

Village of Marshall, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2017

Village of Marshall, Wisconsin

DECEMBER 31, 2017

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Independent auditors' report

To the Village Board
Village of 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 (the "Village") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors consider internal control relevant to the Village'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'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.

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 as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund 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 schedules relating to pensions on page 41 be presented to supplement the basic financial statements. Such information, although not 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2018, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Certified Public Accountants

Green Bay, Wisconsin
May 4, 2018

BASIC FINANCIAL STATEMENTS

Village of Marshall, Wisconsin

STATEMENT OF NET POSITION DECEMBER 31, 2017

	Governmental Activities	Business-type Activities	Totals	Component Unit CDA
ASSETS				
Cash and investments	\$ 5,728,887	\$ 1,622,003	\$ 7,350,890	\$ 141,063
Receivables				
Taxes and special charges	2,770,411	-	2,770,411	-
Delinquent taxes	542	-	542	-
Accounts	20,064	123,967	144,031	-
Special assessments	2,109	-	2,109	-
Loans	-	-	-	77,090
Property held for future use	-	290,488	290,488	-
Assets held for resale	154,722	-	154,722	-
Restricted assets				
Cash and investments	-	569,285	569,285	-
Capital assets, nondepreciable	2,002,348	291,128	2,293,476	-
Capital assets, depreciable	7,962,943	11,087,644	19,050,587	-
Total assets	<u>18,642,026</u>	<u>13,984,515</u>	<u>32,626,541</u>	<u>218,153</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	<u>465,622</u>	<u>78,108</u>	<u>543,730</u>	<u>-</u>
LIABILITIES				
Accounts payable	169,641	6,948	176,589	-
Accrued and other current liabilities	55,283	6,581	61,864	-
Due to other governments	2,855,873	-	2,855,873	-
Accrued interest payable	66,131	3,797	69,928	-
Long-term obligations				
Due within one year	2,120,135	250,703	2,370,838	-
Due in more than one year	3,475,409	828,546	4,303,955	-
Net pension liability	<u>59,322</u>	<u>10,209</u>	<u>69,531</u>	<u>-</u>
Total liabilities	<u>8,801,794</u>	<u>1,106,784</u>	<u>9,908,578</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	2,422,665	-	2,422,665	-
Pension related amounts	<u>186,563</u>	<u>32,105</u>	<u>218,668</u>	<u>-</u>
Total deferred inflows of resources	<u>2,609,228</u>	<u>32,105</u>	<u>2,641,333</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	8,010,948	10,299,834	17,875,782	-
Restricted	253,605	569,285	822,890	-
Unrestricted	<u>(567,927)</u>	<u>2,054,615</u>	<u>1,921,688</u>	<u>218,153</u>
Total net position	<u>\$ 7,696,626</u>	<u>\$ 12,923,734</u>	<u>\$ 20,620,360</u>	<u>\$ 218,153</u>

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

Village of Marshall, Wisconsin

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 542,291	\$ 51,493	\$ -	\$ -
Public safety	1,125,433	35,851	13,643	-
Public works	620,335	165,034	142,880	-
Health and human services	7,500	-	-	-
Culture and recreation	632,865	101,222	54,446	-
Conservation and development	4,352	1,610	-	-
Interest and fiscal charges	115,996	-	-	-
Total governmental activities	<u>3,048,772</u>	<u>355,210</u>	<u>210,969</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES				
Water	452,876	645,500	-	-
Sewer	644,087	824,025	-	-
Total business-type activities	<u>1,096,963</u>	<u>1,469,525</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 4,145,735</u>	<u>\$ 1,824,735</u>	<u>\$ 210,969</u>	<u>\$ -</u>
COMPONENT UNIT				
CDA	<u>\$ 1,500,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues				
Taxes				
Property taxes				
Tax increments				
Other taxes				
Federal and state grants and other contributions not restricted to specific functions				
Interest and investment earnings				
Miscellaneous				
Gain on sale of asset				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - January 1				
Net position - December 31				

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

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Totals	Component Unit CDA
\$ (490,798)	\$ -	\$ (490,798)	\$ -
(1,075,939)	-	(1,075,939)	-
(312,421)	-	(312,421)	-
(7,500)	-	(7,500)	-
(477,197)	-	(477,197)	-
(2,742)	-	(2,742)	-
(115,996)	-	(115,996)	-
<u>(2,482,593)</u>	<u>-</u>	<u>(2,482,593)</u>	<u>-</u>
-	192,624	192,624	-
-	179,938	179,938	-
-	<u>372,562</u>	<u>372,562</u>	<u>-</u>
<u>(2,482,593)</u>	<u>372,562</u>	<u>(2,110,031)</u>	<u>-</u>
-	-	-	(1,500,049)
1,413,273	-	1,413,273	-
667,234	-	667,234	-
89,426	-	89,426	-
474,509	-	474,509	-
33,777	10,269	44,046	4,064
75,873	-	75,873	-
6,057	-	6,057	-
<u>150,653</u>	<u>(150,653)</u>	<u>-</u>	<u>-</u>
<u>2,910,802</u>	<u>(140,384)</u>	<u>2,770,418</u>	<u>4,064</u>
428,209	232,178	660,387	(1,495,985)
<u>7,268,417</u>	<u>12,691,556</u>	<u>19,959,973</u>	<u>1,714,138</u>
<u>\$ 7,696,626</u>	<u>\$ 12,923,734</u>	<u>\$ 20,620,360</u>	<u>\$ 218,153</u>

Village of Marshall, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	General	Debt Service	TIF No. 1	Other Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 3,806,583	\$ 118,678	\$ 927,140	\$ 876,486	\$ 5,728,887
Receivables					
Taxes and special charges	1,317,744	456,184	789,783	206,700	2,770,411
Delinquent taxes	542	-	-	-	542
Accounts	12,584	-	-	7,480	20,064
Special assessments	2,109	-	-	-	2,109
Advance to other funds	136,722	-	-	-	136,722
Assets held for resale	-	-	-	154,722	154,722
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 5,276,284</u>	<u>\$ 574,862</u>	<u>\$ 1,716,923</u>	<u>\$ 1,245,388</u>	<u>\$ 8,813,457</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 23,064	\$ -	\$ 3,657	\$ 142,920	\$ 169,641
Accrued and other current liabilities	50,356	-	-	4,927	55,283
Advance from other funds	-	-	-	136,722	136,722
Due to other governments	2,855,873	-	-	-	2,855,873
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,929,293</u>	<u>-</u>	<u>3,657</u>	<u>284,569</u>	<u>3,217,519</u>
Deferred inflows of resources					
Property taxes levied for subsequent year	969,998	456,184	789,783	206,700	2,422,665
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances					
Nonspendable	136,722	-	-	18,000	154,722
Restricted	-	118,678	923,483	684,849	1,727,010
Committed	-	-	-	65,970	65,970
Assigned	4,632	-	-	-	4,632
Unassigned	1,235,639	-	-	(14,700)	1,220,939
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>1,376,993</u>	<u>118,678</u>	<u>923,483</u>	<u>754,119</u>	<u>3,173,273</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,276,284</u>	<u>\$ 574,862</u>	<u>\$ 1,716,923</u>	<u>\$ 1,245,388</u>	<u>\$ 8,813,457</u>

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

Village of Marshall, Wisconsin

BALANCE SHEET GOVERNMENTAL FUNDS RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balances as shown on previous page	\$ 3,173,273
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	9,965,291
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Deferred outflows related to pensions	465,622
Deferred inflows related to pensions	(186,563)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(5,587,177)
Compensated absences	(8,367)
Net pension liability	(59,322)
Accrued interest on long-term obligations	<u>(66,131)</u>
Net position of governmental activities as reported on the Statement of Net Position (see page 3)	<u>\$ 7,696,626</u>

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

Village of Marshall, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	General	Debt Service	TIF No. 1	Other Governmental Funds	Totals
REVENUES					
Taxes	\$ 845,411	\$ 453,588	\$ 667,234	\$ 203,700	\$ 2,169,933
Intergovernmental	647,342	-	1,943	54,446	703,731
Licenses and permits	70,603	-	-	-	70,603
Fines and forfeits	43,746	-	-	-	43,746
Public charges for services	4,493	-	-	240,936	245,429
Intergovernmental charges for services	-	-	-	9,433	9,433
Miscellaneous	59,094	-	13,706	10,153	82,953
Total revenues	<u>1,670,689</u>	<u>453,588</u>	<u>682,883</u>	<u>518,668</u>	<u>3,325,828</u>
EXPENDITURES					
Current					
General government	483,395	-	-	-	483,395
Public safety	1,077,650	-	-	-	1,077,650
Public works	245,206	-	-	177,245	422,451
Health and human services	7,500	-	-	-	7,500
Culture and recreation	83,786	-	-	419,004	502,790
Conservation and development	602	-	32,451	-	33,053
Debt service					
Principal	-	358,147	574,742	-	932,889
Interest and fiscal charges	-	66,239	21,643	36,354	124,236
Capital outlay	-	-	-	795,989	795,989
Total expenditures	<u>1,898,139</u>	<u>424,386</u>	<u>628,836</u>	<u>1,428,592</u>	<u>4,379,953</u>
Excess of revenues over (under) expenditures	<u>(227,450)</u>	<u>29,202</u>	<u>54,047</u>	<u>(909,924)</u>	<u>(1,054,125)</u>
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	-	1,405,000	1,405,000
Premium on debt issued	-	-	-	35,684	35,684
Transfers in	150,653	-	63,000	-	213,653
Transfers out	-	-	-	(63,000)	(63,000)
Total other financing sources (uses)	<u>150,653</u>	<u>-</u>	<u>63,000</u>	<u>1,377,684</u>	<u>1,591,337</u>
Net change in fund balances	(76,797)	29,202	117,047	467,760	537,212
Fund balances - January 1	1,453,790	89,476	806,436	286,359	2,636,061
Fund balances - December 31	<u>\$ 1,376,993</u>	<u>\$ 118,678</u>	<u>\$ 923,483</u>	<u>\$ 754,119</u>	<u>\$ 3,173,273</u>

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

Village of Marshall, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>
RECONCILIATION TO THE STATEMENT OF ACTIVITIES	
Net change in fund balances as shown on previous page	\$ 537,212
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 activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets reported as capital outlay in governmental fund statements	777,970
Depreciation expense reported in the statement of activities	(334,162)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	(29,202)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Long-term debt issued	(1,405,000)
Principal repaid	932,889
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Accrued interest on long-term debt	(27,444)
Compensated absences	50,627
Net pension liability	57,855
Deferred outflows of resources related to pensions	(192,570)
Deferred inflows of resources related to pensions	<u>60,034</u>
Change in net position of governmental activities as reported in the statement of activities (see pages 4 - 5)	<u>\$ 428,209</u>

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

Village of Marshall, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 851,341	\$ 851,341	\$ 845,411	\$ (5,930)
Intergovernmental	634,501	634,501	647,342	12,841
Licenses and permits	68,020	68,020	70,603	2,583
Fines and forfeits	55,500	55,500	43,746	(11,754)
Public charges for services	3,378	3,378	4,493	1,115
Miscellaneous	23,500	23,500	59,094	35,594
Total revenues	<u>1,636,240</u>	<u>1,636,240</u>	<u>1,670,689</u>	<u>34,449</u>
EXPENDITURES				
Current				
General government	345,832	345,832	483,395	(137,563)
Public safety	1,100,141	1,100,141	1,077,650	22,491
Public works	285,543	285,543	245,206	40,337
Health and human services	9,000	9,000	7,500	1,500
Culture and recreation	85,437	85,437	83,786	1,651
Conservation and development	1,581	1,581	602	979
Total expenditures	<u>1,827,534</u>	<u>1,827,534</u>	<u>1,898,139</u>	<u>(70,605)</u>
Excess of revenues over (under) expenditures	(191,294)	(191,294)	(227,450)	(36,156)
OTHER FINANCING SOURCES				
Transfers in	<u>191,294</u>	<u>191,294</u>	<u>150,653</u>	<u>(40,641)</u>
Net change in fund balance	-	-	(76,797)	(76,797)
Fund balance - January 1	<u>1,453,790</u>	<u>1,453,790</u>	<u>1,453,790</u>	-
Fund balance - December 31	<u>\$ 1,453,790</u>	<u>\$ 1,453,790</u>	<u>\$ 1,376,993</u>	<u>\$ (76,797)</u>

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

Village of Marshall, Wisconsin

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017**

	<u>Water and Sewer Utility</u>
ASSETS	
Current assets	
Cash and investments	\$ 1,622,003
Receivables	
Customer accounts	<u>123,967</u>
Total current assets	<u>1,745,970</u>
Noncurrent assets	
Restricted assets	
Cash and investments	<u>569,285</u>
Other assets	
Property held for future use	<u>290,488</u>
Capital assets	
Nondepreciable	291,128
Depreciable	<u>11,087,644</u>
Total capital assets	<u>11,378,772</u>
Total assets	<u>13,984,515</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related amounts	<u>78,108</u>

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

Village of Marshall, Wisconsin

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2017

	Water and Sewer Utility
LIABILITIES	
Current liabilities	
Accounts payable	\$ 6,948
Accrued and other current liabilities	6,581
Accrued interest	3,797
Current portion of long-term debt	<u>250,703</u>
Total current liabilities	<u>268,029</u>
Long-term obligations, less current portion	
General obligation debt	485,000
Revenue bonds	343,235
Compensated absences	311
Net pension liability	<u>10,209</u>
Total long-term liabilities	<u>838,755</u>
Total liabilities	<u>1,106,784</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related amounts	<u>32,105</u>
NET POSITION	
Net investment in capital assets	10,299,834
Restricted	569,285
Unrestricted	<u>2,054,615</u>
Total net position	<u>\$ 12,923,734</u>

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

Village of Marshall, Wisconsin

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Water and Sewer Utility</u>
OPERATING REVENUES	
Water service	\$ 645,500
Sewer service	<u>824,025</u>
Total operating revenues	<u>1,469,525</u>
OPERATING EXPENSES	
Operation and maintenance	590,567
Depreciation	<u>462,175</u>
Total operating expenses	<u>1,052,742</u>
Operating income	<u>416,783</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	10,269
Interest and fiscal charges	<u>(44,221)</u>
Total nonoperating revenues (expenses)	<u>(33,952)</u>
Income (before transfers)	382,831
Transfers out	<u>(150,653)</u>
Change in net position	232,178
Net position - January 1	<u>12,691,556</u>
Net position - December 31	<u>\$ 12,923,734</u>

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

Village of Marshall, Wisconsin

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Water and Sewer Utility
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,480,037
Cash paid for employee wages and benefits	(223,003)
Cash paid to suppliers	(351,073)
Net cash provided by operating activities	<u>905,961</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer out	<u>(150,653)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Long-term debt issued	430,000
Acquisition of capital assets	(79,640)
Repayment of advance from other funds	542,529
Principal paid on long-term debt	(1,293,219)
Interest paid on long-term debt	(49,165)
Net cash used by capital and related financing activities	<u>(449,495)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>15,344</u>
Change in cash and cash equivalents	321,157
Cash and cash equivalents - January 1	<u>1,870,131</u>
Cash and cash equivalents - December 31	<u><u>\$ 2,191,288</u></u>

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

Village of Marshall, Wisconsin

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Water and Sewer Utility</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 416,783
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	462,175
Change in liability (asset) and deferred outflows and inflows of resources	
Pension	15,856
Change in operating assets and liabilities	
Customer accounts	10,512
Due from other funds	7,505
Accounts payable	(2,772)
Accrued and other current liabilities	(3,576)
Compensated absences	(522)
Net cash provided by operating activities	<u>\$ 905,961</u>
Reconciliation of cash and cash equivalents to the statement of net position	
Cash and cash equivalents in current assets	\$ 1,622,003
Cash and cash equivalents in restricted assets	<u>569,285</u>
Total cash and cash equivalents	<u>\$ 2,191,288</u>
Noncash capital and related financing activities	
None	

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

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Marshall, Wisconsin (the "Village"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Village are described below:

A. REPORTING ENTITY

The Village is a municipal corporation governed by an elected seven member board. In accordance with GAAP, the basic financial statements are required to include the Village and any separate component units that have a significant operational or financial relationship with the Village. The Village has identified the following component unit that is required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

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. As a component unit, the CDA's financial statements have been presented as a discrete column in the government-wide financial statements. The information presented is for the fiscal year ended December 31, 2017. The CDA does not issue separate financial statements.

B. 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 2017 of \$113,983. 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, 2017 is available directly from the District's office.

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

Marshall Fire Department

The Village of Marshall and Towns of York and Medina jointly participate in the local fire district, which is called the Marshall Fire Department. The governing body is 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 and financial affairs of the District. The Village made a payment totaling \$54,847 to the district for 2017. 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, 2017 is available directly from the District's office.

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

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include an enterprise fund. The Village has no internal service funds. 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

This is the Village's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Debt Service Fund

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

Tax Incremental District No. 1 Capital Projects Fund

This fund is used to account for the project plan costs of the Village's Tax Incremental District No. 1.

The Village reports the following major enterprise fund:

Water and Sewer Utility Fund

This fund accounts for the operations of the Village's water and sewer utilities.

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 Village's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

2. **Property Taxes and Special Charges/Receivable**

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against Village properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the March tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village. Special charges not paid by January 31 are held in trust by the County and remitted to the Village, including interest, when collected by the County.

In addition to its levy, the Village also levies and collects taxes for the Marshall Public School District, Dane County, Madison Area Technical College and the State of Wisconsin.

3. **Accounts Receivable**

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

4. **Special Assessments**

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2017 tax roll are recognized as revenue in 2018.) Special assessments are subject to collection procedures.

5. **Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

6. **Prepaid Items**

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 for general capital assets and \$15,000 for infrastructure assets, and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental	Business-type
	Activities	Activities
	Years	
Land improvements	15 - 30	-
Buildings and improvements	15 - 75	25 - 50
Machinery and equipment	3 - 15	3 - 10
Infrastructure	15 - 60	25 - 100

8. Property Held for Future Use

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.

9. Capital Project Sinking Fund

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.

10. Assets Held for Resale

Assets 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. Assets held for resale is recorded at lower of cost or market value.

11. Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

12. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

13. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

14. Pensions

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.

15. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the Village Board. These constraints can only be removed or changed by the Village Board using the same action that was used to create them.
- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of Village management. The Village Board has authorized the Administrator-Treasurer to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

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.

Government-Wide and Proprietary Fund Statements

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

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed 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.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

F. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

G. RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

NOTE 2: STEWARDSHIP AND COMPLIANCE

A. BUDGETS AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During October, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the governmental funds adopting a budget.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board.
5. Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2017.

B. DEFICIT FUND EQUITY

The following funds had deficit fund balance as of December 31, 2017:

Fund	Deficit Fund Balance
Campground	\$ 14,700

The Village anticipates funding the above deficits from future revenues of the fund.

C. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2017 and 2018 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Village's January 1 equalized value as a result of net new construction. The actual limit for the Village for the 2017 budget was 0.39%. The actual limit for the Village for the 2018 budget was 0.52%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The Village maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the Village's cash and investments totaled \$8,061,238 on December 31, 2017 as summarized below:

Petty cash and cash on hand	\$ 955
Deposits with financial institutions	6,136,307
Investments	
US agencies	187,623
Negotiable certificates of deposit	1,736,353
	<u>\$ 8,061,238</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position

Primary Government	
Cash and investments	\$ 7,350,890
Restricted cash and investments	569,285
Component Unit	
Cash and investments	141,063
	<u>\$ 8,061,238</u>

Fair Value Measurements

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 observable inputs; Level 3 inputs are significant unobservable inputs. The Village has the following fair value measurements as of December 31, 2017:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Federal National Mortgage Association	\$ -	\$ 187,623	\$ -
Negotiable certificates of deposit	-	1,736,353	-
	<u>\$ -</u>	<u>\$ 1,923,976</u>	<u>\$ -</u>

Deposits and investments of the Village are subject to various risks. Presented below is a discussion of the Village's deposits and investments and the related risks.

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Village does not have an additional custodial credit policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2017, \$5,036,947 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. \$1,765,255 was collateralized with securities held by the pledging financial institution or its trust department or agent by not in the Village's name.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure			Not Rated
		AAA	Aa		
Federal National Mortgage Association	\$ 187,623	\$ -	\$ 187,623	\$ -	\$ -
Negotiable certificates of deposit	1,736,353	-	-	-	1,736,353
Totals	\$ 1,923,976	\$ -	\$ 187,623	\$ -	\$ 1,736,353

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Village's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Village's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal National Mortgage Association	\$ 187,623	\$ -	\$ 187,623	\$ -	\$ -
Negotiable certificates of deposit	1,736,353	892,921	595,592	247,840	-
Totals	\$ 1,923,976	\$ 892,921	\$ 783,215	\$ 247,840	\$ -

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The Village's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Fair Value at Year End
Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	<u>\$ 187,623</u>

B. RESTRICTED ASSETS

Restricted assets on December 31, 2017 totaled \$569,285 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Enterprise Fund Sewer Replacement	<u>\$ 569,285</u>	The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 1,450,578	\$ -	\$ -	\$ 1,450,578
Stormwater detention pond	35,711	-	-	35,711
Construction in progress	-	516,059	-	516,059
Total capital assets, nondepreciable	<u>1,486,289</u>	<u>516,059</u>	<u>-</u>	<u>2,002,348</u>
Capital assets, depreciable:				
Buildings	2,974,371	45,409	33,134	2,986,646
Machinery and equipment	742,249	-	-	742,249
Streets	6,106,530	186,079	-	6,292,609
Storm sewers	285,214	-	-	285,214
Sidewalks	613,179	-	-	613,179
Street lighting	752,532	-	-	752,532
Library capital assets	721,162	30,423	65,410	686,175
Subtotals	<u>12,195,237</u>	<u>261,911</u>	<u>98,544</u>	<u>12,358,604</u>
Less accumulated depreciation for:				
Buildings	876,852	66,761	33,134	910,479
Machinery and equipment	551,488	51,348	-	602,836
Streets	1,502,443	84,722	-	1,587,165
Storm sewers	30,506	3,355	-	33,861
Sidewalks	309,927	10,220	-	320,147
Street lighting	330,155	37,627	-	367,782
Library capital assets	558,672	80,129	65,410	573,391
Subtotals	<u>4,160,043</u>	<u>334,162</u>	<u>98,544</u>	<u>4,395,661</u>
Total capital assets, depreciable, net	<u>8,035,194</u>	<u>(72,251)</u>	<u>-</u>	<u>7,962,943</u>
Governmental activities capital assets, net	<u>\$ 9,521,483</u>	<u>\$ 443,808</u>	<u>\$ -</u>	<u>9,965,291</u>
Less: Capital related debt				<u>1,954,343</u>
Net investment in capital assets				<u>\$ 8,010,948</u>

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer				
Capital assets, nondepreciable:				
Land and land rights	\$ 207,490	\$ -	\$ -	\$ 207,490
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	340,911	-	-	340,911
Subtotals	<u>11,833,216</u>	<u>-</u>	<u>-</u>	<u>11,833,216</u>
Less accumulated depreciation for:				
Sewer	5,516,939	295,830	-	5,812,769
Total capital assets, depreciable, net	<u>6,316,277</u>	<u>(295,830)</u>	<u>-</u>	<u>6,020,447</u>
Sewer capital assets, net	<u>\$ 6,523,767</u>	<u>\$ (295,830)</u>	<u>\$ -</u>	<u>\$ 6,227,937</u>
Water				
Capital assets, nondepreciable:				
Land and land rights	\$ 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	5,726,596	79,640	3,545	5,802,691
General	161,160	-	-	161,160
Subtotals	<u>7,065,764</u>	<u>79,640</u>	<u>3,545</u>	<u>7,141,859</u>
Less accumulated depreciation for:				
Water	1,911,862	166,345	3,545	2,074,662
Total capital assets, depreciable, net	<u>7,065,764</u>	<u>(86,705)</u>	<u>3,545</u>	<u>5,067,197</u>
Water capital assets, net	<u>\$ 7,149,402</u>	<u>\$ (86,705)</u>	<u>\$ 3,545</u>	<u>\$ 5,150,835</u>
Business-type capital assets, net	<u>\$ 13,673,169</u>	<u>\$ (382,535)</u>	<u>\$ 3,545</u>	<u>11,378,772</u>
Less: Capital related debt				<u>1,078,938</u>
Net investment in capital assets				<u>\$ 10,299,834</u>

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Depreciation expense was charged to functions of the Village as follows:

Governmental activities	
General government	\$ 2,257
Public safety	18,503
Public works	174,167
Culture and recreation	139,235
Total	<u>334,162</u>
Business-type activities	
Water utility	\$ 159,348
Add: Depreciation charged to sewer utility	6,997
Change in water utility accumulated depreciation	<u>166,345</u>
Sewer utility	\$ 302,827
Less: Depreciation charged from water utility	(6,997)
Change in sewer utility accumulated depreciation	<u>295,830</u>

D. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the Village, as reported in the fund financial statements, as of December 31, 2017 are detailed below:

	Interfund Receivables	Interfund Payables
Long-term advances		
General	\$ 136,722	\$ -
Capital Projects	-	136,722
Totals	<u>\$ 136,722</u>	<u>\$ 136,722</u>

Interfund transfers for the year ended December 31, 2017 were as follows:

Funds	Transfer In	Transfer Out
General	\$ 150,653	-
Water Utility	-	150,653
TIF No. 1	63,000	-
Capital Projects	-	63,000
Totals	<u>\$ 213,653</u>	<u>\$ 213,653</u>

Interfund transfers were made for the following purposes:

Tax equivalent payment made by water utility to general fund	\$ 150,653
Fund projects	63,000
	<u>\$ 213,653</u>

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

I. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2017:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 1,215,000	\$ -	\$ 100,000	\$ 1,115,000	\$ 100,000
Notes	1,760,000	1,405,000	610,000	2,555,000	660,000
State trust fund loans	2,140,066	-	222,889	1,917,177	1,360,135
Total General Obligation Debt	5,115,066	1,405,000	932,889	5,587,177	2,120,135
Compensated absences	58,994	-	50,627	8,367	-
Governmental activities Long-term obligations	<u>\$ 5,174,060</u>	<u>\$ 1,405,000</u>	<u>\$ 983,516</u>	<u>\$ 5,595,544</u>	<u>\$ 2,120,135</u>
Business-type activities:					
General Obligation Debt					
Bonds	\$ 280,000	\$ -	\$ 70,000	\$ 210,000	\$ 70,000
Notes	-	430,000	-	430,000	85,000
Total General Obligation Debt	280,000	430,000	70,000	640,000	155,000
Revenue bonds	1,662,157	-	1,223,219	438,938	95,703
Compensated absences	833	-	522	311	-
Business-type activities Long-term obligations	<u>\$ 1,942,990</u>	<u>\$ 430,000</u>	<u>\$ 1,293,741</u>	<u>\$ 1,079,249</u>	<u>\$ 250,703</u>

Total interest paid during the year on long-term debt totaled \$135,716.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/17
2009 State Trust Fund Loan	10/28/09	03/15/19	4.5%	\$ 300,000	\$ 78,500
2013 State Trust Fund Loan	07/26/13	03/15/18	2.5%	102,739	21,384
2013 State Trust Fund Loan	09/09/13	03/15/33	3.75%	600,000	540,673
2014 Refunding Bonds	07/02/14	03/01/27	0.6-3.3%	1,410,000	1,115,000
2014 Refunding Bonds	07/02/14	03/01/20	2.4%	410,000	210,000
2015 State Trust Fund Loan	10/27/15	03/15/19	3.0%	120,000	82,083
2015 Promissory Note	01/07/15	03/01/21	0.4-1.85%	2,740,000	1,150,000
2016 State Trust Fund Loan	04/29/16	03/15/22	3.25%	2,150,000	1,194,537
2017 Promissory Note	11/01/17	11/01/27	2.26-2.50%	1,405,000	1,405,000
2017 Promissory Note	11/01/17	03/01/22	2.25-3.00%	430,000	430,000
Total Outstanding General Obligation Debt					<u>\$ 6,227,177</u>

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Annual principal and interest maturities of the outstanding general obligation debt of \$6,227,177 on December 31, 2017 are detailed below:

Year Ended December 31,	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 2,120,135	\$ 122,821	\$ 155,000	\$ 9,895	\$ 2,275,135	\$ 132,716
2019	427,878	84,114	155,000	8,755	582,878	92,869
2020	457,163	75,175	160,000	5,798	617,163	80,973
2021	463,232	65,932	85,000	3,400	548,232	69,332
2022	294,291	56,989	85,000	1,275	379,291	58,264
2023 - 2027	1,583,737	160,378	-	-	1,583,737	160,378
2028-2032	196,831	30,955	-	-	196,831	30,955
2033	43,910	1,647	-	-	43,910	1,647
	<u>\$ 5,587,177</u>	<u>\$ 598,011</u>	<u>\$ 640,000</u>	<u>\$ 29,123</u>	<u>\$ 6,227,177</u>	<u>\$ 627,134</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2017 was \$4,552,576 as follows:

Equalized valuation of the Village		\$ 213,221,500
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>10,661,075</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 6,227,177	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>118,678</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>6,108,499</u>
Legal margin for new debt		<u>\$ 4,552,576</u>

Current Refunding

During 2017, the Village currently refunded a water system revenue bonds issue from 2007. The Village issued \$430,000 of general obligation notes to call the refunded debt. This current refunding was undertaken to reduce total debt service payments over the next 5 years by \$46,808 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$25,185.

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, 2017, \$655,000 of bonds outstanding are considered defeased. The bonds are callable as follows:

Call Date	Amount
5/1/2018	\$ 205,000
5/1/2019	220,000
5/1/2020	240,000
	<u>\$ 665,000</u>

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Revenue Bonds

Revenue bonds outstanding on December 31, 2017 totaled \$438,938 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/17
1998 Revenue Bonds	11/24/98	5/1/18	2.640%	\$ 1,155,695	\$ 76,125
2013 Revenue Bonds	5/8/13	5/1/33	1.93%	437,499	362,813
Total Outstanding Revenue Bonds					<u>\$ 438,938</u>

Annual principal and interest maturities of the outstanding revenue bonds of \$438,938 on December 31, 2017 are detailed below:

Year Ended December 31,	Business-type Activities		
	Principal	Interest	Total
2018	\$ 95,703	\$ 7,801	\$ 103,504
2019	19,955	6,415	26,370
2020	20,340	6,027	26,367
2021	20,731	5,632	26,363
2022	21,130	5,229	26,359
2023 - 2027	111,911	19,825	131,736
2028-2032	123,107	8,523	131,630
2033	26,061	251	26,312
	<u>\$ 438,938</u>	<u>\$ 59,703</u>	<u>\$ 498,641</u>

Utility Revenues Pledged

The Village has pledged future water customer revenues, net of specified operating expenses, to repay the water system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the system. The bonds are payable solely from water customer net revenues and are payable through 2033. The total principal and interest remaining to be paid on the bonds is \$421,512. Principal and interest paid for the current year and total customer net revenues were \$26,378 and \$396,193, respectively.

The Village has pledged future sewer customer revenues, net of specified operating expenses, to repay the sewer system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the system. The bonds are payable solely from sewer customer net revenues and are payable through 2018. The total principal and interest remaining to be paid on the bonds is \$77,129. Principal and interest paid for the current year and total customer net revenues were \$77,156 and \$482,765, respectively.

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

J. PENSION PLAN

1. 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 (880 hours for teachers and school district educational support employees) 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>.

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.

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.

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.

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

2. 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:

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3%	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
2016	0.5	(5)

3. 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, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remained 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 ending December 31, 2016, the WRS recognized \$83,002 in contributions from the Village.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Village reported a liability of \$69,531 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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, 2016, the Village's proportion was 0.00843576%, which was an increase of 0.00000875% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Village recognized pension expense of \$181,513.

At December 31, 2017, 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	\$ 26,512	\$ 218,668
Net differences between projected and actual earnings on pension plan investments	346,102	-
Changes in assumptions	72,697	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,787	-
Employer contributions subsequent to the measurement date	90,632	-
Total	<u>\$ 543,730</u>	<u>\$ 218,668</u>

\$90,632 reported as deferred outflows related to pension resulting from the Village'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, 2018. 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,	Net Deferred Outflow of Resources
2017	\$ 94,803
2018	94,803
2019	64,873
2020	(20,193)
2021	144
Total	<u>\$ 234,430</u>

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

5. Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair 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 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

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:

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
Core Fund Asset Class				
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5%	37%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	20%	4.3%	1.5%
Real Estate	8%	7%	6.5%	3.6%
Private Equity/Debt	8%	7%	9.4%	6.5%
Multi-asset	4%	4%	6.6%	3.7%
Total Core Fund	110%	120%	7.4%	4.5%
Variable Fund Asset Class				
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%

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, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

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 3.78%. 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 members 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 (asset) to changes in the discount rate. The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.2 percent, as well as what the Village's proportionate share of the net pension liability (asset) 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)	\$ 914,722	\$ 69,531	\$ (581,305)

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>.

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

6. Payables to the Pension Plan

At December 31, 2017, the Village reported a payable of \$13,011 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2017.

K. FUND EQUITY

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2017, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Long-term receivables	<u>\$ 136,722</u>

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2017, restricted fund balance was as follows:

Special Revenue Funds	
Restricted for	
Library	<u>\$ 201,058</u>
Debt Service Fund	
Restricted for	
Debt service	<u>118,678</u>
Capital Projects Funds	
Restricted for	
TIF district no. 1 fund - project costs	923,483
Capital projects fund - debt proceeds	
Capital outlay	<u>483,791</u>
Total Restricted Fund Balance	<u>\$ 1,727,010</u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by Village Board action. At December 31, 2017, Governmental fund balance was committed as follows:

Special Revenue Funds	
Committed for	
Recreation	\$ 37,916
Solid waste	20,159
Veterans memorial park	<u>7,895</u>
Total Committed Fund Balance	<u>\$ 65,970</u>

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2017, fund balance was assigned as follows:

General Fund	
Assigned for subsequent years budget	<u>\$ 4,632</u>

Minimum General Fund Balance Policy

The Village has also adopted a minimum fund balance policy of 25% of subsequent year budgeted expenditures for the general fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2018 General Fund Expenditures	\$ 1,871,171
Minimum Fund Balance %	(x) 25%
Minimum Fund Balance Amount	<u>\$ 467,793</u>

The Village's unassigned general fund balance of \$1,235,639 is above the minimum fund balance amount.

Net Position

The Village reports restricted net position at December 31, 2017 as follows:

Governmental Activities	
Restricted for	
Debt service	\$ 52,547
Library	201,058
Total Governmental Activities Restricted Net Position	<u>253,605</u>
Business-type Activities	
Restricted for	
Equipment replacement	<u>569,285</u>
Total Restricted Net Position	<u>\$ 822,890</u>

L. 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.

- ▶ Basis of Accounting/Masurement Focus - The CDA follows the full accrual basis of accounting and the flow of economic resources measurement focus.
- ▶ Deposits and Investments - At year-end, the carrying amount of the CDA's deposits was \$141,063 and is part of the Village's comingled cash. See Note 3.A.
- ▶ The CDA has provided loans to local businesses. The CDA records a loan receivable when the loan has been made and funds have been disbursed. Interest received from loan repayments is recognized as revenue when received in cash. The loans receivable are shown net of an allowance for uncollectibles in the amount of \$20,801.

Village of Marshall, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

NOTE 4: OTHER INFORMATION

A. TAX INCREMENTAL FINANCING DISTRICTS

The Village has established a separate capital projects fund for Tax Incremental District (TID) No. 1 which was created by the Village in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the District was created, the property tax base within the District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the Village to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The Village's District is still eligible to incur project costs.

Since creation of the above District, the Village has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the Village from any future excess tax increment revenues. As of December 31, 2017, the Village can recover \$784,553 from future excess tax increment revenues of the District.

The Village terminated TID No. 1 in March 2018.

B. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Village completes an annual review of its insurance coverage to ensure adequate coverage.

C. CONTINGENCIES

From time to time, the Village is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast 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. ENTERPRISE FUNDS - SIGNIFICANT CUSTOMERS

The sewer utility has one significant customer who was responsible for 27% of operating revenues in 2017.

The water utility has one significant customer who was responsible for 14% of operating revenues in 2017.

E. SUBSEQUENT EVENT

On January 4, 2018, the Village paid off the 2009 State Trust Fund Loan for \$78,500 and the 2016 State Trust Fund Loan for \$1,194,535.

F. UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after June 15, 2018. The Village is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The Village is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Marshall, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.00858453%	\$ (210,860)	\$ 967,281	21.80%	102.74%
12/31/16	0.00842701%	136,937	1,015,260	13.49%	98.20%
12/31/17	0.00843576%	69,531	1,062,756	6.54%	99.12%

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered-Employee Payroll
12/31/15	\$ 80,588	\$ 80,588	\$ -	\$ 1,015,260	7.94%
12/31/16	83,415	83,415	-	1,062,756	7.85%
12/31/17	90,632	90,632	-	1,056,041	8.58%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

There were no changes of benefit terms or assumptions for any participating employer in the WRS.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The Village is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

SUPPLEMENTARY INFORMATION

Village of Marshall, Wisconsin

GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES AND OTHER FINANCING SOURCES FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Taxes				
General property	\$ 752,941	\$ 752,941	\$ 755,985	\$ 3,044
Mobile home fees	72,000	72,000	62,670	(9,330)
Taxes from tax exempt entities	26,000	26,000	26,545	545
Interest and taxes	400	400	211	(189)
Total taxes	851,341	851,341	845,411	(5,930)
Intergovernmental				
State				
State shared revenue	423,721	423,721	423,721	-
Expenditure restraint	48,452	48,452	48,700	248
Fire insurance	7,000	7,000	8,253	1,253
Public safety	1,540	1,540	1,120	(420)
Police	-	-	12,523	12,523
Transportation	132,888	132,888	132,601	(287)
Recycling	10,000	10,000	10,279	279
Exempt computer aid	900	900	145	(755)
Local				
School grant - liason officer	10,000	10,000	10,000	-
Total intergovernmental	634,501	634,501	647,342	12,841
Licenses and permits				
Licenses				
Liquor and malt beverages	3,770	3,770	3,959	189
Operators	1,650	1,650	1,900	250
Bicycle	-	-	3	3
Cigarette	300	300	558	258
Dog	4,000	4,000	4,554	554
Other	50	50	230	180
Permits				
Building	10,000	10,000	10,479	479
Zoning Permits	2,500	2,500	1,610	(890)
Cable television fees	-	-	599	599
Cable television fees	44,400	44,400	44,972	572
Other regulatory permits and fees	1,200	1,200	1,539	339
Total licenses and permits	68,020	68,020	70,603	2,583
Fines and forfeits				
Court fines and penalties	50,000	50,000	38,877	(11,123)
Parking violations	5,500	5,500	4,869	(631)
Total fine and forfeits	55,500	55,500	43,746	(11,754)

Village of Marshall, Wisconsin

**GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Public charges for services				
General government	78	78	162	84
Snow removal	-	-	246	246
Weed and nuisance control	-	-	124	124
Lawn mowing	2,000	2,000	2,000	-
Law enforcement	300	300	711	411
Title assessment	1,000	1,000	1,250	250
Total public charges for services	<u>3,378</u>	<u>3,378</u>	<u>4,493</u>	<u>1,115</u>
Miscellaneous				
Interest on investments	10,000	10,000	29,585	19,585
Rent of Village buildings	13,200	13,200	11,700	(1,500)
Sale of Village property	-	-	6,057	6,057
Other	300	300	11,752	11,452
Total miscellaneous	<u>23,500</u>	<u>23,500</u>	<u>59,094</u>	<u>35,594</u>
Total Revenues	<u>1,636,240</u>	<u>1,636,240</u>	<u>1,670,689</u>	<u>34,449</u>
Other financing sources				
Transfer in	<u>191,294</u>	<u>191,294</u>	<u>150,653</u>	<u>(40,641)</u>
Total Revenues and Other Financing Sources	<u>\$ 1,827,534</u>	<u>\$ 1,827,534</u>	<u>\$ 1,821,342</u>	<u>\$ (6,192)</u>

Village of Marshall, Wisconsin

GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
General Government				
Village board	\$ 6,002	\$ 6,002	\$ 6,682	\$ (680)
Commissions and committees	1,185	1,185	508	677
Municipal court	11,451	11,451	8,410	3,041
Clerk of courts	22,981	22,981	21,527	1,454
Attorney	8,000	8,000	28,777	(20,777)
Village president	4,131	4,131	4,792	(661)
Village administrator	57,337	57,337	84,670	(27,333)
Clerk	55,592	55,592	69,425	(13,833)
Clerk administrative assistant	-	-	27,839	(27,839)
Deputy clerk	35,096	35,096	13,339	21,757
Elections	6,604	6,604	2,939	3,665
Legislative support	4,500	4,500	12,294	(7,794)
Dues	2,251	2,251	1,305	946
Maps and plat books	50	50	-	50
Accounting and auditing	19,500	19,500	24,700	(5,200)
Assessment of property	13,150	13,150	13,177	(27)
Municipal buildings	34,493	34,493	49,173	(14,680)
Uncollectible taxes	409	409	1,096	(687)
Insurances	63,100	63,100	112,742	(49,642)
Total general government	<u>345,832</u>	<u>345,832</u>	<u>483,395</u>	<u>(137,563)</u>
Public Safety				
Police administration	107,056	107,056	133,802	(26,746)
Police office manager	68,233	68,233	67,249	984
Police lieutenant	94,951	94,951	96,862	(1,911)
Community officer	500	500	477	23
Police patrol	588,994	588,994	540,038	48,956
School patrol	17,246	17,246	16,754	492
Danecom	5,555	5,555	3,991	1,564
Fire protection	94,199	94,199	93,290	909
EMS	113,407	113,407	113,983	(576)
Building inspection	10,000	10,000	11,204	(1,204)
Total public safety	<u>1,100,141</u>	<u>1,100,141</u>	<u>1,077,650</u>	<u>22,491</u>
Public Works				
Highway administration	37,622	37,622	38,147	(525)
Machinery and equipment	30,000	30,000	21,639	8,361
Garage and shop	121,711	121,711	101,647	20,064
Engineering	-	-	600	(600)
Streets and highways	29,860	29,860	23,423	6,437
Street signs and markings	1,750	1,750	2,975	(1,225)
Snow removal	12,900	12,900	7,958	4,942

Village of Marshall, Wisconsin

**GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
Public Works (continued)				
Street lighting	46,500	46,500	44,929	1,571
Sidewalks	2,700	2,700	3,421	(721)
Storm sewers	1,000	1,000	467	533
Weed and nuisance control	1,500	1,500	-	1,500
Total public works	<u>285,543</u>	<u>285,543</u>	<u>245,206</u>	<u>40,337</u>
Health and Human Services				
Colonial club	7,500	7,500	7,500	-
Historical society	1,500	1,500	-	1,500
Total health and human services	<u>9,000</u>	<u>9,000</u>	<u>7,500</u>	<u>1,500</u>
Culture and Recreation				
Recreation director	70,837	70,837	68,194	2,643
Community building	12,600	12,600	12,258	342
318 Farnham property	400	400	-	400
834 W Main Street	400	400	626	(226)
Celebrations	1,150	1,150	1,756	(606)
Tree program	50	50	952	(902)
Total culture and recreation	<u>85,437</u>	<u>85,437</u>	<u>83,786</u>	<u>1,651</u>
Conservation and Development				
Plan commission	1,481	1,481	602	879
Board of appeals	100	100	-	100
Total conservation and development	<u>1,581</u>	<u>1,581</u>	<u>602</u>	<u>979</u>
Total Expenditures	<u>\$ 1,827,534</u>	<u>\$ 1,827,534</u>	<u>\$ 1,898,139</u>	<u>\$ (70,605)</u>

Village of Marshall, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	Special Revenue		
	Recreation	Campground	Library
ASSETS			
Cash and investments	\$ 40,160	\$ 1,549	\$ 206,583
Receivables			
Taxes and special charges	25,000	-	181,700
Accounts	-	-	1,542
Assets held for resale	-	-	-
Total assets	<u>\$ 65,160</u>	<u>\$ 1,549</u>	<u>\$ 389,825</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 2,204	\$ 16,249	\$ 2,180
Accrued and other current liabilities	40	-	4,887
Advance from other funds	-	-	-
Total liabilities	<u>2,244</u>	<u>16,249</u>	<u>7,067</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	<u>25,000</u>	<u>-</u>	<u>181,700</u>
Fund balances			
Nonspendable	-	-	-
Restricted	-	-	201,058
Committed	37,916	-	-
Unassigned	-	(14,700)	-
Total fund balances	<u>37,916</u>	<u>(14,700)</u>	<u>201,058</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 65,160</u>	<u>\$ 1,549</u>	<u>\$ 389,825</u>

Special Revenue			
Solid Waste	Veterans Memorial Park	Capital Projects	Totals
\$ 33,660	\$ 7,895	\$ 586,639	\$ 876,486
-	-	-	206,700
-	-	5,938	7,480
-	-	154,722	154,722
<u>\$ 33,660</u>	<u>\$ 7,895</u>	<u>\$ 747,299</u>	<u>\$ 1,245,388</u>
\$ 13,501	\$ -	\$ 108,786	\$ 142,920
-	-	-	4,927
-	-	136,722	136,722
<u>13,501</u>	<u>-</u>	<u>245,508</u>	<u>284,569</u>
-	-	-	206,700
-	-	18,000	18,000
-	-	483,791	684,849
20,159	7,895	-	65,970
-	-	-	(14,700)
<u>20,159</u>	<u>7,895</u>	<u>501,791</u>	<u>754,119</u>
<u>\$ 33,660</u>	<u>\$ 7,895</u>	<u>\$ 747,299</u>	<u>\$ 1,245,388</u>

Village of Marshall, Wisconsin

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Special Revenue		
	Recreation	Campground	Library
REVENUES			
Taxes	\$ 25,000	\$ -	\$ 177,000
Intergovernmental	-	-	54,446
Public charges for services	70,165	-	8,906
Intergovernmental charges for services	-	-	9,433
Miscellaneous	6,656	-	2,897
Total revenues	<u>101,821</u>	<u>-</u>	<u>252,682</u>
EXPENDITURES			
Current			
Public works	-	-	-
Culture and recreation	99,697	58,337	260,777
Debt service			
Interest and fiscal charges	-	15,266	-
Capital outlay	1,424	546,082	50,030
Total expenditures	<u>101,121</u>	<u>619,685</u>	<u>310,807</u>
Excess of revenues over (under) expenditures	<u>700</u>	<u>(619,685)</u>	<u>(58,125)</u>
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	590,000	-
Premium on debt issued	-	14,985	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>604,985</u>	<u>-</u>
Net change in fund balances	700	(14,700)	(58,125)
Fund balances - January 1	<u>37,216</u>	<u>-</u>	<u>259,183</u>
Fund balances - December 31	<u>\$ 37,916</u>	<u>\$ (14,700)</u>	<u>\$ 201,058</u>

Special Revenue			
Solid Waste	Veterans Memorial Park	Capital Projects	Totals
\$ 1,700	\$ -	\$ -	\$ 203,700
-	-	-	54,446
161,865	-	-	240,936
-	-	-	9,433
-	600	-	10,153
<u>163,565</u>	<u>600</u>	<u>-</u>	<u>518,668</u>
177,245	-	-	177,245
-	193	-	419,004
-	-	21,088	36,354
-	-	198,453	795,989
<u>177,245</u>	<u>193</u>	<u>219,541</u>	<u>1,428,592</u>
<u>(13,680)</u>	<u>407</u>	<u>(219,541)</u>	<u>(909,924)</u>
-	-	815,000	1,405,000
-	-	20,699	35,684
-	-	(63,000)	(63,000)
-	-	772,699	1,377,684
(13,680)	407	553,158	467,760
33,839	7,488	(51,367)	286,359
<u>\$ 20,159</u>	<u>\$ 7,895</u>	<u>\$ 501,791</u>	<u>\$ 754,119</u>

Village of Marshall, Wisconsin

SCHEDULE OF WATER UTILITY OPERATING REVENUES AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2017

OPERATING REVENUES

Charges for services	
Residential	\$ 290,634
Multi-family	112,549
Commercial	28,363
Industrial	2,607
Public authority	11,349
Private fire protection	1,152
Public fire protection	177,990
Total charges for services	<u>624,644</u>
Other revenues	
Forfeited discounts	2,623
Other water revenues	18,233
Total other revenues	<u>20,856</u>
Total operating revenues	<u>645,500</u>

OPERATING EXPENSES

Operation and maintenance	
Source of supply expenses	
Operation labor	12,706
Purchased water	2,059
Total source of supply expenses	<u>14,765</u>
Pumping expenses	
Operation labor	632
Fuel or power purchased for pumping	16,926
Operation supplies and expenses	1,247
Maintenance of pumping plant	23,568
Total source of supply expenses	<u>42,373</u>
Water treatment expenses	
Operation labor	18,967
Chemicals	5,618
Operation supplies and expenses	5,947
Maintenance of treatment plant	1,618
Total source of supply expenses	<u>32,150</u>
Transmission and distribution expenses	
Operation labor	20,721
Operation supplies and expenses	7,675
Maintenance of distribution reservoirs and standpipes	1,000
Maintenance of mains	12,860
Maintenance of services	1,005
Maintenance of meters	1,774
Maintenance of hydrants	927
Total transmission and distribution expenses	45,962

Village of Marshall, Wisconsin

SCHEDULE OF WATER UTILITY OPERATING REVENUES AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>
Customer account expenses	
Meter reading labor	790
Accounting and collecting labor	13,629
Supplies and expense	7,395
Uncollectible amounts	5,264
Total source of supply expenses	<u>27,078</u>
Administrative and general	
Salaries and wages	26,344
Office supplies and expenses	8,618
Outside services employed	14,359
Insurance expenses	1,554
Employees pensions and benefits	25,609
Miscellaneous general expenses	5,304
Total administrative and general	<u>81,788</u>
Total operation and maintenance	244,116
Depreciation	159,348
Taxes	5,191
Total operating expenses	<u>408,655</u>
Operating income	<u><u>\$ 236,845</u></u>

Village of Marshall, Wisconsin

SCHEDULE OF SEWER UTILITY OPERATING REVENUES AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2017

OPERATING REVENUES

Charges for services	
Residential	\$ 485,119
Multi-family	264,671
Commercial	43,767
Industrial	2,843
Public authority	20,481
Total charges for services	<u>816,881</u>
Other revenues	
Forfeited discounts	2,946
Other sewer revenues	4,198
Total other revenues	<u>7,144</u>
Total operating revenues	<u>824,025</u>

OPERATING EXPENSES

Operation and maintenance	
Plant operation	
Supervision and labor	61,302
Power and fuel for pumping	54,765
Phosphorous removal chemicals	3,624
Other chemicals	5,122
Other operating supplies	17,594
Joint metering costs	1,282
Transportation	2,008
Sludge hauling	11,445
Total plant operation	<u>157,142</u>
Plant maintenance	
Collection system	15,323
Pumping equipment	4,785
Treatment and disposal plant equipment	12,570
General plant structures and equipment	3,967
Total plant maintenance	<u>36,645</u>
Customer accounts	
Accounting and collecting	<u>14,067</u>
Administrative and general	
Salaries	26,146
Office supplies	15,875
Outside services employed	41,503
Insurance expenses	6,318
Employees pensions and benefits	27,915
Regulatory commission	1,941
Miscellaneous	3,450
Total administrative and general	<u>123,148</u>
Total operation and maintenance	331,002
Depreciation	302,827
Taxes	10,258
Total operating expenses	<u>644,087</u>
Operating income	<u>\$ 179,938</u>

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS

Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the Village Board
Village of Marshall, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Marshall, Wisconsin (the "Village") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated May 4, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2017-001 that we consider to be a significant deficiency.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

VILLAGE OF MARSHALL, WISCONSIN'S RESPONSE TO FINDING

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

Green Bay, Wisconsin
May 4, 2018

Village of Marshall, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2017-001	Segregation of Duties Repeat Finding
Condition:	The Village has a limited number of employees to essentially complete all financial and recordkeeping duties of the Village. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.
Criteria:	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of the Village's operations. In addition, the Village has not completed a formal risk assessment and review of internal controls to identify additional mitigating and compensating controls which could be implemented to reduce the risk of errors or intentional fraud.
Effect:	Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.
Recommendation:	We recommend the Village Board continue to monitor the transactions and the financial records of the Village. We recommend the Village perform a risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud.
Management Response:	Management believes that the cost of segregating cash receipts and cash disbursement duties from the related recording functions outweigh the benefits to be received.

SECTION II. COMPLIANCE AND OTHER MATTERS

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2017.