capital Improvement Plan Bonds, Series 2020A, in the Original Aggregate Principal Amount of \$6,500,000. Pursuant to a resolution adopted by the City Council on August 13, 2019, the City authorized the sale of its General Obligation Capital Improvement Plan Bonds, Series 2020A, to finance certain capital improvements under an approved capital improvement plan by the issuance of general obligation bonds of the City payable from ad valorem taxes. Capital improvements include acquisition or betterment of public lands, buildings or other improvements for the purpose of a city hall, library, public safety facility, and public works facilities (excluding light rail transit or any activity related to it, or a park, road, bridge, administrative building other than a city hall, or land for any of those activities).

On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event affects the economy and financial markets. The extent of the impact on the City may be both direct and indirect and will vary based on the duration of the outbreak and various other factors. An estimate of the financial effect on the City's financial statements at December 31, 2019 cannot be determined at this time.

NOTE 16 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	December 31, 2019	December 31, 2018
Total OPEB Liability		
Service cost	\$ 53,044	\$ 46,291
Interest	17,550	17,579
Differences between expected and actual experience	(74,431)	-
Changes of assumptions	29,640	17,186
Benefit payments	(22,807)	(15,171)
Net change in total OPEB liability	2,996	65,885
Beginning of year	488,559	422,674
End of year	\$ 491,555	\$ 488,559
Plan Fiduciary Net Pension (FNP)		
Employer contributions	\$ 22,807	\$ 15,171
Benefit payments	(22,807)	(15,171)
Net change in plan fiduciary net position	-	-
Beginning of year	-	-
End of year	\$ -	\$ -
Net OPEB liability	\$ 491,555	\$ 488,559
Plan FNP as a percentage of the total OPEB liability	0.00%	0.00%
Covered-employee payroll	\$ 6,221,055	\$ 7,183,783
Net OPEB liability as a percentage of covered-employee payroll	7.90%	6.80%

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

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

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.0755%	\$ 4,174,226	\$ 129,661	\$ 4,303,887	\$ 5,340,853	78.2%	80.2%
2018	0.0747%	4,144,050	135,844	4,279,894	5,015,656	85.3%	79.5%
2017	0.0757%	4,832,638	60,786	4,893,424	4,879,197	100.3%	75.9%
2016	0.0708%	5,748,609	75,053	5,823,662	4,394,194	132.5%	68.9%
2015	0.0730%	3,783,239	-	3,783,239	4,221,213	89.6%	78.2%

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

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

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.1519%	\$ 1,596,623	\$ 1,639,377	97.4%	89.3%
2018	0.1481%	1,578,593	1,561,333	101.1%	88.8%
2017	0.1530%	2,065,682	1,566,649	131.9%	85.4%
2016	0.1490%	5,979,629	1,433,849	417.0%	63.9%
2015	0.1540%	1,749,800	1,367,414	128.0%	86.6%

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

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

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 406,453	\$ 406,453	\$ -	\$ 5,419,373	7.5%
2018	388,137	388,137	-	5,175,154	7.5%
2017	364,044	364,044	-	4,853,924	7.5%
2016	339,038	339,038	-	4,520,504	7.5%
2015	337,463	337,463	-	4,499,507	7.5%

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

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

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 277,118	\$ 277,118	\$ -	\$ 1,710,605	16.20%
2018	260,368	260,368	-	1,607,210	16.20%
2017	254,704	254,704	-	1,572,247	16.20%
2016	229,508	229,508	-	1,416,716	16.20%
2015	240,460	240,460	-	1,418,643	16.95%

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

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

	2019	2018	2017	2016	2015
Total Pension Liability (TPL)					
Service cost	\$ 134,662	\$ 131,058	\$ 138,841	\$ 151,873	\$ 128,480
Interest	165,189	173,655	234,533	206,225	203,955
Differenced between expected and actual experience	(69,133)	-	(504,956)	-	-
Changes of assumptions	64,058	-	(579)	(44,795)	34,723
Changes of benefit terms	-	-	-	88,384	59,012
Benefit payments, including refunds or member contributions	-	(867,453)	(656,455)	(45,890)	(254,609)
Net change in total pension liability	<u>294,776</u>	<u>(562,740)</u>	<u>(788,616)</u>	<u>355,797</u>	<u>171,561</u>
Beginning of year	<u>2,312,589</u>	<u>2,875,329</u>	<u>3,663,945</u>	<u>3,308,148</u>	<u>3,136,587</u>
End of year	<u>\$ 2,607,365</u>	<u>\$ 2,312,589</u>	<u>\$ 2,875,329</u>	<u>\$ 3,663,945</u>	<u>\$ 3,308,148</u>
Plan Fiduciary Net Position (FNP)					
Contributions - State and local	\$ 100,826	\$ 108,906	\$ 156,757	\$ 124,166	\$ 103,127
Contributions - donations and other income	-	8,454	-	-	-
Net investment income	482,227	(147,725)	514,498	269,176	(45,718)
Benefit payments, including refunds of member contributions	-	(867,453)	(656,455)	(45,890)	(254,609)
Administrative expense	(9,925)	(9,975)	(9,152)	(8,530)	(11,275)
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>573,128</u>	<u>(907,793)</u>	<u>5,648</u>	<u>338,922</u>	<u>(208,475)</u>
Beginning of year	<u>2,648,481</u>	<u>3,556,274</u>	<u>3,550,626</u>	<u>3,211,704</u>	<u>3,420,179</u>
End of year	<u>\$ 3,221,609</u>	<u>\$ 2,648,481</u>	<u>\$ 3,556,274</u>	<u>\$ 3,550,626</u>	<u>\$ 3,211,704</u>
Net Pension Liability (NPL)	<u>\$ (614,244)</u>	<u>\$ (335,892)</u>	<u>\$ (680,945)</u>	<u>\$ 113,319</u>	<u>\$ 96,444</u>
Plan fiduciary net position as a percentage of the total pension liability	123.6%	114.5%	123.7%	96.9%	97.1%
Covered employee payroll	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

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

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

	2019	2018	2017	2016	2015	2014
Employer						
Statutorily determined contribution (SDC)	\$ -	\$ 1,654	\$ 48,227	\$ 21,501	\$ -	\$ 74,423
Contribution made	-	(1,654)	(48,227)	(21,501)	-	(74,507)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (84)</u>
Non-employer						
2% aid	\$ 100,826	\$ 100,252	\$ 101,530	\$ 100,664	\$ 101,127	\$ 95,892

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

City of Marshall
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.

City of Marshall
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND (CONTINUED)

2017 Changes (Continued)

Changes in Plan Provisions (Continued)

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

2016 Changes

Changes in Actuarial Assumptions

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

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

POLICE AND FIRE FUND

2019 Changes

Changes in Actuarial Assumptions

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

2018 Changes

Changes in Actuarial Assumptions

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

City of Marshall
Notes to Required Supplementary Information

POLICE AND FIRE FUND (CONTINUED)

2018 Changes (Continued)

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

City of Marshall
Notes to Required Supplementary Information

POLICE AND FIRE FUND (CONTINUED)

2016 Changes

Changes in Actuarial Assumptions

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

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

POST EMPLOYMENT HEALTH CARE PLAN

2019 Changes

Changes in Actuarial Assumptions

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

2018 Changes

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

SUPPLEMENTARY INFORMATION

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 4,545,788	\$ 4,545,788	\$ 4,565,999	\$ 20,211
Lodging tax	170,000	170,000	172,047	2,047
Franchise fees	365,000	365,000	429,779	64,779
Total taxes	<u>5,080,788</u>	<u>5,080,788</u>	<u>5,167,825</u>	<u>87,037</u>
Special assessments	-	-	2,862	2,862
Licenses and permits				
Business	56,201	56,201	50,657	(5,544)
Nonbusiness	205,650	205,650	358,965	153,315
Total licenses and permits	<u>261,851</u>	<u>261,851</u>	<u>409,622</u>	<u>147,771</u>
Intergovernmental				
Federal				
Other Federal aid	2,080	2,080	47,740	45,660
State				
Local government aid	2,475,243	2,475,243	2,475,243	-
Property tax credits and aids	-	-	181	181
Airport grants	88,646	88,646	97,853	9,207
Other State aids	462,272	462,272	455,272	(7,000)
Total State	<u>3,026,161</u>	<u>3,026,161</u>	<u>3,028,549</u>	<u>2,388</u>
Local				
Other local grants	66,616	66,616	74,939	8,323
Total intergovernmental	<u>3,094,857</u>	<u>3,094,857</u>	<u>3,151,228</u>	<u>56,371</u>
Charges for services				
General government	71,161	71,161	79,678	8,517
Public safety	279,441	279,441	199,016	(80,425)
Public works	1,357,286	1,357,286	1,268,909	(88,377)
Culture and recreation	469,150	469,150	488,651	19,501
Miscellaneous	120,700	120,700	125,460	4,760
Total charges for services	<u>2,297,738</u>	<u>2,297,738</u>	<u>2,161,714</u>	<u>(136,024)</u>
Fines and forfeitures	101,400	101,400	127,425	26,025
Investment earnings	30,000	30,000	162,709	132,709
Miscellaneous				
Contributions and donations	821,195	821,195	998,807	177,612
Refunds and reimbursements	138,399	138,399	220,197	81,798
Total miscellaneous	<u>959,594</u>	<u>959,594</u>	<u>1,219,004</u>	<u>259,410</u>
Total revenues	<u>11,826,228</u>	<u>11,826,228</u>	<u>12,402,389</u>	<u>576,161</u>

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Expenditures				
Current				
General government				
Adult community center				
Personnel services	\$ 143,143	\$ 143,143	\$ 134,235	\$ (8,908)
Supplies	20,886	20,886	27,352	6,466
Other services and charges	16,564	16,564	15,365	(1,199)
Total adult community center	<u>180,593</u>	<u>180,593</u>	<u>176,952</u>	<u>(3,641)</u>
Appraising and assessing				
Personnel services	302,010	302,010	302,425	415
Supplies	1,950	1,950	602	(1,348)
Other services and charges	35,426	35,426	16,914	(18,512)
Total appraising and assessing	<u>339,386</u>	<u>339,386</u>	<u>319,941</u>	<u>(19,445)</u>
Cable commission				
Personnel services	155,121	155,121	155,991	870
Supplies	7,200	7,200	6,387	(813)
Other services and charges	12,036	12,036	10,869	(1,167)
Total cable commission	<u>174,357</u>	<u>174,357</u>	<u>173,247</u>	<u>(1,110)</u>
City administration				
Personnel services	433,941	433,941	492,194	58,253
Supplies	1,975	1,975	1,735	(240)
Other services and charges	45,292	45,292	25,930	(19,362)
Total City administration	<u>481,208</u>	<u>481,208</u>	<u>519,859</u>	<u>38,651</u>
Finance				
Personnel services	319,320	319,320	323,336	4,016
Supplies	19,432	19,432	11,236	(8,196)
Other services and charges	14,812	14,812	4,550	(10,262)
Total finance	<u>353,564</u>	<u>353,564</u>	<u>339,122</u>	<u>(14,442)</u>
General community development				
Supplies	161,500	161,500	178,029	16,529
Other services and charges	95,498	95,498	100,528	5,030
Total general community development	<u>256,998</u>	<u>256,998</u>	<u>278,557</u>	<u>21,559</u>
Information technology				
Supplies	22,722	22,722	37,221	14,499
Other services and charges	174,487	174,487	113,650	(60,837)
Total information technology	<u>197,209</u>	<u>197,209</u>	<u>150,871</u>	<u>(46,338)</u>
Legal				
Supplies	500	500	262	(238)
Other services and charges	127,346	127,346	127,694	348
Total legal	<u>127,846</u>	<u>127,846</u>	<u>127,956</u>	<u>110</u>

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Expenditures (continued)				
Current (continued)				
General government (continued)				
Mayor and Council				
Personnel services	\$ 54,405	\$ 54,405	\$ 56,361	\$ 1,956
Supplies	21,700	21,700	15,847	(5,853)
Other services and charges	749,170	749,170	724,744	(24,426)
Total Mayor and Council	<u>825,275</u>	<u>825,275</u>	<u>796,952</u>	<u>(28,323)</u>
Municipal building maintenance				
Personnel services	200,017	200,017	213,907	13,890
Supplies	30,750	30,750	26,366	(4,384)
Other services and charges	59,960	59,960	56,315	(3,645)
Total building maintenance	<u>290,727</u>	<u>290,727</u>	<u>296,588</u>	<u>5,861</u>
Total general government	<u>3,227,163</u>	<u>3,227,163</u>	<u>3,180,045</u>	<u>(47,118)</u>
Public safety				
Animal impoundment				
Personnel services	25,477	25,477	22,021	(3,456)
Supplies	6,900	6,900	758	(6,142)
Other services and charges	6,928	6,928	4,625	(2,303)
Total animal impoundment	<u>39,305</u>	<u>39,305</u>	<u>27,404</u>	<u>(11,901)</u>
Chemical assessment team				
Personnel services	25,837	25,837	25,276	(561)
Supplies	20,262	20,262	25,706	5,444
Other services and charges	13,901	13,901	9,219	(4,682)
Total chemical assessment team	<u>60,000</u>	<u>60,000</u>	<u>60,201</u>	<u>201</u>
Emergency management services				
Supplies	2,500	2,500	726	(1,774)
Other services and charges	7,130	7,130	5,698	(1,432)
Total emergency management services	<u>9,630</u>	<u>9,630</u>	<u>6,424</u>	<u>(3,206)</u>
Fire services				
Personnel services	215,861	215,861	244,870	29,009
Supplies	100,000	100,000	106,065	6,065
Other services and charges	318,721	318,721	374,545	55,824
Total fire services	<u>634,582</u>	<u>634,582</u>	<u>725,480</u>	<u>90,898</u>
Police administration				
Personnel services	2,590,609	2,590,609	2,565,358	(25,251)
Supplies	96,469	96,469	147,092	50,623
Other services and charges	311,967	311,967	278,216	(33,751)
Total police administration	<u>2,999,045</u>	<u>2,999,045</u>	<u>2,990,666</u>	<u>(8,379)</u>
Total public safety	<u>3,742,562</u>	<u>3,742,562</u>	<u>3,810,175</u>	<u>67,613</u>

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Expenditures (continued)				
Current (continued)				
Public works				
Community planning				
Personnel services	\$ 443,388	\$ 443,388	\$ 458,639	\$ 15,251
Supplies	25,900	25,900	8,338	(17,562)
Other services and charges	26,519	26,519	35,118	8,599
Total community planning	<u>495,807</u>	<u>495,807</u>	<u>502,095</u>	<u>6,288</u>
Engineering				
Personnel services	700,688	700,688	715,591	14,903
Supplies	25,500	25,500	23,372	(2,128)
Other services and charges	45,277	45,277	23,438	(21,839)
Total engineering	<u>771,465</u>	<u>771,465</u>	<u>762,401</u>	<u>(9,064)</u>
Street administration				
Personnel services	846,117	846,117	893,006	46,889
Supplies	441,250	441,250	588,338	147,088
Other services and charges	65,086	65,086	195,297	130,211
Total street administration	<u>1,352,453</u>	<u>1,352,453</u>	<u>1,676,641</u>	<u>324,188</u>
Street lighting				
Other services and charges	241,575	241,575	241,575	-
Total street lighting	<u>241,575</u>	<u>241,575</u>	<u>241,575</u>	<u>-</u>
Total public works	<u>2,861,300</u>	<u>2,861,300</u>	<u>3,182,712</u>	<u>321,412</u>
Culture and recreation				
Aquatic center				
Personnel services	117,912	117,912	89,379	(28,533)
Supplies	77,100	77,100	73,285	(3,815)
Other services and charges	97,998	97,998	52,871	(45,127)
Total aquatic center	<u>293,010</u>	<u>293,010</u>	<u>215,535</u>	<u>(77,475)</u>
Community education				
Personnel services	126,771	126,771	126,327	(444)
Supplies	11,200	11,200	8,516	(2,684)
Other services and charges	16,160	16,160	13,293	(2,867)
Total community education	<u>154,131</u>	<u>154,131</u>	<u>148,136</u>	<u>(5,995)</u>
Community services administration				
Personnel services	308,786	308,786	304,968	(3,818)
Supplies	12,600	12,600	12,821	221
Other services and charges	53,669	53,669	38,071	(15,598)
Total community services administration	<u>375,055</u>	<u>375,055</u>	<u>355,860</u>	<u>(19,195)</u>

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Expenditures (continued)				
Current (continued)				
Culture and recreation (continued)				
Community services general				
Personnel services	\$ 1,146	\$ 1,146	\$ 34	\$ (1,112)
Supplies	15,000	15,000	14,917	(83)
Total community services general	<u>16,146</u>	<u>16,146</u>	<u>14,951</u>	<u>(1,195)</u>
Community services youth activities				
Personnel services	14,665	14,665	6,306	(8,359)
Supplies	1,400	1,400	1,633	233
Other services and charges	8,500	8,500	8,856	356
Total community services youth activities	<u>24,565</u>	<u>24,565</u>	<u>16,795</u>	<u>(7,770)</u>
Municipal band				
Personnel services	10,934	10,934	10,435	(499)
Supplies	400	400	182	(218)
Other services and charges	202	202	194	(8)
Total municipal band	<u>11,536</u>	<u>11,536</u>	<u>10,811</u>	<u>(725)</u>
Park maintenance and development				
Personnel services	426,010	426,010	412,363	(13,647)
Supplies	283,175	283,175	271,927	(11,248)
Other services and charges	88,634	88,634	74,537	(14,097)
Total park maintenance and development	<u>797,819</u>	<u>797,819</u>	<u>758,827</u>	<u>(38,992)</u>
Recreation				
Personnel services	174,902	174,902	156,290	(18,612)
Supplies	41,000	41,000	47,836	6,836
Other services and charges	24,410	24,410	17,740	(6,670)
Total recreation	<u>240,312</u>	<u>240,312</u>	<u>221,866</u>	<u>(18,446)</u>
Total culture and recreation	<u>1,912,574</u>	<u>1,912,574</u>	<u>1,742,781</u>	<u>(169,793)</u>
Airport				
Personnel services	235,977	235,977	260,744	24,767
Supplies	70,000	70,000	73,390	3,390
Other services and charges	153,385	153,385	155,835	2,450
Total airport	<u>459,362</u>	<u>459,362</u>	<u>489,969</u>	<u>30,607</u>
Total current	<u>12,202,961</u>	<u>12,202,961</u>	<u>12,405,682</u>	<u>202,721</u>
Capital outlay				
Public safety	-	-	11,445	11,445
Total expenditures	<u>12,202,961</u>	<u>12,202,961</u>	<u>12,417,127</u>	<u>214,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(376,733)</u>	<u>(376,733)</u>	<u>(14,738)</u>	<u>361,995</u>

City of Marshall
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Other Financing Sources (Uses)				
Sale of capital assets	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Transfers in	225,000	225,000	225,000	-
Transfers out	-	-	(600,000)	(600,000)
	<u>255,000</u>	<u>255,000</u>	<u>(375,000)</u>	<u>(630,000)</u>
Total other financing sources (uses)				
	<u>255,000</u>	<u>255,000</u>	<u>(375,000)</u>	<u>(630,000)</u>
Net change in fund balances	<u>\$ (121,733)</u>	<u>\$ (121,733)</u>	(389,738)	<u>\$ (268,005)</u>
Fund Balance				
Beginning of year			<u>7,629,173</u>	
End of year			<u>\$ 7,239,435</u>	

**City of Marshall
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2019**

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
Assets			
Cash and temporary investments	\$ 4,229,792	\$ 6,820,777	\$ 11,050,569
Receivables			
Interest	129	1,896	2,025
Delinquent taxes	-	9,641	9,641
Accounts	43,355	26,184	69,539
Notes	33,594	-	33,594
Special assessments	-	529,829	529,829
Intergovernmental	388,693	41,023	429,716
Due from other funds	-	436,105	436,105
Prepaid items	32,056	-	32,056
Total assets	<u>\$ 4,727,619</u>	<u>\$ 7,865,455</u>	<u>\$ 12,593,074</u>
Liabilities			
Accounts payable	101,616	39,765	141,381
Contracts payable	-	27,270	27,270
Due to other funds	30,000	906,415	936,415
Due to component unit	13,584	241	13,825
Due to other governments	13,988	18,702	32,690
Accrued salaries payable	21,575	-	21,575
Total liabilities	<u>180,763</u>	<u>992,393</u>	<u>1,173,156</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes	-	9,641	9,641
Unavailable revenue - special assessments	-	529,829	529,829
Unavailable revenue - other	550	270,359	270,909
Total Deferred Inflows of Resources	<u>550</u>	<u>809,829</u>	<u>810,379</u>
Fund Balances			
Nonspendable			
Prepaid items	32,056	-	32,056
Restricted for			
City celebrations	18,259	-	18,259
Economic development	2,329,799	-	2,329,799
Capital projects	1,497,371	616,108	2,113,479
Library	89,137	-	89,137
Assigned for			
Staff seperation	100,388	-	100,388
Library operations	86,955	-	86,955
Economic development	143,418	-	143,418
Capital projects	-	5,655,057	5,655,057
Driver education	62,316	-	62,316
ASC Arena	100,971	-	100,971
Park improvements	-	182,647	182,647
Emergency response and industrial training center	85,636	-	85,636
Unassigned	-	(390,579)	(390,579)
Total fund balances	<u>4,546,306</u>	<u>6,063,233</u>	<u>10,609,539</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,727,619</u>	<u>\$ 7,865,455</u>	<u>\$ 12,593,074</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2019

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
Revenues			
Taxes	\$ 2,136,571	\$ 462,663	\$ 2,599,234
Intergovernmental	942,563	2,212,039	3,154,602
Charges for services	286,381	11,000	297,381
Fines and forfeitures	15,040	-	15,040
Special assessments	-	334,191	334,191
Investment earnings	117,410	67,354	184,764
Other revenues	54,999	187,937	242,936
Total revenues	<u>3,552,964</u>	<u>3,275,184</u>	<u>6,828,148</u>
Expenditures			
Current			
General government	25,000	254,215	279,215
Public safety	165,911	3,980	169,891
Public works	-	2	2
Culture and recreation	1,742,801	2,082	1,744,883
Economic development	256,435	-	256,435
Airport	-	5,000	5,000
Capital outlay			
General government	-	396,217	396,217
Public safety	-	10,000	10,000
Public works	-	2,429,257	2,429,257
Culture and recreation	5,542	565,001	570,543
Airport	-	50,000	50,000
Total expenditures	<u>2,195,689</u>	<u>3,715,754</u>	<u>5,911,443</u>
Excess (Deficiency) of revenues over (under) expenditures	1,357,275	(440,570)	916,705
Other Financing Sources (Uses)			
Sale of capital assets	-	59,115	59,115
Transfers in	818,377	620,998	1,439,375
Transfers out	(2,317,141)	(613,892)	(2,931,033)
Total other financing sources (uses)	<u>(1,498,764)</u>	<u>66,221</u>	<u>(1,432,543)</u>
Net change in fund balances	(141,489)	(374,349)	(515,838)
Fund Balances, January 1	4,384,427	7,475,640	11,860,067
Prior period adjustment (See Note 13)	303,368	(1,038,058)	(734,690)
Fund Balances January 1, restated	<u>4,687,795</u>	<u>6,437,582</u>	<u>11,125,377</u>
Fund Balances, December 31	<u>\$ 4,546,306</u>	<u>\$ 6,063,233</u>	<u>\$ 10,609,539</u>

City of Marshall
Combining Balance Sheet -
Nonmajor Special Revenue Funds
December 31, 2019

	Marshall - Lyon County Library (211)	Marshall Celebrations (215)	Small Cities Development Program (220)	2018 Small Cities Development Program (221)
Assets				
Cash and temporary investments	\$ 310,659	\$ 18,259	\$ 133,929	\$ 341,992
Receivables				
Interest	3	-	8	72
Accounts	-	-	373	3,118
Notes	-	-	9,116	24,478
Intergovernmental	-	-	-	-
Prepaid items	4,897	-	-	-
Total assets	<u>\$ 315,559</u>	<u>\$ 18,259</u>	<u>\$ 143,426</u>	<u>\$ 369,660</u>
Liabilities				
Accounts payable	16,208	-	8	61,350
Due to other funds	-	-	-	-
Due to component unit	3,950	-	-	-
Due to other governments	53	-	-	-
Accrued salaries payable	13,971	-	-	-
Total liabilities	<u>34,182</u>	<u>-</u>	<u>8</u>	<u>61,350</u>
Deferred Inflows of Resources				
Unavailable revenue - other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable				
Prepaid items	4,897	-	-	-
Restricted				
City celebrations	-	18,259	-	-
Economic development	-	-	-	308,310
Capital projects	-	-	-	-
Library	89,137	-	-	-
Assigned				
Staff seperation	100,388	-	-	-
Library operations	86,955	-	-	-
Economic development	-	-	143,418	-
Driver education	-	-	-	-
ASC Arena	-	-	-	-
Emergency response and industrial training center	-	-	-	-
Total fund balances	<u>281,377</u>	<u>18,259</u>	<u>143,418</u>	<u>308,310</u>
Total liabilities and fund balances	<u>\$ 315,559</u>	<u>\$ 18,259</u>	<u>\$ 143,426</u>	<u>\$ 369,660</u>

Community Education Drivers Training (240)	Sales / Lodging Tax (256)	ASC Arena (258)	Emergency Response and Industrial Training Center (270)	Endowment - Avera / WMMC (280)	Total
\$ 76,166	\$ 1,108,177	\$ 100,588	\$ 88,533	\$ 2,051,489	\$ 4,229,792
-	40	3	3	-	129
-	6,764	32,449	651	-	43,355
-	-	-	-	-	33,594
-	382,443	-	6,250	-	388,693
-	-	18,486	8,673	-	32,056
<u>\$ 76,166</u>	<u>\$ 1,497,424</u>	<u>\$ 151,526</u>	<u>\$ 104,110</u>	<u>\$ 2,051,489</u>	<u>\$ 4,727,619</u>
15	53	16,605	7,377	-	101,616
-	-	-	-	30,000	30,000
-	-	8,845	789	-	13,584
13,835	-	100	-	-	13,988
-	-	5,969	1,635	-	21,575
<u>13,850</u>	<u>53</u>	<u>31,519</u>	<u>9,801</u>	<u>30,000</u>	<u>180,763</u>
-	-	550	-	-	550
-	-	18,486	8,673	-	32,056
-	-	-	-	-	18,259
-	-	-	-	2,021,489	2,329,799
-	1,497,371	-	-	-	1,497,371
-	-	-	-	-	89,137
-	-	-	-	-	100,388
-	-	-	-	-	86,955
-	-	-	-	-	143,418
62,316	-	-	-	-	62,316
-	-	100,971	-	-	100,971
-	-	-	85,636	-	85,636
<u>62,316</u>	<u>1,497,371</u>	<u>119,457</u>	<u>94,309</u>	<u>2,021,489</u>	<u>4,546,306</u>
<u>\$ 76,166</u>	<u>\$ 1,497,424</u>	<u>\$ 151,526</u>	<u>\$ 104,110</u>	<u>\$ 2,051,489</u>	<u>\$ 4,727,619</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Special Revenue Funds
December 31, 2019

	Marshall - Lyon County Library (211)	Marshall Celebrations (215)	Small Cities Development Program (220)	2018 Small Cities Development Program (221)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	942,563	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	15,040	-	-	-
Investment earnings	4,924	-	115	10,686
Other revenues	34,449	-	10,852	7,644
Total Revenues	<u>996,976</u>	<u>-</u>	<u>10,967</u>	<u>18,330</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	1,018,967	-	-	-
Economic development	-	-	125	249,310
Capital outlay				
Culture and recreation	-	-	-	-
Total Expenditures	<u>1,018,967</u>	<u>-</u>	<u>125</u>	<u>249,310</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(21,991)</u>	<u>-</u>	<u>10,842</u>	<u>(230,980)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	121,700	-
Transfers out	-	-	(4,177)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>117,523</u>	<u>-</u>
Net change in fund balances	<u>(21,991)</u>	<u>-</u>	<u>128,365</u>	<u>(230,980)</u>
Fund Balances, January 1	-	18,259	15,053	539,290
Prior period adjustment (See Note 13)	303,368	-	-	-
Fund Balances January 1, restated	<u>303,368</u>	<u>18,259</u>	<u>15,053</u>	<u>539,290</u>
Fund Balances, December 31	<u>\$ 281,377</u>	<u>\$ 18,259</u>	<u>\$ 143,418</u>	<u>\$ 308,310</u>

Program Income SCDP - Local (223)	Community Education Drivers Training (240)	Sales / Lodging Tax (256)	ASC Arena (258)	Emergency Response and Industrial Training Center (270)	Endowment - Avera / WMMC (280)	Totals
\$ -	\$ -	\$ 2,136,571	\$ -	\$ -	\$ -	\$ 2,136,571
-	-	-	-	-	-	942,563
-	57,815	-	194,033	34,533	-	286,381
-	-	-	-	-	-	15,040
-	-	17,402	686	660	82,937	117,410
-	-	-	1,092	962	-	54,999
-	57,815	2,153,973	195,811	36,155	82,937	3,552,964
-	-	-	-	-	25,000	25,000
-	-	-	-	165,911	-	165,911
-	75,100	185	648,549	-	-	1,742,801
7,000	-	-	-	-	-	256,435
-	-	-	5,542	-	-	5,542
7,000	75,100	185	654,091	165,911	25,000	2,195,689
(7,000)	(17,285)	2,153,788	(458,280)	(129,756)	57,937	1,357,275
4,177	-	-	530,000	162,500	-	818,377
(121,700)	-	(2,152,500)	-	-	(38,764)	(2,317,141)
(117,523)	-	(2,152,500)	530,000	162,500	(38,764)	(1,498,764)
(124,523)	(17,285)	1,288	71,720	32,744	19,173	(141,489)
124,523	79,601	1,496,083	47,737	61,565	2,002,316	4,384,427
-	-	-	-	-	-	303,368
124,523	79,601	1,496,083	47,737	61,565	2,002,316	4,687,795
\$ -	\$ 62,316	\$ 1,497,371	\$ 119,457	\$ 94,309	\$ 2,021,489	\$ 4,546,306

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City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Marshall - Lyon County Library
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ 312,491	\$ 312,491	\$ 942,563	\$ 630,072
Fines and forfeitures	12,500	12,500	15,040	2,540
Investment earnings	500	500	4,924	4,424
Miscellaneous	16,000	16,000	34,449	18,449
Total revenues	<u>341,491</u>	<u>341,491</u>	<u>996,976</u>	<u>655,485</u>
Expenditures				
Current				
Culture and recreation	<u>979,773</u>	<u>979,773</u>	<u>1,018,967</u>	<u>39,194</u>
Excess of revenues over (under) expenditures	(638,282)	(638,282)	(21,991)	616,291
Other Financing Sources				
Transfers in	<u>625,072</u>	<u>625,072</u>	<u>-</u>	<u>(625,072)</u>
Net change in fund balances	<u>\$ (13,210)</u>	<u>\$ (13,210)</u>	<u>(21,991)</u>	<u>\$ (8,781)</u>
Fund Balance				
Beginning of year			<u>303,368</u>	
End of year			<u>\$ 281,377</u>	

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - 2018 Small Cities Development Program
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Investment earnings	\$ -	\$ -	\$ 115	\$ 115
Miscellaneous	-	-	10,852	10,852
Total revenues	-	-	10,967	10,967
Expenditures				
Current				
Economic development	-	-	125	125
Excess of revenues over expenditures	-	-	10,842	10,842
Other Financing Sources				
Transfers in	-	-	121,700	121,700
Transfers out	(4,000)	(4,000)	(4,177)	(177)
Net change in fund balances	\$ (4,000)	\$ (4,000)	128,365	\$ 132,365
Fund Balance				
Beginning of year			15,053	
End of year			\$ 143,418	

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Community Education Drivers Training
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Charges for services	\$ 52,250	\$ 52,250	\$ 57,815	\$ 5,565
Expenditures				
Current				
Culture and recreation	53,000	53,000	75,100	22,100
Excess of revenues under expenditures	<u>\$ (750)</u>	<u>\$ (750)</u>	(17,285)	<u>\$ (16,535)</u>
Fund Balance				
Beginning of year			79,601	
End of year			<u>\$ 62,316</u>	

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Sales / Lodging Tax
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 2,036,094	\$ 2,036,094	\$ 2,136,571	\$ 100,477
Investment earnings	5,000	5,000	17,402	12,402
Total revenues	<u>2,041,094</u>	<u>2,041,094</u>	<u>2,153,973</u>	<u>112,879</u>
Expenditures				
Current				
Culture and recreation	-	-	185	185
Excess of revenues over expenditures	2,041,094	2,041,094	2,153,788	112,694
Other Financing Sources				
Transfers out	<u>(2,152,500)</u>	<u>(2,152,500)</u>	<u>(2,152,500)</u>	<u>-</u>
Net change in fund balances	<u>\$ (111,406)</u>	<u>\$ (111,406)</u>	1,288	<u>\$ 112,694</u>
Fund Balance				
Beginning of year			<u>1,496,083</u>	
End of year			<u>\$ 1,497,371</u>	

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - ASC Arena
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Charges for services	\$ 213,500	\$ 213,500	\$ 194,033	\$ (19,467)
Investment earnings	-	-	686	686
Miscellaneous	5,000	5,000	1,092	(3,908)
Total revenues	<u>218,500</u>	<u>218,500</u>	<u>195,811</u>	<u>(22,689)</u>
Expenditures				
Current				
Culture and recreation	681,852	681,852	648,549	(33,303)
Capital outlay				
Culture and recreation	65,000	65,000	5,542	(59,458)
Total expenditures	<u>746,852</u>	<u>746,852</u>	<u>654,091</u>	<u>(92,761)</u>
Excess of revenues over (under) expenditures	(528,352)	(528,352)	(458,280)	70,072
Other Financing Sources				
Transfers in	530,000	530,000	530,000	-
Net change in fund balances	<u>\$ 1,648</u>	<u>\$ 1,648</u>	71,720	<u>\$ 70,072</u>
Fund Balance				
Beginning of year			<u>47,737</u>	
End of year			<u>\$ 119,457</u>	

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Emergency Response and Industrial Training Center
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Charges for services	\$ 25,000	\$ 25,000	\$ 34,533	\$ 9,533
Investment earnings	-	-	660	660
Miscellaneous	-	-	962	962
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>36,155</u>	<u>11,155</u>
Expenditures				
Current				
Public safety	<u>187,301</u>	<u>187,301</u>	<u>165,911</u>	<u>(21,390)</u>
Excess of revenues over (under) expenditures	(162,301)	(162,301)	(129,756)	32,545
Other Financing Sources				
Transfers in	<u>162,500</u>	<u>162,500</u>	<u>162,500</u>	<u>-</u>
Net change in fund balances	<u>\$ 199</u>	<u>\$ 199</u>	32,744	<u>\$ 32,545</u>
Fund Balance				
Beginning of year			<u>61,565</u>	
End of year			<u>\$ 94,309</u>	

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Endowment Avera / WMMC
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Investment earnings	\$ 15,000	\$ 15,000	\$ 82,937	\$ 67,937
Expenditures				
Current				
General government	-	-	25,000	25,000
Excess of revenues over expenditures	15,000	15,000	57,937	42,937
Other Financing Uses				
Transfers out	(73,500)	(73,500)	(38,764)	34,736
Net change in fund balances	<u>\$ (58,500)</u>	<u>\$ (58,500)</u>	19,173	<u>\$ 77,673</u>
Fund Balance				
Beginning of year			<u>2,002,316</u>	
End of year			<u>\$ 2,021,489</u>	

**City of Marshall
Combining Balance Sheet -
Debt Service Funds
December 31, 2019**

	Marshall - Lyon County Library Debt (321)	2014B MERIT / SMASC (322)	2015A Bond (325)	2015 Public Improvement Bonds (359)
Assets				
Cash and temporary investments	\$ 127,227	\$ 20,342	\$ 57,957	\$ 73,216
Receivables				
Interest	122	337	18	-
Delinquent taxes	1,135	-	1,278	1,310
Special assessments				
Current	-	-	-	-
Delinquent	-	-	-	3,569
Deferred	-	-	-	329,229
Intergovernmental	168	-	180	168
Total assets	<u>\$ 128,652</u>	<u>\$ 20,679</u>	<u>\$ 59,433</u>	<u>\$ 407,492</u>
Liabilities				
Accounts payable	<u>281</u>	<u>281</u>	<u>573</u>	<u>143</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	1,135	-	1,278	1,310
Unavailable revenue - special assessments	-	-	-	332,798
Total deferred inflows of resources	<u>1,135</u>	<u>-</u>	<u>1,278</u>	<u>334,108</u>
Fund Balances				
Restricted for				
Debt service	<u>127,236</u>	<u>20,398</u>	<u>57,582</u>	<u>73,241</u>
Total fund balances	<u>127,236</u>	<u>20,398</u>	<u>57,582</u>	<u>73,241</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 128,652</u>	<u>\$ 20,679</u>	<u>\$ 59,433</u>	<u>\$ 407,492</u>

2016B G.O. Various Purpose Bonds (360)	2017A Public Improvement Bonds (362)	2010 Public Improvement Bonds (368)	2011 Public Improvement Bonds (369)	2011A G.O. Tax Increment Bonds (370)
\$ 523,683	\$ 162,056	\$ 306	\$ 122,677	\$ 675,992
530	20	-	50	1,866
6,391	2,904	-	2,200	10
740	-	-	-	-
3,355	-	-	522	486
349,262	-	-	43,086	20,187
855	556	-	290	-
<u>\$ 884,816</u>	<u>\$ 165,536</u>	<u>\$ 306</u>	<u>\$ 168,825</u>	<u>\$ 698,541</u>
174	263	153	207	113
6,391	2,904	-	2,200	10
352,617	-	-	43,608	20,673
<u>359,008</u>	<u>2,904</u>	<u>-</u>	<u>45,808</u>	<u>20,683</u>
525,634	162,369	153	122,810	677,745
<u>525,634</u>	<u>162,369</u>	<u>153</u>	<u>122,810</u>	<u>677,745</u>
<u>\$ 884,816</u>	<u>\$ 165,536</u>	<u>\$ 306</u>	<u>\$ 168,825</u>	<u>\$ 698,541</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Capital Project Funds
December 31, 2019

	Municipal State Aid (103)	Marshall Industrial Park (260)	Capital Equipment (401)	SMASC Ball Parks (413)
Revenues				
Taxes	\$ -	\$ -	\$ 462,347	\$ -
Special assessments	-	192,196	-	-
Intergovernmental	-	-	102,723	-
Charges for services	-	-	-	-
Investment earnings	7,700	25,210	13,240	-
Other revenues	-	158,892	10,325	-
Total Revenues	<u>7,700</u>	<u>376,298</u>	<u>588,635</u>	<u>-</u>
Expenditures				
Current				
General government	-	53,653	2,177	-
Public safety	-	-	3,980	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Airport	-	-	5,000	-
Capital outlay				
General government	-	18,860	39,447	-
Public safety	-	-	10,000	-
Public works	-	785,217	119,394	-
Culture and recreation	-	-	111,497	21,897
Airport	-	-	50,000	-
Total Expenditures	<u>-</u>	<u>857,730</u>	<u>341,495</u>	<u>21,897</u>
Excess (Deficiency) of revenues over (under) expenditures	7,700	(481,432)	247,140	(21,897)
Other Financing Sources (Uses)				
Sale of capital assets	-	59,115	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>59,115</u>	<u>-</u>	<u>-</u>
Net change in fund balances	7,700	(422,317)	247,140	(21,897)
Fund Balances, January 1	513,062	1,529,206	772,823	(368,682)
Prior period adjustment (See Note 13)	-	-	-	-
Fund Balances January 1, restated	<u>513,062</u>	<u>1,529,206</u>	<u>772,823</u>	<u>(368,682)</u>
Fund Balances, December 31	<u>\$ 520,762</u>	<u>\$ 1,106,889</u>	<u>\$ 1,019,963</u>	<u>\$ (390,579)</u>

Park Improvements (423)	Saratoga / Highway 23 (428)	2013 Amateur Sports Center (456)	2017 Public Improvements (462)	City Hall Building (494)	Public Improvement Revolving (495)	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 316	\$ 462,663
-	-	-	-	-	141,995	334,191
-	-	-	2,109,316	-	-	2,212,039
-	-	-	-	-	11,000	11,000
319	-	-	-	-	20,885	67,354
17,919	-	431	-	-	370	187,937
<u>18,238</u>	<u>-</u>	<u>431</u>	<u>2,109,316</u>	<u>-</u>	<u>174,566</u>	<u>3,275,184</u>
-	-	-	-	1,381	197,004	254,215
-	-	-	-	-	-	3,980
-	-	-	2	-	-	2
515	-	1,567	-	-	-	2,082
-	-	-	-	-	-	5,000
-	-	-	-	337,910	-	396,217
-	-	-	-	-	-	10,000
-	1,507	-	961,705	-	561,434	2,429,257
-	-	431,607	-	-	-	565,001
-	-	-	-	-	-	50,000
<u>515</u>	<u>1,507</u>	<u>433,174</u>	<u>961,707</u>	<u>339,291</u>	<u>758,438</u>	<u>3,715,754</u>
17,723	(1,507)	(432,743)	1,147,609	(339,291)	(583,872)	(440,570)
-	-	-	-	-	-	59,115
-	-	-	-	-	620,998	620,998
-	(613,892)	-	-	-	-	(613,892)
-	(613,892)	-	-	-	620,998	66,221
17,723	(615,399)	(432,743)	1,147,609	(339,291)	37,126	(374,349)
164,924	615,399	2,063,412	292,344	713,610	1,179,542	7,475,640
-	-	-	(1,038,058)	-	-	(1,038,058)
<u>164,924</u>	<u>615,399</u>	<u>2,063,412</u>	<u>(745,714)</u>	<u>713,610</u>	<u>1,179,542</u>	<u>6,437,582</u>
<u>\$ 182,647</u>	<u>\$ -</u>	<u>\$ 1,630,669</u>	<u>\$ 401,895</u>	<u>\$ 374,319</u>	<u>\$ 1,216,668</u>	<u>\$ 6,063,233</u>

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City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Capital Equipment
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 465,000	\$ 465,000	\$ 462,347	\$ (2,653)
Intergovernmental	39,000	39,000	102,723	63,723
Investment earnings	5,000	5,000	13,240	8,240
Miscellaneous	-	-	10,325	10,325
Total revenues	<u>509,000</u>	<u>509,000</u>	588,635	79,635
Expenditures				
Capital outlay				
General government	-	-	39,447	39,447
Public safety	140,570	140,570	10,000	(130,570)
Public works	380,000	380,000	119,394	(260,606)
Culture and recreation	38,500	38,500	111,497	72,997
Airport	-	-	50,000	50,000
Total expenditures	<u>559,070</u>	<u>559,070</u>	<u>330,338</u>	<u>(228,732)</u>
Excess of revenues over (under) expenditures	<u>\$ (50,070)</u>	<u>\$ (50,070)</u>	258,297	<u>\$ 308,367</u>
Fund Balance				
Beginning of year			<u>772,823</u>	
End of year			<u>\$ 1,031,120</u>	

City of Marshall
Combining Balance Sheet -
Nonmajor Capital Project Funds
December 31, 2019

	Municipal State Aid (103)	Marshall Industrial Park (260)	Capital Equipment (401)	SMASC Ball Parks (413)
Assets				
Cash and temporary investments	\$ 520,762	\$ 1,105,185	\$ 1,127,433	\$ -
Receivables				
Interest	-	1,871	25	-
Delinquent taxes	-	-	9,573	-
Accounts	-	-	26,184	-
Special assessments				
Delinquent	-	-	-	-
Noncurrent	-	54,384	-	-
Intergovernmental	-	-	41,023	-
Due from other funds	-	-	-	-
	<u>520,762</u>	<u>1,161,440</u>	<u>1,204,238</u>	<u>-</u>
Total assets	<u>\$ 520,762</u>	<u>\$ 1,161,440</u>	<u>\$ 1,204,238</u>	<u>\$ -</u>
Liabilities				
Accounts payable	-	-	12,432	-
Contracts payable	-	-	27,270	-
Due to other funds	-	-	135,000	390,579
Due to component unit	-	167	-	-
Due to other governments	-	-	-	-
Total liabilities	<u>-</u>	<u>167</u>	<u>174,702</u>	<u>390,579</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	9,573	-
Unavailable revenue - special assessments	-	54,384	-	-
Unavailable revenue - other	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>54,384</u>	<u>9,573</u>	<u>-</u>
Fund Balances				
Restricted				
Capital projects	125,711	-	88,502	-
Assigned				
Capital projects	395,051	1,106,889	931,461	-
Park improvements	-	-	-	-
Unassigned	-	-	-	(390,579)
Total fund balances	<u>520,762</u>	<u>1,106,889</u>	<u>1,019,963</u>	<u>(390,579)</u>
	<u>\$ 520,762</u>	<u>\$ 1,161,440</u>	<u>\$ 1,204,238</u>	<u>\$ -</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 520,762</u>	<u>\$ 1,161,440</u>	<u>\$ 1,204,238</u>	<u>\$ -</u>

Park Improvements (423)	2013 Amateur Sports Center (456)	2017 Public Improvements (462)	City Hall Building (494)	Public Improvement Revolving (495)	Totals
\$ 152,647	\$ 1,241,017	\$ 672,254	\$ 418,962	\$ 1,582,517	\$ 6,820,777
-	-	-	-	-	1,896
-	-	-	-	68	9,641
-	-	-	-	-	26,184
-	-	-	-	1,056	1,056
-	-	-	-	474,389	528,773
-	-	-	-	-	41,023
30,000	390,579	-	-	15,526	436,105
<u>\$ 182,647</u>	<u>\$ 1,631,596</u>	<u>\$ 672,254</u>	<u>\$ 418,962</u>	<u>\$ 2,073,556</u>	<u>\$ 7,865,455</u>
-	-	-	26,983	350	39,765
-	-	-	-	-	27,270
-	-	-	-	380,836	906,415
-	-	-	-	74	241
-	927	-	17,660	115	18,702
-	927	-	44,643	381,375	992,393
-	-	-	-	68	9,641
-	-	-	-	475,445	529,829
-	-	270,359	-	-	270,359
-	-	270,359	-	475,513	809,829
-	-	401,895	-	-	616,108
-	1,630,669	-	374,319	1,216,668	5,655,057
182,647	-	-	-	-	182,647
-	-	-	-	-	(390,579)
<u>182,647</u>	<u>1,630,669</u>	<u>401,895</u>	<u>374,319</u>	<u>1,216,668</u>	<u>6,063,233</u>
<u>\$ 182,647</u>	<u>\$ 1,631,596</u>	<u>\$ 672,254</u>	<u>\$ 418,962</u>	<u>\$ 2,073,556</u>	<u>\$ 7,865,455</u>

**City of Marshall
Combining Balance Sheet -
Debt Service Funds
December 31, 2019**

	2012A G.O. Tax Increment Bonds (371)	2013 Public Improvement Bonds (372)	2014 Public Improvement Bonds (373)	23 Pedestrian Bridge (374)
Assets				
Cash and temporary investments	\$ 644,111	\$ 766,546	\$ 672,430	\$ 693,717
Receivables				
Interest	1,092	1,417	1,233	-
Taxes	2,310	4,321	2,993	2,366
Special assessments				
Current	348	50	500	-
Delinquent	5,235	2,182	2,091	-
Noncurrent	521,817	333,662	920,715	-
Intergovernmental	288	622	455	305
Total assets	<u>\$ 1,175,201</u>	<u>\$ 1,108,800</u>	<u>\$ 1,600,417</u>	<u>\$ 696,388</u>
Liabilities				
Accounts payable	<u>168</u>	<u>281</u>	<u>163</u>	<u>208</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	2,310	4,321	2,993	2,366
Unavailable revenue - special assessments	<u>527,052</u>	<u>335,844</u>	<u>922,806</u>	<u>-</u>
Total deferred inflows of resources	<u>529,362</u>	<u>340,165</u>	<u>925,799</u>	<u>2,366</u>
Fund Balances				
Restricted for				
Debt service	<u>645,671</u>	<u>768,354</u>	<u>674,455</u>	<u>693,814</u>
Total fund balances	<u>645,671</u>	<u>768,354</u>	<u>674,455</u>	<u>693,814</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,175,201</u>	<u>\$ 1,108,800</u>	<u>\$ 1,600,417</u>	<u>\$ 696,388</u>

2018A Improvement Bonds (375)	2016C Tax Abatement Bonds (376)	2017B Improvement Bonds (377)	Debt Revolving Fund (399)	Totals
\$ 868,438	\$ 130,736	\$ 601,379	\$ 136,471	\$ 6,277,284
1,264	-	1,613	-	9,562
1,528	4,620	782	1,101	35,249
-	-	-	-	1,638
-	-	-	-	17,440
336,704	-	-	-	2,854,662
443	628	170	447	5,575
<u>\$ 1,208,377</u>	<u>\$ 135,984</u>	<u>\$ 603,944</u>	<u>\$ 138,019</u>	<u>\$ 9,201,410</u>
183	281	209	-	3,681
1,528	4,620	782	1,101	35,249
336,704	-	-	-	2,872,102
<u>338,232</u>	<u>4,620</u>	<u>782</u>	<u>1,101</u>	<u>2,907,351</u>
869,962	131,083	602,953	136,918	6,290,378
<u>869,962</u>	<u>131,083</u>	<u>602,953</u>	<u>136,918</u>	<u>6,290,378</u>
<u>\$ 1,208,377</u>	<u>\$ 135,984</u>	<u>\$ 603,944</u>	<u>\$ 138,019</u>	<u>\$ 9,201,410</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Debt Service Funds
December 31, 2019

	Marshall - Lyon County Library Debt (321)	2014B MERIT / SMASC (322)	2015A Bond (325)	2015 Public Improvement Bonds (359)
Revenues				
Taxes	\$ 51,977	\$ -	\$ 55,602	\$ 51,786
Special assessments				63,589
Investment earnings	789	4,577	114	199
Contributions and donations	-	-	-	-
Total revenues	<u>52,766</u>	<u>4,577</u>	<u>55,716</u>	<u>115,574</u>
Expenditures				
Debt service				
Principal	65,000	960,000	40,000	110,000
Interest and other	16,187	498,974	8,697	21,029
Total expenditures	<u>81,187</u>	<u>1,458,974</u>	<u>48,697</u>	<u>131,029</u>
Excess (Deficiency) of revenues over (under) expenditures	(28,421)	(1,454,397)	7,019	(15,455)
Other Financing Sources (Uses)				
Transfers in	38,764	1,460,000	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>38,764</u>	<u>1,460,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>10,343</u>	<u>5,603</u>	<u>7,019</u>	<u>(15,455)</u>
Fund Balances, January 1	-	14,795	50,563	88,696
Prior period adjustment (See Note 13)	116,893	-	-	-
Fund Balances January 1, restated	<u>116,893</u>	<u>14,795</u>	<u>50,563</u>	<u>88,696</u>
Fund Balances, December 31	<u>\$ 127,236</u>	<u>\$ 20,398</u>	<u>\$ 57,582</u>	<u>\$ 73,241</u>

2016B G.O. Various Purpose Bonds (360)	2017A Public Improvement Bonds (362)	2008 Public Improvement Bonds (366)	2010 Public Improvement Bonds (368)	2011 Public Improvement Bonds (369)
\$ 262,569	\$ 170,849	\$ -	\$ 357	\$ 89,816
88,111	-	(200)	163,415	26,182
3,631	125	-	11,009	428
-	-	-	-	-
<u>354,311</u>	<u>170,974</u>	<u>(200)</u>	<u>174,781</u>	<u>116,426</u>
325,000	125,000	175,000	920,000	115,000
34,785	32,306	6,775	25,800	23,891
<u>359,785</u>	<u>157,306</u>	<u>181,775</u>	<u>945,800</u>	<u>138,891</u>
(5,474)	13,668	(181,975)	(771,019)	(22,465)
-	-	38,294	-	-
-	-	(103,171)	(479,921)	-
-	-	(64,877)	(479,921)	-
<u>(5,474)</u>	<u>13,668</u>	<u>(246,852)</u>	<u>(1,250,940)</u>	<u>(22,465)</u>
531,108	148,701	246,852	1,251,093	145,275
-	-	-	-	-
<u>531,108</u>	<u>148,701</u>	<u>246,852</u>	<u>1,251,093</u>	<u>145,275</u>
<u>\$ 525,634</u>	<u>\$ 162,369</u>	<u>\$ -</u>	<u>\$ 153</u>	<u>\$ 122,810</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Debt Service Funds
December 31, 2019

	2011A G.O. Tax Increment Bonds (370)	2012A G.O. Tax Increment Bonds (371)	2013 Public Improvement Bonds (372)	2014 Public Improvement Bonds (373)
Revenues				
Taxes	\$ 9	\$ 89,688	\$ 192,364	\$ 141,156
Special assessments	7,320	171,116	88,181	87,051
Investment earnings	12,657	7,476	9,100	6,133
Contributions and donations	-	-	-	-
Total revenues	<u>19,986</u>	<u>268,280</u>	<u>289,645</u>	<u>234,340</u>
Expenditures				
Debt service				
Principal	160,000	240,000	370,000	235,000
Interest and other	18,125	24,133	58,280	34,793
Total expenditures	<u>178,125</u>	<u>264,133</u>	<u>428,280</u>	<u>269,793</u>
Excess (Deficiency) of revenues over (under) expenditures	(158,139)	4,147	(138,635)	(35,453)
Other Financing Sources (Uses)				
Transfers in	157,996	-	207,139	583,092
Transferred out	-	-	-	-
Total other financing sources (uses)	<u>157,996</u>	<u>-</u>	<u>207,139</u>	<u>583,092</u>
Net change in fund balances	<u>(143)</u>	<u>4,147</u>	<u>68,504</u>	<u>547,639</u>
Fund Balances, January 1	677,888	641,524	699,850	126,816
Prior period adjustment (See Note 13)	-	-	-	-
Fund Balances January 1, restated	<u>677,888</u>	<u>641,524</u>	<u>699,850</u>	<u>126,816</u>
Fund Balances, December 31	<u>\$ 677,745</u>	<u>\$ 645,671</u>	<u>\$ 768,354</u>	<u>\$ 674,455</u>

23 Pedestrian Bridge (374)	2018A Improvement Bonds (375)	2016C Tax Abatement Bonds (376)	2017B Improvement Bonds (377)	Debt Revolving Fund (399)	Totals
\$ 94,508	\$ 135,868	\$ 192,873	\$ 52,336	\$ 136,918	\$ 1,718,676
-	339,254	-	-	-	1,034,019
-	8,075	-	10,356	-	74,669
-	-	-	500,000	-	500,000
<u>94,508</u>	<u>483,197</u>	<u>192,873</u>	<u>562,692</u>	<u>136,918</u>	<u>3,327,364</u>
65,000	-	115,000	420,000	-	4,440,000
30,434	85,022	66,281	76,015	-	1,061,527
<u>95,434</u>	<u>85,022</u>	<u>181,281</u>	<u>496,015</u>	<u>-</u>	<u>5,501,527</u>
(926)	398,175	11,592	66,677	136,918	(2,174,163)
613,892	-	-	-	-	3,099,177
-	-	-	-	-	(583,092)
<u>613,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,516,085</u>
612,966	398,175	11,592	66,677	136,918	341,922
80,848	471,787	119,491	536,276	-	5,831,563
-	-	-	-	-	116,893
<u>80,848</u>	<u>471,787</u>	<u>119,491</u>	<u>536,276</u>	<u>-</u>	<u>5,948,456</u>
<u>\$ 693,814</u>	<u>\$ 869,962</u>	<u>\$ 131,083</u>	<u>\$ 602,953</u>	<u>\$ 136,918</u>	<u>\$ 6,290,378</u>

City of Marshall
Combining Balance Sheet
Economic Development Authority Funds
December 31, 2019

	Economic Development Authority (204/208)	EDA Parkway Housing Fund (205/206/207/209)	Federal EDA CRIF (213)	EDA Revolving (214)	Totals
Assets					
Cash and temporary investments	\$ 619,495	\$ 284,693	\$ 48,220	\$ 258,248	\$ 1,210,656
Receivables					
Interest	25	1,275	54	-	1,354
Delinquent taxes	2,997	-	-	-	2,997
Notes	-	233,713	-	-	233,713
Intergovernmental	406	-	-	-	406
Prepaid items	118	-	-	-	118
Land held for resale	-	1,034,422	-	-	1,034,422
Total assets	<u>\$ 623,041</u>	<u>\$ 1,554,103</u>	<u>\$ 48,274</u>	<u>\$ 258,248</u>	<u>\$ 2,483,666</u>
Liabilities					
Accounts payable	1,649	43,362	-	2,616	47,627
Due to primary government		167,074			167,074
Total liabilities	<u>1,649</u>	<u>210,436</u>	<u>-</u>	<u>2,616</u>	<u>214,701</u>
Deferred Inflows of Resources					
Unavailable revenue - taxes	<u>2,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,997</u>
Fund Balances					
Nonspendable					
Prepaid items	118	-	-	-	118
Land held for resale	-	1,034,422	-	-	1,034,422
Restricted					
Economic development	-	-	48,274	255,632	303,906
Assigned					
Economic development	<u>618,277</u>	<u>309,245</u>	<u>-</u>	<u>-</u>	<u>927,522</u>
Total Fund Balances	<u>618,395</u>	<u>1,343,667</u>	<u>48,274</u>	<u>255,632</u>	<u>2,265,968</u>
Total liabilities, Deferred Inflows of Resources and Fund Balances					
	<u>\$ 623,041</u>	<u>\$ 1,554,103</u>	<u>\$ 48,274</u>	<u>\$ 258,248</u>	<u>\$ 2,483,666</u>

Reconciliation of balance sheet to the Statement of Net Position

Total fund balances	\$ 2,265,968
Capital assets used in EDA activities are not financial resources and therefore are not reported as assets in the fund	5,653
Long-term assets are not available to pay current period expenditures and, therefore are unavailable in the funds.	
Delinquent property taxes receivable	<u>2,997</u>
Total net position	<u>\$ 2,274,618</u>

City of Marshall
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Economic Development Authority Funds
December 31, 2019

	Economic Development Authority (204/208)	EDA Parkway Housing Fund (205/206/207/2 09)	Federal EDA CRIF (213)	EDA Revolving (214)	Totals
Revenues					
Taxes	\$ 125,378	\$ -	\$ -	\$ -	\$ 125,378
Charges for services	-	7,880	-	-	7,880
Investment earnings	14,656	1,418	821	4,927	21,822
Miscellaneous	6,215	-	-	-	6,215
Total Revenues	<u>146,249</u>	<u>9,298</u>	<u>821</u>	<u>4,927</u>	<u>161,295</u>
Expenditures					
Current					
Economic development	140,763	12,239	125,799	4,555	283,356
Excess (Deficiency) of revenues over (under) expenditures	5,486	(2,941)	(124,978)	372	(122,061)
Other Financing Sources (Uses)					
Sale of capital assets	-	60,925	-	-	60,925
Net change in fund balances	5,486	57,984	(124,978)	372	(61,136)
Fund Balances, January 1	612,909	1,326,183	173,252	255,260	2,367,604
Prior period adjustment (See Note 13)	-	(40,500)	-	-	(40,500)
Fund Balances January 1, restated	<u>612,909</u>	<u>1,285,683</u>	<u>173,252</u>	<u>255,260</u>	<u>2,327,104</u>
Fund Balances, December 31	<u>\$ 618,395</u>	<u>\$ 1,343,667</u>	<u>\$ 48,274</u>	<u>\$ 255,632</u>	<u>\$ 2,265,968</u>

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

Net Change in Fund Balances \$ (61,136)

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

 Depreciation expense (646)

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

 Property taxes (373)

Change in Net Position \$ (62,155)

City of Marshall
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Economic Development Authority
Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 125,000	\$ 125,000	\$ 125,378	\$ 378
Lodging Tax	-	-	-	-
Franchise Fees	-	-	-	-
Investment earnings	5,000	5,000	14,656	9,656
Miscellaneous	3,500	3,500	6,215	2,715
Special Assessments	-	-	-	-
Total revenues	<u>133,500</u>	<u>133,500</u>	<u>146,249</u>	<u>12,749</u>
Expenditures				
Current				
Economic development	<u>134,971</u>	<u>134,971</u>	<u>140,763</u>	<u>5,792</u>
Excess of revenues over (under) expenditures	<u>\$ (1,471)</u>	<u>\$ (1,471)</u>	5,486	<u>\$ 6,957</u>
Fund Balance				
Beginning of year			<u>612,909</u>	
End of year			<u>\$ 618,395</u>	

City of Marshall
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Federal Agency/Pass Through Agency/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Natural Resources		
Passed through the State of Minnesota		
Urban and Community Forestry Program	10.675	\$ 14,210
U.S. Department of Justice		
Passed through the State of Minnesota		
Missing Children's Assistance	16.543	3,850
U.S. Department of Transportation		
Passed through the State of Minnesota		
Airport Improvement Program	20.106	6,184
U.S. Department of Environmental Protection Agency (EPA)		
Passed through State of Minnesota		
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	2,080
Capitalization Grants for Clean Water State Revolving Funds	66.458	4,463,363
Total U.S. Department of Environment Protection Agency		4,465,443
U.S. Department of Homeland Security		
Passed through State of Minnesota		
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	75
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	21,424
Total U.S. Department of Homeland Security		21,499
Total federal expenditures		\$ 4,511,186

City of Marshall
Notes to Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – PASS-THROUGH GRANT NUMBERS

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

NOTE 3 – INDIRECT COST RATE

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

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
*Government Auditing Standards***

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Marshall, Minnesota, as of and for the year ended December 31, 2019, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 19, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 Questioned Costs as Audit Finding 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and questioned costs. The City'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 result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BergankDV, Ltd.

St. Cloud, Minnesota
May 19, 2020

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the City's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

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

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

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

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

BergankDV, Ltd.

St. Cloud, Minnesota
May 19, 2020

City of Marshall
Schedule of Findings and Questioned Costs

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes, Audit Finding 2019-001
• Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs

CFDA No.:	66.458
Name of Federal Program or Cluster:	Capitalization Grants for Clean Water State Revolving Funds
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	No

City of Marshall
Schedule of Findings and Questioned Costs

SECTION II – FINANCIAL STATEMENT FINDINGS

Audit Finding 2019-001

Criteria:

Internal control that assures all material adjustments are identified and prepared by City personnel should be established.

Condition:

Prior period adjustments were required to adjust beginning net position for governmental activities to reflect changes in deferred inflows of resources related to the Municipal State Aid Street program and to change the presentation of the Marshall-Lyon County Library component unit from discrete to blended.

Context:

This finding impacts the City's internal control over financial reporting.

Effect:

Internal controls that fail to identify necessary adjustments could result in material misstatements to the financial statements.

Cause:

A complete and accurate review of activity related to the Municipal State Aid Street program and component units was not performed sufficiently resulting in prior period audit adjustments.

Recommendation:

We recommend management review all accounts and component units closely at year-end to detect and correct misstatements of balances or misreporting of component units.

Views of Responsible Officials and Planned Corrective Action:

The City will review the financial statement closing and reporting process to ensure prior period adjustments are not needed.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no questioned costs.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshall, Minnesota, as of and for the year ended December 31, 2019, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 19, 2020.

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

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

BergankDV, Ltd.

St. Cloud, Minnesota
May 19, 2020

**DO
MORE.**

City of Marshall
Audit Presentation

May 26, 2020

Components of the Audit

- **Opinion on the City's Basic Financial Statements**
 - Unmodified Opinion – Best opinion an auditor is able to offer
Provides assurance that the financial statements are fairly presented in all material respects
- **Report on the results of an audit performed in accordance with *Government Auditing Standards***
 - Prior Period Adjustments
- **Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**
 - Capitalization Grants for Clean Water State Revolving Funds, No compliance findings or internal control findings

Components of the Audit (Continued)

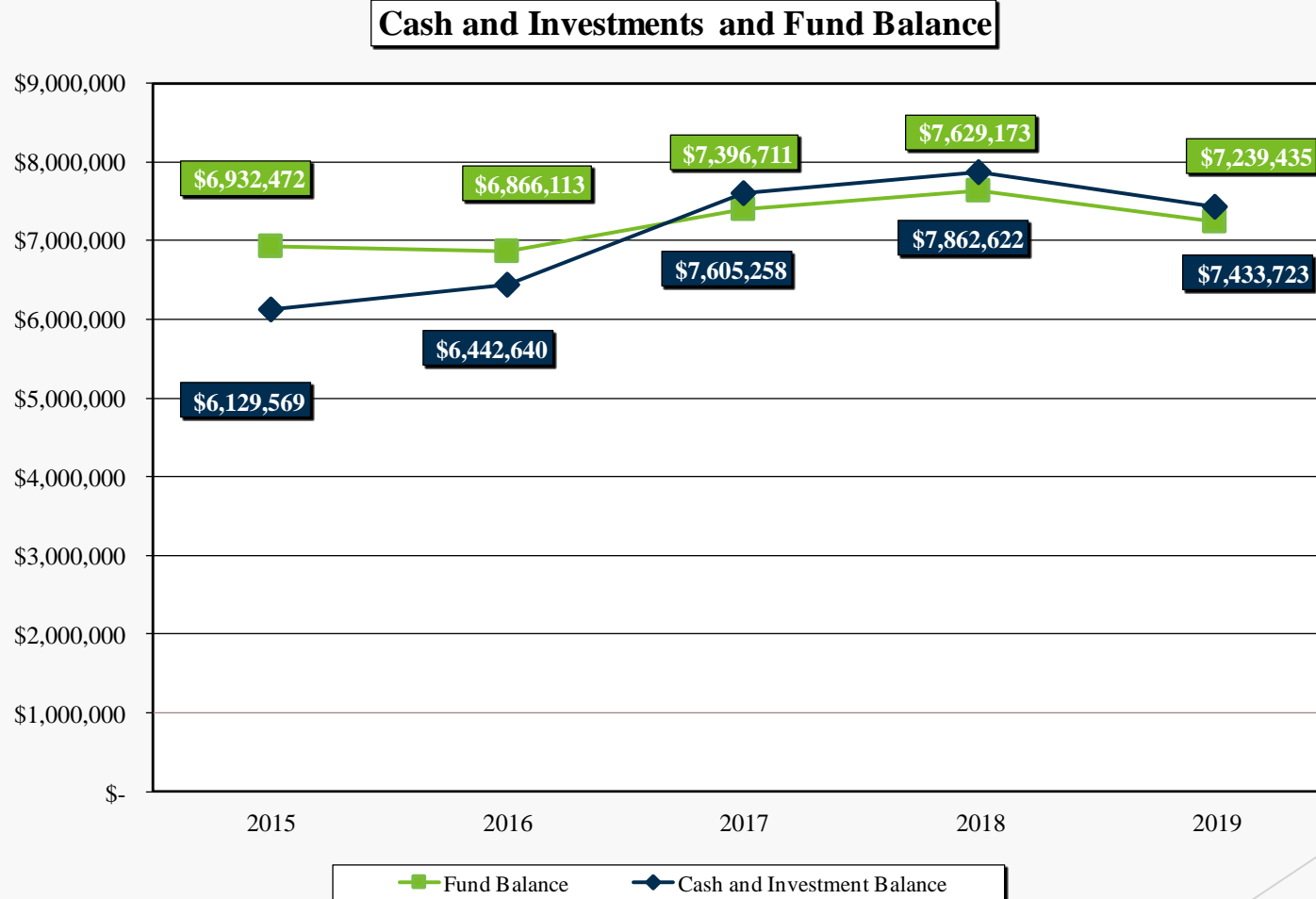
- Report on the results of testing on *Minnesota Legal Compliance*
 - No findings
- Required Communication
- Financial Analysis and Management Recommendations as provided in our Communications Letter

General Fund Budget to Actual

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget - Over (Under)
Revenues				
Taxes	\$5,080,788	\$5,080,788	\$5,167,825	\$ 87,037
Licenses and permits	261,851	261,851	409,622	147,771
Special assessments	-	-	2,862	2,862
Intergovernmental	3,094,857	3,094,857	3,151,228	56,371
Charges for services	2,297,738	2,297,738	2,161,714	(136,024)
Fines and forfeitures	101,400	101,400	127,425	26,025
Investment earnings	30,000	30,000	162,709	132,709
Miscellaneous	959,594	959,594	1,219,004	259,410
Total revenue	11,826,228	11,826,228	12,402,389	576,161
Expenditures				
General government	3,227,163	3,227,163	3,180,045	(47,118)
Public safety	3,742,562	3,742,562	3,821,620	79,058
Public works	2,861,300	2,861,300	3,182,712	321,412
Culture and recreation	1,912,574	1,912,574	1,742,781	(169,793)
Airport	459,362	459,362	489,969	30,607
Total expenditures	12,202,961	12,202,961	12,417,127	214,166
Excess of revenue over (under) expenditures	(376,733)	(376,733)	(14,738)	361,995
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	30,000	30,000	-	(30,000)
Net transfers	225,000	225,000	(375,000)	(600,000)
Total other financing sources (uses)	255,000	255,000	(375,000)	(630,000)
Net change in fund balances	\$ (121,733)	\$ (121,733)	\$ (389,738)	\$ (268,005)

General Fund

Cash and Investments and Fund Balance



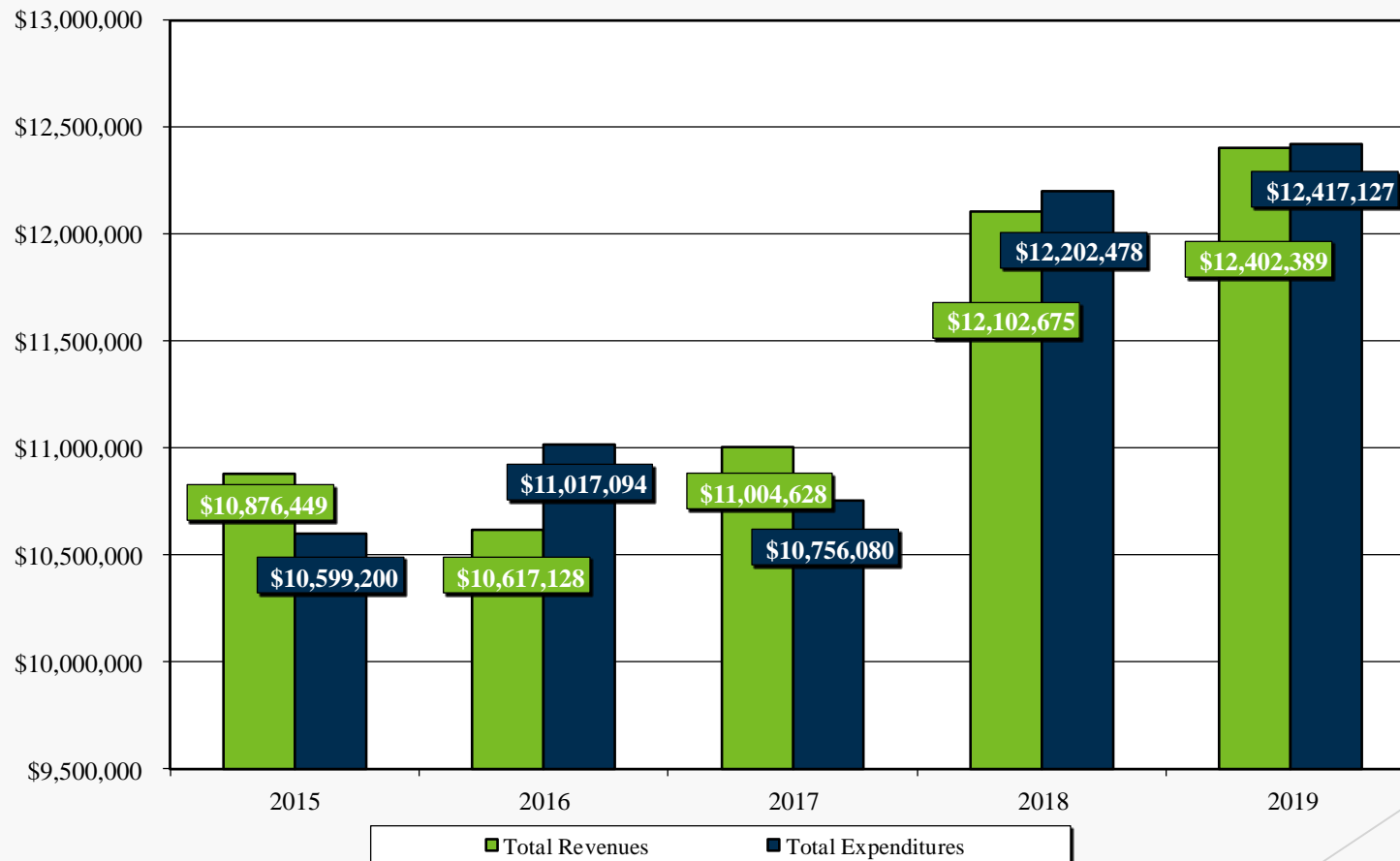
General Fund

Revenues and Expenditures

	2015	2016	2017	2018	2019
Revenues	\$ 10,876,449	\$ 10,617,128	\$ 11,004,628	\$ 12,102,675	\$ 12,402,389
Expenditures	10,599,200	11,017,094	10,756,080	12,202,478	12,417,127
Proceeds from the sale of capital assets	34,574	31,585	29,945	5,160	-
Net transfers	(24,057)	302,022	252,105	327,105	(375,000)
Net change in fund balance	\$ 287,766	\$ (66,359)	\$ 530,598	\$ 232,462	\$ (389,738)

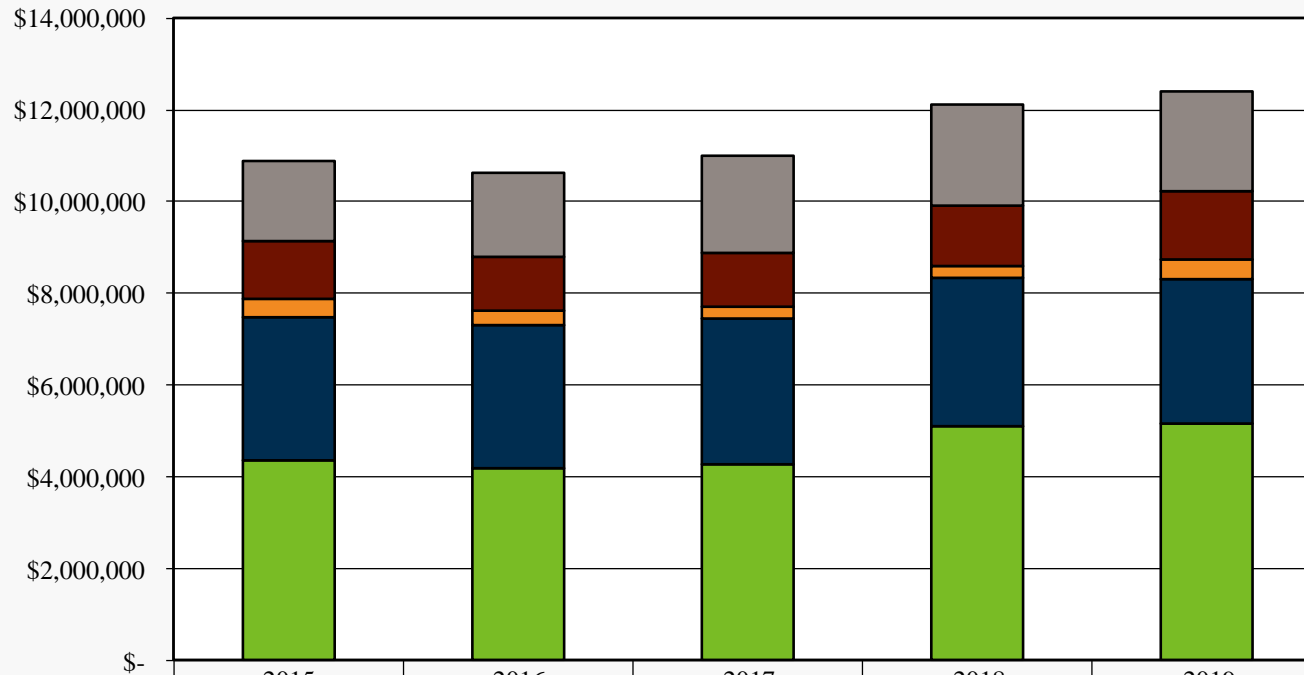
General Fund Revenues and Expenditures

Revenues and Expenditures



General Fund Revenues

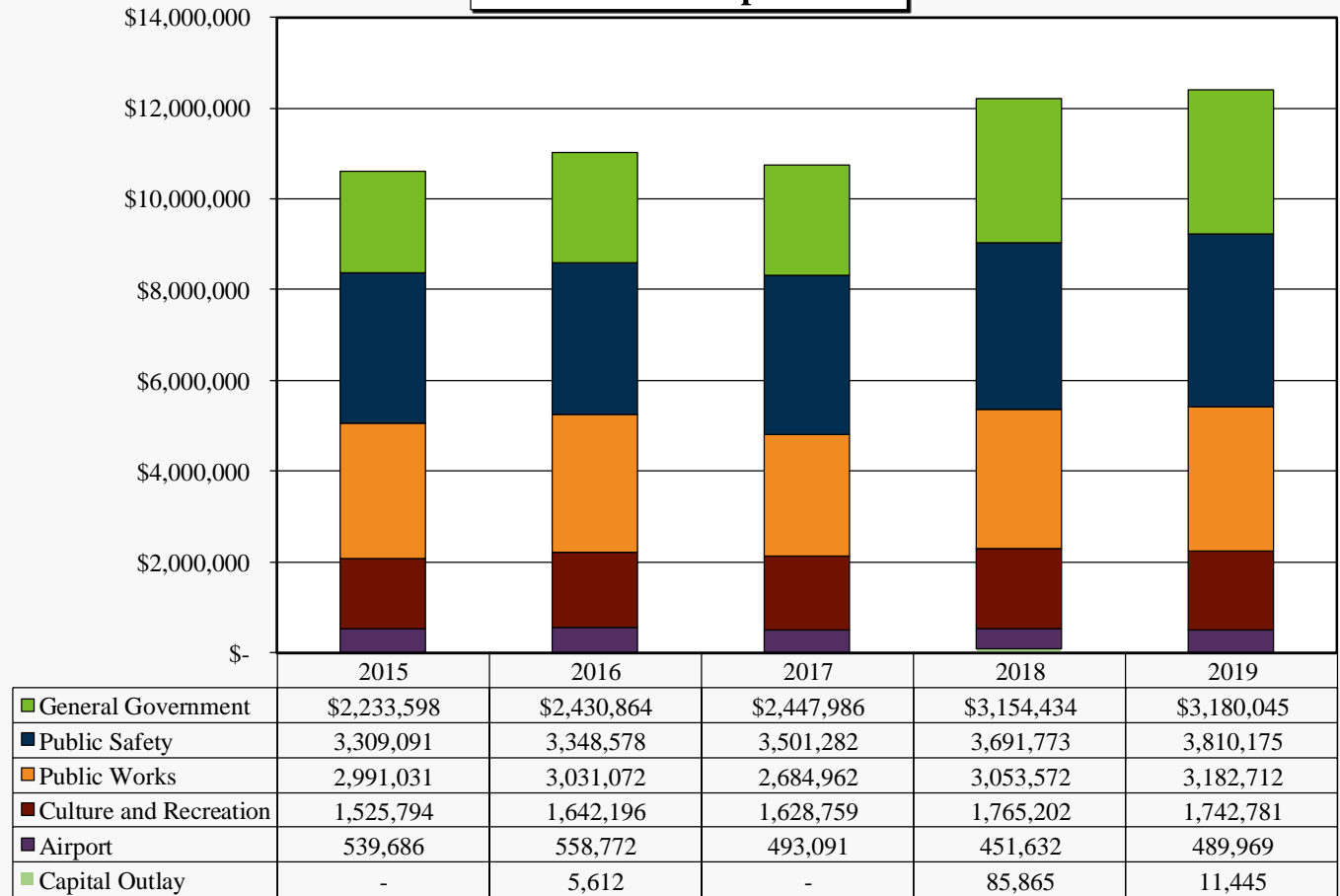
General Fund Revenues



	2015	2016	2017	2018	2019
Charges for Services	\$1,725,975	\$1,827,557	\$2,121,421	\$2,180,174	\$2,161,714
Other	1,282,947	1,153,225	1,186,877	1,331,357	1,512,000
Licenses and Permits	385,455	335,339	248,761	262,748	409,622
Intergovernmental	3,129,946	3,127,653	3,183,908	3,233,991	3,151,228
Taxes	4,352,126	4,173,354	4,263,661	5,094,405	5,167,825

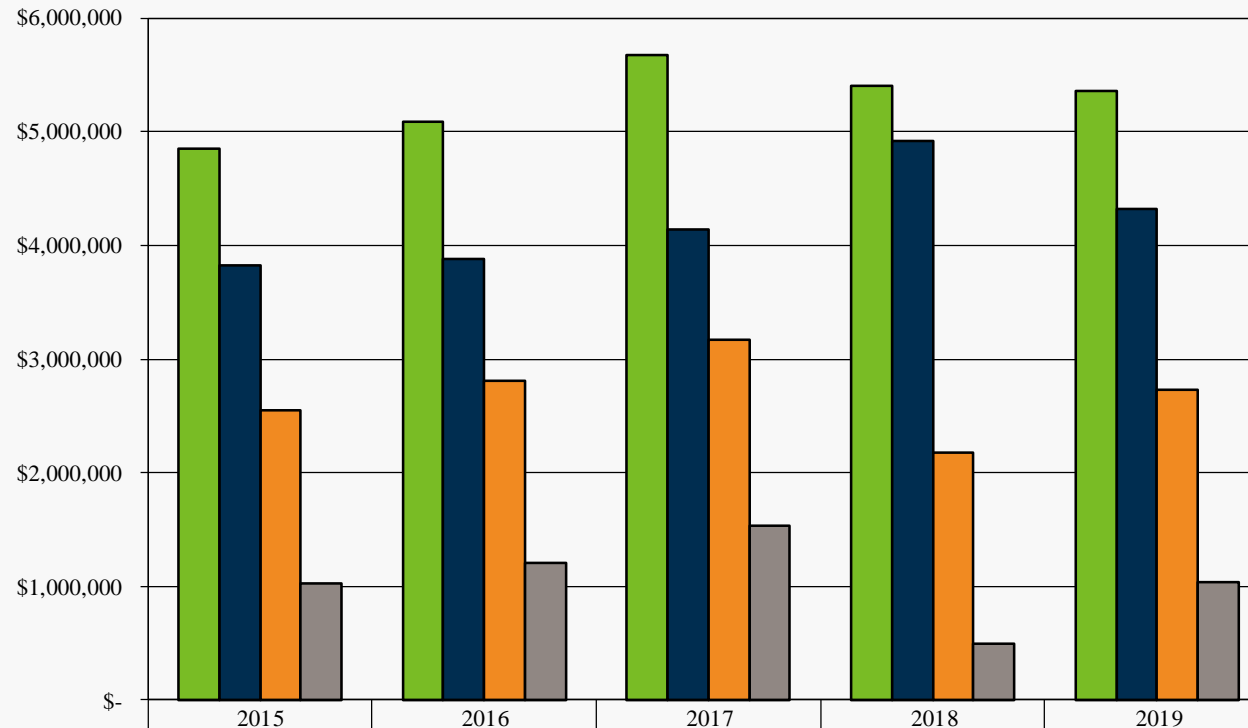
General Fund Expenditures

General Fund Expenditures



Wastewater Treatment Fund Operations

Wastewater Treatment Operations

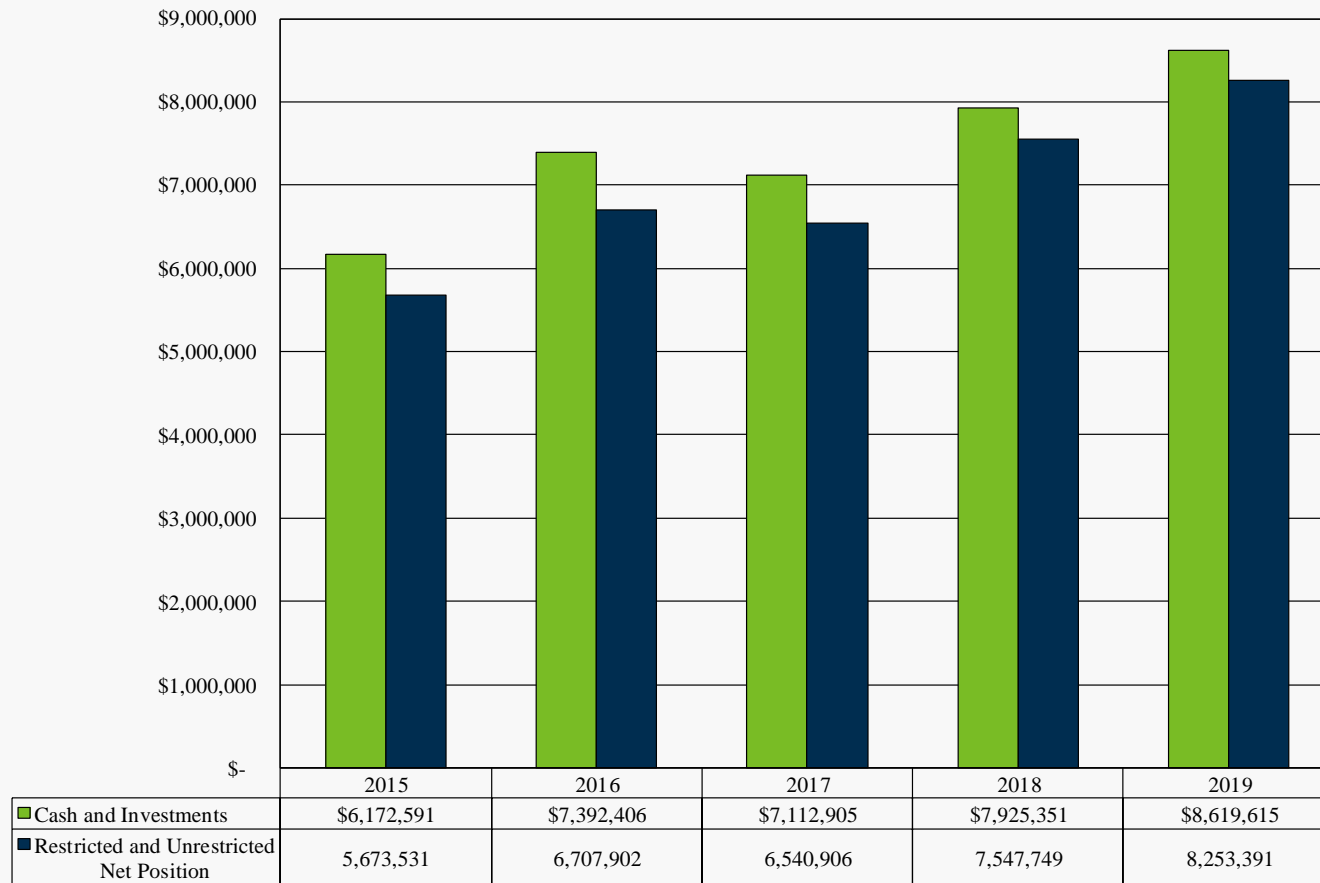


	2015	2016	2017	2018	2019
Operating Revenues	\$4,855,739	\$5,086,831	\$5,672,749	\$5,410,581	\$5,359,354
Operating Expenses	3,828,507	3,878,263	4,137,225	4,916,211	4,323,619
Operating Income without Depreciation	2,550,823	2,805,824	3,176,129	2,178,806	2,733,510
Operating Income	1,027,232	1,208,568	1,535,524	494,370	1,035,735

Wastewater Treatment Fund

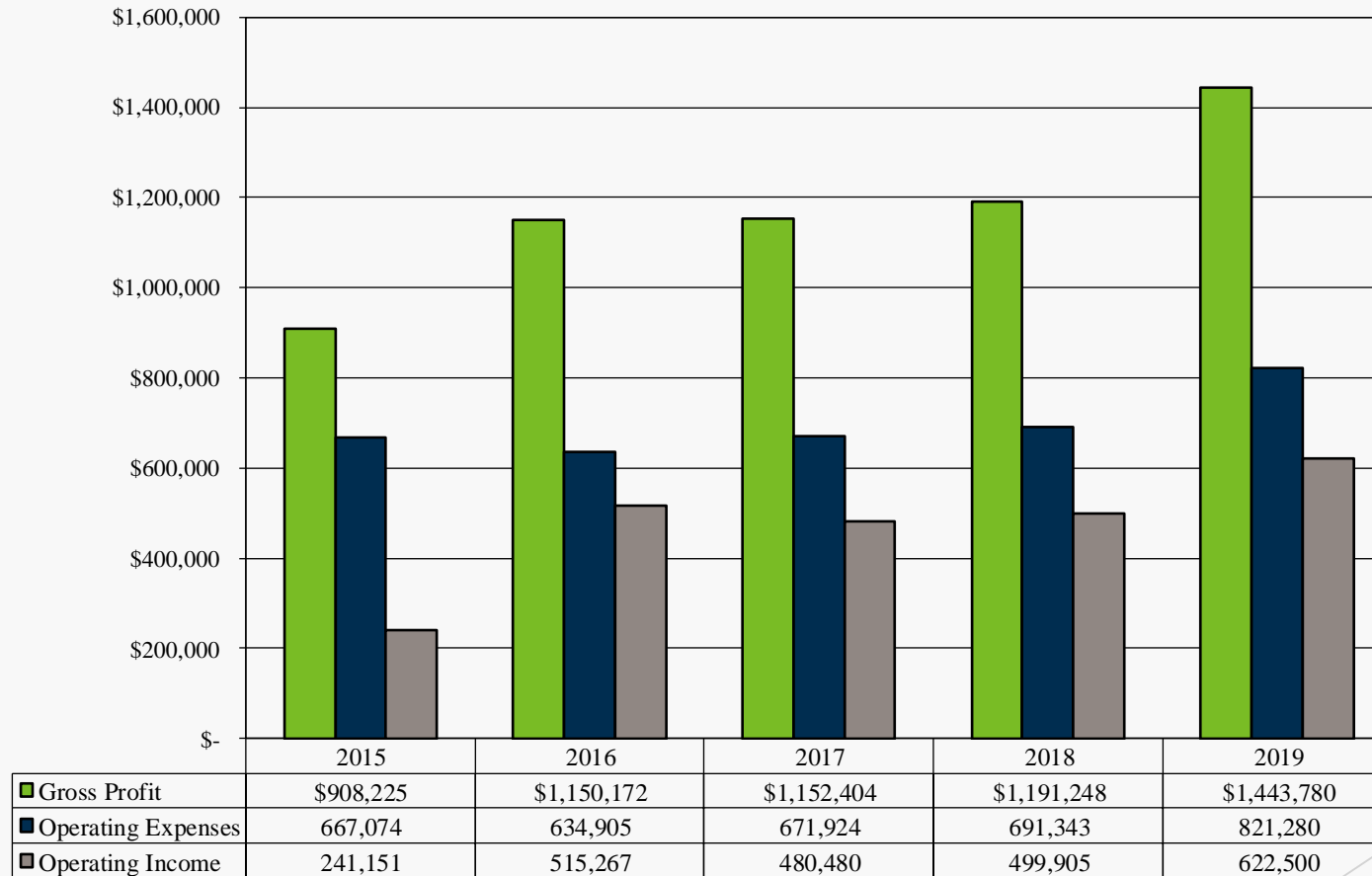
Cash and Investments and Net Position

Wastewater Treatment Fund



Municipal Liquor Store Fund Operations

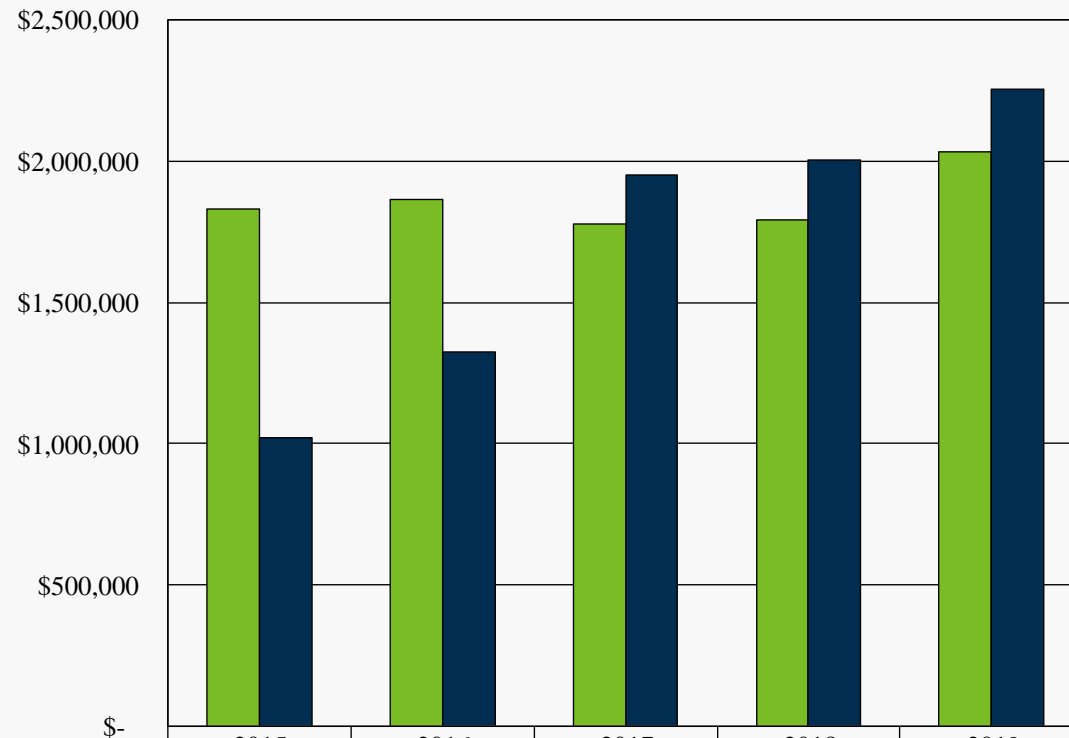
Municipal Liquor Store Operations



Municipal Liquor Store Fund

Cash and Investments and Net Position

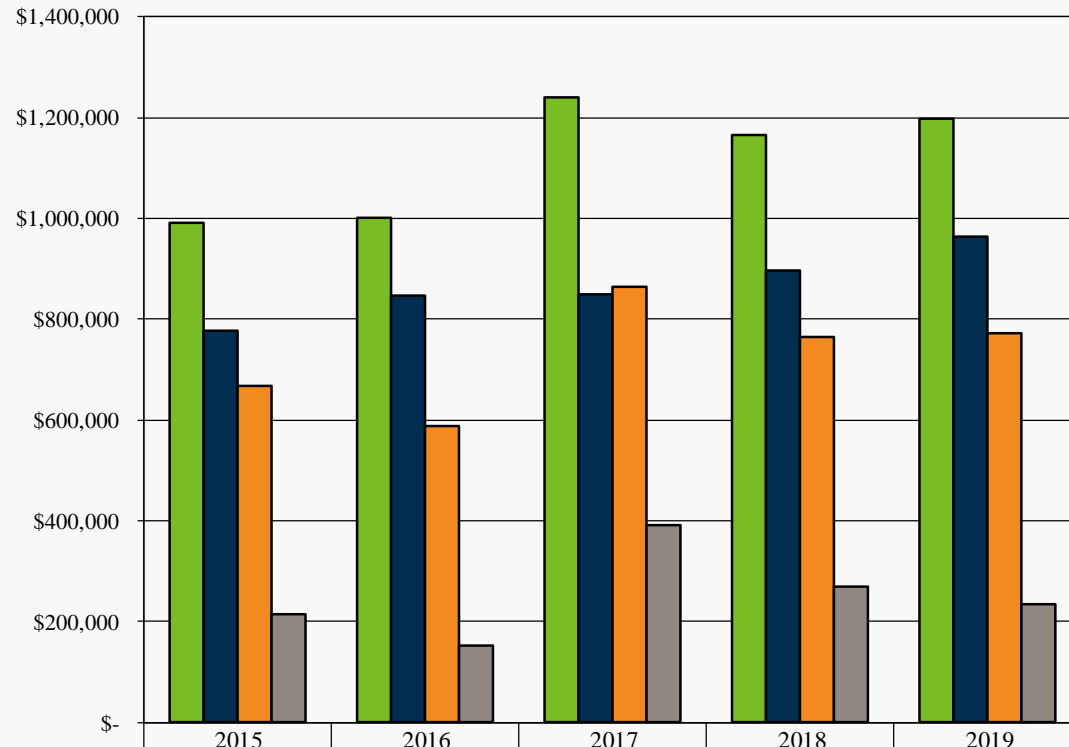
Municipal Liquor Store Fund



	2015	2016	2017	2018	2019
■ Cash and Investments	\$1,829,311	\$1,865,418	\$1,778,769	\$1,794,175	\$2,036,309
■ Restricted and Unrestricted Net Position	1,022,498	1,323,523	1,950,601	2,003,097	2,254,908

Surface Water Management Fund Operations

Surface Water Management Operations

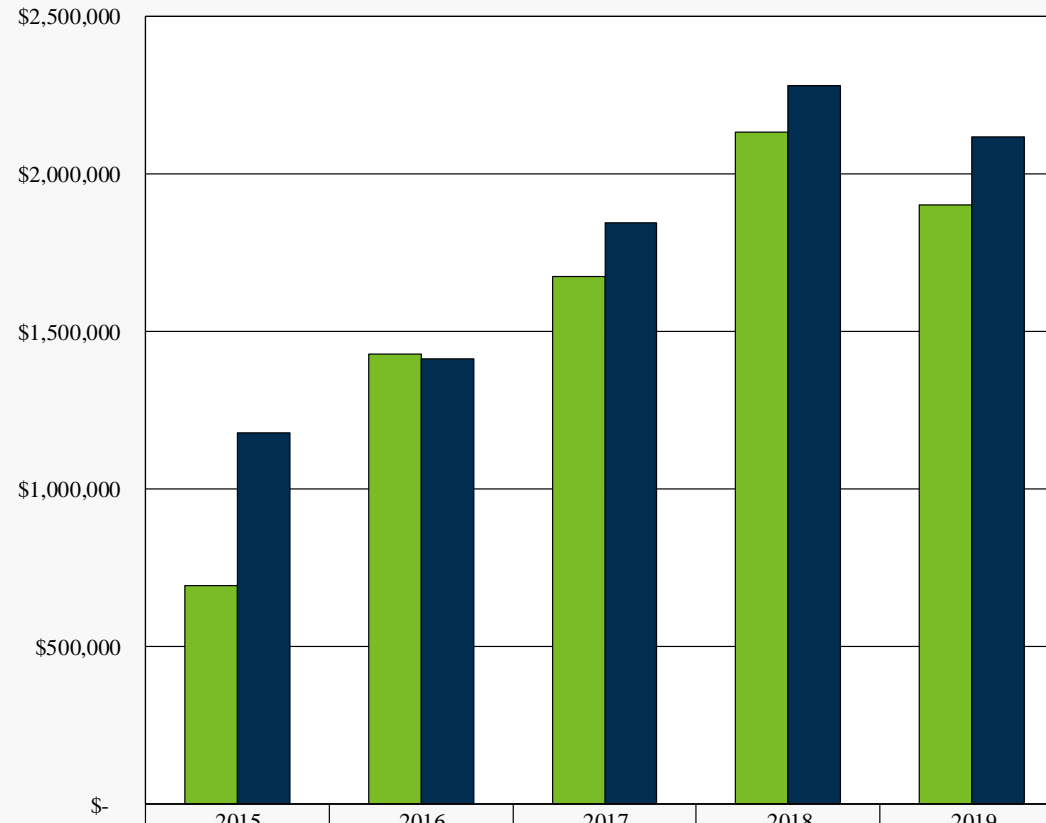


	2015	2016	2017	2018	2019
■ Operating Revenues	\$992,480	\$1,001,246	\$1,241,042	\$1,165,997	\$1,197,997
■ Operating Expenses	778,173	848,176	848,636	897,843	962,843
■ Operating Income without Depreciation	666,872	588,472	863,592	764,837	773,137
■ Operating Income	214,307	153,070	392,406	268,154	235,154

Surface Water Management Fund

Cash and Investments and Net Position

Surface Water Management Fund



	2015	2016	2017	2018	2019
■ Cash and Investments	\$694,833	\$1,426,717	\$1,674,910	\$2,134,155	\$1,903,710
■ Restricted and Unrestricted Net Position	1,178,209	1,412,722	1,846,029	2,280,679	2,119,204

Questions?

- Andrew Grice, CPA
- Andrew.Grice@bergankdv.com
- 952-563-6800





THANK
LET'S DO MORE, TOGETHER.
YOU

BerganKDV is a leading professional services firm with a contagious culture; where growth is fostered and making a difference means something. Our values drive our decisions, and our passion is empowering people and creating a wow experience for our clients.

We are powered by people who do business the Midwest way delivering comprehensive business, financial and technology solutions including business planning and consulting, tax, assurance and accounting, technology, wealth management and turnaround management services. From tax reform to technology, we go beyond so you can...

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**CITY OF MARSHALL
AGENDA ITEM REPORT**

Meeting Date:	Tuesday, May 26, 2020
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Consider Expediting and Streamlining Outdoor Patio Requests.
Background Information:	<p>On Wednesday, May 20, Governor Tim Walz and other state officials participated in the daily COVID-19 media briefing to provide updates on Minnesota's response to COVID-19.</p> <p>The following was announced: Restaurants and bars:</p> <ul style="list-style-type: none"> ○ Starting June 1, can be open for outdoor dining only ○ Six feet between tables ○ No more than 50 total people at a restaurant to keep that cap at a manageable level ○ The party size, we're asking people to keep it to 4 total, or 6 if you're a family. ○ Reservations will be required. ○ All workers in these settings should wear masks. Customers are encouraged to wear masks too (obviously not when eating or drinking). ○ For restaurants without outdoor seating, we're eager to see municipalities get creative to find ways to make makeshift outdoor space work. "We know that the different cities have different zoning restrictions on this, and we ask that they get creative on this and find ways to make this possible for restaurants who might not have access to that space." <p>The City currently permits us of public right of way sidewalk use by permit and anticipates possible increased demand for sidewalk use permits and or outdoor patios and wishes to expedite and assist Restricted Businesses.</p> <p>Temporary use of public parking spaces for sidewalk cafés is appropriate due to reduced demand that is a direct result of COVID-19 pandemic. The temporary nature of these measures and the urgency of the needs of affected businesses necessitates the need for certain City Ordinance provisions with regard to parking to be recalculated. Thus, parking standards required by Ordinance for any Restricted Business may be temporarily and proportionately reduced by any temporary reduction in occupancy ordered by the State of Minnesota.</p> <p>Restaurants and Bars that own or operate within a privately-owned parking lot are not required to complete the Private Use of Public Streets/Parking Lots Permit application but must follow the guidance and direction provided by the State of Minnesota and City of Marshall.</p>
Fiscal Impact:	No Fee
Alternative/Variations:	
Recommendations:	Staff recommends the following directive be ordered by the Council:

	<ul style="list-style-type: none">• Restricted Businesses wishing to add onsite temporary outdoor seating may utilize temporarily public right of way sidewalks and unnecessary parking spaces by obtaining a Permit for Private Use of Public Streets (Rights-Of-Way) and Parking Lots. No fee is imposed for this Permit.• Permit for Private Use of Public Streets (Rights-Of-Way) and Parking Lots Permits shall be issued administratively by the Public Works Director and shall terminate when the restrictions in place starting June 1st cease.• Parking standards required by Ordinance for any Restricted Business may be temporarily and proportionately reduced by any temporary reduction in occupancy ordered by the State of Minnesota.• Direct staff to assist with designation of parking stalls available and sectioning off of areas via appropriate markings, including possibly cones, temporary fencing/barriers.• Make available the use of city-owned picnic tables by request, with damage deposit, and for a fee determined by the Council.• The retailer must provide the city with proof that their liquor liability insurance covers alcohol sales in any expanded outdoor spaces.
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CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, May 26, 2020
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Consider Resolution Number XXXX, Second Series, A Resolution Extending a Declared Emergency.
Background Information:	<p>On Tuesday, March 17, 2020, Mayor Robert Byrnes declared a state of emergency for the City of Marshall.</p> <p>On Friday, March 20, 2020, the city council met in special session to extend the declared emergency by Mayor Byrnes until April 30, 2020.</p> <p>On Tuesday, April 28, 2020, the city council met in to extend the declared emergency by Mayor Byrnes until May 26, 2020.</p> <p>This is a Resolution enacted under authority of Minnesota Statutes Sections 12.29 and 12.37 to extend the period of a declared local emergency.</p>
Fiscal Impact:	
Alternative/ Variations:	
Recommendations:	

Resolution Number _____, Second Series

A RESOLUTION enacted under authority of Minnesota Statutes Sections 12.29 and 12.37 to extend the period of a declared local emergency.

Whereas, the City of Marshall has a current local public health emergency resulting from imminent health conditions caused by presence of the Coronavirus Disease-2019 (COVID-19); and

Whereas, the City of Marshall is a public entity within the State of Minnesota; and

Whereas, the Center for Disease Control identifies the potential public health threat posed by COVID-19, and has advised that person-to-person spread of COVID-19 will continue to occur; and

Whereas, the State of Minnesota has confirmed multiple positive test results for COVID-19; and

Whereas, the United States and the State of Minnesota have both declared states of emergencies related to urgent conditions created by the presence of COVID-19; and

Whereas, the necessary resources to respond to and recover from the COVID-19 pandemic may exceed the resources available in the City of Marshall; and

Whereas, the following conditions exist in the City of Marshall as a result of this local public health emergency:

1. COVID-19 is present in the State of Minnesota and includes greater Minnesota
2. Significant community spread of COVID-19 is now a very high risk based on data from the Minnesota Department of Health and federal health authorities. This risk has resulted in specific recommendations from the Minnesota Department of Health regarding sizes and formats of public gatherings.
3. The presence of COVID-19 may have the potential to compromise the provision of essential City services, including a reduction in the size of the workforce due to school closures, isolation, or quarantine.

Whereas, the Mayor has declared that COVID-19 is a local emergency;

Whereas, the city council previously declared that COVID-19 constitutes a local emergency continuing until April 30, 2020; and

Whereas, the city council previously declared that COVID-19 constitutes a local emergency continuing until May 26, 2020

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARSHALL, MINNESOTA AS FOLLOWS:

The city council declares that COVID-19 constitutes a local emergency continuing until June 13, 2020 or until the Marshall City Council declares the Local State of Emergency over, whichever occurs first.

This declaration of a local emergency will invoke the city's emergency operation plan. The portions that are necessary for response to and recovery from the emergency must be used.

Passed by the City Council of Marshall, Minnesota this 26th day of May, 2020.

Mayor

Attested:

City Clerk

**CITY OF MARSHALL
AGENDA ITEM REPORT**

Meeting Date:	Tuesday, May 26, 2020
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Authorize Acceptance of FAA CARES Act Grant Funding (MML-GLG-3-27-0056-016-2020-Grant Agreement).
Background Information:	The City has received notice that the FAA has approved the Grant Application for the airport. The grant is provided in accordance with the CARES Act to provide eligible airports with funding to help offset a decline in revenues arising from diminished airport operations and activities as a result of the COVID-19 Public Health Emergency. The purpose of this grant is to maintain safe and efficient airport operations. It is the intent to use these grant funds for roof repairs at the Arrival/Departure Building.
Fiscal Impact:	The amount payable by the FAA under this grant agreement is \$69,000.00. The grant is issued by reimbursement of eligible expenses.
Alternative/ Variations:	No alternative actions recommended.
Recommendations:	That the City Council authorize acceptance and execution of the FAA CARES Act Grant Funding (MML-GLG-3-27-0056-016-2020-Grant Agreement) in the amount of \$69,000.00 for roof repairs at the Arrival/Departure Building at the Airport.



U.S. Department of Transportation
Federal Aviation Administration

CARES ACT AIRPORT GRANTS AGREEMENT

Part I - Offer

Federal Award Offer Date _____

Airport/Planning Area Southwest Minnesota Regional Marshall/Ryan Field Airport

CARES Grant Number 3-27-0056-016-2020

Unique Entity Identifier 070747316

TO: City of Marshall
(herein called the "Sponsor")

FROM: **The United States of America** (acting through the Federal Aviation Administration, herein called the "FAA")

WHEREAS, the Sponsor has submitted to the FAA a Coronavirus Aid, Relief, and Economic Security Act (CARES Act or "the Act") Airports Grants Application (herein called the "Grant") dated April 23, 2020, for a grant of Federal funds at or associated with the Southwest Minnesota Regional Marshall/Ryan Field Airport, which is included as part of this Grant Agreement; and

WHEREAS, the Sponsor has accepted the terms of FAA's Grant offer;

WHEREAS, in consideration of the promises, representations and assurances provided by the Sponsor, the FAA has approved the Grant Application for the Southwest Minnesota Regional Marshall/Ryan Field Airport, (herein called the "Grant") consisting of the following:

This Grant is provided in accordance with the CARES Act, as described below, to provide eligible Sponsors with funding to help offset a decline in revenues arising from diminished airport operations and activities as a result of the COVID-19 Public Health Emergency. CARES Act Airport Grants amounts to specific airports are derived by legislative formula.

The purpose of this Grant is to maintain safe and efficient airport operations. Funds provided under this Grant Agreement must only be used for purposes directly related to the airport. Such purposes can include the reimbursement of an airport's operational and maintenance expenses or debt service payments. CARES Act Airport Grants may be used to reimburse airport operational and maintenance expenses directly related to the Southwest Minnesota Regional Marshall/Ryan Field Airport incurred no earlier than January 20, 2020. CARES Act Airport Grants also may be used to reimburse a Sponsor's payment of debt service where such payments occur on or after April 14, 2020. Funds provided under

the Grant will be governed by the same principles that govern "airport revenue." New airport development projects may not be funded with this Grant unless and until the Grant Agreement is amended or superseded by a subsequent agreement that addresses and authorizes the use of funds for the airport development project.

NOW THEREFORE, in accordance with the applicable provisions of the CARES Act, Public Law 116-136, the representations contained in the Grant Application, and in consideration of, (a) the Sponsor's acceptance of this Offer; and, (b) the benefits to accrue to the United States and the public from the accomplishment of the Grant and in compliance with the conditions as herein provided,

THE FEDERAL AVIATION ADMINISTRATION, FOR AND ON BEHALF OF THE UNITED STATES, HEREBY OFFERS AND AGREES to pay 100% percent of the allowable costs incurred as a result of and in accordance with this Grant Agreement.

Assistance Listings Number (Formerly CFDA Number): 20.106

This Offer is made on and **SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:**

CONDITIONS

1. **Maximum Obligation.** The maximum obligation of the United States payable under this Offer is **\$69,000.**
2. **Period of Performance.** The period of performance shall commence on the date the Sponsor formally accepts this agreement. The end date of the period of performance is 4 years (1,460 calendar days) from the date of acceptance.

The Sponsor may only charge allowable costs for obligations incurred prior to the end date of the period of performance (2 CFR § 200.309). Unless the FAA authorizes a written extension, the Sponsor must submit all Grant closeout documentation and liquidate (pay-off) all obligations incurred under this award no later than 90 calendar days after the end date of the period of performance (2 CFR § 200.343).

The period of performance end date shall not affect, relieve or reduce Sponsor obligations and assurances that extend beyond the closeout of this Grant Agreement.

3. **Unallowable Costs.** The Sponsor shall not seek reimbursement for any costs that the FAA has determined to be unallowable under the CARES Act.
4. **Indirect Costs - Sponsor.** The Sponsor may charge indirect costs under this award by applying the indirect cost rate identified in the Grant Application as accepted by the FAA, to allowable costs for Sponsor direct salaries and wages only.
5. **Final Federal Share of Costs.** The United States' share of allowable Grant costs will be 100%.
6. **Completing the Grant without Delay and in Conformance with Requirements.** The Sponsor must carry out and complete the Grant without undue delays and in accordance with this Grant Agreement, the CARES Act, and the regulations, policies, standards and procedures of the Secretary of Transportation ("Secretary"). Pursuant to 2 CFR § 200.308, the Sponsor agrees to report to the FAA any disengagement from funding eligible expenses under the Grant that exceeds three months and request prior approval from FAA. The report must include a reason for the stoppage. The Sponsor agrees to comply with the attached assurances, which are part of this agreement and any addendum that may be attached hereto at a later date by mutual consent.

7. **Amendments or Withdrawals before Grant Acceptance.** The FAA reserves the right to amend or withdraw this offer at any time prior to its acceptance by the Sponsor.
8. **Offer Expiration Date.** This offer will expire and the United States will not be obligated to pay any part of the costs unless this offer has been accepted by the Sponsor on or before September 30, 2020, or such subsequent date as may be prescribed in writing by the FAA.
9. **Improper Use of Federal Funds.** The Sponsor must take all steps, including litigation if necessary, to recover Federal funds spent fraudulently, wastefully, or in violation of Federal antitrust statutes, or misused in any other manner, including uses that violate this Grant Agreement, the CARES Act or other provision of applicable law. For the purposes of this Grant Agreement, the term "Federal funds" means funds however used or dispersed by the Sponsor, that were originally paid pursuant to this or any other Federal grant agreement(s). The Sponsor must return the recovered Federal share, including funds recovered by settlement, order, or judgment, to the Secretary. The Sponsor must furnish to the Secretary, upon request, all documents and records pertaining to the determination of the amount of the Federal share or to any settlement, litigation, negotiation, or other efforts taken to recover such funds. All settlements or other final positions of the Sponsor, in court or otherwise, involving the recovery of such Federal share require advance approval by the Secretary.
10. **United States Not Liable for Damage or Injury.** The United States is not responsible or liable for damage to property or injury to persons which may arise from, or relate to this Grant Agreement, including, but not limited to, any action taken by a Sponsor related to or arising from, directly or indirectly, this Grant Agreement.
11. **System for Award Management (SAM) Registration And Universal Identifier.** Unless the Sponsor is exempted from this requirement under 2 CFR § 25.110, the Sponsor must maintain the currency of its information in the SAM until the Sponsor submits the final financial report required under this Grant, or receives the final payment, whichever is later. This requires that the Sponsor review and update the information at least annually after the initial registration and more frequently if required by changes in information or another award term. Additional information about registration procedures may be found at the SAM website (currently at <http://www.sam.gov>).
12. **Electronic Grant Payment(s).** Unless otherwise directed by the FAA, the Sponsor must make each payment request under this agreement electronically via the Delphi eInvoicing System for Department of Transportation (DOT) Financial Assistance Awardees.
13. **Financial Reporting and Payment Requirements.** The Sponsor will comply with all Federal financial reporting requirements and payment requirements, including submittal of timely and accurate reports.
14. **Buy American.** Unless otherwise approved in advance by the FAA, the Sponsor will not acquire or permit any contractor or subcontractor to acquire any steel or manufactured products produced outside the United States to be used for any expense for which funds are provided under this Grant. The Sponsor will include a provision implementing applicable Buy American statutory and regulatory requirements in all contracts related to this Grant Agreement.
15. **Audits for Public Sponsors.** The Sponsor must provide for a Single Audit or program-specific audit in accordance with 2 CFR Part 200. The Sponsor must submit the audit reporting package to the Federal Audit Clearinghouse on the Federal Audit Clearinghouse's Internet Data Entry System at <http://harvester.census.gov/facweb/>. Upon request of the FAA, the Sponsor shall provide one copy of the completed audit to the FAA.

16. **Suspension or Debarment.** When entering into a “covered transaction” as defined by 2 CFR § 180.200, the Sponsor must:
- A. Verify the non-federal entity is eligible to participate in this Federal program by:
 - 1. Checking the excluded parties list system (EPLS) as maintained within the System for Award Management (SAM) to determine if the non-federal entity is excluded or disqualified; or
 - 2. Collecting a certification statement from the non-federal entity attesting the entity is not excluded or disqualified from participating; or
 - 3. Adding a clause or condition to covered transactions attesting the individual or firm is not excluded or disqualified from participating.
 - B. Require prime contractors to comply with 2 CFR § 180.330 when entering into lower-tier transactions (e.g. sub-contracts).
 - C. Immediately disclose to the FAA whenever the Sponsor (1) learns the Sponsor has entered into a covered transaction with an ineligible entity, or (2) suspends or debar a contractor, person, or entity.
17. **Ban on Texting While Driving.**
- A. In accordance with Executive Order 13513, Federal Leadership on Reducing Text Messaging While Driving, October 1, 2009, and DOT Order 3902.10, Text Messaging While Driving, December 30, 2009, the Sponsor is encouraged to:
 - 1. Adopt and enforce workplace safety policies to decrease crashes caused by distracted drivers including policies to ban text messaging while driving when performing any work for, or on behalf of, the Federal government, including work relating to this Grant or subgrant.
 - 2. Conduct workplace safety initiatives in a manner commensurate with the size of the business, such as:
 - a. Establishment of new rules and programs or re-evaluation of existing programs to prohibit text messaging while driving; and
 - b. Education, awareness, and other outreach to employees about the safety risks associated with texting while driving.
 - B. The Sponsor must insert the substance of this clause on banning texting while driving in all subgrants, contracts and subcontracts.
18. **Trafficking in Persons.**
- A. You as the recipient, your employees, subrecipients under this award, and subrecipients’ employees may not –
 - 1. Engage in severe forms of trafficking in persons during the period of time that the award is in effect;
 - 2. Procure a commercial sex act during the period of time that the award is in effect; or
 - 3. Use forced labor in the performance of the award or subawards under the award.
 - B. The FAA as the Federal awarding agency may unilaterally terminate this award, without penalty, if you or a subrecipient that is a private entity –

1. Is determined to have violated a prohibition in paragraph A of this award term; or
2. Has an employee who is determined by the agency official authorized to terminate the award to have violated a prohibition in paragraph A.1 of this award term through conduct that is either –
 - a. Associated with performance under this award; or
 - b. Imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR Part 180, “OMB Guidelines to Agencies on Government-wide Debarment and Suspension (Nonprocurement),” as implemented by the FAA at 2 CFR Part 1200.
3. You must inform us immediately of any information you receive from any source alleging a violation of a prohibition in paragraph A during this award term.
4. Our right to terminate unilaterally that is described in paragraph A of this section:
 - a. Implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. § 7104(g)), and
 - b. Is in addition to all other remedies for noncompliance that are available to the FAA under this award.

19. Employee Protection from Reprisal.

A. Prohibition of Reprisals —

1. In accordance with 41 U.S.C. § 4712, an employee of a grantee or subgrantee may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a person or body described in sub-paragraph (A)(2), information that the employee reasonably believes is evidence of:
 - a. Gross mismanagement of a Federal grant;
 - b. Gross waste of Federal funds;
 - c. An abuse of authority relating to implementation or use of Federal funds;
 - d. A substantial and specific danger to public health or safety; or
 - e. A violation of law, rule, or regulation related to a Federal grant.
2. Persons and bodies covered: The persons and bodies to which a disclosure by an employee is covered are as follows:
 - a. A member of Congress or a representative of a committee of Congress;
 - b. An Inspector General;
 - c. The Government Accountability Office;
 - d. A Federal office or employee responsible for oversight of a grant program;
 - e. A court or grand jury;
 - f. A management office of the grantee or subgrantee; or
 - g. A Federal or State regulatory enforcement agency.
3. Submission of Complaint — A person who believes that they have been subjected to a reprisal prohibited by paragraph A of this grant term may submit a complaint regarding the reprisal to the Office of Inspector General (OIG) for the U.S. Department of Transportation.
4. Time Limitation for Submittal of a Complaint — A complaint may not be brought under this subsection more than three years after the date on which the alleged reprisal took place.

5. Required Actions of the Inspector General — Actions, limitations, and exceptions of the Inspector General's office are established under 41 U.S.C. § 4712(b).
 6. Assumption of Rights to Civil Remedy — Upon receipt of an explanation of a decision not to conduct or continue an investigation by the Office of Inspector General, the person submitting a complaint assumes the right to a civil remedy under 41 U.S.C. § 4712(c).
20. **Limitations.** Nothing provided herein shall be construed to limit, cancel, annul, or modify the terms of any Federal grant agreement(s), including all terms and assurances related thereto, that have been entered into by the Sponsor and the FAA prior to the date of this Grant Agreement.

SPECIAL CONDITIONS

1. **ARFF and SRE Equipment and Vehicles.** The Sponsor agrees that it will:
 - A. House and maintain the equipment in a state of operational readiness on and for the airport;
 - B. Provide the necessary staffing and training to maintain and operate the vehicle and equipment;
 - C. Restrict the vehicle to on-airport use only;
 - D. Restrict the vehicle to the use for which it was intended; and
 - E. Amend the Airport Emergency Plan and/or Snow and Ice Control Plan to reflect the acquisition of a vehicle and equipment.
2. **Equipment or Vehicle Replacement.** The Sponsor agrees that it will treat the proceeds from the trade-in or sale of equipment being replaced with these funds as airport revenue.
3. **Off-Airport Storage of ARFF Vehicle.** The Sponsor agrees that it will:
 - A. House and maintain the vehicle in a state of operational readiness for the airport;
 - B. Provide the necessary staffing and training to maintain and operate the vehicle;
 - C. Restrict the vehicle to airport use only;
 - D. Amend the Airport Emergency Plan to reflect the acquisition of the vehicle;
 - E. Within 60 days, execute an agreement with local government including the above provisions and a provision that violation of said agreement could require repayment of Grant funding; and
 - F. Submit a copy of the executed agreement to the FAA.
4. **Equipment Acquisition.** The Sponsor agrees that it will maintain Sponsor-owned and -operated equipment and use for purposes directly related to the airport.
5. **Utilities Proration.** For purposes of computing the United States' share of the allowable airport operations and maintenance costs, the allowable cost of utilities incurred by the Sponsor to operate and maintain airport(s) included in the Grant must not exceed the percent attributable to the capital or operating costs of the airport.
6. **Utility Relocation in Grant.** The Sponsor understands and agrees that:
 - A. The United States will not participate in the cost of any utility relocation unless and until the Sponsor has submitted evidence satisfactory to the FAA that the Sponsor is legally responsible for payment of such costs;
 - B. FAA participation is limited to those utilities located on-airport or off-airport only where the Sponsor has an easement for the utility; and
 - C. The utilities must serve a purpose directly related to the Airport.

The Sponsor's acceptance of this Offer and ratification and adoption of the Grant Application incorporated herein shall be evidenced by execution of this instrument by the Sponsor, as hereinafter provided, and this Offer and Acceptance shall comprise a Grant Agreement, as provided by the CARES Act, constituting the contractual obligations and rights of the United States and the Sponsor with respect to the accomplishment of the Grant and compliance with the assurances and conditions as provided herein. Such Grant Agreement shall become effective upon the Sponsor's acceptance of this Offer.

**UNITED STATES OF AMERICA
FEDERAL AVIATION ADMINISTRATION**

(Signature)

(Typed Name)

(Title of FAA Official)

Part II - Acceptance

The Sponsor does hereby ratify and adopt all assurances, statements, representations, warranties, covenants, and agreements contained in the Grant Application and incorporated materials referred to in the foregoing Offer under Part II of this Agreement, and does hereby accept this Offer and by such acceptance agrees to comply with all of the terms and conditions in this Offer and in the Grant Application.

I declare under penalty of perjury that the foregoing is true and correct.

Dated

City of Marshall

(Name of Sponsor)

(Signature of Sponsor's Authorized Official)

By:

(Typed Name of Sponsor's Authorized Official)

Title:

(Title of Sponsor's Authorized Official)

CERTIFICATE OF SPONSOR'S ATTORNEY

I, _____, acting as Attorney for the Sponsor do hereby certify:

That in my opinion the Sponsor is empowered to enter into the foregoing Grant Agreement under the laws of the State of Minnesota. Further, I have examined the foregoing Grant Agreement and the actions taken by said Sponsor and Sponsor's official representative has been duly authorized and that the execution thereof is in all respects due and proper and in accordance with the laws of the said State and the CARES Act. The Sponsor understands funding made available under this Grant Agreement may only be used to reimburse for airport operational and maintenance expenses, and debt service payments. The Sponsor further understands it may submit a separate request to use funds for new airport/project development purposes, subject to additional terms, conditions, and assurances. Further, it is my opinion that the said Grant Agreement constitutes a legal and binding obligation of the Sponsor in accordance with the terms thereof.

Dated at _____

By:

(Signature of Sponsor's Attorney)

CARES ACT ASSURANCES
AIRPORT SPONSORS

A. General.

1. These assurances are required to be submitted as part of the application by sponsors requesting funds under the provisions of the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act or "the Act"), Public Law 116-136. As used herein, the term "public agency sponsor" means a public agency with control of a public-use airport; the term "private sponsor" means a private owner of a public-use airport; and the term "sponsor" includes both public agency sponsors and private sponsors.
2. Upon acceptance of this Grant offer by the sponsor, these assurances are incorporated into and become part of this Grant Agreement.

B. Sponsor Certification.

The sponsor hereby assures and certifies, with respect to this Grant that:

It will comply with all applicable Federal laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application, acceptance, and use of Federal funds for this Grant including but not limited to the following:

FEDERAL LEGISLATION

- a. Federal Fair Labor Standards Act — 29 U.S.C. 201, et seq.
- b. Hatch Act — 5 U.S.C. 1501, et seq.
- c. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et seq.
- d. National Historic Preservation Act of 1966 — Section 106 - 16 U.S.C. 470(f).
- e. Archeological and Historic Preservation Act of 1974 — 16 U.S.C. 469 through 469c.
- f. Native Americans Grave Repatriation Act — 25 U.S.C. Section 3001, et seq.
- g. Clean Air Act, P.L. 90-148, as amended.
- h. Coastal Zone Management Act, P.L. 93-205, as amended.
- i. Flood Disaster Protection Act of 1973 — Section 102(a) - 42 U.S.C. 4012a.
- j. Title 49, U.S.C., Section 303, (formerly known as Section 4(f)).
- k. Rehabilitation Act of 1973 — 29 U.S.C. 794.
- l. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin).
- m. Americans with Disabilities Act of 1990, as amended, (42 U.S.C. § 12101 et seq.), prohibits discrimination on the basis of disability).
- n. Age Discrimination Act of 1975 — 42 U.S.C. 6101, et seq.
- o. American Indian Religious Freedom Act, P.L. 95-341, as amended.
- p. Architectural Barriers Act of 1968 — 42 U.S.C. 4151, et seq.

- q. Power plant and Industrial Fuel Use Act of 1978 — Section 403- 2 U.S.C. 8373.
- r. Contract Work Hours and Safety Standards Act — 40 U.S.C. 327, et seq.
- s. Copeland Anti-kickback Act — 18 U.S.C. 874.1.
- t. National Environmental Policy Act of 1969 — 42 U.S.C. 4321, et seq.
- u. Wild and Scenic Rivers Act, P.L. 90-542, as amended.
- v. Single Audit Act of 1984 — 31 U.S.C. 7501, et seq.
- w. Drug-Free Workplace Act of 1988 — 41 U.S.C. 702 through 706.
- x. The Federal Funding Accountability and Transparency Act of 2006, as amended (Pub. L. 109-282, as amended by section 6202 of Pub. L. 110-252).

EXECUTIVE ORDERS

- a. Executive Order 11246 – Equal Employment Opportunity
- b. Executive Order 11990 – Protection of Wetlands
- c. Executive Order 11998 – Flood Plain Management
- d. Executive Order 12372 – Intergovernmental Review of Federal Programs
- e. Executive Order 12699 – Seismic Safety of Federal and Federally Assisted New Building Construction
- f. Executive Order 12898 – Environmental Justice
- g. Executive Order 13788 – Buy American and Hire American
- h. Executive Order 13858 – Strengthening Buy-American Preferences for Infrastructure Projects

FEDERAL REGULATIONS

- a. 2 CFR Part 180 – OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement).
- b. 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- c. 2 CFR Part 1200 – Nonprocurement Suspension and Debarment.
- d. 28 CFR Part 35 – Discrimination on the Basis of Disability in State and Local Government Services.
- e. 28 CFR § 50.3 – U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964.
- f. 29 CFR Part 1 – Procedures for predetermination of wage rates.
- g. 29 CFR Part 3 – Contractors and subcontractors on public building or public work financed in whole or part by loans or grants from the United States.
- h. 29 CFR Part 5 – Labor standards provisions applicable to contracts covering Federally financed and assisted construction (also labor standards provisions applicable to non-construction contracts subject to the Contract Work Hours and Safety Standards Act).

- i. 41 CFR Part 60 – Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and Federally assisted contracting requirements).
- j. 49 CFR Part 20 – New restrictions on lobbying.
- k. 49 CFR Part 21 – Nondiscrimination in Federally-assisted programs of the Department of Transportation - effectuation of Title VI of the Civil Rights Act of 1964.
- l. 49 CFR Part 26 – Participation by Disadvantaged Business Enterprises in Department of Transportation Program .49 CFR Part 27 — Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance.
- m. 49 CFR Part 28 – Enforcement of Nondiscrimination on the Basis of Handicap in Programs or Activities conducted by the Department of Transportation.
- n. 49 CFR Part 30 – Denial of public works contracts to suppliers of goods and services of countries that deny procurement market access to U.S. contractors.
- o. 49 CFR Part 32 – Government-wide Requirements for Drug-Free Workplace (Financial Assistance).
- p. 49 CFR Part 37 – Transportation Services for Individuals with Disabilities (ADA).
- q. 49 CFR Part 41 – Seismic safety of Federal and Federally assisted or regulated new building construction.

SPECIFIC ASSURANCES

Specific assurances required to be included in grant agreements by any of the above laws, regulations, or circulars are incorporated by reference in this Grant Agreement.

1. Purpose Directly Related to the Airport

It certifies that the reimbursement sought is for a purpose directly related to the airport.

2. Responsibility and Authority of the Sponsor.

a. Public Agency Sponsor:

It has legal authority to apply for this Grant, and to finance and carry out the proposed grant; that an official decision has been made by the applicant's governing body authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.

b. Private Sponsor:

It has legal authority to apply for this Grant and to finance and carry out the proposed Grant and comply with all terms, conditions, and assurances of this Grant Agreement. It shall designate an official representative and shall in writing direct and authorize that person to file this application, including all understandings and assurances contained therein; to act in connection with this application; and to provide such additional information as may be required.

3. Good Title.

It, a public agency or the Federal government, holds good title, satisfactory to the Secretary, to the landing area of the airport or site thereof, or will give assurance satisfactory to the Secretary that good title will be acquired.

4. Preserving Rights and Powers.

- a. It will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in this Grant Agreement without the written approval of the Secretary, and will act promptly to acquire, extinguish, or modify any outstanding rights or claims of right of others which would interfere with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.
- b. If the sponsor is a private sponsor, it will take steps satisfactory to the Secretary to ensure that the airport will continue to function as a public-use airport in accordance with this Grant Agreement.
- c. If an arrangement is made for management and operation of the airport by any agency or person other than the sponsor or an employee of the sponsor, the sponsor will reserve sufficient rights and authority to insure that the airport will be operated and maintained in accordance Title 49, United States Code, the regulations, and the terms and conditions of this Grant Agreement.

5. Accounting System, Audit, and Record Keeping Requirements.

- a. It shall keep all Grant accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of this Grant, the total cost of the Grant in connection with which this Grant is given or used, and the amount or nature of that portion of the cost of the Grant supplied by other sources, and such other financial records pertinent to the Grant. The accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984.
- b. It shall make available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of the recipient that are pertinent to this Grant. The Secretary may require that an appropriate audit be conducted by a recipient. In any case in which an independent audit is made of the accounts of a sponsor relating to the disposition of the proceeds of a Grant or relating to the Grant in connection with which this Grant was given or used, it shall file a certified copy of such audit with the Comptroller General of the United States not later than six (6) months following the close of the fiscal year for which the audit was made.

6. Exclusive Rights.

The sponsor shall not grant an exclusive right to use an air navigation facility on which this Grant has been expended. However, providing services at an airport by only one fixed-based operator is not an exclusive right if—

- a. it is unreasonably costly, burdensome, or impractical for more than one fixed-based operator to provide the services; and
- b. allowing more than one fixed-based operator to provide the services requires a reduction in space leased under an agreement existing on September 3, 1982, between the operator and the airport.

7. Airport Revenues.

This Grant shall be available for any purpose for which airport revenues may lawfully be used. CARES Act Grant funds provided under this Grant Agreement will only be expended for the capital

or operating costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the airport(s) subject to this agreement and all applicable addendums.

8. Reports and Inspections.

It will:

- a. submit to the Secretary such annual or special financial and operations reports as the Secretary may reasonably request and make such reports available to the public; make available to the public at reasonable times and places a report of the airport budget in a format prescribed by the Secretary;
- b. in a format and time prescribed by the Secretary, provide to the Secretary and make available to the public following each of its fiscal years, an annual report listing in detail:
 1. all amounts paid by the airport to any other unit of government and the purposes for which each such payment was made; and
 2. all services and property provided by the airport to other units of government and the amount of compensation received for provision of each such service and property.

9. Civil Rights.

It will promptly take any measures necessary to ensure that no person in the United States shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in any activity conducted with, or benefiting from, funds received from this Grant.

- a. Using the definitions of activity, facility, and program as found and defined in §§ 21.23 (b) and 21.23 (e) of 49 CFR Part 21, the sponsor will facilitate all programs, operate all facilities, or conduct all programs in compliance with all non-discrimination requirements imposed by or pursuant to these assurances.

b. Applicability

1. Programs and Activities. If the sponsor has received a grant (or other Federal assistance) for any of the sponsor's program or activities, these requirements extend to all of the sponsor's programs and activities.
2. Facilities. Where it receives a grant or other Federal financial assistance to construct, expand, renovate, remodel, alter, or acquire a facility, or part of a facility, the assurance extends to the entire facility and facilities operated in connection therewith.
3. Real Property. Where the sponsor receives a grant or other Federal financial assistance in the form of, or for the acquisition of, real property or an interest in real property, the assurance will extend to rights to space on, over, or under such property.

c. Duration

The sponsor agrees that it is obligated to this assurance for the period during which Federal financial assistance is extended to the program, except where the Federal financial assistance is to provide, or is in the form of, personal property, or real property, or interest therein, or structures or improvements thereon, in which case the assurance obligates the sponsor, or any transferee for the longer of the following periods:

1. So long as the airport is used as an airport, or for another purpose involving the provision of similar services or benefits; or
2. So long as the sponsor retains ownership or possession of the property.

Required Solicitation Language. It will include the following notification in all solicitations for bids, Requests for Proposals for work, or material under this Grant and in all proposals for agreements, including airport concessions, regardless of funding source:

"The **City of Marshall**, in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. §§ 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that for any contract entered into pursuant to this advertisement, disadvantaged business enterprises and airport concession disadvantaged business enterprises will be afforded full and fair opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award."

- d. Required Contract Provisions.
 1. It will insert the non-discrimination contract clauses requiring compliance with the acts and regulations relative to non-discrimination in Federally-assisted programs of the DOT, and incorporating the acts and regulations into the contracts by reference in every contract or agreement subject to the non-discrimination in Federally-assisted programs of the DOT acts and regulations.
 2. It will include a list of the pertinent non-discrimination authorities in every contract that is subject to the non-discrimination acts and regulations.
 3. It will insert non-discrimination contract clauses as a covenant running with the land, in any deed from the United States effecting or recording a transfer of real property, structures, use, or improvements thereon or interest therein to a sponsor.
 4. It will insert non-discrimination contract clauses prohibiting discrimination on the basis of race, color, national origin, creed, sex, age, or handicap as a covenant running with the land, in any future deeds, leases, license, permits, or similar instruments entered into by the sponsor with other parties:
 - A. For the subsequent transfer of real property acquired or improved under the applicable activity, grant, or program; and
 - B. For the construction or use of, or access to, space on, over, or under real property acquired or improved under the applicable activity, grant, or program.
- e. It will provide for such methods of administration for the program as are found by the Secretary to give reasonable guarantee that it, other recipients, sub-recipients, sub-grantees, contractors, subcontractors, consultants, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the acts, the regulations, and this assurance.
- f. It agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the acts, the regulations, and this assurance.

10. Foreign Market Restrictions.

It will not allow funds provided under this Grant to be used to fund any activity that uses any product or service of a foreign country during the period in which such foreign country is listed by

the United States Trade Representative as denying fair and equitable market opportunities for products and suppliers of the United States in procurement and construction.

11. Acquisition Thresholds.

The FAA deems equipment to mean tangible personal property having a useful life greater than one year and a per-unit acquisition cost equal to or greater than \$5,000. Procurements by micro-purchase means the acquisition of goods or services for which the aggregate dollar amount does not exceed \$10,000. Procurement by small purchase procedures means those relatively simple and informal procurement methods for securing goods or services that do not exceed the \$250,000 threshold for simplified acquisitions.



U.S. Department
of Transportation
Federal Aviation
Administration

Airports Division
Great Lakes Region
Minnesota, North Dakota, South Dakota

3-27-0056-016-2020
FAA DMA ADO
6020 28th Avenue, Room
102
Minneapolis, MN 55450

CARES Act Grant Transmittal Letter

Mr. Glenn Olson
344 W Main Street
Marshall, MN 56258

Dear Mr. Olson:

Please find the following electronic CARES Act Grant Offer, Grant No. 3-27-0056-016-2020 for the Southwest Minnesota Regional Marshall/Ryan Field Airport. This letter outlines expectations for success. Please read and follow the instructions carefully.

To properly enter into this agreement, you must do the following:

- a. The governing body must provide authority to execute the grant to the individual signing the grant; i.e. the sponsor's authorized representative.
- b. The sponsor's authorized representative must execute the grant, followed by the attorney's certification, **no later than September 30, 2020** in order for the grant to be valid.
- c. You may not make any modification to the text, terms or conditions of the grant offer.
- d. The grant offer must be electronically signed by the sponsor's legal signatory authority and then the grant offer will be routed via email to the sponsor's attorney. Once the attorney has electronically attested to the grant, an email with the executed grant will be sent to all parties.

Subject to the requirements in 2 CFR § 200.305, each payment request for reimbursement under this grant must be made electronically via the Delphi invoicing System. Please see the attached Grant Agreement for more information regarding the use of this System. The terms and conditions of this agreement require you drawdown and expend these funds within four years.

An airport sponsor may use these funds for any purpose for which airport revenues may be lawfully used. CARES grant recipients should follow the FAA's Policy and Procedures Concerning the Use of Airport Revenues ("Revenue Use Policy"), 64 Federal Register 7696 (64 FR 7696), as amended by 78 Federal Register 55330 (78 FR 55330). The Revenue Use Policy defines permitted uses of airport revenue. In addition to the detailed guidance in the Revenue Use Policy, the CARES Act states the funds may not be used for any purpose not related to the airport.

With each payment request you are required to upload directly to Delphi:

- An invoice summary, even if you only paid a single invoice, and
- The documentation in support of each invoice covered in the payment request.

For the final payment request, in addition to the requirement listed above for all payment requests, you are required to upload directly to Delphi:

- A final financial report summarizing all of the costs incurred and reimbursed, and
- An SF-425, and
- A narrative report.

The narrative report will summarize the expenses covered by the CARES Act funds and state that all expenses were in accordance with the FAA's Policy and Procedures Concerning the Use of Airport Revenues and incurred after January 20, 2020.

As a condition of receiving Federal assistance under this award, you must comply with audit requirements as established under 2 CFR part 200. Subpart F requires non-Federal entities that expend \$750,000 or more in Federal awards to conduct a single or program specific audit for that year. Note that this includes Federal expenditures made under other Federal-assistance programs. Please take appropriate and necessary action to assure your organization will comply with applicable audit requirements and standards.

Once you have drawn down all funds and uploaded the required documents to Delphi, notify us by email that the grant is administratively and financially closed. We are readily available to assist you and your designated representative with the requirements stated herein. We sincerely value your cooperation in these efforts.

Sincerely,

E. Lindsay Butler
Deputy Manager



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, May 26, 2020
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Consider a LG220 Application for Exempt Permit for SMSU Foundation for September 19, 2020.
Background Information:	Attached is an application for Exempt Permit for SMSU Foundation for an event to be held on September 19, 2020 at SMSU 1501 State Street
Fiscal Impact:	There is no City fee for this permit.
Alternative/ Variations:	Not acknowledge this permit.
Recommendations:	BE IT RESOLVED, that the City Council hereby (1) grants local unit of government approval to SMSU Foundation to hold a raffle on September 19, 2020, at Southwest Minnesota State University , 1501 State Street, Marshall, Minnesota, (2) acknowledges the receipt of LG220 Application of Exempt Permit, (3) waives the 30- day waiting period, and (4) authorizes and directs the appropriate city personnel to complete and sign the LG220 Application for Exempt Permit on behalf of the City of Marshall

MINNESOTA LAWFUL GAMBLING
LG220 Application for Exempt Permit

An exempt permit may be issued to a nonprofit organization that:

- conducts lawful gambling on five or fewer days, and
- awards less than \$50,000 in prizes during a calendar year.

If total raffle prize value for the calendar year will be \$1,500 or less, contact the Licensing Specialist assigned to your county by calling 651-539-1900.

Application Fee (non-refundable)
 Applications are processed in the order received. If the application is postmarked or received 30 days or more before the event, the application fee is **\$100**; otherwise the fee is **\$150**.
 Due to the high volume of exempt applications, payment of additional fees prior to 30 days before your event will not expedite service, nor are telephone requests for expedited service accepted.

ORGANIZATION INFORMATION

Organization Name: Southwest Minnesota State University Foundation Previous Gambling Permit Number: _____
 Minnesota Tax ID Number, if any: _____ Federal Employer ID Number (FEIN), if any: _____
 Mailing Address: 1501 State Street
 City: Marshall State: MN Zip: 56258 County: Lyon
 Name of Chief Executive Officer (CEO): Bill Mulso
 CEO Daytime Phone: 507-537-6267 CEO Email: _____
 (permit will be emailed to this email address unless otherwise indicated below)
 Email permit to (if other than the CEO): Barb.Berkenpas@smsu.edu

NONPROFIT STATUS

Type of Nonprofit Organization (check one):
 Fraternal Religious Veterans Other Nonprofit Organization

Attach a copy of one of the following showing proof of nonprofit status:

(DO NOT attach a sales tax exempt status or federal employer ID number, as they are not proof of nonprofit status.)

- A current calendar year Certificate of Good Standing**
 Don't have a copy? Obtain this certificate from:
 MN Secretary of State, Business Services Division
 60 Empire Drive, Suite 100
 St. Paul, MN 55103
 Secretary of State website, phone numbers:
www.sos.state.mn.us
 651-296-2803, or toll free 1-877-551-6767
- IRS income tax exemption (501(c)) letter in your organization's name**
 Don't have a copy? To obtain a copy of your federal income tax exempt letter, have an organization officer contact the IRS toll free at 1-877-829-5500.
- IRS - Affiliate of national, statewide, or international parent nonprofit organization (charter)**
 If your organization falls under a parent organization, attach copies of both of the following:
 1. IRS letter showing your parent organization is a nonprofit 501(c) organization with a group ruling; and
 2. the charter or letter from your parent organization recognizing your organization as a subordinate.

GAMBLING PREMISES INFORMATION

Name of premises where the gambling event will be conducted (for raffles, list the site where the drawing will take place): Southwest Minnesota State University Campus
 Physical Address (do not use P.O. box): 1501 State Street
 Check one:
 City: Marshall Zip: 56258 County: Lyon
 Township: _____ Zip: _____ County: _____
 Date(s) of activity (for raffles, indicate the date of the drawing): September 19, 2020
 Check each type of gambling activity that your organization will conduct:
 Bingo Paddlewheels Pull-Tabs Tipboards Raffle


Gambling equipment for bingo paper, bingo boards, raffle boards, paddlewheels, pull-tabs, and tipboards must be obtained from a distributor licensed by the Minnesota Gambling Control Board. EXCEPTION: Bingo hard cards and bingo ball selection devices may be borrowed from another organization authorized to conduct bingo. To find a licensed distributor, go to www.mn.gov/gcb and click on **Distributors** under the **List of Licensees** tab, or call 651-539-1900.

LOCAL UNIT OF GOVERNMENT ACKNOWLEDGMENT (required before submitting application to the Minnesota Gambling Control Board)

<p style="text-align: center;">CITY APPROVAL for a gambling premises located within city limits</p> <p><input type="checkbox"/> The application is acknowledged with no waiting period.</p> <p><input type="checkbox"/> The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days (60 days for a 1st class city).</p> <p><input type="checkbox"/> The application is denied.</p> <p>Print City Name: <u>Marshall</u></p> <p>Signature of City Personnel: _____</p> <p>Title: _____ Date: _____</p> <div style="border: 1px solid black; padding: 5px; text-align: center; margin-top: 10px;"> <p>The city or county must sign before submitting application to the Gambling Control Board.</p> </div>	<p style="text-align: center;">COUNTY APPROVAL for a gambling premises located in a township</p> <p><input type="checkbox"/> The application is acknowledged with no waiting period.</p> <p><input type="checkbox"/> The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days.</p> <p><input type="checkbox"/> The application is denied.</p> <p>Print County Name: _____</p> <p>Signature of County Personnel: _____</p> <p>Title: _____ Date: _____</p> <p>TOWNSHIP (if required by the county) On behalf of the township, I acknowledge that the organization is applying for exempted gambling activity within the township limits. (A township has no statutory authority to approve or deny an application, per Minn. Statutes, section 349.213.)</p> <p>Print Township Name: _____</p> <p>Signature of Township Officer: _____</p> <p>Title: _____ Date: _____</p>
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CHIEF EXECUTIVE OFFICER'S SIGNATURE (required)

The information provided in this application is complete and accurate to the best of my knowledge. I acknowledge that the financial report will be completed and returned to the Board within 30 days of the event date.

Chief Executive Officer's Signature:  Date: 5-20-20

(Signature must be CEO's signature; designee may not sign)

Print Name: Bill Mulso

<p>REQUIREMENTS</p> <p>Complete a separate application for:</p> <ul style="list-style-type: none"> • all gambling conducted on two or more consecutive days; or • all gambling conducted on one day. <p>Only one application is required if one or more raffle drawings are conducted on the same day.</p> <p>Financial report to be completed within 30 days after the gambling activity is done: A financial report form will be mailed with your permit. Complete and return the financial report form to the Gambling Control Board.</p> <p>Your organization must keep all exempt records and reports for 3-1/2 years (Minn. Statutes, section 349.166, subd. 2(f)).</p>	<p>MAIL APPLICATION AND ATTACHMENTS</p> <p>Mail application with:</p> <p>_____ a copy of your proof of nonprofit status; and</p> <p>_____ application fee (non-refundable). If the application is postmarked or received 30 days or more before the event, the application fee is \$100; otherwise the fee is \$150. Make check payable to State of Minnesota.</p> <p>To: Minnesota Gambling Control Board 1711 West County Road B, Suite 300 South Roseville, MN 55113</p> <p>Questions? Call the Licensing Section of the Gambling Control Board at 651-539-1900.</p>
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Data privacy notice: The information requested on this form (and any attachments) will be used by the Gambling Control Board (Board) to determine your organization's qualifications to be involved in lawful gambling activities in Minnesota. Your organization has the right to refuse to supply the information; however, if your organization refuses to supply this information, the Board may not be able to determine your organization's qualifications and, as a consequence, may refuse to issue a permit. If your organization supplies the information requested, the Board will be able to process the application. Your organization's name and address will be public information when received by the Board. All other information provided will be private data about your organization until the Board issues the permit. When the Board issues the permit, all information provided will become public. If the Board does not issue a permit, all information provided remains private, with the exception of your organization's name and address which will remain public. Private data about your organization are available to Board members, Board staff whose work requires access to the information; Minnesota's Department of Public Safety; Attorney General; Commissioners of Administration, Minnesota Management & Budget, and Revenue; Legislative Auditor, national and international gambling regulatory agencies; anyone pursuant to court order; other individuals and agencies specifically authorized by state or federal law to have access to the information; individuals and agencies for which law or legal order authorizes a new use or sharing of information after this notice was given; and anyone with your written consent.

This form will be made available in alternative format (i.e. large print, braille) upon request.

Internal Revenue Service

Date: January 6, 2004

Southwest Minnesota State University
Foundation, Inc. (SMSU Fdn.)
Founders Hall Southwest State Univ.
Marshall, MN 56258

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:
Cassandra Jackson 31-07417
Customer Service Representative
Toll Free Telephone Number:
8:00 a.m. to 6:30 p.m. EST
877-829-5500
Fax Number:
513-263-3756
Federal Identification Number:

Dear Sir or Madam:

This is in response to the amendment to your organization's Articles of Incorporation filed with the state on July 22, 2003. We have updated our records to reflect the name change as indicated above.

In September 1965 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in sections 509(a)(1) and 170(b)(1)(A)(iv).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Southwest Minnesota State University Foundation, Inc. (SMSU Fdn.)

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

Section 6104 of the Internal Revenue Code requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. The law also requires organizations that received recognition of exemption on July 15, 1987, or later, to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. Organizations that received recognition of exemption before July 15, 1987, and had a copy of their exemption application on July 15, 1987, are also required to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. For additional information on disclosure requirements, please refer to Internal Revenue Bulletin 1999 - 17.

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,

Donna Carlisle

Donna Carlisle, Acting Director, TE/GE
Customer Account Services

**CITY OF MARSHALL
AGENDA ITEM REPORT**

Meeting Date:	Click or tap to enter a date.
Category:	COUNCIL REPORTS
Type:	INFO
Subject:	Commission/Board Liaison Reports
Background Information:	<p>Byrnes - Fire Relief Association and Regional Development Commission</p> <p>Schafer - Airport Commission, MERIT Center Board, City Council-County Board-Library Agreement & Operation, Southwest Minnesota Amateur Sports Commission and SW Minnesota Emergency Communication Board</p> <p>Meister -Community Services Advisory Board, Cable Commission and Economic Development Authority</p> <p>Bayerkohler - Public Housing Commission, Planning Commission</p> <p>DeCramer – Economic Development Authority and Utilities Commission</p> <p>Labat - Library Board, Police Advisory Board and Convention and Visitors Bureau</p> <p>Lozinski - Adult Community Center Commission and Joint Law Enforcement Center Management Committee</p>
Fiscal Impact:	
Alternative/ Variations:	
Recommendations:	

City of Marshall

2021 Budget Timeline

May

13 (Wednesday) (Teams Meeting)– Initial Meeting on Budget Timeline – Administration/Finance

20 (Wednesday) (Staff Meeting) – Initial Discussion of 2021 Budget Timeline – Division/Department Heads

June

1 (Monday) – Operating & Capital Budget information sent to Department Heads

22 (Monday) - Budget information due back to Finance
- Request for additional Staff Due to Director of Admin Services

29 (Monday) – Operating budget reviewed by Administration & Finance

July

Wednesday’s In July – Division Directors Weekly Review of Budget (2:00)

July 14th 4:00 – Council Work Session #1

- *Liquor Store, Wastewater & Storm Water Funds (Operating)*

Regular Council Meeting – Liquor Store Yearly Presentation

July 28th 4:00pm - Council Work Session #2

- *Community Organization Requests*

August

Wednesday’s in August – Division Directors Weekly Review of Budget (2:00)

August 18 5:30pm - Council Work Session #3

- *Presentation on Preliminary Tax Base Changes*
- *General & Special Revenue Funds (Operating)*

August 25 4:00pm - Council Work Session #4

- *Capital Review*

Week of August 24th - Ways & Means Committee Meeting – Fee Schedule

September

8 (Tuesday) – Council adopts preliminary 2021 budget, levy and sets public meeting for TBD

- Council adopts 2021 fee schedule – including Waste Water & Surface Water Rates (To MMU by Oct 1st for mailing)

TBD – Property/Liability Insurance Renewal

30th – *Deadline to adopt a proposed tax levy & budget (must also announce which subsequent “regularly scheduled” meetings the budget and tax ley will be discussed – must be 6:00pm or later)*

October

October 13 - Council Work Session #5 – Health Insurance

27 (Tuesday) Regular Council Meeting – Adoption of Insurance Rates

November

25th - First day cities over 500 population may hold the meeting to allow public input on the final budget and tax levy. The adoption meeting must be held at/ or after 6 p.m. The public must be allowed to speak at the meeting before adoption of the final budget.

December

8 - Council Meeting – Public Input on Final Budget Adoption (TNT)(after 6:00pm)

22 (Tuesday) - Council adopts final budgets and levy

25 – The final levy must be certified to the county auditor after the public input meeting and must be by December 25. Local tax levies must be certified by the city to the county auditor “on or before five working days after December 20 in each year.”

4402 - 4407
116196 - 116207

Check Register

Packet: APPKT00053 - 05/12/20 library



Marshall, MN

By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP-REG AP						
4549	A & B BUSINESS, INC	05/13/2020	EFT	0.00	420.97	4402
1633	MARSHALL MUNICIPAL UTILITIES	05/13/2020	EFT	0.00	2,607.13	4403
1958	NORTHERN BUSINESS PRODUCTS, I	05/13/2020	EFT	0.00	49.93	4404
5891	ONE OFFICE SOLUTION	05/13/2020	EFT	0.00	19.97	4405
2318	SOUTHWEST SANITATION INC.	05/13/2020	EFT	0.00	83.42	4406
4489	VERIZON WIRELESS	05/13/2020	EFT	0.00	77.65	4407
4570	AMAZON	05/12/2020	Regular	0.00	104.28	116196
0018	BORDER STATES ELECTRIC SUPPLY	05/12/2020	Regular	0.00	97.92	116197
6483	HEARTLAND SECURITY	05/12/2020	Regular	0.00	1,580.27	116198
4552	INGRAM LIBRARY SERVICES	05/12/2020	Regular	0.00	2,637.94	116199
	Void	05/12/2020	Regular	0.00	0.00	116200
6072	LUND, CHELSEA	05/12/2020	Regular	0.00	17.50	116201
4980	MENARDS INC	05/12/2020	Regular	0.00	33.36	116202
4548	PLUM CREEK LIBRARY SYSTEM	05/12/2020	Regular	0.00	55.67	116203
6286	SCHWEEMAN'S CLEANERS, LLP	05/12/2020	Regular	0.00	98.97	116204
4648	TRI-COUNTY NEWS	05/12/2020	Regular	0.00	86.00	116205
5733	VAST BROADBAND	05/12/2020	Regular	0.00	89.86	116206
4118	WALMART BUSINESS	05/12/2020	Regular	0.00	42.90	116207

Bank Code AP Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	33	11	0.00	4,844.67
Manual Checks	0	0	0.00	0.00
Voided Checks	0	1	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	7	6	0.00	3,259.07
	40	18	0.00	8,103.74

Fund Summary

Fund	Name	Period	Amount
999	POOLED CASH FUND	5/2020	8,103.74
			<u>8,103.74</u>

City of Marshall, Minnesota
Cash & Investments
4/30/2020

	<u>Balance</u>	<u>Interest Rate</u>
CASH & INVESTMENTS:		
Checking	10,095,255.50	1.00%
Money Market	4,999,114.35	0.67%
Money Market	3,373,241.20	0.35%
Money Market	4,096,900.81	0.22%
Money Market	11,409.56	1.50%
Certificate of Deposit (10/18/2020) 18 months	1,000,000.00	2.56%
Certificate of Deposit (10/18/2020) 18 months	1,000,000.00	2.56%
Certificate of Deposit (10/18/2020) 18 months	1,000,000.00	2.56%
Certificate of Deposit (8/30/2021) 2 Years	245,000.00	1.75%
Certificate of Deposit (8/30/2021) 2 Years	245,000.00	1.85%
Certificate of Deposit (8/30/2021) 2 Years	245,000.00	1.75%
Certificate of Deposit (8/30/2021) 2 Years	245,000.00	1.75%
Certificate of Deposit (8/30/2021) 2 Years	245,000.00	1.75%
Certificate of Deposit (8/30/2021) 2 Years	245,000.00	1.85%
Certificate of Deposit (6/15/2020) 9 Months	245,000.00	1.80%
Certificate of Deposit (9/12/2022) 3 Years	245,000.00	1.80%
Certificate of Deposit (3/14/2022) 2 Years 6 months	245,000.00	1.70%
Certificate of Deposit (9/20/2021) 2 Years	245,000.00	1.70%
Certificate of Deposit (9/13/2021) 2 Years	245,000.00	1.80%
Certificate of Deposit (3/18/2021) 18 Months	245,000.00	1.75%
Investment Portfolio - General Fund	2,689,854.49	
Investment Portfolio - Wastewater Capital Reserve	3,536,745.31	
Investment Portfolio - Endowment Fund	2,081,439.72	
TOTAL CASH & INVESTMENTS	<u><u>36,823,960.94</u></u>	







BUILDING PERMIT LIST

May 26, 2020

APPLICANT	LOCATION ADDRESS	DESCRIPTION OF WORK	VALUATION
PCP PROPERTIES, INC	904 WOODFERN DR	DECK	1,500.00
SMITH, NICHOLAS & BREANNA	1117 STOCKHOLM AVE	DECK	3,200.00
SELL, TIMOTHY R	318 WARSAW CIR	DECK	16,700.00
STEILEN, REBECCA E & JOHN J	1105 HORIZON DR	DECK	4,900.00
GELSTER, BRIAN F & JENNIFER M	103 GEORGE ST	DECK	3,000.00
MEADOWVIEW CONSTRUCTION	704 4TH ST N	DECK	3,500.00
MEADOWVIEW CONSTRUCTION	308 JEAN AVE	RE-ROOFING	2,700.00
STEFFL, CHARLES J & JOLENE A	109 REDWOOD ST E	INTERIOR & EXTERIOR REMC	30,000.00
LORRAINE BOSSUYT, CLETUS LANNERS &	201 F ST	RE-ROOFING	9,600.00
BRINKMAN, CHRISTOPHER & MANDEE	305 7TH ST N	OTHER	1,800.00
VANLEEUEW CONSTRUCTION LLC	605 CADILLAC RD	RE-ROOFING	13,800.00
Regnier Electric	207 DESCHEPPER ST	HVAC	5,400.00
VLAMINCK, SHAWN W	300 ELM ST	DOORS	1,200.00
Werner Bros., Inc	206 WHITNEY ST S	HVAC	6,100.00
WILTS, DANIELLE & KEVIN	909 WOODFERN DR	DECK	2,500.00
EISCHENS, LOUISE E & JOYCE M	406 DONITA AVE	INTERIOR REMODEL	6,500.00
PRINS, COREY D & CYNTHIA G	1002 PINE AVE	RE-ROOFING	4,500.00
JAMES LOZINSKI CONSTRUCTION INC.	202 1ST ST N	WINDOWS / DOORS	148,000.00
RICK SLAGEL CONSTRUCTION INC	616 REDWOOD ST W	RE-ROOFING	1,700.00
Williamson Construction LLC	501 BRUCE ST N	RE-ROOFING	12,000.00
Werner Bros., Inc	400 SUNRISE LN	HVAC	5,600.00
KEVIN LANOUE CONSTRUCTION LLC	305 A ST N	RE-ROOFING	6,300.00
AMERICAN WATERWORKS	115 RANCH AVE	INTERIOR REMODEL	1,500.00
GESKE HOME IMPROVEMENT CO.	602 ARBOR CT	Windows	1,200.00
TRIO PLUMBING & HEATING	402 ELAINE AVE	HVAC	5,500.00
JERVE, ANTHONY	506 ELAINE AVE	RE-ROOFING	6,400.00



PLUMBING PERMIT LIST
May 26, 2020

APPLICANT	LOCATION ADDRESS	DESCRIPTION OF WORK	VALUATION
BKS PLUMBING LLC	406 DONITA AVE	INTERIOR REMODEL	0.00
TRIO PLUMBING & HEATING	402 ELAINE AVE	WATER HEATER	800.00
TRIO PLUMBING & HEATING	202 B ST	WATER HEATER	900.00



SIGN PERMIT LIST
May 26, 2020

APPLICANT	LOCATION ADDRESS	DESCRIPTION OF WORK	VALUATION
SIGN PRO MANKATO	800 MAIN ST E	N/A	15,000.00

Upcoming Meetings

May

- 5/26 Regular Meeting, 5:30 PM, MERIT Center
-

June

- 6/9 Regular Meeting, 5:30 PM, Professional Development Room
 - 6/23 Work Session, 4:00 PM, Professional Development Room
 - Marshall College Drive Project, MnDOT
 - 6/23 Regular Meeting, 5:30 PM, Professional Development Room
-

July

- 7/14 Work Session, 4:30 PM, Professional Development Room
 - Budget Work Session #1
 - 7/14 Regular Meeting, 5:30 PM, Professional Development Room
 - 7/28 Work Session, 4:30 PM, Professional Development Room
 - Budget Work Session #2
 - 7/28 Regular Meeting, 5:30 PM, Professional Development Room
-

August

- 8/11 Regular Meeting, 4:00 PM, Professional Development Room ****Election Day** Must Adjourn by 6:00 PM****
- 8/18 Work Session, 5:30 PM, Professional Development Room
 - Budget Work Session #3
- 8/25 Work Session, 4:00 PM, Professional Development Room
 - Budget Work Session #4
- 8/25 Regular Meeting, 5:30 PM, Professional Development Room

2020 Regular Council Meeting Dates

2nd and 4th Tuesday of each month *Unless otherwise stated

5:30 P.M.

Professional Development Room - Marshall Middle School, 401 South Saratoga Street

January

1. January 14, 2020
2. January 28, 2020

February

1. February 11, 2020
2. February 25, 2020 – 4:00 P.M.¹

March

1. March 10, 2020
2. March 24, 2020

April

1. April 14, 2020
2. April 28, 2020

May

1. May 12, 2020
2. May 26, 2020

June

1. June 9, 2020
2. June 23, 2020

July

1. July 14, 2020
2. July 28, 2020

August

1. August 11, 2020 – 4:00 P.M.¹
2. August 25, 2020

September

1. September 8, 2020
2. September 22, 2020

October

1. October 13, 2020
2. October 27, 2020

November

1. November 10, 2020
2. November 24, 2020

December

1. December 8, 2020
2. December 22, 2020

2020 Uniform Election Dates

- February 11, 2020
- February 25, 2020 * *Precinct Caucus*
- March 3, 2020 * *Presidential Primary*
- April 14, 2020
- May 12, 2020
- August 11, 2020 * *Primary Election*
- November 3, 2020 * *General Election*

¹ 204C.03 PUBLIC MEETINGS PROHIBITED ON ELECTION DAY. Subdivision 1. School districts; counties; municipalities; special taxing districts. No special taxing district governing body, school board, board of commissioners, city council, or town of supervisors shall conduct a meeting

between 6:00 p.m. and 8:00 p.m. on the day that an election is held within the boundaries of the special taxing district, school district, county, city, or town. As used in this subdivision, "special taxing district" has the meaning given in section 275.066.



MARSHALL

CULTIVATING THE BEST IN US

Authorities, Boards, Bureaus,
Commissions and Committees

CITY COUNCIL COMMITTEES

*All Council Committees meet on an as needed basis.

Equipment Review Committee

Glenn Bayerkohler
Craig Schafer- *Chairperson*
James Lozinski

Public Improvement/ Transportation Committee

Craig Schafer – *Chairperson*
Russ Labat
James Lozinski

Legislative & Ordinance Committee

Steven Meister
John DeCramer
Glenn Bayerkohler - *Chairperson*

Ways & Means Committee

John DeCramer - *Chairperson*
Russ Labat
Glenn Bayerkohler

Personnel Committee

Steven Meister
Craig Schafer
John DeCramer- *Chairperson*

Liaisons & Board Members on the City Boards & Commissions

- **Adult Community Center Commission** – James Lozinski
- **Airport Commission** – Craig Schafer
- **Charter Commission** – City Administrator & City Attorney, Dennis Simpson (No Council Liaisons)
- **Community Services Advisory Board** – Steven Meister
- **Convention & Visitors Bureau** – Russ Labat
- **Economic Development Authority** – Steven Meister & John DeCramer
- **Joint Law Enforcement Center Management Committee** – James Lozinski/Craig Schafer
- **Library Board** – Russ Labat
- **Marshall Area Transit Committee** – James Lozinski & Director of Public Works/ Engineer Jason Anderson
- **Marshall Municipal Utilities Commission** – John DeCramer
- **M.E.R.I.T. Center Commission** – Craig Schafer
- **Planning Commission** – Glenn Bayerkohler
- **Police Advisory Board** – Russ Labat
- **Public Housing Commission** – Glenn Bayerkohler

- **Southwest Minnesota Amateur Sports Commission** – Craig Schafer

Other Appointments:

- **City Council-County Board/Library Agreement & Operations** – Russ Labat & Bob Byrnes
- **Fire Relief Association** – Bob Byrnes & Finance Director, Karla Drown
- **Housing & Redevelopment Authority** – Mayor & City Council
- **Regional Development Commission** – Bob Byrnes
- **SW Minnesota Emergency Communication Board (ECB)**- Craig Schafer & Alternate Bob Byrnes

Authorities, Boards, Bureaus and Commissions

Adult Community Center Commission

Established: September 16, 1985, Ordinance 496, Second Series
Meetings: 2nd Wednesday of every month at 12:00 P.M.
Term: 3 years – two term limit
Members: 8 Members

Airport Commission

Established: February 18, 1952, Ordinance 371, Second Series
Meetings: 1st Tuesday of every month at 4:30 P.M.
Term: 3 years – two term limit
Members: 7

Cable Commission

Established: March 15, 1982, Ordinance 112, Second Series
Meetings: As needed
Term: 3 years – two term limit
Members: 5

Charter Commission

Established: October 5, 1936
Meetings: As needed
Term: 4 year terms
Members: 7 -15

Community Services Advisory Board

Established: February 20, 1996
Meetings: 1st Wednesday of the month at 9:00 A.M.
Term: 3 years – two term limit
Members: 12

Convention & Visitors Bureau

Established:
Meetings: 3rd Wednesday at 9:30 A.M.
Term: 3 years – two term limit
Members: 10

Economic Development Authority

Established: June 7, 1982, Resolution 562, Second Series
Meetings: 3rd Wednesday of every month at 12:00 P.M.
Term: 6 years – two term limit
Members: 7

Housing & Redevelopment Authority

Established: March 21, 1966, Resolution 819, First Series
Meetings: As needed
Term: 5 years – no term limit
Members: 7 (Councilmembers)

Library Board

Established: July 16, 1917,
Meetings: 2nd Monday of every month at 4:00 P.M.
Term: 3 years – two term limit
Members: 9

Marshall Municipal Utilities Commission

Established: April 18, 1932, Resolution 302, First Series
Meetings: 3rd Tuesday of every month at 4:30 P.M.
Term: 5 years – two term limit
Members: 5

M.E.R.I.T. Center Commission

Established: November 15, 2004, Ordinance 521,
Second Series
Meetings: 3rd Thurs. of every other month at 6:00 P.M.
Term: Variable
Members: 18 or less

Planning Commission

Established: May 4, 1959, Ordinance 418, Second Series
Meetings: 2nd Wednesday of every month at 5:30 P.M.
Term: 3 years – two term limit
Members: 7

Police Advisory Board

Established: April 4, 1940, Ordinance 630, Second
Series, Section 2-3 O.G. MN State Statutes 419

Meetings: As needed
Term: 3 years – two term limit
Members: 3

Public Housing Commission

Established: March 28, 1983, Ordinance 436, Second
Series
Meetings: 2nd Monday of every month at 3:30 P.M.
Term: 5 years – two term limit
Members: 5

Southwest Minnesota Regional Amateur Sports Commission

Established: October 21, 2008
Meetings: 2nd Tuesday of every month at 12:00 Noon