

VILLAGE OF MARSHALL

Marshall, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

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, 2016, 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.

To the Village Board
Village of Marshall

Opinions

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, 2016 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the general fund budgetary comparison schedule, schedule of proportionate share of the net pension liability (asset) and schedule of employer contributions 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 are not affected by this missing information.

To the Village Board
Village of Marshall

Supplementary 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 are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Veitchau Krause, LLP

Madison, Wisconsin
March 22, 2017

VILLAGE OF MARSHALL

STATEMENT OF NET POSITION As of December 31, 2016

	Governmental Activities	Business-type Activities	Totals	CDA
ASSETS				
Cash and investments	\$ 3,056,036	\$ 756,432	\$ 3,812,468	\$ 196,512
Receivables (net)				
Taxes receivable	2,249,735	-	2,249,735	-
Delinquent personal property taxes	1,299	-	1,299	-
Accounts	30,905	134,479	165,384	-
Developer and other loans	-	-	-	1,517,626
Accrued interest	3,595	5,075	8,670	-
Delinquent special assessments	1,020	-	1,020	-
Due from other governments	25,092	-	25,092	-
Internal balances	(7,505)	7,505	-	-
Advances	(542,529)	542,529	-	-
Prepaid items	18,226	-	18,226	-
Restricted assets				
Cash and investments	-	1,113,699	1,113,699	-
Land held for resale	136,722	-	136,722	-
Property held for future use	-	290,488	290,488	-
Capital Assets				
Land	1,450,578	291,128	1,741,706	-
Stormwater detention pond	35,711	-	35,711	-
Other capital assets, net of depreciation	8,035,194	11,470,179	19,505,373	-
Total Assets	<u>14,494,079</u>	<u>14,611,514</u>	<u>29,105,593</u>	<u>1,714,138</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	<u>658,192</u>	<u>112,995</u>	<u>771,187</u>	<u>-</u>
LIABILITIES				
Accounts payable	52,420	9,720	62,140	-
Accrued liabilities and deposits	51,372	1,342	52,714	-
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	-	633,219	633,219	-
Accrued interest	-	8,741	8,741	-
Noncurrent Liabilities				
Due within one year	979,899	78,815	1,058,714	-
Due in more than one year	4,311,338	1,259,531	5,570,869	-
Total Liabilities	<u>5,395,029</u>	<u>1,991,368</u>	<u>7,386,397</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	2,242,228	-	2,242,228	-
Pension related amounts	246,597	41,585	288,182	-
Total Deferred Inflows of Resources	<u>2,488,825</u>	<u>41,585</u>	<u>2,530,410</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	7,510,042	10,361,679	17,001,721	-
Restricted for				
Replacement of capital assets	-	569,285	569,285	-
Debt service	50,789	535,673	586,462	-
Library	259,183	-	259,183	-
TID Activities	806,436	-	806,436	-
Unrestricted (deficit)	<u>(1,358,033)</u>	<u>1,224,919</u>	<u>736,886</u>	<u>1,714,138</u>
TOTAL NET POSITION	<u><u>\$ 7,268,417</u></u>	<u><u>\$ 12,691,556</u></u>	<u><u>\$ 19,959,973</u></u>	<u><u>\$ 1,714,138</u></u>

See accompanying notes to financial statements.

VILLAGE OF MARSHALL

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

Functions/Programs	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government				
Governmental Activities				
General government	\$ 384,140	\$ 29,241	\$ -	\$ -
Public safety	1,094,003	77,170	31,629	-
Public works	548,828	161,676	151,551	-
Health and human services	10,500	-	-	-
Culture, recreation and education	502,570	83,094	51,053	-
Conservation and development	1,597,009	-	2,215	-
Interest and fiscal charges	<u>153,373</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>4,290,423</u>	<u>351,181</u>	<u>236,448</u>	<u>-</u>
Business-type Activities				
Water	665,700	554,179	-	38,776
Sewer	<u>710,814</u>	<u>782,256</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>1,376,514</u>	<u>1,336,435</u>	<u>-</u>	<u>38,776</u>
Total Primary Government	<u>\$ 5,666,937</u>	<u>\$ 1,687,616</u>	<u>\$ 236,448</u>	<u>\$ 38,776</u>
Component Unit				
CDA	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>

General Revenues

 Taxes

 Property taxes, levied for general purposes

 Property taxes, levied for debt service

 Property taxes, levied for TIF districts

 Property taxes, levied for other purposes

 Other taxes

 Intergovernmental

 Intergovernmental revenues not restricted to specific programs

 Investment income

 Miscellaneous

Transfers

 Total General Revenues and 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
\$ (354,899)	\$ -	\$ (354,899)	\$ -
(985,204)	-	(985,204)	-
(235,601)	-	(235,601)	-
(10,500)	-	(10,500)	-
(368,423)	-	(368,423)	-
(1,594,794)	-	(1,594,794)	-
<u>(153,373)</u>	<u>-</u>	<u>(153,373)</u>	<u>-</u>
<u>(3,702,794)</u>	<u>-</u>	<u>(3,702,794)</u>	<u>-</u>
-	(72,745)	(72,745)	-
-	<u>71,442</u>	<u>71,442</u>	-
-	<u>(1,303)</u>	<u>(1,303)</u>	-
<u>(3,702,794)</u>	<u>(1,303)</u>	<u>(3,704,097)</u>	<u>-</u>
-	-	-	<u>1,499,999</u>
951,206	-	951,206	-
462,638	-	462,638	-
720,924	-	720,924	-
1,700	-	1,700	-
72,566	-	72,566	-
427,685	-	427,685	-
26,827	49,614	76,441	4,521
105,384	-	105,384	-
<u>145,602</u>	<u>(145,602)</u>	<u>-</u>	<u>-</u>
<u>2,914,532</u>	<u>(95,988)</u>	<u>2,818,544</u>	<u>4,521</u>
(788,262)	(97,291)	(885,553)	1,504,520
<u>8,056,679</u>	<u>12,788,847</u>	<u>20,845,526</u>	<u>209,618</u>
<u>\$ 7,268,417</u>	<u>\$ 12,691,556</u>	<u>\$ 19,959,973</u>	<u>\$ 1,714,138</u>

See accompanying notes to financial statements.

VILLAGE OF MARSHALL

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2016

	General Fund	Debt Service Fund	TIF No. 1
ASSETS			
Cash and investments	\$ 1,328,714	\$ 34,805	\$ 1,351,236
Receivables			
Taxes receivable	763,492	453,588	667,234
Delinquent personal property tax	1,299	-	-
Accounts	24,270	-	-
Accrued interest	3,595	-	-
Delinquent special assessments held by county	1,020	-	-
Due from other governments	25,092	-	-
Advances to other funds	136,722	-	-
Due from other funds	-	54,671	-
Land held for resale	-	-	-
Prepaid items	18,226	-	-
	<u>\$ 2,302,430</u>	<u>\$ 543,064</u>	<u>\$ 2,018,470</u>
TOTAL ASSETS			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 43,278	\$ -	\$ 2,256
Accrued liabilities	12,685	-	-
Due to other funds	7,490	-	15
Advances from other funds	-	-	542,529
Total Liabilities	<u>63,453</u>	<u>-</u>	<u>544,800</u>
Deferred Inflows of Resources			
Unearned revenues	755,985	453,588	667,234
Unavailable revenues	29,202	-	-
Total Deferred Inflows of Resources	<u>785,187</u>	<u>453,588</u>	<u>667,234</u>
Fund Balances			
Nonspendable	157,267	-	-
Restricted	-	89,476	806,436
Committed	-	-	-
Assigned	216,780	-	-
Unassigned (deficit)	1,079,743	-	-
Total Fund Balances	<u>1,453,790</u>	<u>89,476</u>	<u>806,436</u>
	<u>\$ 2,302,430</u>	<u>\$ 543,064</u>	<u>\$ 2,018,470</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 341,281	\$ 3,056,036
365,421	2,249,735
-	1,299
6,635	30,905
-	3,595
-	1,020
-	25,092
-	136,722
-	54,671
136,722	136,722
<u>-</u>	<u>18,226</u>
<u>\$ 850,059</u>	<u>\$ 5,714,023</u>

\$ 6,886	\$ 52,420
-	12,685
54,671	62,176
<u>136,722</u>	<u>679,251</u>
<u>198,279</u>	<u>806,532</u>

365,421	2,242,228
-	29,202
<u>365,421</u>	<u>2,271,430</u>

-	157,267
259,183	1,155,095
78,543	78,543
-	216,780
<u>(51,367)</u>	<u>1,028,376</u>
<u>286,359</u>	<u>2,636,061</u>

<u>\$ 850,059</u>	<u>\$ 5,714,023</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, 2016

Total Fund Balances - Governmental Funds	\$ 2,636,061
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. See Note IV. D.	9,521,483
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	29,202
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	658,192
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(246,597)
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>(5,329,924)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 7,268,417</u></u>

VILLAGE OF MARSHALL

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

For the Year Ended December 31, 2016

	General Fund	Debt Service Fund	TIF No. 1
REVENUES			
Taxes	\$ 822,772	\$ 462,638	\$ 720,924
Intergovernmental	609,913	-	5,170
Licenses and permits	92,353	-	-
Fines, forfeitures and penalties	40,643	-	-
Public charges for services	5,989	-	-
Special assessments	-	-	-
Investment income	20,060	-	4,539
Other revenues	61,216	-	-
Total Revenues	1,652,946	462,638	730,633
EXPENDITURES			
Current			
General government	323,940	-	9,531
Public safety	1,010,191	-	-
Public works	299,322	-	-
Health and human services	10,500	-	-
Culture, recreation and education	76,203	-	-
Conservation and development	1,255	-	1,500,000
Capital Outlay	4,997	-	104,851
Debt Service			
Principal	-	313,778	1,322,723
Interest and fiscal charges	-	64,857	110,282
Total Expenditures	1,726,408	378,635	3,047,387
Excess (deficiency) of revenues over expenditures	(73,462)	84,003	(2,316,754)
OTHER FINANCING SOURCES			
General obligation debt issued	-	-	2,150,000
Property sales	446	-	-
Transfers in	145,602	-	-
Transfers out	(63,000)	-	-
Total Other Financing Sources	83,048	-	2,150,000
Net Change in Fund Balances	9,586	84,003	(166,754)
FUND BALANCES - Beginning of Year	1,444,204	5,473	973,190
FUND BALANCES - END OF YEAR	\$ 1,453,790	\$ 89,476	\$ 806,436

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 202,700	\$ 2,209,034
50,653	665,736
-	92,353
-	40,643
239,802	245,791
588	588
2,200	26,799
<u>15,928</u>	<u>77,144</u>
<u>511,871</u>	<u>3,358,088</u>
-	333,471
-	1,010,191
147,284	446,606
-	10,500
295,170	371,373
-	1,501,255
150,676	260,524
-	1,636,501
-	<u>175,139</u>
<u>593,130</u>	<u>5,745,560</u>
<u>(81,259)</u>	<u>(2,387,472)</u>
-	2,150,000
-	446
63,000	208,602
-	<u>(63,000)</u>
<u>63,000</u>	<u>2,296,048</u>
(18,259)	(91,424)
<u>304,618</u>	<u>2,727,485</u>
<u>\$ 286,359</u>	<u>\$ 2,636,061</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, 2016

Net change in fund balances - total governmental funds	\$ (91,424)
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Amounts reported for governmental activities in the statement of activities 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	260,524
Some items reported as capital outlay in the fund financial statements did not meet the criteria for capital assets recorded in the government wide statements	(62,118)
Depreciation is reported in the government-wide financial statements	(331,558)

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.	(1,975)
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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.

Debt issued	(2,150,000)
Principal repaid	1,636,501

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	(1,131)
Accrued interest on debt	21,766
Net pension asset/liability	(294,897)
Deferred outflows of resources related to pensions	472,647
Deferred inflows of resources related to pensions	<u>(246,597)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (788,262)</u>
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VILLAGE OF MARSHALL

STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2016

ASSETS

Current Assets

Cash and investments	\$ 364,581
Interest receivable	5,075
Receivables	
Customers	134,479
Advance to TID - current portion	222,065
Due from other funds	7,505
Restricted Assets	
Redemption account	<u>378,386</u>
Total Current Assets	<u>1,112,091</u>

Noncurrent Assets

Restricted Assets	
Reserve account	166,028
Replacement account	569,285
Capital Assets	
Land	291,128
Plant in service	18,898,066
Accumulated depreciation	(7,427,887)
Other Assets	
Capital project sinking fund	391,851
Property held for future use	290,488
Advance to TID - non-current portion	<u>320,464</u>
Total Noncurrent Assets	<u>13,499,423</u>

Total Assets 14,611,514

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension	<u>112,995</u>
Total Deferred Outflows of Resources	<u>112,995</u>

LIABILITIES

Current Liabilities

Accounts payable	\$	9,720
Accrued vacation leave		8,815
Accrued interest		1,342
Current portion of general obligation debt		70,000
Liabilities Payable from Restricted Assets		
Current portion of revenue bonds		633,219
Accrued interest		<u>8,741</u>
Total Current Liabilities		<u>731,837</u>

Noncurrent Liabilities

Long-Term Debt

General obligation debt		210,000
Revenue bonds		1,028,938
Accrued sick leave		833
Net pension liability		<u>19,760</u>
Total Noncurrent Liabilities		<u>1,259,531</u>

Total Liabilities

1,991,368**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to pension

41,585

Total Deferred Inflows of Resources

41,585**NET POSITION**

Net investment in capital assets

10,361,679

Restricted for

Debt service 535,673

Equipment replacement 569,285

Unrestricted

1,224,919**TOTAL NET POSITION**\$ 12,691,556

VILLAGE OF MARSHALL

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

For the Year Ended December 31, 2016

OPERATING REVENUES	
Water service	\$ 554,179
Sewage service	<u>782,256</u>
Total Operating Revenues	<u>1,336,435</u>
OPERATING EXPENSES	
Operation and maintenance	809,523
Depreciation	<u>502,197</u>
Total Operating Expenses	<u>1,311,720</u>
Operating Income	<u>24,715</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	13,822
Interest on advance to TID	35,792
Interest expense	<u>(64,794)</u>
Total Nonoperating Revenues (Expenses)	<u>(15,180)</u>
Income Before Contributions and Transfers	<u>9,535</u>
CONTRIBUTIONS AND TRANSFERS	
Capital contributions	38,776
Transfers - tax equivalent	<u>(145,602)</u>
Total Contributions and Transfers	<u>(106,826)</u>
Change in Net Position	(97,291)
NET POSITION - Beginning of Year	<u>12,788,847</u>
NET POSITION - END OF YEAR	<u>\$ 12,691,556</u>

See accompanying notes to financial statements.

VILLAGE OF MARSHALL

STATEMENT OF CASH FLOWS PROPRIETARY FUND

For the Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Received from customers	\$ 1,341,872
Paid to suppliers for goods and services	(593,745)
Paid to employees for services	<u>(197,732)</u>
Net Cash Flows From Operating Activities	<u>550,395</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investments sold and matured	133,333
Investment income	<u>13,822</u>
Net Cash Flows From Investing Activities	<u>147,155</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Paid to municipality for tax equivalent	(285,574)
Received on long-term advance to TID	<u>250,389</u>
Net Cash Flows From Noncapital Financing Activities	<u>(35,185)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Debt retired	(682,890)
Interest paid	(68,351)
Capital contribution received	12,000
Acquisition and construction of capital assets	<u>(6,481)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(745,722)</u>

Net Change in Cash and Cash Equivalents (83,357)

CASH AND CASH EQUIVALENTS - Beginning of Year 1,453,488

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 1,370,131

RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ 24,715
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities	
Depreciation	502,197
Changes in assets and liabilities	
Customer accounts receivable	(11,864)
Other receivable	269
Due from other funds	17,032
Pension related deferrals and assets	14,842
Accounts payable	200
Accrued sick leave and vacation	<u>3,004</u>

NET CASH FLOWS FROM OPERATING ACTIVITIES \$ 550,395

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

Cash and investments	\$ 364,581
Restricted cash and investments	
Redemption account	378,386
Reserve account	166,028
Replacement account	569,285
Capital project sinking account	<u>391,851</u>
Total Cash and Investments	1,870,131
Less: Noncash equivalents	<u>(500,000)</u>

CASH AND CASH EQUIVALENTS \$ 1,370,131

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

Developer financed additions to utility plant	<u>\$ 26,776</u>
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VILLAGE OF MARSHALL

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 2,484,867
Taxes receivable	<u>193,268</u>
TOTAL ASSETS	<u>\$ 2,678,135</u>
LIABILITIES	
Due to other governments	<u>\$ 2,678,135</u>
TOTAL LIABILITIES	<u>\$ 2,678,135</u>

See accompanying notes to financial statements.

VILLAGE OF MARSHALL

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VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit 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 or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

A. REPORTING ENTITY (cont.)

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, 2016. The CDA does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In February 2015, the GASB issued statement No. 72 - *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

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.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements

Financial statements of the village 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, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

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, 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.
- 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.
- Tax Incremental District (TID) No. 1 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

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, 2016

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
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.

Capital Projects Fund

In addition, the village reports the following fund type:

Agency Fund - 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 deferred inflows. 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, 2016

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 inflows. 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 unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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 unavailable 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.

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

The 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.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

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, deferred outflows of resources, liabilities, and deferred inflows of resources 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, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

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

No policy exists for the following risks:

Credit risk
Custodial credit risk
Interest rate risk

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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 methods and inputs as outlined in Note IV. A. 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.

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 statement of assets and liabilities - agency fund.

Property tax calendar - 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale - 2016 delinquent real estate taxes	October 2019

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.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

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.

It is the village's policy to record revenue when the initial loan is made from the federal and state grant funds. The net amount of the loan receivable balance is included in restricted fund balance. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

3. Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

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

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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. No 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
Infrastructure	15 - 60 Years
Water Plant	4 - 77 Years
Sewer Plant	7 - 100 Years

Fund Financial Statements

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

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

6. Other Assets

The utility has set up a capital project sinking fund which is used to accumulate unrestricted payments received from TIF. The intent is the funds will be used for future capital projects and/or debt service.

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.

Land held for resale consists of land and improvements and is valued at cost of acquisition, demolition, and site improvements. Properties include both land intended for resale and land designated as a public area. Land held for resale is recorded at lower of cost or market value.

7. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

8. 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, 2016, are determined on the basis of current salary rates and include salary related payments.

9. Long-Term Obligations

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, 2016

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Long-Term Obligations (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.

10. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

11. 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."

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

11. Equity Classifications (cont.)

Government-Wide Statements (cont.)

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:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 7,510,042	\$ 10,361,679	\$ (870,000)	\$ 17,001,721
Unrestricted	(1,358,033)	1,224,919	870,000	736,886

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 balances are displayed 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.
- 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 Board. 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 Board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board has, by resolution, adopted a financial policy authorizing the administrator - treasurer to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

11. Equity Classifications (cont.)

Fund Statements (cont.)

- 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.

12. Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin on June 22, 2016.

Sewer Utility

Current sewer rates were approved by the village and took effect March 23, 2016.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET 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	\$	5,115,066
Net pension liability		117,177
Compensated absences		58,994
Accrued interest		<u>38,687</u>
 Combined Adjustment for Long-Term Liabilities	 \$	 <u><u>5,329,924</u></u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
TIF No. 1	\$ 1,414,214	\$ 3,047,387	\$ 1,633,173
Veterans Memorial Park	200	220	20

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.

B. DEFICIT BALANCES

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

As of December 31, 2016, the following individual funds held a deficit balance:

Fund	Amount	Reason
Capital Projects Fund	\$ 51,367	Excess expenditures over revenues

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

B. DEFICIT BALANCES (cont.)

Capital projects fund deficits are anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

C. LIMITATIONS ON THE VILLAGE'S TAX LEVY

Wisconsin law 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. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

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	\$ 4,981,246	\$ 5,933,620	Custodial credit risk
Certificates of deposit	2,438,261	2,447,277	Custodial credit risk
US agencies	187,584	188,934	Custodial credit risk, credit risk, interest rate risk
Petty cash	455	-	N/A
Total Deposits and Investments	\$ 7,607,546	\$ 8,569,831	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 3,812,468		
Restricted cash and investments	1,113,699		
CDA cash and investments	196,512		
Per statement of assets and liabilities - agency fund			
Agency Fund	2,484,867		
Total Deposits and Investments	\$ 7,607,546		

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

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) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). 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 nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. \$188,934 of the village's investments are covered by SIPC.

The village maintains collateral agreements with its banks. At December 31, 2016, the banks had pledged various government securities in the amount of \$855,104 to secure the village's deposits.

The village is a beneficiary of an irrevocable letter of credit in the amount of \$750,000.

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

The valuation methods for recurring fair value measurements are as follows:

- > Quoted market prices

Investment Type	December 31, 2016			Total
	Level 1	Level 2	Level 3	
US Agencies - explicitly guaranteed	\$ 188,934	\$ -	\$ -	\$ 188,934
Total	<u>\$ 188,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,934</u>

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.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Deposits (cont.)

As of December 31, 2016, \$2,995,049 of the village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>2,995,049</u>
Total	\$ <u><u>2,995,049</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.

As of December 31, 2016, the village's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>	<u>Moody's Investors Services</u>
Federal National Mortgage Association	AA+	Aaa

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

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

As of December 31, 2016, the village's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1-4	More than 4
US agencies	\$ 188,934	\$ -	\$ 188,934	\$ -
Totals	<u>\$ 188,934</u>	<u>\$ -</u>	<u>\$ 188,934</u>	<u>\$ -</u>

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

B. RECEIVABLES

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

	General Fund	General Debt Service	TIF No. 1	Nonmajor Funds	Totals
Receivables					
Taxes	\$ 763,492	\$ 453,588	\$ 667,234	\$ 365,421	\$ 2,249,735
Delinquent personal property	1,299	-	-	-	1,299
Accounts	24,270	-	-	6,635	30,905
Accrued interest	3,595	-	-	-	3,595
Delinquent special assessments	1,020	-	-	-	1,020
Due from other governments	<u>25,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,092</u>
Totals	<u>\$ 818,768</u>	<u>\$ 453,588</u>	<u>\$ 667,234</u>	<u>\$ 372,056</u>	<u>\$ 2,311,646</u>

Amounts not expected to be collected within one year	<u>\$ 27,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,926</u>
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VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

B. RECEIVABLES (cont.)

Governmental funds report *unavailable or unearned 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 *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 2,242,228	\$ -
Long-term receivable from fire department	-	25,607
Accrued interest on investments	-	3,595
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 2,242,228	 \$ 29,202

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, 2016:

Restricted Assets	
Redemption account	\$ 378,386
Reserve account	166,028
Replacement account	569,285
 Total Restricted Assets	 \$ 1,113,699

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,368,379	\$ 82,199	\$ -	\$ 1,450,578
Stormwater detention pond	<u>35,711</u>	<u>-</u>	<u>-</u>	<u>35,711</u>
Total Capital Assets Not Being Depreciated	<u>1,404,090</u>	<u>82,199</u>	<u>-</u>	<u>1,486,289</u>
Capital assets being depreciated				
Buildings	2,954,852	19,519	-	2,974,371
Machinery and equipment	715,699	26,550	-	742,249
Streets	6,106,530	-	-	6,106,530
Storm sewers	285,214	-	-	285,214
Sidewalks	613,179	-	-	613,179
Street lighting	731,312	21,220	-	752,532
Library capital assets	<u>693,999</u>	<u>48,918</u>	<u>21,755</u>	<u>721,162</u>
Total Capital Assets Being Depreciated	<u>12,100,785</u>	<u>116,207</u>	<u>21,755</u>	<u>12,195,237</u>
Total Capital Assets	<u>13,504,875</u>	<u>198,406</u>	<u>21,755</u>	<u>13,681,526</u>
Less: Accumulated depreciation for				
Buildings	(811,672)	(65,180)	-	(876,852)
Machinery and equipment	(498,145)	(53,343)	-	(551,488)
Streets	(1,417,721)	(84,722)	-	(1,502,443)
Storm sewers	(27,151)	(3,355)	-	(30,506)
Sidewalks	(299,707)	(10,220)	-	(309,927)
Street lighting	(292,528)	(37,627)	-	(330,155)
Library capital assets	<u>(503,316)</u>	<u>(77,111)</u>	<u>21,755</u>	<u>(558,672)</u>
Total Accumulated Depreciation	<u>(3,850,240)</u>	<u>(331,558)</u>	<u>21,755</u>	<u>(4,160,043)</u>
Net Capital Assets Being Depreciated	<u>8,250,545</u>	<u>(215,351)</u>	<u>-</u>	<u>8,035,194</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 9,654,635</u>	<u>\$ (133,152)</u>	<u>\$ -</u>	<u>\$ 9,521,483</u>

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 2,257
Public safety	18,056
Public works, which includes the depreciation of infrastructure	176,610
Culture, recreation and education	<u>134,635</u>
Total Governmental Activities Depreciation Expense	<u><u>\$ 331,558</u></u>

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 207,490	\$ -	\$ -	\$ 207,490
Total Capital Assets Not Being Depreciated	<u>207,490</u>	<u>-</u>	<u>-</u>	<u>207,490</u>
Capital assets being depreciated				
Collection system	4,886,338	-	-	4,886,338
Collecting system pumping	245,662	-	-	245,662
Treatment and disposal	6,360,305	-	-	6,360,305
General	<u>340,201</u>	<u>710</u>	-	<u>340,911</u>
Total Capital Assets Being Depreciated	<u>11,832,506</u>	<u>710</u>	<u>-</u>	<u>11,833,216</u>
Total Capital Assets	<u>12,039,996</u>	<u>710</u>	<u>-</u>	<u>12,040,706</u>
Less: Accumulated depreciation for				
Sewer	<u>(5,181,056)</u>	<u>(335,883)</u>	-	<u>(5,516,939)</u>
Total Accumulated Depreciation	<u>(5,181,056)</u>	<u>(335,883)</u>	<u>-</u>	<u>(5,516,939)</u>
Net Capital Assets Being Depreciated	<u>6,651,450</u>	<u>(335,173)</u>	<u>-</u>	<u>6,316,277</u>
Net Sewer Capital Assets	<u><u>\$ 6,858,940</u></u>	<u><u>\$ (335,173)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,523,767</u></u>

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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	\$ 83,638	\$ -	\$ -	\$ 83,638
Total Capital Assets Not Being Depreciated	83,638	-	-	83,638
Capital assets being depreciated				
Collecting system	253,698	-	-	253,698
Pumping	920,501	-	-	920,501
Water treatment	3,809	-	-	3,809
Transmission and distribution	5,694,759	31,837	-	5,726,596
General	160,450	710	-	161,160
Total Capital Assets Being Depreciated	7,033,217	32,547	-	7,065,764
Total Capital Assets	7,116,855	32,547	-	7,149,402
Less: Accumulated depreciation for				
Water	(1,745,548)	(166,314)	-	(1,911,862)
Total Accumulated Depreciation	(1,745,548)	(166,314)	-	(1,911,862)
Net Capital Assets Being Depreciated	5,287,669	(133,767)	-	5,153,902
Net Water Capital Assets	\$ 5,371,307	\$ (133,767)	\$ -	\$ 5,237,540
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 12,230,247	\$ (468,940)	\$ -	\$ 11,761,307

Depreciation expense was charged to functions as follows:

Business-type Activities

Sewer	\$ 335,883
Water	166,314
Total Business-type Activities Depreciation Expense	\$ 502,197

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service Fund	Capital Projects Fund	\$ 54,671
Water and Sewer Utility	General Fund	7,490
Water and Sewer Utility	TIF District No. 1	<u>15</u>
Total - Fund Financial Statements		62,176
Less: Fund eliminations		<u>(54,671)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 7,505</u>

All amounts are due within one year.

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances

The water and sewer utility funds have advanced funds to TIF District No. 1. The amount advanced is determined by the amount of debt issued by the water and sewer utilities to fund TIF district projects. The water and sewer utilities are charging the TIF district interest on the advance based on the average outstanding balance during the year at a rate of 4.5% and 5% respectively. A repayment schedule has been established. Additional principal payments are allowed and will be kept in a segregated account for future debt payments.

General fund has advanced funds to the capital projects fund for purchase of land held for resale. The capital projects fund will repay this advance from land sale proceeds.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Advances (cont.)

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	\$ 204,187	\$ 60,020
Water Utility	TIF District No. 1	338,342	260,444
General fund	Capital projects fund	136,722	136,722
Total - Fund Financial Statements		679,251	
Less: Fund eliminations		(136,722)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ 542,529	

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

Years	Principal	Interest
2017	\$ 222,065	\$ 25,434
2018	141,422	14,721
2019	87,606	5,516
2020	91,436	1,686
Totals	\$ 542,529	\$ 47,357

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Water Utility	\$ 145,602	Utility payment in lieu of taxes
Capital Projects Fund	General Fund	63,000	Fund projects
Total - Fund Financial Statements		208,602	
Less: Fund eliminations		(63,000)	
Total Transfers - Government-Wide Statement of Activities		\$ 145,602	

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Transfers (cont.)

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.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 4,601,566	\$ 2,150,000	\$ 1,636,500	\$ 5,115,066	\$ 932,889
Sub-totals	<u>4,601,566</u>	<u>2,150,000</u>	<u>1,636,500</u>	<u>5,115,066</u>	<u>932,889</u>
Other Liabilities					
Vested compensated absences	57,863	59,303	58,172	58,994	47,010
Net pension liability	-	117,177	-	117,177	-
Total Other Liabilities	<u>57,863</u>	<u>176,480</u>	<u>58,172</u>	<u>176,171</u>	<u>47,010</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 4,659,429</u>	<u>\$ 2,326,480</u>	<u>\$ 1,694,672</u>	<u>\$ 5,291,237</u>	<u>\$ 979,899</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 345,000	\$ -	\$ 65,000	\$ 280,000	\$ 70,000
Revenue bonds	2,280,047	-	617,890	1,662,157	633,219
Sub-totals	<u>2,625,047</u>	<u>-</u>	<u>682,890</u>	<u>1,942,157</u>	<u>703,219</u>
Other Liabilities					
Vested compensated absences	6,644	22,410	19,406	9,648	8,815
Net pension liability	-	19,760	-	19,760	-
Total Other Liabilities	<u>6,644</u>	<u>42,170</u>	<u>19,406</u>	<u>29,408</u>	<u>8,815</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 2,631,691</u>	<u>\$ 42,170</u>	<u>\$ 702,296</u>	<u>\$ 1,971,565</u>	<u>\$ 712,034</u>

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, 2016, was \$10,078,070. Total general obligation debt outstanding at year end was \$5,395,066.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
2009 State Trust Fund Loan	10/28/09	03/15/19	4.5 %	\$ 300,000	\$ 115,300
2013 State Trust Fund Loan	07/26/13	03/15/18	2.5 %	102,739	42,247
2013 State Trust Fund Loan	09/09/13	03/15/33	3.75%	600,000	565,041
2014 Refunding Bonds	07/02/14	03/01/27	0.6-3.3%	1,410,000	1,215,000
2015 State Trust Fund Loan	10/27/15	3/15/19	3.0%	120,000	120,000
2015 Promissory Note	01/07/15	03/01/21	0.4-1.85%	2,740,000	1,760,000
2016 State Trust Fund Loan	4/29/16	3/15/22	3.25	2,150,000	<u>1,297,478</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 5,115,066</u>

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
2014 Refunding Bonds	07/02/14	03/01/20	2.40%	\$ 410,000	<u>\$ 280,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 280,000</u>

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2017	\$ 932,889	\$ 86,706	\$ 70,000	\$ 3,675
2018	885,502	104,197	70,000	2,870
2019	842,978	91,890	70,000	1,855
2020	812,163	68,784	70,000	648
2021	507,768	46,180	-	-
2022-2026	732,816	132,695	-	-
2027-2031	314,725	40,124	-	-
2032-2033	86,225	4,889	-	-
Totals	<u>\$ 5,115,066</u>	<u>\$ 575,465</u>	<u>\$ 280,000</u>	<u>\$ 9,048</u>

Revenue Debt

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

The water has pledged future revenues, net of specified operating expenses, to repay revenue bonds issued in 2007 and 2013. Proceeds from the bonds provided financing for the plant improvements. The bonds are payable solely from utility revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require 39% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,243,389. Principal and interest paid for the current year and total customer net revenues were \$163,031 and \$185,182, respectively.

The sewer has pledged future revenues, net of specified operating expenses, to repay 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 48% of net revenues. The total principal and interest remaining to be paid on the bonds is \$595,860. Principal and interest paid for the current year and total customer net revenues were \$518,956 and \$617,941, respectively.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2016, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
<u>Water and Sewer Fund</u>					
1997 Revenue Bonds	08/27/97	05/01/17	3.096%	\$ 6,351,233	\$ 434,844
1998 Revenue Bonds	11/24/98	05/01/18	2.640%	1,155,695	150,291
2007 Revenue Bonds	12/21/07	11/01/22	3.55-4.10%	1,265,000	695,000
2013 Revenue Bonds	05/08/13	05/01/33	1.93%	437,499	<u>382,022</u>
Total Business-type Activities - Revenue Debt					<u>\$ 1,662,157</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2017	\$ 633,219	\$ 44,549
2018	205,704	31,419
2019	134,955	25,743
2020	140,340	20,812
2021	140,731	15,617
2022-2026	234,798	27,083
2027-2031	120,780	10,870
2032-2033	<u>51,630</u>	<u>999</u>
Totals	<u>\$ 1,662,157</u>	<u>\$ 177,092</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.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Prior-Year Defeasance of Debt

In prior years, the village defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the village's financial statements. At December 31, 2016, \$865,000 of bonds outstanding are considered defeased. The bonds are callable as follows:

Call Date	Amount
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, 2016, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 1,450,578
Stormwater detention ponds	35,711
Other capital assets, net of accumulated depreciation	8,035,194
Less: Long-term debt outstanding (excluding noncapital related debt outstanding)	(2,011,441)
Total Net Investment in Capital Assets	7,510,042
Restricted	
Library	259,183
TID activities	806,436
Debt service	50,789
Total Restricted	1,116,408
Unrestricted (deficit)	(1,358,033)
Total Governmental Activities Net Position	\$ 7,268,417

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2016, include the following:

	General Fund	General Debt Service	TIF No. 1	Nonmajor Funds	Totals
Fund Balances					
Nonspendable:					
Delinquent items	\$ 2,319	\$ -	\$ -	\$ -	\$ 2,319
Prepaid items	18,226	-	-	-	18,226
Long-term receivables	136,722	-	-	-	136,722
Restricted for:					
Debt service	-	89,476	-	-	89,476
TID activities	-	-	806,436	-	806,436
Library	-	-	-	259,183	259,183
Committed to:					
Parks and recreation	-	-	-	44,704	44,704
Solid waste	-	-	-	33,839	33,839
Assigned to:					
PILOT	145,602	-	-	-	145,602
Carryforwards	15,884	-	-	-	15,884
Subsequent year's budget	55,294	-	-	-	55,294
Unassigned (deficit):	<u>1,079,743</u>	<u>-</u>	<u>-</u>	<u>(51,367)</u>	<u>1,028,376</u>
Total Fund Balances (Deficit)	<u>\$ 1,453,790</u>	<u>\$ 89,476</u>	<u>\$ 806,436</u>	<u>\$ 286,359</u>	<u>\$ 2,636,061</u>

Business-type Activities

Net Investment in Capital Assets

Land	\$ 291,128
Other capital assets, net of accumulated depreciation	11,470,179
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(1,399,628)
Total Net Investment in Capital Assets	<u>10,361,679</u>

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities (cont.)

Restricted	
Debt service	\$ 535,673
Equipment replacement	<u>569,285</u>
Total Restricted	<u>1,104,958</u>
Unrestricted	<u>1,224,919</u>
Total Business-type Activities Net Position	<u>\$ 12,691,556</u>

H. COMPONENT UNIT

COMMUNITY DEVELOPMENT AUTHORITY

This report contains the Community Development Authority (CDA), which is included as a component unit.

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

At year end, the carrying amount of the CDA's deposits was \$196,512 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, 2016

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

H. COMPONENT UNIT (cont.)

COMMUNITY DEVELOPMENT AUTHORITY (cont.)

- c. 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. The loans receivable are shown net of an allowance for uncollectibles in the amount of \$20,801.
-

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 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.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. 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.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. 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 participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2006	0.8%	3%
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective employees are the same rate 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.

During the reporting period, the WRS recognized \$81,038 in contributions from the village.

Contribution rates as of December 31, 2016 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

Pension Liability (Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the village reported a liability of \$136,937 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The village's proportion of the net pension liability was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the village's proportion was 0.00842701%, which was a decrease of 0.00015749% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the village recognized pension expense of \$164,657.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2016, the village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,166	\$ 288,182
Changes in assumptions	95,807	-
Net differences between projected and actual earnings on pension plan investments	560,660	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,139	-
Employer contributions subsequent to the measurement date	83,415	-
Totals	\$ 771,187	\$ 288,182

\$83,415 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 178,614	\$ 69,741
2018	178,614	69,741
2019	178,614	69,741
2020	148,713	69,741
2021	3,217	9,218

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
 <u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the village's proportionate share of the net pension liability to changes in the discount rate. The following presents the village's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension Liability (Asset)	\$960,481	\$136,937	\$(506,265)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

At December 31, 2016, the village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

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

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.

VILLAGE OF MARSHALL

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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.

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 2016 of \$83,996. 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, 2016 is available directly from the district's office.

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

On December 13, 2016, the village has motioned to opt out of the Marshall Area EMS District 14 contract. The contract requires 1 year advance notice if a community opts out. Therefore, the village be no longer be a part of the district in 2018.

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 comprised of the Village of Marshall and Towns of York and Medina board members. The governing body has authority to adopt its own budget and control the financial affairs of the district. The village made a payment totaling \$54,636 to the district for 2016. 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, 2016 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, 2016

NOTE V - OTHER INFORMATION (cont.)

E. SUBSEQUENT EVENT

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

The Governmental Accounting Standards Board (GASB) has approved the following:

- > *Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > *Statement No. 80, Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- > *Statement No. 81, Irrevocable Split-Interest Agreements*
- > *Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*

When they become effective, application of these standards may restate portions of these financial statements.

G. SIGNIFICANT CUSTOMERS

The sewer utility has one significant customer who was responsible for 25% of operating revenues in 2016.

The water utility has one significant customer who was responsible for 10% of operating revenues in 2016.

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, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 824,606	\$ 822,772	\$ (1,834)
Intergovernmental	595,343	609,913	14,570
Licenses and permits	63,870	92,353	28,483
Fines, forfeitures and penalties	28,500	40,643	12,143
Public charges for services	3,378	5,989	2,611
Investment income	9,000	20,060	11,060
Other revenues	<u>13,400</u>	<u>61,216</u>	<u>47,816</u>
Total Revenues	<u>1,538,097</u>	<u>1,652,946</u>	<u>114,849</u>
EXPENDITURES			
Current:			
General government	347,195	323,940	23,255
Public safety	1,008,935	1,010,191	(1,256)
Public works	309,107	299,322	9,785
Health and human services	9,000	10,500	(1,500)
Culture, recreation and education	77,238	76,203	1,035
Conservation and development	2,672	1,255	1,417
Capital Outlay	<u>-</u>	<u>4,997</u>	<u>(4,997)</u>
Total Expenditures	<u>1,754,147</u>	<u>1,726,408</u>	<u>27,739</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(216,050)</u>	<u>(73,462)</u>	<u>142,588</u>
OTHER FINANCING SOURCES (USES)			
Property sales	-	446	446
Transfers in	144,000	145,602	1,602
Transfers out	<u>(63,000)</u>	<u>(63,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>81,000</u>	<u>83,048</u>	<u>2,048</u>
Net Change in Fund Balance	(135,050)	9,586	144,636
FUND BALANCE - Beginning of Year	<u>1,444,204</u>	<u>1,444,204</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,309,154</u>	<u>\$ 1,453,790</u>	<u>\$ 144,636</u>

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

VILLAGE OF MARSHALL

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension (Asset) Liability</u>	<u>Proportionate Share of the Net Pension (Asset) Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension (Asset) Liability as a as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability</u>
12/31/16	0.00842701%	\$ 136,937	\$ 1,015,260	13.49%	98.20%
12/31/15	0.00858453%	(210,860)	967,281	21.80%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/16	\$ 83,415	\$ 83,415	\$ -	\$ 1,062,756	7.85%
12/31/15	80,588	80,588	-	967,281	8.33%

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

VILLAGE OF MARSHALL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2016

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.

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 action.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$55,294. Budgets are adopted at the fund level of expenditure.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The village is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

VILLAGE OF MARSHALL

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

For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget
TAXES			
General property taxes	\$ 750,206	\$ 750,206	\$ -
Mobile home lottery credit and parking fees	74,000	71,906	(2,094)
Interest and penalties on taxes	400	660	260
Total Taxes	<u>824,606</u>	<u>822,772</u>	<u>(1,834)</u>
INTERGOVERNMENTAL			
State shared revenues	422,408	423,782	1,374
Fire insurance tax (2% fire dues)	6,900	7,469	569
State aid - other law enforcement	11,540	24,160	12,620
State aid - general transportation aids	143,795	143,795	-
State aid - recycling	10,000	9,759	(241)
Other state payments	700	948	248
Total Intergovernmental	<u>595,343</u>	<u>609,913</u>	<u>14,570</u>
LICENSES AND PERMITS			
Liquor and malt beverage licenses	3,770	3,832	62
Operators' license	1,650	1,715	65
Cigarette licenses	200	300	100
Other business and occupational licenses	50	70	20
Cable television franchise fees	42,000	45,678	3,678
Bicycle licenses	-	3	3
Dog and cat licenses	3,200	4,101	901
Building permits	10,000	31,850	21,850
Zoning permits and fees	1,500	2,740	1,240
Other regulatory permits and fees	1,500	2,064	564
Total Licenses and Permits	<u>63,870</u>	<u>92,353</u>	<u>28,483</u>
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	23,000	34,897	11,897
Parking violations	5,500	5,746	246
Total Fines, Forfeitures and Penalties	<u>28,500</u>	<u>40,643</u>	<u>12,143</u>
PUBLIC CHARGES FOR SERVICES			
General government	1,078	1,757	679
Sale of materials and supplies	-	9	9
Fire protection fees	-	1,500	1,500
Law enforcement fees	300	437	137
Street related facilities	-	286	286
Weed and nuisance control	2,000	2,000	-
Total Public Charges for Services	<u>3,378</u>	<u>5,989</u>	<u>2,611</u>
INVESTMENT INCOME			
Investment income	<u>9,000</u>	<u>20,060</u>	<u>11,060</u>

VILLAGE OF MARSHALL

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

For the Year Ended December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OTHER REVENUES			
Rent	\$ 13,200	\$ 12,600	\$ (600)
Other miscellaneous	200	6,528	6,328
Refund of prior year expenditures	-	42,088	42,088
Total Other Revenues	<u>13,400</u>	<u>61,216</u>	<u>47,816</u>
OTHER FINANCING SOURCES			
Transfer in - utility tax equivalent	144,000	145,602	1,602
Property sales	-	446	446
Total Other Financing Sources	<u>144,000</u>	<u>146,048</u>	<u>2,048</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 1,682,097</u>	<u>\$ 1,798,994</u>	<u>\$ 116,897</u>

VILLAGE OF MARSHALL

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT			
Village board	\$ 7,098	\$ 3,570	\$ 3,528
Judicial	11,484	8,965	2,519
Municipal court	16,260	16,759	(499)
Legal counseling	8,000	3,675	4,325
President	4,131	3,897	234
Administrator	56,996	55,120	1,876
Clerk	78,971	58,111	20,860
Legislative support	4,600	2,942	1,658
Commissions and committees	1,077	646	431
Elections	6,632	7,987	(1,355)
Secretarial	12,688	24,019	(11,331)
Treasury	-	7,184	(7,184)
Assessment of property	12,775	12,644	131
Independent auditing	19,500	19,061	439
Property and liability insurance	19,000	22,516	(3,516)
General buildings/plant/hall	32,700	32,996	(296)
Other insurance	54,121	43,435	10,686
Map and plat books	50	260	(210)
League dues	937	-	937
Budget adjustment	175	153	22
Total General Government	<u>347,195</u>	<u>323,940</u>	<u>23,255</u>
PUBLIC SAFETY			
Police	90,780	91,030	(250)
Administration	108,695	106,150	2,545
Patrol	541,193	523,956	17,237
Crossing guards	56,681	56,935	(254)
Police secretary	62,347	62,001	346
Community officer	500	30	470
Fire protection	54,637	54,636	1
Ambulance	84,102	83,996	106
Building inspection	10,000	31,457	(21,457)
Total Public Safety	<u>1,008,935</u>	<u>1,010,191</u>	<u>(1,256)</u>
PUBLIC WORKS			
Public works/highway administration	37,300	36,381	919
Machinery operation and maintenance	33,000	28,908	4,092
Highway and street maintenance and construction	9,750	5,901	3,849
Garages and sheds	162,607	164,857	(2,250)
Street signs	1,750	1,355	395
Snow and ice control	12,900	7,797	5,103
Street lighting	46,600	49,742	(3,142)
Sidewalks	2,700	2,706	(6)
Storm sewer maintenance	1,000	-	1,000
Weed and nuisance control	1,500	1,675	(175)
Total Public Works	<u>309,107</u>	<u>299,322</u>	<u>9,785</u>

VILLAGE OF MARSHALL

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2016

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
HEALTH AND HUMAN SERVICES			
Contributions to local organizations	\$ 9,000	\$ 10,500	\$ (1,500)
CULTURE, RECREATION AND EDUCATION			
Community center	12,600	12,249	351
Recreation administration	63,038	62,923	115
Celebration and entertainment	1,150	981	169
Parks	50	50	-
Recreation facilities	400	-	400
Total Culture, Recreation and Education	<u>77,238</u>	<u>76,203</u>	<u>1,035</u>
CONSERVATION AND DEVELOPMENT			
Forestry	125	-	125
Zoning	100	-	100
Planning Commission	1,481	780	701
Lake development	966	475	491
Total Conservation and Development	<u>2,672</u>	<u>1,255</u>	<u>1,417</u>
CAPITAL OUTLAY			
Capital Outlay	-	4,997	(4,997)
OTHER FINANCING USES			
Transfers out	63,000	63,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 1,817,147</u>	<u>\$ 1,789,408</u>	<u>\$ 27,739</u>

VILLAGE OF MARSHALL

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2016

	Special Revenue			
	Recreation Fund	Library Fund	Solid Waste Fund	Veterans Memorial Park Fund
ASSETS				
Cash and investments	\$ 37,802	\$ 262,152	\$ 33,839	\$ 7,488
Receivables				
Taxes receivable	25,000	177,000	163,421	-
Accounts	32	665	-	-
Land held for resale	-	-	-	-
	-	-	-	-
TOTAL ASSETS	\$ 62,834	\$ 439,817	\$ 197,260	\$ 7,488
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 618	\$ 3,634	\$ -	\$ -
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	618	3,634	-	-
Deferred Inflows of Resources				
Unearned revenues	25,000	177,000	163,421	-
Total Deferred Inflows of Resources	25,000	177,000	163,421	-
Fund Balances (Deficit)				
Restricted	-	259,183	-	-
Committed	37,216	-	33,839	7,488
Unassigned (deficit)	-	-	-	-
Total Fund Balances (Deficit)	37,216	259,183	33,839	7,488
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 62,834	\$ 439,817	\$ 197,260	\$ 7,488

<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 341,281
-	365,421
5,938	6,635
<u>136,722</u>	<u>136,722</u>
<u>\$ 142,660</u>	<u>\$ 850,059</u>

\$ 2,634	\$ 6,886
54,671	54,671
<u>136,722</u>	<u>136,722</u>
<u>194,027</u>	<u>198,279</u>

<u>-</u>	<u>365,421</u>
<u>-</u>	<u>365,421</u>

-	259,183
-	78,543
<u>(51,367)</u>	<u>(51,367)</u>
<u>(51,367)</u>	<u>286,359</u>

<u>\$ 142,660</u>	<u>\$ 850,059</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, 2016

	Special Revenue			
	Recreation Fund	Library Fund	Solid Waste Fund	Veterans Memorial Park Fund
	REVENUES			
Taxes	\$ 25,000	\$ 176,000	\$ 1,700	\$ -
Intergovernmental	1,750	48,903	-	-
Public charges for services	64,977	16,173	158,652	-
Special assessments	-	-	-	-
Investment income	-	2,200	-	-
Other revenues	<u>12,813</u>	<u>3,015</u>	<u>-</u>	<u>100</u>
Total Revenues	<u>104,540</u>	<u>246,291</u>	<u>160,352</u>	<u>100</u>
EXPENDITURES				
Current				
Public works	-	-	147,284	-
Culture, recreation and education	84,868	210,082	-	220
Capital Outlay	<u>11,797</u>	<u>26,346</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>96,665</u>	<u>236,428</u>	<u>147,284</u>	<u>220</u>
Excess (deficiency) of revenues over expenditures	<u>7,875</u>	<u>9,863</u>	<u>13,068</u>	<u>(120)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	7,875	9,863	13,068	(120)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>29,341</u>	<u>249,320</u>	<u>20,771</u>	<u>7,608</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 37,216</u>	<u>\$ 259,183</u>	<u>\$ 33,839</u>	<u>\$ 7,488</u>

<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 202,700
-	50,653
-	239,802
588	588
-	2,200
-	<u>15,928</u>
<u>588</u>	<u>511,871</u>

-	147,284
-	295,170
<u>112,533</u>	<u>150,676</u>
<u>112,533</u>	<u>593,130</u>

<u>(111,945)</u>	<u>(81,259)</u>
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<u>63,000</u>	<u>63,000</u>
<u>63,000</u>	<u>63,000</u>

(48,945)	(18,259)
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<u>(2,422)</u>	<u>304,618</u>
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<u><u>\$ (51,367)</u></u>	<u><u>\$ 286,359</u></u>
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VILLAGE OF MARSHALL

STATEMENT OF CASH FLOWS COMPONENT UNIT For the Year Ended December 31, 2016

	<u>CDA</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Repayment of loans	\$ 14,865
Disbursement of new loans	<u>(1,441,268)</u>
Net Cash Flows From Operating Activities	<u>(1,426,403)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>4,521</u>
Net Cash Flows From Investing Activities	<u>4,521</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Local government grants	<u>1,500,000</u>
Net Cash Flows From Noncapital Financing Activities	<u>1,500,000</u>
Net Change in Cash and Cash Equivalents	78,118
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>118,394</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 196,512</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (1)
Changes in assets and liabilities	
Loans receivable	<u>(1,426,402)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ (1,426,403)</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and investments - statement of net position	<u>\$ 196,512</u>
CASH AND CASH EQUIVALENTS	<u><u>\$ 196,512</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
None	