

**VILLAGE OF MARSHALL**

Marshall, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2012

# VILLAGE OF MARSHALL

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## INDEPENDENT AUDITORS' REPORT

To the Village Board  
Village of Marshall  
Marshall, Wisconsin

### **Report on the Financial Statements**

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, 2012, and the related notes to the financial statements, which collectively comprise the Village of Marshall's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Marshall, Wisconsin, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Village Board  
Village of Marshall

***Emphasis of Matter***

As discussed in Note I, the Village of Marshall adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective January 1, 2012. Our opinions are not modified with respect to this matter.

***Other Matters***

Accounting principles generally accepted in the United States of America require that the general fund budgetary comparison schedule 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, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, detailed budgetary comparison schedules, and statement of component unit cash flows as listed in the table of contents are fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Baker Tilly Vichas Krause, LLP*  
Madison, Wisconsin  
March 21, 2013

## VILLAGE OF MARSHALL

### STATEMENT OF NET POSITION As of December 31, 2012

	Governmental Activities	Business Type Activities	Totals	Component Unit
<b>ASSETS</b>				
Cash and investments	\$ 2,966,797	\$ 1,050,480	\$ 4,017,277	\$ 59,977
Receivables (net)				
Taxes receivable	2,169,043	-	2,169,043	-
Delinquent personal property taxes	579	-	579	-
Accounts	22,479	110,867	133,346	-
Loans	50,000	-	50,000	135,279
Accrued interest	-	9,872	9,872	-
Delinquent special assessments	14,958	-	14,958	-
Special assessments	18,291	-	18,291	-
Due from other governments	27,592	-	27,592	-
Internal balances	5,316	(5,316)	-	-
Advances	(740,894)	740,894	-	-
Prepaid items	42,807	-	42,807	-
Restricted assets				
Cash and investments	-	1,071,821	1,071,821	-
Preliminary survey and investigation	-	4,687	4,687	-
Unamortized debt issuance	55,596	21,610	77,206	-
Property held for future use	-	290,488	290,488	-
Capital assets				
Land	1,363,379	299,365	1,662,744	-
Stormwater detention pond	16,867	-	16,867	-
Construction in progress	74,365	-	74,365	-
Other capital assets, net of depreciation	<u>8,399,391</u>	<u>11,825,314</u>	<u>20,224,705</u>	-
Total Assets	<u>14,486,566</u>	<u>15,420,082</u>	<u>29,906,648</u>	<u>195,256</u>
<b>LIABILITIES</b>				
Accounts payable	91,952	21,619	113,571	340
Accrued liabilities and deposits	84,743	6,473	91,216	-
Unearned revenue	2,133,999	-	2,133,999	-
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	-	546,741	546,741	-
Accrued interest	-	19,514	19,514	-
Noncurrent liabilities				
Due within one year	481,780	60,000	541,780	-
Due in more than one year	<u>3,789,448</u>	<u>3,490,713</u>	<u>7,280,161</u>	-
Total Liabilities	<u>6,581,922</u>	<u>4,145,060</u>	<u>10,726,982</u>	<u>340</u>
<b>NET POSITION</b>				
Net investment in capital assets	7,696,174	8,796,322	15,878,323	-
Restricted for				
Replacement of capital assets	-	569,285	569,285	-
Debt service	-	483,022	483,022	-
Library	253,331	-	253,331	-
TID Activities	758,806	-	758,806	-
Unrestricted (deficit)	<u>(803,667)</u>	<u>1,426,393</u>	<u>1,236,899</u>	<u>194,916</u>
<b>TOTAL NET POSITION</b>	<u>\$ 7,904,644</u>	<u>\$ 11,275,022</u>	<u>\$ 19,179,666</u>	<u>\$ 194,916</u>

See accompanying notes to financial statements.

# VILLAGE OF MARSHALL

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2012

<u>Functions/Programs</u>	Program Revenues			
<u>Primary Government</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
General government	\$ 290,894	\$ 25,856	\$ -	\$ -
Public safety	951,018	44,159	37,285	-
Public works	655,332	159,725	185,289	-
Health and human services	7,500	-	-	-
Culture, recreation and education	472,710	76,257	36,849	89,175
Conservation and development	8,110	-	15,058	-
Interest and fiscal charges	<u>219,480</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>2,605,044</u>	<u>305,997</u>	<u>274,481</u>	<u>89,175</u>
Business-type Activities				
Water	371,997	518,133	-	-
Sewer	<u>750,890</u>	<u>726,450</u>	<u>-</u>	<u>2,000</u>
Total Business-type Activities	<u>1,122,887</u>	<u>1,244,583</u>	<u>-</u>	<u>2,000</u>
Total Primary Government	<u>\$ 3,727,931</u>	<u>\$ 1,550,580</u>	<u>\$ 274,481</u>	<u>\$ 91,175</u>
Component Unit				
CDA	<u>\$ 4,765</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 revenues not restricted to specific programs
- Public gifts and grants
- Investment income
- Miscellaneous

Total General Revenues

Transfers

**Change in Net Position**

NET POSITION - Beginning of Year

**NET POSITION - END OF YEAR**

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Unit
\$ (265,038)	\$ -	\$ (265,038)	\$ -
(869,574)	-	(869,574)	-
(310,318)	-	(310,318)	-
(7,500)	-	(7,500)	-
(270,429)	-	(270,429)	-
6,948	-	6,948	-
<u>(219,480)</u>	<u>-</u>	<u>(219,480)</u>	<u>-</u>
<u>(1,935,391)</u>	<u>-</u>	<u>(1,935,391)</u>	<u>-</u>
-	146,136	146,136	-
-	<u>(22,440)</u>	<u>(22,440)</u>	-
-	<u>123,696</u>	<u>123,696</u>	-
<u>(1,935,391)</u>	<u>123,696</u>	<u>(1,811,695)</u>	-
-	-	-	(4,765)
922,478	-	922,478	-
259,979	-	259,979	-
687,331	-	687,331	-
3,400	-	3,400	-
63,629	-	63,629	-
452,618	-	452,618	-
1,417	-	1,417	-
20,437	65,682	86,119	7,030
<u>68,556</u>	<u>11,142</u>	<u>79,698</u>	<u>-</u>
<u>2,479,845</u>	<u>76,824</u>	<u>2,556,669</u>	<u>7,030</u>
<u>117,830</u>	<u>(117,830)</u>	<u>-</u>	<u>-</u>
662,284	82,690	744,974	2,265
<u>7,242,360</u>	<u>11,192,332</u>	<u>18,434,692</u>	<u>192,651</u>
<u>\$ 7,904,644</u>	<u>\$ 11,275,022</u>	<u>\$ 19,179,666</u>	<u>\$ 194,916</u>

See accompanying notes to financial statements.

# VILLAGE OF MARSHALL

## BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2012

	General	TIF No. 1	General Debt Service
<b>ASSETS</b>			
Cash and investments	\$ 1,157,422	\$ 1,451,501	\$ 3
Receivables			
Taxes receivable	758,442	742,106	315,993
Delinquent personal property tax	579	-	-
Accounts	22,389	-	-
Loans	-	50,000	-
Delinquent special assessments held by County	14,958	-	-
Special assessments	-	4,600	-
Due from other governments	27,592	-	-
Due from other funds	20,962	-	-
Prepaid items	42,807	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,045,151</b>	<b>\$ 2,248,207</b>	<b>\$ 315,996</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts payable	\$ 67,514	\$ 6,737	\$ -
Accrued liabilities	11,217	-	-
Due to other funds	15,646	-	-
Deferred revenues	758,528	796,370	315,993
Advances from other funds	-	740,894	-
Total Liabilities	852,905	1,544,001	315,993
Fund Balances			
Nonspendable	58,344	-	-
Restricted	-	704,206	3
Committed	-	-	-
Assigned to general fund	204,357	-	-
Assigned to capital project fund	-	-	-
Unassigned, reported in general fund	929,545	-	-
Total Fund Balances	1,192,246	704,206	3
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,045,151</b>	<b>\$ 2,248,207</b>	<b>\$ 315,996</b>

See accompanying notes to financial statements.

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Nonmajor Governmental Funds	Totals
\$ 357,871	\$ 2,966,797
352,502	2,169,043
-	579
90	22,479
-	50,000
-	14,958
13,691	18,291
-	27,592
-	20,962
-	42,807
<u>\$ 724,154</u>	<u>\$ 5,333,508</u>

\$ 17,701	\$ 91,952
-	11,217
-	15,646
365,157	2,236,048
-	740,894
<u>382,858</u>	<u>3,095,757</u>

-	58,344
253,331	957,540
48,851	48,851
-	204,357
39,114	39,114
-	929,545
<u>341,296</u>	<u>2,237,751</u>

<u>\$ 724,154</u>	<u>\$ 5,333,508</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 POSITION As of December 31, 2012

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Total Fund Balances - Governmental Funds	\$ 2,237,751
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	9,854,002
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.	102,049
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>(4,289,158)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 7,904,644</u></u></b>

## VILLAGE OF MARSHALL

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

For the Year Ended December 31, 2012

	General	TIF No.1	General Debt Service
<b>REVENUES</b>			
Taxes	\$ 821,682	\$ 687,331	\$ 259,979
Intergovernmental	687,513	17,327	-
Licenses and permits	55,961	-	-
Fines, forfeitures and penalties	27,649	-	-
Public charges for services	2,401	-	-
Special assessments	-	8,320	-
Investment income	21,293	672	-
Other revenues	18,382	-	-
Total Revenues	1,634,881	713,650	259,979
<b>EXPENDITURES</b>			
Current			
General government	282,566	3,366	-
Public safety	904,536	-	-
Public works	336,517	-	-
Health and human services	7,500	-	-
Culture, recreation and education	106,608	-	-
Conservation and development	786	-	-
Capital Outlay	108,105	2,629	-
Debt Service			
Principal	-	242,085	195,000
Interest and fiscal charges	-	99,444	120,979
Total Expenditures	1,746,618	347,524	315,979
Excess (deficiency) of revenues over expenditures	(111,737)	366,126	(56,000)
<b>OTHER FINANCING SOURCES (USES)</b>			
Property sales	4,984	-	-
Transfers in	117,830	-	56,000
Transfers out	(51,000)	-	-
Total Other Financing Sources (Uses)	71,814	-	56,000
<b>Net Change in Fund Balances</b>	(39,923)	366,126	-
FUND BALANCES - Beginning of Year	1,232,169	338,080	3
<b>FUND BALANCES - END OF YEAR</b>	\$ 1,192,246	\$ 704,206	\$ 3

See accompanying notes to financial statements.

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Nonmajor Governmental Funds		Totals
\$ 167,825	\$ 1,936,817	
66,164	771,004	
-	55,961	
-	27,649	
227,656	230,057	
7,510	15,830	
4,067	26,032	
<u>24,067</u>	<u>42,449</u>	
<u>497,289</u>	<u>3,105,799</u>	
-	285,932	
-	904,536	
144,232	480,749	
-	7,500	
312,270	418,878	
-	786	
43,763	154,497	
-	437,085	
-	<u>220,423</u>	
<u>500,265</u>	<u>2,910,386</u>	
<u>(2,976)</u>	<u>195,413</u>	
-	4,984	
5,000	178,830	
<u>(10,000)</u>	<u>(61,000)</u>	
<u>(5,000)</u>	<u>122,814</u>	
(7,976)	318,227	
<u>349,272</u>	<u>1,919,524</u>	
<u>\$ 341,296</u>	<u>\$ 2,237,751</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, 2012

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Net change in fund balances - total governmental funds	\$	318,227
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Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position 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	154,497
Some items capitalized were reported as current expenditures	56,462
Depreciation is reported in the government-wide financial statements	(311,930)
Net book value of assets retired	(39,010)

Contributed capital assets are reported as revenues in the government-wide financial statements.	58,975
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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.	(20,260)
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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 position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal repaid	437,085

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	7,295
Accrued interest on debt	7,640
Debt issuance costs	(7,862)
Premium	1,165

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>662,284</u></b>
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## VILLAGE OF MARSHALL

### STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2012

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#### ASSETS

##### Current Assets

Cash and investments	\$	695,475
Interest receivable		9,872
Receivables		
Customers		109,739
Advance to TIF - current portion		128,411
Other receivables		1,128
Due from other funds		15,646
Restricted Assets		
Redemption account		<u>336,508</u>
Total Current Assets		<u>1,296,779</u>

##### Noncurrent Assets

Restricted Assets		
Reserve account		166,028
Replacement account		569,285
Capital Assets		
Land		299,365
Plant in service		17,346,386
Accumulated depreciation		(5,521,072)
Other Assets		
Capital project sinking fund		355,005
Preliminary survey and investigation		4,687
Unamortized debt issuance costs		21,610
Property held for resale		290,488
Advance to TIF - non-current portion		<u>612,483</u>
Total Noncurrent Assets		<u>14,144,265</u>
 Total Assets		 <u>15,441,044</u>

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**LIABILITIES**

## Current Liabilities

Accounts payable	\$ 21,619
Due to other funds	20,962
Accrued interest	6,473
Current portion of general obligation debt	60,000
Liabilities Payable from Restricted Assets	
Current portion of revenue bonds	546,741
Accrued interest	<u>19,514</u>
Total Current Liabilities	<u>675,309</u>

## Noncurrent Liabilities

## Long-Term Debt

General obligation debt	465,000
Revenue bonds	3,019,120
Accrued sick leave	<u>6,593</u>
Total Noncurrent Liabilities	<u>3,490,713</u>

Total Liabilities 4,166,022

**NET POSITION**

Net investment in capital assets	8,796,322
Restricted for	
Debt Service	483,022
Equipment Replacement	569,285
Unrestricted net position	<u>1,426,393</u>

**TOTAL NET POSITION** \$ 11,275,022

## VILLAGE OF MARSHALL

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended December 31, 2012

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<b>OPERATING REVENUES</b>	
Water service	\$ 518,133
Sewage service	<u>726,450</u>
Total Operating Revenues	<u>1,244,583</u>
<b>OPERATING EXPENSES</b>	
Operation and maintenance	514,077
Depreciation	<u>460,809</u>
Total Operating Expenses	<u>974,886</u>
Operating Income	<u>269,697</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	22,400
Interest on advance to TIF	43,282
Amortization of debt issuance costs	(4,022)
Interest expense	(143,979)
Interest charged to construction	<u>11,142</u>
Total Nonoperating Revenues (Expenses)	<u>(71,177)</u>
Income Before Contributions and Transfers	<u>198,520</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>	
Capital contributions	2,000
Transfers - tax equivalent	<u>(117,830)</u>
Total Contributions and Transfers	<u>(115,830)</u>
<b>Change in Net Position</b>	82,690
NET POSITION - Beginning of Year	<u>11,192,332</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 11,275,022</u>

See accompanying notes to financial statements.

# VILLAGE OF MARSHALL

## STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended December 31, 2012

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### CASH FLOWS FROM OPERATING ACTIVITIES

Received from customers	\$ 1,283,579
Paid to suppliers for goods and services	(299,289)
Paid to employees for services	<u>(216,070)</u>
Net Cash Flows From Operating Activities	<u>768,220</u>

### CASH FLOWS FROM INVESTING ACTIVITIES

Investments sold and matured	700,000
Investment income	15,626
Investments purchased	<u>(390,457)</u>
Net Cash Flows From Investing Activities	<u>325,169</u>

### CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Paid to municipality for tax equivalent	(96,868)
Received on long-term advance to TIF	<u>168,032</u>
Net Cash Flows From Noncapital Financing Activities	<u>71,164</u>

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Debt retired	(588,463)
Interest paid	(147,442)
Capital contribution received	2,000
Acquisition and construction of capital assets	<u>(411,769)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(1,145,674)</u>

**Net Change in Cash and Cash Equivalents** 18,879

CASH AND CASH EQUIVALENTS - Beginning of Year 1,403,422

**CASH AND CASH EQUIVALENTS - END OF YEAR** \$ 1,422,301

---

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
FLOWS FROM OPERATING ACTIVITIES**

Operating income	\$ 269,697
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities	
Depreciation	460,809
Changes in assets and liabilities	
Customer accounts receivable	20,466
Other receivable	(544)
Due from other funds	19,074
Accounts payable	26
Accrued sick leave	<u>(1,308)</u>

**NET CASH FLOWS FROM OPERATING  
ACTIVITIES**

\$ 768,220

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

Cash and investments - statement of net position	\$ 695,475
Redemption account	336,508
Reserve account	166,028
Replacement account	569,285
Capital project sinking account	<u>355,005</u>
Total Cash and Investments	2,122,301
Less: Noncash equivalents	<u>(700,000)</u>

**CASH AND CASH EQUIVALENTS**

\$ 1,422,301

**NONCASH CAPITAL AND RELATED FINANCING  
ACTIVITIES**

Interest charged to construction	<u>\$ 11,142</u>
----------------------------------	------------------

**VILLAGE OF MARSHALL**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
As of December 31, 2012

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 2,187,434
Taxes receivable	<u>449,206</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,636,640</u>
<b>LIABILITIES</b>	
Due to other governments	<u>\$ 2,636,640</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 2,636,640</u>

See accompanying notes to financial statements.

# VILLAGE OF MARSHALL

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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# VILLAGE OF MARSHALL

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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, 2012. The CDA does not issue separate financial statements.

# VILLAGE OF MARSHALL

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

In June 2011, the GASB issued statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities.

The village made the decision to implement this standard effective January 1, 2012.

#### ***Government-Wide Financial Statements***

The statement of net position 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 position/fund equity, revenues, and expenditure/expenses.

# VILLAGE OF MARSHALL

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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#### ***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/deferred outflows of resources, liabilities/deferred inflows of resources, 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, 2012

---

## **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 Fund  
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 Fund

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 position 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.

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

# VILLAGE OF MARSHALL

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

---

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

---

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

##### *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.

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.

# VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

---

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

---

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

#### ***Fund Financial Statements (cont.)***

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.

### ***D. ASSETS, LIABILITIES, AND NET POSITION 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.

# VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

---

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

---

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

#### **1. Deposits and Investments (cont.)**

- 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

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.

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, 2012, 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 position.

# VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

---

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

---

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

#### **2. Receivables** (cont.)

Property tax calendar - 2012 tax roll:

Lien date and levy date	December 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	July 31, 2013
Personal property taxes in full	January 31, 2013
Tax sale - 2012 delinquent real estate taxes	October 2015

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 position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

#### **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.

# VILLAGE OF MARSHALL

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

---

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

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

##### **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 position.

##### **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. \$11,142 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.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation 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

# VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

---

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

#### **5. *Capital Assets* (cont.)**

##### ***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.

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, 2012, 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.

# VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

---

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

#### ***8. Long-Term Obligations/Conduit Debt (cont.)***

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 position.

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. Refer to Note V. C. on commitments and contingencies.

# VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

---

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

---

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

#### **10. Equity Classifications**

##### ***Government-Wide Statements***

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

- a. Net investment in capital assets - 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 position - Consists of net position 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 position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

The net position 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 "net investment in capital assets", and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Net investment in capital assets	\$ 7,696,174	\$ 8,796,322	\$ (614,173)	\$ 15,878,323
Unrestricted	(803,667)	1,426,393	614,173	1,236,899

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 in spendable 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, 2012

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

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### ***D. ASSETS, LIABILITIES, AND NET POSITION 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 (resolution) 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.

Proprietary fund equity is classified the same as in the government-wide statements.

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, 2012

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

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

#### **11. Basis for Existing Rates**

##### ***Water Utility***

Current water rates were approved by the Public Service Commission of Wisconsin on April 11, 2012.

##### ***Sewer Utility***

Current sewer rates were approved by the village and took effect February 11, 2012.

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

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### ***A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION***

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. 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 position.

Bonds and notes payable	\$	4,201,373
Compensated absences		60,531
Unamortized debt issuance		(55,596)
Accrued interest		73,526
Unamortized premium on debt		<u>9,324</u>
Combined Adjustment for Long-Term Liabilities	\$	<u><u>4,289,158</u></u>

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## NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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### ***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, 2012

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

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#### A. BUDGETARY INFORMATION (cont.)

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 \$173,900. Budgets are adopted at the fund level of expenditure.

#### B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Recreation	\$ 59,468	\$ 71,788	\$ 12,320
Library	229,607	232,134	2,527
Street construction	10,000	51,559	41,559

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. 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.

# VILLAGE OF MARSHALL

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### 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	\$ 6,075,764	\$ 6,132,395	Custodial credit risk
Certificates of deposit	1,200,000	1,200,000	Custodial credit risk
LGIP	69	69	Credit risk
Petty cash	699	-	N/A
 Total Deposits and Investments	 \$ 7,276,532	 \$ 7,332,464	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 4,017,277		
Restricted cash and investments	1,071,821		
Per statement of net position- fiduciary funds			
Agency Fund	2,187,434		
 Total Deposits and Investments	 \$ 7,276,532		

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 through December 31, 2012. On January 1, 2013, the temporary unlimited coverage for noninterest bearing transaction accounts expired. Therefore, demand deposit accounts (interest-bearing and noninterest-bearing) are insured for a total of \$250,000 beginning January 1, 2013. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

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, 2012, the banks had pledged various government securities in the amount of \$2,284,514 to secure the village's deposits.

# VILLAGE OF MARSHALL

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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#### A. DEPOSITS AND INVESTMENTS (cont.)

##### *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, 2012, \$2,378,757 of the village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>2,378,757</u>
Total	\$ <u><u>2,378,757</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 pool which is not rated:

Local Government Investment Pool

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

## VILLAGE OF MARSHALL

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### **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	\$ 758,442	\$ 742,106	\$ 315,993	\$ 352,502	\$ 2,169,043
Delinquent personal property	579	-	-	-	579
Accounts	22,389	-	-	90	22,479
Loans	-	50,000	-	-	50,000
Delinquent special assessments	14,958	-	-	-	14,958
Special assessments	-	4,600	-	13,691	18,291
Due from other governments	<u>27,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,592</u>
<b>Total</b>	<u><u>\$ 823,960</u></u>	<u><u>\$ 796,706</u></u>	<u><u>\$ 315,993</u></u>	<u><u>\$ 366,283</u></u>	<u><u>\$ 2,302,942</u></u>
 Amounts not expected to be collected within one year	 <u><u>\$ 15,537</u></u>	 <u><u>\$ 54,600</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 13,691</u></u>	 <u><u>\$ 83,828</u></u>

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:

	Unavailable	Unearned	Totals
Property taxes receivable for subsequent year	\$ -	\$ 2,133,999	\$ 2,133,999
Special assessments not yet due	23,957	-	23,957
Long-term receivable from fire department	28,092	-	28,092
Loans receivable	<u>50,000</u>	<u>-</u>	<u>50,000</u>
 Total Deferred/Unearned Revenue for Governmental Funds	 <u><u>\$ 102,049</u></u>	 <u><u>\$ 2,133,999</u></u>	 <u><u>\$ 2,236,048</u></u>

# VILLAGE OF MARSHALL

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### **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.

##### ***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.

Following is a list of restricted assets at December 31, 2012:

Restricted Assets	
Redemption account	\$ 336,508
Reserve account	166,028
Replacement account	<u>569,285</u>
Total Restricted Assets	<u><u>\$ 1,071,821</u></u>

#### **D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 1,363,379	\$ -	\$ -	\$ 1,363,379
Stormwater detention pond	16,867	-	-	16,867
Construction in progress	<u>29,300</u>	<u>74,365</u>	<u>29,300</u>	<u>74,365</u>
Total Capital Assets Not Being Depreciated	<u>1,409,546</u>	<u>74,365</u>	<u>29,300</u>	<u>1,454,611</u>

# VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

### D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities (cont.)</b>				
Capital assets being depreciated				
Buildings	\$ 2,438,384	\$ 88,275	\$ -	\$ 2,526,659
Machinery and equipment	650,075	73,588	53,030	670,633
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	663,190	63,006	70,300	655,896
Total Capital Assets Being Depreciated	11,453,347	224,869	123,330	11,554,886
Total Capital Assets	12,862,893	299,234	152,630	13,009,497
Less: Accumulated depreciation for				
Buildings	(649,114)	(53,011)	-	(702,125)
Machinery and equipment	(342,748)	(50,899)	14,020	(379,627)
Streets	(1,079,135)	(84,571)	-	(1,163,706)
Storm sewers	(14,136)	(3,220)	-	(17,356)
Sidewalks	(259,317)	(9,975)	-	(269,292)
Street lighting	(146,264)	(36,566)	-	(182,830)
Library capital assets	(437,171)	(73,688)	70,300	(440,559)
Total Accumulated Depreciation	(2,927,885)	(311,930)	84,320	(3,155,495)
Net Capital Assets Being Depreciated	8,525,462	(87,061)	39,010	8,399,391
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 9,935,008	\$ (12,696)	\$ 68,310	\$ 9,854,002

Depreciation expense was charged to functions as follows:

### Governmental Activities

General government	\$ 2,257
Public safety	15,660
Public works, which includes the depreciation of infrastructure	175,219
Culture, recreation and education	118,794
Total Governmental Activities Depreciation Expense	\$ 311,930

## VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

### 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	3,941,598	-	-	3,941,598
Collecting system pumping	218,989	-	-	218,989
Treatment and disposal	6,353,902	2,064	-	6,355,966
General	323,994	6,382	1,500	328,876
Total Capital Assets Being Depreciated	10,838,483	8,446	1,500	10,845,429
Total Capital Assets	11,054,211	8,446	1,500	11,061,157
Less: Accumulated depreciation for				
Sewer	(3,924,932)	(323,415)	1,500	(4,246,847)
Total Accumulated Depreciation	(3,924,932)	(323,415)	1,500	(4,246,847)
Net Capital Assets Being Depreciated	6,913,551	(314,969)	-	6,598,582
Net Sewer Capital Assets	\$ 7,129,279	\$ (314,969)	\$ -	\$ 6,814,310

## VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

### 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	\$ 36,137	\$ 47,500	\$ -	\$ 83,637
Construction in progress	928,592	-	928,592	-
Total Capital Assets Not Being Depreciated	964,729	47,500	928,592	83,637
Capital assets being depreciated				
Collecting system	25,637	228,061	-	253,698
Pumping	132,421	793,106	-	925,527
Water treatment	3,809	-	-	3,809
Transmission and distribution	4,927,661	238,561	2,400	5,163,822
General	129,096	26,505	1,500	154,101
Total Capital Assets Being Depreciated	5,218,624	1,286,233	3,900	6,500,957
Total Capital Assets	6,183,353	1,333,733	932,492	6,584,594
Less: Accumulated depreciation for				
Water	(1,140,731)	(137,394)	3,900	(1,274,225)
Total Accumulated Depreciation	(1,140,731)	(137,394)	3,900	(1,274,225)
Net Capital Assets Being Depreciated	4,077,893	1,148,839	-	5,226,732
Net Water Capital Assets	\$ 5,042,622	\$ 1,196,339	\$ 928,592	\$ 5,310,369
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 12,171,901	\$ 881,370	\$ 928,592	\$ 12,124,679

Depreciation expense was charged to functions as follows:

##### Business-type Activities

Sewer	\$ 330,219
Water	130,590
Total Business-type Activities Depreciation Expense	\$ 460,809

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, 2012

### 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	Water and Sewer Utility	\$ 20,962
Water and Sewer Utility	General Fund	<u>15,646</u>
Total - Fund Financial Statements		36,608
Less: Fund eliminations		<u>(31,292)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 5,316</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.

For the statement of net position, 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>\$ 740,894</u>	\$ 612,483

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

# VILLAGE OF MARSHALL

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

##### *Advances (cont.)*

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 128,411	\$ 37,045
2014	132,180	30,624
2015	136,060	24,015
2016	140,055	17,212
2017	144,168	10,209
2018	<u>60,020</u>	<u>3,001</u>
Totals	<u>\$ 740,894</u>	<u>\$ 122,106</u>

For the statement of net position, 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	\$ 117,830	Utility payment in lieu of taxes
General debt service	General Fund	46,000	Debt payment
General debt service	Street construction	10,000	Debt payment
Recreation fund	General Fund	<u>5,000</u>	Parks maintenance
Total - Fund Financial Statements		178,830	
Less: Fund eliminations		<u>(61,000)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 117,830</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.

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

# VILLAGE OF MARSHALL

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### *F. LONG-TERM OBLIGATIONS*

Long-term obligations activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 4,638,458	\$ -	\$ 437,085	\$ 4,201,373	\$ 451,284
Add/(Subtract) Deferred Amounts For (Discounts)/Premiums	10,489	-	1,165	9,324	-
Sub-totals	4,648,947	-	438,250	4,210,697	451,284
Other Liabilities					
Vested compensated absences	67,826	-	7,295	60,531	30,496
Total Other Liabilities	67,826	-	7,295	60,531	30,496
Total Governmental Activities Long-Term Liabilities	\$ 4,716,773	\$ -	\$ 445,545	\$ 4,271,228	\$ 481,780
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 585,000	\$ -	\$ 60,000	\$ 525,000	\$ 60,000
Revenue bonds	4,094,324	-	528,463	3,565,861	546,741
Sub-totals	4,679,324	-	588,463	4,090,861	606,741
Other Liabilities					
Vested compensated absences	7,901	8,515	9,823	6,593	-
Total Other Liabilities	7,901	8,515	9,823	6,593	-
Total Business-type Activities Long-Term Liabilities	\$ 4,687,225	\$ 8,515	\$ 598,286	\$ 4,097,454	\$ 606,741

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, 2012, was \$9,965,075. Total general obligation debt outstanding at year end was \$4,726,373.

#### ***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.

## VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

#### *F. LONG-TERM OBLIGATIONS* (cont.)

##### *General Obligation Debt* (cont.)

##### **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, 2012</u>
2005 Refunding bonds	12/29/05	03/01/20	3.9-4.1%	\$ 1,855,000	\$ 1,535,000
2007 Promissory Note	12/27/07	03/01/17	3.4-3.75%	2,585,000	1,805,000
2009 state trust fund loan	10/28/09	3/15/19	4.5 %	300,000	247,200
2010 state trust fund loan	08/12/10	3/15/20	4.5 %	750,000	<u>614,173</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 4,201,373</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, 2012</u>
2007 General Obligation Notes	12/27/07	03/01/17	3.40-3.75%	\$ 760,000	<u>\$ 525,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 525,000</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>
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	1,554,889	74,216	265,000	4,969
2018-2020	<u>999,480</u>	<u>70,623</u>	-	-
Totals	<u>\$ 4,201,373</u>	<u>\$ 683,829</u>	<u>\$ 525,000</u>	<u>\$ 64,330</u>

##### **Revenue Debt**

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

# VILLAGE OF MARSHALL

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### *F. LONG-TERM OBLIGATIONS* (cont.)

##### *Revenue Debt* (cont.)

The water has pledged future revenues, net of specified operating expenses, 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 25% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,338,849. Principal and interest paid for the current year and total customer net revenues were \$135,623 and \$529,209, 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 49% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$2,672,987. Principal and interest paid for the current year and total customer gross revenues were \$519,600 and \$907,682, respectively.

Revenue debt payable at December 31, 2012, consists of the following:

#### *Business-type Activities Revenue Debt*

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2012
<u>Water and Sewer Fund</u>					
1997 Revenue Bonds	08/27/97	05/01/17	3.096%	\$ 6,351,233	\$ 2,047,496
1998 Revenue Bonds	11/24/98	05/01/18	2.640%	1,155,695	428,365
2007 Revenue Bonds	12/21/07	11/01/22	3.55-4.10%	1,265,000	1,090,000
Total Business-type Activities Revenue Debt					\$ 3,565,861

# VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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### *F. LONG-TERM OBLIGATIONS* (cont.)

#### *Revenue Debt* (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2013	\$ 546,741	\$ 110,242
2014	560,422	92,885
2015	579,519	75,059
2016	599,044	56,563
2017	614,010	37,380
2018-2022	<u>666,125</u>	<u>73,846</u>
Totals	<u>\$ 3,565,861</u>	<u>\$ 445,975</u>

#### *Other Debt Information*

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability, other post employment benefits obligation, and net pension obligation 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 66.0621 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, 2012

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

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### *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, 2012, \$1,495,000 of bonds outstanding are considered defeased. The bonds are callable as follows:

<u>Call Date</u>	<u>Amount</u>
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 POSITION/FUND BALANCES*

Net position reported on the government wide statement of net position at December 31, 2012, includes the following:

#### *Governmental Activities*

Net Investment in Capital Assets	
Land	\$ 1,363,379
Construction in progress	74,365
Stormwater detention ponds	16,867
Other capital assets, net of accumulated depreciation	8,399,391
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(2,204,100)
Less: Unamortized debt premium	(9,324)
Add: Unamortized debt issuance costs	<u>55,596</u>
Total Net Investment in Capital Assets	<u>7,696,174</u>

# VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

### G. NET POSITION/FUND BALANCES (cont.)

#### Governmental Activities (cont.)

Restricted		
Library	\$	253,331
TID activities		<u>758,806</u>
Total Restricted		<u>1,012,137</u>
Unrestricted (deficit)		<u>(803,667)</u>
Total Governmental Activities Net Position	\$	<u><u>7,904,644</u></u>

#### Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2012, include the following:

	General Fund	TIF No. 1	General Debt Service	Nonmajor Funds	Totals
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Delinquent items	\$ 15,537	\$ -	\$ -	\$ -	\$ 15,537
Prepaid items	42,807	-	-	-	42,807
<b>Restricted for:</b>					
Debt service	-	-	3	-	3
TID activities	-	704,206	-	-	704,206
Library	-	-	-	253,331	253,331
<b>Committed to:</b>					
Parks and recreation	-	-	-	32,679	32,679
Solid waste	-	-	-	16,172	16,172
<b>Assigned to:</b>					
Carryforward amount	173,900	-	-	-	173,900
Subsequent year's budget	30,457	-	-	-	30,457
Capital projects	-	-	-	39,114	39,114
<b>Unassigned:</b>	<u>929,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>929,545</u>
<b>Total Fund Balances</b>	<u><u>\$ 1,192,246</u></u>	<u><u>\$ 704,206</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ 341,296</u></u>	<u><u>\$ 2,237,751</u></u>

# VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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### G. NET POSITION/FUND BALANCES (cont.)

#### *Business-type Activities*

Net Investment in Capital Assets	
Land	\$ 299,365
Other capital assets, net of accumulated depreciation	11,825,314
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(4,090,861)
Plus: Unamortized debt discount	21,610
Add: Advance to TIF	<u>740,894</u>
Total Net Investment in Capital Assets	<u>8,796,322</u>
Restricted	
Redemption account	336,508
Reserve account	166,028
Replacement account	569,285
Less: Current liabilities payable from restricted assets	<u>(19,514)</u>
Total Restricted	<u>1,052,307</u>
Unrestricted	<u>1,426,393</u>
Total Business-type Activities Net Position	<u>\$ 11,275,022</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 position 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/Masurement 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 \$59,977 and is part of the village's commingled cash. See Note IV. A.

# VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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### H. COMPONENT UNIT (cont.)

#### COMMUNITY DEVELOPMENT AUTHORITY (cont.)

##### b. Deposits and Investments (cont.)

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.

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## NOTE V - OTHER INFORMATION

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### A. EMPLOYEES' RETIREMENT SYSTEM

All eligible village employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Prior to June 29, 2011, covered employees in the General category were 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. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to the fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was change to one-half of the actuarially determined contribution rate for General category employees, and Executives and Elected Officials. Required contributions for protective contributions are the same as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for December 31, 2012 are:

	<u>Employee</u>	<u>Employer</u>
General	5.9%	5.9%
Executives and Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

# VILLAGE OF MARSHALL

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### **NOTE V - OTHER INFORMATION (cont.)**

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#### ***A. EMPLOYEES' RETIREMENT SYSTEM (cont.)***

The payroll for village employees covered by the WRS for the year ended December 31, 2012 was \$984,640; the employer's total payroll was \$1,046,818. The total required contribution for the year ended December 31, 2012 was \$136,072 or 13.8% of covered payroll. Of this amount, 57 percent was contributed by the employer and 43 was contributed by the employee for the current year. Total contributions for the years ending December 31, 2011 and 2010 were \$131,080 and \$126,878, 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 and submitting application 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, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be 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, 2012 there was no pension related debt for the village.

#### ***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.

# VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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## **NOTE V - OTHER INFORMATION (cont.)**

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### ***C. COMMITMENTS AND CONTINGENCIES (cont.)***

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 2012 of \$92,953. 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, 2012 is available directly from the district's office.

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

#### ***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 \$55,163 to the district for 2012. 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, 2012 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.

# VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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## **NOTE V - OTHER INFORMATION** (cont.)

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### ***E. 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. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Application of these standards may restate portions of these financial statements.

### ***F. SIGNIFICANT CUSTOMERS***

The sewer utility has one significant customer who was responsible for 22% of operating revenues in 2012.

The water utility has one significant customer who was responsible for 12% of operating revenues in 2012.

**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, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 824,053	\$ 821,682	\$ (2,371)
Intergovernmental	652,784	687,513	34,729
Licenses and permits	53,085	55,961	2,876
Fines, forfeitures and penalties	31,000	27,649	(3,351)
Public charges for services	3,450	2,401	(1,049)
Investment income	19,000	21,293	2,293
Other revenues	<u>13,000</u>	<u>18,382</u>	<u>5,382</u>
Total Revenues	<u>1,596,372</u>	<u>1,634,881</u>	<u>38,509</u>
<b>EXPENDITURES</b>			
Current			
General government	288,150	282,566	5,584
Public safety	930,227	904,536	25,691
Public works	349,057	336,517	12,540
Health and human services	10,000	7,500	2,500
Culture, recreation and education	96,992	106,608	(9,616)
Conservation and development	1,765	786	979
Capital outlay	<u>31,700</u>	<u>108,105</u>	<u>(76,405)</u>
Total Expenditures	<u>1,707,891</u>	<u>1,746,618</u>	<u>(38,727)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(111,519)</u>	<u>(111,737)</u>	<u>(218)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Property sales	6,000	4,984	(1,016)
Transfers in	90,000	117,830	27,830
Transfers out	<u>(50,750)</u>	<u>(51,000)</u>	<u>(250)</u>
Total Other Financing Sources (Uses)	<u>45,250</u>	<u>71,814</u>	<u>26,564</u>
<b>Net Change in Fund Balance</b>	(66,269)	(39,923)	26,346
FUND BALANCE - Beginning of Year	<u>1,232,169</u>	<u>1,232,169</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,165,900</u>	<u>\$ 1,192,246</u>	<u>\$ 26,346</u>

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

# VILLAGE OF MARSHALL

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2012

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### ***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>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
Culture, recreation and education	\$ 96,992	\$ 106,608	\$ 9,616
Capital outlay	31,700	108,105	76,405
Transfers out	50,750	51,000	250

**SUPPLEMENTARY INFORMATION**

## VILLAGE OF MARSHALL

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

For the Year Ended December 31, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>TAXES</b>			
General property taxes	\$ 758,053	\$ 758,053	\$ -
Mobile home lottery credit and parking fees	65,000	62,951	(2,049)
Interest and penalties on taxes	1,000	678	(322)
Total Taxes	<u>824,053</u>	<u>821,682</u>	<u>(2,371)</u>
<b>INTERGOVERNMENTAL</b>			
State shared revenues	449,145	449,165	20
Fire insurance tax (2% fire dues)	6,100	7,165	1,065
State aid - other law enforcement	11,440	30,120	18,680
State aid - general transportation aids	172,599	172,600	1
State aid - recycling	12,000	10,314	(1,686)
Other state payments	1,500	17,159	15,659
County aid - highway and bridges	-	990	990
Total Intergovernmental	<u>652,784</u>	<u>687,513</u>	<u>34,729</u>
<b>LICENSES AND PERMITS</b>			
Liquor and malt beverage licenses	4,200	4,823	623
Operators' license	1,800	1,975	175
Cigarette licenses	300	350	50
Other business and occupational licenses	60	50	(10)
Cable television franchise fees	33,000	35,163	2,163
Bicycle licenses	-	21	21
Dog and cat licenses	3,400	3,249	(151)
Building permits	7,500	6,631	(869)
Other permits	125	175	50
Zoning permits and fees	1,600	920	(680)
Other regulatory permits and fees	1,100	2,604	1,504
Total Licenses and Permits	<u>53,085</u>	<u>55,961</u>	<u>2,876</u>
<b>FINES, FORFEITURES AND PENALTIES</b>			
Court penalties and costs	22,000	20,969	(1,031)
Parking violations	9,000	6,680	(2,320)
Total Fines, Forfeitures and Penalties	<u>31,000</u>	<u>27,649</u>	<u>(3,351)</u>
<b>PUBLIC CHARGES FOR SERVICES</b>			
General government	800	1,209	409
Law enforcement fees	550	1,082	532
Street related facilities	500	-	(500)
Weed and nuisance control	1,600	110	(1,490)
Total Public Charges for Services	<u>3,450</u>	<u>2,401</u>	<u>(1,049)</u>
<b>INVESTMENT INCOME</b>			
Investment income	19,000	21,293	2,293
Total Investment Income	<u>19,000</u>	<u>21,293</u>	<u>2,293</u>

## VILLAGE OF MARSHALL

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

For the Year Ended December 31, 2012

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	<u>Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>OTHER REVENUES</b>			
Rent	\$ 12,000	\$ 12,000	\$ -
Other miscellaneous	<u>1,000</u>	<u>6,382</u>	<u>5,382</u>
Total Other Revenues	<u>13,000</u>	<u>18,382</u>	<u>5,382</u>
<b>OTHER FINANCING SOURCES</b>			
Transfer in - utility tax equivalent	90,000	117,830	27,830
Property sales	<u>6,000</u>	<u>4,984</u>	<u>(1,016)</u>
Total Other Financing Sources	<u>96,000</u>	<u>122,814</u>	<u>26,814</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 1,692,372</u>	<u>\$ 1,757,695</u>	<u>\$ 65,323</u>

## VILLAGE OF MARSHALL

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

For the Year Ended December 31, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>GENERAL GOVERNMENT</b>			
Village board	\$ 7,277	\$ 5,869	\$ 1,408
Judicial	11,351	7,793	3,558
Municipal court	21,928	29,276	(7,348)
Legal counseling	10,000	11,529	(1,529)
Codification of ordinances	-	4,381	(4,381)
President	5,010	3,823	1,187
Clerk	65,476	67,183	(1,707)
Legislative support	5,700	3,058	2,642
Commissions and committees	1,508	1,050	458
Elections	6,894	8,913	(2,019)
Secretarial	16,893	15,359	1,534
Deputy clerk	32,137	31,737	400
Assessment of property	12,575	11,554	1,021
Independent auditing	19,500	19,168	332
Property and liability insurance	19,200	18,841	359
General buildings/plant/hall	28,237	22,264	5,973
Other insurance	22,700	19,225	3,475
Map and plat books	150	37	113
League dues	931	931	-
Budget adjustment	683	575	108
Total General Government	<u>288,150</u>	<u>282,566</u>	<u>5,584</u>
<b>PUBLIC SAFETY</b>			
Police	77,767	40,892	36,875
Administration	113,323	112,544	779
Patrol	479,823	500,834	(21,011)
Crossing guards	46,918	43,478	3,440
Police secretary	53,279	50,614	2,665
Community officer	1,000	934	66
Fire protection	55,164	55,163	1
Ambulance	92,953	92,953	-
Building inspection	10,000	7,124	2,876
Total Public Safety	<u>930,227</u>	<u>904,536</u>	<u>25,691</u>
<b>PUBLIC WORKS</b>			
Machinery operation and maintenance	34,700	32,922	1,778
Engineering	500	-	500
Highway and street maintenance and construction	69,200	80,642	(11,442)
Garages and sheds	178,557	160,285	18,272
Street signs	2,200	2,288	(88)
Snow and ice control	11,500	11,155	345
Street lighting	46,200	45,521	679
Sidewalks	2,700	2,613	87
Storm sewer maintenance	2,000	-	2,000
Weed and nuisance control	1,500	1,091	409
Total Public Works	<u>349,057</u>	<u>336,517</u>	<u>12,540</u>

## VILLAGE OF MARSHALL

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

For the Year Ended December 31, 2012

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>HEALTH AND HUMAN SERVICES</b>			
Contributions to local organizations	\$ 10,000	\$ 7,500	\$ 2,500
<b>CULTURE, RECREATION AND EDUCATION</b>			
Community center	12,500	18,166	(5,666)
Recreation administration	59,097	59,819	(722)
Celebration and entertainment	1,120	862	258
Parks	1,850	5,973	(4,123)
Converse park	6,925	2,025	4,900
Review park	300	114	186
Deerhaven park	1,200	634	566
Scenic circle park	300	432	(132)
Lions park	2,300	2,000	300
Parks - Skate Park	500	158	342
Fireman's park	10,400	8,429	1,971
Recreation facilities	500	7,996	(7,496)
Total Culture, Recreation and Education	<u>96,992</u>	<u>106,608</u>	<u>(9,616)</u>
<b>CONSERVATION AND DEVELOPMENT</b>			
Forestry	50	-	50
Zoning	-	6	(6)
Planning Commission	1,715	780	935
Total Conservation and Development	<u>1,765</u>	<u>786</u>	<u>979</u>
<b>CAPITAL OUTLAY</b>			
Capital outlay	<u>31,700</u>	<u>108,105</u>	<u>(76,405)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>50,750</u>	<u>51,000</u>	<u>(250)</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 1,758,641</u>	<u>\$ 1,797,618</u>	<u>\$ (38,977)</u>

## VILLAGE OF MARSHALL

### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2012

	Special Revenue				
	Recreation Fund	Langer Park Fund	Library Fund	Solid Waste Fund	Veterans Memorial Park Fund
<b>ASSETS</b>					
Cash and investments	\$ 19,596	\$ 8,450	\$ 256,217	\$ 28,085	\$ 7,445
Receivables					
Taxes receivable	21,525	-	174,000	150,275	-
Customers	-	-	90	-	-
Special assessments	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 41,121</u></b>	<b><u>\$ 8,450</u></b>	<b><u>\$ 430,307</u></b>	<b><u>\$ 178,360</u></b>	<b><u>\$ 7,445</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 2,359	\$ 453	\$ 2,976	\$ 11,913	\$ -
Deferred revenues	21,525	-	174,000	150,275	-
Total Liabilities	<u>23,884</u>	<u>453</u>	<u>176,976</u>	<u>162,188</u>	<u>-</u>
Fund Balances					
Restricted	-	-	253,331	-	-
Committed	17,237	7,997	-	16,172	7,445
Assigned	-	-	-	-	-
Total Fund Balances	<u>17,237</u>	<u>7,997</u>	<u>253,331</u>	<u>16,172</u>	<u>7,445</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 41,121</u></b>	<b><u>\$ 8,450</u></b>	<b><u>\$ 430,307</u></b>	<b><u>\$ 178,360</u></b>	<b><u>\$ 7,445</u></b>

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Capital Project

<u>Street Construction</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 38,078	\$ 357,871
6,702	352,502
-	90
<u>13,691</u>	<u>13,691</u>
<u>\$ 58,471</u>	<u>\$ 724,154</u>

\$ -	\$ 17,701
<u>19,357</u>	<u>365,157</u>
<u>19,357</u>	<u>382,858</u>

-	253,331
-	48,851
<u>39,114</u>	<u>39,114</u>
<u>39,114</u>	<u>341,296</u>

<u>\$ 58,471</u>	<u>\$ 724,154</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, 2012

	Special Revenue				
	Recreation Fund	Langer Park Fund	Library Fund	Solid Waste Fund	Veterans Memorial Park Fund
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 164,425	\$ 3,400	\$ -
Intergovernmental	-	30,200	35,964	-	-
Public charges for services	66,383	-	17,913	143,360	-
Special assessments	-	-	-	-	-
Investment income	-	-	2,916	-	-
Other revenues	-	21,662	1,840	-	565
Total Revenues	66,383	51,862	223,058	146,760	565
<b>EXPENDITURES</b>					
Current					
Public works	-	-	-	144,232	-
Culture, recreation and education	71,788	7,993	232,134	-	355
Capital Outlay	-	2,204	-	-	-
Total Expenditures	71,788	10,197	232,134	144,232	355
Excess (deficiency) of revenues over expenditures	(5,405)	41,665	(9,076)	2,528	210
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	5,000	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	5,000	-	-	-	-
<b>Net Change in Fund Balances</b>	(405)	41,665	(9,076)	2,528	210
<b>FUND BALANCES (DEFICIT)</b>					
- Beginning of Year	17,642	(33,668)	262,407	13,644	7,235
<b>FUND BALANCES - END OF YEAR</b>	\$ 17,237	\$ 7,997	\$ 253,331	\$ 16,172	\$ 7,445

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Capital Project

<u>Street Construction</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 167,825
-	66,164
-	227,656
7,510	7,510
1,151	4,067
-	<u>24,067</u>
<u>8,661</u>	<u>497,289</u>
-	144,232
-	312,270
<u>41,559</u>	<u>43,763</u>
<u>41,559</u>	<u>500,265</u>
<u>(32,898)</u>	<u>(2,976)</u>
-	5,000
<u>(10,000)</u>	<u>(10,000)</u>
<u>(10,000)</u>	<u>(5,000)</u>
(42,898)	(7,976)
<u>82,012</u>	<u>349,272</u>
<u>\$ 39,114</u>	<u>\$ 341,296</u>

# VILLAGE OF MARSHALL

## STATEMENT OF CASH FLOWS COMPONENT UNIT For the Year Ended December 31, 2012

	Component Unit
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers	\$ 16,303
Paid to suppliers for goods and services	<u>(4,425)</u>
Net Cash Flows From Operating Activities	<u>11,878</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	<u>7,030</u>
Net Cash Flows From Investing Activities	<u>7,030</u>
<b>Net Change in Cash and Cash Equivalents</b>	18,908
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>41,069</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 59,977</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (4,765)
Changes in assets and liabilities	
Loans receivable	16,303
Accounts payable	<u>340</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 11,878</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>	
Cash and investments - statement of net position	<u>\$ 59,977</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 59,977</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
None	