



**Meeting:** Village Board  
**Meeting Date:** 4/8/13  
**Agenda Item:** 5a

## VILLAGE BOARD MEETING STAFF REPORT

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**REPORT TO:** Burt R. McIntyre, President  
Village Board of Trustees

**REPORT FROM:** Chris Haltom, Director of Administrative Services

**AGENDA ITEMS:** Review and take action on the auditor's report on the Comprehensive Annual Financial Report for 2012

**ACTION REQUESTED:**  Ordinance  Resolution  Motion  Receive/File

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### POLICY ISSUE

Should the Village Board accept the auditor's report on the comprehensive annual financial report (CAFR) for 2012?

### BACKGROUND INFORMATION

The village began a new contract with Erickson & Associated for the 2012 CAFR. Jason Vollrath of Erickson will be at the board meeting to review the audit report, management letter and any questions the board may have related to the CAFR.

### FISCAL IMPACT:

Is There A Fiscal Impact?	No
Is it Currently Budgeted?	N/A
1. If Budgeted, Which Line?	

### STAFF RECOMMENDATION

Staff recommends the board accept the auditor's report and the following motion could be made:

*"I move to accept the auditor's report for 2012."*

### POLICY ALTERNATIVE(S)

The Village Board could take the following actions:

- Take no action
- Table the item

### ATTACHMENTS

- I. Comprehensive Annual Financial Report for 2012.
- II. Management letter from Erickson & Associates.



## **Erickson & Associates, S.C.**

*Certified Public Accountants and Financial Consultants*

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### **COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

April 2, 2013

To the Village Board  
Village of Howard, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Howard for the year ended December 31, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

#### **Significant Audit Findings**

##### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.

##### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing the audit.

##### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such material misstatements.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during our audit.

## **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated April 2, 2013.

## **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

## **Other Audit Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to the services performed as your auditor.

## **Other Matters**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

## **Conclusion**

This information is solely for the use of the Village Board and management of the Village, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*Erickson & Associates, S.C.*

ERICKSON & ASSOCIATES, S.C.  
Certified Public Accountants

**VILLAGE OF HOWARD, WISCONSIN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

PREPARED BY:

Christopher A. Haltom, CPA  
Director of Administrative Services

**VILLAGE OF HOWARD, WISCONSIN**  
Comprehensive Annual Financial Report  
Year Ended December 31, 2012

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Comprehensive Annual Financial Report  
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## **INTRODUCTORY SECTION**



2456 Glendale Avenue • P.O. Box 12207 • Green Bay, Wisconsin 54313

April 2, 2013

Citizens of Howard,  
Members of the Village Board, Village of Howard, Wisconsin

The comprehensive annual financial report (CAFR) for the Village of Howard, Wisconsin, (Village) for the year ended December 31, 2012, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Village. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations and cash flows, where applicable, of the various funds of the Village. All disclosures necessary to enable the reader to gain an understanding of the Village's financial activities have been included.

The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the Village's organizational chart, awards received, a list of principal officials, and the management's discussion and analysis. The financial section includes the basic financial statements as well as the auditor's report on the basic financial statements. The required supplemental and other supplemental information includes the schedules and combining financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes government-wide financial statements and all of the funds and account groups of the Village of Howard, Wisconsin. The funds and entities related to the Village included in our comprehensive annual financial report are controlled by or dependent upon the Village. Determination of "controlled by or dependent upon" is based on the criteria as outlined in GASB Statement 14, "Defining the Governmental Reporting Entity." The criteria deals with existence as an organized entity, governmental character, and substantial autonomy.

In our opinion, this report was prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after making adjustments for new governmental accounting pronouncements, if any. The report meets all legal reporting requirements and is intended to present a comprehensive summary of significant financial data in a readable format.

## **ACCOUNTING SYSTEM AND FINANCIAL POLICIES**

The accounting records for the general government of the Village are maintained on a modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. The proprietary funds' accounting records are maintained on the accrual basis.

Internal controls over financial records are a major part of continued development and modification of the accounting system. Internal controls are designed to provide reasonable assurance that (1) assets are safeguarded against loss or theft from unauthorized use and (2) that reliability of financial records are maintained. Reasonable assurance means that the cost of the control should not exceed the benefit gained and the evaluation of costs and benefits is subjective and subject to estimates and judgments by management.

All internal control evaluations occur within the framework above. We believe the Village's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Village has many financial policies that affect the current period financial statements, such as; (1) policies that govern the development of the annual budget, (2) expending budgeted funds, (3) reporting of financial activities to elected officials (budgetary controls) and (4) other financial policies. The annual budget of the Village lists many of these policies. The most significant financial policy affecting this CAFR (other than the adopted budget) would be the debt policy which states "no borrowing will be made to finance current operations and expenditures and no new borrowing will occur for any capital project unless a revenue source to pay the future debt service is identified, such as TID debt." Because the Village has minimal interest costs and pays cash for reconstruction projects (both governmental and proprietary funds), the Village has been able to maintain a steadily decreasing property tax rate, keep proprietary funds user fees as low as possible and maintain healthy fund balances.

## **PROFILE OF THE GOVERNMENT**

The Village government is under the administration of the Village Administrator who is appointed by the Village Board of Trustees. The Board is made up of the Village President, elected at-large to a three-year term, and eight Trustees, elected to terms of two years on the basis of ward representation. Administrative officials, such as the Administrator, Director of Administrative Services (also the Clerk and Treasurer), Director of Community Development, Public Works Director and certain other employees are appointed by the President and confirmed by the Board.

The Village provides a full range of municipal services in accordance with state statutes, Village ordinances and citizen needs. This includes public safety, highway and streets, sanitation, public health, culture-recreation, economic development, public improvements, planning and zoning, building inspection, general administrative, golf course, water utility, sewer utility services and storm water utility.

In 2012, the Village ended the year with 37 full-time employees. Howard's Public Safety Department provides citizens with complete police, fire, and rescue protection. The Village contracts with Brown County for police services that include 360 hours of police protection each week and investigative services. The Fire Department maintains a volunteer force of about 45 persons with a full-time chief and lieutenant, part-time assistant chief and three paid on-call fire fighters positions filled by various members of the department. Two fire stations, appropriately located, provide quick and easy access to any part of the Village. Rescue services are contracted with County Rescue and provided on a 24 hour basis with 911 emergency calling available.

## General Information

The area was discovered in 1634 by French voyager, Jean Nicolet. The Town of Howard was established in 1835 and slowly developed along the Duck Creek as a center for mail delivery, farming, quarrying and lumbering. By 1856, a school was operating and the Town of Howard became well known for its Duck Creek stone quarries.

By 1959, the population had grown and the Town of Howard became incorporated as the Village of Howard. Residential, commercial and industrial growth has steadily continued since that time, creating a dynamic suburban community on Green Bay's northwest side.

## VILLAGE'S ECONOMIC CONDITION

The Village is ideally located in Northeastern Wisconsin, in an area called the Great Lakes Economic Region. This is an industrial area of highly skilled labor, centers of business and commerce and very profitable consumer markets. Howard is bordered on the east by the City of Green Bay to the south is the Village of Hobart and to the north are the Village of Suamico and Town of Pittsfield. The Village is approximately 215 miles north of Chicago, 115 miles north of Milwaukee, 132 miles northeast of Madison and 285 miles east of Minneapolis.

The economic condition of the Northeastern Wisconsin area remains strong as noted by the residential and commercial development within the Village over the past 20 years. Continued growth is expected in the near future but at a much slower pace than the past 20 years. Unemployment dropped in 2012 to 5.9% (for the Green Bay Metro Area) after climbing during 2009 to reach 7.3% of the workforce.

## Major Employers

Although many village residents commute to jobs throughout the Green Bay area, the Village itself also has several large employers, including those listed below:

<u>Employer</u>	<u>Product/Service</u>	<u>Number of Employees</u>
United Healthcare	Insurance	1,962
Howard-Suamico School District	Education	583
Sanimax Corp.	Manufacturer of various products (feed, soap)	202
Fleet Farm	Retail store	195
Klemm Tank Lines	Trucking	184
Alive N Kickin	Manufacturer	150
Department of Natural Resources	State Agency	150
Stock Lumber	Lumber company	140
Wipfli LLP	Accounting firm	120
Woodman's Food Market	Retail sales of food	101

Other major employers in the Green Bay area include Humana Inc. (3,182), the Oneida Tribe of Indians of Wisconsin (2,773), Schneider National Inc. (2,697), Green Bay Public Schools (2,655), Bellin Health (2,469), Georgia-Pacific (2,300 employees), Aurora Health Care (1,644), St. Vincent Hospital (1,589), and WPS Resource (1,575). *Source: Green Bay Press-Gazette article in July 2012.*

## Recent and Proposed Development

Since 1990, the Village has seen substantial growth in residential, multi-family and commercial construction. Much of the construction was in the form of new dwelling units accounting for over 3,350 units constructed. New commercial units constructed since 1990 total over 400 units. There were also significant alterations in the form of additions and reconstruction projects completed since 1990. The total estimated construction cost of all projects since 1990 exceeded \$645 million. Since 2000, new construction/redevelopment on Velp Avenue, a major corridor of the Village, has exceeded \$22 million. Another major corridor, Cardinal Lane, continues to see commercial development with over \$15.7 million in commercial construction in the past ten years.

The largest new business within the Village during the 1990's was United Healthcare (formerly American Medical Security, Inc.) which is an insurance company and located within Tax Incremental District No. 2 (TID #2). United is the largest taxpayer and employer in Howard. Woodman's Food Market, the second largest taxpayer, opened for business in September 2000 after completing construction of over one mile of new roadway to be used for future commercial business sites. (See statistical section for complete list of largest taxpayers.) EKA Chemical, located within the industrial park, began operations in 2002 and added over \$5 million in valuation to the tax base during 2002. Menard's opened their new Howard retail site in 2012 with over \$10.4 million in new property valuation.

The Village has developed a plan for a new village center or downtown area located between Cardinal Lane, Riverview Drive and Hillcrest Heights. The center will be an area of mixed use development to include a public square in the center, retail shops and a mix of residential and retail multi-storied buildings. TID #3 was created in 2006 to help finance the village center construction. Two new multi-unit apartment buildings were completed in the last three years with an estimated value of \$7.1 million.

The Village created TID #4 in an area around the intersection of US Highway 41 and State Highway 29; in June 2011, the Village entered into an agreement with Menard, Inc. to construct a \$10.4 million retail store within TID #4. The Village created two other TID Districts for development along US Highway 41 at Velp Avenue (TID #5) and at Lineville Road (TID #6). In TID #5 during 2011, the Village entered into an agreement with a local business to construct a \$1.5 million apartment complex. In TID #6 during July 2011, the Village entered into an agreement with Amerex Corporation to construct a \$3.5 million manufacturing plant that will create 25 new jobs.

### Labor Force Data for Brown County (Green Bay MSA)

	Total Civilian Labor Force	Unemployment Rates	
		MSA	State
2012 December	170,923	6.1%	6.5%
2011 December	169,643	6.3%	6.6%
2010 December	170,378	6.6%	7.1%
2009 December	168,870	7.3%	8.3%
2008 December	169,800	5.4%	5.8%
2007 December	169,717	4.5%	4.6%
2006 December	170,445	4.5%	4.5%
2005 December	169,163	4.7%	4.5%
2004 December	167,693	4.5%	4.6%
2003 December	147,800	4.3%	5.2%

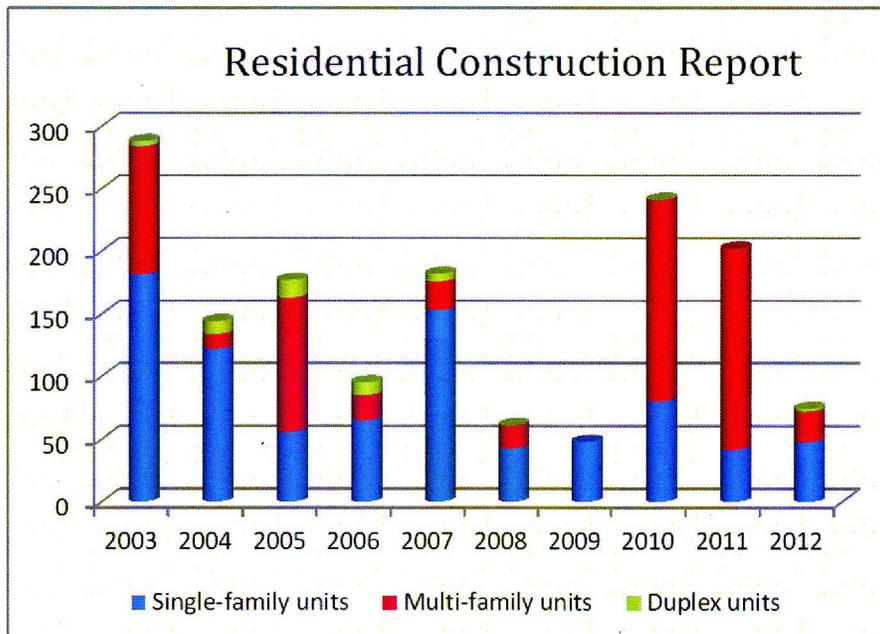
Source: Wisconsin Department of Workforce Development

## Future Outlook

With the Village of Howard adopting a Comprehensive Plan that meets the State of Wisconsin's Smart Growth statute requirements, projected growth is now defined substantially by ordinance. Residential growth in recent years has slowed from 100-190 new single family units per year prior to 2008 to a slower pace of 40-80 units. With the recent downturn in the U.S. and global economies, Howard too has noticed less activity in new development. Future growth is not expected to increase to the 100 or more single family units until 2014 or later. See the chart below for the last ten years of residential growth.

An area of growth for the past three years has been in multi-family units. In 2010, the Village added 161 multi-family units, in 2011 there were 160 added and 24 units added in 2012. The multi-family number of units for 2013 will be at least 36 units with 36 permits already issued in January 2013.

The Village Board, through the Comprehensive Plan, is committed to balanced growth to accommodate expansion of residential, commercial and industrial development. Additionally, planned growth areas are sequenced to efficiently schedule road and utility improvements to maximize the increase in the tax base of the Village while minimizing the infrastructure investment.



The chart above indicates the number and type of building permits issued for new units of residential construction for the past ten years. As represented in the chart, the Village has experienced growth in the residential building. Although the year 2001 is no longer included in the graph above, the year was a record year for new single family home starts of 190 units. Since 2003, the rate of growth in new single family homes has slowed (except in 2007).

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This transmittal letter contains general information about the Village, the current and historic economic environment, acknowledgements, charts and other summaries of information that could assist a reader in understanding more about the Village. The reader should also be aware of the Management's Discussion and Analysis (MD&A) section of this CAFR. Included within the MD&A is additional financial information that includes financial highlights, reporting on the Village as a whole, information on net position for the governmental activities and business-type activities, changes in net position, governmental activities, village funds, outstanding debt at year-end, capital assets and other financial information. The information found in the MD&A can be valuable to any reader of the CAFR in gaining a better understanding of the financial position of the Village.

## **AWARDS AND ACKNOWLEDGEMENTS**

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Howard for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2011. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Village has received the Certificate of Achievement for the past nineteen years. I believe our current report continues to conform to the Certificate of Achievement program requirements, and I am submitting it to the GFOA.

The Village also participates in the GFOA's Distinguished Budget Presentation Award program and received the award for the annual budget for the fiscal year beginning January 1, 2012. The Village has received the GFOA budget award for the past eighteen years and I believe the 2013 budget will obtain the award.

### **Acknowledgments**

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the administrative services department as well as the much valued assistance from our auditors. I would also like to thank the Village Board for their interest and support in planning and conducting the financial operations of the Village in a responsible, progressive manner.

Respectfully submitted,



CHRISTOPHER A. HALTOM, CPA  
Director of Administrative Services/Clerk/Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Village of Howard Wisconsin

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



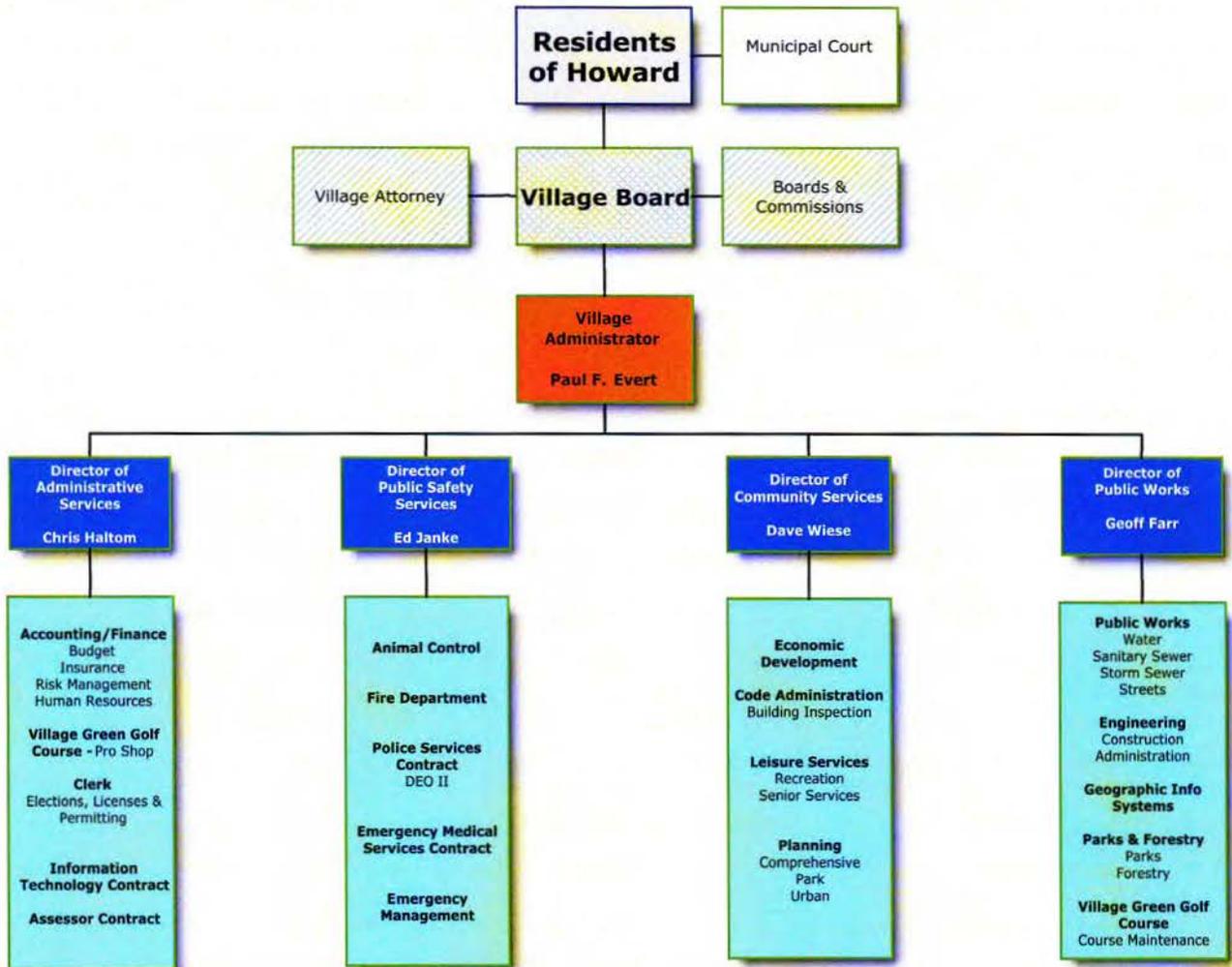
*Christopher P Morrill*

President

*Jeffrey R. Emer*

Executive Director

# Village Team - Organizational Flowchart Village of Howard, Wisconsin



**Village of Howard, Wisconsin  
Elected and Appointed Officials and Consultants**

**Elected Officials**

Burt R. McIntyre	President
Ronald Bredael	Trustee Wards 1 & 2
James Widiger	Trustee Wards 3 & 4
Cathy Hughes	Trustee Wards 5 & 6
George Speaker	Trustee Wards 7 & 8
Jim Lemorande	Trustee Wards 9 & 10
Ray Suennen	Trustee Wards 11 & 12
David Steffen	Trustee Wards 13, 14 & 18
Dan Deppeler	Trustee Wards 15 - 17
Gregg Schreiber	Municipal Judge

**Appointed Officials**

Paul Evert	Administrator
Geoffrey Farr, PE	Director of Public Works
Christopher A. Haltom, CPA	Director of Admin. Services/Treasurer/Clerk
David Weise	Director of Community Development
Ed Janke	Director of Public Safety
Mike Kaster, PE	Director of Engineering
Dennis Duffy, Attorney	Village Attorney (Contracted)
Mike Denor	Assessor (Contracted)

**Certified Public Accountants**

Erickson & Associates S.C., Appleton, Wisconsin

**Bond Counsel**

Foley & Lardner, Milwaukee, Wisconsin

**Financial Consultants**

Ehlers & Associates, Brookfield, Wisconsin

## VILLAGE OF HOWARD, WISCONSIN

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Village of Howard's financial performance gives an overview of the Village's financial activities for the year ended December 31, 2012. The analysis should be read in conjunction with the transmittal letter pages 1-6 and the Village's financial statements that begin on page 21.

#### FINANCIAL HIGHLIGHTS

- The Village's governmental activities net position increased by almost \$500,000 or about 1.0% at December 31, 2012. The business-type activities net position increased by \$1.9 million or 3.2%. The combined primary governmental net position increased by \$2.4 million.
- During 2012, the Village had expenses that totaled \$16.9 million of which \$9.1 million were for governmental activities and \$7.8 million were for business-type activities.
- The General Fund reported an increase in fund balance of \$212,183 which was excellent news given the budget for 2012 was projecting a use of fund balance of \$154,000. The General Fund has reported increases in 15 out of the last 19 years; the only years reporting deficits occurred when large fund transfers were made to other funds.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 21-22) provide information about activities of the Village as a whole and present a longer-term view of the Village's finances (also known as the government-wide statements). Fund financial statements start on page 23. For governmental activities, these statements (known as fund financial statements) tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as an agent for the benefit of overlying taxing jurisdictions.

#### REPORTING THE VILLAGE AS A WHOLE

##### The Statement of Net Position and the Statement of Activities

Our analysis of the Village as a whole begins on page 21. One of the most important questions asked about the Village's finances is, "Is the Village as a whole better off or worse off as a result of the year's financial activities?" The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Cost of infrastructure assets (including bridges, roads, sidewalks and donated items) are being reported as assets of the Village.

These two statements report the Village's net position and changes in them. You can think of the Village's net position – the difference between assets and liabilities – as one way to measure the Village's financial health, or financial position. The net position is reported on one day in time, typically the last day of the year. Over time, increases or decreases in the Village's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Village's property tax base (reported in the last section of the CAFR) and the condition of the Village's infrastructure, to assess the overall health of the Village.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

We believe the Village is better off as a whole as a result of the 2012 financial activities reported on the following pages.

In the Statement of Net Position and the Statement of Activities, we divide the Village into two kinds of activities:

- **Governmental activities** – Most of the Village's basic services are reported here, including the police, fire, public works, community development (which includes recreation activities), general administration and capital projects. Property taxes, special assessments, state and federal grants (intergovernmental revenue), investment earnings and charges for services finance most of these activities.
- **Business-type activities** – The Village charges a fee to customers to help cover all or most of the cost of certain services provided. The Village's water, sewer and storm water utilities and golf course are reported here.

### REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

#### Fund Financial Statements

The fund financial statements begin on page 23 and provide detailed information about the most significant funds - not the Village as a whole. Some funds are required to be established by bond covenants and others by regulatory bodies. Also, many other funds are established by the Village Board to help control and manage money for particular purposes or to show the Village is meeting legal responsibilities. The Village's two kinds of funds – governmental and proprietary - use different types of accounting approaches.

- *Governmental funds* – Most of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The accounting method used for reporting these funds is called the modified accrual method of accounting, which measures cash and all other financial resources that can readily be converted to cash. The governmental fund statements report a detailed short-term view of the Village's governmental operations and the basic services provided. Governmental fund information assists the reader in determining the availability of resources for the near future to finance programs of the Village. The differences between the governmental fund reporting and the government-wide reports are described in reconciliations on the fund financial statements.
- *Proprietary funds* – Proprietary funds are established when charges made to customers of the service pay for a substantial portion of the service. Also, proprietary funds are established to report activity that is financed with debt that is secured solely by a pledge of net revenues of the activity. In Wisconsin, the Public Service Commission (PSC) oversees activities of various utilities, such water and gas utilities. The Village's water utility falls within the authority of the PSC which requires a separate set of accounting records be maintained for establishing fees to charge customers.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

### THE VILLAGE AS A WHOLE

The Village's combined net position increased during 2012 by \$2.4 million. The combined increase came from an increase of \$500,000 in governmental activities and an increase of \$1.9 million in business-type activities. The table below reports a summary of the Statement of Net Position.

**Table 1**  
**NET POSITION**  
**(In Millions)**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Primary Government</b>	
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Current and other assets	\$ 16.0	\$ 16.1	\$ 7.3	\$ 7.3	\$ 23.3	\$ 23.4
Capital assets	42.0	42.0	53.8	53.8	95.8	95.8
Other assets	-	-	1.3	-	1.3	-
Total assets	<u>58.0</u>	<u>58.1</u>	<u>62.4</u>	<u>61.1</u>	<u>120.4</u>	<u>119.2</u>
Long-term liabilities	.8	1.6	1.5	1.7	2.3	3.3
Other liabilities	8.0	7.7	.8	1.1	8.8	8.8
Total liabilities	<u>8.8</u>	<u>9.3</u>	<u>2.3</u>	<u>2.8</u>	<u>11.1</u>	<u>12.1</u>
Net position;						
Invested in capital assets, net of debt	40.2	39.4	52.1	51.9	92.3	91.3
Restricted	.8	1.0	-	-	.8	1.0
Unrestricted	8.2	8.4	8.0	6.4	16.2	14.8
Total net position	<u>\$ 49.2</u>	<u>\$ 48.8</u>	<u>\$ 60.1</u>	<u>\$ 58.3</u>	<u>\$ 109.3</u>	<u>\$ 107.1</u>

The governmental activities net position increased by 2.0%, increasing to \$49.2 million in 2012 from \$48.8 million in 2011. The Village typically pays for reconstruction projects and capital equipment purchases with available resources without borrowing resulting in current and other assets decreasing slightly by \$.1 million while capital assets remain unchanged. Long-term liabilities decreased by \$.8 million as debt was repaid in accordance with debt schedules. Bonds and notes payable will be repaid in 2013 absent of any new debt issuances.

The business-type activities net position increased by 3.1%, increasing to \$60.1 million in 2012 from \$58.3 million in 2011. Long-term liabilities decreased \$1.0 million (due to scheduled debt payments) and increasing capital assets were contributing factors for the increase in net position for business-type activities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The following table is a brief summary of the reported changes in net position:

**Table 2**  
**Changes in Net Position**  
**(in Millions)**

	<b>Governmental</b>		<b>Restated</b>		<b>Total</b>	
	<b>Activities</b>		<b>Business-type</b>		<b>Primary Government</b>	
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ .9	\$ .6	\$ 8.5	\$ 7.8	\$ 9.4	\$ 8.4
Operating grants and contributions	.9	1.3	-	-	.9	1.3
Capital grants and contributions	-	.3	1.0	1.3	1.0	1.6
General revenues:						
Property taxes	5.7	5.6	-	-	5.7	5.6
Grants and contributions	.6	.8	-	-	.6	.8
Other revenues	<u>1.0</u>	<u>1.0</u>	<u>-</u>	<u>-</u>	<u>1.0</u>	<u>1.0</u>
Total revenues	<u>9.1</u>	<u>9.6</u>	<u>9.5</u>	<u>9.1</u>	<u>18.6</u>	<u>18.7</u>
<b>Program expenses</b>						
General government	1.8	1.1	-	-	1.8	1.1
Public safety	2.7	2.8	-	-	2.7	2.8
Public works	4.1	4.7	-	-	4.1	4.7
Community development	.4	.5	-	-	.4	.5
Interest on long-term debt	.1	.1	-	-	.1	.1
Water	-	-	4.2	4.4	4.2	4.4
Sewer	-	-	2.6	1.9	2.6	1.9
Storm water	-	-	.7	.6	.7	.6
Golf	<u>-</u>	<u>-</u>	<u>.3</u>	<u>.4</u>	<u>.3</u>	<u>.4</u>
Total expenses	<u>9.1</u>	<u>9.2</u>	<u>7.8</u>	<u>7.3</u>	<u>16.9</u>	<u>16.5</u>
Excess revenue over expenses before transfers	-	.4	1.7	1.8	1.7	2.2
Transfers in (out)	<u>.4</u>	<u>.4</u>	<u>(.4)</u>	<u>(.4)</u>	<u>-</u>	<u>-</u>
<b>Increase (decrease) in net position</b>	<b>.4</b>	<b>.8</b>	<b>1.3</b>	<b>1.4</b>	<b>1.7</b>	<b>2.2</b>
Net position, beginning	<u>48.8</u>	<u>48.0</u>	<u>58.8</u>	<u>57.4</u>	<u>107.6</u>	<u>105.4</u>
<b>Net position, ending</b>	<b><u>\$ 49.2</u></b>	<b><u>\$ 48.8</u></b>	<b><u>\$ 60.1</u></b>	<b><u>\$ 58.8</u></b>	<b><u>\$ 109.3</u></b>	<b><u>\$ 107.6</u></b>

In 2012, the Village's total revenue decreased by \$.1 million compared to 2011 (or about .5%). There was a decrease in operating grants and contributions of \$.4 million (due primarily to receiving a grant for public safety - fire equipment in 2011), a decrease in capital grants and contribution of \$.6 million (due to lower grants in 2012 related to road reconstruction) and an increase in property taxes of \$.1 million (primarily a result of higher taxes within the TIDs).

The total expenses increased by \$.4 million in 2012 or about 2.4% when compared to 2011. There were several changes in expenses from 2011 to 2012; general government increased by \$.7 million, public works decreased by \$.6 million, public safety decreased by \$.1 million, water utility decreased by \$.2 million and several other items had a net increase of \$.4 million.

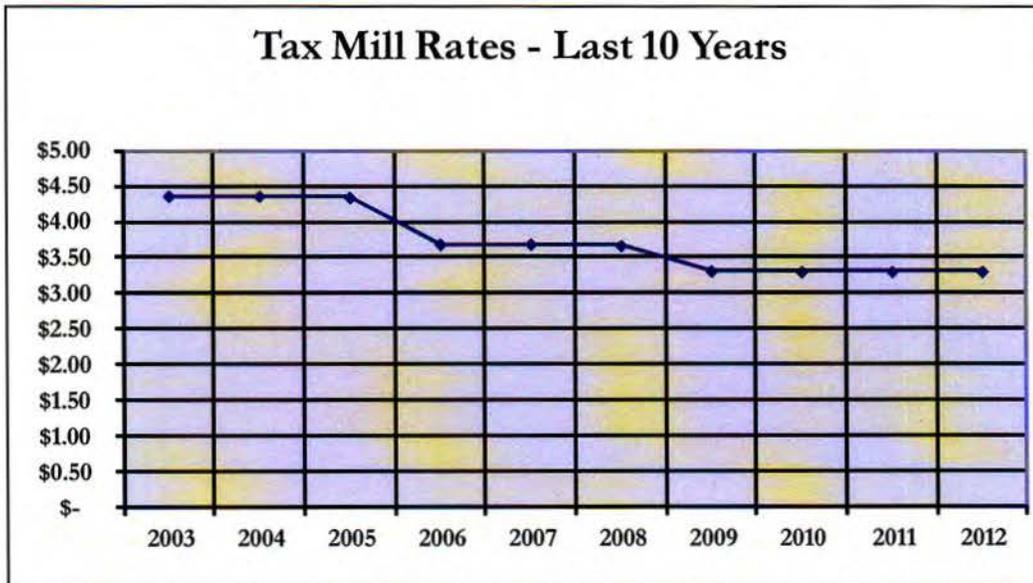
## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

### Governmental Activities

The Village's revenue for the 2012 governmental activities totaled \$9.1 million and decreased by \$.5 million from 2011 (or a 5.2% decrease). The governmental activities expenses totaled \$9.1 million in 2012 decreasing by \$.1 million from 2011 (or 1.1% increase). The 2012 resulting change in net position for governmental activities was an increase of \$.4 million due to transfers in. In 2011, net position increased by \$.8 million for governmental activities as a result of revenues exceeding expenses.

The Village has established a few budget policies that helped the overall financial position increase in 2012. First, the Village has budgeted for new growth from residential and commercial properties each the past 20 years. The growth in subdivisions lots has allowed for substantial growth in new housing over that period of time. The growth has allowed the Village to establish a policy of freezing and/or declining the tax mill rate since 1994. The lower tax rate has helped fuel the growth in residential housing starts. The Village has also adopted a policy to use available resources to pay for infrastructure and fixed asset replacements without borrowing, thereby decreasing interest costs to the taxpayers. Graph 1 below is a line graph of the tax mill rate (Village portion only) for all taxable property within the Village of Howard over the past ten years:

Graph 1



The cost of all governmental activities for 2012 was \$9.1 million compared to \$9.2 million in 2011. Taxpayers paid \$5.7 million of the total expenses in 2012, of which \$1.2 million was from tax incremental financing district (TID) leaving \$4.5 million paid from general taxpayers (outside of the TID boundary). The Statement of Activities, located on pages 22, reports program revenues used to offset expenses totaled \$.9 million while grants and contributions totaled \$.9 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Table 3 below reports the cost of governmental programs for the four largest functions as well as each program's net cost (total cost less revenues generated by the activities). The net cost reports the financial burden that was placed on the Village's taxpayers by each of these departments.

**Table 3**  
**Governmental Activities**  
**(in thousands)**

	<b>Total Cost of Services</b>		<b>Net Revenue (Cost) of Services</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Public works	\$ 4,089	\$ 4,668	\$ (2,920)	\$ (3,357)
Public safety	2,737	2,764	(2,279)	(2,062)
General administration	1,760	1,124	(1,631)	(1,061)
Community development	388	558	(322)	(373)
Interest on debt	<u>126</u>	<u>141</u>	<u>(126)</u>	<u>(141)</u>
<b>Totals</b>	<b><u>\$ 9,100</u></b>	<b><u>\$ 9,255</u></b>	<b><u>\$ (7,278)</u></b>	<b><u>\$ (6,994)</u></b>

### Business-type Activities

Revenues from the Village's business-type activities (see Table 2) totaled \$9.5 million in 2012 and \$9.1 million in 2011. Charges for services were up \$.7 million due to higher sales and higher water and sewer rates in 2012. Capital grants and contributions were down \$.3 million.

Expenses of the business-type activities increased by \$.5 million in 2012; expenses totaled \$7.8 million in 2012 and \$7.3 million in 2011. Expenses increased because of higher costs to purchase water and treat sewage.

### THE VILLAGE'S FUNDS

The governmental funds (as presented on page 23 of the balance sheet) reported a combined fund balance of \$7.4 million or a \$.2 million increase from the previous year. The General Fund continues to report a healthy fund balance of \$3.2 million, an increase of \$.2 million. The Capital Improvements Fund has a fund balance of about \$2.4 million that is assigned for future projects; the fund balance will fluctuate from year to year based on the reconstruction projects and the equipment purchased made each year as current resources are used to pay for such projects. In 2012, the Capital Improvements fund balance decreased by \$141,055.

Capital projects are funded by current resources as borrowing is designated for TIF projects or, as a last resort, for funding critical needs. The major projects and equipment funded with current and existing resources in 2012 were for the following:

- Road resurfacing projects totaled \$568,600 in 2012.
- Funding of Riverdale Drive reconstruction, a joint project with Brown County, totaled \$202,075 in 2012.
- Two loans were made from TIFs that totaled \$283,000 in 2012.
- Purchase of property within TIF #7 totaling \$300,000.
- Funding of new equipment totaled \$735,000 in 2012 including the purchase of a \$200,000 fire truck paid for with grant funding from the state.

**MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED**

**General Fund Budgetary Highlights**

The General Fund actual total revenue amount exceeded the budgeted total revenue by \$115,408. The total budgeted expenditures for the General Fund were less than the actual expenditures by \$246,199. The General Fund net change in fund balance was \$212,183 which was \$366,183 better than the original budget amount.

**MAJOR FUNDS ANALYSIS, DEBT ADMINISTRATION AND CAPITAL ASSETS**

**Debt Service Fund and Debt Administration**

The Debt Service Fund has a small fund balance of \$3,378 and is not a major fund. Current resources, primarily from property tax revenues and transfers from TID No. 2, are used to pay current debt payments. The most significant transaction within this fund in 2012 was the transferring in of funds to pay debt from TID No. 2.

At year end, the Village had \$3.3 million in outstanding general obligation debt, down from the \$4.4 million balance in the previous year (see Table 4). The Village paid \$1.3 million in scheduled debt principal payments in 2012 and financed a joint county-wide emergency radio project in the amount of \$.2 million. The sewer utility’s remaining debt of \$224,616 is a note to the Green Bay Metropolitan Sewage District for payment of the Village’s cost associated with the installation of a 1990s sanitary sewer interceptor.

The general obligation debt is limited by state statute to 5% of the equalized valuation of the Village. The Village’s debt is well below the \$67.7 million legal debt limit. The general obligation bonds have been rated AA by Standard & Poor’s. See Note 3 on page 51 for more details on debt.

**Table 4  
Outstanding Debt at Year-End  
(in Millions)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General Obligation Bonds and Notes (backed by the Village)	\$3.3	\$4.4	-	-	\$3.3	\$4.4
Mortgage Revenue Bonds and Notes	-	-	-	-	-	-
Other Debt	<u>-</u>	<u>-</u>	<u>\$.2</u>	<u>\$.3</u>	<u>\$0.2</u>	<u>\$0.3</u>
Totals	<u>\$3.3</u>	<u>\$4.4</u>	<u>\$.2</u>	<u>\$.3</u>	<u>\$3.5</u>	<u>\$4.7</u>

**Tax Incremental Financing District #2**

TID No. 2 is a major fund of the Village. The major construction phase of the TID had been completed (September 2002) but with changes in state law, additional expenditures are allowed within this TID. In 2012, this fund collected tax increment, special assessments, state payment for computer exemptions and interest income and incurred expenditures for developer incentive (land purchase), administrative costs and transfers to the Debt Service Fund. In 2012, revenues collected from the TID totaled \$1.0 million, of which 94.4% came from property taxes. The TID must cease to exist at the earlier of repayment of the cost of the TID or the end of the statutory life which is 2019. The TID obtained a project plan amendment in 2009 to allow for tax increment to be transferred to TID #4, a non-performing TID, to allow for the transferring of funds until the year 2015. Fund balance in this TID is now at \$288,140 at December 31, 2012.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

### Capital Improvements Fund

The Capital Improvements Fund is another major fund of the Village. This fund is used to account for cost of infrastructure road reconstruction projects, resurfacing projects, sidewalk installations, new subdivisions and equipment purchases. At year end, the fund balance of the fund was \$2.4 million compared with \$2.4 million the previous year. Fund balance within this fund fluctuates as funds become available for reconstruction projects and equipment purchases. Fund balances increases while funds are being saved up for the major purchases and reconstruction projects. Fund balance decreases in years the major purchases and reconstructions are made at an amount that exceeds revenues of the fund (primarily property taxes).

Revenues for Capital Improvements Fund totaled \$1.4 million compared with \$1.6 million in the previous year. Primary source of revenue within this fund in 2012 was \$.9 million in taxes. Other sources of revenue in this fund are public charges for services of \$.2 million, special assessments of \$.1 million and other revenue sources of \$.4 million.

### Capital Assets

At the end of 2012, the Village had \$95.9 million invested in capital assets. This amount represents an increase of \$.1 million from the previous year primarily due to purchasing equipment and new construction net of depreciation. These capital assets are comprised of equipment, land, buildings, various infrastructure items and other items as detailed in Table 5 below. The Village strives to maintain infrastructure in good working condition. A significant portion of Village owned equipment is well below the useful life and not fully depreciated. The increased investment in capital assets also indicates a strong financial position for the Village. See Note 3 on page 45 for more details of the following table:

**Table 5**  
**Capital Assets at Year-End**  
**(Net of Depreciation, in Millions)**

	<b>Governmental</b>		<b>Business-type</b>		<b>Totals</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Land and other non-depreciated	\$ 6.6	\$ 6.3	\$ 2.0	\$ 2.0	\$ 8.6	\$ 8.3
Construction in progress	-	-	.1	-	.1	-
Buildings & Improvements	6.2	6.3	1.5	1.3	7.7	7.6
Equipment	2.9	2.7	1.5	1.3	4.4	4.0
Sidewalks	3.1	3.2	-	-	3.1	3.2
Bridge & culverts	1.0	1.0	-	-	1.0	1.0
Roadway	22.3	22.5	-	-	22.3	22.5
Utility infrastructure	-	-	48.7	49.2	48.7	49.2
<b>Totals</b>	<b><u>\$42.1</u></b>	<b><u>\$42.0</u></b>	<b><u>\$53.8</u></b>	<b><u>\$53.8</u></b>	<b><u>\$95.9</u></b>	<b><u>\$95.8</u></b>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

As explained in the transmittal letter, the Village has seen good growth in residential and commercial development over the past 20 years. The growth has slowed and is expected to remain slow into the near future. Growth and the lack of growth, provide opportunities and challenges for the Village Board and staff in preparing budgets and establishing customer rates.

The Village assessor prepares valuations for new residential and commercial development in May of each year. The valuations derived in this process are used for determining tax rates established in December of each year. For each budget prepared, the growth has already been determined for the year, so projections for the next year's budget tax rate are accurate. Projecting future tax rates require more estimating.

The State of Wisconsin passed a law in 2012 that limited the rate of growth within state municipalities to the larger of 0.0% or the rate of growth in property values (excluding increases needed for existing debt repayments) for 2013 budget year. The State has had similar laws since 2005. Since 1994, the Village has a budget policy that limits the tax levy increase to the rate of growth in property values. The Village's 2013 budget increased the tax levy by \$114,197 which was at the maximum allowed.

The Water Utility is part of the Central Brown County Water Authority (Authority) primarily because the Village's water supply contains elements that must be treated (according to the EPA) and the projected inadequacy of the water supply. The treatment costs were projected to be about \$2 million per well. The aquifer storing our water supply was projected to contain about 10-15 years water supply for the area. The Authority obtains water from the City of Manitowoc (who obtains water from Lake Michigan). The water is treated before transmission and meets EPA's guidelines. The cost of such a system has caused increases in customer rates increasing 43% in 2005, 29% in 2006 and 40.6% in 2007. No increase was occurred in 2008. The Utility lowered rates by 4% in 2009 and maintained these rates through 2010. The rates increased by 6.8% in 2011 due to higher cost of purchased water and the Utility obtained a 13% increase in 2012 and are maintaining the same rates in 2013.

The Sewer Utility performed a rate study in 2010 that required an increase of 7.2% which was the first increase to non-industrial customer rates since 2004. Sewage cost increases from the Green Bay Metropolitan Sewage District in 2011 cause another increase of 5.8%, a 3.0% increase in 2012 and a 16.9% increase in 2013.

### **CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives.

If you have questions about this report or need additional information, contact the Village's Administrative Services Department, at Village of Howard, 2456 Glendale Avenue, Post Office Box 12207, Green Bay, Wisconsin, 54307-2207.

**FINANCIAL SECTION**



## **Erickson & Associates, S.C.**

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### **INDEPENDENT AUDITORS' REPORT**

President and Board Members  
Village of Howard, Wisconsin

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 Village of Howard, Wisconsin (Village), as of and for the year ended December 31, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

#### **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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Village of Howard, Wisconsin as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 10 - 18 and 27 - 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections 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.

*Erickson & Associates, S.C.*

ERICKSON & ASSOCIATES, S.C.  
Appleton, Wisconsin  
April 2, 2013

**VILLAGE OF HOWARD, WISCONSIN**

**STATEMENT OF NET POSITION**

December 31, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 10,022,869	\$ 4,553,663	\$ 14,576,532
Taxes receivable	3,440,839	--	3,440,839
Accounts receivable	165,678	989,691	1,155,369
Special assessments receivable	963,902	741,990	1,705,892
Loans receivable	820,618	--	820,618
DOT receivable	--	558,959	558,959
Other receivable	15,000	--	15,000
Inventories	--	78,009	78,009
Due from other governments	534,631	--	534,631
Miscellaneous	--	411,668	411,668
Total current assets	<u>15,963,537</u>	<u>7,333,980</u>	<u>23,297,517</u>
Noncurrent assets:			
Deferred special assessments	--	1,194,051	1,194,051
Deferred charges	--	157,006	157,006
Total deferred assets	<u>--</u>	<u>1,351,057</u>	<u>1,351,057</u>
Capital assets not being depreciated:			
Land	6,618,434	1,971,666	8,590,100
Construction in progress	--	156,618	156,618
Total capital assets not being depreciated	<u>6,618,434</u>	<u>2,128,284</u>	<u>8,746,718</u>
Capital assets being depreciated:			
Land improvements, net	2,072,869	1,241,038	3,313,907
Buildings, net	4,167,494	283,825	4,451,319
Machinery and equipment, net	2,940,621	1,471,179	4,411,800
Infrastructure, net	26,256,557	48,729,497	74,986,054
Total capital assets being depreciated	<u>35,437,541</u>	<u>51,725,539</u>	<u>87,163,080</u>
Total capital assets	<u>42,055,975</u>	<u>53,853,823</u>	<u>95,909,798</u>
Total noncurrent assets	<u>42,055,975</u>	<u>55,204,880</u>	<u>97,260,855</u>
Total assets	<u>58,019,512</u>	<u>62,538,860</u>	<u>120,558,372</u>

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>LIABILITIES</b>			
Current liabilities:			
Current portion of long-term debt	1,161,998	277,242	1,439,240
Accounts payable	242,921	507,628	750,549
Accrued liabilities	387,965	40,271	428,236
Due to other governments	25,334	--	25,334
Deferred revenues	6,140,902	--	6,140,902
Total current liabilities	<u>7,959,120</u>	<u>825,141</u>	<u>8,784,261</u>
Long-term liabilities:			
Unused vested employee benefits	134,963	73,167	208,130
Bonds and notes payable	657,387	1,452,374	2,109,761
Total long-term liabilities	<u>792,350</u>	<u>1,525,541</u>	<u>2,317,891</u>
Total liabilities	<u>8,751,470</u>	<u>2,350,682</u>	<u>11,102,152</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	40,236,590	52,124,207	92,360,797
Restricted	843,396	--	843,396
Unrestricted	8,188,056	8,063,971	16,252,027
Total net position	<u>\$ 49,268,042</u>	<u>\$ 60,188,178</u>	<u>\$ 109,456,220</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

VILLAGE OF HOWARD, WISCONSIN

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,759,784	\$ 129,218	\$ --	\$ --
Public safety	2,737,135	403,049	52,247	2,100
Public works	4,088,893	306,010	860,445	182,253
Culture, recreation, and education	388,085	66,255	--	--
Interest and fiscal charges	126,183	--	--	--
Total governmental activities	<u>9,100,080</u>	<u>904,532</u>	<u>912,692</u>	<u>184,353</u>
Business-type activities:				
Water utility	4,208,177	5,001,339	--	522,369
Sewer utility	2,560,198	2,426,658	--	270,888
Storm water utility	701,941	748,796	--	207,147
Golf course	308,427	340,576	--	--
Total business-type activities	<u>7,778,743</u>	<u>8,517,369</u>	<u>--</u>	<u>1,000,404</u>
Total	<u>\$ 16,878,823</u>	<u>\$ 9,421,901</u>	<u>\$ 912,692</u>	<u>\$ 1,184,757</u>

General revenues:

Property taxes levied for:

  General purposes

  Debt service

  Other taxes

Intergovernmental revenues

Interest and investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Prior period adjustment

Net position, beginning of year, restated

Net position, end of year

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ ( 1,630,566)	\$ --	\$ ( 1,630,566)
( 2,279,739)	--	( 2,279,739)
( 2,740,185)	--	( 2,740,185)
( 321,830)	--	( 321,830)
( 126,183)	--	( 126,183)
<u>( 7,098,503)</u>	<u>--</u>	<u>( 7,098,503)</u>
--	1,315,531	1,315,531
--	137,348	137,348
--	254,002	254,002
--	32,149	32,149
<u>--</u>	<u>1,739,030</u>	<u>1,739,030</u>
<u>( 7,098,503)</u>	<u>1,739,030</u>	<u>( 5,359,473)</u>
4,461,054	--	4,461,054
1,208,880	--	1,208,880
10,473	--	10,473
653,480	--	653,480
74,654	54,170	128,824
767,280	--	767,280
419,576	( 419,576)	--
<u>7,595,397</u>	<u>( 365,406)</u>	<u>7,229,991</u>
496,894	1,373,624	1,870,518
<u>48,771,148</u>	<u>58,315,264</u>	<u>107,086,412</u>
<u>--</u>	<u>499,290</u>	<u>499,290</u>
<u>48,771,148</u>	<u>58,814,554</u>	<u>107,585,702</u>
<u>\$ 49,268,042</u>	<u>\$ 60,188,178</u>	<u>\$ 109,456,220</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

VILLAGE OF HOWARD, WISCONSIN

BALANCE SHEET -  
GOVERNMENTAL FUNDS

December 31, 2012

	General Fund	TIF #2	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 5,260,226	\$ 716,306	\$ 1,877,816	\$ 2,168,521	\$ 10,022,869
Receivables:					
Taxes receivable	2,017,209	556,645	544,656	322,329	3,440,839
Accounts receivable	82,169	--	83,509	--	165,678
Special assessments - current	--	--	841,644	122,258	963,902
Loans receivable	--	105,495	11,333	703,790	820,618
Other receivable	--	--	--	15,000	15,000
Due from other funds	--	--	455,628	--	455,628
Due from other governments	--	--	534,631	--	534,631
Total assets	<u>\$ 7,359,604</u>	<u>\$ 1,378,446</u>	<u>\$ 4,349,217</u>	<u>\$ 3,331,898</u>	<u>\$ 16,419,165</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Vouchers payable	\$ 198,086	\$ --	\$ 31,766	\$ 13,069	\$ 242,921
Accrued liabilities	253,020	--	29,716	1,899	284,635
Deposits	--	--	78,583	7,113	85,696
Due to other funds	--	--	--	455,628	455,628
Due to other governments	25,334	--	--	--	25,334
Deferred revenue	3,659,917	1,090,306	1,818,248	1,396,309	7,964,780
Total liabilities	<u>4,136,357</u>	<u>1,090,306</u>	<u>1,958,313</u>	<u>1,874,018</u>	<u>9,058,994</u>
<b>Fund balances:</b>					
Restricted	--	288,140	--	2,068,318	2,356,458
Assigned	--	--	2,390,904	--	2,390,904
Unassigned	3,223,247	--	--	( 610,438)	2,612,809
Total fund balances	<u>3,223,247</u>	<u>288,140</u>	<u>2,390,904</u>	<u>1,457,880</u>	<u>7,360,171</u>
Total liabilities and fund balances	<u>\$ 7,359,604</u>	<u>\$ 1,378,446</u>	<u>\$ 4,349,217</u>	<u>\$ 3,331,898</u>	<u>\$ 16,419,165</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

VILLAGE OF HOWARD, WISCONSIN

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION

December 31, 2012

Total fund balances for governmental funds		\$ 7,360,171
Total net position reported for governmental activities in the statement of net position is different because:		
Deferred special assessments are not available to pay for current-period expenditures and, therefore, are offset by deferred revenue in the funds.		
		1,823,878
Capital assets used in governmental activities and deferred prior service pension costs are not financial resources and, therefore, are not reported in the fund statements. The capital assets and deferred prior service pension costs consisted of:		
Land	6,618,434	
Land improvements, net of \$520,719 accumulated depreciation	2,072,869	
Buildings, net of \$1,402,959 accumulated depreciation	4,167,494	
Machinery and equipment, net of \$2,690,284 accumulated depreciation	2,940,621	
Infrastructure, net of \$14,763,577 accumulated depreciation	26,256,557	
Total capital assets		42,055,975
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds balance sheet.		
		( 17,634)
Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest is not accrued in governmental funds, but rather is recognized as expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances as of December 31, 2012, are:		
Compensated absences	( 134,963)	
Bonds and notes payable, includes current portion	( 1,819,385)	
Total long-term liabilities		<u>( 1,954,348)</u>
Total net position of governmental activities		<u>\$ 49,268,042</u>

**VILLAGE OF HOWARD, WISCONSIN**

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

For the Year Ended December 31, 2012

	General Fund	TIF #2	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 3,507,956	\$ 963,571	\$ 930,422	\$ 278,458	\$ 5,680,407
Special assessments	--	1,979	63,854	--	65,833
Intergovernmental revenues	1,433,422	48,567	43,409	40,709	1,566,107
Licenses and permits	458,368	--	--	--	458,368
Fines, forfeitures, and penalties	207,002	--	--	178,998	386,000
Public charges for services	141,734	--	194,807	--	336,541
Miscellaneous revenues	469,276	6,190	199,960	164,897	840,323
Total revenues	<u>6,217,758</u>	<u>1,020,307</u>	<u>1,432,452</u>	<u>663,062</u>	<u>9,333,579</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	909,328	176,037	28,814	594,984	1,709,163
Public safety	2,596,242	--	966	--	2,597,208
Public works	2,498,716	--	1,098,074	--	3,596,790
Culture, recreation, and education	360,865	--	--	27,220	388,085
Debt service	--	--	20,553	1,145,084	1,165,637
Capital outlays	--	--	687,099	31,267	718,366
Total expenditures	<u>6,365,151</u>	<u>176,037</u>	<u>1,835,506</u>	<u>1,798,555</u>	<u>10,175,249</u>
Excess of revenues over (under) expenditures	<u>( 147,393)</u>	<u>844,270</u>	<u>( 403,054)</u>	<u>( 1,135,493)</u>	<u>( 841,670)</u>
<b>Other financing sources (uses):</b>					
Loan proceeds	--	--	191,133	--	191,133
Operating transfer in	359,576	--	172,320	1,046,505	1,578,401
Operating transfer (out)	--	( 1,046,505)	--	( 112,320)	( 1,158,825)
Net other financing sources (uses)	<u>359,576</u>	<u>( 1,046,505)</u>	<u>363,453</u>	<u>934,185</u>	<u>610,709</u>
Net change in fund balances	212,183	( 202,235)	( 39,601)	( 201,308)	( 230,961)
Fund balances, beginning of year	<u>3,011,064</u>	<u>490,375</u>	<u>2,430,505</u>	<u>1,659,188</u>	<u>7,591,132</u>
Fund balances, end of year	<u>\$ 3,223,247</u>	<u>\$ 288,140</u>	<u>\$ 2,390,904</u>	<u>\$ 1,457,880</u>	<u>\$ 7,360,171</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

VILLAGE OF HOWARD, WISCONSIN

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

Net change in fund balances-governmental funds	\$ ( 230,961)
The change in net position reported for governmental activities is different because:	
Special assessments revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the funds until they are available.	( 156,181)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is capitalized and depreciated over their useful lives. This is the amount by which capital assets exceed depreciation in the current period.	35,715
Governmental funds report the entire process from the disposal of capital assets as an other financing source. In the statement of activities only the gain (or loss) on the disposal is reported.	( 48,735)
Governmental funds report certain employee benefits when amounts are paid. However, the statement of activities reports the value of benefits earned during the year. This is the amount that the accrual of these benefits decreased by in the current year.	3,013
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position but does not require the use of current financial resources: therefore, accrued interest is not reported as expenditure in governmental funds.	23,811
Loan proceeds are reported as financing sources in governmental funds and thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. This is the amount by which repayments exceed	883,707
Governmental funds report debt issue costs and loss on advance refunding as an expenditure. However, in the statement of activities these costs are capitalized and amortized over the life of the debt.	( 13,475)
Changes in net position of governmental activities	<u>\$ 496,894</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**VILLAGE OF HOWARD, WISCONSIN**

**STATEMENT OF NET POSITION -  
PROPRIETARY FUNDS**

December 31, 2012

ASSETS	<u>Water</u>	<u>Sewer</u>	<u>Storm Water</u>	<u>Golf Course</u>	<u>Total Proprietary Funds</u>
Current assets:					
Cash and investments	\$ 2,406,446	\$ 1,025,624	\$ 1,006,508	\$ 115,085	\$ 4,553,663
Accounts receivable:					
Customers	431,608	469,674	86,308	2,101	989,691
Special assessments	19,909	24,033	698,048	--	741,990
CBCWA	411,668	--	--	--	411,668
DOT	322,681	236,278	--	--	558,959
Inventory	61,343	16,666	--	--	78,009
	<u>3,653,655</u>	<u>1,772,275</u>	<u>1,790,864</u>	<u>117,186</u>	<u>7,333,980</u>
Total current assets					
Noncurrent assets:					
Deferred special assessments	522,180	671,871	--	--	1,194,051
Deferred charges	157,006	--	--	--	157,006
Utility plant:					
Utility plant	27,124,544	22,299,618	15,114,125	3,239,406	67,777,693
Less accumulated depreciation	<u>6,196,287</u>	<u>4,306,017</u>	<u>2,948,801</u>	<u>472,765</u>	<u>13,923,870</u>
Net utility plant	<u>20,928,257</u>	<u>17,993,601</u>	<u>12,165,324</u>	<u>2,766,641</u>	<u>53,853,823</u>
Total noncurrent assets	<u>21,607,443</u>	<u>18,665,472</u>	<u>12,165,324</u>	<u>2,766,641</u>	<u>55,204,880</u>
Total assets	<u>25,261,098</u>	<u>20,437,747</u>	<u>13,956,188</u>	<u>2,883,827</u>	<u>62,538,860</u>

LIABILITIES	Water	Sewer	Storm Water	Golf Course	Total Proprietary Funds
<b>Current liabilities:</b>					
Current portion of long-term debt	205,000	--	--	--	205,000
Current portion of annexation charges	--	72,242	--	--	72,242
Accounts payable	259,449	225,109	15,930	7,140	507,628
Accrued interest	4,868	6,061	--	--	10,929
Accrued liabilities	13,780	8,649	4,710	2,203	29,342
<b>Total current liabilities</b>	<b>483,097</b>	<b>312,061</b>	<b>20,640</b>	<b>9,343</b>	<b>825,141</b>
<b>Noncurrent liabilities:</b>					
Long-term debt	1,300,000	--	--	--	1,300,000
Annexation charges	--	152,374	--	--	152,374
Compensated absences	41,491	29,025	2,651	--	73,167
<b>Total noncurrent liabilities</b>	<b>1,341,491</b>	<b>181,399</b>	<b>2,651</b>	<b>--</b>	<b>1,525,541</b>
<b>Total liabilities</b>	<b>1,824,588</b>	<b>493,460</b>	<b>23,291</b>	<b>9,343</b>	<b>2,350,682</b>
<b>NET POSITION</b>					
Invested in capital assets, net of related debt	19,423,257	17,768,985	12,165,324	2,766,641	52,124,207
Unrestricted	4,013,253	2,175,302	1,767,573	107,843	8,063,971
<b>Total net position</b>	<b>\$ 23,436,510</b>	<b>\$ 19,944,287</b>	<b>\$ 13,932,897</b>	<b>\$ 2,874,484</b>	<b>\$ 60,188,178</b>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**VILLAGE OF HOWARD, WISCONSIN**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
PROPRIETARY FUNDS**

For the Year Ended December 31, 2012

	Water	Sewer	Storm Water	Golf Course	Total Proprietary Funds
Operating revenues:					
User fees	\$ 4,946,003	\$ 2,412,192	\$ 742,932	\$ 315,646	\$ 8,416,773
Miscellaneous	55,336	14,466	5,864	24,930	100,596
Total operating revenues	<u>5,001,339</u>	<u>2,426,658</u>	<u>748,796</u>	<u>340,576</u>	<u>8,517,369</u>
Operating expenses:					
General	378,974	2,107,318	373,650	189,452	3,049,394
Maintenance	189,536	106,272	49,822	39,635	385,265
Depreciation	550,520	275,199	208,851	44,855	1,079,425
Other supplies and expenses	<u>3,025,004</u>	<u>62,701</u>	<u>69,618</u>	<u>34,485</u>	<u>3,191,808</u>
Total operating expenses	<u>4,144,034</u>	<u>2,551,490</u>	<u>701,941</u>	<u>308,427</u>	<u>7,705,892</u>
Operating income (expense)	<u>857,305</u>	<u>( 124,832)</u>	<u>46,855</u>	<u>32,149</u>	<u>811,477</u>
Other income (expense):					
Capital contributions	522,369	270,888	207,147	--	1,000,404
Amortization of debt discount	( 34,478)	--	--	--	( 34,478)
Interest income	23,203	19,863	10,472	632	54,170
Interest expense	<u>( 29,665)</u>	<u>( 8,708)</u>	<u>--</u>	<u>--</u>	<u>( 38,373)</u>
Total other income	<u>481,429</u>	<u>282,043</u>	<u>217,619</u>	<u>632</u>	<u>981,723</u>
Net income before transfers	1,338,734	157,211	264,474	32,781	1,793,200
Operating transfer (out)	<u>( 359,576)</u>	<u>--</u>	<u>--</u>	<u>( 60,000)</u>	<u>( 419,576)</u>
Change in net position	979,158	157,211	264,474	( 27,219)	1,373,624
Net position, January 1,	<u>21,958,062</u>	<u>19,787,076</u>	<u>13,668,423</u>	<u>2,901,703</u>	<u>58,315,264</u>
Prior period adjustment	<u>499,290</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>499,290</u>
Net position, January 1, restated	<u>22,457,352</u>	<u>19,787,076</u>	<u>13,668,423</u>	<u>2,901,703</u>	<u>58,814,554</u>
Net position, December 31	<u>\$ 23,436,510</u>	<u>\$ 19,944,287</u>	<u>\$ 13,932,897</u>	<u>\$ 2,874,484</u>	<u>\$ 60,188,178</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTERGRAL PART OF THESE STATEMENTS.

## VILLAGE OF HOWARD, WISCONSIN

### STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended December 31, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Storm Water</u>	<u>Golf Course</u>	<u>Total Proprietary Funds</u>
Cash flows from operating activities:					
Cash received from customers	\$ 5,337,498	\$ 2,312,594	\$ 569,151	\$ 341,340	\$ 8,560,583
Cash paid to employees for services	( 307,498)	( 220,961)	( 49,822)	( 39,635)	( 617,916)
Cash paid to suppliers of goods and services	<u>( 3,497,554)</u>	<u>( 2,096,502)</u>	<u>( 436,669)</u>	<u>( 223,992)</u>	<u>( 6,254,717)</u>
Net cash provided by (used in) operating activities	<u>1,532,446</u>	<u>( 4,869)</u>	<u>82,660</u>	<u>77,713</u>	<u>1,687,950</u>
Cash flows from noncapital financing activities:					
Transfer to other funds	<u>( 359,576)</u>	<u>--</u>	<u>--</u>	<u>( 60,000)</u>	<u>( 419,576)</u>
Cash flows from capital and related financing activities:					
Purchases of utility plant	( 246,319)	( 233,241)	( 528,571)	( 45,962)	( 1,054,093)
Gain on disposition of assets	--	--	--	9,770	9,770
Repayment of long-term debt	( 190,000)	( 69,733)	--	--	( 259,733)
Contributions in aid of construction	199,688	34,610	207,147	--	441,445
Cash paid for interest costs incurred	<u>( 37,537)</u>	<u>( 10,590)</u>	<u>--</u>	<u>--</u>	<u>( 48,127)</u>
Net cash (used in) capital and related financing activities	<u>( 274,168)</u>	<u>( 278,954)</u>	<u>( 321,424)</u>	<u>( 36,192)</u>	<u>( 910,738)</u>
Cash flows from investing activities:					
Cash received for interest earned	<u>23,203</u>	<u>19,863</u>	<u>10,472</u>	<u>632</u>	<u>54,170</u>
Net increase (decrease) in cash and investments	921,905	( 263,960)	( 228,292)	( 17,847)	411,806
Cash and investments, January 1	<u>1,484,541</u>	<u>1,289,584</u>	<u>1,234,800</u>	<u>132,932</u>	<u>4,141,857</u>
Cash and investments, December 31	<u>\$ 2,406,446</u>	<u>\$ 1,025,624</u>	<u>\$ 1,006,508</u>	<u>\$ 115,085</u>	<u>\$ 4,553,663</u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES -  
PROPRIETARY FUNDS**

For the Year Ended December 31, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Storm Water</u>	<u>Golf Course</u>	<u>Total Proprietary Funds</u>
Operating income (expense)	\$ 857,305	\$( 124,832)	\$ 46,855	\$ 32,149	\$ 811,477
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	582,415	243,303	208,851	44,855	1,079,424
(Increase) decrease in:					
Customer receivables	42,672	( 99,124)	493	764	( 55,195)
Special assessments receivable	77,292	( 14,940)	( 180,138)	--	( 117,786)
Miscellaneous receivable	216,195	--	--	--	216,195
Inventory	3,421	321	--	--	3,742
Increase (decrease) in:					
Accounts payable	( 242,697)	( 14,497)	3,816	264	( 253,114)
Accrued liabilities	( 4,157)	4,900	2,783	( 319)	3,207
Net cash provided by (used in) operating activities	<u>\$ 1,532,446</u>	<u>\$( 4,869)</u>	<u>\$ 82,660</u>	<u>\$ 77,713</u>	<u>\$ 1,687,950</u>
Noncash investing, capital, and financing activities:					
Contributions of capital assets	<u>\$ 522,369</u>	<u>\$ 270,888</u>	<u>\$ 207,147</u>	<u>\$ --</u>	<u>\$ 1,000,404</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

VILLAGE OF HOWARD, WISCONSIN

STATEMENT OF FIDUCIARY NET POSITION-  
FIDUCIARY FUND

December 31, 2012

	<u>Tax Agency Fund</u>
ASSETS	
Cash and investments	\$ 8,916,645
Taxes receivable	<u>11,587,386</u>
Total assets	<u>\$ 20,504,031</u>
LIABILITIES	
Due to other governments	<u>\$ 20,504,031</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

## VILLAGE OF HOWARD, WISCONSIN

### NOTES TO FINANCIAL STATEMENTS

#### **Note 1. Summary of Significant Accounting Policies:**

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

#### **Reporting Entity**

The Village is a municipal corporation governed by an elected president and eight-member board. In accordance with generally accepted accounting principles, the basic financial statements are required to include the Village (the primary government) and any separate component units that have a significant operational or financial relationship with the Village. The following circumstances set forth the Village's financial accountability for a legally separate organization:

The Village is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Village.

The Village may be financially accountable if an organization is fiscally dependent on the Village regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The Village has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

#### **Government-wide and Fund Financial Statements**

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

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

## VILLAGE OF HOWARD, WISCONSIN

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

#### **Note 1. Summary of Significant Accounting Policies - Continued:**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

**General Fund** - The general fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Tax Incremental District No. 2** - This is a special revenue fund that accounts for property tax increments and other revenues generated within the District. These revenues finance transfers to the Village's debt service fund to retire debt that has been issued in prior years to finance District improvements. The significant revenue source in this fund is tax increments.

**Capital Improvements Fund** - These funds account for financial resources generated primarily from property taxes and developer contributions used for the acquisition or construction of major capital facilities.

The Village reports the following nonmajor governmental funds:

**Capital Projects Funds** - These funds are the combined activity of TIF #3 through TIF #7 and the park development fund.

**Community Development Fund** - This is a special revenue fund that is used to account for the Village's revolving loan program.

**Debt Service Fund** - The debt service fund is used to accumulate resources for, and payment of, general long-term debt principal, interest, and related costs.

The Village reports the following major proprietary funds:

**Water Utility** - The water utility accounts for the financing of the construction, operation, and maintenance of the Village owned water facilities. The Village contracts with Central Brown County Water Authority for purchase of water.

**Sewer Utility** - The sewer utility accounts for financing of the construction, operation, and maintenance of the Village owned sewage facilities. The Village contracts with Green Bay Metropolitan Sewage District for treatment.

**Storm Water Utility** - The storm water utility accounts for the financing of the construction, operation, and maintenance of the Village owned storm water facilities.

**Golf Course** - The golf course accounts for the financing of the construction, operation, and maintenance of the municipal golf course and clubhouse.

## VILLAGE OF HOWARD, WISCONSIN

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

#### **Note 1. Summary of Significant Accounting Policies - Continued:**

The Village accounts for property taxes collected on behalf of other governments in an agency fund.

#### **Measurement Focus and Basis of Accounting**

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

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

The Village's only fiduciary fund is an agency fund which does not have a measurement focus since it is used only to hold funds for other taxing jurisdictions.

Property taxes, licenses, and interest associated with the current fiscal year are considered to be susceptible to accrual and have been recognized as revenues in the current period. All other revenues are considered to be measurable and available only when cash is received by the government.

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

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

## VILLAGE OF HOWARD, WISCONSIN

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

#### **Note 1. Summary of Significant Accounting Policies - Continued:**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### **Cash and Investments**

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged for a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with an original maturity of three months or less from date of acquisition are considered to be cash equivalents.

#### **Accounts Receivable**

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

#### **Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

Any residual balance outstanding between governmental and business-type activities at year end is reported as internal balances on the statement of net position.

#### **Inventories**

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

# VILLAGE OF HOWARD, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### Note 1. Summary of Significant Accounting Policies - Continued:

#### Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

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

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Governmental activities capital assets are defined by the Village as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of one year. Business-type capital assets are defined by the Village as assets with an initial individual cost of \$2,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land improvements	40-75 years	50 years
Building and improvements	30-50 years	20-50 years
Machinery and equipment	5-25 years	5-20 years
Infrastructure	20-100 years	30-100 years

#### Compensated Absences

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

#### Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

## VILLAGE OF HOWARD, WISCONSIN

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

#### Note 1. Summary of Significant Accounting Policies - Continued:

##### Long-term Obligations

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

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

##### Fund Equity

###### Governmental Fund Financial Statements

For the year ended December 31, 2011, the Village implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement provides more clearly defined fund balance classifications that comprise a hierarchy based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which fund balance amounts can be spent.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.

Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provision, or by enabling legislation.

Committed fund balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Village Board - the Village's highest level of decision making authority. The Village had no committed fund balance at December 31, 2012.

## VILLAGE OF HOWARD, WISCONSIN

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

#### **Note 1. Summary of Significant Accounting Policies - Continued:**

Assigned fund balance - Amounts that are constrained by the Village's "intent" to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by the Village Board. No individual has been delegated authority by the Board to assign fund balance, therefore the Village Board is the delegated authority to assign fund balance resources to a specific intended purpose in accordance with provisions of the fund balance policy or as otherwise directed by the Board.

Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the general fund.

The Village has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

#### Government-wide and Proprietary Fund Statements

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

Invested in capital assets, net of related debt - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Amount of net position that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provision or enabling legislation.

Unrestricted net position - Net position that are neither classified as restricted nor as invested in capital assets, net of related debt.

#### **Use of Estimates**

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

#### **Note 2. Stewardship and Compliance:**

##### **Budgets and Budgetary Accounting**

The Village follows these procedures in establishing the budgetary data reflected in the required supplementary information.

VILLAGE OF HOWARD, WISCONSIN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**Note 2. Stewardship and Compliance - Continued:**

Prior to November 20 of each year, the Village administrator submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all Village funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

During the year, formal budgetary integration is employed as a management control device for the governmental and proprietary funds.

Expenditures may not exceed appropriations by fund and function. Amendments to the budget during the year require initial approval by management as are subsequently authorized by the Village Board.

Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2012.

**Excess of Expenditures Over Budget Appropriations**

The following expenditure accounts of governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2012, as follows:

General Fund		
General government	\$	12,978
TIF #2		
General government		174,037
Total excess of expenditures over budget	\$	<u>187,015</u>

VILLAGE OF HOWARD, WISCONSIN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**Note 2. Stewardship and Compliance - Continued:**

**Deficit Fund Balances**

The following funds had deficit fund balances as of December 31, 2012:

Capital projects funds	
TIF #3	\$ 123,059
TIF #5	51,251
TIF #6	116,770
TIF #7	<u>319,358</u>
Total deficit fund balances	<u>\$ 610,438</u>

The Village anticipates funding the above deficits from future revenues and tax increments of the funds.

**Note 3. Detailed Notes on all Funds:**

**Cash and Investments**

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

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

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investments in the private-purpose trust fund and employee benefit trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, *Uniform Prudent Investor Act*.

The carrying amount of the Village's cash and investments totaled \$23,493,177 on December 31, 2012, as summarized below:

Deposits with financial institutions	\$ 21,801,052
Investments	1,691,775
Petty cash	<u>350</u>
Total	<u>\$ 23,493,177</u>

VILLAGE OF HOWARD, WISCONSIN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**Note 3. Detailed Notes on all Funds - Continued:**

Reconciliation to the basic financial statements:

Statement of net position	\$ 14,576,532
Fiduciary funds	
Tax agency fund	<u>8,916,645</u>
Total	<u>\$ 23,493,177</u>

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

Deposits with Financial Institutions

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits, or will not be able to recover collateral securities that are in the possession of an outside party. The Village does not have an additional custodial credit risk policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for interest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for all time accounts, savings accounts and interest-bearing demand deposit accounts per official custodian per depository institution. In addition, the Village's non-interest bearing transaction accounts are fully insured through December 31, 2012. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2012, \$19,388,144 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits and collateralized with securities held by the pledging financial institution or its trust department or agent in the Village's name.

**VILLAGE OF HOWARD, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 3. Detailed Notes on all Funds - Continued:**

Credit Risk

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

Investment Type	Amount	AAA	Aa	A	Not Rated
M & I CD	\$ 645,000	\$ 645,000	\$ --	\$ --	\$ --
State and municipal bonds	1,031,545	--	871,545	160,000	--
WI local government investment pool	15,230	--	--	--	15,230
<b>Totals</b>	<b>\$ 1,691,775</b>	<b>\$ 645,000</b>	<b>\$ 871,545</b>	<b>\$ 160,000</b>	<b>\$ 15,230</b>

Concentration of Credit Risk

The investment policy of the Village contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Village investments are as follows:

Issuer	Investment Type	Reported Amount
M & I CD	CD	\$ 645,000
Village of Weston	Bond	401,757
Oshkosh Storm Water	Bond	373,879
Desoto Area School District	Bond	160,000
Village of Grafton	Bond	95,909
		<b>\$ 1,676,545</b>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Village manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations. It is the Village's policy that each investment may not have a maturity more than seven years.

**VILLAGE OF HOWARD, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 3. Detailed Notes on all Funds - Continued:**

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

Investment Type	Amount	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
M & I CD	\$ 645,000	\$ 645,000	\$ --	\$ --	\$ --
State and municipal bonds	1,031,545	160,000	--	871,545	--
WI local government investment pool	15,230	15,230	--	--	--
<b>Totals</b>	<b>\$ 1,691,775</b>	<b>\$ 820,230</b>	<b>\$ --</b>	<b>\$ 871,545</b>	<b>\$ --</b>

**Investment in Wisconsin Local Government Investment Pool**

The Village has investments in the Wisconsin local government investment pool of \$15,230 at year end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2012, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

**Property Taxes**

Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31, and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village.

The Village bills its own property taxes and also levies and bills taxes for the School Districts of Howard-Suamico and Pulaski, Brown County, Northeast Wisconsin Technical College and the State of Wisconsin. The Brown County Treasurer collects property taxes billed by the Village in accordance with a contract between the County and the Village.

**VILLAGE OF HOWARD, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 3. Detailed Notes on all Funds - Continued:**

**Capital Assets**

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

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental				
Activities:				
Assets not being depreciated:				
Land	\$ 6,321,933	\$ 296,501	\$ --	\$ 6,618,434
Construction in progress	26,004	--	26,004	--
Total assets not being depreciated	6,347,937	296,501	26,004	6,618,434
Assets being depreciated:				
Land improvements	2,507,488	86,100	--	2,593,588
Buildings	5,570,453	--	--	5,570,453
Machinery and equipment	5,216,683	531,362	117,140	5,630,905
Infrastructure	40,472,046	631,163	83,075	41,020,134
Total assets being depreciated	53,766,670	1,248,625	200,215	54,815,080
Total assets	60,114,607	1,545,126	226,219	61,433,514
Accumulated				
Depreciation:				
Land improvements	466,521	54,198	--	520,719
Buildings	1,319,342	83,617	--	1,402,959
Machinery and equipment	2,529,846	254,847	94,409	2,690,284
Infrastructure	13,729,903	1,116,749	83,075	14,763,577
Total accumulated depreciation	18,045,612	1,509,411	177,484	19,377,539
Governmental activities capital assets, net	\$ 42,068,995	\$ 35,715	\$ 48,735	\$ 42,055,975
Less: related long term debt outstanding				1,819,385
Invested in capital assets, net of related debt				\$ 40,236,590

**VILLAGE OF HOWARD, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 3. Detailed Notes on all Funds - Continued:**

	Beginning Balance	Additions	Reductions	Ending Balance
Business-type activities:				
Assets not being depreciated:				
Land	\$ 1,971,666	\$ --	\$ --	\$ 1,971,666
Construction in progress	20,517	156,618	20,517	156,618
Total assets not being depreciated	1,992,183	156,618	20,517	2,128,284
Assets being depreciated:				
Land improvements	1,131,762	201,975	--	1,333,737
Buildings	694,616	--	--	694,616
Machinery and equipment	3,286,505	335,696	34,139	3,588,062
Infrastructure	59,798,600	380,323	145,929	60,032,994
Total assets being depreciated	64,911,483	917,994	180,068	65,649,409
Total assets	66,903,666	1,074,612	200,585	67,777,693
Accumulated				
Depreciation:				
Land improvements	81,698	11,001	--	92,699
Buildings	403,888	6,903	--	410,791
Machinery and equipment	2,027,087	114,165	24,369	2,116,883
Infrastructure	10,502,070	947,356	145,929	11,303,497
Total accumulated depreciation	13,014,743	1,079,425	170,298	13,923,870
Business-type activities capital assets, net	\$ 53,888,923	\$ ( 4,813)	\$ 30,287	\$ 53,853,823
Less: related long term debt outstanding				1,729,616
Invested in capital assets, net of related debt				\$ 52,124,207

**VILLAGE OF HOWARD, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 3. Detailed Notes on all Funds - Continued:**

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

Governmental activities	
General government	\$ 50,621
Public safety	139,927
Public works	1,318,863
Total depreciation expense - governmental activities	\$ 1,509,411
Business-type activities	
Water utility	\$ 550,520
Sewer utility	275,199
Storm water utility	208,851
Golf course	44,855
Total depreciation expense - business-type activities	\$ 1,079,425

**Interfund Receivables, Payables, and Transfers**

Interfund receivables and payables between individual funds of the Village, as reported in the fund financial statements, as of December 31, 2012, are detailed below:

<i>Fund</i>	<u>Amount</u>
TIF #5 due to capital improvements fund	\$ 51,225
TIF #6 due to capital improvements fund	87,270
TIF #7 due to capital improvements fund	317,133
Total	\$ 455,628

Interfund transfers for the year end December 31, 2012, were as follows:

Transfer from the Water Utility to the general fund for payment in lieu of tax	\$ 359,576
Transfer from TIF #2 to the debt service fund for retirement of debt	1,046,505
Transfer from the park development fund to the capital improvements fund for balancing of budget	112,320
Transfer from the golf course fund to the capital improvements fund for distribution of surplus funds	60,000
Total transfers	\$ 1,578,401
Government fund transfers in	\$ 1,578,401
Less: Fund eliminations	( 1,158,825)
Total transfers - government-wide statement of activities	\$ 419,576

**VILLAGE OF HOWARD, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 3. Detailed Notes on all Funds - Continued:**

**Deferred Revenues**

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

	Unavailable	Unearned
Subsequent year tax levy receivable		
General fund	\$ --	\$ 3,622,233
TIF #2	--	984,811
TIF #3	--	313,484
TIF #4	--	188,926
TIF #6	--	67,851
Capital improvements fund	--	963,597
Special assessments		
TIF #6	122,258	--
Capital improvements fund	841,644	--
Loans receivable		
Community development	532,446	--
Capital improvements fund	13,007	--
TIF #2	105,495	--
TIF #3	171,344	--
Court fines receivable		
General fund	37,684	--
Total governmental funds	\$ 1,823,878	\$ 6,140,902

Postponed special assessments are generally collectible on annual installments of ten years while certain others have been deferred until the property is sold or placed in service. Future collections on special assessments in the tax incremental district will be used to finance debt payments for general obligation debt issued to finance the District's project plan expenditures.

Loans receivable of \$822,292 in the community development fund, capital improvements fund, TIF #2, and TIF #3 represent loans made to local businesses. The loan program was initially funded by intergovernmental grants received by the Village. Repayment of principal and interest on the loans is recorded as revenue in the fund and is used to finance additional loans.

**VILLAGE OF HOWARD, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 3. Detailed Notes on all Funds - Continued:**

**Long-term Obligations**

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2012:

	<u>Balances</u> 12/31/11	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> 12/31/12	<u>Due within</u> <u>one year</u>
Governmental activities:					
General obligation notes	\$ 2,706,460	\$ 191,133	\$1,074,840	\$ 1,822,753	\$1,110,963
Less unamortized refunding loss	<u>( 16,843)</u>	<u>--</u>	<u>( 13,475)</u>	<u>( 3,368)</u>	<u>--</u>
Total general obligation debt	2,689,617	191,133	1,061,365	1,819,385	1,110,963
Compensated absences	<u>137,976</u>	<u>122,870</u>	<u>125,883</u>	<u>134,963</u>	<u>109,084</u>
Governmental activities long-term obligations	<u>\$ 2,827,593</u>	<u>\$ 314,003</u>	<u>\$1,187,248</u>	<u>\$ 1,954,348</u>	<u>\$1,220,047</u>

Interest expense for governmental activities was \$88,607 for the year ended December 31, 2012.

	<u>Balances</u> 12/31/11	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> 12/31/12	<u>Due within</u> <u>one year</u>
Business-type activities:					
General obligation bonds	\$ 1,695,000	\$ --	\$ 190,000	\$1,505,000	\$205,000
Compensated absences	64,152	22948	13,933	73,167	46,949
Annexation charges	<u>294,349</u>	<u>--</u>	<u>69,733</u>	<u>224,616</u>	<u>72,242</u>
Business-type activities long-term obligations	<u>\$ 2,053,501</u>	<u>\$ 22,948</u>	<u>\$ 273,666</u>	<u>\$1,802,783</u>	<u>\$324,191</u>

Interest expense for business-type activities was \$38,373 for the year ended December 31, 2012.

At December 31, 2012, \$1,715,000 of outstanding water and sewer system revenue bonds are considered defeased.

**VILLAGE OF HOWARD, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 3. Detailed Notes on all Funds - Continued:**

**General Obligation Debt**

The Village has issued general obligation debt to provide funds for the acquisition and construction of major capital facilities and acquisition of other capital assets. General obligation debt service requirements are direct obligations and pledge the full faith and credit of the Village. General obligation debt outstanding on December 31, 2012, totaled \$3,327,753 and was comprised of the following issues:

\$1,695,000 bond issued August 4, 2011, with principal due annually through 2022. Interest from 0.90% to 2.90%	\$ 1,505,000
\$4,655,000 note issued July 15, 2004, with principal due annually through 2013. Interest from 1.50% to 3.89%	1,005,000
\$783,356 note issued June 15, 2010, with principal due annually through 2020. Fixed interest at 4.25%	644,983
\$191,133 note issued January 30, 2012, with principal due annually through 2017. Fixed interest at 2.75%	<u>172,770</u>
Total outstanding general obligation debt	<u><u>\$ 3,327,753</u></u>

As of December 31, 2012, principal on all long-term obligations for the Village is due as follows:

Year ending <i>December, 31,</i>	Proprietary Fund	General Long-term Debt	Total
2013	205,000	1,110,963	1,315,963
2014	205,000	109,930	314,930
2015	125,000	114,051	239,051
2016	125,000	118,282	243,282
2017	130,000	102,186	232,186
2018-2022	<u>715,000</u>	<u>267,341</u>	<u>982,341</u>
Totals	<u><u>\$ 1,505,000</u></u>	<u><u>\$ 1,822,753</u></u>	<u><u>\$ 3,327,753</u></u>

**VILLAGE OF HOWARD, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 3. Detailed Notes on all Funds - Continued:**

As of December 31, 2012, interest on all long-term obligations for the Village is due as follows:

Year ending <i>December 31,</i>	Proprietary Fund	General Long-term Debt	Total
2013	28,185	51,035	79,220
2014	26,033	27,973	54,006
2015	24,092	23,852	47,944
2016	22,280	19,620	41,900
2017	20,045	15,125	35,170
2018-2022	50,610	23,049	73,659
Totals	<u>\$ 171,245</u>	<u>\$ 160,654</u>	<u>\$ 331,899</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$3,327,753 on December 31, 2012, are detailed below:

Year ending <i>December 31,</i>	Proprietary Fund	General Long-term Debt	Total
2013	\$ 233,185	\$ 1,161,998	\$ 1,395,183
2014	231,033	137,903	368,936
2015	149,092	137,903	286,995
2016	147,280	137,902	285,182
2017	150,045	117,311	267,356
2018-2022	765,610	290,390	1,056,000
Totals	<u>\$ 1,676,245</u>	<u>\$ 1,983,407</u>	<u>\$ 3,659,652</u>

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

**Legal Margin for New Debt**

The Village's legal margin for creation of additional general obligation debt on December 31, 2012, was \$64,345,285 as follows:

Debt limit (5% of \$1,353,393,200)	\$ 67,669,660
Deduct long-term debt applicable to the debt margin	3,327,753
Less: Amounts available for financing general obligation debt	<u>3,378</u>
Margin of indebtedness	<u>\$ 64,345,285</u>

**VILLAGE OF HOWARD, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 3. Detailed Notes on all Funds - Continued:**

**Annexation Charges**

The Village's sewer utility uses Green Bay Metropolitan Sewerage District (GBMSD) to treat its sewerage. The Village has purchased capacity in interceptors owned by GBMSD. Annual principal maturities of the outstanding annexation charge of \$224,616 on December 31, 2012, are as detailed below:

Year ending <i>December 31,</i>	Annexation charges - Proprietary Fund		
	Principal	Interest	Total
2013	\$ 72,242	\$ 8,081	\$ 80,323
2014	74,841	5,482	80,323
2015	77,533	2,790	80,323
Totals	<u>\$ 224,616</u>	<u>\$ 16,353</u>	<u>\$ 240,969</u>

**Minimum Fund Balance Policy**

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

Budgeted 2013 general fund expenditures	\$ 6,655,250
Minimum fund balance %	(x) 25%
Minimum fund balance amount	<u>\$ 1,663,813</u>

The Village's unassigned general fund balance of \$3,223,247 is above the range of the adopted minimum fund balance amount.

VILLAGE OF HOWARD, WISCONSIN

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**Note 4. Other Information:**

**Retirement Commitments**

All eligible Village employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All permanent employees hired before July 1, 2011, and expected to work over 600 hours a year (440 hours for teachers and educational support employees) or hired on or after July 1, 2011, and expected to work over 1200 hours a year (880 hours for teachers and educational support employees) are eligible to participate in the WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

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

	<u>Employee</u>	<u>Employer</u>
General (including teachers)	5.9%	5.9%
Executives & elected officials	7.05%	7.05%
Protective with Social Security	5.9%	9.9%
Protective without Social Security	5.9%	13.2%

The payroll for Village employees covered by the WRS for the year ended December 31, 2012, was \$2,176,110; the employer's total payroll was \$2,746,254. The total required contribution for the year ended December 31, 2012, was \$261,250, which consisted of \$132,859, or 50.86% of payroll from the employer and \$128,391 or 49.14% of payroll from employees. Total contributions for the years ending December 31, 2011 and 2010, were \$264,961 and \$256,440, respectively, equal to the required contributions for each year.

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

**VILLAGE OF HOWARD, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 4. Other Information - Continued:**

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

**Tax Incremental Districts**

The Village currently maintains separate special revenue and capital projects funds to account for Tax Incremental Districts (TID), which were created in prior years in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within each District was “frozen” and increment taxes resulting from increases to the property tax base were used to finance District improvements, including principal and interest on general obligation debt issued by the Village to finance such improvements. All eligible project expenditures for District No. 2 have been completed. Therefore, a special revenue fund is maintained to account for tax increment and other revenues used to finance principal and interest payments on outstanding general obligation debt applicable to the District. Districts No. 3, 4, 5 and 6 are currently implementing their construction plans and are accounted for in capital project funds.

Since creation of the above District, the Village has provided various financing sources to the TIDs and has also recorded eligible TID project costs in other funds of the Village. The foregoing amounts are not recorded as liabilities in the TID funds, but can be recovered by the Village from any future excess tax increment revenues. Detail of the amounts recoverable by the Village as of December 31, 2012, from future tax increment revenues follows:

	<u>TIF #2</u>	<u>TIF #3</u>	<u>TIF #4</u>	<u>TIF #5</u>	<u>TIF #6</u>	<u>TIF #7</u>	<u>Total</u>
Net unreimbursed project costs	<u>\$ 326,656</u>	<u>\$ 124,119</u>	<u>\$(791,482)</u>	<u>\$ 1,772,850</u>	<u>\$ 117,300</u>	<u>\$ 319,358</u>	<u>\$ 1,868,801</u>

The intent of the Village is to recover the above amount from future TID surplus funds, if any, prior to termination of the respective Districts.

**Risk Management**

The Village is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; employee health and accident claims; or acts of God. The Village retained a portion of the risks through a medical, dental and short-term disability self-insurance program for medical and dental insurance. Effective April 1, 2008, the Village purchased commercial insurance for these and other risks. The Village is still self-insured for short-term disability coverage and purchases commercial insurance for the other risks. Insurance settlements have not exceeded insurance coverage in any of the past three years nor has there been any significant reduction in insurance coverage compared to the prior year.

**VILLAGE OF HOWARD, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 4. Other Information - Continued:**

**Conduit Debt Obligations**

From time to time, the Village has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The Village, the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2012, there were no longer any Industrial Revenue Bonds outstanding as the bond holder refinanced the outstanding debt during 2011.

**Lease Agreement**

The Village is the lessor in an agreement with Coaches Corner to rent out the restaurant part of the golf course. The original lease ran through December 31, 2011 and it was agreed by both parties to extend the lease through December 31, 2014. Future lease payments expected to be received by the Village are as follows:

Year ending <i>December, 31,</i>	Amount Expected
2013	\$ 29,664
2014	30,552
Total	<u>\$ 60,216</u>

**Note 5. Prior Period Adjustment**

The effect of the Village making a prior period adjustment (see explanation below) resulted in the restatement of the water utilities net position as of January 1, 2012, as follows:

Total net position as previously reported	\$ 21,958,062
Receivable due from water authority	<u>499,290</u>
Net position as restated	<u>\$ 22,457,352</u>

The Water Utility is owed this money from the Central Brown County Water Authority (CBCWA) due to prior year refunds that were not issued to the Village. This receivable was not recorded in the prior years.

**Note 6. Subsequent Events:**

The Village has evaluated all subsequent events through April 2, 2013, the date on which the financial statements are available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

**VILLAGE OF HOWARD, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL -  
GENERAL FUND**

For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Taxes	\$ 3,467,650	\$ 3,467,650	\$ 3,507,956	\$ 40,306
Intergovernmental revenues	1,426,600	1,426,600	1,433,422	6,822
Licenses and permits	404,600	404,600	458,368	53,768
Fines, forfeitures, and penalties	183,000	183,000	207,002	24,002
Public charges for services	172,200	172,200	141,734	( 30,466)
Miscellaneous revenues	448,300	448,300	469,276	20,976
Total revenues	<u>6,102,350</u>	<u>6,102,350</u>	<u>6,217,758</u>	<u>115,408</u>
Expenditures:				
Current:				
General government	896,350	896,350	909,328	( 12,978)
Public safety	2,620,000	2,620,000	2,596,242	23,758
Public works	2,666,800	2,666,800	2,498,716	168,084
Culture, recreation, and education	428,200	428,200	360,865	67,335
Total expenditures	<u>6,611,350</u>	<u>6,611,350</u>	<u>6,365,151</u>	<u>246,199</u>
Excess of revenues over expenditures	<u>( 509,000)</u>	<u>( 509,000)</u>	<u>( 147,393)</u>	<u>361,607</u>
Other financing sources (uses):				
Net operating transfers in (out)	<u>355,000</u>	<u>355,000</u>	<u>359,576</u>	<u>4,576</u>
Net change in fund balances	( 154,000)	( 154,000)	212,183	366,183
Fund balances, beginning of year	<u>3,011,064</u>	<u>3,011,064</u>	<u>3,011,064</u>	<u>--</u>
Fund balances, end of year	<u>\$ 2,857,064</u>	<u>\$ 2,857,064</u>	<u>\$ 3,223,247</u>	<u>\$ 366,183</u>

**VILLAGE OF HOWARD, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL -  
TIF #2**

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	\$ 970,000	\$ 970,000	\$ 963,571	\$ ( 6,429)
Special assessments	--	--	1,979	1,979
Intergovernmental revenues	49,000	49,000	48,567	( 433)
Miscellaneous revenues	3,000	3,000	6,190	3,190
Total revenues	1,022,000	1,022,000	1,020,307	( 1,693)
Expenditures:				
Current:				
General government	2,000	2,000	176,037	( 174,037)
Excess of revenues over expenditures	1,020,000	1,020,000	844,270	( 175,730)
Other financing sources (uses):				
Net operating transfers in (out)	( 1,046,505)	( 1,046,505)	( 1,046,505)	--
Net change in fund balances	( 26,505)	( 26,505)	( 202,235)	( 175,730)
Fund balances, beginning of year	490,375	490,375	490,375	--
Fund balances, end of year	\$ 463,870	\$ 463,870	\$ 288,140	\$ ( 175,730)

**OTHER SUPPLEMENTAL INFORMATION**

VILLAGE OF HOWARD, WISCONSIN

COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2012

	<u>Capital Projects</u>	<u>Community Development</u>	<u>Debt Service</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,855,672	\$ 309,471	\$ 3,378	\$ 2,168,521
Taxes receivable	322,329	--	--	322,329
Special assessment receivable	122,258	--	--	122,258
Loans receivable	171,344	532,446	--	703,790
Other receivable	15,000	--	--	15,000
<b>Total assets</b>	<b><u>\$ 2,486,603</u></b>	<b><u>\$ 841,917</u></b>	<b><u>\$ 3,378</u></b>	<b><u>\$ 3,331,898</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	\$ 13,069	\$ --	\$ --	\$ 13,069
Deposits	7,113	--	--	7,113
Accrued payroll taxes and withholdings	--	1,899	--	1,899
Due to other funds	455,628	--	--	455,628
Deferred revenues	863,863	532,446	--	1,396,309
<b>Total liabilities</b>	<b>1,339,673</b>	<b>534,345</b>	<b>--</b>	<b>1,874,018</b>
Fund balances, restricted	1,757,368	307,572	3,378	2,068,318
Fund balances, unassigned	<u>( 610,438)</u>	<u>--</u>	<u>--</u>	<u>( 610,438)</u>
<b>Total fund balances</b>	<b><u>1,146,930</u></b>	<b><u>307,572</u></b>	<b><u>3,378</u></b>	<b><u>1,457,880</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 2,486,603</u></b>	<b><u>\$ 841,917</u></b>	<b><u>\$ 3,378</u></b>	<b><u>\$ 3,331,898</u></b>

VILLAGE OF HOWARD, WISCONSIN

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

For the Year Ended December 31, 2012

	<u>Capital Projects</u>	<u>Community Development</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:				
Taxes	\$ 191,458	\$ --	\$ 87,000	\$ 278,458
Intergovernmental revenues	40,709	--	--	40,709
Fines, forfeitures, and penalties	178,998	--	--	178,998
Miscellaneous	52,069	103,078	9,750	164,897
Total revenues	<u>463,234</u>	<u>103,078</u>	<u>96,750</u>	<u>663,062</u>
Expenditures:				
General government	571,292	23,692	--	594,984
Culture, recreation, and education	27,220	--	--	27,220
Debt service:				
Principal retirement	--	--	1,056,477	1,056,477
Interest charges	1,782	--	86,825	88,607
Capital outlays	31,267	--	--	31,267
Total expenditures	<u>631,561</u>	<u>23,692</u>	<u>1,143,302</u>	<u>1,798,555</u>
Excess of revenues over (under) expenditures	<u>( 168,327)</u>	<u>79,386</u>	<u>( 1,046,552)</u>	<u>( 1,135,493)</u>
Other financing sources (uses):				
Operating transfer in	--	--	1,046,505	1,046,505
Operating transfer (out)	<u>( 112,320)</u>	<u>--</u>	<u>--</u>	<u>( 112,320)</u>
Total other financing sources (uses)	<u>( 112,320)</u>	<u>--</u>	<u>1,046,505</u>	<u>934,185</u>
Net change in fund balances	<u>( 280,647)</u>	<u>79,386</u>	<u>( 47)</u>	<u>( 201,308)</u>
Fund balances, beginning of year	<u>1,427,577</u>	<u>228,186</u>	<u>3,425</u>	<u>1,659,188</u>
Fund balances, end of year	<u>\$ 1,146,930</u>	<u>\$ 307,572</u>	<u>\$ 3,378</u>	<u>\$ 1,457,880</u>

VILLAGE OF HOWARD, WISCONSIN

COMBINING BALANCE SHEET -  
NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2012

	<u>TIF #3</u>	<u>TIF #4</u>	<u>TIF #5</u>	<u>TIF #6</u>
<b>ASSETS</b>				
Cash and investments	\$ 20,347	\$ 1,484,437	\$ --	\$ --
Taxes receivable	177,191	106,787	--	38,351
Special assessments receivable	--	--	--	122,258
Loans receivable	171,344	--	--	--
Other receivable	--	--	--	--
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 368,882</u>	<u>\$ 1,591,224</u>	<u>\$ --</u>	<u>\$ 160,609</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	\$ --	\$ 10,818	\$ 26	\$ --
Deposits	7,113	--	--	--
Due to other funds	--	--	51,225	87,270
Deferred revenues	484,828	188,926	--	190,109
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	491,941	199,744	51,251	277,379
Fund balances, restricted	--	1,391,480	--	--
Fund balances, unassigned	<u>( 123,059)</u>	<u>          </u>	<u>( 51,251)</u>	<u>( 116,770)</u>
Total fund balances	<u>( 123,059)</u>	<u>1,391,480</u>	<u>( 51,251)</u>	<u>( 116,770)</u>
Total liabilities and fund balances	<u>\$ 368,882</u>	<u>\$ 1,591,224</u>	<u>\$ --</u>	<u>\$ 160,609</u>

<u>TIF #7</u>	<u>Park Development</u>	<u>Total</u>
\$ --	\$ 350,888	\$ 1,855,672
--	--	322,329
--	--	122,258
--	--	171,344
<u>--</u>	<u>15,000</u>	<u>15,000</u>
<u>\$ --</u>	<u>\$ 365,888</u>	<u>\$ 2,486,603</u>
\$ 2,225	\$ --	\$ 13,069
--	--	7,113
317,133	--	455,628
<u>--</u>	<u>--</u>	<u>863,863</u>
319,358	--	1,339,673
--	365,888	1,757,368
<u>( 319,358)</u>	<u>--</u>	<u>( 610,438)</u>
<u>( 319,358)</u>	<u>365,888</u>	<u>1,146,930</u>
<u>\$ --</u>	<u>\$ 365,888</u>	<u>\$ 2,486,603</u>

VILLAGE OF HOWARD, WISCONSIN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES -  
NONMAJOR CAPITAL PROJECT FUNDS

For the Year Ended December 31, 2012

	<u>TIF #3</u>	<u>TIF #4</u>	<u>TIF #5</u>	<u>TIF #6</u>
Revenues:				
Taxes	\$ 185,367	\$ 6,091	\$ --	\$ --
Intergovernmental revenues	4,032	31,281	4,394	1,002
Fines, forfeitures, and penalties	--	--	--	--
Miscellaneous	8,860	10,245	--	8,179
Total revenues	<u>198,259</u>	<u>47,617</u>	<u>4,394</u>	<u>9,181</u>
Expenditures:				
General government	183,600	66,850	1,334	150
Culture, recreation, and education	--	--	--	--
Interest charges	529	--	395	858
Capital outlay	--	--	--	--
Total expenditures	<u>184,129</u>	<u>66,850</u>	<u>1,729</u>	<u>1,008</u>
Excess of revenues over (under) expenditures	<u>14,130</u>	<u>( 19,233)</u>	<u>2,665</u>	<u>8,173</u>
Other financing sources (uses):				
Operating transfer out	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	14,130	( 19,233)	2,665	8,173
Fund balances, beginning of year	<u>( 137,189)</u>	<u>1,410,713</u>	<u>( 53,916)</u>	<u>( 124,943)</u>
Fund balances, end of year	<u><u>\$ ( 123,059)</u></u>	<u><u>\$ 1,391,480</u></u>	<u><u>\$ ( 51,251)</u></u>	<u><u>\$ ( 116,770)</u></u>

<u>TIF #7</u>	<u>Park Development</u>	<u>Total</u>
\$ --	\$ --	\$ 191,458
--	--	40,709
--	178,998	178,998
--	24,785	52,069
<hr/>	<hr/>	<hr/>
--	203,783	463,234
<hr/>	<hr/>	<hr/>
319,358	--	571,292
--	27,220	27,220
--	--	1,782
--	31,267	31,267
<hr/>	<hr/>	<hr/>
319,358	58,487	631,561
<hr/>	<hr/>	<hr/>
( 319,358)	145,296	( 168,327)
<hr/>	<hr/>	<hr/>
--	( 112,320)	( 112,320)
<hr/>	<hr/>	<hr/>
( 319,358)	32,976	( 280,647)
<hr/>	<hr/>	<hr/>
--	332,912	1,427,577
<hr/>	<hr/>	<hr/>
<u><u>\$ ( 319,358)</u></u>	<u><u>\$ 365,888</u></u>	<u><u>\$ 1,146,930</u></u>

**STATISTICAL SECTION**

# VILLAGE OF HOWARD, WISCONSIN

## STATISTICAL SECTION

This section of the Village of Howard's comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures and required supplementary information say about the Village's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	60-64
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	65-68
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the ability to issue additional debt in the future.	69-73
<b>Demographic and Economic Information</b> These schedule offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take	74-75
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the village's financial report relates to the services the Village provides and the activities performed. The Village of Howard implemented GASB 34 in 2004; schedules presenting government-wide information include information beginning in 2004.	76-78

### **Sources:**

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**VILLAGE OF HOWARD, WISCONSIN**

Schedule I

**NET POSITION BY COMPONENT****Last Nine Years**

For the Years Ended December 31,

(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Invested in capital assets, net of related debt	\$30,122,282	\$26,089,460	\$29,566,748	\$32,689,793
Restricted	1,309,913	1,345,029	1,062,533	1,102,782
Unrestricted	<u>6,968,999</u>	<u>8,189,793</u>	<u>8,577,881</u>	<u>8,105,930</u>
Total governmental activities net position	<u>\$38,401,194</u>	<u>\$35,624,282</u>	<u>\$39,207,162</u>	<u>\$41,898,505</u>
Business-type activities				
Invested in capital assets, net of related debt	\$28,449,048	\$43,242,500	\$44,557,792	\$46,081,375
Restricted	330,491	335,330	181,633	187,497
Unrestricted	<u>6,580,827</u>	<u>6,531,644</u>	<u>6,247,589</u>	<u>6,466,882</u>
Total business-type activities net position	<u>\$35,360,366</u>	<u>\$50,109,474</u>	<u>\$50,987,014</u>	<u>\$52,735,754</u>
Primary government				
Invested in capital assets, net of related debt	\$58,571,330	\$69,331,960	\$74,124,540	\$78,771,168
Restricted	1,640,404	1,680,359	1,244,166	1,290,279
Unrestricted	<u>13,549,826</u>	<u>14,721,437</u>	<u>14,825,470</u>	<u>14,572,812</u>
Total primary government net position	<u>\$73,761,560</u>	<u>\$85,733,756</u>	<u>\$90,194,176</u>	<u>\$94,634,259</u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$36,072,726	\$ 38,547,937	\$ 39,295,183	\$ 39,379,378	\$ 40,236,590
1,048,315	1,030,191	1,031,182	1,030,917	843,396
<u>6,939,437</u>	<u>6,176,674</u>	<u>7,664,024</u>	<u>8,360,853</u>	<u>8,188,056</u>
<u>\$44,060,478</u>	<u>\$ 45,754,802</u>	<u>\$ 47,990,389</u>	<u>\$ 48,771,148</u>	<u>\$ 49,268,042</u>
\$47,478,515	\$ 47,783,439	\$ 50,272,132	\$ 51,899,574	\$ 52,124,207
197,693	205,813	214,282	--	--
<u>7,263,405</u>	<u>7,474,881</u>	<u>6,907,724</u>	<u>6,415,690</u>	<u>8,063,971</u>
<u>\$54,939,613</u>	<u>\$ 55,464,133</u>	<u>\$ 57,394,138</u>	<u>\$ 58,315,264</u>	<u>\$ 60,188,178</u>
\$83,551,241	\$ 86,331,376	\$ 89,567,315	\$ 91,278,952	\$ 92,360,797
1,246,008	1,236,004	1,245,464	1,030,917	843,396
<u>14,202,842</u>	<u>13,651,555</u>	<u>14,571,748</u>	<u>14,776,543</u>	<u>16,252,027</u>
<u>\$99,000,091</u>	<u>\$101,218,935</u>	<u>\$105,384,527</u>	<u>\$107,086,412</u>	<u>\$109,456,220</u>

**VILLAGE OF HOWARD, WISCONSIN**

Schedule 2

**CHANGES IN NET POSITION**

**Last Nine Years**

For the Years Ended December 31,  
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 1,046,829	\$ 893,385	\$ 1,484,829	\$ 1,133,800
Public safety	2,309,387	1,949,738	2,364,338	2,203,515
Public works	3,474,702	2,568,577	3,369,035	5,171,780
Community development	585,002	766,354	739,542	1,002,733
Interest on debt	477,955	421,889	376,902	336,586
Total governmental activities expenses	<u>7,893,875</u>	<u>6,599,943</u>	<u>8,334,646</u>	<u>9,848,414</u>
Business-type activities:				
Water	1,290,574	1,946,028	2,847,297	4,219,635
Sewer	1,562,590	1,784,350	1,689,174	2,289,764
Stormwater	-	512,541	580,053	585,645
Golf course	462,112	498,257	532,348	559,684
Total business-type activities expenses	<u>3,315,276</u>	<u>4,741,176</u>	<u>5,648,872</u>	<u>7,654,728</u>
Total primary government expenses	<u>\$11,209,151</u>	<u>\$11,341,119</u>	<u>\$13,983,518</u>	<u>\$17,503,142</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Fines and forfeitures	\$ 170,819	\$ 150,312	\$ 136,832	\$ 130,258
Building, zoning permits and fees	144,990	107,749	103,681	119,737
Recreation program fees and rentals	74,321	88,562	88,760	122,179
All other charges for services	70,867	97,678	62,291	85,596
Operating grants and contributions	1,096,193	1,177,918	1,147,803	1,114,195
Capital grants and contributions	4,139,001	4,360,910	2,129,762	1,035,452
Total governmental activities program revenue	<u>5,696,191</u>	<u>5,983,129</u>	<u>3,669,129</u>	<u>2,607,417</u>
Business-type activities:				
Charges for service				
Water	1,753,859	2,464,971	3,216,781	4,609,760
Sewer	1,729,232	1,944,082	1,917,606	2,576,564
Stormwater	-	585,348	538,509	552,400
Golf course	591,970	611,301	637,020	671,646
Capital grants and contributions	1,701,045	4,703,805	154,601	1,105,529
Total business-type activities program revenue	<u>5,776,106</u>	<u>10,309,507</u>	<u>6,464,517</u>	<u>9,515,899</u>
Total primary government program revenues	<u>\$11,472,297</u>	<u>\$16,292,636</u>	<u>\$10,133,646</u>	<u>\$12,123,316</u>

(Continued on next page.)

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 1,382,707	\$ 1,257,626	\$ 1,955,969	\$ 1,124,592	\$ 1,759,784
2,665,384	2,434,628	2,611,273	2,763,614	2,737,135
3,696,044	3,931,735	3,611,093	4,668,221	4,088,893
668,293	678,144	637,115	557,703	388,085
258,309	213,497	156,774	141,098	126,183
<u>8,670,737</u>	<u>8,515,630</u>	<u>8,972,224</u>	<u>9,255,228</u>	<u>9,100,080</u>
3,589,368	3,759,595	3,667,703	4,366,218	4,208,177
1,663,577	1,875,683	1,826,843	1,980,817	2,560,198
585,968	605,647	520,419	624,334	701,941
562,453	573,130	582,341	400,607	308,427
<u>6,401,366</u>	<u>6,814,055</u>	<u>6,597,306</u>	<u>7,371,976</u>	<u>7,778,743</u>
<u>\$15,072,103</u>	<u>\$15,329,685</u>	<u>\$15,569,530</u>	<u>\$16,627,204</u>	<u>\$16,878,823</u>
\$ 170,649	\$ 168,453	\$ 189,839	\$ 206,137	\$ 215,379
115,575	69,466	112,117	136,324	187,625
118,883	112,782	98,143	90,127	66,255
118,002	123,033	630,056	210,139	435,273
1,114,661	1,074,270	1,016,966	1,285,261	912,692
734,144	677,618	1,360,473	333,619	5,355
<u>2,371,914</u>	<u>2,225,622</u>	<u>3,407,594</u>	<u>2,261,607</u>	<u>1,822,579</u>
4,811,779	4,358,953	4,242,799	4,489,964	5,001,339
2,155,709	1,856,272	1,939,995	2,106,016	2,426,658
707,103	707,817	699,105	707,948	748,796
643,632	631,401	598,526	462,386	340,576
523,537	33,367	1,253,258	884,646	1,000,404
<u>8,841,760</u>	<u>7,587,810</u>	<u>8,733,683</u>	<u>8,650,960</u>	<u>9,517,773</u>
<u>\$11,213,674</u>	<u>\$ 9,813,432</u>	<u>\$12,141,277</u>	<u>\$10,912,567</u>	<u>\$11,340,352</u>

**VILLAGE OF HOWARD, WISCONSIN**

**CHANGES IN NET POSITION - CONTINUED**

**Last Nine Years**

For the Years Ended December 31,  
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Expenses (from previous page)</b>				
Governmental activities	\$ 7,893,875	\$ 6,599,943	\$ 8,334,646	\$ 9,848,414
Business-type activities	3,315,276	4,741,176	5,648,872	7,654,728
Total primary government expenses	<u>11,209,151</u>	<u>11,341,119</u>	<u>13,983,518</u>	<u>17,503,142</u>
<b>Program Revenues (from previous page)</b>				
Governmental activities	5,696,191	5,983,129	3,669,129	2,607,417
Business-type activities	5,776,106	10,309,507	6,464,517	9,515,899
Total primary government program revenues	<u>11,472,297</u>	<u>16,292,636</u>	<u>10,133,646</u>	<u>12,123,316</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	( 2,197,684)	( 616,814)	( 4,665,517)	( 7,240,997)
Business-type activities	2,460,830	5,568,331	815,645	1,861,171
<b>Total primary government net revenue</b>	<u>263,146</u>	<u>4,951,517</u>	<u>( 3,849,872)</u>	<u>( 5,379,826)</u>
 <b>General Revenue and Other Changes in Net Position</b>				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	3,544,682	3,378,772	3,574,643	3,695,810
Property taxes, levied for debt services	1,672,076	1,633,422	1,627,758	1,668,907
Other taxes	16,828	11,844	30,955	10,895
Unrestricted grants and contributions	1,064,116	1,054,915	1,014,373	992,194
Interest and investment earnings	145,060	372,137	608,616	736,012
Miscellaneous	387,034	393,019	1,189,306	2,319,213
Gain (loss) on sale of asset(s)	92,852	( 12,747)	--	150,211
Transfers in (out)	330,621	( 9,004,205)	182,002	359,098
Total governmental activities	<u>7,253,269</u>	<u>( 2,172,843)</u>	<u>8,227,653</u>	<u>9,932,340</u>
Business-type activities				
Interest and investment earnings	86,566	176,570	243,897	246,667
Miscellaneous	--	--	--	--
Transfers in (out)	( 330,621)	9,004,205	( 182,002)	( 359,098)
Total business-type activities	<u>( 244,055)</u>	<u>9,180,775</u>	<u>61,895</u>	<u>( 112,431)</u>
Total primary government	<u>7,009,214</u>	<u>7,007,932</u>	<u>8,289,548</u>	<u>9,819,909</u>
 <b>Changes in Net Position</b>				
Governmental activities	5,055,585	( 2,789,657)	3,562,136	2,691,343
Business-type activities	2,216,775	14,749,106	877,540	1,748,740
Total primary government	<u>\$ 7,272,360</u>	<u>\$11,959,449</u>	<u>\$ 4,439,676</u>	<u>\$ 4,440,083</u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 8,670,737	\$ 8,515,630	\$ 8,972,224	\$ 9,255,228	\$ 9,100,080
6,401,366	6,814,055	6,597,306	7,371,976	7,778,743
<u>15,072,103</u>	<u>15,329,685</u>	<u>15,569,530</u>	<u>16,627,204</u>	<u>16,878,823</u>
2,371,914	2,225,622	3,407,594	2,261,607	1,822,579
8,841,760	7,587,810	8,733,683	8,650,960	9,517,773
<u>11,213,674</u>	<u>9,813,432</u>	<u>12,141,277</u>	<u>10,912,567</u>	<u>11,340,352</u>
( 6,298,823)	( 6,290,008)	( 5,564,630)	( 6,993,621)	( 7,277,501)
2,440,394	773,755	2,136,377	1,278,984	1,739,030
<u>( 3,858,429)</u>	<u>( 5,516,253)</u>	<u>( 3,428,253)</u>	<u>( 5,714,637)</u>	<u>( 5,538,471)</u>
3,935,655	3,975,443	4,327,214	4,303,755	4,461,054
1,803,389	1,916,031	1,630,277	1,319,865	1,208,880
13,719	11,572	9,960	11,420	10,473
950,182	913,973	815,699	816,472	653,480
361,603	225,683	92,501	97,812	74,654
823,499	542,978	665,020	805,496	946,278
194,290	18,311	1,413	2,200	--
378,459	380,341	258,133	417,360	419,576
<u>8,460,796</u>	<u>7,984,332</u>	<u>7,800,217</u>	<u>7,774,380</u>	<u>7,774,395</u>
141,924	130,606	51,261	59,502	54,170
--	500	500	--	--
( 378,459)	( 380,341)	( 258,133)	( 417,360)	( 419,576)
<u>( 236,535)</u>	<u>( 249,235)</u>	<u>( 206,372)</u>	<u>( 357,858)</u>	<u>( 365,406)</u>
<u>8,224,261</u>	<u>7,735,097</u>	<u>7,593,845</u>	<u>7,416,522</u>	<u>7,408,989</u>
2,161,973	1,694,324	2,235,587	780,759	496,894
2,203,859	524,520	1,930,005	921,126	1,373,624
<u>\$ 4,365,832</u>	<u>\$ 2,218,844</u>	<u>\$ 4,165,592</u>	<u>\$ 1,701,885</u>	<u>\$ 1,870,518</u>

VILLAGE OF HOWARD, WISCONSIN

Schedule 3

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

For the Years Ended December 31  
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007
General Fund					
Unreserved:					
Designated	\$ 1,397,580	\$ 1,351,000	\$ 1,337,500	\$ 1,729,965	\$ 1,879,000
Undesignated	804,926	995,245	1,650,622	1,350,346	413,299
Unassigned	--	--	--	--	--
Total general fund	<u>\$ 2,202,506</u>	<u>\$ 2,346,245</u>	<u>\$ 2,988,122</u>	<u>\$ 3,080,311</u>	<u>\$ 2,292,299</u>
All Other Governmental Funds					
Reserved	\$ 45,727	\$ 369,834	\$ 612,481	\$ 828,769	\$ 1,975,988
Unreserved, reported in:					
Special revenue funds	594,076	578,573	541,699	620,341	777,742
Capital projects funds	3,681,215	2,986,466	3,447,927	3,791,869	2,619,157
Restricted	--	--	--	--	--
Assigned	--	--	--	--	--
Unassigned	--	--	--	--	--
Total all other governmental funds	<u>\$ 4,321,018</u>	<u>\$ 3,934,873</u>	<u>\$ 4,602,107</u>	<u>\$ 5,240,979</u>	<u>\$ 5,372,887</u>

Note:

For this Schedule and Schedule 4, Governmental Funds include the General Fund, Special Revenue, Debt Service and Capital Project Funds.

For 2010 and prior, the amounts were not restated for the new categories of fund balance from GASB Statement 54.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 2,292,299	\$ 2,499,687	\$ 2,666,400	\$ --	\$ --
294,874	143,252	58,507	--	--
--	--	--	3,011,064	3,223,247
<u>\$ 2,587,173</u>	<u>\$ 2,642,939</u>	<u>\$ 2,724,907</u>	<u>\$ 3,011,064</u>	<u>\$ 3,223,247</u>
\$ 2,257,544	\$ 1,419,890	\$ 1,584,183	\$ --	\$ --
644,302	562,307	394,514	--	--
678,437	849,259	2,054,733	--	--
--	--	--	2,465,611	2,356,458
--	--	--	2,430,505	2,390,904
--	--	--	( 316,048)	( 610,438)
<u>\$ 3,580,283</u>	<u>\$ 2,831,456</u>	<u>\$ 4,033,430</u>	<u>\$ 4,580,068</u>	<u>\$ 4,136,924</u>

## VILLAGE OF HOWARD, WISCONSIN

Schedule 4

### CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

#### Last Ten Fiscal Years

For the Years Ended December 31,  
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007
<b>Revenues</b>					
Taxes	\$ 5,257,317	\$ 5,237,053	\$ 5,025,279	\$ 5,234,353	\$ 5,376,556
Special assessments	597,661	412,250	601,655	305,560	200,246
Intergovernmental	2,382,519	2,425,046	2,403,833	2,849,702	2,247,176
Charges for services	1,777,270	3,618,873	3,929,955	1,386,126	423,239
Licenses and permits	497,857	296,155	280,691	346,973	130,820
Fines and forfeits	166,560	179,694	162,373	137,347	454,209
Miscellaneous	977,755	803,487	775,045	1,813,881	3,217,383
Total revenues	<u>11,656,939</u>	<u>12,972,558</u>	<u>13,178,831</u>	<u>12,073,942</u>	<u>12,049,629</u>
<b>Expenditures</b>					
General administration	935,845	972,531	1,061,813	1,574,379	1,067,230
Public safety	2,045,682	2,145,383	1,807,444	2,224,392	2,376,424
Public works	1,564,419	1,639,911	1,457,571	1,571,756	1,686,253
Culture and recreation	572,062	588,039	607,122	669,589	754,140
Community development	--	--	--	--	--
Economic development	--	84,173	--	--	--
Debt service					
Principal	1,270,812	1,205,000	1,305,000	1,405,000	2,175,000
Interest	591,727	533,556	392,405	350,348	310,902
Capital outlay	4,630,515	5,030,653	5,587,007	3,642,719	4,694,882
Total expenditures	<u>11,611,062</u>	<u>12,199,246</u>	<u>12,218,362</u>	<u>11,438,183</u>	<u>13,064,831</u>
Excess of revenues over (under) expenditures	45,877	773,312	960,469	635,759	(1,015,202)
<b>Other Financing</b>					
<b>Sources (Uses)</b>					
Transfers in	1,422,425	1,671,607	1,789,008	1,750,645	3,375,454
Transfers out	(1,462,425)	(1,340,986)	(1,441,265)	(1,668,643)	(3,016,356)
Long-term debt issued	1,425,000	4,655,000	--	--	--
Payment to escrow agent on refunded debt	(1,423,934)	(4,592,906)	--	--	--
Total other financing sources (uses)	<u>( 38,934)</u>	<u>392,715</u>	<u>347,743</u>	<u>82,002</u>	<u>359,098</u>
Net change in fund balances	<u>\$ 6,943</u>	<u>\$ 1,166,027</u>	<u>\$ 1,308,212</u>	<u>\$ 717,761</u>	<u>\$ ( 656,104)</u>
Debt service as a percentage of noncapital expenditures	26.7%	24.3%	24.3%	22.0%	23.0%

2008	2009	2010	2011	2012
\$ 5,753,866	\$ 5,904,554	\$ 5,973,824	\$ 5,638,858	\$ 5,680,407
195,683	205,564	84,813	140,071	65,833
2,312,599	2,055,161	2,181,586	2,101,798	1,566,107
352,178	712,196	573,641	288,503	336,541
163,985	327,257	190,309	477,208	458,368
436,473	169,110	755,484	206,137	386,000
1,480,121	693,684	768,522	830,689	840,323
<u>10,694,905</u>	<u>10,067,526</u>	<u>10,528,179</u>	<u>9,683,264</u>	<u>9,333,579</u>
1,325,974	1,104,825	1,398,099	1,688,428	1,709,163
2,419,062	2,285,910	2,487,415	2,720,579	2,597,208
1,767,351	2,757,068	3,162,767	2,995,766	3,596,790
687,693	--	--	--	--
--	604,738	555,659	504,032	388,085
--	--	--	--	--
1,205,000	2,420,000	620,000	811,896	1,056,477
254,377	209,206	113,661	114,212	109,160
4,889,838	1,759,181	2,086,840	768,168	718,366
<u>12,549,295</u>	<u>11,140,928</u>	<u>10,424,441</u>	<u>9,603,081</u>	<u>10,175,249</u>
( 1,854,390)	( 1,073,402)	103,738	80,183	( 841,670)
1,421,421	3,942,521	1,868,108	1,580,382	1,578,401
( 1,042,962)	( 3,562,180)	( 1,471,260)	( 827,770)	( 1,158,825)
--	--	783,356	--	191,133
--	--	--	--	--
<u>378,459</u>	<u>380,341</u>	<u>1,180,204</u>	<u>752,612</u>	<u>610,709</u>
<u>\$ ( 1,475,931)</u>	<u>\$ ( 693,061)</u>	<u>\$ 1,283,942</u>	<u>\$ 832,795</u>	<u>\$ ( 230,961)</u>
16.4%	28.0%	8.8%	10.5%	12.3%

VILLAGE OF HOWARD, WISCONSIN

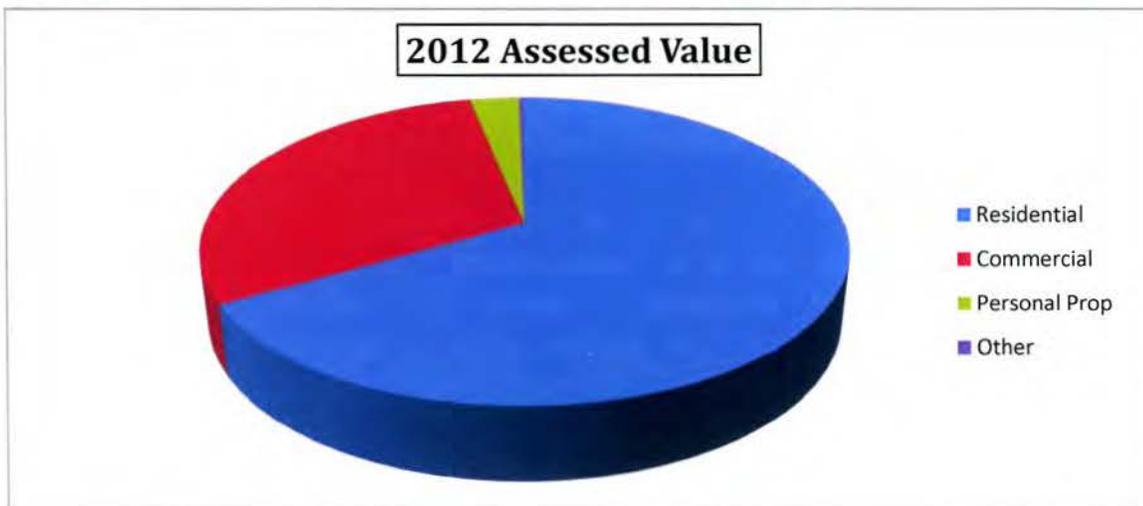
Schedule 5

ASSESSED AND EQUALIZED VALUATIONS OF TAXABLE PROPERTY  
Last Ten Fiscal Years

Year	Assessed Valuations				Total Assessed Valuation	Total Equalized Valuation	Ratio-Total Assessed to Equalized Valuations	Total Direct Tax Rate
	Residential	Commercial and Manufacturing	Personal Property	All Other Classes				
2003	\$ 619,333,100	\$ 274,055,800	\$ 43,537,700	\$ 3,787,300	\$ 940,713,900	\$1,009,916,900	93.15%	\$4.20
2004	\$ 737,372,600	\$ 303,657,100	\$ 41,847,200	\$ 3,725,700	\$1,086,602,600	\$1,079,209,100	100.69%	\$4.32
2005	\$ 773,102,700	\$ 316,303,700	\$ 44,175,400	\$ 3,306,600	\$1,136,888,400	\$1,181,043,700	96.26%	\$4.33
2006	\$ 811,585,400	\$ 324,019,500	\$ 41,931,860	\$ 3,594,900	\$1,181,131,660	\$1,296,020,200	91.14%	\$3.69
2007	\$ 909,967,300	\$ 383,073,900	\$ 42,915,300	\$ 3,918,600	\$1,339,875,100	\$1,341,938,500	99.85%	\$3.67
2008	\$ 930,259,500	\$ 384,647,100	\$ 43,980,000	\$ 3,814,100	\$1,362,700,700	\$1,395,675,400	97.64%	\$3.32
2009	\$ 944,927,100	\$ 389,817,000	\$ 44,554,800	\$ 3,926,000	\$1,383,224,900	\$1,412,174,200	97.95%	\$3.31
2010	\$ 953,575,800	\$ 393,753,600	\$ 40,846,900	\$ 3,947,300	\$1,392,123,600	\$1,381,526,100	100.77%	\$3.32
2011	\$ 966,964,900	\$ 406,284,300	\$ 38,008,600	\$ 3,775,600	\$1,415,033,400	\$1,341,434,800	105.49%	\$3.31
2012	\$ 976,030,500	\$ 440,367,200	\$ 43,023,800	\$ 3,747,700	\$1,463,169,200	\$1,353,393,200	108.11%	\$3.31

Note: The 2007 and 2004 assessed valuations reflect the changes made due to reassessments (market adjustment type) in those years. The Total Direct Tax Rate are per \$1,000 of assessed value. Assessed and equalized values were as of January 1 of the year listed. The tax rate represents the tax rate for property taxes due and payable in the calendar year listed.

Source: Equalized Valuations were derived from Wisconsin Department of Revenue.



VILLAGE OF HOWARD, WISCONSIN

Schedule 6

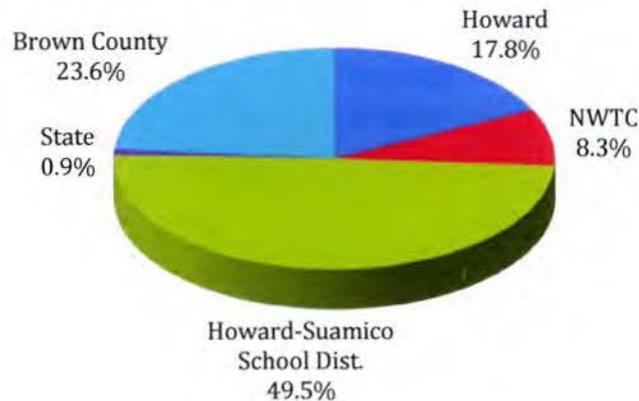
PROPERTY TAX RATES - DIRECT AND OVERLYING GOVERNMENTS  
Last Ten Fiscal Years

Fiscal Year/ Tax Roll Year	Village of Howard				Overlapping Rates							
	Basic Rate	General Obligation Debt Rate	Total Rate	Percent of Total Tax Bill	Howard-Suamico School District		Northeast Wisconsin Vocational Technical College District		Brown County		State of Wisconsin	
					Rate	Percent	Rate	Percent	Rate	Percent	Rate	Percent
2002/2001	\$ 3.97	\$ 0.39	\$ 4.36	19.2%	\$ 10.72	47.2%	\$ 1.52	6.7%	\$ 5.88	25.9%	\$ 0.22	1.0%
2003/2002	\$ 3.97	\$ 0.39	\$ 4.36	21.0%	\$ 9.31	44.9%	\$ 1.60	7.7%	\$ 5.26	25.4%	\$ 0.20	1.0%
2004/2003	\$ 3.98	\$ 0.36	\$ 4.34	20.5%	\$ 9.26	43.8%	\$ 1.69	8.0%	\$ 5.64	26.7%	\$ 0.21	1.0%
2005/2004	\$ 3.32	\$ 0.37	\$ 3.69	17.6%	\$ 9.89	47.1%	\$ 1.68	8.0%	\$ 5.54	26.4%	\$ 0.21	1.0%
2006/2005	\$ 3.32	\$ 0.37	\$ 3.69	19.5%	\$ 8.73	46.1%	\$ 1.52	8.0%	\$ 4.82	25.4%	\$ 0.19	1.0%
2007/2006	\$ 3.32	\$ 0.35	\$ 3.67	19.1%	\$ 8.78	45.7%	\$ 1.61	8.4%	\$ 4.98	25.9%	\$ 0.19	1.0%
2008/2007	\$ 3.07	\$ 0.25	\$ 3.32	18.3%	\$ 8.50	46.9%	\$ 1.47	8.1%	\$ 4.67	25.8%	\$ 0.17	0.9%
2009/2008	\$ 3.07	\$ 0.24	\$ 3.31	18.1%	\$ 8.50	46.5%	\$ 1.52	8.3%	\$ 4.79	26.2%	\$ 0.17	0.9%
2010/2009	\$ 3.31	\$ -	\$ 3.31	17.8%	\$ 8.79	47.2%	\$ 1.57	8.4%	\$ 4.77	25.6%	\$ 0.17	0.9%
2011/2010	\$ 3.25	\$ 0.06	\$ 3.31	17.6%	\$ 9.08	48.3%	\$ 1.60	8.5%	\$ 4.62	24.6%	\$ 0.17	0.9%
2012/2011	\$ 3.25	\$ 0.06	\$ 3.31	17.8%	\$ 9.22	49.5%	\$ 1.54	8.3%	\$ 4.40	23.6%	\$ 0.16	0.9%

The rates stated above are per thousand dollar of assessed valuation. The effect of rounding may result in different calculated amounts. Reassessments (market adjustment type) generally have been performed once every three years and has the effect of lowering the tax rates for each jurisdiction. Reassessments were performed in 2004 and 2007 tax roll years.

In 2007, the State of Wisconsin passed legislature that would limit a municipality's tax levy increases in the years 2008 and 2007. In 2009 and 2011, a similar state bill was passed that continued the limits for 2009 through 2012. Generally, the limit would allow growth in the tax levy only to the extent there was growth in the municipal total assessed value thereby not allowing the tax rate to increase. Howard's levy limit in 2012 was 1.41%. Prior to the 2006 budget, there were no limits on increases in the tax levy. The levy limit excludes tax levy increases for debt payments.

2012/2011 Tax Rates Per Thousand Percentages of Property Tax Bill



VILLAGE OF HOWARD, WISCONSIN

Schedule 7

TEN LARGEST TAXPAYERS  
Current Year and Nine Years Ago

Taxpayer / Ownership	2012 Assessed Valuation	Rank	Percentage of Total Assessments	2003 Assessed Valuation	Rank	Percentage of Total Assessments
United Healthcare <i>Insurance company</i>	\$ 38,812,100	1	2.65%	\$ 46,040,500	1	4.89%
Woodman's Food Market <i>Groceries</i>	\$ 14,688,000	2	1.00%	\$ 17,274,600	2	1.84%
Elana LLC <i>Apartment complex</i>	\$ 13,822,700	3	0.94%	\$ 12,831,700	3	1.36%
Menard Inc. <i>Retail outlet</i>	\$ 11,184,400	4	0.76%	--	--	--
Omnova Solutions <i>Manufacturing</i>	\$ 10,378,000	5	0.71%	\$ 8,873,700	4	0.94%
Mills Property, Inc. <i>Retail outlet</i>	\$ 9,659,400	6	0.66%	\$ 5,841,700	7	0.62%
Hattiesburg Paper (formerly GDC) <i>Warehousing</i>	\$ 8,851,800	7	0.60%	\$ 7,253,700	5	0.77%
Comfort Suites & Rock Gardens <i>Hotel/restaurant</i>	\$ 7,708,900	8	0.53%	\$ 5,035,000	10	0.54%
Watermolen - Sole Proprietor <i>Apartment buildings</i>	\$ 7,489,500	9	0.51%	--	--	--
CCAPTS LLC <i>Apartments</i>	\$ 7,338,600	10	0.50%	--	--	--
Sanimax AMX LLC (formerly M-K) <i>Manufacturing</i>	--	--	--	\$ 5,415,900	9	0.58%
EKA Chemical <i>Manufacturing</i>	--	--	--	\$ 6,912,000	8	0.73%
B&D Warehousing <i>Warehousing</i>	--	--	--	\$ 5,221,300	9	0.56%
Total	<u>\$ 129,933,400</u>		<u>8.88%</u>	<u>\$ 120,700,100</u>		<u>12.83%</u>

Notes: Omnova Solutions is a manufacturing facility that has always been assessed by the State of Wisconsin. During 2004, Omnova appealed the assessed valuation on their property and were granted a reduction of about \$4 million in a lower valuation.

Sanimax AMS LLC, EKA Chemical and B&D Warehousing are still operating in Howard with substantial valuations. None have a large enough value to be placed into the Top 10 list for 2012.

Watermolen was operating in 2003 with substantial valuation but was not in the top 10 list. CCAPTS LLC is a apartment complex in Howard beginning operations in 2011; their value should increase in 2013 with construction currently underway for more buildings.

VILLAGE OF HOWARD, WISCONSIN

Schedule 8

PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years

Fiscal Year/ Tax Roll	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collection In Subsequent Years	Total Collection to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002/2001	\$ 17,153,189	\$ 17,148,046	99.97%	4,729	\$ 17,152,775	100.00%
2003/2002	\$ 18,759,353	\$ 18,754,159	99.97%	4,009	\$ 18,758,168	99.99%
2004/2003	\$ 20,376,912	\$ 20,353,177	99.88%	21,410	\$ 20,374,587	99.99%
2005/2004	\$ 20,579,903	\$ 20,577,578	99.99%	1,873	\$ 20,579,451	100.00%
2006/2005	\$ 21,602,313	\$ 21,584,509	99.92%	2,658	\$ 21,587,167	99.93%
2007/2006	\$ 22,707,706	\$ 22,689,902	99.92%	1,329	\$ 22,691,231	99.93%
2008/2007	\$ 24,177,750	\$ 24,143,787	99.86%	30,310	\$ 24,174,097	99.98%
2009/2008	\$ 24,928,799	\$ 24,900,573	99.89%	1,058	24,901,631	99.89%
2010/2009	\$ 25,736,128	\$ 25,704,313	99.88%	4,138	25,708,451	99.89%
2011/2010	\$ 26,141,298	\$ 26,109,483	99.88%	4,396	26,113,879	99.90%
2012/2011	\$ 26,380,386	\$ 26,362,092	99.93%	N/A	N/A	N/A

Note: In August of each year, the Village settles with the County Treasurer for 100% of all real property taxes; afterward, only unpaid personal property taxes remain the responsibility of the Village for collections.

VILLAGE OF HOWARD, WISCONSIN

Schedule 9

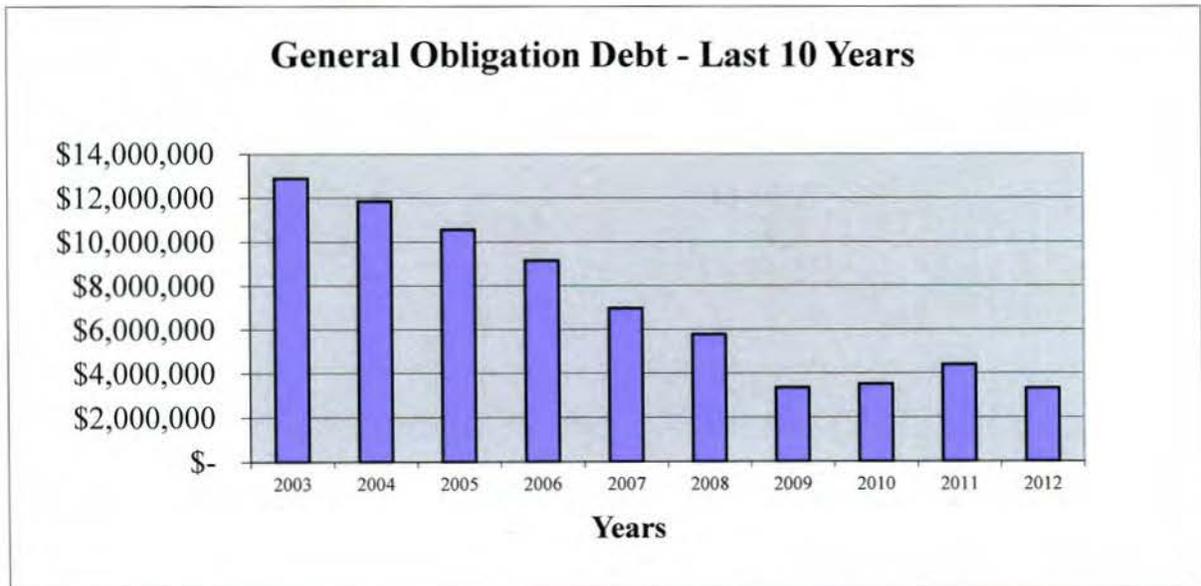
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Years**

Year	(1)	(2)					(1 + 2)		
	Governmental Activities	Business-Type Activities					Total Primary Government Debt	Ratio to Total Assessed Value	Per Capita
Outstanding General Obligation Debt	Water and Sewer Revenue Bonds	Other Sewer Fund Debt	Total Water and Sewer Debt	Average Number of Customers	Ratio of Revenue Bonds to Average No. Customers	**			
2003	\$ 12,890,000	\$ 5,560,000	\$ 843,868	\$ 6,403,868	4,888	\$ 1,310.12	\$ 19,293,868	1.44%	\$ 1,290.82
2004	\$ 11,865,000	\$ 5,190,000	\$ 782,297	\$ 5,972,297	5,129	\$ 1,164.42	\$ 17,837,297	1.33%	\$ 1,172.89
2005	\$ 10,560,000	\$ 4,810,000	\$ 718,829	\$ 5,528,829	5,367	\$ 1,030.15	\$ 16,088,829	1.20%	\$ 1,039.67
2006	\$ 9,155,000	\$ 4,410,000	\$ 653,405	\$ 5,063,405	5,481	\$ 923.81	\$ 14,218,405	1.06%	\$ 898.19
2007	\$ 6,980,000	\$ 4,005,000	\$ 585,952	\$ 4,590,952	5,612	\$ 818.06	\$ 11,570,952	0.86%	\$ 730.95
2008	\$ 5,775,000	\$ 3,575,000	\$ 516,396	\$ 4,091,396	5,721	\$ 715.15	\$ 9,866,396	0.72%	\$ 618.00
2009	\$ 3,355,000	\$ 3,125,000	\$ 444,661	\$ 3,569,661	5,885	\$ 606.57	\$ 6,924,661	0.50%	\$ 429.84
2010	\$ 3,518,356	\$ 2,660,000	\$ 370,677	\$ 3,030,677	5,944	\$ 509.87	\$ 6,549,033	0.47%	\$ 376.40
2011	\$ 4,401,460	\$ -	\$ 294,349	\$ 294,349	5,992	\$ 49.12	\$ 4,695,809	0.33%	\$ 264.88
2012	\$ 3,327,753	\$ -	\$ 224,616	\$ 224,616	6,046	\$ 37.15	\$ 3,552,369	0.24%	\$ 195.55

\*\*\* 2011 G.O. debt includes \$1,965,000 of water utility G.O. debt because revenue bonds were refinanced as G.O. bonds in 2011.

\*\* See Schedule 5 for total assessed value.

\* See Schedule 14 for population data.



VILLAGE OF HOWARD, WISCONSIN

Schedule 10

**RATIO OF NET GENERAL OBLIGATION DEBT TO ASSESSED VALUE AND  
NET GENERAL OBLIGATION DEBT PER CAPITA  
Last Ten Fiscal Years**

Fiscal Year	Total General Obligation Debt	Less: Sinking Fund	Net General Obligation Debt	Ratio to Assessed Value **	Net General Obligation Debt Per Capita *
2003	\$ 12,890,000	\$ 45,727	\$ 12,844,273	1.37%	\$ 859.32
2004	\$ 11,865,000	\$ 57,021	\$ 11,807,979	1.09%	\$ 776.43
2005	\$ 10,560,000	\$ 77,918	\$ 10,482,082	0.92%	\$ 677.36
2006	\$ 9,155,000	\$ 87,953	\$ 9,067,047	0.77%	\$ 575.50
2007	\$ 6,980,000	\$ 105,714	\$ 6,874,286	0.50%	\$ 434.26
2008	\$ 5,775,000	\$ 35,781	\$ 5,739,219	0.42%	\$ 362.55
2009	\$ 3,355,000	\$ 10,421	\$ 3,344,579	0.24%	\$ 207.61
2010	\$ 3,518,356	\$ 10,472	\$ 3,507,884	0.25%	\$ 201.61
2011	\$ 3,355,000	\$ 3,425	\$ 3,351,575	0.24%	\$ 189.06
2012	\$ 3,327,753	\$ 3,378	\$ 3,324,375	0.23%	\$ 183.00

\* See Schedule 14 for population information.

\*\* See Schedule 5 for assessed values.

Source: Population was derived from the Wisconsin Department of Administration estimates, except for the 2010 population that was derived from the U.S. census.

VILLAGE OF HOWARD, WISCONSIN

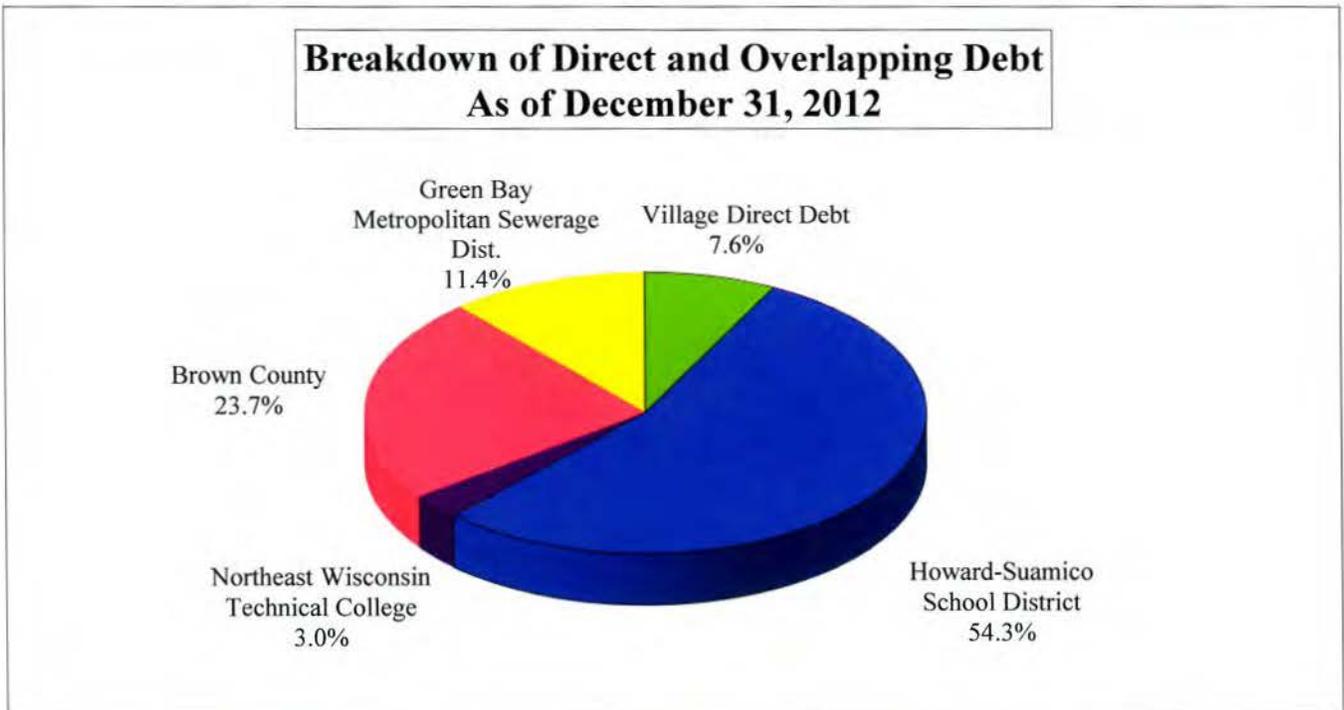
Schedule 11

COMPUTATION OF DIRECT AND OVERLAPPING DEBT AND RATIO TO ASSESSED VALUE AND PER CAPITA DEBT

December 31, 2012

	Total Net Debt	Village Share		Ratio to Assessed Value
		Percentage	Amount	
<b>Direct Debt:</b>				
General Obligation Debt	\$ 3,324,375	100.00%	\$ 3,324,375	0.23%
<b>Overlapping Debt:</b>				
Howard-Suamico School District	41,158,485	57.84%	23,806,068	1.63%
Northeast Wisconsin Technical College	36,195,000	3.580%	1,295,781	0.09%
Brown County	141,010,852	7.37%	10,392,500	0.71%
Green Bay Metropolitan Sewerage Dist.	61,769,157	8.09%	4,997,125	0.34%
Total Overlapping Debt			<u>40,491,474</u>	
Total Direct and Overlapping Debt			<u>\$ 43,815,849</u>	

Source: Obtained data for overlapping debt from the related entity's financial department. The Village share percentage was obtained from each jurisdictions tax levy reports as allocated by equalized valuations, except for the Green Bay Metropolitan Sewerage District percentage was obtained from them.



VILLAGE OF HOWARD, WISCONSIN

Schedule 12

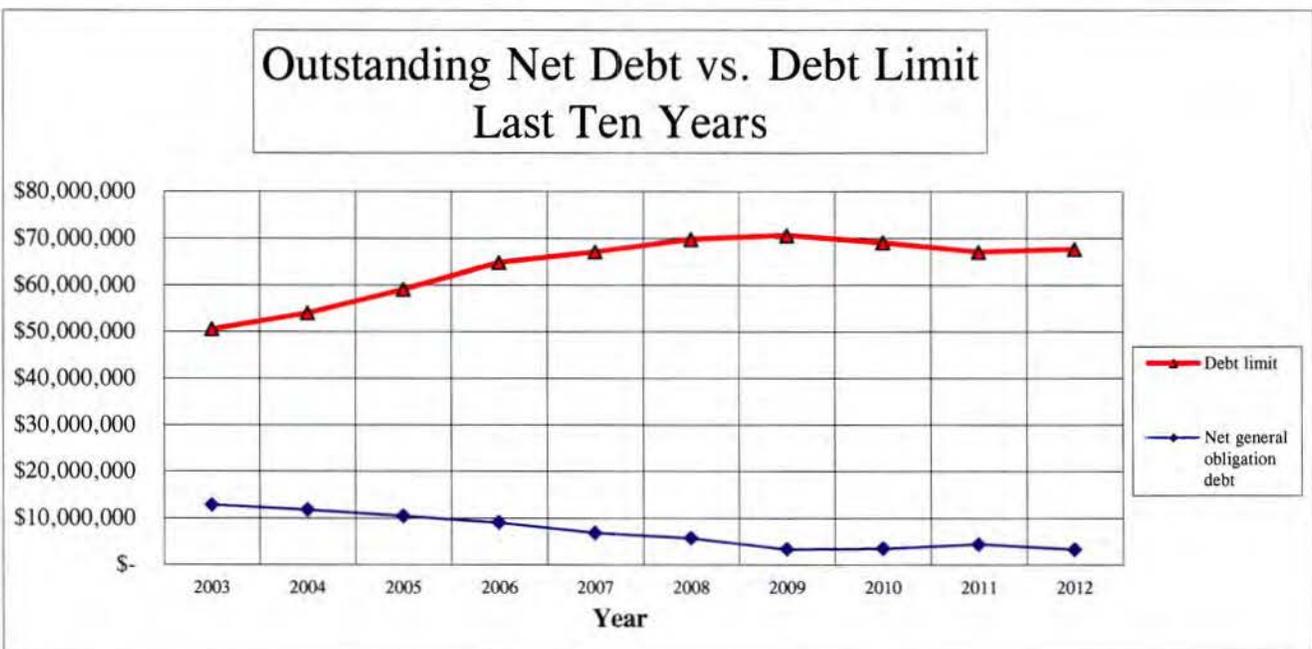
COMPUTATION OF LEGAL DEBT MARGIN

December 31, 2012

Equalized Value, January 1	<u>\$ 1,353,393,200</u>
Debt Limit (5% of Equalized Value)	67,669,660
General Obligation Debt	3,327,753
Less: Amount in Debt Service Sinking Fund	<u>3,378</u>
Net General Obligation Debt	<u>3,324,375</u>
Legal Debt Margin	<u>\$ 64,345,285</u>

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$ 50,495,845	\$ 53,960,455	\$ 59,052,185	\$ 64,801,010
Net general obligation debt	<u>12,844,273</u>	<u>11,807,979</u>	<u>10,482,082</u>	<u>9,067,047</u>
Legal debt margin	<u>\$ 37,651,572</u>	<u>\$ 42,152,476</u>	<u>\$ 48,570,103</u>	<u>\$ 55,733,963</u>
Ratio of net general obligation debt to debt limit	<u>25.4%</u>	<u>21.9%</u>	<u>17.8%</u>	<u>14.0%</u>

Note: Under state law, the Village's legal debt limit is 5% of the equalized valuation. Debt limits can exceed state mandated level with voter approval.



<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 67,096,925	\$ 69,783,770	\$ 70,608,710	\$ 69,076,305	\$ 67,071,740	\$ 67,669,660
6,874,286	5,739,219	3,344,579	3,507,884	4,398,035	3,324,375
<u>\$ 60,222,639</u>	<u>\$ 64,044,551</u>	<u>\$ 67,264,131</u>	<u>\$ 65,568,421</u>	<u>\$ 62,673,705</u>	<u>\$ 64,345,285</u>
<u>10.2%</u>	<u>8.2%</u>	<u>4.7%</u>	<u>5.1%</u>	<u>6.6%</u>	<u>4.9%</u>

**VILLAGE OF HOWARD, WISCONSIN**

Schedule 13

**COMBINED WATER AND SEWER UTILITIES  
REVENUE BOND COVERAGE  
Last Ten Fiscal Years**

<u>Year</u>	<u>Gross Revenue</u>	<u>Expenses</u>	<u>Change in Net Assets</u>	<u>Total Funds Available For Debt Service</u>	<u>Current Debt Service Payment</u>	<u>Highest Annual Debt Service</u>	<u>Coverage</u>
2003	\$ 5,827,623	\$ 2,945,018	\$ 2,882,605	\$ 3,981,527	\$ 627,776	\$ 627,776	6.34
2004	\$ 5,264,333	\$ 3,083,785	\$ 2,180,548	\$ 3,288,399	\$ 612,923	\$ 629,948	5.22
2005	\$ 7,195,288	\$ 3,978,122	\$ 3,217,166	\$ 4,348,013	\$ 607,445	\$ 629,948	6.90
2006	\$ 5,348,007	\$ 4,787,184	\$ 560,823	\$ 1,686,454	\$ 612,805	\$ 629,948	2.68
2007	\$ 7,891,345	\$ 6,768,497	\$ 1,122,848	\$ 2,278,646	\$ 601,868	\$ 611,723	3.72
2008	\$ 7,179,400	\$ 5,483,745	\$ 1,695,655	\$ 2,736,907	\$ 609,948	\$ 611,723	4.47
2009	\$ 6,324,954	\$ 5,635,278	\$ 689,676	\$ 1,633,005	\$ 611,538	\$ 611,723	2.67
2010	\$ 6,224,568	\$ 5,494,546	\$ 730,022	\$ 1,650,205	\$ 607,048	\$ 611,723	2.70
2011	\$ 7,480,213	\$ 6,664,395	\$ 815,818	\$ 2,023,779	\$ 227,537	\$ 233,185	8.68
2012	\$ 8,264,320	\$ 7,127,951	\$ 1,136,369	\$ 1,568,796	\$ 228,670	\$ 233,185	6.73

Notes: Funds available for debt service represents an amount equal to change in net assets adjusted for depreciation, interest expense, amortization and property tax equivalent for the combined water and sewer utilities. Coverage represents the ratio of amount available for debt service and the highest annual debt service requirement. Revenue bond covenants require coverage to be at least 1.25 times the highest annual debt service requirement on the outstanding revenue bond Series 1998 Bonds, Series 2001 Bonds and Series 2002 Bonds; all of these bonds were paid off in 2011 (or earlier years) as part of a refinancing with general obligation debt that has no coverage requirement.

VILLAGE OF HOWARD, WISCONSIN

Schedule 14

DEMOGRAPHIC STATISTICS

Year	(1) Population	(2) Brown County Total Personal Income	(2) & (3) Brown County Per Capita Income	(4) Unemployment Rate - December	(5) School Enrollment
2003	14,947	\$ 7,424,144,000	\$ 31,711.00	4.3%	4,778
2004	15,208	\$ 7,864,935,000	\$ 33,204.00	4.3%	4,872
2005	15,475	\$ 8,089,205,000	\$ 33,901.00	4.2%	5,032
2006	15,755	\$ 8,352,175,000	\$ 34,760.00	4.5%	5,121
2007	15,830	\$ 8,812,853,000	\$ 36,242.00	4.3%	5,164
2008	15,965	\$ 9,241,666,000	\$ 37,769.00	5.4%	5,263
2009	16,110	\$ 9,234,452,000	\$ 37,338.00	7.3%	5,527
2010	17,399	\$ 9,535,753,000	\$ 38,322.00	6.6%	5,633
2011	17,728	\$ 9,928,992,000	\$ 39,493.00	6.3%	5,817
2012	18,166	N/A	N/A	6.1%	5,808

Data Obtained From:

- (1) Wisconsin Department of Administration
  - (2) U.S. Dept. of Commerce, Bureau of Economic Analysis website:  
[www.bea.gov/regional/bearfacts/countybf.cfm](http://www.bea.gov/regional/bearfacts/countybf.cfm)
  - (3) Wisconsin's Worknet website at <http://worknet.wisconsin.gov/worknet>.  
The Village of Howard data is only published with each census; utilized the Brown County data. (Howard is located within Brown County.)
  - (4) Wisconsin Department of Workforce Development. Data represents Green Bay MSA.
  - (5) Howard-Suamico School District
- N/A = Not available at time of printing this report.

Note: Governmental Accounting Standards Board Statements No. 44, paragraph 99 requires the Village to report total personal income for each of the past 10 years. The Village of Howard statistics could not be located so the Brown County statistics were used. (The Village is located in Brown County.)

VILLAGE OF HOWARD, WISCONSIN

Schedule 15

PRINCIPAL EMPLOYERS IN HOWARD AND  
PRINCIPAL EMPLOYERS IN GREEN BAY AREA  
Current Year

Employer	2012			2003		
	Employees	Rank	Percentage of Total MSA Employment	Employees	Rank	Percentage of Total MSA Employment
<b>Howard Employers</b>						
United Healthcare (formerly AMS)	1,962	1	1.15%	1,310	1	0.89%
Howard-Suamico School District	546	2	0.32%	440	2	0.30%
Sanimax Corporation	202	3	0.12%	200	5	0.14%
Fleet Farm	195	4	0.11%	255	3	0.17%
Klemm Tank Lines	184	5	0.11%	-	-	-
Alive N Kickin	150	6	0.09%	-	-	-
Wisconsin Dept of Natural Resources	150	7	0.09%	-	-	-
Stock Lumber	140	8	0.08%	140	7	0.09%
Wipfli LLP	120	9	0.07%	-	-	-
Woodman's Food Market	101	10	0.06%	150	6	0.10%
Selmer Co.	-	-	-	250	4	0.17%
Samuels Recycling	-	-	-	92	8	0.06%
	<u>3,750</u>		<u>2.19%</u>	<u>2,837</u>		<u>1.92%</u>
<b>Green Bay MSA</b>						
Humana Inc.	3,182	1	1.86%	2,700	4	1.83%
Oneida Tribe of Indians	2,773	2	1.62%	2,751	3	1.86%
Schneider National Inc	2,697	3	1.58%	3,249	2	2.20%
Green Bay Public Schools	2,655	4	1.55%	2,619	5	1.77%
Bellin Health	2,469	5	1.44%	1,744	8	1.18%
Georgia-Pacific	2,300	6	1.35%	3,837	1	2.60%
United Healthcare (formerly AMS) *	1,962	7	1.15%	-	-	-
Brown County (government)	1,719	8	-	1,700	9	1.15%
Aurora Health Care	1,644	9	0.01%	-	-	-
St. Vincent Hospital	1,589	10	0.93%	1,827	6	1.24%
Wisconsin Public Service	-	-	-	-	-	-
Shopko Stores Inc.	-	-	-	1,814	7	1.23%
American Foods Group	-	-	-	1,518	10	1.03%
	<u>22,990</u>		<u>11.49%</u>	<u>23,759</u>		<u>16.08%</u>
Total Labor Force	<u>170,923</u>			<u>147,800</u>		

\* A Howard business.

Source: Green Bay Chamber website <http://resources.titletown.org/resources> or by contacting the companies directly; Green Bay MSA employment counts are as of December 2012.

Note: In 2003, data for Howard Employers was available for only the top 9 Village employers. Amounts for Total Labor Force in the Village of Howard are not available so the Green Bay MSA numbers were used.

VILLAGE OF HOWARD, WISCONSIN

Schedule 16

**FULL TIME EQUIVALENT VILLAGE GOVNERMENT EMPLOYEES BY FUNCTION  
Last Ten Years**

<u>Function</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government	6.1	6.1	5.7	5.7	5.7
Public safety	3.0	5.6	5.0	5.0	4.0
Public works	13.7	11.9	8.0	8.0	9.4
Community development	5.2	5.2	5.0	5.0	5.9
Capital outlay - engineering	3.0	3.0	2.5	2.5	3.0
Water utility	5.0	5.1	4.8	4.8	4.9
Sewer utility	3.9	4.0	4.0	4.0	3.9
Golf Course	2.1	2.1	2.1	2.1	2.4
Storm water utility	-	-	5.9	5.9	3.8
Total	<u>42.0</u>	<u>43.0</u>	<u>43.0</u>	<u>43.0</u>	<u>43.0</u>

**Number of Part-time employees (not Full-time Equivalent)**

<u>Function</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government	32	32	32	32	32
Public safety	49	49	49	49	49
Public works	4	4	4	4	4
Community development	48	50	50	60	63
Capital outlay - engineering	9	9	9	7	6
Water utility	-	-	-	-	-
Sewer utility	-	-	-	-	-
Golf Course	15	16	16	16	20
Storm water utility	-	-	-	-	-
Total	<u>157</u>	<u>160</u>	<u>160</u>	<u>168</u>	<u>174</u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
5.7	5.7	5.7	4.8	4.5
3.0	3.0	3.0	1.0	2.0
9.4	9.4	9.4	13.3	12.7
5.9	4.9	4.9	3.0	3.0
3.0	3.0	3.0	2.2	1.2
4.9	4.9	4.9	5.3	5.3
3.9	3.9	3.9	4.3	4.3
2.4	2.4	1.4	0.3	0.3
3.8	3.8	3.8	3.8	3.8
<u>42.0</u>	<u>41.0</u>	<u>40.0</u>	<u>38.0</u>	<u>37.0</u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
33	33	33	31	31
49	49	49	52	51
4	4	4	18	19
62	62	62	49	50
6	6	3	1	1
-	-	-	-	-
-	-	-	-	-
20	20	19	7	7
-	-	-	-	-
<u>174</u>	<u>174</u>	<u>170</u>	<u>158</u>	<u>159</u>

VILLAGE OF HOWARD, WISCONSIN

Schedule 17

OPERATING INDICATORS BY FUNCTION/PROGRAM  
Last Ten Years

Function/Program	2003	2004	2005	2006	2007
General government:					
Acreage sold	8.15	2.25	1.53	1.49	2.49
Registered voters	8,307	11,171	11,158	11,823	10,891
Parcels reassessed	623	5,990	550	550	6,649
Public safety:					
Police					
Incidents	9,998	10,021	8,911	9,091	9,173
Citations/warnings issued	3,244	2,379	1,876	1,554	1,471
Fire					
Inspections	1,706	1,890	2,057	2,102	2,120
Code Administration					
Permits issued	1,747	1,408	1,041	1,075	1,485
Public works:					
Tons of waste	4,255	4,073	3,981	4,054	4,077
Tons of recycling	1,080	1,112	1,164	1,301	1,381
Culture and recreation:					
Ice rink open-days	60	39	38	-	25
Program participants	2,772	3,933	4,633	4,927	5,328
Capital outlay-engineering					
New subdivisions	5	7	5	2	-
New lots created	182	252	395	341	-
Watermains added (L.F.)	17,192	16,360	33,540	-	6,852
Watermains removed (L.F.)	4,518	505	1,590	2,967	1,105
Water utility					
Million gallons pumped	664	701	766	732	502
Million gallons purchased	-	-	-	-	230
Sewer utility					
Average daily sewage	1,881	2,068	2,017	2,097	2,006
Golf course					
Rounds of golf	21,885	22,343	22,435	23,555	22,027

Note: The Village contracts with Brown County Sheriff for police services and obtained data from them on police issues.  
The Village began purchasing water from the Central Brown County Water Authority in August 2007.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
4.72	-	1.50	-	-
12,099	9,966	10,233	9,810	12,608
782	402	503	520	520
10,679	10,948	10,948	12,645	13,296
2,871	3,919	3,856	4,166	4,706
2,234	2,090	2,372	2,380	2,491
930	871	1,125	836	875
4,370	4,075	4,234	3,986	4,215
1,195	1,440	1,532	1,368	1,434
58	39	35	35	35
5,413	4,117	3,974	3,187	3,187
-	-	-	-	-
-	-	-	-	-
8,449	2,311	10,931	5,149	1,738
6,063	2,332	7,235	5,115	1,732
1	1	1	1	1
622	569	630	676	722
2,027	2,034	1,906	2,212	2,282
19,856	19,620	18,114	13,475	18,955

VILLAGE OF HOWARD, WISCONSIN

Schedule 18

**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Years**

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Public safety:					
Police					
Patrol units	4	4	5	5	5
Fire					
Stations	2	2	2	2	2
Public works:					
Street mileage	97	100	105	105	105
Street lights	1,017	1,054	1,080	1,120	1,126
Roundabouts	4	4	4	4	8
Culture and recreation:					
Acreage	418	418	418	502	502
Playgrounds	6	7	7	7	7
Baseball/softball fields	9	9	9	9	9
Soccer fields	9	9	9	17	17
Water utility					
Watermain (miles)	84	87	92	92	93
Sewer utility					
Mains (miles)	75	78	85	85	86
Golf course (9 hole course)					
Golf carts	18	20	20	22	22
Storm water					
Ponds constructed	1	7	5	-	-

No capital asset indicators are available for general government or capital outlay-engineering.

Garbage collection is made by contract with an outside vendor.

The storm water utility began operations as an enterprise fund in 2005; prior to 2005, the General Fund included the storm utility operations.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
5	5	5	5	5
2	2	2	2	2
105	105	105	105	105
1,133	1,141	1,143	1,175	1,202
9	11	11	13	14
528	528	528	528	528
9	9	9	9	9
9	9	9	9	9
17	17	17	17	17
93	93	94	94	94
86	86	87	87	87
22	22	22	25	25
-	-	2	-	-



## **Erickson & Associates, S.C.**

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### **MANAGEMENT LETTER**

April 2, 2013

To the Village Board  
Village of Howard, Wisconsin

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Howard as of and for the year ended December 31, 2012, in accordance with the auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Village of Howard's internal control to be a significant deficiency.

**Number and type of journal entries:**

During our audit, we identified and proposed material and nonmaterial adjustments, which were approved and posted by management. Various account balances needed auditor adjustments in order to produce financial statements in conformity with generally accepted accounting principles. Our recommendation is that the Village should attempt to post all entries prior to the start of the audit and have procedures in place to determine the proper handling of unusual and infrequent transactions.

**Conclusion**

This communication is intended solely for the information and use of management, The Village Board, and others within the Village, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*Erickson & Associates, S.C.*

ERICKSON & ASSOCIATES, S.C.  
Certified Public Accountants