

CITY OF MARSHALL, ILLINOIS

FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION

For the year ended April 30, 2015
and
INDEPENDENT AUDITORS' REPORT

CITY OF MARSHALL, ILLINOIS

TABLE OF CONTENTS

FINANCIAL SECTION:	<u>Page(s)</u>
Independent Auditors' Report.....	1 - 2
Management's Discussion and Analysis	3 - 10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	11 - 12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	14
Reconciliation of Total Government Fund Balances to Net Position of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position – Proprietary Funds	18 - 19
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	20 - 21
Statement of Cash Flows – Proprietary Funds	22 - 23
Basic Financial Statements:	
Notes to Financial Statements.....	24 - 50

CITY OF MARSHALL, ILLINOIS

TABLE OF CONTENTS

FINANCIAL SECTION (Continued):

Required Supplementary Information:

Illinois Municipal Retirement Fund – Schedule of Funding Progress.....	51
Post-Employment Healthcare Benefit Program – Schedule of Funding Progress.....	52
Schedule of Cash Receipts and Disbursements – Budget to Actual – Budgetary Basis – General Fund	53
Note to Required Supplementary Information.....	54

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds.....	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	56

STATISTICAL TABLES:

Schedule of Assessed Valuation, Tax Rates, Taxes Extended And Taxes Collected	57
Schedule of Legal Debt Margin.....	58
Schedule of Surety Bonds.....	59

GILBERT, METZGER & MADIGAN, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Michael J. Metzger, CPA
Joyce A. Madigan, CPA
Kelsey D. Swing, CPA

6029 Park Drive, Suite A
P.O. Box 677
Charleston, Illinois 61920

phone (217) 345-2128
fax (217) 345-2315
website gmmcpa.com

Cleve Karch, CPA, Principal

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Marshall
Marshall, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Marshall, Illinois as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the City'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.

Auditor's Responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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, each major fund, and the aggregate remaining fund information of the City of Marshall, Illinois, as of April 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress and budgetary comparison information on pages 3 through 10, 51, 52, and 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marshall, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements and statistical tables listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Gilbert, Metzger & Madigan, LLP

November 2, 2015

FINANCIAL SECTION

**CITY OF MARSHALL, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of the financial performance of the City of Marshall is intended to provide an overview of the City's financial activities for the fiscal year ended April 30, 2015. Readers are encouraged to consider the information presented here in conjunction with additional information as furnished in the financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The City of Marshall has total assets and deferred outflows of \$27,303,700 and liabilities and deferred inflows of \$3,640,226 resulting in net position of \$23,663,474 as of April 30, 2015. Of the net position, \$15,376,974 represents the City's net investment in capital assets, \$746,980 is held for restricted purposes, and \$7,539,520 is available to meet the City's ongoing obligations to its citizens and creditors.

- The following table shows the changes in major revenue sources from 2014 to 2015.

**City of Marshall, Illinois
Changes in Major Revenue Sources**

<u>Source</u>	<u>2015</u>	<u>2014</u>	<u>Change</u>
Intergovernmental shared revenues	\$ 1,344,033	\$ 1,301,151	\$ 42,882
Property tax revenues	474,399	471,461	2,938
Electric fund charges for services	6,346,729	6,761,716	(414,987)
Gas fund charges for services	1,997,196	1,991,533	5,663
Water fund charges for services	810,757	805,044	5,713
Sewer fund charges for services	591,230	591,786	(556)
Table totals	<u>\$ 11,564,344</u>	<u>\$ 11,922,691</u>	<u>\$ (358,347)</u>

- Intergovernmental revenues increased in 2015 mainly due to an increase in state sales tax and income tax collections. Electric fund charges for services decreased due to a decrease in electricity usage, which resulted in reduced billings.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section serves as an introduction to the City of Marshall's basic financial statements. The basic financial statements for the City of Marshall are comprised of three components:

- basic financial statements,
- required supplementary information, and
- combining and individual fund statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The two government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business entities. The *Statement of Net Position* presents information on all of the City of Marshall's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between these amounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused, vacation leave). The government-wide financial statements can be found on pages 11 through 13 of this report.

Both of the government-wide financial statements distinguish those functions of the municipality that are principally supported by taxes and intergovernmental revenues, known as governmental activities, from other functions that are intended to recover all, or a significant portion, of their costs through user fees and services charges, called business-type activities. The governmental activities of the City of Marshall include general government, public safety, streets and alleys, culture and recreation and other miscellaneous activities. The business-type activities of the City include the electric, gas, water and sewer services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Marshall, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance-related legal requirements. Some funds are required by law, while others are established internally to maintain control over a particular activity. All of the funds of the City of Marshall can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near term inflows and outflows of current spendable resources, as well as balances of spendable resources that can be converted to cash and balances available at the end of the fiscal year for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental funds include the general and special revenue funds. On the *Balance Sheet – Governmental Funds*, the general fund is shown as a separate column and data from the other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Reconciliations follow the *Balance Sheet-Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balance*. The reconciliations show the adjustments that are needed to convert the governmental funds financial statements to the government-wide *Statement of Net Position* and *Statement of Activities*. The governmental fund financial statements and related reconciliations to government-wide statements are on pages 14 through 17 of this report.

Proprietary Funds

Proprietary funds maintained by the City of Marshall consist of enterprise funds. Enterprise funds are used to report those functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for activities that provide supplies and services to the general public. Proprietary fund statements provide the same type of information as the government-wide financial statements, but in more detail. The City's fund financial statements present separate enterprise fund information for the electric, gas, water and sewer utilities. The proprietary fund financial statements are on pages 18 through 23 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 24 of this report.

Additional Supplementary Information

Following the basic government-wide and fund financial statements and accompanying notes, combining statements are included for the non-major governmental funds.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The *Statement of Net Position* for the City of Marshall is summarized in the table below. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23.7 million as of April 30, 2015. The majority of the net position reflects the City's investment in capital assets, including land, land improvements, buildings, machinery and equipment, infrastructure, and construction in progress, net of depreciation and related debt. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Statement of Net Position:

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current and other assets	\$ 3,694,150	\$ 7,129,071	\$ 10,823,221
Capital assets (net)	2,767,704	13,679,832	16,447,536
Total assets	<u>6,461,854</u>	<u>20,808,903</u>	<u>27,270,757</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on bond refunding	-	32,943	32,943
LIABILITIES:			
Current liabilities	260,331	1,268,822	1,529,153
Non-current liabilities	276,308	1,317,965	1,594,273
Total liabilities	<u>536,639</u>	<u>2,586,787</u>	<u>3,123,426</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred property tax revenue	516,800	-	516,800
NET POSITION:			
Net investment in capital assets	2,767,704	12,609,270	15,376,974
Restricted for:			
Community development	118,003	-	118,003
Other purposes	229,465	-	229,465
Road maintenance	399,512	-	399,512
Unrestricted	1,893,731	5,645,789	7,539,520
Total net position	<u>\$ 5,408,415</u>	<u>\$ 18,255,059</u>	<u>\$ 23,663,474</u>
Total net position as a % of total liabilities and deferred inflow of resources	513%	706%	650%
Unrestricted net position as a % of total liabilities and deferred inflow of resources	180%	218%	207%

The largest portion (\$15.4 million) of the City's net position represents the book value of Capital Assets, net of related debt. A small portion of the City's net position (\$746,980) represents resources that are subject to other restrictions as to how they may be used. The remaining \$7.5 million of total net position may be used to meet the City's ongoing obligations to its citizens and creditors. It is important to note that about \$5.6 million, or about 75 percent, of the unrestricted net position is related to the City's business-type activities and generally may not be used to fund governmental activities. As of April 30, 2015, the City was able to report positive balances in net position for both the governmental and business-type activities.

An examination of the *Statement of Activities* provides a concise picture of how the various activities of the City are funded. The following table summarizes the City's governmental and business-type activities.

	Governmental Activities	Business-Type Activities	Total
Program revenues:			
Charges for services	\$ 198,673	\$ 10,260,376	\$ 10,459,049
Operating grants & contributions	18,901	-	18,901
Capital grants & contributions	165,106	117,777	282,883
General revenues:			
Property taxes	474,399	-	474,399
Road & bridge taxes	27,362	-	27,362
Fines & fees	46,460	-	46,460
Intergovernmental revenues	1,344,033	-	1,344,033
Hotel occupation taxes	38,325	-	38,325
Other taxes & licenses	94,407	-	94,407
Investment income	4,839	7,180	12,019
Miscellaneous income	118,043	-	118,043
Gain on sale of assets	1,705	-	1,705
Total revenue	<u>2,532,253</u>	<u>10,385,333</u>	<u>12,917,586</u>
Program expenses:			
General government	338,555	-	338,555
Public safety	970,981	-	970,981
Street & alleys	398,930	-	398,930
Culture and recreation	524,607	-	524,607
Electric	-	6,621,188	6,621,188
Gas	-	2,148,694	2,148,694
Water	-	779,044	779,044
Sewer	-	576,733	576,733
Total expenses	<u>2,233,073</u>	<u>10,125,659</u>	<u>12,358,732</u>
Increase in net position before transfers	299,180	259,674	558,854
Transfers	<u>326,702</u>	<u>(326,702)</u>	<u>-</u>
Change in net position	<u>625,882</u>	<u>(67,028)</u>	<u>558,854</u>
Net position - May 1, 2014	<u>4,782,533</u>	<u>18,322,087</u>	<u>23,104,620</u>
Net position - April 30, 2015	<u>\$ 5,408,415</u>	<u>\$ 18,255,059</u>	<u>\$ 23,663,474</u>

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows, and spendable resources. Such information can be useful in assessing the City's financing requirements.

As of April 30, 2015, the City of Marshall's *Balance Sheet - Governmental Funds* reported combined ending fund balances of \$2,903,864, an increase of \$8,722 from April 30, 2014. Of the ending fund balances total, \$958,772 is unassigned, indicating availability for continuing the City's service requirements. The restricted fund balance is \$746,980 and is restricted by external groups or enabling legislation. The committed fund balance of \$669,923 is committed for culture and recreation and capital improvements by formal action of the City Council. The assigned fund balance of \$528,189 is constrained by the City for an intended use of resources.

The General fund is the primary operating fund used to account for the governmental operations of the City of Marshall. The largest revenue sources for the General fund are taxes which account for seventy-eight percent (78%) of revenues. Public safety and streets and alleys are the primary operations of the General fund. Thirty-three percent (33%) of the General fund expenditures of \$2.7 million are allocated to the public safety sector. Another fifteen percent (15%) of the General fund costs are derived from culture and recreation expenditures. Ten percent (10%) of the General fund costs are derived from the maintenance of streets and alleys.

The General fund has an unassigned fund balance of \$958,772. The unassigned fund balance is available to be applied in a future year's budget.

With regard to the Other Governmental Funds, the Motor Fuel Tax fund had a total fund balance of \$399,512. The Motor Fuel Tax fund balance primarily reflects the amounts restricted to pay for the annual road maintenance.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in greater detail. The net position of the enterprise type proprietary funds at the end of 2015 totaled \$18,255,059, a decrease of \$67,028 from the previous year.

For the year ended April 30, 2015, revenues in the electric fund totaled \$6,641,686 (a decrease of \$221,682 from 2014), operating expenditures totaled \$6,570,507 (an increase of \$50,859 from 2014) producing operating income of \$71,179 (a decrease of \$272,541 from 2014). Net non-operating expenditures totaled \$49,259 (a decrease of \$3,727 from 2014). Operating transfers in totaled \$7,661 and operating transfers out totaled \$195,544 resulting in a decrease of \$165,963 in the net position of the electric fund.

For the year ended April 30, 2015, revenues in the gas fund totaled \$2,153,323 (a decrease of \$5,776 from 2014), operating expenditures totaled \$2,148,694 (a decrease of \$132,606 from 2014) producing an operating income of \$4,629 (an increase in income of \$126,830 from 2014). Non-operating revenues totaled \$1,969 (a decrease of \$6 from 2014). Operating transfers out totaled \$109,668 resulting in a decrease of \$103,070 in the net position of the gas fund.

For the year ended April 30, 2015, revenues in the water fund totaled \$855,341 (an increase of \$14,764 from 2014), operating expenditures totaled \$779,044 (an increase of \$16,694 from 2014) producing operating income of \$76,297 (a decrease of \$1,930 from 2014). Non-operating revenues totaled \$2,107 (a decrease of \$543 from 2014). Operating transfers out totaled \$26,962 resulting in an increase of \$51,442 in the net position of the water fund.

For the year ended April 30, 2015, revenues in the sewer fund totaled \$610,026 (a decrease of \$49,823 from 2014), operating expenditures totaled \$576,733 (a decrease of \$52,147 from 2014) producing operating income of \$33,293 (an increase of \$2,324 from 2014). Non-operating revenues totaled \$119,459 (a decrease of \$533,517 from 2014). Operating transfers out totaled \$2,189 resulting in an increase of \$150,563 in the net position of the sewer fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City does not maintain a legally adopted budget. Instead, the City prepares an appropriation ordinance for the general fund. This appropriation ordinance simply serves as a limit on what may be spent during the current fiscal year. The appropriation ordinance is a statement of maximum amount that that could conceivably be spent if sufficient funds were available. Due to this reason, variations between budget-to-actual results presented on page 53 have not been explained.

CAPITAL ASSETS AND DEBT

Capital Assets

In accordance with the implementation requirements of GASB No. 34, the City has recorded historical costs and depreciation expense associated with all of its capital assets. As summarized in the following table, the City's reported investment in capital assets for governmental and business-type activities as of April 30, 2015 totaled approximately \$37.2 million. Eighty-nine percent (89%) of this total cost was related to the business-type activities, with the City's electric generation and distribution system comprising the most significant component.

Total accumulated depreciation was calculated to be approximately \$20.7 million, or approximately fifty-six percent (56%) of the historical asset cost. Net of accumulated depreciation, the City's investment in capital assets is approximately \$16.4 million.

Illinois statute (65 ILCS 5/8-5-1) restricts municipality general obligation debt to less than 8.625% of equalized property value. As all of Marshall's debt will be retired from revenue sources other than property taxes, the City's general obligation debt is well below the statutory limit.

City of Marshall, Illinois
Capital Assets, Net of Accumulated Depreciation
April 30, 2015

<u>Classification</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 120,258	\$ 271,901	\$ 392,159
Buildings and improvements	2,172,889	8,285,019	10,457,908
Infrastructure	104,668	22,166,205	22,270,873
Vehicles and equipment	680,712	2,289,720	2,970,432
Construction in progress	917,772	\$ 156,157	1,073,929
Subtotal	3,996,299	33,169,002	37,165,301
Less accumulated depreciation	1,228,595	19,489,170	20,717,765
Total	<u>\$ 2,767,704</u>	<u>\$ 13,679,832</u>	<u>\$ 16,447,536</u>

Long-Term Debt

On April 30, 2015, the City of Marshall had \$1,090,000 of bond principal outstanding, as summarized in the following table:

City of Marshall, Illinois
General Obligation Bonds Outstanding
April 30, 2015

<u>Classification</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General Obligation Bonds	\$ -	\$ 1,090,000	\$ 1,090,000
	<u>\$ -</u>	<u>\$ 1,090,000</u>	<u>\$ 1,090,000</u>

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. The City of Marshall has made the financial statements available upon request at City Hall during normal business hours. If anyone has any questions about this report or needs additional financial information about the City of Marshall, please contact Marshall City Hall, 201 S. Michigan Avenue, P.O. Box 298, Marshall, Illinois 62441. Staff that can assist you can also be reached at (217) 826-8084.

CITY OF MARSHALL, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 2,921,175	\$ 4,810,851	\$ 7,732,026
Investments	-	1,000,000	1,000,000
Receivables:			
Property taxes	488,100	-	488,100
Property taxes-township	28,700	-	28,700
Customer accounts	-	656,443	656,443
Notes	2,744	-	2,744
Due from other governments	299,509	7,904	307,413
Other	6,540	-	6,540
Internal balances	(65,773)	65,773	-
Prepaid expenses	13,155	95,220	108,375
Inventory	-	206,094	206,094
Restricted assets	-	286,786	286,786
Capital assets (net of accumulated depreciation):			
Land and construction in progress	1,038,030	428,058	1,466,088
Buildings and leasehold improvements	1,505,837	5,496,576	7,002,413
Infrastructure	64,105	7,277,013	7,341,118
Vehicles and equipment	159,732	478,185	637,917
	<u>6,461,854</u>	<u>20,808,903</u>	<u>27,270,757</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on bond refunding	-	32,943	32,943
	<u>-</u>	<u>32,943</u>	<u>32,943</u>

See notes to financial statements

CITY OF MARSHALL, ILLINOIS

STATEMENT OF NET POSITION (Continued)
April 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
LIABILITIES:			
Accounts payable	\$ 40,008	\$ 526,252	\$ 566,260
Accrued interest	-	6,987	6,987
Accrued expenses	220,323	298,797	519,120
Customer deposits	-	286,786	286,786
Non-current liabilities:			
Due within one year	-	150,000	150,000
Due in more than one year	276,308	1,317,965	1,594,273
	<u>536,639</u>	<u>2,586,787</u>	<u>3,123,426</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred property tax revenue	<u>516,800</u>	<u>-</u>	<u>516,800</u>
NET POSITION:			
Net investment in capital assets	2,767,704	12,609,270	15,376,974
Restricted for:			
Community development	118,003	-	118,003
Other purposes	229,465	-	229,465
Road maintenance	399,512	-	399,512
Unrestricted	<u>1,893,731</u>	<u>5,645,789</u>	<u>7,539,520</u>
	<u>\$ 5,408,415</u>	<u>\$ 18,255,059</u>	<u>\$ 23,663,474</u>

See notes to financial statements

CITY OF MARSHALL, ILLINOIS

**STATEMENT OF ACTIVITIES
for the year ended April 30, 2015**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Functions/Programs:							
Primary government:							
Governmental activities:							
General government	\$ 338,555	\$ 122,600	\$ 4,916	\$ 54,402	\$ (156,637)	\$ -	\$ (156,637)
Public safety	970,981	22,398	-	9,957	(938,626)	-	(938,626)
Streets and alleys	398,930	36,000	-	100,747	(262,183)	-	(262,183)
Culture and recreation	524,607	17,675	13,985	-	(492,947)	-	(492,947)
Total governmental activities	<u>2,233,073</u>	<u>198,673</u>	<u>18,901</u>	<u>165,106</u>	<u>(1,850,393)</u>	<u>-</u>	<u>(1,850,393)</u>
Business-type activities:							
Electric	6,621,188	6,641,686	-	-	-	20,498	20,498
Gas	2,148,694	2,153,323	-	-	-	4,629	4,629
Water	779,044	855,341	-	-	-	76,297	76,297
Sewer	576,733	610,026	-	117,777	-	151,070	151,070
Total business-type activities	<u>10,125,659</u>	<u>10,260,376</u>	<u>-</u>	<u>117,777</u>	<u>-</u>	<u>252,494</u>	<u>252,494</u>
Total primary government	<u>\$ 12,358,732</u>	<u>\$ 10,459,049</u>	<u>\$ 18,901</u>	<u>\$ 282,883</u>	<u>(1,850,393)</u>	<u>252,494</u>	<u>(1,597,899)</u>
General revenues:							
Property taxes					474,399	-	474,399
Road and bridge taxes					27,362	-	27,362
Fines and fees					46,460	-	46,460
Sales taxes					818,293	-	818,293
Intergovernmental revenues					525,740	-	525,740
Hotel occupation taxes					38,325	-	38,325
Other taxes and licenses					94,407	-	94,407
Investment income					4,839	7,180	12,019
Miscellaneous income					118,043	-	118,043
Gain on sale of assets					1,705	-	1,705
Transfers					326,702	(326,702)	-
Total general revenues and transfers					<u>2,476,275</u>	<u>(319,522)</u>	<u>2,156,753</u>
Change in net position					<u>625,882</u>	<u>(67,028)</u>	<u>558,854</u>
Net position, beginning of year					<u>4,782,533</u>	<u>18,322,087</u>	<u>23,104,620</u>
Net position, end of year					<u>\$ 5,408,415</u>	<u>\$ 18,255,059</u>	<u>\$ 23,663,474</u>

See notes to financial statements

CITY OF MARSHALL, ILLINOIS

**BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2015**

	General Fund	Other Governmental Funds	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash and cash equivalents	\$ 2,518,316	\$ 402,859	\$ 2,921,175
Receivables:			
Property taxes	488,100	-	488,100
Property taxes-township	28,700	-	28,700
Notes	2,744	-	2,744
Due from other governments	290,362	9,147	299,509
Other	<u>2,100</u>	<u>4,440</u>	<u>6,540</u>
 Total assets	 <u>\$ 3,330,322</u>	 <u>\$ 416,446</u>	 <u>\$ 3,746,768</u>
 LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES:			
Liabilities:			
Accounts payable	\$ 27,957	\$ 12,051	\$ 40,008
Accrued expenses	220,323	-	220,323
Due to other funds	<u>65,773</u>	<u>-</u>	<u>65,773</u>
 Total liabilities	 <u>314,053</u>	 <u>12,051</u>	 <u>326,104</u>
 Deferred inflow of resources:			
Deferred property tax revenue	<u>516,800</u>	<u>-</u>	<u>516,800</u>
 Fund balances:			
Restricted	342,585	404,395	746,980
Committed	669,923	-	669,923
Assigned	528,189	-	528,189
Unassigned	<u>958,772</u>	<u>-</u>	<u>958,772</u>
 Total fund balances	 <u>2,499,469</u>	 <u>404,395</u>	 <u>2,903,864</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 3,330,322</u>	 <u>\$ 416,446</u>	 <u>\$ 3,746,768</u>

See notes to financial statements

CITY OF MARSHALL, ILLINOIS

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET
POSITION OF GOVERNMENTAL ACTIVITIES**

April 30, 2015

Total fund balances, governmental funds	\$ 2,903,864
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	2,767,704
Expenditures recorded under the purchases method that apply to a future period are reported as prepaid expenses in the statement of net position.	13,155
Post-employment healthcare benefit costs are recognized as expenditures in the fund financial statements but are deferred in the governmental fund statements.	<u>(276,308)</u>
Net position of governmental activities	<u><u>\$ 5,408,415</u></u>

See notes to financial statements

CITY OF MARSHALL, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
for the year ended April 30, 2015**

	General	Other Governmental Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Property taxes	\$ 474,399	\$ -	\$ 474,399
Road and bridge taxes	27,362	-	27,362
Fines and fees	71,458	-	71,458
Administration fees	120,000	-	120,000
Sales taxes	818,293	-	818,293
Intergovernmental	429,353	96,387	525,740
Hotel occupation taxes	-	38,325	38,325
Other taxes and licenses	94,407	-	94,407
Pool receipts	17,675	-	17,675
Rent	36,000	-	36,000
Grants	170,022	-	170,022
Donations	13,985	-	13,985
Miscellaneous refunds and revenues	84,942	33,101	118,043
Interest	4,793	46	4,839
	<u>2,362,689</u>	<u>167,859</u>	<u>2,530,548</u>
Total revenues			
Expenditures:			
General government	337,518	-	337,518
Public safety	891,627	-	891,627
Street and alleys	271,413	91,571	362,984
Culture and recreation	407,500	44,307	451,807
Capital outlay	806,297	-	806,297
	<u>2,714,355</u>	<u>135,878</u>	<u>2,850,233</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(351,666)</u>	<u>31,981</u>	<u>(319,685)</u>
Other financing sources:			
Operating transfers in	326,702	-	326,702
Sale of capital assets	1,705	-	1,705
	<u>328,407</u>	<u>-</u>	<u>328,407</u>
Total other financing sources			
Net change in fund balances	(23,259)	31,981	8,722
Fund balances, beginning of year	<u>2,522,728</u>	<u>372,414</u>	<u>2,895,142</u>
Fund balances, end of year	<u>\$ 2,499,469</u>	<u>\$ 404,395</u>	<u>\$ 2,903,864</u>

See notes to financial statements

CITY OF MARSHALL, ILLINOIS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL ACTIVITIES TO THE
STATEMENT OF ACTIVITIES
for the year ended April 30, 2015**

Net changes in fund balances, governmental funds \$ 8,722

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

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 681,688

Prepaid expenses are recognized as expenditures in the fund financial statements, but are deferred and amortized in the government-wide statements, resulting in a net difference. 52

Post-employment healthcare benefit costs are recognized as expenditures in the fund financial statements, but are deferred and amortized in the government-wide statements, resulting in a net difference. (64,580)

Changes in net position of governmental activities \$ 625,882

CITY OF MARSHALL, ILLINOIS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

April 30, 2015

	<u>Electric System</u>	<u>Gas System</u>	<u>Water System</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 1,530,153	\$ 600,542	\$ 1,800,274
Investments	-	1,000,000	-
Customer accounts receivable	244,972	234,255	97,597
Due from other governments	-	-	-
Inventory	206,094	-	-
Prepaid expenses	59,138	18,472	12,472
Due from other funds	-	-	65,773
Total current assets	<u>2,040,357</u>	<u>1,853,269</u>	<u>1,976,116</u>
Noncurrent assets:			
Restricted cash and cash equivalents - customer deposits	<u>123,949</u>	<u>82,857</u>	<u>42,476</u>
Capital assets:			
Land	92,561	17,542	51,688
Construction in process	104,207	-	25,159
Buildings and leasehold improvements	6,209,773	615,149	1,422,256
Infrastructure	8,937,366	1,617,052	5,261,209
Vehicles and equipment	881,899	872,181	297,272
Less accumulated depreciation	<u>(8,966,100)</u>	<u>(2,281,649)</u>	<u>(3,874,871)</u>
Total capital assets (net of accumulated depreciation)	<u>7,259,706</u>	<u>840,275</u>	<u>3,182,713</u>
Total noncurrent assets	<u>7,383,655</u>	<u>923,132</u>	<u>3,225,189</u>
Total assets	<u>9,424,012</u>	<u>2,776,401</u>	<u>5,201,305</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on bond refunding	<u>32,943</u>	-	-
LIABILITIES:			
Current liabilities:			
Accounts payable	453,412	54,678	4,404
Accrued interest	6,987	-	-
Accrued expenses	147,883	66,853	45,645
General obligation bonds payable	<u>150,000</u>	-	-
Total current liabilities	<u>758,282</u>	<u>121,531</u>	<u>50,049</u>
Current liabilities payable from restricted assets:			
Customer deposits	<u>123,949</u>	<u>82,857</u>	<u>42,476</u>
Noncurrent liabilities:			
General obligation bonds payable	953,505	-	-
Post-employment healthcare benefits obligation	<u>133,835</u>	<u>81,380</u>	<u>100,577</u>
Total noncurrent liabilities	<u>1,087,340</u>	<u>81,380</u>	<u>100,577</u>
Total liabilities	<u>1,969,571</u>	<u>285,768</u>	<u>193,102</u>
NET POSITION:			
Net investment in capital assets	6,189,144	840,275	3,182,713
Unrestricted	<u>1,298,240</u>	<u>1,650,358</u>	<u>1,825,490</u>
Total net position	<u>\$ 7,487,384</u>	<u>\$ 2,490,633</u>	<u>\$ 5,008,203</u>

See notes to financial statements

CITY OF MARSHALL, ILLINOIS

**STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS**

April 30, 2015

	Sewer System	Total
	<u> </u>	<u> </u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 879,882	\$ 4,810,851
Investments	-	1,000,000
Customer accounts receivable	79,619	656,443
Due from other governments	7,904	7,904
Inventory	-	206,094
Prepaid expenses	5,138	95,220
Due from other funds	-	65,773
	<u>972,543</u>	<u>6,842,285</u>
Noncurrent assets:		
Restricted cash and cash equivalents - customer deposits	<u>37,504</u>	<u>286,786</u>
Capital assets:		
Land	110,110	271,901
Construction in process	26,791	156,157
Buildings and leasehold improvements	37,841	8,285,019
Infrastructure	6,350,578	22,166,205
Vehicles and equipment	238,368	2,289,720
Less accumulated depreciation	<u>(4,366,550)</u>	<u>(19,489,170)</u>
Total capital assets (net of accumulated depreciation)	<u>2,397,138</u>	<u>13,679,832</u>
Total noncurrent assets	<u>2,434,642</u>	<u>13,966,618</u>
Total assets	<u>3,407,185</u>	<u>20,808,903</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on bond refunding	<u>-</u>	<u>32,943</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	13,758	526,252
Accrued interest	-	6,987
Accrued expenses	38,416	298,797
General obligation bonds payable	-	150,000
	<u>52,174</u>	<u>982,036</u>
Current liabilities payable from restricted assets:		
Customer deposits	<u>37,504</u>	<u>286,786</u>
Noncurrent liabilities:		
General obligation bonds payable	-	953,505
Post-employment healthcare benefits obligation	<u>48,668</u>	<u>364,460</u>
Total noncurrent liabilities	<u>48,668</u>	<u>1,317,965</u>
Total liabilities	<u>138,346</u>	<u>2,586,787</u>
NET POSITION:		
Net investment in capital assets	2,397,138	12,609,270
Unrestricted	<u>871,701</u>	<u>5,645,789</u>
Total net position	<u>\$ 3,268,839</u>	<u>\$ 18,255,059</u>

See notes to financial statements

CITY OF MARSHALL, ILLINOIS

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
for the year ended April 30, 2015**

	Electric System	Gas System	Water System
Operating revenues:			
Charges for services	\$ 6,346,729	\$ 1,997,196	\$ 810,757
Penalties	46,487	20,129	9,688
Service and tap fees	25,400	955	2,574
Rent income	47,081	28,845	31,240
Transportation fees	-	26,328	-
Miscellaneous refunds and revenues	175,989	79,870	1,082
Total operating revenues	<u>6,641,686</u>	<u>2,153,323</u>	<u>855,341</u>
Operating expenses:			
Personal services	764,472	465,279	304,351
Operations and contractual services	5,247,816	1,422,404	209,586
Supplies and materials	224,589	173,712	152,584
Depreciation	333,630	87,299	112,523
Total operating expenses	<u>6,570,507</u>	<u>2,148,694</u>	<u>779,044</u>
Operating income	<u>71,179</u>	<u>4,629</u>	<u>76,297</u>
Nonoperating revenues (expenses):			
Interest revenues	1,422	1,969	2,107
Capital grant revenue	-	-	-
Interest expense	(50,281)	-	-
Bond fees	(400)	-	-
Total nonoperating revenues (expenses)	<u>(49,259)</u>	<u>1,969</u>	<u>2,107</u>
Income before operating transfers	21,920	6,598	78,404
Other financing sources (uses):			
Operating transfers in	7,661	-	-
Operating transfers out	(195,544)	(109,668)	(26,962)
Total other financing sources (uses)	<u>(187,883)</u>	<u>(109,668)</u>	<u>(26,962)</u>
Change in net position	(165,963)	(103,070)	51,442
Net position, beginning of year	<u>7,653,347</u>	<u>2,593,703</u>	<u>4,956,761</u>
Net position, end of year	<u>\$ 7,487,384</u>	<u>\$ 2,490,633</u>	<u>\$ 5,008,203</u>

See notes to financial statements

CITY OF MARSHALL, ILLINOIS

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (Continued)
 PROPRIETARY FUNDS
 for the year ended April 30, 2015**

	Sewer System	Total
Operating revenues:		
Charges for services	\$ 591,230	\$ 9,745,912
Penalties	8,196	84,500
Service and tap fees	5,200	34,129
Rent income	5,400	112,566
Transportation fees	-	26,328
Miscellaneous refunds and revenues	-	256,941
Total operating revenues	610,026	10,260,376
Operating expenses:		
Personal services	234,886	1,768,988
Operations and contractual services	187,615	7,067,421
Supplies and materials	40,215	591,100
Depreciation	114,017	647,469
Total operating expenses	576,733	10,074,978
Operating income	33,293	185,398
Nonoperating revenues (expenses):		
Interest revenues	1,682	7,180
Capital grant revenue	117,777	117,777
Interest expense	-	(50,281)
Bond fees	-	(400)
Total nonoperating revenues (expenses)	119,459	74,276
Income before operating transfers	152,752	259,674
Other financing sources (uses):		
Operating transfers in	-	7,661
Operating transfers out	(2,189)	(334,363)
Total other financing sources (uses)	(2,189)	(326,702)
Change in net position	150,563	(67,028)
Net position, beginning of year	3,118,276	18,322,087
Net position, end of year	\$ 3,268,839	\$ 18,255,059

See notes to financial statements

CITY OF MARSHALL, ILLINOIS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

for the year ended April 30, 2015

	Electric	Gas	Water
Cash flows from operating activities:			
Receipts from customers and users	\$ 6,893,638	\$ 2,221,892	\$ 857,033
Payments to employees	(488,973)	(308,461)	(186,457)
Payments to suppliers	(5,662,598)	(1,762,439)	(462,623)
Net cash provided by operating activities	742,067	150,992	207,953
Cash flows from noncapital financing activities:			
Operating transfers in	7,661	-	-
Operating transfers out	(195,544)	(109,668)	(26,962)
Proceeds from operating grants	-	-	-
Loans to other funds	-	-	(65,773)
Net cash used by noncapital financing activities	(187,883)	(109,668)	(92,735)
Cash flows from capital and related financing activities:			
Proceeds from capital grants	-	-	-
Payments for construction in progress	(104,207)	-	(25,159)
Purchase of capital assets	(304,499)	(124,528)	(4,298)
Repayment of general obligation bonds	(145,000)	-	-
Interest paid on capital debt	(48,293)	-	-
Bond fees paid	(400)	-	-
Net cash provided (used) by capital and related financing activities	(602,399)	(124,528)	(29,457)
Cash flows from investing activities:			
Interest received	1,422	1,376	2,107
Net increase (decrease) in cash and cash equivalents	(46,793)	(81,828)	87,868
Cash and cash equivalents, beginning of year (including amounts for customer deposits reported in restricted asset accounts)	1,700,895	765,227	1,754,882
Cash and cash equivalents, end of year (including amounts for customer deposits reported in restricted asset accounts)	\$ 1,654,102	\$ 683,399	\$ 1,842,750
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 71,179	\$ 4,629	\$ 76,297
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	333,630	87,299	112,523
Decrease (increase) in:			
Accounts receivable	290,946	43,268	(14,541)
Prepaid items	(73)	(740)	(406)
Inventory	(10,150)	-	-
Increase (decrease) in:			
Accounts payable	50,098	(30,325)	(7,862)
Accrued expenses	14,116	2,531	2,185
Customer deposits	(38,994)	25,301	16,233
Post-employment benefits	31,315	19,029	23,524
Net cash provided by operating activities	\$ 742,067	\$ 150,992	\$ 207,953

See notes to financial statements

CITY OF MARSHALL, ILLINOIS

**STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
for the year ended April 30, 2014**

	Sewer	Totals
Cash flows from operating activities:		
Receipts from customers and users	\$ 614,500	\$ 10,587,063
Payments to employees	(154,649)	(1,138,540)
Payments to suppliers	(329,832)	(8,217,492)
Net cash provided by operating activities	130,019	1,231,031
Cash flows from noncapital financing activities:		
Operating transfers in	-	7,661
Operating transfers out	(2,189)	(334,363)
Proceeds from operating grants	31,557	31,557
Loans to other funds	-	(65,773)
Net cash used by noncapital financing activities	29,368	(360,918)
Cash flows from capital and related financing activities:		
Proceeds from capital grants	142,451	142,451
Payments for construction in progress	(26,791)	(156,157)
Purchase of capital assets	(138,033)	(571,358)
Repayment of general obligation bonds	-	(145,000)
Interest paid on capital debt	-	(48,293)
Bond fees paid	-	(400)
Net cash provided (used) by capital and related financing activities	(22,373)	(778,757)
Cash flows from investing activities:		
Interest received	1,682	6,587
Net increase (decrease) in cash and cash equivalents	138,696	97,943
Cash and cash equivalents, beginning of year (including amounts for customer deposits reported in restricted asset accounts)	778,690	4,999,694
Cash and cash equivalents, end of year (including amounts for customer deposits reported in restricted asset accounts)	\$ 917,386	\$ 5,097,637
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 33,293	\$ 185,398
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	114,017	647,469
Decrease (increase) in:		
Accounts receivable	(9,628)	310,045
Prepaid items	(1,139)	(2,358)
Inventory	-	(10,150)
Increase (decrease) in:		
Accounts payable	(34,350)	(22,439)
Accrued expenses	2,336	21,168
Customer deposits	14,102	16,642
Post-employment benefits	11,388	85,256
Net cash provided by operating activities	\$ 130,019	\$ 1,231,031

See notes to financial statements

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Marshall, Illinois, operates under an aldermanic form of government. The City's major operations include public safety, public works, recreation and parks, and general administrative services. In addition, the City owns and operates four major enterprise activities, a water plant, local sewer system, electrical production and distribution systems and a gas distribution system.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. However, transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved. Therefore, charges between the City's water, sewer, electric, and gas functions as well as various other functions of the government are included since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities normally supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. 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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into fund types as follows:

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major Governmental Fund

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Major Proprietary Funds

Proprietary Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The enterprise funds of the City are the electric, gas, water and sewer systems.

Electric System – This fund is used to account for the activities of the City’s electric production and distribution system.

Gas System – This fund is used to account for the activities of the City’s gas distribution system.

Water System – This fund is used to account for the activities of the City’s water plant and distribution system.

Sewer System – This fund is used to account for the activities of the City’s sewage treatment plant, sewage pumping stations and collection systems.

Nonmajor Governmental Funds

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service or capital projects. Included among these funds are:

Motor Fuel Tax – This fund is used to account for the revenue and expenditures related to projects financed by the motor fuel tax funds collected and distributed by the State of Illinois.

Hotel/Motel Tax – This fund is used to account for the collection of a 5% room occupancy tax.

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The City's records are maintained on the cash basis of accounting. The basis of accounting used in the preparation of the basic financial statements is described in the following paragraphs.

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 from exchange transactions are recognized when they are earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Revenues from taxes or assessments on exchange transactions (sales taxes, utility taxes) are recognized when the underlying exchange transaction occurs. Revenues from shared nonexchange transactions (state income taxes, motor fuel taxes, replacement taxes) are also recognized in the period when the underlying transaction occurs, provided the state is required to share the revenues under act of law. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues when 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 when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers revenues to be available if they are collectible within 90 days after year-end. Expenditures are generally recognized when the related fund liability is incurred, with the exception of principal and interest payments on general long-term debt which are recognized as liabilities when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include property taxes, franchise fees, interest, and various taxes collected by the state or other party on behalf of the government. In general, other revenues, such as charges for services and miscellaneous revenues are considered to be measurable and available only when cash is received. Deferred inflows of resources arise when potential revenue does not meet both the measurable and available criteria or when resources are received prior to the government having a legal claim to them. The revenues are subsequently recognized when both recognition criteria are met or when the government has legal claim to the resources.

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Property taxes are deferred in the fiscal year that they are levied and are recorded as revenue when they become measurable and available. The government considers property tax revenues to be available if they are collectible within 60 days after year-end. Taxes levied are carried as deferred inflows of the appropriate fund.

The City's property tax calendar is as follows:

1. Property is assessed on January 1 each year.
2. The tax levy ordinance is adopted and filed with the county clerk on or before the last Tuesday in December.
3. Property taxes are due to be collected in July (first installment) and September (second installment) in the year following the levy year.
4. Significant distributions of tax receipts are received during August through November.

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 electric enterprise fund, the gas enterprise fund, the water enterprise fund, and the sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deposits and Investments

For purposes of the statement of cash flows, all cash deposits (including restricted assets) with a maturity of ninety days or less when purchased are considered to be cash equivalents. Investments consist of certificates of deposit and are stated at cost, which equals market.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of interfund loans or "advances to/from other funds" for the non-current portion of interfund loans. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Accounts receivable have been adjusted for all known uncollectible accounts. No allowance for uncollectibles is considered necessary at year-end.

CITY OF MARSHALL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

All inventories for proprietary funds are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

Restricted Assets

Certain proceeds from customer deposits recorded in the proprietary funds, as well as any resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited to the applicable repayment of customer deposits.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Land, buildings, vehicles and equipment are included at estimated historical cost. Donated fixed assets are valued at their estimated fair value on the date donated.

In fiscal year 2004, the City adopted an ordinance establishing capitalization thresholds for different classes of capital assets. The capitalization thresholds are as follows:

<u>Property</u>	<u>Threshold</u>
Land	\$ 5,000
Buildings and building improvements	5,000
Infrastructure:	
Streets, curbs and gutters	20,000
Traffic signals	50,000
Bridges	50,000
Sidewalks	5,000
Utility lines	3,000-20,000
Storm Sewers	50,000
Heavy Mobile Equipment	20,000
Special Equipment	30,000
Equipment and vehicles	5,000-20,000
Computer Software	5,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of assets used by business-type activities is included as part of the capitalized value of the assets constructed. During the year, no interest was capitalized.

CITY OF MARSHALL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Depreciation has been reported using the straight-line method over the estimated useful lives of the respective assets. Land is not depreciated. The estimated useful lives for each fixed asset type are as follows:

Property	Years
Buildings and building improvements	50
Infrastructure:	
Streets, curbs and gutters	20
Traffic signals	25
Bridges	50
Sidewalks	20
Utility lines	50
Storm Sewers	50
Heavy mobile equipment	10
Special equipment	7
Equipment and vehicles	5
Computer Software	3

Compensated Absences

The City accrues a liability for compensated absences that meet the following criteria:

1. The City's obligation relates to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the City has accrued a liability for vacation and sick pay earned in the governmental funds and government-wide and proprietary fund financial statements..

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

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

In the fund financial statements, governmental funds recognize bond premiums and discounts during the period incurred. 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.

Equity Classifications

Government-wide Statements

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

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position - The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Statements

Governmental Fund equity is classified as fund balance. Fund balance is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet and Governmental Funds Combining Schedule of Accounts:

Nonspendable Fund Balance - the portion of a Governmental Fund's fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions.

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

Fund Statements (Continued)

Restricted Fund Balance – the portion of a Governmental Fund’s fund balance that is subject to constraints, either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – the portion of a Governmental Fund’s fund balance with self-imposed constraints or limitations that have been imposed by action of the government’s highest level of decision making.

Assigned Fund Balance – the portion of a Governmental Fund’s fund balance to denote an intended use of resources.

Unassigned Fund Balance – the portion of a Governmental Fund’s fund balance that is not designated for a specific purpose.

Use of Estimates

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

New Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement improves accounting and financial reporting by state and local governments for pensions. When implemented, it will require recognition of the entire net pension liability and a more comprehensive measure of pension expense. The City is required to implement this standard for the fiscal year ending April 30, 2016. The City expects the adoption of GASB Statement No. 68 to have a significant impact on the financial statements, specifically the Statement of Net Position liability.

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities includes a reconciliation between “net changes in fund balances, governmental funds” and “changes in net position of governmental activities.” One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.” The detail of this difference is as follows:

Capital outlay	\$ 806,297
Depreciation expense	<u>(124,609)</u>
Net adjustment to increase "net changes in fund balances, governmental funds" to arrive at "changes in net position of governmental activities"	<u>\$ 681,688</u>

3. DEPOSITS AND INVESTMENTS

A. Deposits

Statutes authorize the City to invest in obligations of the U.S. Treasury, direct obligations of any bank as defined by the Illinois Banking Act, short-term obligations of corporations subject to certain qualifications, money market mutual funds registered under the Investment Company Act of 1940 subject to certain restrictions and the Illinois Funds Money Market Fund. Furthermore, investments may be made in banks, savings and loan associations and credit unions covered by depository insurance.

At April 30, 2015, the carrying balance of the City’s cash deposits was \$9,018,812. This amount includes \$450 of cash on hand, representing \$100 cash from each of four utilities plus \$50 from the library fund. Financial institution balances totaled \$8,912,300, which includes \$8,880,379 of bank deposits and \$31,921 of deposits held with the Illinois Money Market fund.

B. Investments

The City’s investments at April 30, 2015 consist primarily of a certificate of deposit (included in the above deposit section of the notes to financial statements.)

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (Continued)

Credit Risk

At April 30, 2015, the Illinois Funds Money Market Fund had a Standard and Poor's AAAM rating. The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. Although not subject to direct regulatory oversight, the fund is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. All investments are fully collateralized.

Interest Rate Risk

The Illinois Funds Money Market Fund, created by the Illinois General Assembly, enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. The investment policy of the Illinois Funds Money Market Funds states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the City of Marshall's deposits may not be returned to it. As of April 30, 2015, of the City of Marshall's total bank balances, \$750,000 was secured by federal depository insurance, and \$8,130,379 was collateralized with securities held by the pledging financial institution's trust department in the City of Marshall's name.

CITY OF MARSHALL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2015 was as follows:

	Balance May 1, 2014	Additions	Deletions	Balance April 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 120,258	\$ -	\$ -	\$ 120,258
Construction in progress	212,451	705,321	-	917,772
Total capital assets not being depreciated	332,709	705,321	-	1,038,030
Capital assets being depreciated:				
Buildings and leasehold improvements	2,161,889	11,000	-	2,172,889
Less: Accumulated depreciation	(598,470)	(68,582)	-	(667,052)
Buildings and leasehold improvements, net	1,563,419	(57,582)	-	1,505,837
Infrastructure	104,668	-	-	104,668
Less: Accumulated depreciation	(35,330)	(5,233)	-	(40,563)
Infrastructure, net	69,338	(5,233)	-	64,105
Vehicles and equipment	611,474	89,976	20,738	680,712
Less: Accumulated depreciation	(490,924)	(50,794)	(20,738)	(520,980)
Vehicles and equipment, net	120,550	39,182	-	159,732
Total capital assets being depreciated, net	1,753,307	(23,633)	-	1,729,674
Governmental activities capital assets, net	<u>\$ 2,086,016</u>	<u>\$ 681,688</u>	<u>\$ -</u>	<u>\$ 2,767,704</u>

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS (Continued)

	Balance May 1, 2014	Additions	Deletions	Balance April 30, 2015
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 271,901	\$ -	\$ -	\$ 271,901
Construction in progress	451,093	214,667	509,603	156,157
Total capital assets not being depreciated	<u>722,994</u>	<u>214,667</u>	<u>509,603</u>	<u>428,058</u>
Capital assets being depreciated:				
Buildings and leasehold improvements	8,276,019	9,000	-	8,285,019
Less: Accumulated depreciation	<u>(2,572,008)</u>	<u>(216,435)</u>	<u>-</u>	<u>(2,788,443)</u>
Buildings and leasehold improvements, net	<u>5,704,011</u>	<u>(207,435)</u>	<u>-</u>	<u>5,496,576</u>
Infrastructure	21,388,980	777,225	-	22,166,205
Less: Accumulated depreciation	<u>(14,602,277)</u>	<u>(286,915)</u>	<u>-</u>	<u>(14,889,192)</u>
Infrastructure, net	<u>6,786,703</u>	<u>490,310</u>	<u>-</u>	<u>7,277,013</u>
Vehicles and equipment	2,053,494	236,226	-	2,289,720
Less: Accumulated depreciation	<u>(1,667,416)</u>	<u>(144,119)</u>	<u>-</u>	<u>(1,811,535)</u>
Vehicles and equipment, net	<u>386,078</u>	<u>92,107</u>	<u>-</u>	<u>478,185</u>
Total capital assets being depreciated, net	<u>12,876,792</u>	<u>374,982</u>	<u>-</u>	<u>13,251,774</u>
Business-type activities capital assets, net	<u>\$ 13,599,786</u>	<u>\$ 589,649</u>	<u>\$ 509,603</u>	<u>\$ 13,679,832</u>

CITY OF MARSHALL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 1,089
Public safety	36,800
Streets and alleys	17,966
Culture and recreation	<u>68,754</u>
 Total depreciation expense	 <u><u>\$ 124,609</u></u>

Business-type activities:

Electric	\$ 333,630
Gas	87,299
Water	112,523
Sewer	<u>114,017</u>
 Total depreciation expense	 <u><u>\$ 647,469</u></u>

5. CONSTRUCTION IN PROGRESS

The City had the following construction projects in progress at April 30, 2015:

	Balance <u>April 30, 2014</u>	Additions	Completion/ <u>Adjustment</u>	Balance <u>April 30, 2015</u>	Estimated Completion <u>Costs</u>
Governmental activities:					
Streetscape Phase II	\$ 188,031	\$ 652,290	\$ -	\$ 840,321	\$ 55,679
NOC Building	23,379	50,012	-	73,391	609
Safe Routes	<u>1,041</u>	<u>3,019</u>	<u>-</u>	<u>4,060</u>	<u>18,034</u>
Total governmental activities	<u><u>\$ 212,451</u></u>	<u><u>\$ 705,321</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 917,772</u></u>	<u><u>\$ 74,322</u></u>
Business-type activities:					
North Sub-Station	\$ 451,093	\$ 58,510	\$ (509,603)	\$ -	\$ -
South Sub-Station	-	104,207	-	104,207	520,793
Casey Water Main	-	17,523	-	17,523	332,477
Big Creek Design	-	7,636	-	7,636	342,364
Sewer Lining	<u>-</u>	<u>26,791</u>	<u>-</u>	<u>26,791</u>	<u>523,209</u>
Total business-type activities	<u><u>451,093</u></u>	<u><u>214,667</u></u>	<u><u>(509,603)</u></u>	<u><u>156,157</u></u>	<u><u>1,718,843</u></u>

CITY OF MARSHALL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

6. SCHEDULE OF PAYABLES AND RECEIVABLES WITHIN THE REPORTING ENTITY

Payables and receivables between funds consisted of the following at April 30, 2015:

	Receivable	Payable	
Governmental Funds:			
General Fund	\$ -	\$ 65,773	
Proprietary Funds:			
Water Fund	65,773	-	
Due to/from other funds	\$ 65,773	\$ 65,773	

This interfund balance represents amounts due to the Water Fund from the General Fund for capital outlay.

7. SCHEDULE OF OPERATING TRANSFERS WITHIN THE REPORTING ENTITY

Operating transfers between funds during the year ended April 30, 2015 were as follows:

	Transfers In		
	General Fund	Electric Fund	Totals
<u>Transfers out:</u>			
Electric Fund	\$ 195,544	\$ -	\$ 195,544
Water Fund	24,773	2,189	26,962
Sewer Fund	-	2,189	2,189
Gas Fund	106,385	3,283	109,668
Total	\$ 326,702	\$ 7,661	\$ 334,363

The General Fund received transfers from the Electric, Gas, and Water Funds each month. These transfers were received in lieu of taxes and were calculated as a percentage of utility collections per City ordinance. The Electric Fund received funds from the Water, Sewer, and Gas Funds for partial utility payments collected.

8. NOTES RECEIVABLE

The City has the following note receivable recorded in the general fund:

As of April 30, 2015, the City had \$2,744 due from Marshall Chamber of Commerce. The original amount of the note was \$6,600. The note is due on October 9, 2017, and bears interest at a rate of 1.5%.

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

9. PROPRIETARY FUND CHANGES IN LONG-TERM DEBT

The following is a summary of enterprise fund long-term debt activity for the City for the year ended April 30, 2015:

	<u>May 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>April 30, 2015</u>
Electric general obligation bonds	<u>\$ 1,235,000</u>	<u>\$ -</u>	<u>\$ 145,000</u>	<u>\$ 1,090,000</u>
Total	<u>\$ 1,235,000</u>	<u>\$ -</u>	<u>\$ 145,000</u>	<u>\$ 1,090,000</u>

The City's electric general obligation bonds had unamortized premiums in the amount of \$13,505, and a deferred loss on bond refunding of \$32,943 at April 30, 2015. The premium amortization for the current year amounted to \$1,986, and the loss recognized on bond refunding was \$4,861. The net of the current year refunding loss and premium amortization recognized is included with interest expense. The remaining loss on bond refunding is shown as a deferred outflow of resources, and the unamortized portion of the premium has been used to increase the principal balance of the bonds at April 30, 2015 on the statement of net position for the proprietary funds.

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

10. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

General Obligation Electric System Alternative Revenue Source Bonds

On March 10, 2009 the City issued \$1,750,000 in general obligation refunding bonds (alternate revenue source) with interest rates ranging between 3.750% and 4.200%. The City anticipates abating any tax levies to pay these bonds and using current electric revenues instead. A schedule of annual maturities follows:

General obligation bonds - Ordinance 2009-O-02
 Date issued - 03/10/09
 Total issue - \$1,750,000
 Rate of interest – 3.750% - 4.200%
 Interest payable - September 1 and March 1
 Principal due – March 1

<u>Due Date</u>	<u>Interest Rate</u>	<u>Bond Maturities</u>	<u>Interest Requirements</u>	<u>Total</u>
09/01/15	3.750%	-	21,427	21,427
03/01/16	3.750%	150,000	21,427	171,427
09/01/16	3.750%	-	18,615	18,615
03/01/17	3.750%	155,000	18,615	173,615
09/01/17	3.750%	-	15,709	15,709
03/01/18	3.750%	155,000	15,709	170,709
09/01/18	4.000%	-	12,803	12,803
03/01/19	4.000%	165,000	12,803	177,803
09/01/19	4.000%	-	9,503	9,503
03/01/20	4.000%	175,000	9,503	184,503
09/01/20	4.100%	-	6,003	6,003
03/01/21	4.100%	175,000	6,003	181,003
09/01/21	4.200%	-	2,415	2,415
03/01/22	4.200%	115,000	2,415	117,415
Total		<u>\$1,090,000</u>	<u>\$ 172,950</u>	<u>\$1,262,950</u>

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City issued general obligation refunding bonds (alternate revenue source) in 2009 to finance its electric system, which operates the City's electric distribution system. Investors in the revenue bonds rely solely on the revenue generated by the individual activities; therefore, summary financial information is presented for the electric department.

CONDENSED STATEMENT OF NET POSITION:

	<u>Electric System</u>
Assets:	
Current assets	\$ 2,040,357
Restricted assets	123,949
Capital assets, net of depreciation	<u>7,259,706</u>
Total assets	<u>9,424,012</u>
Deferred outflows of resources:	
Deferred loss on bond refunding	<u>32,943</u>
Total assets and deferred outflows of resources	<u>9,456,955</u>
Liabilities:	
Current liabilities	758,282
Current liabilities payable from restricted assets	123,949
Noncurrent liabilities	<u>1,087,340</u>
Total liabilities	<u>1,969,571</u>
Net position:	
Net investment in capital assets	6,189,144
Unrestricted	<u>1,298,240</u>
Total net position	<u>\$ 7,487,384</u>

CITY OF MARSHALL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN NET POSITION:**

	<u>Electric System</u>
Charges for services	\$ 6,346,729
Penalties	46,487
Service and tap fees	25,400
Rent income	47,081
Miscellaneous refunds and revenues	175,989
Depreciation expense	(333,630)
Other operating expenses	<u>(6,236,877)</u>
Operating income	<u>71,179</u>
Nonoperating revenues (expenses):	
Interest revenues	1,422
Interest expense	(50,281)
Bond fees	<u>(400)</u>
Nonoperating expenses	(49,259)
Operating transfers in	7,661
Operating transfers out	<u>(195,544)</u>
Change in net position	(165,963)
Beginning net position	<u>7,653,347</u>
Ending net position	<u><u>\$ 7,487,384</u></u>

CITY OF MARSHALL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

CONDENSED STATEMENT OF CASH FLOWS:

	Electric System
Net cash provided (used) by:	
Operating activities	\$ 742,067
Noncapital financing activities	(187,883)
Capital and related financing activities	(602,399)
Investing activities	1,422
Net decrease	(46,793)
Beginning cash and cash equivalents	1,700,895
Ending cash and cash equivalents	\$ 1,654,102

12. MAJOR CUSTOMERS

During the year ended April 30, 2015, TRW provided 39 percent of the revenue of the electric fund and eight percent of the revenue of the gas fund. During that same period the City of Martinsville provided 22 percent of the revenue of the water fund.

13. INSURANCE

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; and natural disasters. The City carries commercial insurance to cover these risks of loss. No settlements have exceeded insurance coverage in the current or three previous years.

The City is a participant in a gas utilities alliance whereby several participants (municipalities and gas companies) have entered into an agreement to contribute funds for self-insurance to the alliance based on the number of gas meters owned and in use by its customers.

The trust department of the Springfield Marine Bank handles funds contributed. The agreement established an operations fund with a minimum balance of \$10,000. In addition, an investment fund was established with a proposed minimum balance of \$300,000. After initial deposits were made, each participant has been assessed annually a pro-rata share of any amounts needed to maintain the minimum balances in both funds.

The alliance is self-insured for up to \$3,000,000 by providing the funds to IMBI, Ltd. to pay any claim. Any loss in excess would be assessed on a pro-rata basis to each participant.

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

14. DEFINED BENEFIT PENSION PLAN

Plan Description

The City's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org.

Funding Policy

As set by statute, City Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual required contribution rate for calendar year 2014 was 13.28 percent. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

14. DEFINED BENEFIT PENSION PLAN (Continued)

Annual Pension Cost

For fiscal year ended April 30, 2015, the City's actual contribution for pension cost was \$250,081. The City's required contribution for fiscal year 2015 was \$250,081.

Three-Year Trend Information for the Regular Plan

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
4/30/2015	\$ 250,081	99%	\$ 8,393
4/30/2014	265,695	99%	8,218
4/30/2013	256,048	99%	8,046

The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the City's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of the assets. The City's Regular plan's unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 72.69 percent funded. The actuarial accrued liability for benefits was \$5,347,002 and the actuarial value of assets was \$3,886,840, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,460,162. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$1,900,730 and the ratio of the UAAL to the covered payroll was 77 percent.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. OTHER POST-EMPLOYMENT BENEFITS

In addition to providing the pension benefits described, the City provides post-employment health care insurance benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust fund has not been established to account for the plan. The plan does not issue a separate report.

Benefits Provided

The City provides post-employment health care insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans.

All health care benefits are provided through the City's insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include: general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary. The explicit benefit was modified to include the Medicare supplement for those with at least 30 years of service.

Membership

Membership in the plan consisted of the following as of:

	<u>April 30, 2015¹</u>	<u>April 30, 2014¹</u>
Retirees and beneficiaries		
receiving benefits	2	2
Terminated plan members entitled		
to but not yet receiving benefits	-	-
Active vested plan members	26	26
Active nonvested plan members	<u>11</u>	<u>11</u>
 Total	 <u>39</u>	 <u>39</u>
 Number of participating employers	 1	 1

¹ Results from prior year

Funding Policy

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute 100% of the blended premium to the plan and the City contributes the remainder to cover the cost of providing the benefits to the retirees via the insured plan (pay as you go). For the fiscal year ended April 30, 2015, the City contributed \$10,133 for retirement benefits. Active employees do not contribute to the plan until retirement.

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation

The City had an actuarial valuation performed for the plan as of April 30, 2015. The City's annual OPEB cost (expense) was \$153,220. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2015 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
4/30/2015	\$ 153,220	2.2%	\$ 640,768
4/30/2014	109,970	10.3%	490,932
4/30/2013	109,970	10.3%	392,302

The net OPEB obligation (NOPEBO) was calculated as follows:

	<u>April 30, 2015</u>	<u>April 30, 2014</u>
Annual required contribution	\$ 124,589	\$ 108,012
Interest on net OPEB obligation	20,645	11,747
Adjustment to annual required contribution	7,986	(9,789)
Annual OPEB cost	153,220	109,970
Contributions made	3,384	11,340
Increase (decrease) in net OPEB obligation	149,836	98,630
Net OPEB obligation beginning of year	490,932	392,302
Net OPEB obligation end of year	<u>\$ 640,768</u>	<u>\$ 490,932</u>

Funded Status and Funding Progress

The funded status of the plan as of April 30, 2015 was as follows¹:

Actuarial accrued liability (AAL)	\$ 1,380,940
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	1,380,940
Funded ratio (actuarial value of plan assets/AAL)	0.0%

¹ Results from prior year

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

15. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the April 30, 2013 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses) which includes a 3.00% inflation assumption, and an annual healthcare cost trend rate of 8.00% initially, reduced by decrements to an ultimate rate of 6.00%. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2015, was 28 years.

16. CONTINGENCIES

In the normal course of operations, the City receives grant funds from various federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on these claims and lawsuits will not materially affect the City's financial position.

17. DEFERRED COMPENSATION PLANS

The City has established a deferred compensation plan with Nationwide Retirement Solutions. This is a voluntary plan that allows an employee to contribute up to 25 percent of their gross pay up to a maximum contribution of \$8,000. The City does not contribute to the plan. All plan administration is handled by Nationwide Retirement Solutions.

CITY OF MARSHALL, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

17. DEFERRED COMPENSATION PLANS (Continued)

The City established an additional deferred compensation plan with Lord Abbett. This voluntary plan allows an employee to contribute up to \$18,000 per year unless they are at least 50 years of age, which would allow them to make an additional \$6,000 per year contribution. This plan is administered by DST Vision, a subsidiary of Lord Abbett. The City does not contribute to this plan.

18. OPERATING LEASES

The electric, gas, water and sewer systems lease office space from the Street and Alley Maintenance Fund. Under this arrangement, the electric, gas, water and sewer systems each pay \$9,000 on an annual basis.

19. CONCENTRATION OF CREDIT RISK

The electric, gas, water and sewer systems are enterprise funds principally engaged in the business of providing utilities to residents of the City. The electric, gas, water and sewer systems grant credit to customers for service provided, with payment terms normal in the industry. The funds ability to collect the amounts due from customers may be affected by general economic fluctuations in the City and the surrounding geographic area.

CITY OF MARSHALL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

20. GOVERNMENTAL FUND BALANCE CLASSIFICATION

At April 30, 2015, the City of Marshall had the following governmental fund balance classifications:

	<u>General Fund</u>	<u>Motor Fuel Fund</u>	<u>Hotel Tax Fund</u>	<u>Total</u>
Fund balances:				
Restricted for:				
General government:				
Social Security	\$ 7,503	\$ -	\$ -	\$ 7,503
IMRF	94,271	-	-	94,271
Liability Insurance	15,941	-	-	15,941
Audit	2,537	-	-	2,537
ESDA	6,671	-	-	6,671
Capital outlay	6,261	-	-	6,261
Public safety:				
Garbage disposal	86,226	-	-	86,226
Police	5,172	-	-	5,172
Community development	118,003	-	-	118,003
Other		399,512	4,883	404,395
Total Restricted	<u>342,585</u>	<u>399,512</u>	<u>4,883</u>	<u>746,980</u>
Committed for:				
Band	3,279	-	-	3,279
Capital improvements	478,417	-	-	478,417
Street and alley	188,227	-	-	188,227
Total Committed	<u>669,923</u>	<u>-</u>	<u>-</u>	<u>669,923</u>

CITY OF MARSHALL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

20. GOVERNMENTAL FUND BALANCE CLASSIFICATION (Continued)

	<u>General Fund</u>	<u>Motor Fuel Fund</u>	<u>Hotel Tax Fund</u>	<u>Total</u>
Fund balances (continued):				
Assigned to:				
Street and Alley	227,186	-	-	227,186
Culture and recreation:				
Park	114,393	-	-	114,393
Library	167,593	-	-	167,593
Band	3,049	-	-	3,049
Harlan Hall	15,968	-	-	15,968
Total Assigned	<u>528,189</u>	<u>-</u>	<u>-</u>	<u>528,189</u>
Unassigned:	<u>958,772</u>	<u>-</u>	<u>-</u>	<u>958,772</u>
Total fund balances	<u>\$ 2,499,469</u>	<u>\$ 399,512</u>	<u>\$ 4,883</u>	<u>\$ 2,903,864</u>

Unless specifically identified, expenditures reduce restricted balances first, then committed balances, next assigned balances and finally reduce unassigned balances. Expenditures for a specifically identified purpose will reduce the specific classification of fund balance that is identified.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARSHALL, ILLINOIS

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/14	\$ 3,886,840	\$ 5,347,002	\$ 1,460,162	72.69%	\$ 1,900,730	76.82%
12/31/13	3,885,595	5,366,012	1,480,417	72.41%	1,976,308	74.91%
12/31/12	3,999,546	5,723,972	1,724,426	69.87%	1,960,035	87.98%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$4,797,902. On a market basis, the funded ratio would be 89.73%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the City of Marshall. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

CITY OF MARSHALL, ILLINOIS

**POST-EMPLOYMENT HEALTHCARE BENEFIT PROGRAM
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
04/30/15 ¹	\$ -	\$ 1,380,940	\$ 1,380,940	0.00%	\$ -	0.00%
04/30/14 ¹	\$ -	\$ 1,380,940	\$ 1,380,940	0.00%	\$ -	0.00%
04/30/13	\$ -	\$ 1,380,940	\$ 1,380,940	0.00%	\$ -	0.00%

¹ Results from prior year

CITY OF MARSHALL, ILLINOIS

**CASH RECEIPTS AND DISBURSEMENTS
BUDGET TO ACTUAL
GENERAL FUND
for the year ended April 30, 2015**

	Budget		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Receipts:				
Property taxes			\$ 474,399	
Road and bridge taxes			27,362	
Fines and fees			71,458	
Administration fees			120,000	
Sales taxes			818,293	
Intergovernmental			415,007	
Other taxes and licenses			94,696	
Pool receipts			17,675	
Rent			36,000	
Grants			170,022	
Donations			13,985	
Miscellaneous refunds and revenues			89,922	
Interest			4,793	
Total receipts	2,493,087	2,493,087	2,353,612	(139,475)
Disbursements:				
General government	576,165	576,165	336,731	239,434
Public safety	1,033,700	1,033,700	864,351	169,349
Street and alleys	636,760	636,760	269,886	366,874
Culture and recreation	499,510	499,510	398,246	101,264
Capital outlay	1,506,850	1,506,850	773,225	733,625
Total disbursements	4,252,985	4,252,985	2,642,439	1,610,546
Excess (deficiency) of receipts over (under) disbursements	(1,759,898)	(1,759,898)	(288,827)	1,471,071
Other financing sources (uses):				
Operating transfers in	-	-	326,702	326,702
Sale of capital assets	-	-	1,705	1,705
Total other financing sources (uses)	-	-	328,407	328,407
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ (1,759,898)	\$ (1,759,898)	39,580	\$ 1,799,478
Cash and cash equivalents, beginning of year			2,478,736	
Cash and cash equivalents, end of year			\$ 2,518,316	

CITY OF MARSHALL, ILLINOIS

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

1. BUDGETARY INFORMATION

Annual budgets for governmental funds are adopted on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. All annual budgets lapse at fiscal year-end.

The City follows these procedures in establishing the budget amounts:

1. A proposed appropriations ordinance for the fiscal year commencing May 1, is submitted to the city council. The appropriations ordinance includes proposed expenditures and the means of financing them. Revenues are appropriated in the year receipt is expected, and expenditures are appropriated in the year monies are expected to be expended.
2. The appropriations are legally enacted through passage of an ordinance.
3. At any time during the fiscal year, the City Council may by a two-thirds vote, transfer money appropriated within any department to another appropriation line item within that department.
4. At any time during the year, the Board members of the City may adopt a supplemental appropriation ordinance for additional appropriations not in excess of additional revenue available to the City.
5. All budgets are adopted on a cash basis which is inconsistent with U.S. generally accepted accounting principles (GAAP) which require accrual basis reporting. All budget comparisons presented in this report are on a non-GAAP budgetary basis and are compared with actual cash receipts and disbursements. A reconciliation of the timing differences in excess of revenues over (under) expenditures for the year ended April 30, 2015, is presented below:

	<u>General</u>
Excess of receipts and other financing sources	
over disbursements and other financing sources	\$ 39,580
Increase in receivables, prepaid expenses and	
other assets	26,277
(Increase) in payables, liabilities, and deferred inflow of resources	<u>(89,116)</u>
Deficiency of revenues and other financing sources	
under expenditures and other financing uses	<u><u>\$ (23,259)</u></u>

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF MARSHALL, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2015

	Special Revenue		Total
	Motor Fuel Tax	Hotel Occupation Tax	
ASSETS:			
Cash and cash equivalents	\$ 402,134	\$ 725	\$ 402,859
Receivables:			
Due from other governments	9,147	-	9,147
Other	-	4,440	4,440
	<u>\$ 411,281</u>	<u>\$ 5,165</u>	<u>\$ 416,446</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable	\$ 11,769	\$ 282	\$ 12,051
Fund balances:			
Restricted	399,512	4,883	404,395
	<u>\$ 411,281</u>	<u>\$ 5,165</u>	<u>\$ 416,446</u>

CITY OF MARSHALL, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
for the year ended April 30, 2015**

	Special Revenue		Total
	Motor Fuel Tax	Hotel Occupation Tax	
Revenues:			
Motor fuel taxes	96,387	-	96,387
Hotel occupation taxes	-	38,325	38,325
Miscellaneous refunds and revenues	32,752	349	33,101
Interest	39	7	46
	129,178	38,681	167,859
Total revenues			
Expenditures:			
Street and alleys	91,571	-	91,571
Culture and recreation	-	44,307	44,307
	91,571	44,307	135,878
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	37,607	(5,626)	31,981
Fund balances, beginning of year	361,905	10,509	372,414
Fund balances, end of year	\$ 399,512	\$ 4,883	\$ 404,395

STATISTICAL TABLES

CITY OF MARSHALL, ILLINOIS

**SCHEDULE OF ASSESSED VALUATION, TAX RATES,
TAXES EXTENDED, AND TAXES COLLECTED**

April 30, 2015

(Unaudited)

Levy year	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assessed valuation	<u>\$ 41,998,922</u>	<u>\$ 39,380,242</u>	<u>\$ 38,756,608</u>
Tax rate percentages:			
General	.2477 %	.2500 %	.2500 %
Police	.0748	.0750	.0750
Street and Alley	.0000	.0000	.0189
Garbage Disposal	.1991	.2000	.2000
Park	.0742	.0750	.0750
Library	.1477	.1500	.1500
Library Building and Equipment	.0198	.0200	.0200
Band	.0398	.0400	.0400
Social Security	.0315	.0336	.0388
I.M.R.F.	.2803	.2989	.3094
Liability Insurance	.0341	.0364	.0388
Audit	.0143	.0153	.0137
E.S.D.A.	<u>.0024</u>	<u>.0026</u>	<u>.0026</u>
Total	<u>1.1657 %</u>	<u>1.1968 %</u>	<u>1.2322 %</u>
Taxes extended:			
General	\$ 104,000	\$ 98,500	\$ 96,900
Police	31,400	29,500	29,100
Street and Alley	-	-	7,300
Garbage Disposal	83,600	78,800	77,500
Park	31,200	29,500	29,100
Library	61,000	60,000	58,100
Library Building and Equipment	8,000	8,000	7,800
Band	16,700	15,800	15,500
Social Security	13,200	13,200	15,000
I.M.R.F.	117,700	117,700	119,900
Liability Insurance	14,300	14,300	15,000
Audit	6,000	6,000	5,300
E.S.D.A.	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Total	<u>\$ 488,100</u>	<u>\$ 472,300</u>	<u>\$ 477,500</u>
Taxes collected-current levy		\$ 474,399	\$ 478,805
Less: Mobile home taxes collected		<u>(1,872)</u>	<u>(1,964)</u>
Taxes collected (excluding mobile home taxes)		<u>\$ 472,527</u>	<u>\$ 476,841</u>
Percent-current levy		<u>100.05%</u>	<u>99.86%</u>

CITY OF MARSHALL, ILLINOIS
SCHEDULE OF LEGAL DEBT MARGIN
April 30, 2015
(Unaudited)

Assessed value, tax levy year 2014	\$ 41,998,922
Debt limitation rate	<u>0.08625</u>
Debt limitation	3,622,407
Less debt subject to limitation	<u>-</u>
Legal debt margin	<u><u>\$ 3,622,407</u></u>

CITY OF MARSHALL, ILLINOIS

SCHEDULE OF SURETY BONDS

April 30, 2015

(Unaudited)

City Treasurer – Larry Woodard
Western Surety Company Bond #3792829
\$100,000, expires 2/27/16

Utilities Secretary – Elizabeth Richey
Western Surety Company Bond #OFF018372
\$10,000, expires 1/23/16

City Clerk – John Trefz
Western Surety Company Bond #OFF018530
\$1,000, expires 4/24/16

Director of Public Works – Cory Sheehy
Western Surety Company Bond #RPO-630133
\$10,000, expires 5/31/16

Mayor – Camie Sanders
Western Surety Company Bond #OFF018533
\$5,000, expires 5/13/16

Director Harlan Hall – Susan Richardson
Old Republic Surety Company #OFF018527
\$1,000, 3/3/16

Patrolmen – eight (8) Patrolmen
Western Surety Company Bonds
\$1,000, each for eight (8)

Police Secretary – Lila Sanders
Western Surety Company Bond #OFF018373
\$10,000, expires 1/22/16

Office Manager – Nancy Smitley
Western Surety Company Bond #OFF018374
\$10,000, expires 1/23/16

Zoning Officer – Joel Sims
Western Surety Company Bond #OFF018482
\$1,000, expires 1/20/16

City Attorney – Richard L. James
Western Surety Company Bond #W150133077
\$1,000, expires 7/10/15

Notary – Nancy Smitley
Western Surety Company Bond #W150151980
\$5,000, expires 4/23/17

Notary – Lila Sanders
Western Surety Company Bond #52380159N00
\$5,000, 3/5/16

Notary – Pamela Hefner
Western Surety Company Bond #529140
\$5,000, 4/23/17

Clerical Assistant – Candace Sanzenbacker
Western Surety Company Bond #OFF018531
\$10,000, expires 5/2/16

Notary – Candace Sanzenbacker
Western Surety Company Bond #71232753N00
\$5,000, 2/14/16

Billing Clerk – Kammy Harmon
Western Surety Company Bond #OFF018529
\$10,000, expires 3/7/16

City Band Treasurer – Cartha Gustafson
Old Republic Surety Company #OFF018526
\$20,000, expires 3/3/16

Superintendent of Utilities – Duane Low
Western Surety Company Bond #OFF018483
\$10,000, expires 1/23/16

City Collector – Pamela Hefner
Western Surety Company Bond #58204053
\$10,000, no expiration