

# MID-AMERICA REGIONAL COUNCIL

## ANNUAL COMPREHENSIVE FINANCIAL REPORT For the year ended December 31, 2022

### Prepared by:

Department of Finance and Administration:

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FINANCIAL SECTION

## **Independent Auditors' Report**

Board of Directors  
Mid-America Regional Council  
Kansas City, Missouri

### **Report On The Audit Of The Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mid-America Regional Council, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Mid-America Regional Council's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Mid-America Regional Council as of December 31, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### ***Basis For Opinions***

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

#### ***Emphasis Of Matter***

As discussed in Note (1)B to the financial statements, MARC implemented the provisions of Governmental Accounting Standards Board Statement Number 87, *Leases*. Our opinion is not modified with respect to this matter.

#### ***Responsibilities Of Management For The Financial Statements***

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

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

### ***Auditors' Responsibilities For The Audit Of The Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages \_\_ through \_\_ and the Schedule of Changes in Total OPEB Liability and Related Ratios on page \_\_ be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express

an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mid-America Regional Council's basic financial statements. The combining and individual fund financial statements and schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

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

### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required By Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated June 28, 2022 on our consideration of Mid-America Regional Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Mid-America Regional Council's internal control over financial reporting and compliance.

June \_\_, 2023

# MID-AMERICA REGIONAL COUNCIL

## STATEMENT OF NET POSITION December 31, 2022

|  | Primary Government      |                                   | Exhibit A           |
|--|-------------------------|-----------------------------------|---------------------|
|  | Governmental Activities | Nonmajor Business-Type Activities | Total               |
| <b>Assets</b>                                      |                         |                                   |                     |
| Cash   | \$ 8,196,374            | \$ —                              | \$ 8,196,374        |
| Investments  | 4,189,032               | —                                 | 4,189,032           |
| Accounts receivable:                               |                         |                                   |                     |
| Customers and users                                | —                       | 853,304                           | 853,304             |
| Granting agencies                                  | 13,302,126              | —                                 | 13,302,126          |
| Due from 911 participating counties                | 506,857                 | —                                 | 506,857             |
| Other  | 562,112                 | —                                 | 562,112             |
| Advances to contractors                            | 26,591                  | —                                 | 26,591              |
| Prepaid items                                      | 555,542                 | —                                 | 555,542             |
| Internal balances                                  | (1,228,976)             | 1,228,976                         | —                   |
| Capital assets, non-depreciable:                   |                         |                                   |                     |
| Construction in progress:                          |                         |                                   |                     |
| 911 call-taking equipment                          | 1,837,528               | —                                 | 1,837,528           |
| Capital and right to use assets, net:              |                         |                                   |                     |
| Office furniture and equipment                     | 174,765                 | —                                 | 174,765             |
| Vehicles   | 3,686                   | —                                 | 3,686               |
| Right to use assets - building and improvements    | 3,511,173               | —                                 | 3,511,173           |
| Buildings - Head Start program                     | 881,083                 | —                                 | 881,083             |
| 911 call-taking equipment                          | 1,610,267               | —                                 | 1,610,267           |
| 911 RAMBIS equipment                               | 52,650                  | —                                 | 52,650              |
| Traffic signal communications equipment            | 6,794                   | —                                 | 6,794               |
| Traffic signal program vehicles                    | 264,367                 | —                                 | 264,367             |
| Total assets                                       | <u>34,451,971</u>       | <u>2,082,280</u>                  | <u>36,534,251</u>   |
| <b>Deferred Outflows of Resources</b>              |                         |                                   |                     |
| Deferred outflows related to OPEB                  | <u>120,702</u>          | <u>—</u>                          | <u>120,702</u>      |
| <b>Liabilities</b>                                 |                         |                                   |                     |
| Accounts payable                                   | 7,749,333               | —                                 | 7,749,333           |
| Accrued payroll, payroll taxes and fringe benefits | 519,334                 | —                                 | 519,334             |
| Unearned revenue                                   | 13,396,653              | —                                 | 13,396,653          |
| Lease liability:                                   |                         |                                   |                     |
| Due within one year                                | 963,012                 | —                                 | 963,012             |
| Due in more than one year                          | 2,597,749               | —                                 | 2,597,749           |
| Other post employment benefits:                    |                         |                                   |                     |
| Due in more than one year                          | 209,840                 | —                                 | 209,840             |
| Accrued vacation and sick leave:                   |                         |                                   |                     |
| Due within one year                                | 839,672                 | —                                 | 839,672             |
| Due in more than one year                          | 391,896                 | —                                 | 391,896             |
| Total liabilities                                  | <u>26,667,489</u>       | <u>—</u>                          | <u>26,667,489</u>   |
| <b>Deferred Inflows of Resources</b>               |                         |                                   |                     |
| Deferred inflows related to OPEB                   | <u>184,262</u>          | <u>—</u>                          | <u>184,262</u>      |
| <b>Net Position</b>                                |                         |                                   |                     |
| Investment in capital assets                       | 8,342,313               | —                                 | 8,342,313           |
| Unrestricted                                       | <u>(621,391)</u>        | <u>2,082,280</u>                  | <u>1,460,889</u>    |
| Total net position                                 | <u>\$ 7,720,922</u>     | <u>\$ 2,082,280</u>               | <u>\$ 9,803,202</u> |

The notes to the basic financial statements are an integral part of this statement.

# MID-AMERICA REGIONAL COUNCIL

## STATEMENT OF ACTIVITIES For The Year Ended December 31, 2022

Exhibit B

| Functions/Programs                            | Expenses             | Program Revenues     |  | Net (Expense) Revenue and<br>Changes in Net Position |   |                     |
|---|----------------------|----------------------|--|--|---|---------------------|
|   |                      | Fees for<br>Services | Operating<br>Grants and<br>Contributions | Primary Government                                   |   | Total               |
|   |                      |                      |  | Governmental<br>Activities                           | Nonmajor<br>Business-Type<br>Activities |                     |
| <b>Governmental Activities:</b>               |                      |                      |  |  |   |                     |
| General Government                            | \$ 1,297,123         | \$ 27,345            | \$ —                                     | \$ (1,269,778)                                       | \$ —                                    | \$ (1,269,778)      |
| Aging   | 12,479,455           | 357,980              | 11,679,046                               | (442,429)  | —                                       | (442,429)           |
| Emergency services                            | 5,964,165            | 4,528                | 5,128,347                                | (831,290)  | —                                       | (831,290)           |
| Community development                         | 7,599,392            | 118,015              | 8,250,185                                | 768,808  | —                                       | 768,808             |
| Early learning                                | 36,447,200           | 31,612               | 36,409,779                               | (5,809)  | —                                       | (5,809)             |
| Transportation planning                       | 6,952,675            | —                    | 6,939,605                                | (13,070)   | —                                       | (13,070)            |
| Environmental planning                        | 771,146              | 250                  | 451,072                                  | (319,824)  | —                                       | (319,824)           |
| Interest on lease liability                   | 88,973               | —                    | —  | (88,973)   | —                                       | (88,973)            |
| Total governmental activities                 | 71,600,129           | 539,730              | 68,858,034                               | (2,202,365)  | —                                       | (2,202,365)         |
| <b>Business-type activities:</b>              |                      |                      |  |  |   |                     |
| Governmental training and consulting services | 2,565,309            | 2,448,432            | 545,185                                  | —  | 428,308                                 | 428,308             |
| Total primary government                      | <u>\$ 74,165,438</u> | <u>\$ 2,988,162</u>  | <u>\$ 69,403,219</u>                     |  |   |                     |
| General revenues:                             |                      |                      |  |  |   |                     |
| Local government appropriations               |                      |                      |  | 650,892  | —                                       | 650,892             |
| Transportation project fees                   |                      |                      |  | 15,000   | —                                       | 15,000              |
| Emergency services contributions              |                      |                      |  | 399,825  | —                                       | 399,825             |
| Miscellaneous income                          |                      |                      |  | 1,082,617  | —                                       | 1,082,617           |
| Investment earnings                           |                      |                      |  | 92,505   | —                                       | 92,505              |
| Transfers                                     |                      |                      |  | (19,500)   | 19,500                                  | —                   |
| Total general revenues and transfers          |                      |                      |  | <u>2,221,339</u>                                     | <u>19,500</u>                           | <u>2,240,839</u>    |
| Change in net position                        |                      |                      |  | 18,974   | 447,808                                 | 466,782             |
| Net position - beginning of year              |                      |                      |  | <u>7,701,948</u>                                     | <u>1,634,472</u>                        | <u>9,336,420</u>    |
| Net position - end of year                    |                      |                      |  | <u>\$ 7,720,922</u>                                  | <u>\$ 2,082,280</u>                     | <u>\$ 9,803,202</u> |

The notes to the basic financial statements are an integral part of this statement.

# MID-AMERICA REGIONAL COUNCIL

## BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2022

|   |                             |                             |                            |                            | Exhibit C                   |
|---|-----------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|
|   | General                     | Special<br>Revenue          | MARC<br>CSC                | Capital<br>Projects        | Total                       |
| <b>Assets</b>   |                             |                             |                            |                            |                             |
| Cash  | \$ 8,181,389                | \$ —                        | \$ 14,985                  | \$ —                       | \$ 8,196,374                |
| Investments   | 4,189,032                   | —                           | —                          | —                          | 4,189,032                   |
| Accounts receivable - granting agencies               | —                           | 11,580,108                  | 1,722,018                  | —                          | 13,302,126                  |
| Accounts receivable - 911 participating counties      | 405,424                     | —                           | —                          | 101,433                    | 506,857                     |
| Accounts receivable - other                           | 562,112                     | —                           | —                          | —                          | 562,112                     |
| Accounts receivable - advances to contractors         | 14,985                      | 11,606                      | —                          | —                          | 26,591                      |
| Due from other funds                                  | —                           | —                           | 540,563                    | 6,503,053                  | 7,043,616                   |
| Prepaid items   | 487,494                     | —                           | —                          | 68,048                     | 555,542                     |
| <b>Total assets</b>                                   | <b><u>\$ 13,840,436</u></b> | <b><u>\$ 11,591,714</u></b> | <b><u>\$ 2,277,566</u></b> | <b><u>\$ 6,672,534</u></b> | <b><u>\$ 34,382,250</u></b> |
| <b>Liabilities and Fund Balances</b>                  |                             |                             |                            |                            |                             |
| <b>Liabilities:</b>                                   |                             |                             |                            |                            |                             |
| Accounts payable                                      | \$ 7,749,333                | \$ —                        | \$ —                       | \$ —                       | \$ 7,749,333                |
| Accrued payroll, payroll taxes<br>and fringe benefits | 519,334                     | —                           | —                          | —                          | 519,334                     |
| Due to other funds                                    | 1,063,182                   | 7,209,410                   | —                          | —                          | 8,272,592                   |
| Unearned revenue - granting agencies                  | —                           | 4,382,304                   | 2,277,566                  | —                          | 6,659,870                   |
| Unearned revenue - 911 participating counties         | —                           | —                           | —                          | 6,604,486                  | 6,604,486                   |
| Unearned revenue - other                              | 132,297                     | —                           | —                          | —                          | 132,297                     |
| <b>Total liabilities</b>                              | <b><u>9,464,146</u></b>     | <b><u>11,591,714</u></b>    | <b><u>2,277,566</u></b>    | <b><u>6,604,486</u></b>    | <b><u>29,937,912</u></b>    |
| <b>Fund Balances:</b>                                 |                             |                             |                            |                            |                             |
| <b>Nonspendable:</b>                                  |                             |                             |                            |                            |                             |
| Prepaid items   | 487,494                     | —                           | —                          | 68,048                     | 555,542                     |
| <b>Committed:</b>                                     |                             |                             |                            |                            |                             |
| Capital projects                                      | —                           | —                           | —                          | —                          | —                           |
| Accrued vacation and sick leave                       | 1,231,568                   | —                           | —                          | —                          | 1,231,568                   |
| <b>Unassigned</b>                                     |                             |                             |                            |                            |                             |
| General fund  | 2,657,228                   | —                           | —                          | —                          | 2,657,228                   |
| <b>Total fund balances</b>                            | <b><u>4,376,290</u></b>     | <b><u>—</u></b>             | <b><u>—</u></b>            | <b><u>68,048</u></b>       | <b><u>4,444,338</u></b>     |
| <b>Total liabilities and fund balances</b>            | <b><u>\$ 13,840,436</u></b> | <b><u>\$ 11,591,714</u></b> | <b><u>\$ 2,277,566</u></b> | <b><u>\$ 6,672,534</u></b> |                             |

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

Capital and right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Lease liability 8,342,313

Other post employment benefits (3,560,761)

Deferred outflows related to OPEB (209,840)

Deferred inflows related to OPEB 120,702

Long-term liabilities, including accrued vacation and sick leave, are not due and payable in the current period (184,262)

and therefore are not reported in the funds. (1,231,568)

Net position of governmental activities \$ 7,720,922

The notes to the basic financial statements are an integral part of this statement.



# MID-AMERICA REGIONAL COUNCIL

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For The Year Ended December 31, 2022

|  |                  |                    |                  |                     | Exhibit D         |
|--|------------------|--------------------|------------------|---------------------|-------------------|
|  | General          | Special<br>Revenue | MARC<br>CSC      | Capital<br>Projects | Total             |
| <b>Revenues:</b>                             |                  |                    |                  |                     |                   |
| Grants                                       | \$ —             | \$ 53,517,801      | \$ 6,742,420     | \$ 240,362          | \$ 60,500,583     |
| Contributed services – consultants, etc.     | —                | —                  | —                | —                   | —                 |
| Contributed services – third party           | —                | 8,315,320          | —                | —                   | 8,315,320         |
| Local government appropriations              | 650,892          | —                  | —                | —                   | 650,892           |
| Transportation project fees                  | 15,000           | —                  | —                | —                   | 15,000            |
| Emergency services contributions             | 399,825          | —                  | —                | —                   | 399,825           |
| Net investment income                        | 72,706           | 19,631             | 168              | —                   | 92,505            |
| Program income                               | —                | 187,981            | 9,479            | —                   | 197,460           |
| Fees for services/events                     | 27,345           | 153,733            | 80,596           | —                   | 261,674           |
| Settlement of vacation and sick leave        | 99,347           | —                  | —                | —                   | 99,347            |
| Other income                                 | 3,230            | 128,252            | —                | 851,788             | 983,270           |
| Fringe benefit/indirect costs allocation     | 122,727          | —                  | —                | —                   | 122,727           |
| <b>Total revenues</b>                        | <b>1,391,072</b> | <b>62,322,718</b>  | <b>6,832,663</b> | <b>1,092,150</b>    | <b>71,638,603</b> |
| <b>Expenditures:</b>                         |                  |                    |                  |                     |                   |
| Current programs:                            |                  |                    |                  |                     |                   |
| Aging  | —                | 12,115,598         | 342,905          | —                   | 12,458,503        |
| Emergency services                           | —                | 5,369,046          | —                | —                   | 5,369,046         |
| Community development                        | —                | 1,488,152          | 6,103,907        | —                   | 7,592,059         |
| Early learning                               | —                | 36,245,060         | 71,791           | —                   | 36,316,851        |
| Transportation planning                      | —                | 6,929,808          | —                | —                   | 6,929,808         |
| Environmental planning                       | —                | 457,254            | 313,892          | —                   | 771,146           |
| CSC local activity                           | —                | —                  | 168              | —                   | 168               |
| MARC local activity                          | 635,983          | —                  | —                | —                   | 635,983           |
| Debt service:                                |                  |                    |                  |                     |                   |
| Principal                                    | 547,712          | 382,562            | —                | —                   | 930,274           |
| Interest                                     | 52,384           | 36,589             | —                | —                   | 88,973            |
| Capital outlay                               | 20,499           | —                  | —                | 1,502,399           | 1,522,898         |
| <b>Total expenditures</b>                    | <b>1,256,578</b> | <b>63,024,069</b>  | <b>6,832,663</b> | <b>1,502,399</b>    | <b>72,615,709</b> |
| Excess of revenues over (under) expenditures | 134,494          | (701,351)          | —                | (410,249)           | (977,106)         |
| <b>Other financing sources (uses):</b>       |                  |                    |                  |                     |                   |
| Transfers (out)/in                           | (720,851)        | 701,351            | —                | —                   | (19,500)          |
| <b>Total other financing sources (uses)</b>  | <b>(720,851)</b> | <b>701,351</b>     | <b>—</b>         | <b>—</b>            | <b>(19,500)</b>   |
| Change in fund balance                       | (586,357)        | —                  | —                | (410,249)           | (996,606)         |
| Fund balance, beginning of year              | 4,962,647        | —                  | —                | 478,297             | 5,440,944         |
| Fund balance, end of year                    | \$ 4,376,290     | \$ —               | \$ —             | \$ 68,048           | \$ 4,444,338      |

The notes to the basic financial statements are an integral part of this statement.

## MID-AMERICA REGIONAL COUNCIL

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

#### Exhibit E

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

|   |              |
|---|--------------|
| Net change in fund balance - total governmental funds | \$ (996,606) |
|---|--------------|

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

|                               |             |
|-------------------------------|-------------|
| Depreciation and amortization | (1,782,275) |
| Capital outlays               | 1,984,239   |
| Loss from disposals           | —           |

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.

|  |          |
|--|----------|
| Principal payments on lease liability  | 930,274  |
| Increase in OPEB Obligation            | (800)    |
| Increase in deferred outflows for OPEB | (14,954) |
| Decrease in deferred inflows for OPEB  | (1,556)  |
| Settlement of vacation and sick leave  | (99,348) |

|   |                  |
|---|------------------|
| Change in net position of governmental activities | <u>\$ 18,974</u> |
|---|------------------|

The notes to the basic financial statements are an integral part of this statement.

## MID-AMERICA REGIONAL COUNCIL

### STATEMENT OF NET POSITION - PROPRIETARY FUND (NONMAJOR)

December 31, 2022

#### Exhibit F

#### Assets:

##### Current Assets:

Accounts receivable - customers

\$ 853,304

Due from other funds

1,228,976

Total assets

2,082,280

#### Liabilities and Net Position:

##### Current Liabilities:

Unearned revenue

—

##### Net Position:

Unrestricted

\$ 2,082,280

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The notes to the basic financial statements are an integral part of this statement.

## MID-AMERICA REGIONAL COUNCIL

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUND (NONMAJOR) For The Year Ended December 31, 2022

Exhibit G

#### Operating Revenues:

|                               |                  |
|-------------------------------|------------------|
| Fees for services/events      | \$ 2,448,432     |
| Other federal and local funds | 194,673          |
| Local dues and fees           | 253,379          |
| Private funds                 | <u>97,133</u>    |
| Total operating revenues      | <u>2,993,617</u> |

#### Operating Expenses:

|                            |                  |
|----------------------------|------------------|
| Contractual services       | 1,220,207        |
| Fringe benefits allocated  | 285,932          |
| Indirect costs allocated   | 279,040          |
| Meals for the elderly      | 13,541           |
| Meetings/travel            | 32,575           |
| Memberships/periodicals    | 1,805            |
| Other                      | 70,575           |
| Postage                    | 157              |
| Printing/reproduction      | 642              |
| Rent/utilities/maintenance | 32,755           |
| Salaries                   | 586,068          |
| Supplies                   | 36,186           |
| Training                   | <u>5,826</u>     |
| Total operating expenses   | <u>2,565,309</u> |

Operating income 428,308

Transfers in 19,500

Change in net position 447,808

Net position, beginning of year 1,634,472

Net position at end of year \$ 2,082,280

The notes to the basic financial statements are an integral part of this statement.

## MID-AMERICA REGIONAL COUNCIL

### STATEMENT OF CASH FLOWS - PROPRIETARY FUND (NONMAJOR) For The Year Ended December 31, 2022

Exhibit H

**Cash flows from operating activities:**

|                                       |                 |
|---------------------------------------|-----------------|
| Receipts from customers and users     | \$ 2,545,809    |
| Payments to suppliers and contractors | (2,565,309)     |
| Net cash used by operating activities | <u>(19,500)</u> |

**Cash flows from noncapital  
financing activities:**

|   |               |
|---|---------------|
| Transfer from other funds   | <u>19,500</u> |
| Net cash provided by noncapital and related<br>financing activities | <u>19,500</u> |

Net change in cash and cash equivalents —

Cash and cash equivalents at beginning of year —

Cash and cash equivalents at end of year \$ —

**Reconciliation of operating income to net cash  
used by operating activities:**

|  |                    |
|--|--------------------|
| Operating income   | \$ 428,308         |
| Adjustments to reconcile operating income<br>to net cash used by operating activities: |                    |
| Change in operating assets and liabilities:  |                    |
| Accounts receivable - customers  | (90,115)           |
| Due to/from other funds  | <u>(357,693)</u>   |
| Net cash used by operating activities  | <u>\$ (19,500)</u> |

The notes to the basic financial statements are an integral part of this statement.

# MID-AMERICA REGIONAL COUNCIL

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS December 31, 2022

Exhibit I

|   | Private-purpose<br>Trust  |                 |
|---|---------------------------|-----------------|
|   | Child Care<br>Scholarship | Custodial Funds |
| <b>Assets</b>                                     |                           |                 |
| Cash  | \$ —                      | \$ 1,068,977    |
| Investments - government securities               | 38,957                    | 26,339          |
| Accounts receivable:                              |                           |                 |
| Other   | —                         | 0               |
| Total assets                                      | \$ 38,957                 | \$ 1,095,316    |
| <b>Net Position</b>                               |                           |                 |
| Restricted for                                    |                           |                 |
| Individuals, organizations, and other governments | \$ 38,957                 | \$ 1,095,316    |

The notes to the basic financial statements are an integral part of this statement.

# MID-AMERICA REGIONAL COUNCIL

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For The Year Ended December 31, 2022

Exhibit J

|   | Private-<br>purpose<br>Trust | Custodial<br>Funds |
|---|------------------------------|--------------------|
| <b>Additions:</b>                             |                              |                    |
| Contributions:                                |                              |                    |
| Grants  | \$ —                         | \$ 2,111,391       |
| Fees for services/events                      |                              | 24,009             |
| Investment income:                            |                              |                    |
| Net appreciation in fair value of investments | 203                          | 292                |
| Total additions                               | 203                          | 2,135,692          |
| <b>Deductions:</b>                            |                              |                    |
| Administrative services                       | —                            | 1,250,281          |
| Audit   | —                            | 1,500              |
| Contractual services                          | —                            | 1,697,451          |
| Fees for handling pass-through grants         |                              | 4,800              |
| Insurance                                     | —                            | 3,228              |
| Legal fees                                    | —                            | —                  |
| Meetings/travel                               | —                            | 33,280             |
| Memberships/periodicals                       | —                            | 7,916              |
| Other   | —                            | 36,220             |
| Supplies                                      | —                            | 10,112             |
| Total deductions                              | —                            | 3,044,788          |
| Change in net position                        | 203                          | (909,096)          |
| Net position, beginning of year               | 38,754                       | 2,004,412          |
| Net position, end of year                     | \$ 38,957                    | \$ 1,095,316       |

The notes to the basic financial statements are an integral part of this statement.

## MID-AMERICA REGIONAL COUNCIL

### NOTES TO BASIC FINANCIAL STATEMENTS

#### (1) Reporting Entity and Significant Accounting Policies

##### A. The Reporting Entity

Mid-America Regional Council (MARC) was formed in 1972 as a voluntary coalition of local governments in response to the need for regional cooperation in Greater Kansas City. MARC is a governmental nonprofit corporation, organized and existing pursuant to Section 12-716 et. seq. and 12-2901 et. seq. of the Kansas Statutes Annotated, and Article VI, Section 9 of the Missouri Constitution and Sections 70.210 et. seq. of the Revised Statutes of Missouri. Membership of the MARC Board of Directors consists of representatives from each of the nine member counties and the six largest cities in the region, as well as representatives from the smaller cities by county. In addition to serving as a forum for regional collaboration, MARC also provides technical assistance to local governments, implements state and federal programs in the region, conducts short-term and long-term planning, and serves as a central resource for regional demographic and economic information.

MARC's basic financial statements include the accounts of all MARC functions and activities. The criteria used to determine whether component units (separate governmental units, agencies or nonprofit corporations associated with MARC) should be disclosed in the basic financial statements of MARC include appointment of a voting majority, imposition of will, imposition of financial benefit to or burden on MARC, and fiscal dependency.

In November 2004, the MARC Board of Directors formed a nonprofit corporation, Mid-America Regional Council Community Services Corporation (MARC CSC), which was approved by the Internal Revenue Service for operation as a 501(c)3 organization. The nonprofit essentially allows MARC to apply for and receive grants that otherwise are awarded only to 501(c)3 organizations. All MARC CSC grants are contracted or passed-through to MARC for management. The members of the MARC Board of Directors' Budget & Personnel Committee form the Board of Directors of MARC CSC. MARC staff manages and processes all programs and activities for MARC CSC. Since MARC holds corporate powers for MARC CSC, the financial activity of MARC CSC falls within the definition of a component unit and is presented as a blended component unit that is reported as a major governmental fund in this report.



## B. Significant Accounting Policies

The accounting policies of MARC conform to accounting principles generally accepted in the United States as applicable to governmental entities.

### Government-wide and Fund Financial Statements

#### Government-wide 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 governmental activities (funds) of MARC; fiduciary activities (funds) are excluded because the funds are not available for general governmental activities. The effect of interfund activity has been removed from these statements except where interfund services were provided and used.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Indirect expenses* are allocated on a monthly basis to functions and programs based upon the actual incurred worked salaries and fringe benefits. The formula is negotiated and approved by MARC's federal cognizant agency, U.S. Department of Health and Human Services. *Program revenues* include: (1) charges to or contributions from individuals or organizations who purchase, use or directly benefit from the goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Local government appropriations and other items not properly included among program revenues are reported instead as *general revenues*.

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

MARC's funds are grouped into three broad fund categories for financial statement presentation purposes. Governmental funds include the General, Special Revenue, and Capital Projects Funds. Proprietary Funds include the Enterprise Fund. Fiduciary Funds include the Private-Purpose Trust and Custodial Funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. See exhibits C through J in the basic financial statements section.

## MID-AMERICA REGIONAL COUNCIL

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

MARC reports the following major governmental funds:

The *General Fund* is MARC's primary operating fund. It accounts for all financial resources of MARC, except those required to be accounted for in another fund.

The *Special Revenue Fund* is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. MARC receives a variety of grants from multiple sources, including formula and discretionary grants from Missouri, Kansas and the federal government and contributions for specific programs from private foundations and civic organizations.

The *Mid-America Regional Council Community Services Corporation* (MARC CSC) is a 501(c)3 corporation that was formed in 2004 to allow MARC to receive grants from certain corporations and private foundations that only donate to agencies with nonprofit status. The activity of MARC CSC is accounted for in a Special Revenue Fund.

The *Capital Projects Fund* is used to account for the funds used to upgrade the 911 call-taking equipment in the region. The upgrade project is funded by the participating county governments in accordance with an interlocal coordinating agreement.

The *Proprietary Fund*, more specifically an Enterprise Fund, accounts for those activities that operate much like those in the private sector, such as MARC's Government Training Institute, which charges fees to its customers or users for classes, conferences or consulting services. The determination of net income is necessary or useful to sound financial administration.

Additionally, MARC reports the following fiduciary fund types:

The *Private-Purpose Trust Fund* is used to account for donations from foundations and others for the purpose of awarding scholarships and grants to those involved in child care and early learning programs.

The *Custodial Fund* is used to report resources held by MARC in a purely custodial capacity using the economic resources measurement focus. The custodial fund includes funds held for: (1) the Kansas and Missouri Metropolitan Culture District (Bi-State Commission), which supports Union Station; (2) the Mid-America Regional Council Solid Waste Management District (SWMD), a governmental organization; (3) the Metropolitan Official Health Agencies of the Kansas City Area (MOHAKCA), a 501(c)3 nonprofit organization; (4) Kansas City Health Collaborative, a regional health improvement organization; (5) Aim4Peace, a youth violence prevention program and (6) Climate Action KC, a 501(c)3 nonprofit organization.

**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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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* 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, MARC considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Prepaid items are accounted for using the allocation method.

Grant revenue and interest income associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when MARC receives cash.

MARC has negotiated fringe benefit and indirect cost allocation rates with the U.S. Department of Health and Human Services. Indirect costs are allocated to each function based upon the actual direct salaries and fringe benefits incurred during the month. There may be surpluses or deficits of the actual incurred costs compared to the allocated costs. The 2021 surpluses or deficits will be carried forward into the 2022 rate negotiations.

The Proprietary Fund employs the accrual basis of accounting wherein revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. MARC follows the cost of services or “economic resources” measurement focus, under which all assets and all liabilities associated with the activity of providing training and consulting services are included within the fund. Operating revenues and expenses for Proprietary Funds are those that result from providing training and consulting services. All other revenues and expenses are considered non-operating.

Fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Assets, Liabilities and Net Position**

**Cash and Cash Equivalents** — Interest bearing deposit accounts are reported at cost plus accrued interest. MARC considers demand deposits and investments purchased with an original maturity of three months or less to be cash and cash equivalents.

**Investments** — MARC reports its investments at fair value, which is determined by quoted market prices. Investment income, including changes in the fair value of investments, is recognized as revenue in the financial statements.

**Accounts Receivable and Unearned Revenue — Granting Agencies** — MARC's programs and activities are funded by a variety of sources including contributions by member governments; formula and discretionary grants from Missouri, Kansas and the federal government; and contributions for specific programs from private foundations and civic organizations. Grant revenue is earned as expenditures are incurred and all eligibility requirements imposed by the provider have been met. The cash inflow from the granting agencies varies from the expenditures resulting in receivable or unearned revenue balances, which are calculated on a grant-by-grant basis.

**Inventories and Prepaid Items** — MARC deems that inventory of materials and supplies are immaterial to the financial statements. 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. MARC uses the consumption method for all prepaid items. All prepaid items are recognized as assets when purchased and expenditures are recognized when actually used.

**Capital Assets** — Capital assets, which include office furniture and equipment, vehicles, 911 call-taking equipment, traffic signal equipment and leasehold improvements that exceed \$2,500 and have an estimated useful life of greater than one year are recorded at cost and are accounted for on the government-wide financial statements, rather than in governmental funds. Donated capital assets, works of art, and similar items received in a service concession arrangement are reported at acquisition value. Capital assets are depreciated over the estimated useful life using the straight-line method. MARC estimates the useful life as follows:

## MID-AMERICA REGIONAL COUNCIL

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

|  |   |
|--|---|
| Office furniture and equipment             | 7 years   |
| Radios, computer, and non-office equipment | 3 years   |
| Vehicles                                   | 5 years   |
| 911 call-taking equipment                  | 5 years   |
| 911 RAMBIS equipment                       | 5 years   |
| Traffic signal equipment                   | 3 years   |
| Buildings                                  | 25 years  |
| Leasehold improvements                     | Over the remainder of lease<br>at time of improvement |

**Deferred Outflows and Inflows of Resources** — In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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 then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Vacation and Sick Leave** — It is MARC's policy to allow employees to accumulate unused vacation and sick leave benefits. Certain maximum amounts for compensated absences not taken are payable in the event of termination. These accrued employee vacation and sick leave benefits are recorded on the *Statement of Net Position*.

**Other Postemployment Benefits (OPEB)** — For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of MARC's Other Postemployment Benefit Plan (the Plan) administered by Midwest Public Risk and additions to and deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The Plan is not funded, therefore the Plan has no fiduciary net position to report.

**Leasing Arrangements** - During 2022, MARC implemented Governmental Accounting Standards (GASB) Statement No. 87, *Leases*. The implementation of this Statement had no impact on MARC's beginning of year net position. At the beginning of the year MARC's right of use assets and lease liabilities were restated for governmental activities in the amount of \$4,491,035.

For arrangements where MARC is a lessee, a lease liability and a right to use (RTU) intangible asset are recognized at the commencement of the lease term. RTU assets represent MARC's right to use underlying assets for the lease term and lease liabilities represent MARC's obligation to make lease payments arising from the lease. RTU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

For fund statements, an expenditure and other financing source will be reported in the period the lease is initially recognized. The expenditure and other financing source should be measured as noted in the previous paragraph. Subsequent governmental fund lease payments are accounted for consistent with principles of debt service payments on long-term debt.

MARC uses the **average interest rate from the most recent bond issuance** to calculate the present value of lease payments when the rate implicit in the lease is not known. MARC includes lease extension and termination options in the lease term, if after considering relevant economic factors, it is reasonably certain MARC will exercise the option. MARC has elected to combine lease and non-lease components for all lease contracts and also has not recognized RTU assets and lease liabilities for lease terms for 12 months or less.

**Due to/Due From Other Funds** — During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. These are classified as "due to other funds" and "due from other funds." These receivables and payables between governmental funds are eliminated in the *Statement of Net Position*.

**Interfund Transfers** — Permanent reallocations of resources between funds of MARC are classified as interfund transfers. For the purposes of the *Statement of Activities*, all interfund transfers between individual governmental funds have been eliminated.

**Equity Classifications** — In the government-wide financial statements, equity is classified as net position and is displayed in two components:

- a. Investment in capital assets — consists of capital assets, including restricted capital assets, net of accumulated depreciation. There is currently no debt outstanding attributable to the acquisition of capital assets.
- b. Unrestricted — is the balance of net position that does not meet the definition of "restricted" or "investment in capital assets." Restricted net position consists of net positions with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. MARC does not have any restricted assets as of December 31, 2022.

**Fund Balances** — Governmental funds report fund balances in classifications that are based primarily on the extent to which MARC is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. When an expenditure is incurred for purposes for which amounts in either the committed or unassigned resources may be used, the committed resources are used before unassigned resources. As of December 31, 2022, fund balances for government funds are made up of the following:

- a. **Nonspendable Fund Balance** — includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- b. **Restricted Fund Balance** — amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation. MARC does not have restricted fund balance.
- c. **Committed Fund Balance** — includes amounts that can only be used for the specific purposes determined by the highest level of formal action through an approved resolution of MARC’s highest level of decision-making authority, the MARC Board of Directors. Commitments may be changed or lifted only by the MARC Board taking the same formal action that imposed the constraint originally. In January 2012, the MARC Board approved a resolution to commit a portion of the fund balance for employee accumulated vacation and sick leave benefits. This value is updated as of December 31st for each fiscal year.
- d. **Assigned Fund Balance** — amounts intended to be used for specific purposes. This is determined by the governing body, the budget and finance committee or a delegated MARC official. MARC does not have assigned fund balance.
- e. **Unassigned Fund Balance** — is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

**Use of Estimates** — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.



## (2) Stewardship, Compliance and Accountability

Although the annual budget is reviewed and approved by the Board of Directors, it should not be considered a legally adopted budget. The MARC annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending December 31. MARC's primary funding source is federal, state, and local grants, which have grant periods that may or may not coincide with the fiscal year. These grants commonly are for a 12-month period; however, they can be awarded for periods shorter or longer than 12 months.

Because of MARC's dependency on federal, state and local budgetary decisions, revenue estimates are based on the best available information as to potential sources of funding. The MARC annual budget differs from that of a local government in two respects: (1) the uncertain nature of grant awards from other entities, and (2) conversion of grant budgets to a fiscal year basis.

The resultant annual budget is subject to constant change due to:

- Increases/decreases in actual grant awards from estimated awards.
- Changes in grant periods.
- Unanticipated grant awards not included in the budget.
- Expected grant awards that fail to materialize.

The Board of Directors formally approves the annual budget but greater emphasis is placed on complying with the grant budget, terms and conditions on a grant-by-grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances.

MARC follows these procedures in establishing the budgetary data reflected in the fund financial schedules:

- In November, the Executive Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The budget document also includes a proposed revised budget for the current year. The operating budgets include proposed expenditures and the means of financing them.
- Prior to January 1, the Board of Directors formally approves the budget document.
- The approved annual budget is used as a control device for the General Fund, 911 Equipment Capital Project Fund and the Proprietary Fund. The individual grant period budgets are used as the control device within the Special Revenue Fund.



**(3) Detailed Notes on All Funds****A. Cash and Investments**

The articles of agreement and bylaws of MARC contain no provisions regarding deposits and the types of investments that may be purchased. MARC's Board-approved investment policy allows investments in the following:

1. U.S. Treasury securities.
2. Securities issued by agencies of the U.S. Government.
3. Repurchase agreements.
4. Collateralized public deposits (certificates of deposits).
5. Banker's acceptances.
6. Commercial paper.

MARC maintains various deposit accounts to handle the cash receipts, disbursements and idle cash balance.

The carrying value of deposits and investments are summarized as follows:

|                                   | <b>Governmental<br/>Activities</b> | <b>Fiduciary<br/>Funds</b> | <b>Total</b>         |
|-----------------------------------|------------------------------------|----------------------------|----------------------|
| Deposits                          | \$ 8,196,374                       | \$ 1,068,977               | \$ 9,265,351         |
| Investments                       |                                    |                            |                      |
| Certificates of deposit           | 500,000                            | —                          | 500,000              |
| U.S. government agency securities | 3,689,032                          | 65,296                     | 3,754,328            |
| Total cash and investments        | <u>\$ 12,385,406</u>               | <u>\$ 1,134,273</u>        | <u>\$ 13,519,679</u> |

*Custodial Credit Risk* — Custodial credit risk represents the risk that, in the event of the failure of a depository financial institution, MARC will not be able to recover deposits and investments or will not be able to recover collateral securities that are in the possession of an outside party. MARC's policy is to collateralize bank deposits and repurchase agreements sufficient to provide a level of security such that the market value of collateral should be at least 100 percent of the fair value of deposits and investments.

MARC's policies do not require investments to be collateralized. MARC's investments in U.S. government agency securities are considered to be exposed to custodial credit risk, as they are uninsured, unregistered securities held by the counterparty or its agent, but not in MARC's name.

## MID-AMERICA REGIONAL COUNCIL

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

*Interest Rate Risk* — To manage this risk, MARC's policy requires that investments in bankers acceptances and commercial paper have an original maturity of no more than 180 days, that all other investments mature no more than five years from the date of purchase and that the weighted average maturity of all outstanding investments not exceed three years from the date of purchase.

The following table summarizes the maturities of investments at December 31, 2022:

|                                   | Fair Value<br>December 31,<br>2022 | Investment Maturities<br>(in Years) |              |
|-----------------------------------|------------------------------------|-------------------------------------|--------------|
|                                   |                                    | Less Than 1                         | 1 - 5        |
| U.S. government agency securities | \$ 3,754,328                       | \$ —                                | \$ 3,754,328 |

*Credit Risk and Concentration of Credit Risk* — MARC's investment policy does not restrict investments by rating, but does require diversification by security type and issuer as follows:

| Investment Type                            | Maximum %<br>of Portfolio |
|--|---------------------------|
| U.S. treasury securities                   | 100 %                     |
| Collateralized time and demand deposits    | 100                       |
| U.S. government agency securities          | 100                       |
| Collateralized repurchase agreements       | 50                        |
| Callable U.S. government agency securities | 30                        |
| Commercial paper                           | 10                        |
| Bankers' acceptances                       | 10                        |

MARC's investments in U.S. government agency securities include Freddie Mac (24%) and Federal Home Loan Bank (64%) securities. All of the securities are rated AAA by Standard and Poors and Aaa by Moody's Investor Service.

MARC categorized its fair value measurements applicable for reporting its investments within the fair value hierarchy. 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; and Level 3 inputs are significant unobservable inputs. MARC's U.S. government agency securities are valued using quoted market prices (Level 1 inputs).

**MID-AMERICA REGIONAL COUNCIL****NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****B. Grants Receivable and Unearned Revenue**

Grants receivable and unearned revenue are calculated on a grant-by-grant basis and are summarized by program below:

|   | <b>Accounts<br/>Receivable –<br/>Granting<br/>Agencies</b> | <b>Unearned<br/>Revenue</b> |
|---|--|-----------------------------|
| Support for Exhibit C –<br>Balance Sheet – Governmental Funds |  |                             |
| <b>MARC</b>   |  |                             |
| Special Revenue Fund:   |  |                             |
| Aging   | \$ 1,919,391   | \$ 1,311,958                |
| Emergency services  | 529,908  | 1,461,266                   |
| Community development   | 437,898  | 553,546                     |
| Early learning  | 7,496,062  | 511,005                     |
| Transportation planning                                       | 1,098,149  | 253,233                     |
| Environmental planning  | 98,700   | 291,296                     |
|   |  |                             |
| Total Special Revenue Fund                                    | <u>11,580,108</u>  | <u>4,382,304</u>            |
| <b>MARC CSC</b>   |  |                             |
| Community development   | <u>1,722,018</u>   | <u>2,277,566</u>            |
|   |  |                             |
| Total Governmental Funds                                      | <u>\$ 13,302,126</u>                                       | <u>\$ 6,659,870</u>         |

The special revenue grants of MARC CSC, SWMD, Bi-State and MOHAKCA are passed through to MARC for grant management purposes, which often results in grant receivables and/or unearned revenues recorded in the organizations for the same grants. To avoid duplication of the grant receivable and unearned revenues in the above summary prepared on a grant-by-grant basis, the grant receivables and unearned revenues have been eliminated from the MARC grant receivable and unearned revenue balances and are shown instead in MARC CSC, SWMD, Bi-State and MOHAKCA.

# MID-AMERICA REGIONAL COUNCIL

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### C. Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

|  | Balance<br>January 1,<br>2022<br>Restated | Increases   | Decreases   | Balance<br>December 31,<br>2022 |
|--|---|-------------|-------------|---------------------------------|
| <b>Governmental activities:</b>                              |   |             |             |                                 |
| Capital assets not being depreciated:                        |   |             |             |                                 |
| Construction in progress:                                    |   |             |             |                                 |
| Emergency communication system                               | \$ 817,850                                | \$1,045,790 | (\$ 26,112) | \$ 1,837,528                    |
| Capital assets, depreciable:                                 |   |             |             |                                 |
| Office furniture and equipment                               | 2,387,418                                 | 20,500      | (130,867)   | 2,277,051                       |
| Vehicles   | 88,877                                    | —           | —           | 88,877                          |
| 911 call-taking equipment                                    | 8,856,339                                 | 665,285     | (39,401)    | 9,482,223                       |
| 911 RAMBIS equipment   | 6,111,003                                 | 20,509      | (2,850)     | 6,128,662                       |
| Traffic signal communications equipment                      | 529,564                                   | —           | (315,432)   | 214,132                         |
| Traffic signal program vehicles                              | 82,997                                    | 258,267     | —           | 341,264                         |
| Buildings - Head Start program                               | 2,725,000                                 | —           | —           | 2,725,000                       |
| Leasehold improvements                                       | 999,914                                   | —           | (4,549)     | 995,365                         |
| Capital assets at historical cost                            | 21,781,112                                | 964,561     | (493,099)   | 22,252,574                      |
| Less accumulated depreciation for:                           |   |             |             |                                 |
| Office furniture and equipment                               | 2,183,244                                 | 49,909      | (130,867)   | 2,102,286                       |
| Vehicles   | 78,374                                    | 6,817       | —           | 85,191                          |
| 911 call-taking equipment                                    | 7,355,961                                 | 555,396     | (39,401)    | 7,871,956                       |
| 911 RAMBIS equipment   | 6,039,139                                 | 39,723      | (2,850)     | 6,076,012                       |
| Traffic signal communications equipment                      | 512,284                                   | 10,486      | (315,432)   | 207,338                         |
| Traffic signal program vehicles                              | 45,815                                    | 31,082      | —           | 76,897                          |
| Buildings - Head Start program                               | 1,734,917                                 | 109,000     | —           | 1,843,917                       |
| Leasehold improvements                                       | 999,914                                   | —           | (4,549)     | 995,365                         |
| Total accumulated depreciation                               | 18,949,648                                | 802,413     | (493,099)   | 19,258,962                      |
| Capital assets, depreciable, net                             | 2,831,464                                 | 162,148     | —           | 2,993,612                       |
| Right to use assets - leases                                 |   |             |             |                                 |
| Building and improvements                                    | 4,491,035                                 | —           | —           | 4,491,035                       |
| Less: accumulated amortization                               | —   | 979,862     | —           | 979,862                         |
| Total right to use assets - leases, net                      | 4,491,035                                 | (979,862)   | —           | 3,511,173                       |
| Governmental activities capital and right to use assets, net | \$8,140,349                               | \$ 228,076  | (\$ 26,112) | \$ 8,342,313                    |

## MID-AMERICA REGIONAL COUNCIL

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Depreciation and amortization expense was charged to MARC's functions/programs as follows:

#### **Governmental Activities**

|                         |                  |
|-------------------------|------------------|
| Aging                   | \$ 20,952        |
| Emergency services      | 595,119          |
| Community development   | 7,333            |
| Early learning          | 130,349          |
| Transportation planning | 22,867           |
| MARC local              | <u>1,005,655</u> |

|   |                     |
|---|---------------------|
| Total depreciation expense -<br>governmental activities | <u>\$ 1,782,275</u> |
|---|---------------------|

#### **D. Interfund Receivables, Payable and Transfers**

The composition of interfund balances as of December 31, 2022, is as follows:

|                           | <b>Due From<br/>Other Funds</b> | <b>Due to<br/>Other Funds</b> |
|---------------------------|---------------------------------|-------------------------------|
| Major governmental funds: |                                 |                               |
| General fund              | \$ —                            | \$ 1,063,182                  |
| Special revenue fund      | —                               | 7,209,410                     |
| Capital projects fund     | 6,503,053                       | —                             |
| MARC CSC                  | 540,563                         | —                             |
| Proprietary fund          | <u>1,228,976</u>                | <u>—</u>                      |
|                           | <u>\$ 8,272,592</u>             | <u>\$ 8,272,592</u>           |

The cash receipts and disbursements for all of the funds shown above, except MARC CSC, are processed through the General Fund. MARC uses the "due to other funds" and "due from other funds" accounts to properly record the amounts transferred among the funds.

Some of the grants that MARC receives for its programs require matching funds. Often, the grants are matched by donated services or funds from area governments and organizations involved in the programs. In addition, MARC often matches grants by using the local appropriation funds recorded in the General Fund. MARC also transfers funds to the Proprietary Funds to support those activities. As match funds are needed, transfers are made to move the funds from the General Fund to the Special Revenue and Proprietary Funds. These transfers will not be repaid.

## MID-AMERICA REGIONAL COUNCIL

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

|                      | <u>Transfers</u> |
|----------------------|------------------|
| Special Revenue Fund | \$ 701,351       |
| General Fund         | (720,851)        |
| Proprietary Fund     | <u>19,500</u>    |
| Net transfers        | <u>\$ —</u>      |

#### E. Child Care Scholarship Fund

The Child Care Scholarship Fund was established in 1991 with initial contributions of \$10,000. The fund balance has grown to \$38,957 as of December 31, 2022. This fund is used to account for contributions and investment income revenue and the scholarships and grant awards. Many of the contributions are reserved, such that only the investment income may be used for scholarship awards. Other contributions are designated specifically for an annual awards program. The Metropolitan Council on Early Learning, a MARC committee, determines each year the amount and recipients of the scholarships and grant awards. During fiscal year 2022, the net appreciation in fair value of investments was \$203, which is available for expenditure. The council awarded \$9,722 in scholarships or grants in 2012. No scholarships were awarded from 2013 to 2022. The fund is reported as a private-purpose trust and is not included in the government-wide financial statements but is included on the *Statement of Fiduciary Net Position* and the *Statement of Changes in Fiduciary Net Position*.

#### F. Leases

MARC has entered into a lease arrangement for a building. The lease contract expires in 2026. The right to use assets are intangible assets and are recorded as a right to use asset on the Statement of Net Position. The beginning balances in Note 3(C) were restated for the governmental activities for the right to use asset amounts for buildings in the amount of \$4,491,035. During 2022, MARC paid \$1,019,248 in lease payments. The following represents the future minimum lease payments for governmental activities required under the lease arrangements as of December 31:

| <u>Fiscal Year</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|--------------------|---------------------|-------------------|---------------------|
| 2023               | \$ 963,012          | \$ 75,285         | \$ 1,038,297        |
| 2024               | 986,339             | 51,958            | 1,038,297           |
| 2025               | 1,010,562           | 27,735            | 1,038,297           |
| 2026               | <u>600,848</u>      | <u>4,826</u>      | <u>605,674</u>      |
|                    | <u>\$ 3,560,761</u> | <u>\$ 159,804</u> | <u>\$ 3,720,565</u> |

## MID-AMERICA REGIONAL COUNCIL

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

MARC also rents certain equipment on a month-to-month basis. Automobile and equipment rental expenses of \$892,385 for 2022 were charged to the General Fund, Special Revenue Fund and Proprietary Fund.

#### G. 911 Equipment Fund

MARC collects funds from the nine counties participating in the regional 911 system to build resources to replace 911 call-taking equipment and implement the Next Generation 911 system technology. All 42 public safety answering points have been connected to one of three host sites. All three host sites have transitioned to updated equipment and been placed in service and all answering points have been upgraded to the new technology and equipment. In 2020, MARC began our new four-year upgrade schedule in which all answer points are upgraded every four years.

In 2022, \$6,604,486 has accumulated in the Capital Projects Fund; this amount is included in unearned revenue on the Balance Sheet — Governmental Funds (Exhibit C).

|                      | Balance<br>January 1,<br>2022 | Additions    | Purchases | Balance<br>December 31,<br>2022 |
|----------------------|-------------------------------|--------------|-----------|---------------------------------|
| Capital Project Fund | \$ 4,230,906                  | \$ 2,389,862 | \$ 16,282 | \$ 6,604,486                    |

As work begins on each answer point, the costs are accumulated in capital assets — construction in progress until the answer point is completed. As of December 31, 2022, the upgrade to Next Generation 911 system technology is completed at all 42 answering points. The construction in progress amount of \$1,837,528 as of December 31, 2022, is for work on selective router upgrades and links between answer points, towers, and host sites, which are scheduled to be completed in 2023 and beyond. This amount is included in Capital Assets in the Note 3(C) to Basic Financial Statements.

#### H. Accrued Vacation and Sick Leave

Accrued employee vacation and sick leave benefits are included on the *Statement of Net Position* and are typically liquidated in the General Fund. The following is a summary of changes in accrued employee vacation and sick leave benefits:

|            | Balance<br>January 1,<br>2022 | Additions         | Reductions        | Balance<br>December 31,<br>2022 | Due<br>Within<br>One Year | Due within<br>more than<br>one year |
|------------|-------------------------------|-------------------|-------------------|---------------------------------|---------------------------|-------------------------------------|
| Vacation   | \$ 676,814                    | \$ 827,534        | \$ 773,962        | \$ 730,386                      | \$ 730,386                | \$ —                                |
| Sick leave | 455,406                       | 145,080           | 99,304            | 501,182                         | 109,286                   | 391,896                             |
|            | <u>\$ 1,132,220</u>           | <u>\$ 972,614</u> | <u>\$ 873,266</u> | <u>\$ 1,231,568</u>             | <u>\$ 839,672</u>         | <u>\$ 391,896</u>                   |

**(4) Other Information****A. Risk Management**

MARC is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

MARC is a member of Midwest Public Risk of Missouri (MPR), a nonprofit corporation consisting of local governments and political subdivisions. MPR was formed as a public entity risk retention pool, operating as a common risk management and insurance program to cover health and dental, workers compensation, and property and casualty claims for its members. Midwest Public Risk of Missouri (MPR) and Midwest Public Risk of Kansas (MPR of Kansas) signed risk-sharing agreements and contracted with Midwest Public Risk (MPR — Administrative) to provide administrative services to both pools.

MPR was established as an assessable pool and accounting records are maintained for each line of coverage on a policy year (July to June) basis. MARC pays annual premiums to MPR for all coverages. The agreement with MPR provides that MPR will be self-sustaining through member premiums. MPR has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Likewise, MPR has the authority to declare refunds to members for the excess of revenues over expenses relating to any single plan year. MPR has distributed multiple refunds of contributions for the property, liability and workers compensation programs in fiscal years 2007 through 2022.

MARC has the following types of insurance coverage and deductibles through MPR for the period July 1, 2022 through June 30, 2023:

| <b>Coverage</b>            | <b>Deductible</b> |
|----------------------------|-------------------|
| General liability          | \$ 5,000          |
| Public officials liability | 5,000             |
| Crime and fidelity         | 5,000             |
| Workers compensation       | Not applicable    |
| Auto physical damage       | 500               |
| Property                   | 2,500             |

**B. Contingent Liabilities**

Use of federal, state, and local grant funds is subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grant. To the extent such disallowances involve expenditures under the subcontracted arrangements. MARC generally has the right of



recovery from such third parties. Based on prior experience, management believes MARC will not incur significant losses on possible grant disallowances.

### C. Employee Retirement Plans

**Defined Contribution Retirement Plan** — MARC provides retirement benefits for all regular employees (excluding interns and seasonal employees) through a defined contribution retirement plan (Mid-America Regional Council Retirement Plan). MARC is the sole participating employer of this plan, which currently includes 142 active and 22 inactive participants. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Qualified employees are eligible to participate after six months of continuous service. This retirement plan was authorized by the MARC Board of Directors in March 1982 and is amended from time to time by the board's Budget and Personnel Committee. MARC is the plan administrator but contracts with the Principal Financial Group for investment management and record-keeping services. Since MARC is not holding assets or resources for the plan, the plan is not included as a pension trust fund in the basic financial statements.

MARC contributes 7.25 percent of monthly employee earnings to the retirement plan. Employees are vested at 20, 40, 60, 80 and 100 percent after two, three, four, five, and six years of continuous service, respectively. MARC's contributions for, and interest forfeited by, employees who cease employment before becoming fully vested are used to reduce MARC's current period contribution. Employees may make voluntary contributions to the plan and these contributions are fully vested immediately.

MARC's total payroll in fiscal year 2022 was \$12,363,494. Base salaries totaling \$10,909,682 were used to calculate the required employer contribution of \$790,952, representing 7.25 percent of such salaries. This employer contribution was reduced by forfeitures of \$80,234 and the net was paid in 2022. Total retirement expense was \$710,718 in 2022. Employees voluntarily contributed an additional \$22,104 to the plan.

The retirement plan provides a menu of 35 investment options. The funds are invested according to directions made by the participants for both the employer and the employee contributions.

**401k Savings Plan** — MARC offers its employees a savings plan (Mid-America Regional Council Savings Plan) created in accordance with Internal Revenue Code Section 401(k). The plan, available to all qualified MARC employees, permits them to defer a portion of their salary until future years. In 2008, the plan was modified to also allow qualified MARC employees to contribute to a Roth 401(k) account instead of, or in addition, to the regular 401(k) account in accordance with applicable IRS rules and regulations. MARC is the plan administrator but contracts with the Principal Financial Group for investment management

## MID-AMERICA REGIONAL COUNCIL

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

and record-keeping services. Since MARC is not holding assets or resources for the plan, the plan is not included as a pension trust fund in the basic financial statements.

Participation in the plan is voluntary. Withdrawal from the savings plan is not allowed until age 59½, termination, retirement, death or unforeseeable emergency. MARC provides an employer matching contribution equal to 50 percent of the employee (401(k) and/or Roth 401(k)), contribution up to a maximum of 2 percent of participant's compensation. Matching contributions by the employer are 100 percent vested immediately to the employee. The amounts of employer and employee contributions made in 2022 were \$236,794 and \$905,941, respectively. The savings plan provides a menu of 36 investment options. The funds are invested according to directions made by the participants for both the employer and the employee contributions.

#### D. Third-party Contractual Services and Contributed Services

A significant portion of the grant funds received by MARC is passed through to third-party subcontractors via contractual agreements between MARC and the subcontractors. The costs incurred by the subcontractors are accumulated through submitted claims for reimbursements and are recorded as contractual services expenditures.

Many of the subcontractors provide donated goods and services as match for various grants. These donated goods and services are called contributed services and are reflected as revenue and expenditures in accordance with the guidance of the individual grants. The amounts of such services are recorded in the accompanying basic financial statements at their estimated fair value at date of receipt.

The subcontractors' contractual and contributed services for the year ended December 31, 2022, are:

|                         | <b>Contractual<br/>Services</b> | <b>Contributed<br/>Services</b> |
|-------------------------|---------------------------------|---------------------------------|
| Aging                   | \$ 3,396,661                    | \$ 2,411,731                    |
| Emergency services      | —                               | (27,770)                        |
| Community development   | 3,069,567                       | 366,378                         |
| Early learning          | 26,557,131                      | 3,422,478                       |
| Transportation planning | 1,047,857                       | 894,388                         |
| Environmental planning  | 1,526,688                       | 75,881                          |
|                         | <u>\$ 35,597,904</u>            | <u>\$ 7,143,086</u>             |

## E. Postemployment Health Care Plan

### Plan Description

MARC provides retiree health care benefits through Midwest Public Risk (MPR), which is a risk pool comprised of about 86 entity members. MPR functions as an agent multiple-employer plan. The pool arrangement that MPR maintains to collect premiums and pay claims/administrative costs does not qualify as an "OPEB Plan". No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. Though retiree benefits are not directly paid by MARC, they are implicitly paid over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group. The OPEB Plan does not issue a publicly available stand-alone financial report.

### Benefits Provided

Employees who have attained age 60 and retire from active employment with 10 consecutive years of service are eligible for retiree benefits. Retirees (and their dependents) may elect to continue coverage in the medical and dental plans offered through MPR. Upon payment of required contributions, retirees may continue coverage until becoming eligible for Medicare, which is currently age 65. Spousal coverage may continue for up to three years upon retiree death or retiree attainment of age 65. In any event, spousal coverage is not available beyond spouse age 65.

### Employees Covered by Benefit Terms

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

|   | <u>2022</u> |
|---|-------------|
| <b>Membership Data</b>                    |             |
| <b>Active Employees (Health and Life)</b> | 145         |
| <b>Retiree Health Benefits Plan:</b>      |             |
| Retired Members                           | —           |
| Spouses of Retired Members                | —           |
| <b>Total</b>                              | <u>145</u>  |
| <b>Retiree Life Insurance Plan:</b>       |             |
| Retired Members                           | —           |
| <b>Total</b>                              | <u>145</u>  |

**Total OPEB Liability and Changes in OPEB Liability**

MARC's total OPEB liability was based on an actuarial valuation dated July 1, 2021 that was rolled forward using standard actuarial techniques to a measurement date of June 30, 2022. Changes in the OPEB liability are as follows:

|  | <u>2022</u>       |
|--|-------------------|
| Net OPEB liability - beginning of year             | \$ 209,040        |
| Service costs                                      | 19,821            |
| Interest   | 4,577             |
| Changes in benefit terms                           | —                 |
| Differences between actual and expected experience | (15,237)          |
| Changes in assumptions and inputs                  | (8,361)           |
| Employer contributions (benefit payments)          | <u>—</u>          |
| Net OPEB liability - end of year                   | <u>\$ 209,840</u> |

The retirement, disability and turnover assumptions were updated when applicable based on the latest LAGERS pension valuation.

The mortality assumption was changed from Society of Actuaries Scale MP-2020 Full Generational Improvement to the Society of Actuaries Scale MP-2021 Full Generational Improvement.

The average of the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year published yields was evaluated to determine the discount rate. The selected rates are 2.0% (beginning-of-year measurement) and 3.9% (end-of-year measurement).

Actuarial valuations reflect a long-term perspective and involve estimates of the value reported amounts and assumptions about the probability of events far into the future. Actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities. These calculations are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The actuarial calculations have been based on the substantive plan in place at the time of valuation and on the pattern of cost sharing between the employers and members to that point.

**Actuarial Assumptions and Other Inputs:**

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| <b>Actuarial Assumptions</b> |  |
|------------------------------|--|
| Actuarial cost method        | Entry Age Normal   |
| Valuation date               | July 1, 2021   |
| Measurement date             | June 30, 2022  |
| Salary scale                 | 4.00%  |
| UAAL amortization method     | Level percent of pay   |
| Discount rate                | 3.9% (End of Year)<br>2.0% (Beginning of Year)   |
| Mortality                    | Society of Actuaries Pub-2010 Public<br>Retirement Plans Headcount - Weighted<br>General Mortality tables using Scale MP-2021<br>Full Generational Improvement |
| Health care cost trend rate  | 7.50%  |
| Ultimate trend rate          | 4.50%  |
| Year of Ultimate trend rate  | 2034   |

To the extent Plan assets are projected to be sufficient to make projected benefit payments, the discount rate will equal the expected return on such assets. To the extent the Plan is not projected to be sufficient to make future benefit payments, the yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher should be factored in. Plan assets do not apply to MARC's program. In order to determine the municipal bond rate, we took the average of the published yields from the S&P Municipal Bond 20-year High Grade and the Fidelity GO AA-20 Years indexes. The selected average rates are 2.0% and 3.9%, as of the beginning and end of year measurement dates, respectively. These were used as the discount rates to determine present value costs.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:**

The following presents the total OPEB liability of MARC, as well as what MARC's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

|                      | <b>Current Single Discount</b> |                                       |                               |
|----------------------|--------------------------------|---------------------------------------|-------------------------------|
|                      | <b>1% Decrease<br/>(2.9%)</b>  | <b>Rate<br/>Assumption<br/>(3.9%)</b> | <b>1% Increase<br/>(4.9%)</b> |
| Total OPEB Liability | \$ 225,921                     | \$ 209,840                            | \$ 194,834                    |

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:**

The following presents the total OPEB liability of MARC, as well as what MARC's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

|                      | <b>1% Decrease</b> | <b>Current<br/>Trend</b> | <b>1% Increase</b> |
|----------------------|--------------------|--------------------------|--------------------|
| Total OPEB Liability | \$ 187,289         | \$ 209,840               | \$ 235,969         |

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended December 31, 2022, MARC recognized OPEB expense of \$17,310. At December 31, 2022, MARC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | 2022                                 |                                     |
|---|--------------------------------------|-------------------------------------|
|   | Deferred<br>Outflows Of<br>Resources | Deferred<br>Inflows Of<br>Resources |
| Differences between expected<br>and actual experience | \$ 119,530                           | \$ 159,109                          |
| Changes of assumptions                                | 1,172                                | 25,153                              |
| Contributions subsequent to the<br>measurement date   | —                                    | —                                   |
| Total   | \$ 120,702                           | \$ 184,262                          |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending December 31, | Net Deferred<br>Inflows Of<br>Resources |
|--------------------------|---|
| 2023                     | \$ (7,088)                              |
| 2024                     | (7,088)                                 |
| 2025                     | (7,088)                                 |
| 2026                     | (7,088)                                 |
| 2027                     | (7,088)                                 |
| 2028 & Thereafter        | (28,120)                                |
| Total                    | \$ (63,560)                             |

## MID-AMERICA REGIONAL COUNCIL

### REQUIRED SUPPLEMENTARY INFORMATION

#### Schedule of Changes in Total OPEB Liability and Related Ratios

| <b>Total OPEB Liability</b>                             | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> | <b>December 31,<br/>2018</b> |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Service cost  | \$ 19,821                    | \$ 16,818                    | \$ 17,872                    | \$ 18,601                    | \$ 22,109                    |
| Interest  | 4,577                        | 4,838                        | 8,356                        | 8,181                        | 9,635                        |
| Changes in benefit terms                                | —                            | —                            | —                            | (53,841)                     | (41,713)                     |
| Differences between expected and actual experience      | (15,237)                     | 21,485                       | 82,033                       | 64,221                       | (20,111)                     |
| Changes in assumptions or other inputs                  | (8,361)                      | (3,341)                      | (199,680)                    | (3,310)                      | 2,107                        |
| Benefit payments  | —                            | —                            | —                            | (5,000)                      | (3,000)                      |
| Net change in total OPEB liability                      | 800                          | 39,800                       | (91,419)                     | 28,852                       | (30,973)                     |
| Total OPEB liability - beginning                        | 209,040                      | 169,240                      | 260,659                      | 231,807                      | 262,780                      |
| Total OPEB liability - ending                           | <u>\$ 209,840</u>            | <u>\$ 209,040</u>            | <u>\$ 169,240</u>            | <u>\$ 260,659</u>            | <u>\$ 231,807</u>            |
| Covered payroll   | \$ 11,697,431                | \$ 9,559,936                 | \$ 9,559,936                 | \$ 8,280,355                 | \$ 8,280,355                 |
| Total OPEB liability as a percentage of covered payroll | 1.8%                         | 2.2%                         | 1.8%                         | 3.1%                         | 2.8%                         |

Note: The above schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

The retirement, disability and turnover assumptions were updated when applicable based on the latest LAGERS pension valuation.

The assumed mortality was updated to reflect the Society of Actuaries Pub-2010 Public Retirement Plans Headcount – Weighted General Mortality Tables using Scale MP-2021 Full Generational Improvement.

The average of the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year published yields was evaluated to determine the discount rate. The selected rates are 2.0% (beginning-of-year measurement) and 3.9% (end-of-year measurement).



# MID-AMERICA REGIONAL COUNCIL

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - FINAL BUDGET TO ACTUAL GENERAL FUND

For The Year Ended December 31, 2022

|  | Schedule 1          |                     |
|--|---------------------|---------------------|
|  | Final<br>Budget     | Actual              |
| <b>Revenues:</b>                         |                     |                     |
| Local government appropriations          | \$ 601,810          | \$ 650,892          |
| Net investment income                    | 80,000              | 72,706              |
| Transportation project fees              | —                   | 15,000              |
| Emergency Services Contributions         | 442,340             | 399,825             |
| Program Income                           | —                   | —                   |
| Fees for services/events                 | 27,350              | 27,345              |
| Settlement of vacation and sick leave    | 100,000             | 99,347              |
| Other income                             | —                   | 3,230               |
| Fringe benefit/indirect costs allocation | (329,479)           | 122,727             |
| Total revenues                           | <u>922,021</u>      | <u>1,391,072</u>    |
| <b>Expenditures:</b>                     |                     |                     |
| MARC local activity:                     |                     |                     |
| Automobile                               | 6,032               | 5,465               |
| Contractual services – consultants, etc. | 39,900              | 190,668             |
| Fringe benefits allocated                | 59,373              | 58,694              |
| Indirect costs allocated                 | 90,331              | 83,295              |
| Meetings/travel                          | 131,100             | 102,731             |
| Memberships/periodicals                  | 28,220              | 25,451              |
| Other                                    | 6,600               | 12,579              |
| Postage                                  | 1,800               | —                   |
| Printing/reproduction                    | 1,700               | 727                 |
| Rent/utilities/maintenance               | 5,135               | 6,444               |
| Salaries                                 | 121,417             | 120,029             |
| Supplies                                 | 1,850               | 14,027              |
| Training                                 | 8,500               | 15,873              |
| Capital outlay                           | 225,000             | 20,499              |
| Total expenditures                       | <u>726,958</u>      | <u>656,482</u>      |
| Other financing uses – transfers out     | (874,881)           | (720,851)           |
| Change in fund balance                   | (679,818)           | 13,739              |
| Fund balance, beginning of year          | <u>4,962,647</u>    | <u>4,962,647</u>    |
| Fund balance, end of year                | <u>\$ 4,282,829</u> | <u>\$ 4,976,386</u> |

# MID-AMERICA REGIONAL COUNCIL

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - FINAL BUDGET TO ACTUAL SPECIAL REVENUE FUND For The Year Ended December 31, 2022

### Schedule 2

|   | <u>Final<br/>Budget</u> | <u>Actual</u>     |
|---|-------------------------|-------------------|
| <b>Revenues:</b>                                  |                         |                   |
| Grants  | \$ 61,952,997           | \$ 53,517,801     |
| Contributed services                              | 2,466,522               | 8,315,320         |
| Investment income                                 | 44,995                  | 19,631            |
| Program income                                    | —                       | 187,981           |
| Fees for services/events                          | 589,082                 | 153,733           |
| Other income                                      | —                       | 128,252           |
| Total revenues                                    | <u>65,053,596</u>       | <u>62,322,718</u> |
| <b>Expenditures:</b>                              |                         |                   |
| Current programs:                                 |                         |                   |
| Aging   | 9,711,347               | 12,115,598        |
| Emergency services and public safety              | 5,786,219               | 5,369,046         |
| Community development                             | 7,622,419               | 1,488,152         |
| Early learning and Head Start                     | 31,497,651              | 36,245,060        |
| Transportation planning                           | 8,574,957               | 6,929,808         |
| Environmental planning                            | 2,716,384               | 457,254           |
| Total expenditures                                | <u>65,908,977</u>       | <u>62,604,918</u> |
| Deficiency of revenues over<br>under expenditures | <u>(855,381)</u>        | <u>(282,200)</u>  |
| <b>Other financing sources:</b>                   |                         |                   |
| Transfers in                                      | <u>855,381</u>          | <u>701,351</u>    |
| Change in fund balance                            | —                       | 419,151           |
| Fund balance, beginning of year                   | —                       | —                 |
| Fund balance, end of year                         | <u>\$ —</u>             | <u>\$ 419,151</u> |

# MID-AMERICA REGIONAL COUNCIL

## SCHEDULE OF REVENUES AND EXPENDITURES - FINAL BUDGET TO ACTUAL PROPRIETARY FUND (NONMAJOR) For The Year Ended December 31, 2022

|                                       | <b>Schedule 3</b>              |                           |
|---------------------------------------|--------------------------------|---------------------------|
|                                       | <u><b>Final<br/>Budget</b></u> | <u><b>Actual</b></u>      |
| <b>Operating Revenues:</b>            |                                |                           |
| Fees for services                     | \$ 1,798,837                   | \$ 2,448,432              |
| Other local funds                     | 62,424                         | 194,673                   |
| Local dues and fees                   | 507,307                        | 253,379                   |
| Private funds                         | <u>—</u>                       | <u>97,133</u>             |
| Total operating revenues              | <u>2,368,568</u>               | <u>2,993,617</u>          |
| <b>Operating Expenditures:</b>        |                                |                           |
| Contractual services                  | 908,770                        | 1,220,207                 |
| Depreciation                          | —                              | —                         |
| Fees for handling pass-through grants | —                              | —                         |
| Fringe benefits allocated             | 269,391                        | 285,932                   |
| Indirect costs allocated              | 264,093                        | 279,040                   |
| Meals for the elderly                 | —                              | 13,541                    |
| Meetings/travel                       | 41,444                         | 32,575                    |
| Memberships/periodicals               | 2,115                          | 1,805                     |
| Other                                 | 8,450                          | 70,575                    |
| Postage                               | 655                            | 157                       |
| Printing/reproduction                 | 625                            | 642                       |
| Rent/utilities/maintenance            | 36,333                         | 32,755                    |
| Salaries                              | 558,488                        | 586,068                   |
| Supplies                              | 37,859                         | 36,186                    |
| Training                              | <u>4,000</u>                   | <u>5,826</u>              |
| Total operating expenditures          | <u>2,132,223</u>               | <u>2,565,309</u>          |
| Revenue over (under) expenditures     | 236,345                        | 428,308                   |
| <b>Transfers In</b>                   | <u>19,500</u>                  | <u>19,500</u>             |
| Change in net position                | 255,845                        | 447,808                   |
| Net position at beginning of year     | 1,634,472                      | 1,634,472                 |
| Net position at end of year           | <u><u>\$1,890,317</u></u>      | <u><u>\$2,082,280</u></u> |

# MID-AMERICA REGIONAL COUNCIL

## STATEMENT OF CUSTODIAL NET POSITION CUSTODIAL FUNDS December 31, 2022

Schedule 4

|   | Solid Waste<br>Management<br>District | MOHAKCA          | Bi-State<br>Commission | AIM 4<br>Peace   | KC Health<br>Collaborative | Climate<br>Action KC | Total<br>Custodial<br>Funds |
|---|---------------------------------------|------------------|------------------------|------------------|----------------------------|----------------------|-----------------------------|
| <b>Assets</b>                                       |                                       |                  |                        |                  |                            |                      |                             |
| Cash  | \$ 812,029                            | \$ 14,166        | \$ 23,613              | \$ 46,267        | \$ —                       | \$ 172,902           | \$ 1,068,977                |
| Investments - government securities                 | —                                     | —                | 26,339                 | —                | —                          | —                    | 26,339                      |
| Accounts receivable:                                |                                       |                  |                        |                  |                            |                      |                             |
| Other   | —                                     | —                | —                      | —                | —                          | —                    | —                           |
| Total assets  | <u>\$ 812,029</u>                     | <u>\$ 14,166</u> | <u>\$ 49,952</u>       | <u>\$ 46,267</u> | <u>\$ —</u>                | <u>\$ 172,902</u>    | <u>\$ 1,095,316</u>         |
| <b>Net Position</b>                                 |                                       |                  |                        |                  |                            |                      |                             |
| Restricted for:                                     |                                       |                  |                        |                  |                            |                      |                             |
| Individuals, organizations<br>and other governments | <u>\$ 812,029</u>                     | <u>\$ 14,166</u> | <u>\$ 49,952</u>       | <u>\$ 46,267</u> | <u>\$ —</u>                | <u>\$ 172,902</u>    | <u>\$ 1,095,316</u>         |

# MID-AMERICA REGIONAL COUNCIL

## STATEMENT OF CHANGES IN CUSTODIAL NET POSITION CUSTODIAL FUNDS For The Year Ended December 31, 2022

Schedule 5

|   | Solid Waste<br>Management<br>District | MOHAKCA   | Bi-State<br>Commission | AIM 4<br>Peace | KC Health<br>Collaborative | Climate<br>Action KC | Total<br>Custodial<br>Funds |
|---|---------------------------------------|-----------|------------------------|----------------|----------------------------|----------------------|-----------------------------|
| <b>Additions:</b>                             |                                       |           |                        |                |                            |                      |                             |
| Contributions:                                |                                       |           |                        |                |                            |                      |                             |
| Grants  | \$ 1,652,294                          | \$ —      | \$ —                   | \$ 50,500      | \$ 125,000                 | \$ 283,597           | \$ 2,111,391                |
| Fees for services/events                      | —                                     | —         | —                      | —              | —                          | 24,009               | 24,009                      |
| Investment income:                            |                                       |           |                        |                |                            |                      |                             |
| Net appreciation in fair value of investments | —                                     | —         | 292                    | —              | —                          | —                    | 292                         |
| Total additions                               | 1,652,294                             | —         | 292                    | 50,500         | 125,000                    | 307,606              | 2,135,692                   |
| <b>Deductions:</b>                            |                                       |           |                        |                |                            |                      |                             |
| Administrative services                       | 432,388                               | —         | —                      | —              | 644,417                    | 173,476              | 1,250,281                   |
| Audit   | —                                     | —         | —                      | —              | —                          | 1,500                | 1,500                       |
| Contractual services                          | 1,323,652                             | —         | —                      | 42,090         | 141,369                    | 190,340              | 1,697,451                   |
| Fees for handling pass-through grants         | —                                     | —         | —                      | 500            | 4,300                      | —                    | 4,800                       |
| Insurance                                     | —                                     | —         | —                      | —              | 3,228                      | —                    | 3,228                       |
| Legal fees                                    | —                                     | —         | —                      | —              | —                          | —                    | —                           |
| Meetings/travel                               | 5,131                                 | 828       | —                      | —              | 20,099                     | 7,222                | 33,280                      |
| Memberships/periodicals                       | 709                                   | 500       | —                      | —              | 6,500                      | 207                  | 7,916                       |
| Other   | 34,436                                | —         | —                      | —              | 122                        | 1,662                | 36,220                      |
| Supplies                                      | 6,841                                 | —         | —                      | —              | 712                        | 2,559                | 10,112                      |
| Total deductions                              | 1,803,157                             | 1,328     | —                      | 42,590         | 820,747                    | 376,966              | 3,044,788                   |
| Change in net position                        | (150,863)                             | (1,328)   | 292                    | 7,910          | (695,747)                  | (69,360)             | (909,096)                   |
| Net position, beginning of year               | 962,892                               | 15,494    | 49,660                 | 38,357         | 695,747                    | 242,262              | 2,004,412                   |
| Net position, end of year                     | \$ 812,029                            | \$ 14,166 | \$ 49,952              | \$ 46,267      | \$ —                       | \$ 172,902           | \$ 1,095,316                |