

VILLAGE OF MARSHALL

Marshall, Wisconsin

FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2011

VILLAGE OF MARSHALL

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Marshall
Marshall, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Marshall, Wisconsin, as of and for the year ended December 31, 2011, which collectively comprise the village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Marshall's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Marshall, Wisconsin at December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I. B., the village adopted the provisions of GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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, economical, 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.

To the Village Board
Village of Marshall

The Village of Marshall, Wisconsin, has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Marshall's basic financial statements. The combining fund financial statements, detailed budgetary comparison schedules, and statement of component unit cash flows as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
March 12, 2012

VILLAGE OF MARSHALL

STATEMENT OF NET ASSETS As of December 31, 2011

	Governmental Activities	Business-type Activities	Totals	Component Unit
ASSETS				
Cash and investments	\$ 2,807,733	\$ 687,050	\$ 3,494,783	\$ 41,069
Receivables (net)				
Taxes receivable	2,069,518	-	2,069,518	-
Delinquent personal property taxes	94	-	94	-
Accounts	19,519	130,789	150,308	-
Loans	50,000	-	50,000	151,582
Accrued interest	5,595	3,098	8,693	-
Delinquent special assessments	7,421	-	7,421	-
Special assessments	31,689	-	31,689	-
Due from other governments	27,593	-	27,593	-
Internal balances	(34,720)	34,720	-	-
Advances	(865,644)	865,644	-	-
Prepaid items	42,697	-	42,697	-
Restricted assets				
Cash and investments	-	1,725,915	1,725,915	-
Preliminary survey and investigation	-	4,687	4,687	-
Unamortized debt issuance	63,458	25,632	89,090	-
Property held for future use	-	290,488	290,488	-
Capital assets				
Land	1,363,379	251,866	1,615,245	-
Stormwater detention pond	16,867	-	16,867	-
Construction in progress	29,300	928,592	957,892	-
Other capital assets, net of depreciation	<u>8,525,462</u>	<u>10,991,443</u>	<u>19,516,905</u>	-
Total Assets	<u>14,159,961</u>	<u>15,939,924</u>	<u>30,099,885</u>	<u>192,651</u>
LIABILITIES				
Accounts payable	88,036	30,917	118,953	-
Accrued liabilities and deposits	92,344	29,450	121,794	-
Unearned revenue	2,020,448	-	2,020,448	-
Noncurrent liabilities				
Due within one year	469,956	588,464	1,058,420	-
Due in more than one year	<u>4,246,817</u>	<u>4,098,761</u>	<u>8,345,578</u>	-
Total Liabilities	<u>6,917,601</u>	<u>4,747,592</u>	<u>11,665,193</u>	-
NET ASSETS				
Invested in capital assets, net of related debt	7,535,077	9,078,583	15,936,902	-
Restricted for				
Replacement of capital assets	-	569,285	569,285	-
Debt service	-	439,633	439,633	-
Library	262,407	-	262,407	-
TID Activities	399,760	-	399,760	-
Unrestricted (deficit)	<u>(954,884)</u>	<u>1,104,831</u>	<u>826,705</u>	<u>192,651</u>
TOTAL NET ASSETS	<u>\$ 7,242,360</u>	<u>\$ 11,192,332</u>	<u>\$ 18,434,692</u>	<u>\$ 192,651</u>

See accompanying notes to financial statements.

VILLAGE OF MARSHALL

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2011

Functions/Programs	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government				
Governmental Activities				
General government	\$ 386,779	\$ 18,631	\$ -	\$ -
Public safety	1,096,782	47,556	17,728	30,555
Public works	692,347	202,629	188,897	-
Health and human services	10,000	-	-	-
Culture, recreation and education	443,477	72,387	37,985	-
Conservation and development	80,205	-	13,470	-
Interest and fiscal charges	<u>242,401</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>2,951,991</u>	<u>341,203</u>	<u>258,080</u>	<u>30,555</u>
Business-type Activities				
Water	364,064	468,097	-	-
Sewer	<u>777,392</u>	<u>670,460</u>	<u>-</u>	<u>56,647</u>
Total Business-type Activities	<u>1,141,456</u>	<u>1,138,557</u>	<u>-</u>	<u>56,647</u>
Total Primary Government	<u>\$ 4,093,447</u>	<u>\$ 1,479,760</u>	<u>\$ 258,080</u>	<u>\$ 87,202</u>
Component Unit				
CDA	<u>\$ 20,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

 Taxes

 Property taxes, levied for general purposes

 Property taxes, levied for debt service

 Property taxes, levied for TIF districts

 Property taxes, levied for other purposes

 Other taxes

 Intergovernmental

 Intergovernmental revenues not restricted to specific programs

 Public gifts and grants

 Investment income

 Miscellaneous

 Total General Revenues

Transfers

Change in net assets

NET ASSETS - Beginning of Year

NET ASSETS - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Unit
\$ (368,148)	\$ -	\$ (368,148)	\$ -
(1,000,943)	-	(1,000,943)	-
(300,821)	-	(300,821)	-
(10,000)	-	(10,000)	-
(333,105)	-	(333,105)	-
(66,735)	-	(66,735)	-
<u>(242,401)</u>	<u>-</u>	<u>(242,401)</u>	<u>-</u>
<u>(2,322,153)</u>	<u>-</u>	<u>(2,322,153)</u>	<u>-</u>
-	104,033	104,033	-
-	<u>(50,285)</u>	<u>(50,285)</u>	-
-	<u>53,748</u>	<u>53,748</u>	-
<u>(2,322,153)</u>	<u>53,748</u>	<u>(2,268,405)</u>	-
-	-	-	(20,801)
909,195	-	909,195	-
213,058	-	213,058	-
658,497	-	658,497	-
3,400	-	3,400	-
70,238	-	70,238	-
485,246	-	485,246	-
2,892	-	2,892	-
43,755	79,246	123,001	8,635
<u>75,210</u>	<u>19,410</u>	<u>94,620</u>	<u>-</u>
<u>2,461,491</u>	<u>98,656</u>	<u>2,560,147</u>	<u>8,635</u>
<u>(654,569)</u>	<u>654,569</u>	<u>-</u>	<u>-</u>
(515,231)	806,973	291,742	(12,166)
<u>7,757,591</u>	<u>10,385,359</u>	<u>18,142,950</u>	<u>204,817</u>
<u>\$ 7,242,360</u>	<u>\$ 11,192,332</u>	<u>\$ 18,434,692</u>	<u>\$ 192,651</u>

See accompanying notes to financial statements.

VILLAGE OF MARSHALL

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2011

	General	TIF No. 1	General Debt Service
ASSETS			
Cash and investments	\$ 1,182,978	\$ 1,224,762	\$ 3
Receivables			
Taxes receivable	798,117	692,209	259,979
Delinquent personal property tax	94	-	-
Accounts	18,524	-	-
Loans	-	50,000	-
Accrued interest	2,312	-	-
Delinquent special assessments held by County	7,421	-	-
Special assessments	-	11,680	-
Due from other governments	27,593	-	-
Due from other funds	10,965	-	-
Prepaid items	42,697	-	-
TOTAL ASSETS	\$ 2,090,701	\$ 1,978,651	\$ 259,982
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 24,102	\$ 21,756	\$ -
Accrued liabilities	11,178	-	-
Due to other funds	34,720	-	-
Deferred revenues	788,532	753,171	259,979
Advances from other funds	-	865,644	-
Total Liabilities	858,532	1,640,571	259,979
Fund Balances			
Nonspendable	50,212	-	-
Restricted	-	338,080	3
Committed	-	-	-
Assigned to general fund	273,485	-	-
Assigned to capital project funds	-	-	-
Unassigned, reported in general fund	908,472	-	-
Unassigned (deficit)	-	-	-
Total Fund Balances	1,232,169	338,080	3
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,090,701	\$ 1,978,651	\$ 259,982

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 399,990	\$ 2,807,733
319,213	2,069,518
-	94
995	19,519
-	50,000
3,283	5,595
-	7,421
20,009	31,689
-	27,593
-	10,965
-	42,697
<u>\$ 743,490</u>	<u>\$ 5,072,824</u>

\$ 42,178	\$ 88,036
-	11,178
10,965	45,685
341,075	2,142,757
-	865,644
<u>394,218</u>	<u>3,153,300</u>

-	50,212
262,407	600,490
38,521	38,521
-	273,485
82,012	82,012
-	908,472
<u>(33,668)</u>	<u>(33,668)</u>
<u>349,272</u>	<u>1,919,524</u>

<u>\$ 743,490</u>	<u>\$ 5,072,824</u>
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See accompanying notes to financial statements.

VILLAGE OF MARSHALL

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS As of December 31, 2011

Total Fund Balances - Governmental Funds	\$ 1,919,524
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	9,935,008
Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	122,309
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II. A.	<u>(4,734,481)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 7,242,360</u></u>

VILLAGE OF MARSHALL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2011

	General	TIF No.1
REVENUES		
Taxes	\$ 815,008	\$ 658,497
Intergovernmental	707,365	15,943
Licenses and permits	60,230	-
Fines, forfeitures and penalties	27,076	-
Public charges for services	8,755	-
Special assessments	-	5,840
Investment income	24,123	8,805
Other revenues	<u>35,243</u>	<u>150,000</u>
Total Revenues	<u>1,677,800</u>	<u>839,085</u>
 EXPENDITURES		
Current		
General government	317,074	6,417
Public safety	929,258	-
Public works	338,565	-
Health and human services	10,000	-
Culture, recreation and education	91,552	-
Conservation and development	15,054	750,000
Capital Outlay	23,980	66,728
Debt Service		
Principal	-	246,542
Interest and fiscal charges	<u>-</u>	<u>106,403</u>
Total Expenditures	<u>1,725,483</u>	<u>1,176,090</u>
 Deficiency of revenues over expenditures	 <u>(47,683)</u>	 <u>(337,005)</u>
 OTHER FINANCING USES		
Transfers in	95,431	-
Transfers out	(85,000)	-
Property sales	<u>424</u>	<u>-</u>
Total Other Financing Uses	<u>10,855</u>	<u>-</u>
 Net Change in Fund Balances	 (36,828)	 (337,005)
 FUND BALANCES - Beginning of Year	 <u>1,268,997</u>	 <u>675,085</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 1,232,169</u>	 <u>\$ 338,080</u>

See accompanying notes to financial statements.

General Debt Service	Nonmajor Governmental Funds	Totals
\$ 213,058	\$ 167,825	\$ 1,854,388
-	36,802	760,110
-	-	60,230
-	-	27,076
-	265,579	274,334
-	12,160	18,000
-	5,232	38,160
-	<u>41,922</u>	<u>227,165</u>
<u>213,058</u>	<u>529,520</u>	<u>3,259,463</u>
-	-	323,491
-	-	929,258
-	193,221	531,786
-	-	10,000
-	294,308	385,860
-	-	765,054
-	341,856	432,564
180,000	-	426,542
<u>128,058</u>	<u>-</u>	<u>234,461</u>
<u>308,058</u>	<u>829,385</u>	<u>4,039,016</u>
<u>(95,000)</u>	<u>(299,865)</u>	<u>(779,553)</u>
95,000	-	190,431
-	(10,000)	(95,000)
-	-	424
<u>95,000</u>	<u>(10,000)</u>	<u>95,855</u>
-	(309,865)	(683,698)
<u>3</u>	<u>659,137</u>	<u>2,603,222</u>
<u>\$ 3</u>	<u>\$ 349,272</u>	<u>\$ 1,919,524</u>

See accompanying notes to financial statements.

VILLAGE OF MARSHALL

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2011

Net change in fund balances - total governmental funds	\$ (683,698)
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Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	432,564
Some items reported as capital outlay in the fund financial statements did not meet the criteria for capital assets recorded in the government wide statements.	(244,960)
Some items capitalized were reported as current expenditures	64,210
Depreciation is reported in the government-wide financial statements	(290,497)
Net book value of assets retired	(34,017)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(168,558)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal repaid	426,542
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(8,877)
Accrued interest on debt	(1,244)
Debt issuance costs	(7,862)
Premium	1,166

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>(515,231)</u>
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VILLAGE OF MARSHALL

STATEMENT OF NET ASSETS PROPRIETARY FUND As of December 31, 2011

ASSETS

Cash and investments	\$ 374,694
Interest receivable	3,098
Receivables	
Customers	130,205
Advance to TIF - current portion	124,750
Other receivables	584
Due from other funds	34,720
Restricted Assets	
Redemption account	<u>295,872</u>
Total Current Assets	<u>963,923</u>
Noncurrent Assets	
Restricted Assets	
Reserve account	166,028
Replacement account	569,285
Construction account	694,730
Capital Assets	
Land	251,866
Plant in service	16,057,106
Construction in progress	928,592
Accumulated depreciation	(5,065,663)
Other Assets	
Capital project sinking fund	312,356
Preliminary survey and investigation	4,687
Unamortized debt issuance costs	25,632
Property held for resale	290,488
Advance to TIF - non-current portion	<u>740,894</u>
Total Noncurrent Assets	<u>14,976,001</u>
Total Assets	<u>15,939,924</u>

See accompanying notes to financial statements.

LIABILITIES

Current Liabilities

Accounts payable	\$	30,917
Accrued interest		7,183
Current portion of general obligation debt		60,000
Liabilities Payable from Restricted Assets		
Current portion of revenue bonds		528,464
Accrued interest		<u>22,267</u>
Total Current Liabilities		<u>648,831</u>

Noncurrent Liabilities

Long-Term Debt

General obligation debt		525,000
Revenue bonds		3,565,860
Accrued sick leave		<u>7,901</u>
Total Noncurrent Liabilities		<u>4,098,761</u>

Total Liabilities

4,747,592**NET ASSETS**

Invested in capital assets net of related debt

9,078,583

Restricted for

Debt service		439,633
Replacement of capital assets		569,285
Unrestricted		<u>1,104,831</u>

TOTAL NET ASSETS\$ 11,192,332

VILLAGE OF MARSHALL

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUND

For the Year Ended December 31, 2011

OPERATING REVENUES

Water service	\$ 468,097
Sewage service	670,460
Total Operating Revenues	<u>1,138,557</u>

OPERATING EXPENSES

Operation and maintenance	531,910
Depreciation	439,523
Total Operating Expenses	<u>971,433</u>

Operating Income	<u>167,124</u>
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NONOPERATING REVENUES (EXPENSES)

Investment income	29,904
Interest on advance to TIF	49,342
Interest expense	(163,797)
Interest charged to construction	19,410
Amortization of debt issuance costs	<u>(6,226)</u>
Total Nonoperating Revenues (Expenses)	<u>(71,367)</u>

Income Before Contributions and Transfers	<u>95,757</u>
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CONTRIBUTIONS AND TRANSFERS

Capital contributions	56,647
Capital contributions - municipal	750,000
Transfers - tax equivalent	<u>(95,431)</u>
Total Contributions and Transfers	<u>711,216</u>

Change in Net Assets	806,973
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NET ASSETS - Beginning of Year	<u>10,385,359</u>
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NET ASSETS - END OF YEAR	<u>\$ 11,192,332</u>
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See accompanying notes to financial statements.

VILLAGE OF MARSHALL

STATEMENT OF CASH FLOWS PROPRIETARY FUND

For the Year Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Received from customers	\$ 1,085,618
Paid to suppliers for goods and services	(655,480)
Paid to employees for services	<u>(196,060)</u>
Net Cash Flows From Operating Activities	<u>234,078</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investments bought	(1,009,543)
Investments sold and matured	1,010,000
Investment income	<u>26,807</u>
Net Cash Flows From Investing Activities	<u>27,264</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Paid to municipality for tax equivalent	(185,949)
Received on long-term advance to TIF	<u>170,536</u>
Net Cash Flows From Noncapital Financing Activities	<u>(15,413)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Debt retired	(600,577)
Interest paid	(167,444)
Capital contribution	806,647
Acquisition and construction of capital assets	<u>(751,467)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(712,841)</u>

Net Change in Cash and Cash Equivalents (466,912)

CASH AND CASH EQUIVALENTS - Beginning of Year 1,870,334

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 1,403,422

RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ 167,124
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities	
Depreciation	439,523
Changes in assets and liabilities	
Customer accounts receivable	(21,685)
Other receivable	3,466
Due from other funds	(34,720)
Accounts payable	276
Due to other funds	(317,529)
Compensated absences	<u>(2,377)</u>

NET CASH FLOWS FROM OPERATING ACTIVITIES \$ 234,078

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

Cash and investments - statement of net assets	\$ 374,694
Redemption account	295,872
Reserve account	166,028
Replacement account	569,285
Construction account	694,730
Capital project sinking account	<u>312,356</u>
Total Cash and Investments	2,412,965
Less: Noncash equivalents	<u>(1,009,543)</u>

CASH AND CASH EQUIVALENTS \$ 1,403,422

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

Change in market value of investments	\$ 3,102
Interest charged to construction	<u>\$ 19,410</u>

VILLAGE OF MARSHALL

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
As of December 31, 2011

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 1,870,103
Taxes receivable	<u>776,175</u>
TOTAL ASSETS	<u>\$ 2,646,278</u>
LIABILITIES	
Due to other governments	<u>\$ 2,646,278</u>
TOTAL LIABILITIES	<u>\$ 2,646,278</u>

See accompanying notes to financial statements.

VILLAGE OF MARSHALL

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VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Marshall, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the Village of Marshall. The reporting entity for the village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

Discretely Presented Component Unit

Community Development Authority

The government-wide financial statements include the Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the village board. Wisconsin Statutes provide for circumstances whereby the village can impose its will on the CDA, and also create a potential financial benefit to or burden on the village. See Note IV.H. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2011. The CDA does not issue separate financial statements.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In February 2009, the GASB issued statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The village made the decision to implement this standard effective January 1, 2011.

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The village reports the following major governmental funds:

- General Fund - accounts for the village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- TIF District No. 1 - accounts for expenditures outlined in the TID project plan and related revenues and proceeds from long-term debt. Also accounts for resources accumulated and payments made for principal and interest on TID debt.
- General Debt service fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.

The village reports the following major enterprise fund:

- Water and Sewer Fund - accounts for operations of the water and sewer utility

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The village reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Recreation Fund
Langer Park Fund
Library Fund
Solid Waste
Veterans Memorial Park Fund

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Street construction

In addition, the village reports the following fund types:

Agency funds are used to account for and report assets held by the village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Agency Fund

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Government-Wide Financial Statements (cont.)

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

The village reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the village has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of village funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The village has adopted an investment policy. That policy follows the state statute for allowable investments.

No policy exists for the following risks:

Credit risk
Custodial credit risk
Interest rate risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2011, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund statement of fiduciary net assets.

Property tax calendar - 2011 tax roll:

Lien date and levy date	December 2011
Tax bills mailed	December 2011
Payment in full, or	January 31, 2012
First installment due	January 31, 2012
Second installment due	July 31, 2012
Personal property taxes in full	January 31, 2012
Tax sale - 2011 delinquent real estate taxes	October 2014

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

2. Receivables (cont.)

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or operation and maintenance expense when used.

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.

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$15,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. \$19,410 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net assets. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	15 - 75 Years
Land Improvements	15 - 30 Years
Machinery and Equipment	3 - 15 Years
Utility System	2 - 10 Years
Infrastructure	15 - 60 Years
Water Plant	4 - 77 Years
Sewer Plant	7 - 100 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

Preliminary survey and investigation represents initial project engineering costs that will be capitalized when and if construction commences on the project.

Property held for future use represents property purchased by the water utility for future use of a water tower. In addition, the sewer utility maintains property for future use following the retirement of the old wastewater treatment plant.

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

7. Compensated Absences (cont.)

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2011, are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

The village may approve the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. There were no IRB's outstanding at year end.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

10. Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on their 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.
- c. Unrestricted net assets - All other net assets that do not meet the definitions of "restricted" or "invested in capital assets, net of related debt."

The net asset section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "invested in capital assets, net of related debt", and an increase in "unrestricted" net assets, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Invested in capital assets, net of related debt	\$ 7,535,077	\$ 9,078,583	\$ (676,758)	\$ 15,936,902
Unrestricted	(954,884)	1,104,831	676,758	826,705

When both restricted and unrestricted resources are available for use, it is the village's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, the village classifies governmental fund balance as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not expendable form or because legal or contractual requirements require them to be maintained intact.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

- b. Restricted - Consists of fund balances with constraints placed on their 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.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (ordinance, resolution, motion) of the village. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the village that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The village has adopted a financial policy authorizing the clerk-treasurer to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note IV. G. for further information.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

11. Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin on November 10, 2009.

Sewer Utility

Current sewer rates were approved by the village board in July 2009 and took effect September 11, 2009.

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. The details of this reconciliation include the following items.

Long-term liabilities applicable to the village's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net assets.

Bonds and notes payable	\$	4,638,458
Compensated absences		67,826
Unamortized debt issuance		(63,458)
Accrued interest		81,166
Unamortized premium on debt		<u>10,489</u>
Combined Adjustment for Long-Term Liabilities	\$	<u><u>4,734,481</u></u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

A. BUDGETARY INFORMATION (cont.)

A budget has been adopted for all funds except Veterans Park Memorial Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made. The village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$224,241. Budgets are adopted at the fund level of expenditure.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Recreation	\$ 57,562	\$ 65,940	\$ 8,378
Library	223,365	226,591	3,226
Langer Park fund	50,558	80,476	29,918
Solid waste	184,998	193,221	8,223

The village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2011, the following individual fund held a deficit balance:

Fund	Amount	Reason
Langer Park Fund	\$ 33,668	Excess expenditures over revenues

Langer Park Fund deficits are anticipated to be funded with future grants and contributions.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

D. LIMITATIONS ON THE VILLAGE'S TAX LEVY

As part of Wisconsin's Act 32 (2011), legislation was passed that limits the village's future tax levies. Generally the village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the village's equalized value due to new construction or zero percent for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The village's deposits and investments at year end were comprised of the following:

	Carrying Value	Bank and Investment Balances	Associated Risks
Demand deposits	\$ 5,387,648	\$ 5,572,274	Custodial credit risk
Certificates of deposit	1,200,000	1,200,000	Custodial credit risk
US agencies	502,644	503,155	Custodial credit risk, Interest rate risk
LGIP	84	84	Credit risk, interest rate risk
Petty cash	425	-	N/A
 Total Deposits and Investments	 \$ 7,090,801	 \$ 7,275,513	
 Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 3,494,783		
Restricted cash and investments	1,725,915		
Per statement of net assets- fiduciary funds			
Agency Fund	1,870,103		
 Total Deposits and Investments	 \$ 7,090,801		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The village maintains collateral agreements with its banks. At December 31, 2011, the banks had pledged various government securities in the amount of \$2,820,118 to secure the village's deposits.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the village's deposits may not be returned to the village.

As of December 31, 2011, \$1,362,787 of the village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 1,362,787</u>
Total	<u><u>\$ 1,362,787</u></u>

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The village does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The village held investments in the following external pools which is not rated:

Local Government Investment Pool

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2011, the village's investments were as follows:

Investment	Maturity Date	Call Date	Fair Value
Federal Farm Credit Bank	10/26/16	10/26/12	<u>\$ 503,155</u>

The village had \$84 invested in the local government investment pool, which had a weighted average maturity of less than six months.

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

Receivables as of year end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	TIF No. 1	General Debt Service	Nonmajor and Other Funds	Totals
Receivables					
Taxes	\$ 798,117	\$ 692,209	\$ 259,979	\$ 319,213	\$ 2,069,518
Delinquent personal property	94	-	-	-	94
Accounts	18,524	-	-	995	19,519
Loans	-	50,000	-	-	50,000
Accrued interest	2,312	-	-	3,283	5,595
Delinquent special assessments	7,421	-	-	-	7,421
Special assessments	-	-	11,680	20,009	31,689
Due from other governments	<u>27,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,593</u>
Totals	<u>\$ 854,061</u>	<u>\$ 742,209</u>	<u>\$ 271,659</u>	<u>\$ 343,500</u>	<u>\$ 2,211,429</u>
Amounts not expected to be collected within one year	<u>\$ 7,515</u>	<u>\$ 50,000</u>	<u>\$ 11,680</u>	<u>\$ 20,009</u>	<u>\$ 89,204</u>

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 1,877,348	\$ 1,877,348
Special assessments not yet due	38,547	-	38,547
Garbage collection charge	-	143,100	143,100
Long-term receivable from fire department	28,167	-	28,167
Loans receivable	50,000	-	50,000
Accrued interest on investments	5,595	-	5,595
 Total Deferred/Unearned Revenue for Governmental Funds	 \$ 122,309	 \$ 2,020,448	 \$ 2,142,757

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Construction - Used to report proceeds of revenue bond issuances that are restricted for use in construction.

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets at December 31, 2011:

Restricted Assets	
Redemption account	\$ 295,872
Reserve account	166,028
Replacement account	569,285
Construction account	<u>694,730</u>
Total Restricted Assets	<u><u>\$ 1,725,915</u></u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,363,379	\$ -	\$ -	\$ 1,363,379
Stormwater detention pond	16,867	-	-	16,867
Construction in progress	<u>57,159</u>	<u>29,300</u>	<u>57,159</u>	<u>29,300</u>
Total Capital Assets Not Being Depreciated	<u>1,437,405</u>	<u>29,300</u>	<u>57,159</u>	<u>1,409,546</u>
Capital assets being depreciated				
Buildings	2,311,924	126,460	-	2,438,384
Machinery and equipment	605,130	95,995	51,050	650,075
Streets	6,098,197	-	-	6,098,197
Storm sewers	273,715	-	-	273,715
Sidewalks	598,474	-	-	598,474
Street lighting	731,312	-	-	731,312
Library capital assets	<u>624,254</u>	<u>57,218</u>	<u>18,282</u>	<u>663,190</u>
Total Capital Assets Being Depreciated	<u>11,243,006</u>	<u>279,673</u>	<u>69,332</u>	<u>11,453,347</u>
Total Capital Assets	<u>12,680,411</u>	<u>308,973</u>	<u>126,491</u>	<u>12,862,893</u>

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Buildings	\$ (601,887)	\$ (47,227)	\$ -	\$ (649,114)
Machinery and equipment	(320,204)	(39,577)	17,033	(342,748)
Streets	(994,564)	(84,571)	-	(1,079,135)
Storm sewers	(10,916)	(3,220)	-	(14,136)
Sidewalks	(249,342)	(9,975)	-	(259,317)
Street lighting	(109,698)	(36,566)	-	(146,264)
Library capital assets	(386,092)	(69,361)	18,282	(437,171)
Total Accumulated Depreciation	<u>(2,672,703)</u>	<u>(290,497)</u>	<u>35,315</u>	<u>(2,927,885)</u>
Net Capital Assets Being Depreciated	<u>8,570,303</u>	<u>(10,824)</u>	<u>34,017</u>	<u>8,525,462</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 10,007,708</u>	<u>\$ 18,476</u>	<u>\$ 91,176</u>	<u>\$ 9,935,008</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 2,424
Public safety	8,151
Public works, which includes the depreciation of infrastructure	171,824
Culture, recreation and education	<u>108,098</u>
Total Governmental Activities Depreciation Expense	<u>\$ 290,497</u>

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 215,728	\$ -	\$ -	\$ 215,728
Total Capital Assets Not Being Depreciated	215,728	-	-	215,728
Capital assets being depreciated				
Collection system	3,921,381	26,957	6,740	3,941,598
Collecting system pumping	218,989	-	-	218,989
Treatment and disposal	6,353,902	-	-	6,353,902
General	323,994	-	-	323,994
Total Capital Assets Being Depreciated	10,818,266	26,957	6,740	10,838,483
Total Capital Assets	11,033,994	26,957	6,740	11,054,211
Less: Accumulated depreciation for				
General	(3,608,672)	(323,000)	6,740	(3,924,932)
Total Accumulated Depreciation	(3,608,672)	(323,000)	6,740	(3,924,932)
Net Capital Assets Being Depreciated	7,209,594	(296,043)	-	6,913,551
Net Sewer Plant	\$ 7,425,322	\$ (296,043)	\$ -	\$ 7,129,279

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 36,138	\$ -	\$ -	\$ 36,138
Construction in progress	297,633	685,064	54,105	928,592
Total Capital Assets Not Being Depreciated	333,771	685,064	54,105	964,730
Capital assets being depreciated				
Collecting system	25,637	-	-	25,637
Pumping	132,421	-	-	132,421
Water treatment	3,809	-	-	3,809
Transmission and distribution	4,818,375	133,145	23,860	4,927,660
General	129,096	-	-	129,096
Total Capital Assets Being Depreciated	5,109,338	133,145	23,860	5,218,623
Total Capital Assets	5,443,109	818,209	77,965	6,183,353
Less: Accumulated depreciation for General	(1,048,068)	(116,523)	23,860	(1,140,731)
Total Accumulated Depreciation	(1,048,068)	(116,523)	23,860	(1,140,731)
Net Capital Assets Being Depreciated	4,061,270	16,622	-	4,077,892
Net Water Plant	\$ 4,395,041	\$ 701,686	\$ 54,105	\$ 5,042,622
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 11,820,363	\$ 405,643	\$ 54,105	\$ 12,171,901

Depreciation expense was charged to functions as follows:

Business-type Activities

Sewer	\$ 329,707
Water	109,816

Total Business-type Activities Depreciation Expense \$ 439,523

Expense is different from additions because of joint metering, salvage cost of removal, internal allocations, and cost associated with the disposal of assets.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General Fund	Langer Park Fund	\$ 10,965
Water and Sewer Utility	General Fund	<u>34,720</u>
Total - Fund Financial Statements		45,685
Less: Fund eliminations		<u>(10,965)</u>
Total Internal Balances - Government-Wide Statement of Net Assets		<u><u>\$ 34,720</u></u>

All amounts are due within one year.

The interfund between the general fund and the water utility is primarily related to the payment in lieu of taxes and delinquent utility charges on tax roll. Langer Park Fund interfund resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

Advances

The sewer utility is advancing funds to TIF District No. 1. The amount advanced is determined by the amount of clean water fund monies received by the sewer utility to fund TIF projects since the district's inception. The sewer utility is charging the TIF District No. 1 interest on the advance based on the average outstanding advance balance during the year at a rate of 5%. A 20 year repayment schedule has been established. Additional principal payments are allowed and will be kept in a segregated account for future debt payments.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Sewer Utility	TIF District No. 1	<u>\$ 865,644</u>	\$ 740,894

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Advances (cont.)

The principal purpose of this advance is to pay for sewer projects originally financed with clean water fund monies.

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 124,750	\$ 43,282
2013	128,411	37,045
2014	132,180	30,624
2015	136,060	24,015
2016	140,055	17,212
2017-2018	<u>204,188</u>	<u>13,210</u>
Totals	<u>\$ 865,644</u>	<u>\$ 165,388</u>

For the statement of net assets, interfund advances which are owed within the governmental activities or business-type activities are netted and eliminated.

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility	\$ 95,431	Utility payment in lieu of taxes
General debt service	General Fund	85,000	Debt payment
General debt service	Street construction	<u>10,000</u>	Debt payment
Total - Fund Financial Statements		190,431	
Less: Fund eliminations		(95,000)	
Less: Assets contributed by governmental activities to business-type activities		<u>(750,000)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ (654,569)</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers (cont.)

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 5,065,000	\$ -	\$ 426,542	\$ 4,638,458	\$ 437,085
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	11,655	-	1,166	10,489	-
Sub-totals	5,076,655	-	427,708	4,648,947	437,085
Other Liabilities					
Vested compensated absences	58,949	70,915	62,038	67,826	32,871
Total Other Liabilities	58,949	70,915	62,038	67,826	32,871
Total Governmental Activities Long-Term Liabilities	\$ 5,135,604	\$ 70,915	\$ 489,746	\$ 4,716,773	\$ 469,956
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 645,000	\$ -	\$ 60,000	\$ 585,000	\$ 60,000
Revenue bonds	4,634,901	-	540,577	4,094,324	528,464
Sub-totals	5,279,901	-	600,577	4,679,324	588,464
Other Liabilities					
Vested compensated absences	10,278	11,107	13,484	7,901	-
Total Other Liabilities	10,278	11,107	13,484	7,901	-
Total Business-type Activities Long-Term Liabilities	\$ 5,290,179	\$ 11,107	\$ 614,061	\$ 4,687,225	\$ 588,464

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2011, was \$10,530,475. Total general obligation debt outstanding at year end was \$5,223,458.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2011</u>
2005 Refunding bonds	12/29/05	03/01/20	3.9-4.1%	\$ 1,855,000	\$ 1,665,000
2007 Promissory Note	12/27/07	03/01/17	3.4-3.75%	2,585,000	2,020,000
2009 state trust fund loan	10/28/09	3/15/19	4.5 %	300,000	276,700
2010 state trust fund loan	08/12/10	3/15/20	4.5 %	750,000	<u>676,758</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 4,638,458</u>

Business-type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2011</u>
2007 General Obligation Notes	12/27/07	03/01/17	3.40-3.75%	\$ 760,000	<u>\$ 585,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 585,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 437,085	\$ 177,141	\$ 60,000	\$ 20,481
2013	451,284	159,921	60,000	18,336
2014	475,631	141,963	65,000	16,078
2015	350,211	125,729	65,000	13,714
2016	369,878	111,377	70,000	11,233
2017-2020	<u>2,554,369</u>	<u>144,839</u>	<u>265,000</u>	<u>4,969</u>
Totals	<u>\$ 4,638,458</u>	<u>\$ 860,970</u>	<u>\$ 585,000</u>	<u>\$ 84,811</u>

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water and sewer utilities.

The water has pledged future revenues to repay \$1.5 million in water revenue bonds issued in 2002 and 2007. Proceeds from the bonds provided financing for the plant improvements. The bonds are payable solely from utility revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require 28% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$1,474,472. Principal and interest paid for the current year and total customer gross revenues were \$165,428 and \$483,049, respectively.

The sewer has pledged future revenues to repay \$4.2 million in sewer revenue bonds issued in 1997 and 1998. Proceeds from the bonds provided financing for the plant improvements. The bonds are payable solely from utility revenues and are payable through 2018. Annual principal and interest payments on the bonds are expected to require 50% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$3,192,788. Principal and interest paid for the current year and total customer gross revenues were \$519,997 and \$912,595, respectively.

Revenue debt payable at December 31, 2011, consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2011</u>
<u>Water and Sewer Fund</u>					
1997 Revenue Bonds	08/27/97	05/01/17	3.096%	\$ 6,351,233	\$ 2,420,852
1998 Revenue Bonds	11/24/98	05/01/18	2.640%	1,155,695	493,472
2007 Revenue Bonds	12/21/07	11/01/22	3.55-4.10%	1,265,000	<u>1,180,000</u>
Total Business-type Activities Revenue Debt					<u>\$ 4,094,324</u>

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2012	\$ 528,464	\$ 126,961
2013	546,740	110,241
2014	560,421	92,885
2015	579,519	75,059
2016	599,044	56,563
2017-2021	1,155,136	106,101
2022	<u>125,000</u>	<u>5,125</u>
Totals	<u>\$ 4,094,324</u>	<u>\$ 572,935</u>

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

A statutory mortgage lien upon the water and sewer utility's system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The water and sewer utility's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The village believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Prior-Year Defeasance of Debt

In prior years, the village defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the village's financial statements. At December 31, 2011, \$1,615,000 of bonds outstanding are considered defeased. The bonds are callable as follows:

Call Date	Amount
5/1/2012	\$ 120,000
5/1/2013	135,000
5/1/2014	150,000
5/1/2015	165,000
5/1/2016	180,000
5/1/2017	200,000
5/1/2018	205,000
5/1/2019	220,000
5/1/2020	240,000

G. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2011, includes the following:

Governmental Activities

Invested in Capital Assets, Net of Related Debt	
Land	\$ 1,363,379
Construction in progress	29,300
Stormwater detention ponds	16,867
Other capital assets, net of accumulated depreciation	8,525,462
Less: Related Long-term debt outstanding	(2,452,900)
Less: Unamortized debt premium	(10,489)
Add: Unamortized debt issuance costs	63,458
Total Invested in Capital Assets, Net of Related Debt	7,535,077
Restricted	
Library	262,407
TID activities	399,760
Total Restricted	662,167

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Unrestricted (deficit)	\$ <u>(954,884)</u>
Total Governmental Activities Net Assets	\$ <u><u>7,242,360</u></u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2011, include the following:

	<u>General Fund</u>	<u>TIF No. 1</u>	<u>General Debt Service</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
FUND BALANCES					
Nonspendable:					
Delinquent items	\$ 7,515	\$ -	\$ -	\$ -	\$ 7,515
Prepaid items	42,697	-	-	-	42,697
Restricted for:					
Debt service	-	-	3	-	3
TID activities	-	338,080	-	-	338,080
Library	-	-	-	262,407	262,407
Committed to:					
Parks and recreation	-	-	-	24,877	24,877
Solid waste	-	-	-	13,644	13,644
Assigned to:					
Carryforward amount	224,241	-	-	-	224,241
Subsequent year's budget	49,244	-	-	-	49,244
Capital projects	-	-	-	82,012	82,012
Unassigned (deficit)	<u>908,472</u>	<u>-</u>	<u>-</u>	<u>(33,668)</u>	<u>874,804</u>
 Total Fund Balances	 <u>\$1,232,169</u>	 <u>\$ 338,080</u>	 <u>\$ 3</u>	 <u>\$ 349,272</u>	 <u>\$1,919,524</u>

Business-type Activities

Invested in capital assets, net of related debt	
Land	\$ 251,866
Construction in progress	928,592
Other capital assets, net of accumulated depreciation	10,991,443
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(3,984,594)
Plus: Unamortized debt discount	25,632
Add: Advance to TIF	865,644
Total Invested in Capital Assets, Net of Related Debt	<u>9,078,583</u>

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET ASSETS/FUND BALANCES (cont.)

Business-type Activities (cont.)

Restricted	
Redemption account	\$ 295,872
Reserve account	166,028
Replacement account	569,285
Construction account	694,730
Less: Restricted assets not funded by revenues - construction account	(694,730)
Less: Current liabilities payable from restricted assets	<u>(22,267)</u>
Total Restricted	<u>1,008,918</u>
Unrestricted	<u>1,104,831</u>
Total Business-type Activities Net Assets	<u>\$ 11,192,332</u>

H. COMPONENT UNIT

COMMUNITY DEVELOPMENT AUTHORITY

This report contains the Community Development Authority (CDA), which is included as a component unit. Financial information is presented as a discrete column in the statement of net assets and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The CDA follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

At year end, the carrying amount of the CDA's deposits was \$41,069 and is part of the village's commingled cash. See Note IV. A.

The CDA has provided loans to local businesses. The CDA records a loan receivable when the loan has been made and funds have been disbursed. Interest received from loan repayments is recognized as revenue when received in cash.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible village employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (1,200 hours for employees hired on or after July 1, 2011) are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan through June 28, 2011. Beginning, June 29, 2011 and thereafter covered employees in the General category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security). Employers generally make these contributions to the plan on behalf of employees through June 28, 2011. Thereafter, employees are required to fund their contribution subject to terms of employment contracts and which employee group they are a member of. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for village employees covered by the system for the year ended December 31, 2011 was \$960,987; the employer's total payroll was \$997,910. The total required contribution for the year ended December 31, 2011 was \$131,080 or 13.6% of covered payroll. Of this amount, 90 percent was contributed by the employer and 10 was contributed by the employee for the current year. Total contributions for the years ending December 31, 2010 and 2009 were \$126,878 and \$116,435, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998 or beginning participation on or after July 1, 2011, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and between April 24, 1998 and June 30, 2011 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2011 there was no pension related debt for the village.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT

The village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

C. COMMITMENTS AND CONTINGENCIES

From time to time, the village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the village's financial position or results of operations.

Funding for the operating budget of the village comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the village. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the village.

D. JOINT VENTURES

Dane County E.M.S. District No. 14

The Village of Marshall and Townships of Medina, York and Sun Prairie jointly operate the local Ambulance District, which is called the Dane County EMS District No. 14. The communities share in the operation of the district based on population. The governing body is called the EMS Commission and is made up of citizens from each community. The Village of Marshall representatives are appointed by the village president. The governing body has authority to adopt its own budget and control the financial affairs of the district. The overlying communities approve the annual budget. The village made a payment to the district in 2011 of \$86,598. The village believes that the district will continue to provide services in the future at similar rates.

Financial information of the district as of December 31, 2011 is available directly from the district's office.

The village does not have an equity interest in the local ambulance district.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE V - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Marshall Fire Department

The Village of Marshall and Towns of York and Medina jointly participate in the local fire district, which is called the Marshall Fire Department. The governing body is made up of citizens from each community. The governing body has authority to adopt its own budget and control the financial affairs of the district. The village made a payment totaling \$53,687 to the district for 2011. The village believes that the district will continue to provide services in the future at similar rates.

Financial information of the district as of December 31, 2011 is available directly from the district's office.

The village does not have an equity interest in the local fire district.

Emergency Services Building

Construction was completed in 2002 on a joint emergency services building. This building houses both fire and EMS. Ownership of the building is split 66% fire and 44% EMS, respectively. The capital costs were allocated based on the percentages outlined above for the districts.

E. SUBSEQUENT EVENTS

A 9% increase in sewer rates was approved by the Village Board effective February 11, 2012.

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. Application of these standards may restate portions of these financial statements.

G. SIGNIFICANT CUSTOMERS

The sewer utility has one significant customer who was responsible for 21% of operating revenues in 2011.

The water utility has one significant customer who was responsible for 9% of operating revenues in 2011.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MARSHALL

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 805,470	\$ 815,008	\$ 9,538
Intergovernmental	705,872	707,365	1,493
Licenses and permits	53,205	60,230	7,025
Fines, forfeitures and penalties	35,000	27,076	(7,924)
Public charges for services	3,678	8,755	5,077
Investment income	21,000	24,123	3,123
Other revenues	<u>7,150</u>	<u>35,243</u>	<u>28,093</u>
Total Revenues	<u>1,631,375</u>	<u>1,677,800</u>	<u>46,425</u>
EXPENDITURES			
Current			
General government	323,327	317,074	6,253
Public safety	964,923	929,258	35,665
Public works	357,206	338,565	18,641
Health and human services	10,000	10,000	-
Culture, recreation and education	81,835	91,552	(9,717)
Conservation and development	3,134	15,054	(11,920)
Capital Outlay	<u>-</u>	<u>23,980</u>	<u>(23,980)</u>
Total Expenditures	<u>1,740,425</u>	<u>1,725,483</u>	<u>14,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(109,050)</u>	<u>(47,683)</u>	<u>61,367</u>
OTHER FINANCING SOURCES (USES)			
Transfers in-payment in lieu of taxes	82,000	95,431	13,431
Transfers out	(129,200)	(85,000)	44,200
Property sales	<u>4,000</u>	<u>424</u>	<u>(3,576)</u>
Total Other Financing Sources (Uses)	<u>(43,200)</u>	<u>10,855</u>	<u>54,055</u>
Net Change in Fund Balance	(152,250)	(36,828)	115,422
FUND BALANCE - Beginning of Year	<u>1,268,997</u>	<u>1,268,997</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,116,747</u>	<u>\$ 1,232,169</u>	<u>\$ 115,422</u>

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF MARSHALL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2011

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

Excess expenditures over appropriations are as follows:

	<u>Amended Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
Culture, recreation and education	\$ 81,835	\$ 91,552	\$ 9,717
Conservation and development	3,134	15,054	11,920
Capital outlay	-	23,980	23,980

SUPPLEMENTARY INFORMATION

VILLAGE OF MARSHALL

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance with Final Budget
TAXES			
General property taxes	\$ 744,770	\$ 744,770	\$ -
Mobile home lottery credit and parking fees	60,000	68,737	8,737
Interest and penalties on taxes	700	1,501	801
Total Taxes	<u>805,470</u>	<u>815,008</u>	<u>9,538</u>
INTERGOVERNMENTAL			
State shared revenues	480,977	481,199	222
Fire insurance tax (2% fire dues)	6,000	6,288	288
State aid - other law enforcement	11,600	11,440	(160)
State aid - general transportation aids	191,795	191,777	(18)
State aid - recycling	15,000	10,304	(4,696)
Other state payments	500	6,357	5,857
Total Intergovernmental	<u>705,872</u>	<u>707,365</u>	<u>1,493</u>
LICENSES AND PERMITS			
Liquor and malt beverage licenses	4,200	4,910	710
Operators' license	1,700	2,020	320
Cigarette licenses	300	310	10
Other business and occupational licenses	50	60	10
Cable television franchise fees	31,500	34,944	3,444
Bicycle licenses	30	6	(24)
Dog and cat licenses	3,100	3,421	321
Building permits	9,000	9,174	174
Other permits	125	175	50
Zoning permits and fees	2,100	2,047	(53)
Other regulatory permits and fees	1,100	3,163	2,063
Total Licenses and Permits	<u>53,205</u>	<u>60,230</u>	<u>7,025</u>
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	26,000	19,051	(6,949)
Parking violations	9,000	8,025	(975)
Total Fines, Forfeitures and Penalties	<u>35,000</u>	<u>27,076</u>	<u>(7,924)</u>
PUBLIC CHARGES FOR SERVICES			
General government	1,078	875	(203)
Fire protection fees	-	6,166	6,166
Law enforcement fees	500	792	292
Street related facilities	500	629	129
Weed and nuisance control	1,600	293	(1,307)
Total Public Charges for Services	<u>3,678</u>	<u>8,755</u>	<u>5,077</u>
INVESTMENT INCOME			
Investment income	<u>21,000</u>	<u>24,123</u>	<u>3,123</u>

VILLAGE OF MARSHALL

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OTHER REVENUES			
Rent	\$ 6,000	\$ 4,500	\$ (1,500)
Insurance recoveries	-	26,218	26,218
Other miscellaneous	<u>1,150</u>	<u>4,525</u>	<u>3,375</u>
Total Other Revenues	<u>7,150</u>	<u>35,243</u>	<u>28,093</u>
OTHER FINANCING SOURCES			
Transfer in - utility tax equivalent	82,000	95,431	13,431
Property sales	<u>4,000</u>	<u>424</u>	<u>(3,576)</u>
Total Other Financing Sources	<u>86,000</u>	<u>95,855</u>	<u>9,855</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 1,717,375</u>	<u>\$ 1,773,655</u>	<u>\$ 56,280</u>

VILLAGE OF MARSHALL

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT			
Village Board	\$ 6,979	\$ 6,643	\$ 336
Judicial	11,351	8,396	2,955
Municipal court	18,403	26,585	(8,182)
Legal counseling	8,000	19,131	(11,131)
Codification of ordinances	-	3,237	(3,237)
President	5,713	3,889	1,824
Clerk	62,621	60,585	2,036
Legislative support	5,750	4,017	1,733
Commissions and committees	2,153	861	1,292
Elections	5,429	2,386	3,043
Secretarial	27,252	16,156	11,096
Deputy clerk	54,867	54,600	267
Assessment of property	22,675	21,154	1,521
Independent auditing	20,700	20,487	213
Property and liability insurance	18,500	18,287	213
General buildings/plant/hall	28,261	26,129	2,132
Other insurance	22,450	22,903	(453)
Map and plat books	150	100	50
League dues	924	923	1
Other general government	1,149	605	544
Total General Government	<u>323,327</u>	<u>317,074</u>	<u>6,253</u>
PUBLIC SAFETY			
Police	77,516	77,909	(393)
Administration	104,674	111,761	(7,087)
Patrol	529,223	493,647	35,576
Crossing guards	46,531	41,594	4,937
Police secretary	53,941	48,967	4,974
Community officer	1,000	856	144
Fire protection	55,440	57,399	(1,959)
Ambulance	86,598	86,598	-
Building inspection	10,000	10,527	(527)
Total Public Safety	<u>964,923</u>	<u>929,258</u>	<u>35,665</u>
PUBLIC WORKS			
Machinery operation and maintenance	29,000	35,175	(6,175)
Engineering	500	900	(400)
Highway and street maintenance and construction	64,250	66,235	(1,985)
Garages and sheds	183,656	164,492	19,164
Street signs	2,000	2,178	(178)
Snow and ice control	16,400	13,061	3,339
Street lighting	45,400	46,502	(1,102)
Sidewalks	2,500	2,556	(56)
Storm sewer maintenance	3,000	263	2,737
Taxi service	9,000	6,519	2,481
Weed and nuisance control	1,500	684	816
Total Public Works	<u>357,206</u>	<u>338,565</u>	<u>18,641</u>

VILLAGE OF MARSHALL

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
HEALTH AND SOCIAL SERVICES			
Contributions to local organizations	\$ 10,000	\$ 10,000	\$ -
CULTURE, RECREATION AND EDUCATION			
Community center	2,120	12,109	(9,989)
Recreation administration	57,032	59,604	(2,572)
Celebration and entertainment	1,120	1,210	(90)
Parks	550	191	359
Converse park	1,825	1,964	(139)
Riverview park	100	260	(160)
Deerhaven park	3,263	2,793	470
Scenic circle park	150	108	42
Lions park	2,500	150	2,350
Parks - Skate Park	500	119	381
Fireman's park	10,300	9,724	576
Recreation facilities	2,375	3,320	(945)
Total Culture, Recreation and Education	<u>81,835</u>	<u>91,552</u>	<u>(9,717)</u>
CONSERVATION AND DEVELOPMENT			
Forestry	50	-	50
Zoning	200	13,116	(12,916)
Planning Commission	2,584	1,938	646
Lake development	300	-	300
Total Conservation and Development	<u>3,134</u>	<u>15,054</u>	<u>(11,920)</u>
CAPITAL OUTLAY			
Capital outlay	-	23,980	(23,980)
OTHER FINANCING USES			
Transfers out	129,200	85,000	44,200
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 1,869,625</u>	<u>\$ 1,810,483</u>	<u>\$ 59,142</u>

VILLAGE OF MARSHALL

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2011

	Special Revenue				
	Recreation Fund	Langer Park Fund	Library Fund	Solid Waste	Veterans Memorial Park Fund
ASSETS					
Cash and investments	\$ 17,922	\$ -	\$ 264,764	\$ 29,665	\$ 7,235
Receivables					
Taxes receivable	-	-	164,425	146,500	-
Customers	-	-	3,650	-	-
Special assessments	-	-	-	-	-
TOTAL ASSETS	<u>\$ 17,922</u>	<u>\$ -</u>	<u>\$ 432,839</u>	<u>\$ 176,165</u>	<u>\$ 7,235</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 280	\$ 22,703	\$ 2,724	\$ 16,021	\$ -
Due to other funds	-	10,965	-	-	-
Deferred revenues	-	-	167,708	146,500	-
Total Liabilities	<u>280</u>	<u>33,668</u>	<u>170,432</u>	<u>162,521</u>	<u>-</u>
Fund Balances					
Restricted	-	-	262,407	-	-
Committed	17,642	-	-	13,644	7,235
Assigned	-	-	-	-	-
Unassigned (deficit)	-	(33,668)	-	-	-
Total Fund Balances	<u>17,642</u>	<u>(33,668)</u>	<u>262,407</u>	<u>13,644</u>	<u>7,235</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 17,922</u>	<u>\$ -</u>	<u>\$ 432,839</u>	<u>\$ 176,165</u>	<u>\$ 7,235</u>



<u>Capital Project</u>	
<u>Street Construction</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 80,404	\$ 399,990
8,288	319,213
628	4,278
<u>20,009</u>	<u>20,009</u>
<u>\$ 109,329</u>	<u>\$ 743,490</u>

\$ 450	\$ 42,178
-	10,965
<u>26,867</u>	<u>341,075</u>
<u>27,317</u>	<u>394,218</u>
-	262,407
-	38,521
82,012	82,012
-	<u>(33,668)</u>
<u>82,012</u>	<u>349,272</u>

<u>\$ 109,329</u>	<u>\$ 743,490</u>
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VILLAGE OF MARSHALL

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Special Revenue			
	Recreation Fund	Langer Park Fund	Library Fund	Solid Waste
REVENUES				
Taxes	\$ -	\$ -	\$ 164,425	\$ 3,400
Intergovernmental	-	375	36,427	-
Public charges for services	64,972	-	17,784	182,823
Special assessments	-	-	-	-
Investment income	-	700	2,946	-
Other revenues	-	2,760	1,023	-
Total Revenues	64,972	3,835	222,605	186,223
EXPENDITURES				
Current				
Public works	-	-	-	193,221
Culture, recreation and education	65,940	1,428	226,591	-
Capital Outlay	-	79,048	-	-
Total Expenditures	65,940	80,476	226,591	193,221
Excess (deficiency) of revenues over expenditures	(968)	(76,641)	(3,986)	(6,998)
OTHER FINANCING USES				
Transfers out	-	-	-	-
Total Other Financing Uses	-	-	-	-
Net Change in Fund Balances	(968)	(76,641)	(3,986)	(6,998)
FUND BALANCES - Beginning of Year	18,610	42,973	266,393	20,642
FUND BALANCES - END OF YEAR	\$ 17,642	\$ (33,668)	\$ 262,407	\$ 13,644

<u>Capital Project</u>		
<u>Veterans Memorial Park Fund</u>	<u>Street Construction</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 167,825
-	-	36,802
-	-	265,579
-	12,160	12,160
-	1,586	5,232
<u>7,584</u>	<u>30,555</u>	<u>41,922</u>
<u>7,584</u>	<u>44,301</u>	<u>529,520</u>
-	-	193,221
349	-	294,308
-	<u>262,808</u>	<u>341,856</u>
<u>349</u>	<u>262,808</u>	<u>829,385</u>
<u>7,235</u>	<u>(218,507)</u>	<u>(299,865)</u>
-	<u>(10,000)</u>	<u>(10,000)</u>
-	<u>(10,000)</u>	<u>(10,000)</u>
7,235	(228,507)	(309,865)
-	<u>310,519</u>	<u>659,137</u>
<u>\$ 7,235</u>	<u>\$ 82,012</u>	<u>\$ 349,272</u>

VILLAGE OF MARSHALL

STATEMENT OF CASH FLOWS COMPONENT UNIT For the Year Ended December 31, 2011

	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers	\$ 18,007
Net Cash Flows From Operating Activities	<u>18,007</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>8,635</u>
Net Cash Flows From Investing Activities	<u>8,635</u>
Net Change in Cash and Cash Equivalents	26,642
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>14,427</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 41,069</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in assets and liabilities	
Loans receivable	<u>\$ 18,007</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 18,007</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS	
Cash and investments - statement of net assets	<u>\$ 41,069</u>
CASH AND CASH EQUIVALENTS	<u>\$ 41,069</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
None	