

Village of Howard, Wisconsin  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

December 31, 2018



Village of Howard, Wisconsin

# Village of Howard, Wisconsin

## COMPREHENSIVE ANNUAL FINANCIAL REPORT DECEMBER 31, 2018

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INTRODUCTORY SECTION

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April 3, 2019

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

The comprehensive annual financial report (CAFR) for the Village of Howard, Wisconsin, for the year ended December 31, 2018, 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 are accurate in all material respects and are 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.

This report includes government-wide financial statements and all the funds 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 deal with existence as an organized entity (our village), governmental character, and substantial autonomy.

In my opinion, this report was prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after adjusting 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 enterprise 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. I 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 enterprise funds), the village has maintained a steadily decreasing property tax rate, keep enterprise 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 Village President, elected at-large to a three-year term, and eight Trustees, elected to terms of two years based on 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 or hired by the administrator.

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 2018, the village ended the year with 46 full-time employees. Howard's Public Safety department provides citizens with complete police, fire, and rescue protection. The village contracts with Brown County Sheriff for police services that include 400 hours of police protection each week and investigative services. The Fire Department maintains a paid-on call department of about 45 persons with five full-time positions that include the chief, three captains, one firefighter and a driver. In addition, the fire department has a part-time assistant chief and three daily 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 to about 3,500, 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 with a current population of 19,508.

## 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 village has two interstates bordering the community and three active rail lines, providing access to commercial enterprises.

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 but at a slower pace than the years preceding 2008. Unemployment dropped in 2018 to 2.5% (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	1,963
Howard-Suamico School District	Education	664
Sanimax Corp.	Manufacturer of various products (feed, soap)	202
Fleet Farm	Retail store	195
Klemm Tank Lines	Trucking	184
Menard's Inc.	Retail	170
Alive N Kickin	Manufacturer	150
Wisc. Dept. of Natural Resources	State Agency	150
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. (3,283), Green Bay Public Schools (2,793), Bellin Health (2,727), the Oneida Tribe of Indians of Wisconsin (2,700), Schneider National Inc. (2,633), Georgia-Pacific (2,100), Aurora Health Care (2,009), Brown County government (1,802), and St. Vincent Hospital (1,605). *Source:* <https://www.greatergb.org/economic-development/> in a document from May 2017.

### Recent and Proposed Development

Since 2008, the village has seen growth in residential, multi-family and commercial construction. Much of the construction was in the form of new dwelling units accounting for over 651 units constructed. New commercial units constructed since 2008 total 117 units. There were also significant alterations in the form of additions and reconstruction projects completed since 2008. The total estimated construction cost of all projects since 2008 exceeded \$350 million. In 2017, estimated construction cost of building permits exceeded \$62 million, a record year for the village.

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 was the main business located within the former Tax Incremental District No. 2 (TID #2 – closed in 2015). United is the largest taxpayer and employer in Howard. SPG Holding warehouse is the second largest taxpayer with a large addition added to their facility in 2014. EPC Howard, a senior living facility, is the fourth largest taxpayer, opened for business in 2016, located in TID #8. CCAPTS LLC is a 290-unit apartment complex and is listed as the fifth largest taxpayer, began construction of the complex in 2010 with completion in 2014. Menard's retail store is the eighth largest taxpayer in Howard beginning operations in 2012 and is in TID #4. (See statistical section for complete list of

largest taxpayers.)

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. TID #8 was created in 2015 as an overlay district that now accounts for the village center projects. EPC Howard, a three-storied, senior housing project was completed in 2016 that contains 132 units for residents, a 2018 value of \$19 million and various amenities (like a Starbucks) for residents and guest use. In 2017 the village began construction (completed in 2018) of two village owned, three-storied apartment buildings in TID #8 to provide more housing (123 units) and tax base for the district (the buildings will pay an in-lieu-of-tax payment to the TID while owned by the village).

The village created TID #4 in an area around the intersection of Interstate 41 and State Highway 29; in June 2012, Menard, Inc. constructed a \$14.4 million retail store within the district. The village created two other TID Districts for development along Interstate 41 at Velp Avenue (TID #5) and at Lineville Road (TID #6). In TID #5 during 2013, the village entered an agreement with a local Harley-Davidson dealer to reconstruct an existing facility and provide a low interest loan and incentive on their project. In TID #6 in July 2011, the village entered an agreement with Amerex Corporation to construct a \$3.5 million manufacturing plant that created 25 new jobs.

The following table depicts the labor force in the Green Bay MSA and unemployment rates.

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

	Total Civilian <u>Labor Force</u>	<u>Unemployment Rates</u>	
		<u>MSA</u>	<u>State</u>
2018 December	174,287	2.4%	2.6%
2017 December	173,987	2.5%	2.7%
2016 December	172,576	3.4%	4.1%
2015 December	177,700	3.8%	4.2%
2014 December	174,859	4.6%	5.0%
2013 December	174,169	5.3%	5.8%
2012 December	172,384	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%

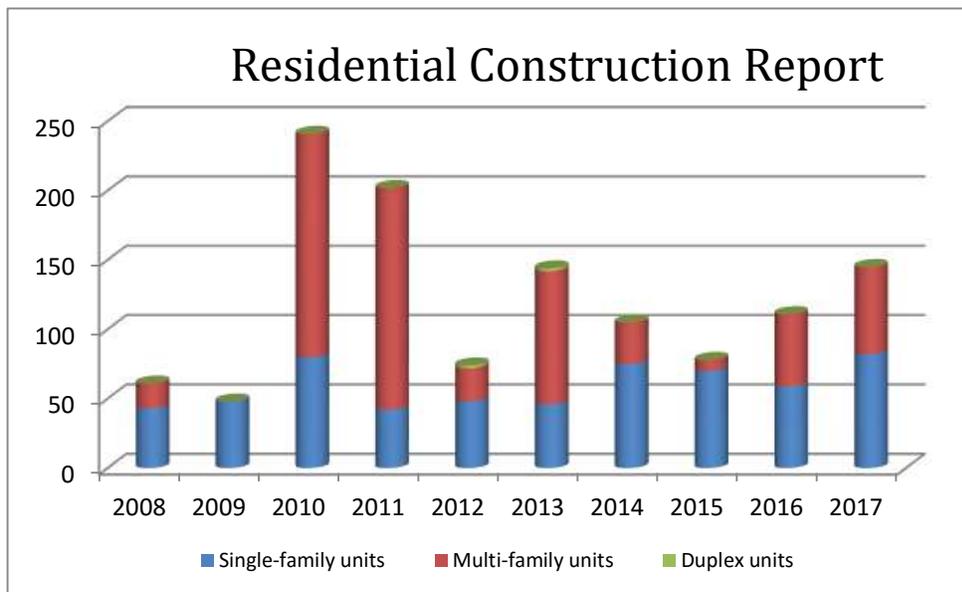
Source: Wisconsin Department of Workforce Development, website <https://jobcenterofwisconsin.com>

## Future Outlook

With the village 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 per year. Demand remains high for new single-family homes and apartment buildings, but banks are reluctant to make loans for new subdivisions. See the chart below for last ten years of residential growth.

An area of growth for the past five years has been in multi-family units. In 2010, the village added 161 multi-family units, in 2011 there were 160 added, in 2013 there were 96 units added, 52 units in 2016, 63 units in 2017 and 84 units in 2018. Opening in 2016, was a 180 multi-family unit senior living complex being in the village center area. In 2018, the village opened two village owned apartment buildings in the village center area. Another 35-unit apartment building has been approved for the same area in 2019. Also planned for construction is an open-air pavilion with a sheet of ice to be located adjacent to the village owned apartments.

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.



## 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 include 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, 2017. 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 twenty-five 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, 2018. The village has received the GFOA budget award for the past twenty-three years and I believe the 2019 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 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 and professional 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

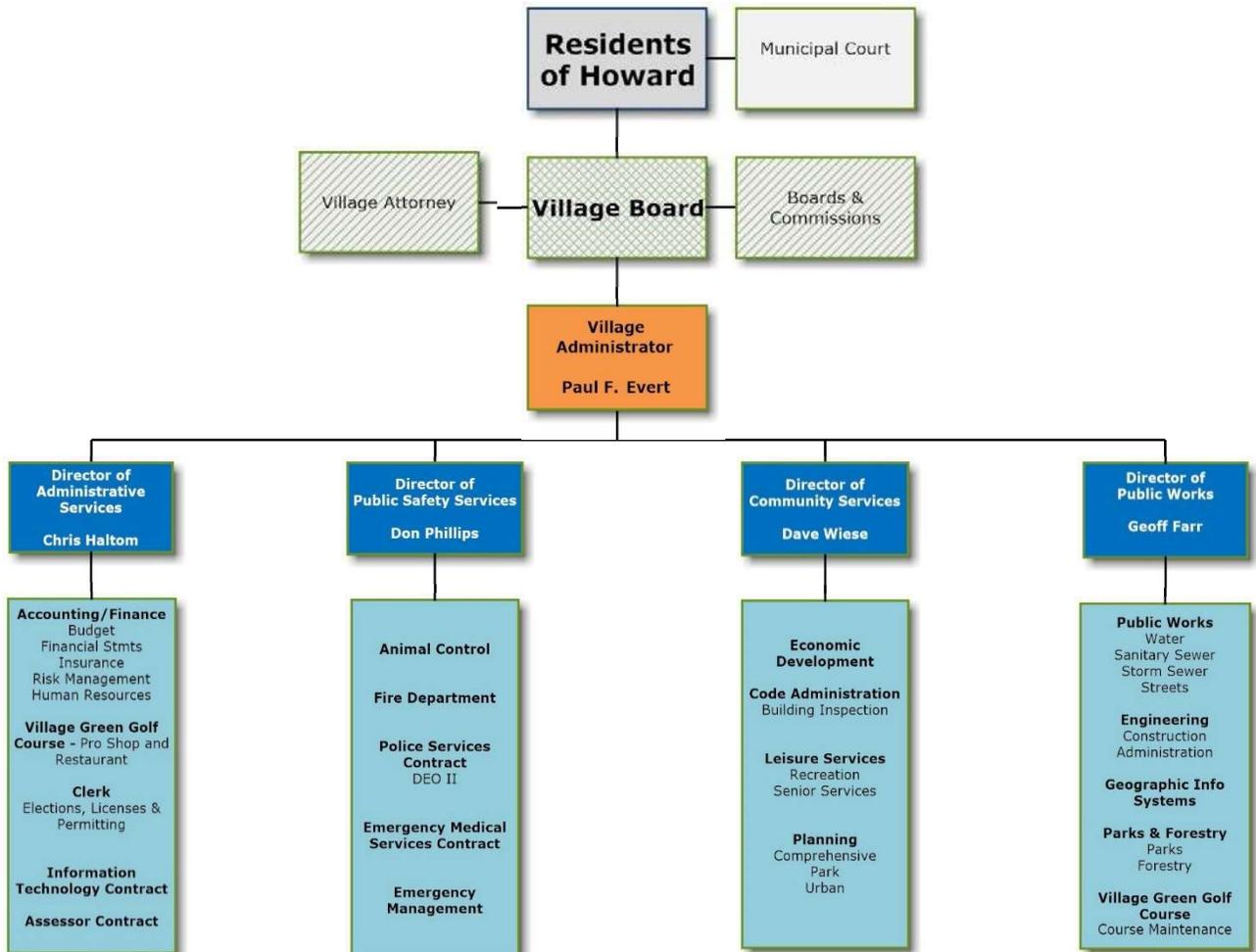
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2017

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.



*Jeffrey R. Emer*

# Village Team - Organizational Flowchart Village of Howard, Wisconsin



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

**Elected Officials**

Burt R. McIntyre	President
Ron Bredael	Trustee Wards 1 & 2
Chris Nielsen	Trustee Wards 3 & 4
Cathy Hughes	Trustee Wards 5 & 6
John Muraski	Trustee Wards 7 & 8
Scott Beyer	Trustee Wards 9 & 10
Ray Suennen	Trustee Wards 11 & 12
Adam Lemorande	Trustee Wards 13, 14 & 18
Craig McCallister	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
Don Phillips	Director of Public Safety
Mike Kaster, PE	Director of Engineering
Bob Gagan, Attorney	Village Attorney (Contracted)
Mike Denor, Fair Market Assessments	Assessor (Contracted)

**Certified Public Accountants**

CliftonLarsonAllen LLP (CLA), Green Bay, Wisconsin

**Bond Counsel**

Foley & Lardner, Milwaukee, Wisconsin

**Financial Advisors**

Robert W. Baird and Co. Inc.

FINANCIAL SECTION

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## Independent auditors' report

To the Village Board  
Village of Howard, Wisconsin

### REPORT ON THE FINANCIAL STATEMENTS

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 (the "Village") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

### AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**EMPHASIS OF MATTER**

As discussed in Note 4.E to the financial statements, the Village determined that debt issuance costs were being amortized over the life of the debt issuance, and not expensed during the year of issuance. The Village’s net position was adjusted as of January 1, 2018. Our opinions are not modified with respect to this matter.

**CHANGE IN ACCOUNTING PRINCIPLE**

As discussed in Note 3.K to the financial statements, the Village adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

**OTHER MATTERS**

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 12 through 20 and the schedules relating to pensions and other postemployment benefits on pages 64 through 65 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

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

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

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.

**OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with Government Auditing Standards, we have also issued our report dated April 3, 2019, on our consideration of the Village’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village’s internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
April 3, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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## 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, 2018. 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 \$1.7 million or 3.7% for the year ended December 31, 2018. The business-type activities net position increased by \$5.5 million or 7.0%. The combined primary governmental net position increased by \$7.2 million or 5.8%.
- During 2018, the village had expenses that totaled \$19.5 million of which \$9.6 million were for governmental activities and \$9.9 million were for business-type activities.
- The General Fund reported an increase in fund balance of \$58,580. The General Fund has reported fund balance increases in 18 out of the last 24 years; the only years reporting deficits occurred when large fund transfers were made to other funds, except for the small decrease in 2014.
- TID #8 reported a decrease in fund balance of \$647,163 due to the fact the TID was completing infrastructure projects and purchased some land for development.

### 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 21-23) 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 24; for governmental activities, these statements tell how 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 like the accounting used by most private-sector companies. All the current year's revenues and expenses are considered 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 deferred outflows of resources and liabilities and deferred inflows of resources – as one way to measure the village's financial health, or financial position. The net position are reported on one day in time, the last day of the year. Over time, increases or decreases in the village's net position are 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.

I believe the village is better off, as a whole, because of the 2018 financial activities reported on the following pages.

In the Statement of Net Position and the Statement of Activities, there are 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 most of the cost of certain services provided. The village’s water, sewer, storm water utilities and golf course are reported here. Occupancy in the Village’s Howard Commons apartment complex began in late 2018.

## **REPORTING THE VILLAGE’S MOST SIGNIFICANT FUNDS**

### **Fund Financial Statements**

The fund financial statements begin on page 24 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* – These funds report the activity of the village’s enterprise and internal service funds. Enterprise funds are established when charges made to customers of the service pay for a substantial portion of the service. Also, enterprise 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 as 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. An internal service fund is used for certain costs related to medical and dental insurance for employees.

## **THE VILLAGE AS A WHOLE**

The village’s combined net position increased during 2018 by \$7.2 million. The increase is a result of a combined increase of \$1.7 million in governmental activities and an increase of \$5.5 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 Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 12.5	\$ 11.6	\$ 16.1	\$ 15.9	\$ 28.6	\$ 27.5
Capital assets, net of accumulated depreciation	<u>55.6</u>	<u>53.8</u>	<u>96.0</u>	<u>74.4</u>	<u>151.6</u>	<u>128.2</u>
Total assets	<u>68.1</u>	<u>65.4</u>	<u>112.1</u>	<u>90.3</u>	<u>180.2</u>	<u>155.7</u>
Deferred outflows	<u>.7</u>	<u>.8</u>	<u>.4</u>	<u>.4</u>	<u>1.1</u>	<u>1.2</u>
Current liabilities	1.3	1.6	.8	2.6	2.1	4.2
Non-current liabilities	<u>11.3</u>	<u>11.1</u>	<u>27.1</u>	<u>9.9</u>	<u>38.4</u>	<u>21.0</u>
Total liabilities	<u>12.6</u>	<u>12.7</u>	<u>27.9</u>	<u>12.5</u>	<u>40.5</u>	<u>25.2</u>
Deferred inflows	<u>8.7</u>	<u>7.6</u>	<u>1.2</u>	<u>.2</u>	<u>9.9</u>	<u>7.8</u>
Net position;						
Invested in capital assets, net of debt	44.6	42.3	70.6	64.4	115.2	106.7
Restricted	1.7	1.0	.2	.2	1.9	1.2
Unrestricted	<u>1.2</u>	<u>2.6</u>	<u>12.6</u>	<u>13.4</u>	<u>13.8</u>	<u>16.0</u>
Total net position	<u>\$ 47.5</u>	<u>\$ 45.9</u>	<u>\$ 83.4</u>	<u>\$ 78.0</u>	<u>\$ 130.9</u>	<u>\$ 123.9</u>

The governmental activities net position increased by 3.7%, with a balance of \$47.5 million in 2018 from \$45.9 million in 2017. The overall cost of providing services in the Governmental Activities decreased by \$2.0 million in 2018 compared to an increase of \$2.1 million in 2017.

The business-type activities net position increased by 7.0%, increasing to \$83.4 million in 2018 from \$78.0 million in 2017. Current and other assets increased by \$.3 million, which included a decrease in cash of \$1.2 million as cash from a borrowing to fund a new apartment complex (a new fund in 2017) was spent while special assessments increased \$2.1 million. Capital assets increases of \$16.1 million, of which \$18.2 million related to the new apartment complex. Current liabilities decreased by \$1.8 million as construction of Howard Commons was primarily completed as of December 31, 2018 while non-current liabilities increased by \$17.2 million due to additional borrowing for Howard Commons. The business-type activities are committed to provide capital to install new infrastructure (watermain, sewer mains, storm water and roadway) to allow for future development of new subdivisions. The new subdivisions will provide growth in the tax base to assist the governmental activities in future years.

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

**Table 2**  
**Changes in 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>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1.0	\$ 1.1	\$ 11.8	\$ 11.3	\$ 12.8	\$ 12.4
Operating grants and contributions	1.0	1.0	-	-	1.0	1.0
Capital grants and contributions	.4	.1	4.0	1.3	4.4	1.4
General revenues:						
Property taxes	7.2	6.9	-	-	7.2	6.9
Grants and contributions	.7	.7	-	-	.7	.7
Other revenues	<u>.4</u>	<u>.2</u>	<u>.2</u>	<u>.1</u>	<u>.6</u>	<u>.3</u>
Total revenues	<u>10.7</u>	<u>10.0</u>	<u>16.0</u>	<u>12.7</u>	<u>26.7</u>	<u>22.7</u>
<b>Program expenses</b>						
General government	1.2	1.4	-	-	1.2	1.4
Public safety	3.2	3.0	-	-	3.2	3.0
Public works	3.9	5.9	-	-	3.9	5.9
Community development	1.0	.9	-	-	1.0	.9
Interest on long-term debt	.3	.4	-	-	.3	.4
Water	-	-	4.9	4.7	4.9	4.7
Sewer	-	-	3.3	3.6	3.3	3.6
Storm water	-	-	.8	.9	.8	.9
Howard Commons	-	-	.4	-	.4	-
Golf	<u>-</u>	<u>-</u>	<u>.5</u>	<u>.5</u>	<u>.5</u>	<u>.5</u>
Total expenses	<u>9.6</u>	<u>11.6</u>	<u>9.9</u>	<u>9.7</u>	<u>19.5</u>	<u>21.3</u>
Excess revenue over (under) expenses before transfers	1.1	(1.6)	6.1	3.0	7.2	1.4
Transfers in (out)	<u>.6</u>	<u>.3</u>	<u>(.6)</u>	<u>1.0</u>	<u>-</u>	<u>1.3</u>
<b>Increase (decrease) in net position</b>	<b>1.7</b>	<b>(1.3)</b>	<b>5.5</b>	<b>4.0</b>	<b>7.2</b>	<b>2.7</b>
Net position, beginning (restated)	<u>45.8</u>	<u>47.2</u>	<u>77.9</u>	<u>74.1</u>	<u>123.7</u>	<u>121.3</u>
<b>Net position, ending</b>	<b><u>\$ 47.5</u></b>	<b><u>\$ 45.9</u></b>	<b><u>\$ 83.4</u></b>	<b><u>\$ 78.1</u></b>	<b><u>\$ 130.9</u></b>	<b><u>\$ 124.0</u></b>

In 2018, the village's total revenue increased by \$4.0 million (or about 17.6%) compared to 2017. The largest increase was in capital grants of \$4.0 million.

The total expenses decreased by \$1.8 million in 2018 or about 8.5% when compared to 2017. The primary reason for the decrease was public works costs incurred in 2017 of \$2.1 million which were related to infrastructure improvements installed in 2017 for other governments.

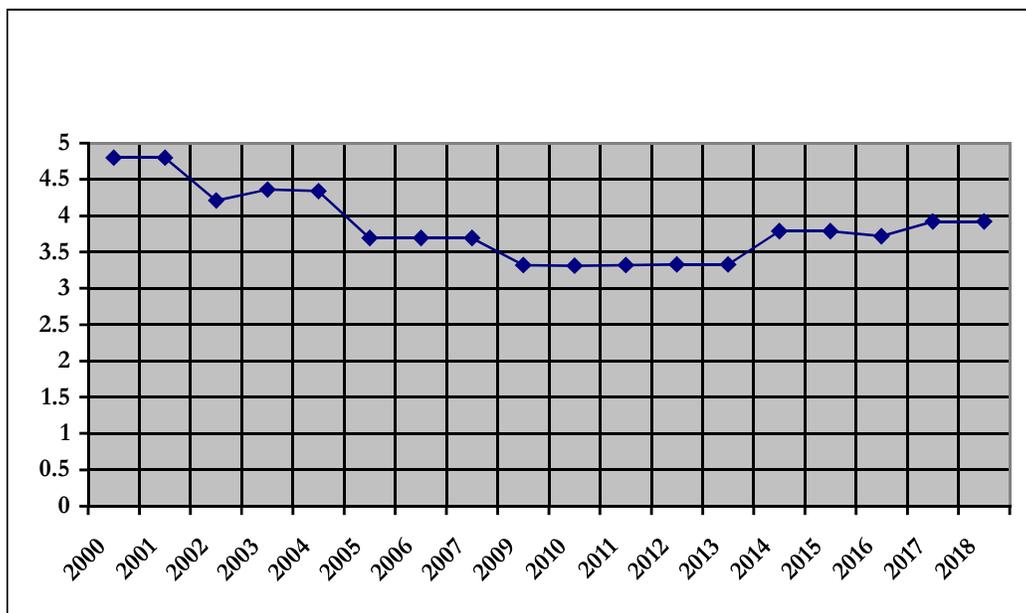
## Governmental Activities

The village's revenue for the 2018 governmental activities totaled \$10.7 million and decreasing by \$.7 million from 2017 (or 6.9% decrease). The governmental activities expenses totaled \$9.6 million in 2018 decreasing by \$2.0 million from 2017 (or 17.1% increase). Transfers in increased by \$.3 million in 2018. The 2018 resulting change in net position for governmental activities was an increase of \$1.7 million. In 2017, net position decreased by \$1.3 million for governmental activities because of additional public works expenses.

The village has established budget policies that helped the overall financial position increase in 2018. 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. The growth has allowed the village to establish a policy of steadily 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. Borrowing has been used in cases of TIDs that allow for debt to be repaid from tax increments captured by these districts (with TIDs #3 and #4 borrowing in December 2013 and TID #8 in 2015) and for the new apartment complex in 2017.

Graph 1 below is a line graph of the tax mill rate (village portion only) for all taxable property within the Village of Howard since 2000 reporting a declining tax rate:

**Graph 1 – Tax Rate**



The cost of all governmental activities for 2018 was \$9.6 million compared to \$11.6 million in 2017. Taxpayers paid \$7.2 million of the total expenses in 2018, of which \$1.0 million was from tax incremental financing district (TID) leaving \$6.2 million paid from general taxpayers (outside of the TID boundary). The Statement of Activities, located on pages 22 and 23, reports program revenues used to offset expenses of charges for services totaling \$1.0 million while grants and contributions totaled \$1.5 million.

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)**

	<u>Total Cost</u> <u>of Services</u>		<u>Net Revenue (Cost)</u> <u>of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Public works	\$ 3,831	\$ 5,865	\$ (2,232)	\$ (4,566)
Public safety	3,198	3,020	(2,900)	(2,747)
General government	1,187	1,437	(924)	(1,146)
Community development	1,044	897	(775)	(538)
Interest on debt	<u>338</u>	<u>373</u>	<u>(338)</u>	<u>(373)</u>
<b>Totals</b>	<b><u>\$ 9,598</u></b>	<b><u>\$11,592</u></b>	<b><u>\$ (7,169)</u></b>	<b><u>\$ (9,370)</u></b>

### **Business-type Activities**

Revenues from the village's business-type activities (see Table 2) totaled \$16.0 million in 2018 and \$12.7 million in 2017. Capital grants and contributions increased by \$2.7 million due to additional subdivisions constructed in 2018. Charges for services increased by \$.5 million due to higher rates and usage and the completion of Howard Commons in late 2018.

Expenses of the business-type activities increased by \$.2 million in 2018; expenses totaled \$9.9 million in 2018 and \$9.7 million in 2017. Expenses increased primarily because of higher cost of providing services for water and sewer treatment expenses and operating costs related to Howard Commons.

### **THE VILLAGE'S FUNDS**

The governmental funds (as presented on page 24 for the balance sheet) reported a combined fund balance of \$1.6 million or a \$.5 million decrease from the previous year as development costs related to tax incremental district no. 8, which increased the net deficit. The General Fund continues to report a healthy fund balance of \$2.9 million which is above the established policy minimum of 25% of actual expenditures or \$1.8 million. The Capital Improvement Fund has a fund balance of about \$.6 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 2018, the Capital Improvement fund balance increased by \$.1 million.

Capital Improvement Fund projects are funded by current resources as borrowing is designated for TID projects or, as a last resort, for funding critical needs. The major projects and equipment funded with current and existing resources in 2018 were as follows:

- Road resurfacing projects totaled \$1.5 million.
- Cost to design a road and bridge replacement on Vincent Road totaled \$88,213.
- The funding of the engineering department net cost that totaled \$301,545.
- Funding of new equipment purchases and building repairs totaled \$450,000.

## General Fund Budgetary Highlights

The General Fund actual total revenue amount was above the budgeted total revenue by \$9,963 (see page 28). The total budgeted expenditures for the General Fund less than the actual expenditures by \$19,406 and other financing sources was \$29,211 over budget. In 2018, the General Fund ended the year with a surplus, or an increase in fund balance, of \$58,580.

## MAJOR FUNDS ANALYSIS, DEBT ADMINISTRATION AND CAPITAL ASSETS

### Debt Service Fund and Debt Administration

The Debt Service Fund has no fund balance at the end of 2018 and is no longer a major fund. In 2018, the debt service fund had activity to account for TID related debt payments with transfers into the fund and expenditures recorded for related debt payments.

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 \$80 million legal debt limit. The general obligation bonds have been rated AA by Standard & Poor's and the NAN has a AA- rating. See Note C starting on page 51 for more details on debt.

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General Obligation Bonds and Notes (backed by the Village)	\$10.1	\$10.7	\$ .6	\$ .7	\$10.7	\$11.4
Note Anticipation Notes	.7	.7	25.5	9.2	26.2	9.9
Totals	\$10.8	\$11.4	\$26.1	\$9.9	\$36.9	\$21.3

### Tax Incremental Financing District #8

A new TID in 2015, TID #8 was created as an overlay district over TID #3 to allow for capturing increment and cost associated with the village center. The village borrowed \$2.9 million in 2015 and \$690,550 in 2017 to help fund infrastructure improvements in the village center. The TID incurred about \$.6 million in expenditures in 2018 contributing to a decrease in fund balance of \$647,163 and resulting in a fund balance of a negative \$2.0 million. The General Fund advanced \$1.3 million into this TID to help offset the negative fund balance. This advance will be repaid to the General Fund over the life of the TID.

### Capital Improvements Fund

The Capital Improvements Fund is another major fund of the village. This fund is used to account for cost of non-TID infrastructure road reconstruction projects, bridges, resurfacing projects, sidewalk installations, new subdivisions, engineering department and equipment purchases. At year end, the fund balance was \$615,978 compared with \$503,754 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 (primarily property taxes) of the fund.

Revenues for Capital Improvement Funds totaled \$2.7 million compared with \$2.0 million in the previous year. Primary sources of revenue in this fund in 2018 was \$1.3 million in property taxes and \$904,461 in state aids.

Other sources of revenue in this fund are public charges for service \$269,267 and miscellaneous \$150,259.

### Capital Assets

At the end of 2018, the village had \$151.6 million invested in capital assets. This amount represents an increase of \$9.7 million from the previous year for equipment purchases 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. 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 5 on pages 48 and 49 for more details on 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>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and other non-depreciated	\$ 8.7	\$ 8.4	\$ 2.7	\$ 2.8	\$10.4	\$11.2
Construction in progress	-	-	.7-	6.4	.7	6.4
Buildings and improvements	6.0	6.1	25.6	1.4	31.6	7.5
Machinery and equipment	3.5	3.4	2.3	1.9	5.8	5.3
Sidewalks	6.1	5.8	-	-	6.1	5.8
Bridge & culverts	1.5	1.6	-	-	1.5	1.6
Roadway	29.8	28.6	-	-	29.8	28.6
Utility infrastructure	-	-	<u>64.7</u>	<u>61.9</u>	<u>64.7</u>	<u>61.9</u>
<b>Totals</b>	<u>\$55.6</u>	<u>\$53.9</u>	<u>\$96.0</u>	<u>\$74.4</u>	<u>\$151.6</u>	<u>\$128.3</u>

Buildings and improvements increased \$24.1 million with the substantial completion of Howard Commons in late 2018.

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

As explained in the transmittal letter, the village has seen steady 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 debt payments). 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 2018 budget increased the tax levy by \$126,740 which was equal to the maximum allowed Wisconsin law, the rate of growth of 2.29%.

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 (per 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 is 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, a 13% increase in 2012 and 11% in November 2014. Rates have remained relatively constants since 2014.

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 NEW Water in 2011 caused another increase of 5.8%, a 3.0% increase in 2012, a 16.9% increase in 2013 and a 17.0% increase in 2018.

### **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.

BASIC FINANCIAL STATEMENTS

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# Village of Howard, Wisconsin

## STATEMENT OF NET POSITION DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 6,327,991	\$ 6,516,644	\$ 12,844,635
Receivables			
Taxes and special charges	4,219,120	-	4,219,120
Delinquent taxes	14,699	-	14,699
Accounts	142,778	1,294,073	1,436,851
Special assessments	676,243	8,155,889	8,832,132
Loans	559,447	-	559,447
Internal balances	180,326	(180,326)	-
Inventories	-	108,047	108,047
Net pension asset	354,916	193,302	548,218
Capital assets, nondepreciable	8,772,655	3,396,700	12,169,355
Capital assets, depreciable	46,832,397	92,614,172	139,446,569
Total assets	<u>68,080,572</u>	<u>112,098,501</u>	<u>180,179,073</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on advance refunding	-	15,375	15,375
Pension related amounts	663,595	349,494	1,013,089
Other postemployment related amounts	15,158	8,257	23,415
Total deferred outflows of resources	<u>678,753</u>	<u>373,126</u>	<u>1,051,879</u>
<b>LIABILITIES</b>			
Accounts payable	610,730	494,794	1,105,524
Accrued and other current liabilities	180,804	64,250	245,054
Due to other governments	59,546	-	59,546
Accrued interest payable	28,280	72,364	100,644
Construction and other deposits	455,666	860,549	1,316,215
Unearned revenues	-	66,467	66,467
Long-term obligations			
Due within one year	806,800	405,900	1,212,700
Due in more than one year	10,482,499	26,704,642	37,187,141
Total liabilities	<u>12,624,325</u>	<u>28,668,966</u>	<u>41,293,291</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes and special charges levied for subsequent year	7,945,914	-	7,945,914
Pension related amounts	708,942	386,119	1,095,061
Other postemployment related amounts	1,645	896	2,541
Total deferred inflows of resources	<u>8,656,501</u>	<u>387,015</u>	<u>9,043,516</u>
<b>NET POSITION</b>			
Net investment in capital assets	44,609,252	70,666,232	115,275,484
Restricted	1,726,377	193,302	1,919,679
Unrestricted	1,142,870	12,556,112	13,698,982
Total net position	<u>\$ 47,478,499</u>	<u>\$ 83,415,646</u>	<u>\$ 130,894,145</u>

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

# Village of Howard, Wisconsin

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 1,186,595	\$ 263,088	\$ -	\$ -
Public safety	3,197,930	220,151	77,331	-
Public works	3,830,893	226,914	972,368	399,197
Community development	1,044,931	270,229	-	-
Interest and fiscal charges	337,554	-	-	-
Total governmental activities	<u>9,597,903</u>	<u>980,382</u>	<u>1,049,699</u>	<u>399,197</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water utility	4,882,771	5,735,796	-	668,238
Sewer utility	3,305,079	4,215,799	-	645,948
Storm water utility	813,576	1,100,783	-	2,706,554
Howard Commons	347,835	157,182	-	-
Golf course	533,913	551,788	-	-
Total business-type activities	<u>9,883,174</u>	<u>11,761,348</u>	<u>-</u>	<u>4,020,740</u>
<b>Total</b>	<u>\$ 19,481,077</u>	<u>\$ 12,741,730</u>	<u>\$ 1,049,699</u>	<u>\$ 4,419,937</u>

General revenues  
 Taxes  
   Property taxes  
   Tax increments  
   Other taxes  
 Federal and state grants and other contributions  
   not restricted to specific functions  
 Interest and investment earnings  
 Miscellaneous  
 Transfers

Total general revenues and transfers

### Change in net position

Net position - January 1, as originally reported

Change in accounting principle

Prior period adjustment

Net position - January 1, restated

Net position - December 31

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

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (923,507)	\$ -	\$ (923,507)
(2,900,448)	-	(2,900,448)
(2,232,414)	-	(2,232,414)
(774,702)	-	(774,702)
(337,554)	-	(337,554)
<u>(7,168,625)</u>	<u>-</u>	<u>(7,168,625)</u>
-	1,521,263	1,521,263
-	1,556,668	1,556,668
-	2,993,761	2,993,761
-	(190,653)	(190,653)
-	17,875	17,875
<u>-</u>	<u>5,898,914</u>	<u>5,898,914</u>
<u>(7,168,625)</u>	<u>5,898,914</u>	<u>(1,269,711)</u>
6,147,422	-	6,147,422
1,049,567	-	1,049,567
12,983	-	12,983
662,024	-	662,024
153,948	183,895	337,843
245,824	-	245,824
598,311	(598,311)	-
<u>8,870,079</u>	<u>(414,416)</u>	<u>8,455,663</u>
1,701,454	5,484,498	7,185,952
<u>45,914,868</u>	<u>78,091,858</u>	<u>124,006,726</u>
(91,318)	(49,734)	(141,052)
<u>(46,505)</u>	<u>(110,976)</u>	<u>(157,481)</u>
<u>45,777,045</u>	<u>77,931,148</u>	<u>123,708,193</u>
<u>\$ 47,478,499</u>	<u>\$ 83,415,646</u>	<u>\$ 130,894,145</u>

# Village of Howard, Wisconsin

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2018

	General	Capital Improvement	Tax Incremental District No. 8	Other Governmental Funds	Total
<b>ASSETS</b>					
Cash and investments	\$ 3,441,285	\$ 1,607,318	\$ -	\$ 1,265,678	\$ 6,314,281
Receivables					
Taxes and special charges	2,626,651	627,509	204,934	760,026	4,219,120
Delinquent taxes	14,699	-	-	-	14,699
Accounts	101,744	41,034	-	-	142,778
Special assessments	-	575,609	-	100,634	676,243
Loans	-	55,842	-	503,605	559,447
Due from other funds	1,170,221	-	-	-	1,170,221
Advance to other funds	1,300,000	-	-	-	1,300,000
	<u>8,654,600</u>	<u>2,907,312</u>	<u>204,934</u>	<u>2,629,943</u>	<u>14,396,789</u>
Total assets	<u>\$ 8,654,600</u>	<u>\$ 2,907,312</u>	<u>\$ 204,934</u>	<u>\$ 2,629,943</u>	<u>\$ 14,396,789</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 575,009	\$ 7,658	\$ 11,834	\$ 16,229	\$ 610,730
Accrued and other current liabilities	156,002	21,874	925	2,003	180,804
Due to other funds	-	-	520,308	469,587	989,895
Advance from other funds	-	-	1,300,000	-	1,300,000
Due to other governments	59,546	-	-	-	59,546
Construction and other deposits	-	448,553	-	7,113	455,666
	<u>790,557</u>	<u>478,085</u>	<u>1,833,067</u>	<u>494,932</u>	<u>3,596,641</u>
Total liabilities	<u>790,557</u>	<u>478,085</u>	<u>1,833,067</u>	<u>494,932</u>	<u>3,596,641</u>
Deferred inflows of resources					
Property taxes levied for subsequent year	4,946,793	1,181,797	385,956	1,431,368	7,945,914
Accounts receivable	38,986	-	-	-	38,986
Loans receivable	-	55,842	-	503,605	559,447
Special assessments	-	575,610	-	100,634	676,244
	<u>4,985,779</u>	<u>1,813,249</u>	<u>385,956</u>	<u>2,035,607</u>	<u>9,220,591</u>
Total deferred inflows of resources	<u>4,985,779</u>	<u>1,813,249</u>	<u>385,956</u>	<u>2,035,607</u>	<u>9,220,591</u>
Fund balances					
Nonspendable	1,300,000	-	-	-	1,300,000
Restricted	-	-	-	767,224	767,224
Assigned	-	615,978	-	-	615,978
Unassigned	1,578,264	-	(2,014,089)	(667,820)	(1,103,645)
	<u>2,878,264</u>	<u>615,978</u>	<u>(2,014,089)</u>	<u>99,404</u>	<u>1,579,557</u>
Total fund balances	<u>2,878,264</u>	<u>615,978</u>	<u>(2,014,089)</u>	<u>99,404</u>	<u>1,579,557</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,654,600</u>	<u>\$ 2,907,312</u>	<u>\$ 204,934</u>	<u>\$ 2,629,943</u>	<u>\$ 14,396,789</u>

# Village of Howard, Wisconsin

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2018

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### RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balances as shown on previous page	\$ 1,579,557
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	55,605,052
Other long-term assets are not available to pay current period expenditures and therefore are deferred or not reported in the funds.	
Long-term receivables	1,274,677
Net pension asset	354,916
Net position of the internal service fund is reported in the statement of net position as governmental activities	13,710
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Deferred outflows related to pensions	663,595
Deferred inflows related to pensions	(708,942)
Deferred outflows related to other postemployment benefits	15,158
Deferred inflows related to other postemployment benefits	(1,645)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(10,780,550)
Premium on debt	(215,250)
Compensated absences	(176,726)
Other postemployment benefit	(116,773)
Accrued interest on long-term obligations	(28,280)
Net position of governmental activities as reported on the Statement of Net Position (see page 21)	<u>\$ 47,478,499</u>

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

# Village of Howard, Wisconsin

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Capital Improvement	Tax Incremental District No. 8	Other Governmental Funds	Total
<b>REVENUES</b>					
Taxes	\$ 4,841,447	\$ 1,329,729	\$ 217,918	\$ 831,649	\$ 7,220,743
Special assessments	-	19,925	-	48,073	67,998
Intergovernmental	728,046	904,461	197	73,844	1,706,548
Licenses and permits	478,174	-	4,266	146,664	629,104
Fines and forfeits	162,077	-	-	-	162,077
Public charges for services	131,228	269,267	-	-	400,495
Miscellaneous	366,391	150,259	273	153,630	670,553
	<u>6,707,363</u>	<u>2,673,641</u>	<u>222,654</u>	<u>1,253,860</u>	<u>10,857,518</u>
<b>EXPENDITURES</b>					
Current					
General government	1,063,652	48,347	46,320	32,312	1,190,631
Public safety	2,845,047	38,542	-	-	2,883,589
Public works	2,951,681	361,522	-	-	3,313,203
Community development	386,714	25,773	64,720	205,525	682,732
Debt service					
Principal	-	-	-	570,000	570,000
Interest and fiscal charges	-	-	26,789	353,648	380,437
Capital outlay	-	2,087,233	510,427	330,305	2,927,965
	<u>7,247,094</u>	<u>2,561,417</u>	<u>648,256</u>	<u>1,491,790</u>	<u>11,948,557</u>
Excess of revenues over (under) expenditures	<u>(539,731)</u>	<u>112,224</u>	<u>(425,602)</u>	<u>(237,930)</u>	<u>(1,091,039)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	598,311	-	-	923,648	1,521,959
Transfers out	-	-	(221,561)	(702,087)	(923,648)
	<u>598,311</u>	<u>-</u>	<u>(221,561)</u>	<u>221,561</u>	<u>598,311</u>
<b>Net change in fund balances</b>	58,580	112,224	(647,163)	(16,369)	(492,728)
<b>Fund balances - January 1</b>	<u>2,819,684</u>	<u>503,754</u>	<u>(1,366,926)</u>	<u>115,773</u>	<u>2,072,285</u>
<b>Fund balances - December 31</b>	<u>\$ 2,878,264</u>	<u>\$ 615,978</u>	<u>\$ (2,014,089)</u>	<u>\$ 99,404</u>	<u>\$ 1,579,557</u>

# Village of Howard, Wisconsin

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

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### RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net change in fund balances as shown on previous page	\$ (492,728)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets reported as capital outlay in governmental fund statements	4,096,198
Depreciation expense reported in the statement of activities	(1,817,185)
Net book value of disposals	(503,423)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	(152,324)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal repaid	570,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Accrued interest on long-term debt	(97)
Amortization of premiums, discounts and loss on advance refunding	16,191
Compensated absences	3,714
Net pension liability (asset)	449,259
Deferred outflows of resources related to pensions	(161,223)
Deferred inflows of resources related to pensions	(308,696)
Other postemployment benefits	(25,455)
Deferred outflows of resources related to other postemployment benefits	15,158
Deferred inflows of resources related to other postemployment benefits	(1,645)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.	<u>13,710</u>
Change in net position of governmental activities as reported in the statement of activities (see pages 22 - 23)	<u>\$ 1,701,454</u>

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

# Village of Howard, Wisconsin

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 4,831,490	\$ 4,831,490	\$ 4,841,447	\$ 9,957
Intergovernmental	718,110	718,110	728,046	9,936
Licenses and permits	497,100	497,100	478,174	(18,926)
Fines and forfeits	208,900	208,900	162,077	(46,823)
Public charges for services	136,600	136,600	131,228	(5,372)
Miscellaneous	305,200	305,200	366,391	61,191
Total revenues	<u>6,697,400</u>	<u>6,697,400</u>	<u>6,707,363</u>	<u>9,963</u>
<b>EXPENDITURES</b>				
Current				
General government	1,117,500	1,117,500	1,063,652	53,848
Public safety	2,857,000	2,857,000	2,845,047	11,953
Public works	2,886,000	2,886,000	2,951,681	(65,681)
Community development	406,000	406,000	386,714	19,286
Total expenditures	<u>7,266,500</u>	<u>7,266,500</u>	<u>7,247,094</u>	<u>19,406</u>
Excess of revenues over (under) expenditures	<u>(569,100)</u>	<u>(569,100)</u>	<u>(539,731)</u>	<u>29,369</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>569,100</u>	<u>569,100</u>	<u>598,311</u>	<u>29,211</u>
<b>Net change in fund balance</b>	-	-	58,580	58,580
<b>Fund balance - January 1</b>	<u>2,819,684</u>	<u>2,819,684</u>	<u>2,819,684</u>	-
<b>Fund balance - December 31</b>	<u>\$ 2,819,684</u>	<u>\$ 2,819,684</u>	<u>\$ 2,878,264</u>	<u>\$ 58,580</u>

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

# Village of Howard, Wisconsin

## STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2018

	Enterprise Funds			
	Water	Sewer	Storm water	Howard Commons
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 2,876,813	\$ 1,782,509	\$ -	\$ 1,811,202
Receivables				
Accounts	505,183	540,439	115,841	132,610
Special assessments	1,490,047	1,731,993	4,933,849	-
Inventories and prepaid items	68,804	14,156	-	-
Total current assets	<u>4,940,847</u>	<u>4,069,097</u>	<u>5,049,690</u>	<u>1,943,812</u>
Other assets				
Net pension asset	86,017	53,286	34,407	-
Capital assets				
Nondepreciable	226,266	424,275	521,861	287,923
Depreciable	24,578,037	20,755,335	21,945,271	24,464,648
Total capital assets	<u>24,804,303</u>	<u>21,179,610</u>	<u>22,467,132</u>	<u>24,752,571</u>
Total assets	<u>29,831,167</u>	<u>25,301,993</u>	<u>27,551,229</u>	<u>26,696,383</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on advance refunding	15,375	-	-	-
Pension related amounts	151,810	97,045	78,690	-
Other postemployment related amounts	3,674	2,276	1,829	-
Total deferred outflows of resources	<u>170,859</u>	<u>99,321</u>	<u>80,519</u>	<u>-</u>

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

<u>Enterprise Funds (continued)</u>		<u>Governmental</u>
<u>Nonmajor</u>		<u>Activities -</u>
<u>Golf Course</u>	<u>Total</u>	<u>Internal Service</u>
		<u>Fund</u>
\$ 46,120	\$ 6,516,644	\$ 13,710
-	1,294,073	-
-	8,155,889	-
<u>25,087</u>	<u>108,047</u>	<u>-</u>
<u>71,207</u>	<u>16,074,653</u>	<u>13,710</u>
<u>19,592</u>	<u>193,302</u>	<u>-</u>
1,936,375	3,396,700	-
<u>870,881</u>	<u>92,614,172</u>	<u>-</u>
<u>2,807,256</u>	<u>96,010,872</u>	<u>-</u>
<u>2,898,055</u>	<u>112,278,827</u>	<u>13,710</u>
-	15,375	-
21,949	349,494	-
<u>478</u>	<u>8,257</u>	<u>-</u>
<u>22,427</u>	<u>373,126</u>	<u>-</u>

# Village of Howard, Wisconsin

## STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2018

	Enterprise Funds			
	Water	Sewer	Storm water	Howard Commons
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 42,991	\$ 70,665	\$ 197,936	\$ 165,857
Accrued and other current liabilities	25,391	20,438	16,274	-
Due to other funds	-	-	180,326	-
Construction and other deposits	-	-	820,364	40,185
Unearned revenue	-	-	-	22,581
Current portion of long-term obligations	161,400	19,400	5,100	220,000
Accrued interest	2,640	-	-	69,724
Total current liabilities	<u>232,422</u>	<u>110,503</u>	<u>1,220,000</u>	<u>518,347</u>
Long-term obligations, less current portion				
General obligation debt	445,000	-	-	-
Note anticipation notes	-	-	-	25,504,450
Debt premium	-	-	-	657,669
Compensated absences	17,661	12,922	3,340	-
Other postemployment benefits	28,301	17,532	14,087	-
Total long-term liabilities	<u>490,962</u>	<u>30,454</u>	<u>17,427</u>	<u>26,162,119</u>
Total liabilities	<u>723,384</u>	<u>140,957</u>	<u>1,237,427</u>	<u>26,680,466</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related amounts	171,818	106,439	85,523	-
Other postemployment related amounts	399	247	198	-
Total deferred inflows of resources	<u>172,217</u>	<u>106,686</u>	<u>85,721</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	24,224,303	21,179,610	22,467,132	(12,069)
Restricted	86,017	53,286	34,407	-
Unrestricted	4,796,105	3,920,775	3,807,061	27,986
Total net position	<u>\$ 29,106,425</u>	<u>\$ 25,153,671</u>	<u>\$ 26,308,600</u>	<u>\$ 15,917</u>

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

<u>Enterprise Funds (continued)</u>		<u>Governmental</u>
<u>Nonmajor</u>		<u>Activities -</u>
<u>Golf Course</u>	<u>Total</u>	<u>Internal Service</u>
		<u>Fund</u>
\$ 17,345	\$ 494,794	\$ -
2,147	64,250	-
-	180,326	-
-	860,549	-
43,886	66,467	-
-	405,900	-
-	72,364	-
<u>63,378</u>	<u>2,144,650</u>	<u>-</u>
-	445,000	-
-	25,504,450	-
-	657,669	-
-	33,923	-
3,680	63,600	-
<u>3,680</u>	<u>26,704,642</u>	<u>-</u>
<u>67,058</u>	<u>28,849,292</u>	<u>-</u>
22,339	386,119	-
52	896	-
<u>22,391</u>	<u>387,015</u>	<u>-</u>
2,807,256	70,666,232	-
19,592	193,302	-
4,185	12,556,112	13,710
<u>\$ 2,831,033</u>	<u>83,415,646</u>	<u>\$ 13,710</u>

# Village of Howard, Wisconsin

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	Enterprise Funds			
	Water	Sewer	Storm water	Howard Commons
<b>OPERATING REVENUES</b>				
Charges for services	\$ 5,443,892	\$ 4,062,134	\$ 1,058,904	\$ 157,182
Other	291,904	153,665	41,879	-
Total operating revenues	5,735,796	4,215,799	1,100,783	157,182
<b>OPERATING EXPENSES</b>				
Operation and maintenance	4,214,593	2,919,080	547,555	85,609
Depreciation and amortization	641,617	385,999	266,021	53,703
Total operating expenses	4,856,210	3,305,079	813,576	139,312
Operating income	879,586	910,720	287,207	17,870
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	60,364	44,511	64,276	14,656
Interest and fiscal charges	(26,561)	-	-	(208,523)
Total nonoperating revenues (expenses)	33,803	44,511	64,276	(193,867)
Income (loss) before contributions and transfers	913,389	955,231	351,483	(175,997)
Capital contributions	668,238	645,948	2,706,554	-
Transfers out	(587,234)	(11,077)	-	-
<b>Change in net position</b>	994,393	1,590,102	3,058,037	(175,997)
<b>Net position - January 1, as originally reported</b>	28,134,163	23,577,279	23,261,579	302,890
<b>Change in accounting principle</b>	(22,131)	(13,710)	(11,016)	-
<b>Prior period adjustment</b>	-	-	-	(110,976)
<b>Net position - January 1, adjusted</b>	28,112,032	23,563,569	23,250,563	191,914
<b>Net position - December 31</b>	<u>\$ 29,106,425</u>	<u>\$ 25,153,671</u>	<u>\$ 26,308,600</u>	<u>\$ 15,917</u>

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

<u>Enterprise Funds (continued)</u>		<u>Governmental</u>
<u>Nonmajor</u>		<u>Activities -</u>
<u>Golf Course</u>	<u>Total</u>	<u>Internal Service</u>
		<u>Fund</u>
\$ 550,638	\$ 11,272,750	\$ 702,099
1,150	488,598	-
<u>551,788</u>	<u>11,761,348</u>	<u>702,099</u>
485,269	8,252,106	688,389
48,644	1,395,984	-
<u>533,913</u>	<u>9,648,090</u>	<u>688,389</u>
17,875	2,113,258	13,710
88	183,895	-
-	(235,084)	-
<u>88</u>	<u>(51,189)</u>	<u>-</u>
17,963	2,062,069	13,710
-	4,020,740	-
-	(598,311)	-
<u>17,963</u>	<u>5,484,498</u>	<u>13,710</u>
2,815,947	78,091,858	-
(2,877)	(49,734)	-
-	(110,976)	-
<u>2,813,070</u>	<u>77,931,148</u>	<u>-</u>
<u>\$ 2,831,033</u>	<u>83,415,646</u>	<u>\$ 13,710</u>

# Village of Howard, Wisconsin

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	Enterprise Funds			
	Water	Sewer	Storm water	Howard Commons
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 5,779,285	\$ 4,077,692	\$ 1,093,836	\$ 87,338
Cash received from interfund services provided	-	-	-	-
Cash paid for employee wages and benefits	(541,165)	(398,575)	(323,713)	-
Cash paid to suppliers	(3,591,991)	(2,748,448)	(152,985)	(83,852)
Net cash provided by operating activities	1,646,129	930,669	617,138	3,486
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Due from other funds	-	-	180,326	-
Transfer out	(587,234)	(11,077)	-	-
Net cash provided (used) by noncapital financing activities	(587,234)	(11,077)	180,326	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(1,143,949)	(651,625)	(3,029,805)	(19,402,819)
Capital contributions	373,591	434,643	1,624,576	-
Sale of capital assets	-	97,459	-	-
Proceeds of long-term debt	-	-	-	16,330,000
Debt premium received	-	-	-	940,118
Debt issuance costs paid	-	-	-	(158,194)
Principal paid on long-term debt	(135,000)	-	-	-
Interest paid on long-term debt	(17,325)	-	-	(639,058)
Interest capitalized	-	-	-	639,058
Net cash flows provided used by capital and related financing activities	(922,683)	(119,523)	(1,405,229)	(2,290,895)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	60,364	44,511	64,276	123,012
Interest income capitalized	-	-	-	(108,356)
Net cash provided by investing activities	60,364	44,511	64,276	14,656
<b>Change in cash and cash equivalents</b>	196,576	844,580	(543,489)	(2,272,753)
<b>Cash and cash equivalents - January 1</b>	2,680,237	937,929	543,489	4,083,955
<b>Cash and cash equivalents - December 31</b>	<u>\$ 2,876,813</u>	<u>\$ 1,782,509</u>	<u>\$ -</u>	<u>\$ 1,811,202</u>

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

<u>Enterprise Funds (continued)</u>		<u>Governmental</u>
<u>Nonmajor</u>		<u>Activities -</u>
<u>Golf</u>		<u>Internal Service</u>
<u>Course</u>	<u>Total</u>	<u>Fund</u>
\$ 523,576	\$ 11,561,727	\$ -
-	-	702,099
(200,418)	(1,463,871)	-
(300,069)	(6,877,345)	(688,389)
<u>23,089</u>	<u>3,220,511</u>	<u>13,710</u>
-	180,326	-
-	(598,311)	-
-	(417,985)	-
(76,493)	(24,304,691)	-
-	2,432,810	-
-	97,459	-
-	16,330,000	-
-	940,118	-
-	(158,194)	-
-	(135,000)	-
-	(656,383)	-
-	639,058	-
<u>(76,493)</u>	<u>(4,814,823)</u>	<u>-</u>
88	292,251	-
-	(108,356)	-
<u>88</u>	<u>183,895</u>	<u>-</u>
(53,316)	(1,828,402)	13,710
<u>99,436</u>	<u>8,345,046</u>	<u>-</u>
<u>\$ 46,120</u>	<u>\$ 6,516,644</u>	<u>\$ 13,710</u>

# Village of Howard, Wisconsin

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	Enterprise Funds			
	Water	Sewer	Storm water	Howard Commons
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 879,586	\$ 910,720	\$ 287,207	\$ 17,870
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation and amortization	641,617	385,999	266,021	53,703
Depreciation charged to sewer utility	49,186	(49,186)	-	-
Change in liability (asset) and deferred outflows and inflows of resources				
Pension	14,024	5,689	12,263	-
Other postemployment benefits	2,895	1,793	1,440	-
Change in operating assets and liabilities				
Accounts receivables	325,459	(138,107)	(6,947)	(132,610)
Inventories and prepaid items	11,971	323	-	-
Accounts payable	(263,633)	(189,376)	51,529	(1,070,254)
Accounts payable related to capital assets	-	-	-	1,072,011
Accrued liabilities	4,629	4,236	4,127	-
Customer deposits	(16,404)	-	-	40,185
Unearned revenue	-	-	-	22,581
Compensated absences	(3,201)	(1,422)	1,498	-
Net cash provided by operating activities	<u>\$ 1,646,129</u>	<u>\$ 930,669</u>	<u>\$ 617,138</u>	<u>\$ 3,486</u>

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

<u>Enterprise Funds (continued)</u>		<u>Governmental Activities - Internal Service Fund</u>
<u>Nonmajor Golf Course</u>	<u>Total</u>	
\$ 17,875	\$ 2,113,258	\$ 13,710
48,644	1,395,984	-
-	-	-
(8,796)	23,180	-
377	6,505	-
-	47,795	-
(14,761)	(2,467)	-
6,313	(1,465,421)	-
-	1,072,011	-
1,649	14,641	-
-	23,781	-
(28,212)	(5,631)	-
-	(3,125)	-
<u>\$ 23,089</u>	<u>\$ 3,220,511</u>	<u>\$ 13,710</u>

# Village of Howard, Wisconsin

## STATEMENT OF FIDUCIARY NET POSITION PROPERTY TAX AGENCY FUND DECEMBER 31, 2018

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### ASSETS

Current assets	
Cash and investments	\$ 11,669,384
Receivables	
Taxes	<u>13,207,716</u>
Total assets	<u>\$ 24,877,100</u>

### LIABILITIES

Current liabilities	
Due to other governments	<u>\$ 24,877,100</u>

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

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. REPORTING ENTITY

The Village is a municipal corporation governed by an elected eight member board. In accordance with GAAP, the basic financial statements are required to include the Village and any separate component units that have a significant operational or financial relationship with the Village. The Village has not identified any component units that are required to be included in the basic financial statements in accordance with standards established in GASB Statement No. 61.

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

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

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

Separate financial statements are provided for governmental, proprietary, 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. Proprietary funds include enterprise and internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

#### General Fund

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

#### Capital Improvement Fund

This fund accounts for the acquisition or construction of major capital facilities other than those financed by proprietary fund types.

#### Tax Incremental District No. 8 Capital Projects Fund

This fund is used to account for the project plan costs of the Village's Tax Incremental District No. 8.

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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The Village reports the following major enterprise funds:

### **Water Utility Fund**

This fund accounts for the operations of the Village's water distribution system.

### **Sewer Utility Fund**

This fund accounts for the operations of the Village's sewerage collection and treatment system.

### **Storm Water Utility Fund**

This fund accounts for the operations of the Village's storm water collection system.

### **Howard Commons Fund**

This fund accounts for the operations of the Village's Howard Commons apartment complex.

Additionally, the Village reports the following fund types:

- ▶ An *internal service fund* accounts for health, dental and section 125 cafeteria plan services provided to Village employees on a cost reimbursement basis. The Village purchases commercial insurance for health and dental coverage and reimburses employee deductible costs.
- ▶ The Village accounts for property taxes collected on behalf of other governments in an *agency fund*.

## **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Village's water, sewer, and storm water 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 BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

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

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

#### **1. Cash and Investments**

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

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

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

In addition to its levy, the Village also levies and collects taxes for the Howard-Suamico and Pulaski School Districts, Brown County, and Northeast Wisconsin Technical College. Brown County currently collects the Village's property taxes by agreement. Collections and remittances of property taxes for other entities are accounted for in the property tax agency fund.

#### **3. Accounts Receivable**

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

#### **4. Special Assessments**

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2018 tax roll are recognized as revenue in 2019.)

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### 5. Loans Receivable

The Village has received federal and state grant funds for economic development loan programs and has passed the funds to various businesses and individuals in the form of loans. The Village records a loan receivable and expenditure when the loan has been made and the funds disbursed. 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. In the governmental funds, the Village records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

### 6. Interfund Receivables and Payables

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

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

### 7. 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 nonspendable fund balance to indicate that they do not represent spendable available financial resources.

### 8. 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 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 a year. Business-type capital assets are defined by the Village as assets with an initial, individual cost of \$2,000 or more 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. Interest incurred during the construction phase is reflected in the capitalized value of the capital assets constructed, net of interest earned on the invested proceeds over the same period. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental	Business-type
	Activities	Activities
	Years	
Land improvements	40 - 75	50
Buildings	30 - 50	20 - 50
Machinery and equipment	5 - 25	5 - 25
Infrastructure	20 - 100	30 - 100

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### 9. **Compensated Absences**

It is the Village's policy to permit employees to accumulate earned but unused vacation in accordance with employee handbook policies. All vacation 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.

### 10. **Deferred Outflows/Inflows of Resources**

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

Governmental funds may report deferred inflows of resources for unavailable revenues. The Village reports unavailable revenues for special assessments, special charges, and loan receivables. These inflows are recognized as revenues in the government-wide financial statements.

### 11. **Long-term Obligations**

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

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

### 12. **Pensions**

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

### 13. **Other Postemployment Benefits Other Than Pensions (OPEB)**

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### 14. Fund Equity

#### *Governmental Fund Financial Statements*

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

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

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:

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

### E. 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.

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### NOTE 2: STEWARDSHIP AND COMPLIANCE

#### A. BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to November 20, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the governmental funds adopting a budget.
4. Expenditures may not exceed appropriations on a functional basis of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board.
5. Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2018.

#### B. DEFICIT FUND BALANCE

The following funds had a deficit fund balance as of December 31, 2018:

Funds	Deficit Fund Balance
Tax Incremental District No. 3	\$ 365,780
Tax Incremental District No. 7	302,040
Tax Incremental District No. 8	2,014,089

The Village anticipates future tax increments will finance the deficit of the Tax Incremental District funds.

#### C. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2017 and 2018 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Village's January 1 equalized value as a result of net new construction. The actual limit for the Village for the 2017 budget was 1.97%. The actual limit for the Village for the 2018 budget was 2.46%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### NOTE 3: DETAILED NOTES ON ALL FUNDS

#### A. CASH AND INVESTMENTS

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

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

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

The carrying amount of the Village's cash and investments totaled \$24,514,019 on December 31, 2018 as summarized below:

Petty cash and cash on hand	\$	4,750
Deposits with financial institutions		24,253,436
Investments		
Wisconsin Local Government Investment Pool		255,833
	\$	<u>24,514,019</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position		
Cash and investments	\$	12,844,635
Fiduciary fund statement of net position		
Agency fund		11,669,384
	\$	<u>24,514,019</u>

#### Fair Value Measurements

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Village currently has no investments that are subject to fair value measurement.

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.

#### Custodial Credit Risk

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

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution.

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2018, \$12,298,661 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. \$11,339,168 was collateralized with securities held by the pledging financial institution or its trust department or agent.

### **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. The Village's investment policy does not further limit its investment choices. The Village's investment in the Wisconsin local government investment pool is not rated.

### **Concentration of Credit Risk**

The investment policy of the Village states that no more than 50% of the Village's total investment portfolio will be invested in a single security type or single financial institution, unless fully collateralized, with the exception of U.S. Treasury securities and authorized pools. At December 31, 2018, the Village had no investments in any one issuer (other than an external investment pool) that represent 5% or more of total Village investments.

### **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 flow and liquidity needed for operations. The average days to maturity of investments held by the Wisconsin Local Government Investment Pool is less than 12 months as of December 31, 2018.

### **Investment in Wisconsin Local Government Investment Pool**

The Village has investments in the Wisconsin Local Government Investment Pool of \$255,833 at year-end. The 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, 2018, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### B. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 8,393,102	\$ 379,553	\$ -	\$ 8,772,655
Capital assets, depreciable:				
Land improvements	2,758,966	-	-	2,758,966
Buildings	5,974,536	16,532	-	5,991,068
Machinery and equipment	6,753,017	460,892	142,688	7,071,221
Infrastructure	55,721,518	3,239,221	616,517	58,344,222
Subtotals	<u>71,208,037</u>	<u>3,716,645</u>	<u>759,205</u>	<u>74,165,477</u>
Less accumulated depreciation for:				
Land improvements	819,598	62,708	-	882,306
Buildings	1,827,087	66,429	-	1,893,516
Machinery and equipment	3,375,968	333,794	103,936	3,605,826
Infrastructure	19,749,024	1,354,254	151,846	20,951,432
Subtotals	<u>25,771,677</u>	<u>1,817,185</u>	<u>255,782</u>	<u>27,333,080</u>
Total capital assets, depreciable, net	<u>45,436,360</u>	<u>1,899,460</u>	<u>503,423</u>	<u>46,832,397</u>
Governmental activities capital assets, net	<u>\$ 53,829,462</u>	<u>\$ 2,279,013</u>	<u>\$ 503,423</u>	55,605,052
Less: Capital related debt				10,780,550
Less: Debt premium				<u>215,250</u>
Net investment in capital assets				<u>\$ 44,609,252</u>
Business-type activities:				
Capital assets, nondepreciable:				
Land	\$ 2,788,391	\$ 9,735	\$ 97,459	\$ 2,700,667
Construction in progress	6,355,737	18,858,647	24,518,351	696,033
Total capital assets, nondepreciable	<u>9,144,128</u>	<u>18,868,382</u>	<u>24,615,810</u>	<u>3,396,700</u>
Capital assets, depreciable:				
Land improvements	1,347,632	171,370	-	1,519,002
Buildings	739,728	23,992,687	-	24,732,415
Machinery and equipment	4,628,078	701,404	96,547	5,232,935
Infrastructure	76,743,270	3,848,990	24,264	80,567,996
Subtotals	<u>83,458,708</u>	<u>28,714,451</u>	<u>120,811</u>	<u>112,052,348</u>
Less accumulated depreciation for:				
Land improvements	153,830	11,279	-	165,109
Buildings	464,322	65,744	-	530,066
Machinery and equipment	2,700,531	268,630	96,547	2,872,614
Infrastructure	14,844,320	1,050,331	24,264	15,870,387
Subtotals	<u>18,163,003</u>	<u>1,395,984</u>	<u>120,811</u>	<u>19,438,176</u>
Total capital assets, depreciable, net	<u>65,295,705</u>	<u>27,318,467</u>	<u>-</u>	<u>92,614,172</u>
Business-type activities capital assets, net	<u>\$ 74,439,833</u>	<u>\$ 46,186,849</u>	<u>\$ 24,615,810</u>	96,010,872
Less: Capital related debt				24,466,971
Less: Debt premium				<u>877,669</u>
Net investment in capital assets				<u>\$ 70,666,232</u>

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

Governmental activities	
General government	\$ 37,035
Public safety	171,285
Public works	1,516,279
Culture and recreation	92,586
Total depreciation expense - governmental activities	<u>\$ 1,817,185</u>
Business-type activities	
Water Utility	\$ 641,617
Sewer Utility	385,999
Storm water Utility	266,021
Howard Commons	53,703
Golf course	48,644
Total depreciation expense - business-type activities	<u>\$ 1,395,984</u>

### C. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the Village, as reported in the fund financial statements, as of December 31, 2018 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Temporary cash advances to finance operating cash deficits		
Governmental funds		
General	\$ 1,170,221	\$ -
TIF District No. 3	-	167,547
TIF District No. 7	-	302,040
TIF District No. 8	-	520,308
Proprietary fund		
Storm water utility	-	180,326
Subtotal	<u>1,170,221</u>	<u>1,170,221</u>
Long-term advances to finance project plan expenditures		
Governmental funds		
General fund	1,300,000	-
TIF District No. 8	-	1,300,000
Totals	<u>\$ 2,470,221</u>	<u>\$ 2,470,221</u>

Annual payments due on the long-term advances as of December 31, 2018, are detailed below:

Year Ended December 31,	Principal	Interest	Total
2019	\$ 85,000	\$ 26,789	\$ 111,789
2020	85,000	26,151	111,151
2021	85,000	25,471	110,471
2022	86,000	24,493	110,493
2023	87,000	23,332	110,332
2024 - 2028	461,000	92,165	553,165
2029 - 2032	411,000	31,015	442,015
	<u>\$ 1,300,000</u>	<u>\$ 249,416</u>	<u>\$ 1,549,416</u>

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Interfund transfers for the year ended December 31, 2018 were as follows:

Funds	Transfer In	Transfer Out
General fund	\$ 598,311	\$ -
Debt service fund	923,648	-
TIF District No. 3	-	339,912
TIF District No. 4	-	362,175
TIF District No. 8	-	221,561
Water utility	-	587,234
Sewer utility	-	11,077
	<u>\$ 1,521,959</u>	<u>\$ 1,521,959</u>

Interfund transfers were made for the following purposes:

Tax equivalent payment made by Water Utility to General Fund	\$ 383,723
Tax equivalent payment made by Sewer Utility to General Fund	11,077
Cell tower lease payments received by Water Utility transferred to General Fund	203,511
Tax incremental district transfers for debt retirement related to the District	923,648
	<u>\$ 1,521,959</u>

### I. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2018:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt					
Bonds	\$ 10,660,000	\$ -	\$ 570,000	\$ 10,090,000	\$ 685,000
Note anticipation notes	690,550	-	-	690,550	-
Debt premium	231,441	-	16,191	215,250	15,800
Net pension liability	94,343	-	94,343	-	-
Other postemployment benefits	91,318	25,455	-	116,773	-
Compensated absences	180,440	158,786	162,500	176,726	106,000
Governmental activities Long-term obligations	<u>\$ 11,948,092</u>	<u>\$ 184,241</u>	<u>\$ 843,034</u>	<u>\$ 11,289,299</u>	<u>\$ 806,800</u>
Business-type activities:					
General obligation debt					
Bonds	\$ 715,000	\$ -	\$ 135,000	\$ 580,000	\$ 135,000
Note anticipation notes	9,174,450	16,330,000	-	25,504,450	-
Debt premium	125,140	940,118	187,589	877,669	220,000
Net pension liability	51,383	-	51,383	-	-
Other postemployment benefits	49,734	13,866	-	63,600	-
Compensated absences	87,948	68,975	72,100	84,823	50,900
Business-type activities Long-term obligations	<u>\$ 10,203,655</u>	<u>\$ 17,352,959</u>	<u>\$ 446,072</u>	<u>\$ 27,110,542</u>	<u>\$ 405,900</u>

The beginning balance was adjusted for the cumulative effect on change in accounting principle, as noted in Note 2.K and debt issuance costs, as noted in Note 4.E.

Total interest paid during the year on long-term debt totaled \$1,010,031.

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/18</u>
General obligation bonds	12/30/13	12/01/33	2.00-4.00%	\$ 7,830,000	\$ 6,390,000
General obligation bonds	12/30/13	12/01/27	0.45-4.20%	1,545,000	1,045,000
General obligation bonds	08/05/15	06/01/35	3.00-3.50%	2,890,000	2,655,000
General obligation refunding bonds	08/04/11	05/01/22	0.90-2.90%	1,695,000	<u>580,000</u>
Total outstanding general obligation debt					<u>\$ 10,670,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$10,670,000 on December 31, 2018 are detailed below:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 685,000	\$ 325,538	\$ 135,000	\$ 14,153	\$ 820,000	\$ 339,691
2020	700,000	310,138	145,000	10,508	845,000	320,646
2021	705,000	289,238	150,000	6,450	855,000	295,688
2022	725,000	263,688	150,000	2,175	875,000	265,863
2023	735,000	249,738	-	-	735,000	249,738
2024-2028	3,525,000	866,625	-	-	3,525,000	866,625
2029-2033	2,625,000	354,940	-	-	2,625,000	354,940
2034-2038	390,000	16,960	-	-	390,000	16,960
	<u>\$ 10,090,000</u>	<u>\$ 2,676,865</u>	<u>\$ 580,000</u>	<u>\$ 33,286</u>	<u>\$ 10,670,000</u>	<u>\$ 2,710,151</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, 2018 was \$79,806,520 as follows:

Equalized valuation of the Village	\$ 1,809,530,400
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>90,476,520</u>
Net outstanding general obligation debt applicable to debt limitation	<u>10,670,000</u>
Legal margin for new debt	<u>\$ 79,806,520</u>

### Note Anticipation Notes

Note anticipation notes currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/18</u>
Note anticipation notes	10/18/17	12/01/21	2.00%	\$ 9,865,000	\$ 9,865,000
Note anticipation notes	04/02/18	12/01/18	2.00%	16,335,000	<u>16,330,000</u>
Total outstanding note anticipation notes					<u>\$ 26,195,000</u>

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Annual principal and interest maturities of the outstanding note anticipation notes of \$26,195,000 on December 31, 2018 are detailed below:

Year Ended December 31,	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ -	\$ 13,811	\$ -	\$ 836,689	\$ -	\$ 850,500
2020	-	13,811	-	836,689	-	850,500
2021	690,550	13,811	9,174,450	836,689	9,865,000	850,500
2022	-	-	16,330,000	653,200	16,330,000	653,200
	<u>\$ 690,550</u>	<u>\$ 41,433</u>	<u>\$ 25,504,450</u>	<u>\$ 3,163,267</u>	<u>\$ 26,195,000</u>	<u>\$ 3,204,700</u>

### J. PENSION PLAN

#### 1. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are 1) final average earnings, 2) years of creditable service, and 3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Vested participants may retire on or after age 55 (50 for protective occupation employees) and receive actuarially-reduced benefits. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### 2. Post-Retirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4

### 3. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and executives and elected officials. Starting on January 1, 2016, the executives and elected officials category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the 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.

For the year ended December 31, 2018, WRS recognized \$208,249 in contributions from the Village.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2018, the Village reported an asset of \$548,218 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

December 31, 2017, the Village's proportion was 0.01846401%, which was an increase of 0.00078392% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village recognized pension expense of \$232,385.

At December 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 696,523	\$ 325,811
Net differences between projected and actual earnings on pension plan investments	-	753,475
Changes in assumptions	108,317	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	15,775
Employer contributions subsequent to the measurement date	208,249	-
Total	<u>\$ 1,013,089</u>	<u>\$ 1,095,061</u>

\$208,249 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2019	\$ 53,899
2020	(9,928)
2021	(192,130)
2022	(143,370)
2023	1,308
Total	<u>\$ (290,221)</u>

### 5. Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2016
Measurement date of net pension liability (asset):	December 31, 2017
Actuarial cost method:	Entry Age
Asset valuation method:	Fair Value
Long-term expected rate of return:	7.2%
Discount rate:	7.2%
Salary increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement adjustments*	2.1%

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

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

	<b>Current Asset Allocation %</b>	<b>Long-term Expected Nominal Rate of Return %</b>	<b>Long-term Expected Real Rate of Return %</b>
Core Fund Asset Class			
Global equities	50%	8.2%	5.3%
Fixed income	24.5%	4.2%	1.4%
Inflation sensitive assets	15.5%	3.8%	1.0%
Real estate	8%	6.5%	3.6%
Private equity/debt	8%	9.4%	6.5%
Multi-asset	4%	6.5%	3.6%
Total Core Fund	110%	7.3%	4.4%
Variable Fund Asset Class			
U.S. equities	70%	7.5%	4.6%
International equities	30%	7.8%	4.9%
Total Variable Fund	100%	7.9%	5.0%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

**Single Discount Rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### Sensitivity of the Village's proportionate share of the net pension liability (asset) to changes in the discount rate.

The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.2 percent, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
Village's proportionate share of the net pension liability (asset)	\$ 1,418,428	\$ (548,218)	\$ (2,042,930)

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

### 6. Payables to the Pension Plan

At December 31, 2018, the Village reported a payable of \$34,221 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

### K. OTHER POSTEMPLOYMENT BENEFITS

The Village has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended December 31, 2018. This statement revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits. Financial statements for the year ended December 31, 2017 have not been restated.

The cumulative effect of this change was to decrease the December 31, 2017 net position by \$141,052 as follows:

Other postemployment liability		
OPEB liability balance previously reported	\$ -	
Actuarially determined balance	<u>141,052</u>	
Change in other postemployment liability		<u>\$ (141,052)</u>

### Local Retiree Life Insurance Fund

#### Plan Description

The LRLIF is a cost-sharing, multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees.

#### OPEB Plan Fiduciary Net Position

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

#### Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### *Contributions*

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2018 are:

Coverage Type	Employer Contribution
50% Post-retirement coverage	40% of employee contribution
25% Post-retirement coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are listed below:

Life Insurance Employee Contribution Rates For the Year Ended December 31, 2017	
Attained Age	Basic
Under 30	\$0.05
30 - 34	0.06
35 - 39	0.07
40 - 44	0.08
45 - 49	0.12
50 - 54	0.22
55 - 59	0.39
60 - 64	0.49
65 - 69	0.57

During the reporting period, the LRLIF recognized \$1,138 in contributions from the employer.

### *OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At December 31, 2018, the Village reported a liability of \$180,373 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was 0.05995300%, which was an increase of 0.00185600% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village recognized OPEB expense of \$19,684.

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

At December 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,541
Net differences between projected and actual earnings on OPEB plan investments	2,077	-
Changes in assumptions	17,430	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,908	-
Total	<u>\$ 23,415</u>	<u>\$ 2,541</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2019	\$ 3,397
2020	3,397
2021	3,397
2022	3,398
2023	2,878
Thereafter	4,407
Total	<u>\$ 20,874</u>

**Actuarial assumptions.** The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date:	January 1, 2017
Measurement date of net OPEB liability:	December 31, 2017
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	3.44%
Long-term expected rate of return:	5.00%
Discount rate:	3.63%
Salary increases:	
Inflation	3.20%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

**Long-term expected return on plan assets.** The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Asset Class	Index	Target Allocation	Long-term Expected Geometric Real Rate of Return %
U.S. Government Bonds	Barclays Government	1%	1.13%
U.S. Credit Bonds	Barclays Credit	65%	2.61%
U.S. Long Credit Bonds	Barclays Long Credit	3%	3.08%
U.S. Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-term expected rate of return			5.00%

**Single discount rate.** A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

**Sensitivity of the Village's proportionate share of net OPEB liability to changes in the discount rate.** The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 3.63%, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63%) or 1-percentage-point higher (4.63%) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
Village's proportionate share of the net OPEB liability	\$ 254,936	\$ 180,373	\$ 123,154

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

### ***Payable to the OPEB Plan***

At December 31, 2018, the Village reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2018.

## **L. FUND EQUITY**

### **Nonspendable Fund Balance**

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2018, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Advance to other funds	<u>\$ 1,300,000</u>

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2018, restricted fund balance was as follows:

Special Revenue Fund		
Restricted for		
Community development	\$	<u>359,624</u>
Capital Projects Funds		
Restricted for		
Park development		80,695
Tax incremental district projects		<u>326,905</u>
		<u>407,600</u>
Total restricted fund balance	\$	<u><u>767,224</u></u>

### Assigned Fund Balance

In the fund financial statements, portions of governmental fund balances are assigned by the Village for a specific purpose. At December 31, 2018, assigned fund balance was as follows:

Capital Projects Fund		
Assigned for subsequent year's expenditures		
Capital Improvements	\$	<u>615,978</u>

### Minimum General Fund Balance Policy

The Village has also adopted a minimum fund balance policy of 35% to 40% of actual expenditures for the General Fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Actual 2018 General Fund expenditures	\$	7,247,094
Minimum fund balance %		(x) 35% to 40%
Minimum fund balance amount		<u><u>\$2,536,483 - \$2,898,838</u></u>

The Village's unassigned General Fund balance of \$1,578,264 is below the minimum fund balance amount.

### Net Position

The Village reports restricted net position at December 31, 2018 as follows:

Governmental activities		
Restricted for		
Park development	\$	80,695
Community development		863,228
Tax incremental district projects		427,538
Net pension asset		<u>354,916</u>
Total governmental activities restricted net position		<u>1,726,377</u>
Business-type activities		
Restricted for		
Net pension asset		<u>193,302</u>
Total restricted net position	\$	<u><u>1,919,679</u></u>

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### NOTE 4: OTHER INFORMATION

#### A. TAX INCREMENTAL FINANCING DISTRICTS

The Village has established separate capital projects funds for Tax Incremental District (TID) No. 3, No. 4, No. 5, No. 6, No. 7, and No. 8 which were created by the Village in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the District was created, the property tax base within the District was “frozen” and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the Village to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The Village’s Districts are still eligible to incur project costs.

Since creation of the above Districts, the Village has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID Capital Project Fund but can be recovered by the Village from any future excess tax increment revenues. As of December 31, 2018, the Village can recover \$15,438,453 from future excess tax increment revenues of the following:

	<u>Recoverable Costs</u>
TID No. 3	\$ 3,032,193
TID No. 4	4,844,488
TID No. 5	1,683,141
TID No. 7	302,040
TID No. 8	5,576,591

The intent of the Village is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective Districts. Unless terminated by the Village prior thereto, each TID has a statutory termination year as follows:

	<u>Termination Year</u>
TID No. 3	2026
TID No. 4	2034
TID No. 5	2028
TID No. 6	2028
TID No. 7	2039
TID No. 8	2035

#### B. TAX ABATEMENTS

The Village has created tax incremental financing districts (the “Districts”) in accordance with Wisconsin State Statute 66.1105, *Tax Increment Law*. As part of the project plan for the Districts, the Village entered into agreements with developers for a creation of tax base within the Districts. The agreements require the Village to make annual repayments of property taxes collected within the Districts to the developers, based upon the terms of the agreements. As tax abatements, those developer payments and the related property tax revenues are not reported as revenues or expenditures in the financial statements.

For the year ended December 31, 2018, the Village abated property taxes totaling \$286,119 under this program, comprised of the following tax abatement agreements:

- ▶ A property tax abatement of \$38,548 to a developer within Tax Incremental District No. 3.
- ▶ A property tax abatement of \$163,757 to a developer within Tax Incremental District No. 4.
- ▶ A property tax abatement of \$19,094 to a developer within Tax Incremental District No. 5.
- ▶ A property tax abatement of \$64,720 to a developer within Tax Incremental District No. 8.

# Village of Howard, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### **C. RISK MANAGEMENT**

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

The Village has established a separate internal service fund for the following risk management program:

#### **Health and Dental Self-Insurance Fund**

Village employees and employee dependents are eligible for medical benefits from a health self-insurance fund. Funding is provided by charges to Village departments and employees. The program is supplemented by stop loss protection, which limits the Village's annual liability. Fund expenses consist of payments to a third-party administrator for medical claims, stop loss insurance premiums and administrative fees. On December 31, 2018, the fund had a balance of \$13,710.

### **D. CONTINGENCIES**

From time to time, the Village is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position or results of operations.

### **E. PRIOR PERIOD ADJUSTMENT**

During 2018, the Village determined that certain debt issuance costs were not expensed during the year of debt issuance, instead these costs were being amortized over the life of the debt. Additionally, the full debt premium was not recorded and amortized over the life of the debt. As a result, the adjustment was to decrease government-wide net position by \$46,450, and business-type net position by \$110,976.

### **F. UPCOMING ACCOUNTING PRONOUNCEMENTS**

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

REQUIRED SUPPLEMENTARY INFORMATION

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# Village of Howard, Wisconsin

## SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) LOCAL RETIREE LIFE INSURANCE FUND LAST 10 FISCAL YEARS

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered-Employee Payroll (plan year)</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/17	0.05995300%	\$ 180,373	\$ 2,521,195	7.15%	44.81%

## SCHEDULE OF CONTRIBUTIONS LOCAL RETIREE LIFE INSURANCE FUND LAST 10 FISCAL YEARS

<u>Village Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-Employee Payroll (fiscal year)</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
12/31/18	\$ 1,229	\$ 1,229	\$ -	\$ 2,950,074	0.04%

*See notes to required supplementary information.*

# Village of Howard, Wisconsin

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

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.01671162%	\$ (410,482)	\$ 2,361,411	17.38%	102.74%
12/31/15	0.01692572%	275,040	2,410,629	11.41%	98.20%
12/31/16	0.01768009%	145,726	2,595,719	5.61%	99.12%
12/31/17	0.01846401%	(548,218)	2,827,456	19.39%	102.93%

## SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Village Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 167,710	\$ 167,710	\$ -	\$ 2,410,629	6.96%
12/31/16	176,224	176,224	-	2,595,719	6.79%
12/31/17	197,059	197,059	-	2,827,456	6.97%
12/31/18	208,249	208,249	-	2,950,074	7.06%

See notes to required supplementary information.

# Village of Howard, Wisconsin

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2018

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### **A. WISCONSIN RETIREMENT SYSTEM**

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

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

### **B. OTHER POSTEMPLOYMENT BENEFITS**

There were no changes in benefit terms.

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

## SUPPLEMENTARY INFORMATION

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# Village of Howard, Wisconsin

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2018

	Special Revenue		Capital Projects
	Community Development	Debt Service	Park Development
<b>ASSETS</b>			
Cash and investments	\$ 359,624	\$ -	\$ 95,296
Receivables			
Taxes and special charges	-	-	-
Special assessments	-	-	-
Loans	503,605	-	-
	<u>503,605</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 863,229</u>	<u>\$ -</u>	<u>\$ 95,296</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 14,601
Accrued and other current liabilities	-	-	-
Due to other funds	-	-	-
Special deposits	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>14,601</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	-	-	-
Loans receivable	503,605	-	-
Special assessments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>503,605</u>	<u>-</u>	<u>-</u>
Fund balances			
Restricted	359,624	-	80,695
Unassigned	-	-	-
	<u>359,624</u>	<u>-</u>	<u>80,695</u>
Total fund balances	<u>359,624</u>	<u>-</u>	<u>80,695</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 863,229</u>	<u>\$ -</u>	<u>\$ 95,296</u>

**Capital Projects**

Tax Incremental District No. 3	Tax Incremental District No. 4	Tax Incremental District No. 5	Tax Incremental District No. 6	Tax Incremental District No. 7	Total
\$ -	\$ 435,534	\$ 67,863	\$ 307,361	\$ -	\$ 1,265,678
215,844	386,090	31,873	126,219	-	760,026
-	100,634	-	-	-	100,634
-	-	-	-	-	503,605
<u>\$ 215,844</u>	<u>\$ 922,258</u>	<u>\$ 99,736</u>	<u>\$ 433,580</u>	<u>\$ -</u>	<u>\$ 2,629,943</u>
\$ -	\$ 1,628	\$ -	\$ -	\$ -	\$ 16,229
462	462	462	617	-	2,003
167,547	-	-	-	302,040	469,587
7,113	-	-	-	-	7,113
<u>175,122</u>	<u>2,090</u>	<u>462</u>	<u>617</u>	<u>302,040</u>	<u>494,932</u>
406,502	727,130	60,027	237,709	-	1,431,368
-	-	-	-	-	503,605
-	100,634	-	-	-	100,634
<u>406,502</u>	<u>827,764</u>	<u>60,027</u>	<u>237,709</u>	<u>-</u>	<u>2,035,607</u>
-	92,404	39,247	195,254	-	767,224
(365,780)	-	-	-	(302,040)	(667,820)
<u>(365,780)</u>	<u>92,404</u>	<u>39,247</u>	<u>195,254</u>	<u>(302,040)</u>	<u>99,404</u>
<u>\$ 215,844</u>	<u>\$ 922,258</u>	<u>\$ 99,736</u>	<u>\$ 433,580</u>	<u>\$ -</u>	<u>\$ 2,629,943</u>

# Village of Howard, Wisconsin

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue		Capital Projects
	Community Development	Debt Service	Park Development
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments	-	-	-
Intergovernmental	-	-	-
Licenses and permits	-	-	146,664
Miscellaneous	62,103	-	83,290
Total revenues	<u>62,103</u>	<u>-</u>	<u>229,954</u>
<b>EXPENDITURES</b>			
Current			
General government	4,565	-	-
Community development	-	-	-
Debt service			
Principal	-	570,000	-
Interest and fiscal charges	-	353,648	-
Capital outlay	-	-	146,876
Total expenditures	<u>4,565</u>	<u>923,648</u>	<u>146,876</u>
Excess of revenues over (under) expenditures	<u>57,538</u>	<u>(923,648)</u>	<u>83,078</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	923,648	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>923,648</u>	<u>-</u>
<b>Net change in fund balances</b>	57,538	-	83,078
<b>Fund balances - January 1</b>	<u>302,086</u>	<u>-</u>	<u>(2,383)</u>
<b>Fund balances - December 31</b>	<u><u>\$ 359,624</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 80,695</u></u>

**Capital Projects**

Tax Incremental District No. 3	Tax Incremental District No. 4	Tax Incremental District No. 5	Tax Incremental District No. 6	Tax Incremental District No. 7	Total
\$ 280,993	\$ 443,106	\$ 41,300	\$ 66,250	\$ -	\$ 831,649
-	48,073	-	-	-	48,073
25,253	42,421	923	3,992	1,255	73,844
-	-	-	-	-	146,664
-	3,784	37	4,416	-	153,630
<u>306,246</u>	<u>537,384</u>	<u>42,260</u>	<u>74,658</u>	<u>1,255</u>	<u>1,253,860</u>
2,150	1,025	21,588	2,984	-	32,312
38,548	165,728	224	-	1,025	205,525
-	-	-	-	-	570,000
-	-	-	-	-	353,648
9,796	-	-	173,633	-	330,305
<u>50,494</u>	<u>166,753</u>	<u>21,812</u>	<u>176,617</u>	<u>1,025</u>	<u>1,491,790</u>
<u>255,752</u>	<u>370,631</u>	<u>20,448</u>	<u>(101,959)</u>	<u>230</u>	<u>(237,930)</u>
-	-	-	-	-	923,648
(339,912)	(362,175)	-	-	-	(702,087)
<u>(339,912)</u>	<u>(362,175)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,561</u>
(84,160)	8,456	20,448	(101,959)	230	(16,369)
<u>(281,620)</u>	<u>83,948</u>	<u>18,799</u>	<u>297,213</u>	<u>(302,270)</u>	<u>115,773</u>
<u>\$ (365,780)</u>	<u>\$ 92,404</u>	<u>\$ 39,247</u>	<u>\$ 195,254</u>	<u>\$ (302,040)</u>	<u>\$ 99,404</u>

# Village of Howard, Wisconsin

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ 51,600	\$ 51,600	\$ 62,103	\$ 10,503
<b>EXPENDITURES</b>				
Current				
General government	5,000	5,000	4,565	435
Community development	600,000	600,000	-	600,000
Total expenditures	605,000	605,000	4,565	600,435
<b>Net change in fund balance</b>	(553,400)	(553,400)	57,538	610,938
<b>Fund balance - January 1</b>	302,086	302,086	302,086	-
<b>Fund balance - December 31</b>	\$ (251,314)	\$ (251,314)	\$ 359,624	\$ 610,938

# Village of Howard, Wisconsin

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - DEBT SERVICE FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Debt service				
Principal	570,000	570,000	570,000	-
Interest and fiscal charges	559,054	559,054	353,648	205,406
Total expenditures	1,129,054	1,129,054	923,648	205,406
Excess of revenues over (under) expenditures	(1,129,054)	(1,129,054)	(923,648)	205,406
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,129,054	1,129,054	923,648	(205,406)
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance - January 1</b>	-	-	-	-
<b>Fund balance - December 31</b>	\$ -	\$ -	\$ -	\$ -

# Village of Howard, Wisconsin

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,329,247	\$ 1,329,247	\$ 1,329,729	\$ 482
Special assessments	20,000	20,000	19,925	(75)
Intergovernmental	853,300	853,300	904,461	51,161
Public charges for services	46,700	46,700	269,267	222,567
Miscellaneous	12,228	12,228	150,259	138,031
Total revenues	<u>2,261,475</u>	<u>2,261,475</u>	<u>2,673,641</u>	<u>412,166</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	48,347	(48,347)
Public safety	-	-	38,542	(38,542)
Public works	503,500	503,500	361,522	141,978
Community development	-	-	25,773	(25,773)
Capital outlay	1,881,500	1,881,500	2,087,233	(205,733)
Total expenditures	<u>2,385,000</u>	<u>2,385,000</u>	<u>2,561,417</u>	<u>(176,417)</u>
<b>Net change in fund balance</b>	(123,525)	(123,525)	112,224	235,749
<b>Fund balance - January 1</b>	<u>503,754</u>	<u>503,754</u>	<u>503,754</u>	-
<b>Fund balance - December 31</b>	<u>\$ 380,229</u>	<u>\$ 380,229</u>	<u>\$ 615,978</u>	<u>\$ 235,749</u>

# Village of Howard, Wisconsin

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - PARK DEVELOPMENT CAPITAL PROJECTS FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses and permits	\$ 85,750	\$ 85,750	\$ 146,664	\$ 60,914
Miscellaneous	130,031	130,031	83,290	(46,741)
Total revenues	215,781	215,781	229,954	14,173
<b>EXPENDITURES</b>				
Current				
Public works	2,000	2,000	-	2,000
Capital outlay	265,000	265,000	146,876	118,124
Total expenditures	267,000	267,000	146,876	120,124
<b>Net change in fund balance</b>	(51,219)	(51,219)	83,078	134,297
<b>Fund balance - January 1</b>	(2,383)	(2,383)	(2,383)	-
<b>Fund balance - December 31</b>	<u>\$ (53,602)</u>	<u>\$ (53,602)</u>	<u>\$ 80,695</u>	<u>\$ 134,297</u>

# Village of Howard, Wisconsin

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - TAX INCREMENTAL DISTRICT NO. 3 CAPITAL PROJECTS FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 280,900	\$ 280,900	\$ 280,993	\$ 93
Intergovernmental	25,170	25,170	25,253	83
Total revenues	306,070	306,070	306,246	176
<b>EXPENDITURES</b>				
Current				
General government	2,500	2,500	2,150	350
Community development	37,500	37,500	38,548	(1,048)
Capital outlay	-	-	9,796	(9,796)
Total expenditures	40,000	40,000	50,494	(10,494)
Excess of revenues over (under) expenditures	266,070	266,070	255,752	(10,318)
<b>OTHER FINANCING USES</b>				
Transfers out	(339,912)	(339,912)	(339,912)	-
<b>Net change in fund balance</b>	(73,842)	(73,842)	(84,160)	(10,318)
<b>Fund balance - January 1</b>	(281,620)	(281,620)	(281,620)	-
<b>Fund balance - December 31</b>	<u>\$ (355,462)</u>	<u>\$ (355,462)</u>	<u>\$ (365,780)</u>	<u>\$ (10,318)</u>

# Village of Howard, Wisconsin

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - TAX INCREMENTAL DISTRICT NO. 4 CAPITAL PROJECTS FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 443,000	\$ 443,000	\$ 443,106	\$ 106
Special assessments	21,175	21,175	48,073	26,898
Intergovernmental	41,700	41,700	42,421	721
Miscellaneous	2,000	2,000	3,784	1,784
Total revenues	507,875	507,875	537,384	29,509
<b>EXPENDITURES</b>				
Current				
General government	-	-	1,025	(1,025)
Community development	162,000	162,000	165,728	(3,728)
Total expenditures	162,000	162,000	166,753	(4,753)
Excess of revenues over (under) expenditures	345,875	345,875	370,631	24,756
<b>OTHER FINANCING USES</b>				
Transfers out	(362,175)	(362,175)	(362,175)	-
<b>Net change in fund balance</b>	(16,300)	(16,300)	8,456	24,756
<b>Fund balance - January 1</b>	83,948	83,948	83,948	-
<b>Fund balance - December 31</b>	<u>\$ 67,648</u>	<u>\$ 67,648</u>	<u>\$ 92,404</u>	<u>\$ 24,756</u>

# Village of Howard, Wisconsin

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - TAX INCREMENTAL DISTRICT NO. 5 CAPITAL PROJECTS FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 41,200	\$ 41,200	\$ 41,300	\$ 100
Intergovernmental	900	900	923	23
Licenses and permits	200	200	-	(200)
Miscellaneous	-	-	37	37
Total revenues	42,300	42,300	42,260	(40)
<b>EXPENDITURES</b>				
Current				
General government	-	-	21,588	(21,588)
Community development	19,500	19,500	224	19,276
Total expenditures	19,500	19,500	21,812	(2,312)
<b>Net change in fund balance</b>	22,800	22,800	20,448	(2,352)
<b>Fund balance - January 1</b>	18,799	18,799	18,799	-
<b>Fund balance - December 31</b>	<u>\$ 41,599</u>	<u>\$ 41,599</u>	<u>\$ 39,247</u>	<u>\$ (2,352)</u>

# Village of Howard, Wisconsin

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - TAX INCREMENTAL DISTRICT NO. 6 CAPITAL PROJECTS FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 66,200	\$ 66,200	\$ 66,250	\$ 50
Intergovernmental	3,900	3,900	3,992	92
Miscellaneous	2,900	2,900	4,416	1,516
Total revenues	73,000	73,000	74,658	1,658
<b>EXPENDITURES</b>				
Current				
General government	-	-	2,984	(2,984)
Community development	1,000	1,000	-	1,000
Capital outlay	641,300	641,300	173,633	467,667
Total expenditures	642,300	642,300	176,617	465,683
Excess of revenues over (under) expenditures	(569,300)	(569,300)	(101,959)	467,341
<b>OTHER FINANCING SOURCES</b>				
Long-term debt issued	625,000	625,000	-	(625,000)
<b>Net change in fund balance</b>	55,700	55,700	(101,959)	(157,659)
<b>Fund balance - January 1</b>	297,213	297,213	297,213	-
<b>Fund balance - December 31</b>	\$ 352,913	\$ 352,913	\$ 195,254	\$ (157,659)

# Village of Howard, Wisconsin

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - TAX INCREMENTAL DISTRICT NO. 7 CAPITAL PROJECTS FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,200	\$ 1,200	\$ 1,255	\$ 55
<b>EXPENDITURES</b>				
Current				
Community development	1,000	1,000	1,025	(25)
<b>Net change in fund balance</b>	200	200	230	30
<b>Fund balance - January 1</b>	(302,270)	(302,270)	(302,270)	-
<b>Fund balance - December 31</b>	<u>\$ (302,070)</u>	<u>\$ (302,070)</u>	<u>\$ (302,040)</u>	<u>\$ 30</u>

# Village of Howard, Wisconsin

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - TAX INCREMENTAL DISTRICT NO. 8 CAPITAL PROJECTS FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 217,900	\$ 217,900	\$ 217,918	\$ 18
Intergovernmental	200	200	197	(3)
Licenses and permits	-	-	4,266	4,266
Miscellaneous	-	-	273	273
Total revenues	<u>218,100</u>	<u>218,100</u>	<u>222,654</u>	<u>4,554</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	46,320	(46,320)
Community development	5,000	5,000	64,720	(59,720)
Debt service				
Interest and fiscal charges	-	-	26,789	(26,789)
Capital outlay	<u>50,000</u>	<u>50,000</u>	<u>510,427</u>	<u>(460,427)</u>
Total expenditures	<u>55,000</u>	<u>55,000</u>	<u>648,256</u>	<u>(593,256)</u>
Excess of revenues over (under) expenditures	<u>163,100</u>	<u>163,100</u>	<u>(425,602)</u>	<u>(588,702)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(134,976)</u>	<u>(134,976)</u>	<u>(221,561)</u>	<u>(86,585)</u>
<b>Net change in fund balance</b>	28,124	28,124	(647,163)	(675,287)
<b>Fund balance - January 1</b>	<u>(1,366,926)</u>	<u>(1,366,926)</u>	<u>(1,366,926)</u>	-
<b>Fund balance - December 31</b>	<u>\$ (1,338,802)</u>	<u>\$ (1,338,802)</u>	<u>\$ (2,014,089)</u>	<u>\$ (675,287)</u>

# Village of Howard, Wisconsin

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUND - AGENCY FUND FOR THE YEAR ENDED DECEMBER 31, 2018

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 11,567,140	\$ 23,820,496	\$ 23,718,252	\$ 11,669,384
Receivables				
Taxes	<u>12,154,547</u>	<u>24,873,665</u>	<u>23,820,496</u>	<u>13,207,716</u>
Total assets	<u>\$ 23,721,687</u>	<u>\$ 48,694,161</u>	<u>\$ 47,538,748</u>	<u>\$ 24,877,100</u>
<b>LIABILITIES</b>				
Current liabilities				
Due to other governments	<u>\$ 23,721,687</u>	<u>\$ 24,877,100</u>	<u>\$ 23,721,687</u>	<u>\$ 24,877,100</u>

STATISTICAL SECTION

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Schedule 1

VILLAGE OF HOWARD, WISCONSIN

Net Position by Component

Last Ten Years

For the Year Ended December 31,

(accrual basis of accounting)

	2009	2010	2011	2012
<b>Governmental activities</b>				
Net investment in capital assets	\$ 38,547,937	\$ 39,295,183	\$ 39,379,378	\$ 40,236,590
Restricted	1,030,191	1,031,182	1,030,917	843,396
Unrestricted	6,176,674	7,664,024	8,360,853	8,188,056
<b>Total governmental activities net position</b>	<b>\$ 45,754,802</b>	<b>\$ 47,990,389</b>	<b>\$ 48,771,148</b>	<b>\$ 49,268,042</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 47,783,439	\$ 50,272,132	\$ 51,899,574	\$ 52,124,207
Restricted	205,813	214,282	-	-
Unrestricted	7,474,881	6,907,724	6,415,690	8,063,971
<b>Total business-type activities net position</b>	<b>\$ 55,464,133</b>	<b>\$ 57,394,138</b>	<b>\$ 58,315,264</b>	<b>\$ 60,188,178</b>
<b>Primary government</b>				
Net investment in capital assets	\$ 86,331,376	\$ 89,567,315	\$ 91,278,952	\$ 92,360,797
Restricted	1,236,004	1,245,464	1,030,917	843,396
Unrestricted	13,651,555	14,571,748	14,776,543	16,252,027
<b>Total primary government net position</b>	<b>\$ 101,218,935</b>	<b>\$ 105,384,527</b>	<b>\$ 107,086,412</b>	<b>\$ 109,456,220</b>

2013	2014	2015	2016	2017	2018
\$ 41,796,334	\$ 41,456,853	\$ 39,802,127	\$ 42,869,848	\$ 42,293,976	\$ 44,609,252
2,320,551	4,091,959	1,769,572	1,122,791	1,011,093	1,726,377
6,527,011	4,892,118	4,978,197	3,220,876	2,609,799	1,142,870
<u>\$ 50,643,896</u>	<u>\$ 50,440,930</u>	<u>\$ 46,549,896</u>	<u>\$ 47,213,515</u>	<u>\$ 45,914,868</u>	<u>\$ 47,478,499</u>
\$ 56,503,272	\$ 58,998,091	\$ 59,964,780	\$ 64,518,573	\$ 67,409,169	\$ 70,666,232
-	303,208	308,606	254,565	179,857	193,302
6,192,842	6,605,844	8,634,196	9,279,109	10,502,832	12,556,112
<u>\$ 62,696,114</u>	<u>\$ 65,907,143</u>	<u>\$ 68,907,582</u>	<u>\$ 74,052,247</u>	<u>\$ 78,091,858</u>	<u>\$ 83,415,646</u>
\$ 98,299,606	\$ 100,454,944	\$ 99,766,907	\$ 107,388,421	\$ 109,703,145	\$ 115,275,484
2,320,551	4,395,167	2,078,178	1,377,356	1,190,950	1,919,679
12,719,853	11,497,962	13,612,393	12,499,985	13,112,631	13,698,982
<u>\$ 113,340,010</u>	<u>\$ 116,348,073</u>	<u>\$ 115,457,478</u>	<u>\$ 121,265,762</u>	<u>\$ 124,006,726</u>	<u>\$ 130,894,145</u>

Schedule 2

VILLAGE OF HOWARD, WISCONSIN

Changes in Net Position

Last Ten Years

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

	2009	2010	2011	2012
<b>Expenses</b>				
Governmental activities:				
General government	\$ 1,257,626	\$ 1,955,969	\$ 1,124,592	\$ 1,759,784
Public safety	2,434,628	2,611,273	2,763,614	2,737,135
Public works	3,931,735	3,611,093	4,668,221	4,088,893
Community development	678,144	637,115	557,703	388,085
Interest on debt	213,497	156,774	141,098	126,183
Total governmental activities expenses	8,515,630	8,972,224	9,255,228	9,100,080
Business-type activities:				
Water	3,759,595	3,667,703	4,366,218	4,208,177
Sewer	1,875,683	1,826,843	1,980,817	2,560,198
Stormwater	605,647	520,419	624,334	701,941
Howard Commons	-	-	-	-
Golf course	573,130	582,341	400,607	308,427
Total business-type activities expenses	6,814,055	6,597,306	7,371,976	7,778,743
Total primary government expenses	\$ 15,329,685	\$ 15,569,530	\$ 16,627,204	\$ 16,878,823
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Fines and forfeitures	\$ 168,453	\$ 189,839	\$ 206,137	\$ 215,379
Building, zoning permits and fees	69,466	112,117	136,324	187,625
Recreation program fees and rentals	112,782	98,143	90,127	66,255
All other charges for services	123,033	630,056	210,139	435,273
Operating grants and contributions	1,074,270	1,016,966	1,285,261	912,692
Capital grants and contributions	677,618	1,360,473	333,619	184,353
Total governmental activities program revenue	2,225,622	3,407,594	2,261,607	2,001,577
Business-type activities:				
Charges for service				
Water	4,358,953	4,242,799	4,489,964	5,001,339
Sewer	1,856,272	1,939,995	2,106,016	2,426,658
Stormwater	707,817	699,105	707,948	748,796
Howard Commons	-	-	-	-
Golf course	631,401	598,526	462,386	340,576
Capital grants and contributions	33,367	1,253,258	884,646	1,000,404
Total business-type activities program revenue	7,587,810	8,733,683	8,650,960	9,517,773
Total primary government program revenues	\$ 9,813,432	\$ 12,141,277	\$ 10,912,567	\$ 11,519,350

(Continued on next page.)

2013	2014	2015	2016	2017	2018
\$ 1,145,930	\$ 1,226,326	\$ 1,319,256	\$ 1,406,971	\$ 1,437,450	\$ 1,186,595
2,652,988	2,912,814	2,742,729	3,348,100	3,020,036	3,197,930
4,540,818	4,927,409	8,924,035	3,819,508	5,864,895	3,830,893
420,479	477,531	455,174	533,802	896,531	1,044,931
112,200	274,470	389,800	344,188	364,889	337,554
8,872,415	9,818,550	13,830,994	9,452,569	11,583,801	9,597,903
4,496,462	4,639,722	4,391,989	4,463,063	4,659,273	4,882,771
2,439,673	2,873,402	2,915,019	3,509,162	3,595,976	3,305,079
766,059	889,093	793,313	989,196	870,877	813,576
-	-	-	-	-	347,835
273,889	581,419	532,567	602,405	548,639	533,913
7,976,083	8,983,636	8,632,888	9,563,826	9,674,765	9,883,174
\$ 16,848,498	\$ 18,802,186	\$ 22,463,882	\$ 19,016,395	\$ 21,258,566	\$ 19,481,077

\$ 187,943	\$ 211,356	\$ 214,822	\$ 235,700	\$ 237,213	\$ 263,088
253,194	211,604	228,958	241,416	303,399	220,151
61,011	60,710	55,027	51,732	49,189	226,914
682,552	483,792	648,798	604,671	559,833	270,229
1,044,870	822,403	881,773	1,343,125	991,291	1,049,699
169,893	113,140	361,552	215,228	80,686	399,197
2,399,463	1,903,005	2,390,930	2,691,872	2,221,611	2,429,278
5,021,901	5,118,964	5,555,647	5,695,965	5,649,392	5,735,796
2,828,159	3,002,584	3,007,807	3,046,033	4,075,515	4,215,799
758,314	824,293	1,133,968	1,079,631	1,052,004	1,100,783
-	-	-	-	-	157,182
315,124	534,096	447,283	536,289	534,459	551,788
1,888,010	1,890,794	4,236	4,296,163	1,300,222	4,020,740
10,811,508	11,370,731	10,148,941	14,654,081	12,611,592	15,782,088
\$ 13,210,971	\$ 13,273,736	\$ 12,539,871	\$ 17,345,953	\$ 14,833,203	\$ 18,211,366

Schedule 2 (continued)

VILLAGE OF HOWARD, WISCONSIN

Changes in Net Position

Last Ten Years

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

	2009	2010	2011	2012
<b>Expenses (from previous page)</b>				
Governmental activities	\$ 8,515,630	\$ 8,972,224	\$ 9,255,228	\$ 9,100,080
Business-type activities	6,814,055	6,597,306	7,371,976	7,778,743
Total primary government expenses	15,329,685	15,569,530	16,627,204	16,878,823
<b>Program Revenues (from previous page)</b>				
Governmental activities	2,225,622	3,407,594	2,261,607	2,001,577
Business-type activities	7,587,810	8,733,683	8,650,960	9,517,773
Total primary government program revenues	9,813,432	12,141,277	10,912,567	11,519,350
<b>Net (Expense)/Revenue</b>				
Governmental activities	(6,290,008)	(5,564,630)	(6,993,621)	(7,098,503)
Business-type activities	773,755	2,136,377	1,278,984	1,739,030
<b>Total primary government net revenue</b>	<b>(5,516,253)</b>	<b>(3,428,253)</b>	<b>(5,714,637)</b>	<b>(5,359,473)</b>
<b>General Revenue and Other</b>				
<b>Changes in Net Position</b>				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	3,975,443	4,327,214	4,303,755	4,461,054
Property taxes, levied for debt services	1,916,031	1,630,277	1,319,865	1,208,880
Other taxes	11,572	9,960	11,420	10,473
Unrestricted grants and contributions	913,973	815,699	816,472	653,480
Interest and investment earnings	225,683	92,501	97,812	74,654
Miscellaneous	542,978	665,020	805,496	946,278
Gain (loss) on sale of asset(s)	18,311	1,413	2,200	-
Transfers in (out)	380,341	258,133	417,360	419,576
Total governmental activities	7,984,332	7,800,217	7,774,380	7,774,395
Business-type activities				
Interest and investment earnings	130,606	51,261	59,502	54,170
Miscellaneous	500	500	-	-
Transfers in (out)	(380,341)	(258,133)	(417,360)	(419,576)
Total business-type activities	(249,235)	(206,372)	(357,858)	(365,406)
Total primary government	7,735,097	7,593,845	7,416,522	7,408,989
<b>Changes in Net Position</b>				
Governmental activities	1,694,324	2,235,587	780,759	675,892
Business-type activities	524,520	1,930,005	921,126	1,373,624
Total primary government	\$ 2,218,844	\$ 4,165,592	\$ 1,701,885	\$ 2,049,516

2013	2014	2015	2016	2017	2018
\$ 8,872,415	\$ 8,872,415	\$ 13,830,994	\$ 9,452,569	\$ 11,583,801	\$ 9,597,903
7,976,083	7,976,083	8,632,888	9,563,826	9,674,765	9,883,174
16,848,498	16,848,498	22,463,882	19,016,395	21,258,566	19,481,077
2,399,463	2,399,463	2,390,930	2,691,872	2,221,611	2,429,278
10,811,508	10,811,508	10,148,941	14,654,081	12,611,592	15,782,088
13,210,971	13,210,971	12,539,871	17,345,953	14,833,203	18,211,366
(6,472,952)	(6,472,952)	(11,440,064)	(6,760,697)	(9,362,190)	(7,168,625)
2,835,425	2,835,425	1,516,053	5,090,255	2,936,827	5,898,914
(3,637,527)	(3,637,527)	(9,924,011)	(1,670,442)	(6,425,363)	(1,269,711)
4,609,073	4,586,587	4,473,573	5,614,261	5,840,354	6,147,422
1,534,289	1,763,629	2,460,749	936,859	1,033,333	1,049,567
13,909	13,333	14,831	13,078	13,690	12,983
681,319	775,836	848,203	658,424	658,543	662,024
50,366	96,427	71,203	71,918	78,165	153,948
424,734	422,550	59,588	111,252	162,021	245,824
-	-	-	-	-	-
400,153	(462,277)	(379,117)	18,524	277,437	598,311
7,713,843	7,196,085	7,549,030	7,424,316	8,063,543	8,870,079
72,664	58,449	69,031	42,897	82,347	183,895
-	-	1,036,238	30,037	28,517	-
(400,153)	462,277	379,117	(18,524)	989,420	(598,311)
(327,489)	520,726	1,484,386	54,410	1,100,284	(414,416)
7,386,354	7,716,811	9,033,416	7,478,726	9,163,827	8,455,663
1,240,891	723,133	(3,891,034)	663,619	(1,298,647)	1,701,454
2,507,936	3,356,151	3,000,439	5,144,665	4,037,111	5,484,498
\$ 3,748,827	\$ 4,079,284	\$ (890,595)	\$ 5,808,284	\$ 2,738,464	\$ 7,185,952

**Schedule 3**

**VILLAGE OF HOWARD, WISCONSIN**

Fund Balances, Governmental Funds,

Last Ten Years

For the Year Ended December 31,

(modified accrual basis of accounting)

	2009	2010	2011	2012	2013
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved					
Designated	2,499,687	2,666,400	-	-	-
Undesignated	143,252	58,507	-	-	-
Nonspendable - prepaid items					
Prepaid items					71,802
Advances to Other Funds	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	3,011,064	3,223,247	2,637,788
Total general fund	<u>2,642,939</u>	<u>2,724,907</u>	<u>3,011,064</u>	<u>3,223,247</u>	<u>2,709,590</u>
All Other Governmental Funds					
Reserved	1,419,890	1,584,183	-	-	-
Unreserved, reported in					
Special revenue funds	562,307	394,514	-	-	-
Capital projects funds	849,259	2,054,733	-	-	-
Restricted			2,465,611	2,356,458	10,071,124
Assigned			2,430,505	2,390,904	2,442,153
Unassigned			(316,048)	(610,438)	(406,887)
Total all other governmental funds	<u>\$ 2,831,456</u>	<u>\$ 4,033,430</u>	<u>\$ 4,580,068</u>	<u>\$ 4,136,924</u>	<u>\$ 12,106,390</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.

2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
250,166	51,940	67,002	-	-
-	-	1,300,000	1,300,000	1,300,000
-	-	-	-	-
-	-	-	-	-
2,444,898	2,671,177	1,397,994	1,519,684	1,578,264
<u>2,695,064</u>	<u>2,723,117</u>	<u>2,764,996</u>	<u>2,819,684</u>	<u>2,878,264</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
8,231,512	1,672,734	697,365	680,864	615,978
1,051,166	1,402,977	773,755	503,754	767,224
(421,968)	(770,013)	(1,730,354)	(1,932,017)	(2,681,909)
<u>\$ 8,860,710</u>	<u>\$ 2,305,698</u>	<u>\$ (259,234)</u>	<u>\$ (747,399)</u>	<u>\$ (1,298,707)</u>

Schedule 4

**VILLAGE OF HOWARD, WISCONSIN**  
 Changes in Fund Balances, Governmental Funds,  
 Last Ten Fiscal Years  
 For the Years Ended December 31,  
 (modified accrual basis of accounting)

	2009	2010	2011	2012	2013
<b>Revenues</b>					
Taxes	\$ 5,904,554	\$ 5,973,824	\$ 5,638,858	\$ 5,680,407	\$ 6,157,425
Special assessments	205,564	84,813	140,071	65,833	125,661
Intergovernmental	2,055,161	2,181,586	2,101,798	1,566,107	1,612,491
Licenses and permits	327,257	190,309	477,208	458,368	649,589
Fines and forfeits	169,110	755,484	206,137	386,000	187,943
Charges for services	712,196	573,641	288,503	336,541	413,999
Miscellaneous	693,684	768,522	830,689	840,323	737,656
<b>Total revenues</b>	<b>10,067,526</b>	<b>10,528,179</b>	<b>9,683,264</b>	<b>9,333,579</b>	<b>9,884,764</b>
<b>Expenditures</b>					
General government	\$ 1,104,825	\$ 1,398,099	\$ 1,688,428	\$ 1,709,163	\$ 1,051,417
Public safety	2,285,910	2,487,415	2,720,579	2,597,208	2,527,513
Public works	2,757,068	3,162,767	2,995,766	3,596,790	3,352,679
Community development	604,738	555,659	504,032	388,085	362,372
Debt service					
Principal	2,420,000	620,000	811,896	1,056,477	1,705,259
Interest	209,206	113,661	114,212	109,160	130,890
Bond issuance costs	-	-	-	-	71,772
Capital outlay	1,759,181	2,086,840	768,168	718,366	3,266,070
<b>Total expenditures</b>	<b>11,140,928</b>	<b>10,424,441</b>	<b>9,603,081</b>	<b>10,175,249</b>	<b>12,467,972</b>
Excess of revenues over (under) expenditures	(1,073,402)	103,738	80,183	(841,670)	(2,583,208)
<b>Other Financing Sources (Uses)</b>					
Proceeds from Long-Term Debt	-	-	-	-	9,375,000
Bond Premium	-	-	-	-	128,901
Transfers in	3,942,521	1,868,108	1,580,382	1,578,401	2,577,065
Transfers out	(3,562,180)	(1,471,260)	(827,770)	(1,158,825)	(2,176,912)
Long-term debt issued	-	783,356	-	191,133	-
<b>Total Other Financing Sources (Uses)</b>	<b>380,341</b>	<b>1,180,204</b>	<b>752,612</b>	<b>610,709</b>	<b>9,904,054</b>
<b>Net change in fund balances</b>	<b>\$ (693,061)</b>	<b>\$ 1,283,942</b>	<b>\$ 832,795</b>	<b>\$ (230,961)</b>	<b>\$ 7,320,846</b>
Debt service as a percentage of noncapital expenditures	28.0%	8.8%	10.5%	12.3%	20.7%

2014	2015	2016	2017	2018
\$ 6,363,549	\$ 6,949,138	\$ 6,564,078	\$ 6,887,114	\$ 7,220,743
48,389	203,302	193,757	106,453	67,998
1,530,285	1,560,501	1,845,907	1,546,006	1,706,548
593,377	659,306	623,119	709,733	629,104
211,356	214,822	193,628	190,659	162,077
239,812	245,680	220,667	238,068	400,495
608,758	1,199,024	708,833	739,062	670,553
9,595,526	11,031,773	10,349,989	10,417,095	10,857,518
\$ 1,219,191	\$ 1,346,153	\$ 1,844,332	\$ 1,454,427	\$ 1,190,631
2,712,910	2,562,676	2,693,625	2,781,908	2,883,589
4,204,097	8,396,008	3,514,231	3,184,051	3,313,203
395,351	365,405	388,945	415,562	682,732
457,494	350,000	350,000	565,000	570,000
266,629	274,643	386,001	376,948	380,437
-	89,596	-	8,353	-
4,123,741	7,684,566	4,126,037	3,329,652	2,927,965
13,379,413	21,069,047	13,303,171	12,115,901	11,948,557
(3,783,887)	(10,037,274)	(2,953,182)	(1,698,806)	(1,091,039)
-	2,890,000	-	690,550	-
-	92,284	-	9,419	-
1,573,680	2,092,900	1,290,222	1,480,548	1,521,959
(1,050,000)	(1,564,868)	(860,093)	(915,188)	(923,648)
-	-	-	-	-
523,680	3,510,316	430,129	1,265,329	598,311
<u>\$(3,260,207)</u>	<u>\$(6,526,958)</u>	<u>\$(2,523,053)</u>	<u>\$ (433,477)</u>	<u>\$ (492,728)</u>

7.8%                      5.3%                      8.0%                      10.8%                      10.5%

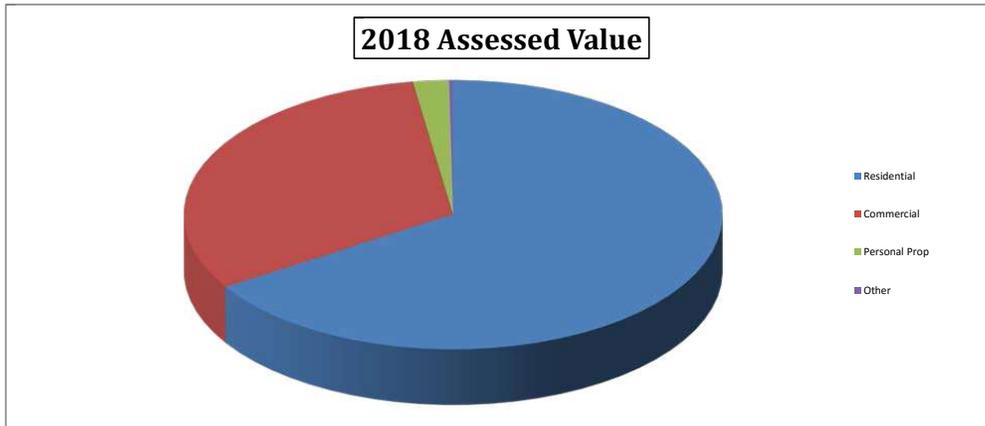
Schedule 5

**VILLAGE OF HOWARD, WISCONSIN**  
Assessed Value 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				
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%	\$3.31
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	\$ 1,353,369,900	108.11%	\$3.31
2013	\$ 986,798,200	\$ 453,350,600	\$ 50,655,800	\$ 3,633,100	\$ 1,494,437,700	\$ 1,410,056,600	105.98%	\$3.33
2014	\$ 998,607,300	\$ 454,413,700	\$ 49,344,400	\$ 3,675,300	\$ 1,506,040,700	\$ 1,446,798,600	104.09%	\$3.33
2015	\$1,017,422,300	\$ 470,753,300	\$ 43,519,100	\$ 3,627,500	\$ 1,535,322,200	\$ 1,519,608,200	101.03%	\$3.79
2016	\$1,045,281,700	\$ 494,238,600	\$ 43,404,900	\$ 4,299,500	\$ 1,587,224,700	\$ 1,555,671,400	102.03%	\$3.72
2017	\$1,066,912,700	\$ 504,982,100	\$ 45,070,100	\$ 4,265,500	\$ 1,621,230,400	\$ 1,674,736,700	96.81%	\$3.72
2018	\$1,090,617,500	\$ 523,101,700	\$ 35,518,600	\$ 4,062,300	\$ 1,653,300,100	\$ 1,809,505,400	91.37%	\$3.92

**Note:** The 2016 assessed valuation reflects the changes made due to reassessments (market adjustment type). 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.



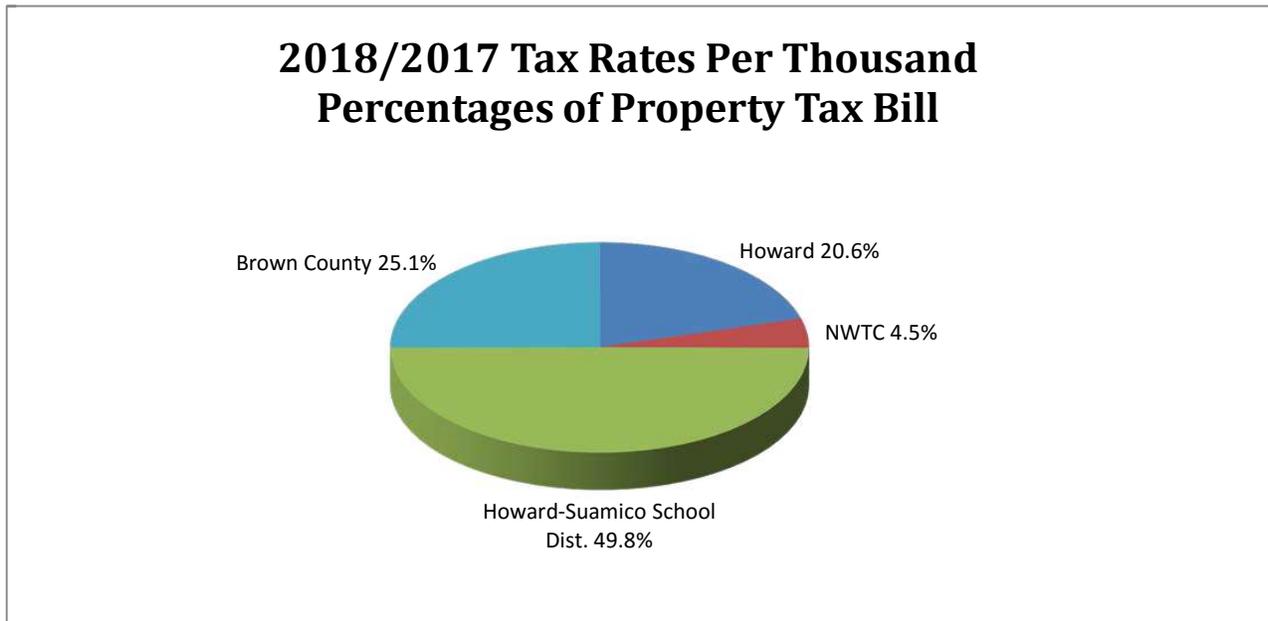
**VILLAGE OF HOWARD, WISCONSIN**

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
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%	\$ 9.23	49.5%	\$ 1.54	8.3%	\$ 4.40	23.6%	\$ 0.16	0.9%
2013/2012	\$3.33	\$ -	\$ 3.33	18.3%	\$ 8.80	48.3%	\$ 1.53	8.4%	\$ 4.39	24.1%	\$ 0.16	0.9%
2014/2013	\$3.33	\$ -	\$ 3.33	18.3%	\$ 8.78	48.2%	\$ 1.57	8.6%	\$ 4.38	24.0%	\$ 0.16	0.9%
2015/2014	\$3.79	\$ -	\$ 3.79	21.1%	\$ 8.93	49.6%	\$ 0.75	4.2%	\$ 4.37	24.3%	\$ 0.16	0.9%
2016/2015	\$3.72	\$ -	\$ 3.72	20.3%	\$ 9.10	49.7%	\$ 0.77	4.2%	\$ 4.56	24.9%	\$ 0.17	0.9%
2017/2016	\$3.72	\$ -	\$ 3.72	20.4%	\$ 9.01	49.3%	\$ 0.82	4.5%	\$ 4.56	24.9%	\$ 0.17	0.9%
2018/2017	\$3.92	\$ -	\$ 3.92	20.6%	\$ 9.49	49.8%	\$ 0.86	4.5%	\$ 4.78	25.1%	\$ -	0.0%

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 with the exception of the years 2009-2015 when none were performed. A reassessment was performed in 2016 and 2007.

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, 2011 and 2013 similar state laws were passed that continued the limits for 2009 through 2017. Generally, the limit would allow growth in the tax levy only to the extent with the growth in the municipal total assessed value thereby not allowing the tax rate to increase, except for increases needed to pay new or existing debt. Howard's levy limit in 2017 was 1.50%. Prior to the 2006 budget, there were no limits on increases in the tax levy.



## Schedule 7

## VILLAGE OF HOWARD, WISCONSIN

Ten Largest Taxpayers  
Current Year and Nine Years Ago

Taxpayer / Ownership	2018 Assessed Valuation	Rank	Percentage of Total Assessments	2008 Assessed Valuation	Rank	Percentage of Total Assessments
United Healthcare <i>Insurance company</i>	\$ 37,655,800	1	2.28%	\$ 42,111,600	1	3.04%
SPG Holding (formerly GDC Packerland) <i>Warehousing</i>	\$ 21,119,200	2	1.28%	\$ 8,039,900	5	0.58%
Meijer Stores LP <i>Groceries</i>	\$ 19,865,400	3		-		-
EPC Howard <i>Senior Living Apartments</i>	\$ 19,021,000	4		-		-
CCAPTS LLC <i>Apartments</i>	\$ 18,815,000	5	1.14%	-		-
Elana LLC (formerly Beaver Dam) <i>Apartment complex</i>	\$ 15,480,000	6	0.94%	\$ 14,586,100	2	1.05%
Woodman's Food Market <i>Groceries</i>	\$ 14,486,100	7	0.88%	\$ 14,396,800	3	1.04%
Menard Inc. <i>Retail outlet</i>	\$ 14,454,800	8	0.87%	-		-
Mills Property, Inc. <i>Retail outlet</i>	\$ 9,904,400	9	0.60%	\$ 8,037,400	6	0.58%
Omnova Solutions <i>Manufacturing</i>	\$ 8,175,000	10	0.49%	\$ 9,058,900	4	0.65%
Watermolen - Sole Proprietor <i>Apartments</i>	-		-	\$ 7,489,500	7	0.54%
Comfort Suites & Rock Gardens <i>Hotel/restaurant</i>	-		-	\$ 7,480,500	8	0.54%
B&D Warehouse <i>Warehousing</i>				\$ 6,024,000	9	0.44%
Brookview Meadows Apartments				\$ 5,011,100	10	0.36%
Total	\$ 178,976,700		8.47%	\$ 122,235,800		8.84%

Comfort Suites & Rock Gardens, Watermolen, B&D Warehouse and Brookview Meadows Apartments still operate in Howard with substantial valuation but not large enough value to be placed into the Top 10 list for 2018.

CCAPTS LLC is a apartment complex in Howard that began operations in 2011. Menards retail outlet began operations in Howard in 2012. Howard Real Estate opened their senior living facility and Meijer Stores opened their store in 2016.

Schedule 8

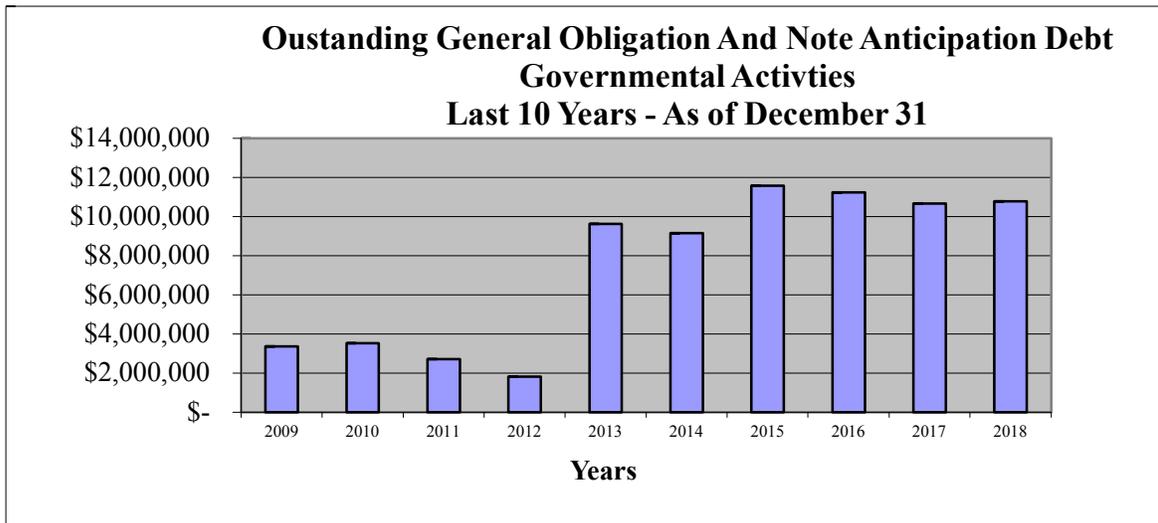
**VILLAGE OF HOWARD, WISCONSIN**  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years

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
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	\$ 26,358,652	99.92%	\$ 3,552	26,362,204	99.93%
2013/2012	\$ 26,641,110	\$ 26,634,047	99.97%	\$ 169	26,634,216	99.97%
2014/2013	\$ 27,227,085	\$ 27,212,193	99.95%	\$ 253	27,212,446	99.95%
2015/2014	\$ 27,119,558	\$ 27,108,033	99.96%	100	27,108,133	99.96%
2016/2015	\$ 28,120,748	\$ 28,108,990	99.96%	6,883	28,102,107	99.93%
2017/2016	\$ 29,027,124	\$ 29,008,413	99.94%	-	29,008,413	99.94%
2018/2017	\$ 30,914,657	\$ 30,895,946	99.94%	N/A	N/A	N/A

Note: In August of each year, the village settles with the Brown 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**  
 Ratios of Outstanding Debt by Type  
 Last Ten Years

Year	(1)	(2)					(1 + 2)		
	Governmental Activities	Business-Type Activities					Total Primary Government Debt	Percent of Personal Income	Debt Per Capita
	Outstanding General Obligation Bonds and Note Anticipation Debt	Water Outstanding General Obligation Debt	Howard Commons Outstanding General Obligation Note Anticipation Debt	Water and Sewer Revenue Bonds and Other Debt	Average Number of Customers	Ratio of Revenue Bonds to Average No. Customers			
								**	**
2009	\$ 3,355,000	\$ -	\$ -	\$ 3,569,661	5,885	\$ 606.57	\$ 6,924,661	0.07%	\$ 429.84
2010	\$ 3,518,356	\$ -	\$ -	\$ 3,030,677	5,944	\$ 509.87	\$ 6,549,033	0.07%	\$ 376.40
2011	\$ 2,706,460	\$ 1,695,000	\$ -	\$ 294,349	5,992	\$ 49.12	\$ 4,695,809	0.05%	\$ 264.88
2012	\$ 1,822,753	\$ 1,505,000	\$ -	\$ 224,616	6,046	\$ 37.15	\$ 3,552,369	0.03%	\$ 195.55
2013	\$ 9,621,395	\$ 1,300,000	\$ -	\$ 152,374	6,104	\$ 24.96	\$ 11,073,769	0.10%	\$ 603.54
2014	\$ 9,157,456	\$ 1,095,000	\$ -	\$ 77,533	6,242	\$ 12.42	\$ 10,329,989	0.09%	\$ 552.32
2015	\$ 11,575,000	\$ 970,000	\$ -	\$ -	6,278	\$ -	\$ 12,545,000	0.09%	\$ 663.72
2016	\$ 11,225,000	\$ 845,000	\$ -	\$ -	6,290	\$ -	\$ 12,070,000	0.10%	\$ 625.55
2017	\$ 10,660,000	\$ 715,000	\$ 9,174,450	\$ -	6,369	\$ -	\$ 20,549,450	N/A	\$ 1,096.48
2018	\$ 10,780,550	\$ 580,000	\$ 25,504,450	\$ -	6,516	\$ -	\$ 36,865,000	N/A	\$ 1,889.74



Schedule 10

**VILLAGE OF HOWARD, WISCONSIN**  
 Ratio of Net Primary Government Debt to Assessed Value and  
 Net Primary Government Debt Per Capita  
 Last Ten Fiscal Years

Fiscal Year	Total Primary Government Debt		Less: Unspent Bond Proceeds		Net Primary Government Debt		Ratio to Assessed Value	Net Primary Government Debt Per Capita
							**	*
2009	\$	6,924,661	\$	10,421	\$	6,914,240	0.50%	\$ 429.19
2010	\$	6,549,033	\$	10,472	\$	6,538,561	0.47%	\$ 375.80
2011	\$	4,695,809	\$	3,425	\$	4,692,384	0.34%	\$ 264.69
2012	\$	3,552,369	\$	3,379	\$	3,548,990	0.24%	\$ 195.36
2013	\$	11,073,769	\$	7,750,574	\$	3,323,195	0.22%	\$ 181.12
2014	\$	10,207,533	\$	4,656,047	\$	5,551,486	0.34%	\$ 296.82
2015	\$	12,545,000	\$	428,854	\$	12,116,146	0.80%	\$ 641.03
2016	\$	12,070,000	\$	-	\$	12,070,000	0.76%	\$ 625.55
2017	\$	20,549,450	\$	2,636,100	\$	17,913,350	1.10%	\$ 924.75
2018	\$	36,865,000	\$	1,617,479	\$	35,247,521	2.13%	\$ 1,806.82

\* See Schedule 14 for population information.

\*\* See Schedule 5 for assessed values.

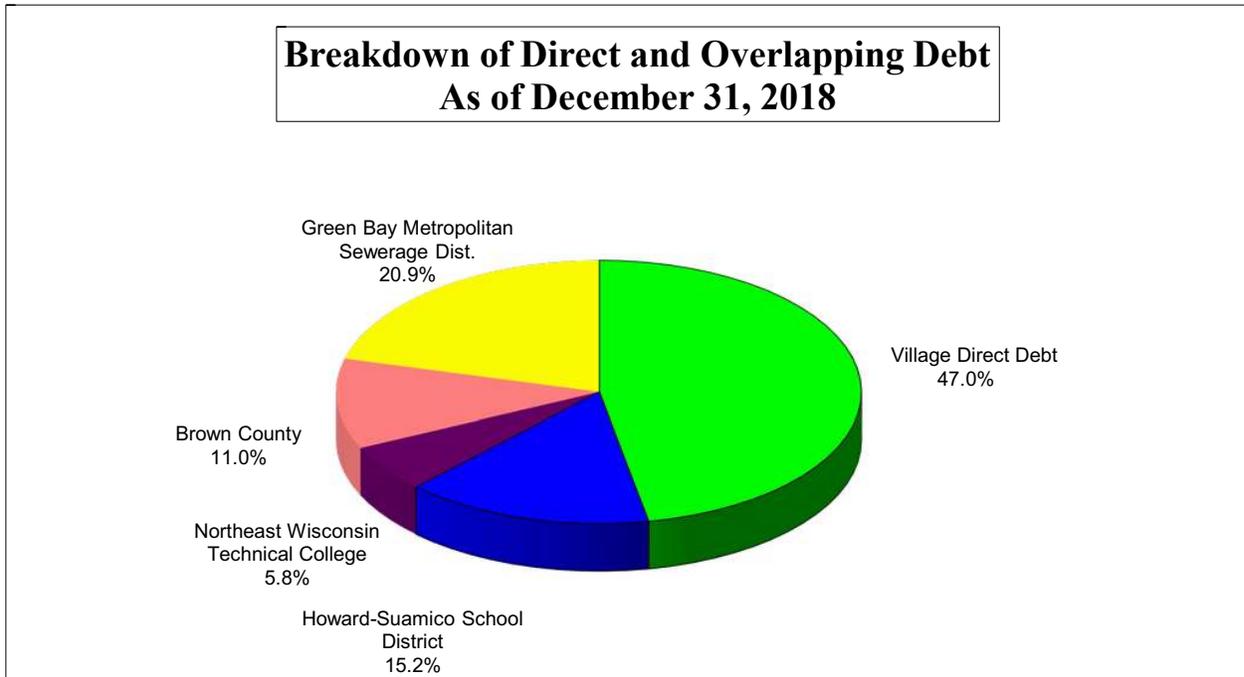
Source: Population was derived from the Wisconsin Department of Administration estimates, except for the 2010 population that was derived from the U.S. census.

Schedule 11

**VILLAGE OF HOWARD, WISCONSIN**  
 Computation of Direct and Overlapping Debt and  
 Ratio to Assessed Value and Per Capita Debt  
 December 31, 2018

	Total Debt	Village Share		Ratio to Assessed Value
		Percentage	Amount	
<b>Direct Debt:</b>				
General Obligation Debt	\$36,865,000	100.00%	\$36,865,000	2.23%
Village Direct Debt			<u>\$36,865,000</u>	
<b>Overlapping Debt:</b>				
Howard-Suamico School District	\$20,215,000	59.118263%	\$11,950,757	0.72%
Northeast Wisconsin Technical College	\$107,320,000	4.257412%	\$4,569,055	0.28%
Brown County	\$104,340,000	8.272661%	\$8,631,694	0.52%
Green Bay Metropolitan Sewerage Dist.	\$189,570,793	8.660000%	\$16,416,831	0.99%
Total Overlapping Debt			<u>\$41,568,337</u>	2.51%
<b>Total Direct and Overlapping Debt</b>			<u><b>\$78,433,337</b></u>	<b>4.74%</b>

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.



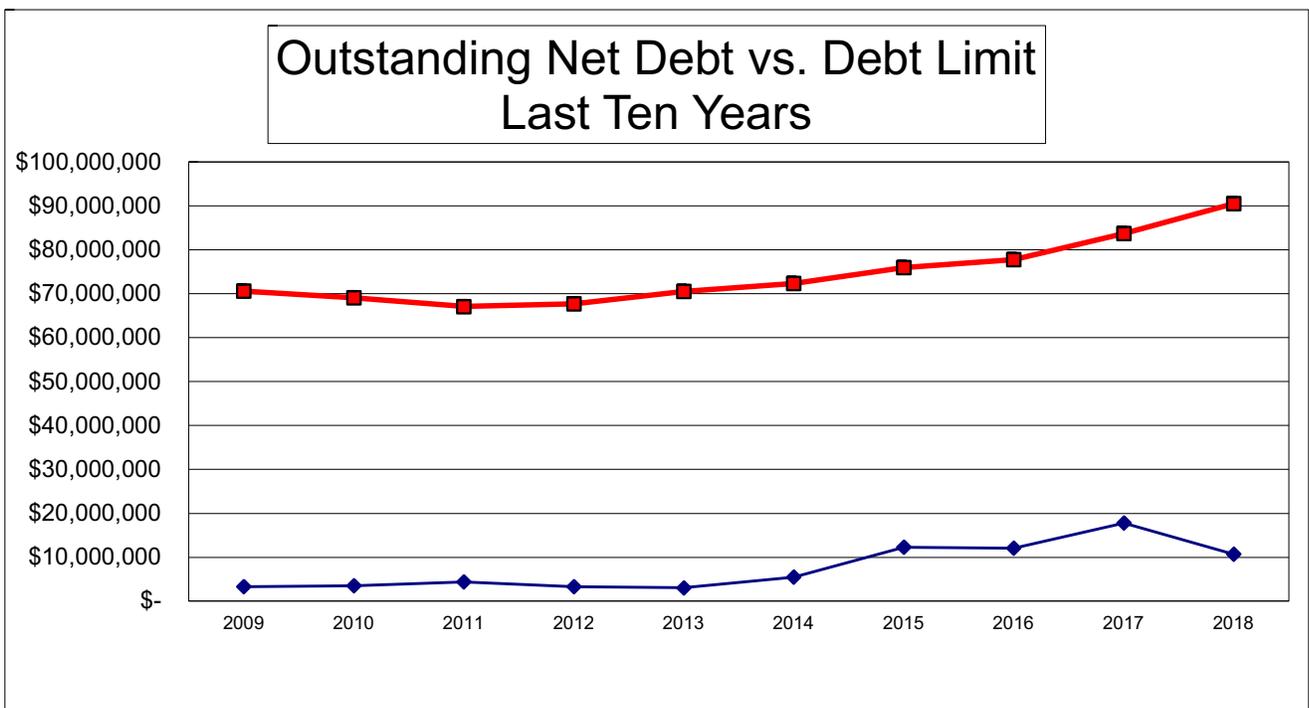
Schedule 12

VILLAGE OF HOWARD, WISCONSIN  
 Computation of Legal Debt Margin  
 December 31, 2018

Equalized Value, January 1	<u>\$ 1,809,505,400</u>
Debt Limit (5% of Equalized Value)	\$90,475,270
General Obligation Debt	\$ 36,865,000
Less: Amount in Debt Service Sinking Fund	<u>1,617,479</u>
Net General Obligation Debt	<u>35,247,521</u>
Legal Debt Margin	<u><u>\$55,227,749</u></u>

	2009	2010	2011	2012
Debt limit	\$ 70,608,710	\$ 69,076,305	\$ 67,071,740	\$ 67,669,660
Net general obligation debt	3,344,579	3,507,884	4,398,035	3,324,374
Legal debt margin	<u>\$ 67,264,131</u>	<u>\$ 65,568,421</u>	<u>\$ 62,673,705</u>	<u>\$ 64,345,286</u>
Ratio of net general obligation debt to the debt limit	4.7%	5.1%	6.6%	4.9%

Note: Under state law, the Village's legal debt limit is 5% of the equalized valuation.  
 Debt limits can exceed state managed level with voter approval.  
 Does not include general obligation note anticipation notes, which are payable from future debt proceeds  
 (The Village has pledged to maintain sufficient debt capacity for refunding at maturity)



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2013	2014	2015	2016	2017	2018
\$ 70,502,830	\$ 72,339,930	\$ 75,980,410	\$ 77,783,570	\$ 83,736,835	\$ 90,476,520
3,041,921	5,473,953	12,322,133	12,070,000	17,810,000	10,670,000
<u>\$ 67,460,909</u>	<u>\$ 70,428,924</u>	<u>\$ 63,658,277</u>	<u>\$ 65,713,570</u>	<u>\$ 65,926,835</u>	<u>\$ 79,806,520</u>
4.3%	7.3%	16.2%	15.5%	21.3%	11.8%

**VILLAGE OF HOWARD, WISCONSIN**  
 Combined Water and Sewer Utilities  
 Revenue Bond Coverage  
 Last Ten Fiscal Years

Year	Gross Revenue	Expenses	Change in Net Position	Total Funds Available For Debt Service	Current Debt Service Payment	Highest Annual Debt Service	Coverage
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
2013	\$ 9,191,214	\$ 7,282,812	\$ 1,908,402	\$ 2,839,249	\$ 233,185	\$ 233,185	12.18
2014	\$ 9,076,651	\$ 7,877,882	\$ 1,198,769	\$ 2,461,468	\$ 231,033	\$ 231,033	10.65
2015	\$ 8,988,739	\$ 7,307,008	\$ 1,681,731	\$ 3,152,509	\$ 149,093	\$ 156,450	20.27
2016	\$ 10,413,346	\$ 8,527,354	\$ 1,885,992	\$ 3,444,652	\$ 147,280	\$ 156,450	22.02
2017	\$ 10,722,188	\$ 8,820,609	\$ 1,901,579	\$ 3,495,157	\$ 150,045	\$ 156,450	22.34
2018	\$ 9,724,907	\$ 7,227,031	\$ 2,497,876	\$ 4,659,322	\$ 152,325	\$ 156,450	29.78

## 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**  
Demographic Statistics

Year	(1)	(2)	(2) & (3)	(4)	(5)
	Population	Brown County Total Personal Income	Brown County Per Capita Income	Unemployment Rate - December	School Enrollment
2008	15,965	\$ 9,241,666,000	\$37,769	5.8%	5,263
2009	16,110	\$ 9,234,452,000	\$37,338	8.2%	5,527
2010	17,399	\$ 9,535,753,000	\$38,322	7.4%	5,633
2011	17,728	\$ 9,928,992,000	\$39,493	6.7%	5,817
2012	18,166	\$ 10,661,706,000	\$42,136	6.4%	5,808
2013	18,348	\$ 10,990,719,000	\$43,171	5.7%	5,857
2014	18,703	\$ 11,730,951,000	\$45,704	4.2%	5,959
2015	18,901	\$ 14,453,783,000	\$46,584	3.9%	6,051
2016	19,295	\$ 12,321,859,000	\$47,319	3.4%	6,145
2017	19,371	\$ 13,002,379,000	\$49,618	2.5%	6,116
2018	19,508	N/A	N/A	2.5%	6,076

## 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 or Green Bay MSA statistics were used. (The Village is located in Brown County and is part of the Green Bay MSA.)

**Schedule 15**

**VILLAGE OF HOWARD, WISCONSIN**

Principal Employers in Howard and  
Principal Employers in Green Bay Area  
Current Year

Employer	2018			2009		
	Employees	Rank	Percentage of Total MSA Employment	Employees	Rank	Percentage of Total MSA Employment
<b>Howard Employers</b>						
United Healthcare	1,963	1	1.14%	1,900	1	1.12%
Howard-Suamico School District	664	2	0.38%	583	2	0.34%
Sanimax Corporation	204	3	0.12%	250	5	0.15%
Alive N Kickin	200	4	0.12%	150	7	0.09%
Fleet Farm	195	5	0.11%	255	3	0.15%
Klemm Tank Lines	184	6	0.11%	140	9	0.08%
Menard's Inc	170	7	0.10%	-	-	-
Wisconsin Dept of Natural Resource	150	8	0.09%	-	-	-
Wipfli LLP	120	9	0.07%	130	10	0.08%
Woodman's Food Market	98	10	0.06%	150	6	0.09%
Selmer Co.	-	-	-	250	4	0.15%
Stock Lumber	-	-	-	140	8	0.08%
	<u>3,948</u>		<u>2.29%</u>	<u>3,948</u>		<u>2.24%</u>
<b>Green Bay MSA</b>						
Humana Inc.	3,283	1	1.90%	2,900	4	1.71%
Green Bay Public Schools	2,793	2	1.62%	2,762	5	1.63%
Bellin Health	2,729	3	1.58%	2,031	6	1.20%
Oneida Tribe of Indians	2,700	4	1.56%	2,910	3	1.71%
Schneider National Inc	2,633	5	1.53%	3,696	1	2.18%
Georgia-Pacific	2,100	6	1.22%	3,181	2	1.87%
Aurora Health Care	2,009	8	0.00%	1,613	10	0.95%
United Healthcare *	1,974	7	1.14%	1,750	7	1.03%
Brown County (government)	1,802	9	1.04%	-	-	-
St. Vincent Hospital	1,605	10	-	1,733	9	1.02%
Shopko Stores Inc.	-	-	-	1,728	8	1.02%
	<u>23,628</u>		<u>11.60%</u>	<u>24,304</u>		<u>14.32%</u>
Total Labor Force	<u>172,576</u>			<u>169,717</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 2016 and 2007.

**Schedule 16**

**VILLAGE OF HOWARD, WISCONSIN**  
 Full-time Equivalent Village Government Employees by Function  
 Last Ten Years

Function	2009	2010	2011	2012	2013
General government	5.70	5.70	4.80	4.50	4.50
Public safety	3.00	3.00	1.00	2.00	2.00
Public works	9.35	9.40	13.25	12.65	10.65
Community development	4.90	4.90	3.00	3.00	3.00
Capital outlay - engineering	3.00	3.00	2.20	1.20	1.20
Water utility	4.90	4.90	5.30	5.30	5.30
Sewer utility	3.90	3.90	4.30	4.30	4.30
Golf Course	2.35	1.40	0.30	0.25	1.05
Storm water utility	3.80	3.80	3.80	3.80	5.00
Total	41.00	40.00	37.95	37.00	37.00

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

Function	2009	2010	2011	2012	2013
General government	33	33	31	31	31
Public safety	49	49	52	51	51
Public works	4	4	18	19	19
Community development	62	62	49	50	55
Capital outlay - engineering	6	3	1	1	5
Water utility	-	-	-	-	-
Sewer utility	-	-	-	-	-
Golf Course	20	19	7	7	7
Storm water utility	-	-	-	-	-
Total	174	170	158	159	168

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2014	2015	2016	2017	2018
4.50	4.50	4.50	5.00	5.00
3.00	3.00	3.00	4.50	5.50
10.65	12.65	13.65	12.90	13.90
3.00	3.00	3.00	3.40	3.40
1.20	2.20	2.20	2.40	2.40
5.30	5.30	5.30	6.30	6.30
4.30	4.30	4.30	5.30	5.30
1.05	1.25	1.25	1.20	1.20
5.00	3.80	3.80	4.00	4.00
38.00	40.00	41.00	45.00	47.00

2014	2015	2016	2017	2018
31	31	31	31	31
56	55	55	56	56
19	19	19	19	19
32	32	32	32	32
1	5	5	8	8
-	-	-	-	-
-	-	-	-	-
20	20	20	28	28
-	-	-	-	-
159	162	162	174	174

Schedule 17

**VILLAGE OF HOWARD, WISCONSIN**  
 Operating Indicators by Function/Program  
 Last Ten Years

Function/Program	2009	2010	2011	2012	2013
General government:					
Acreage sold	-	1.50	-	-	-
Registered voters	9,966	10,233	12,184	13,045	13,110
Parcels reassessed	402	503	520	443	410
Public safety:					
Police					
Incidents	10,948	10,948	12,645	13,301	11,762
Citations/warnings issued	3,919	3,856	4,166	5,567	4,511
Fire					
Inspections	2,200	2,372	2,452	2,493	2,495
Code Administration					
Permits issued	872	1,127	838	879	859
Public works:					
Tons of waste	4,075	4,234	3,986	4,215	4,189
Tons of recycling	1,440	1,532	1,368	1,434	1,440
Culture and recreation:					
Ice rink open-days	39	35	39	3	53
Program participants	4,117	3,974	3,187	3,187	2,631
Capital outlay-engineering					
New subdivisions	-	-	-	1	1
New lots created	-	-	-	14	35
Watermains added (L.F.)	2,311	10,931	5,149	1,738	9,892
Watermains removed (L.F.)	2,332	7,235	5,115	1,732	5,034
Water utility					
Million gallons pumped	1	1	1	1	14
Million gallons purchased	569	630	676	722	679
Sewer utility					
Average daily sewage, thousand galls	2,034	1,906	2,212	2,282	2,272
Golf course					
Rounds of golf	19,620	18,114	13,475	18,955	15,010

Note: The Village contracts with Brown County Sheriff for police services and obtained data from them on police issues.

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2014	2015	2016	2017	2018
2.00	33.00	6.34	8.50	4.80
11,083	10,918	12,717	11,341	11,693
400	400	6,718	510	379
11,590	12,088	11,382	11,624	13,451
5,066	4,542	4,485	3,843	3,694
2,500	2,376	2,123	2,423	2,097
918	921	875	921	894
4,242	4,458	5,088	4,795	4,629
1,526	1,517	1,558	1,587	1,555
60	60	38	33	39
2,881	2,550	2,538	2,615	2,830
1	-	3	2	3
63	-	180	42	92
9,608	3,902	11,153	6,758	10,768
2,170	538	750	379	-
1	1	1	0.9	1.1
663	598	578	573	624
2,336	2,142	2,466	2,252	2,252
12,699	12,471	12,950	13,699	13,748

Schedule 18

**VILLAGE OF HOWARD, WISCONSIN**  
 Capital Assets Statistics by Function/Program  
 Last Ten Years

Function/Program	2009	2010	2011	2012	2013
Public safety:					
Police					
Patrol units	5	5	5	5	5
Fire					
Stations	2	2	2	2	2
Public works:					
Street mileage	105	105	105	105	106
Street lights	1,141	1,143	1,175	1,202	1,214
Roundabouts	11	11	13	14	14
Culture and recreation:					
Acreage	528	528	528	528	528
Playgrounds	9	9	9	9	9
Baseball/softball fields	9	9	9	9	9
Soccer fields	17	17	17	17	17
Water utility					
Watermain (miles)	93	94	94	94	95
Sewer utility					
Mains (miles)	86	87	87	87	88
Golf course (9 hole course)					
Golf carts	22	22	25	25	25
Storm water					
Ponds constructed	-	2	-	1	1

No capital asset indicators are available for general government or capital outlay-engineering.  
 Garbage collection is made by contract with an outside vendor.

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2014	2015	2016	2017	2018
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6	6	6	6	6
2	2	2	2	2
106	107	108	109	110
1,227	1,315	1,388	1,410	1,575
14	17	17	17	17
528	528	528	531	531
9	10	10	10	10
9	9	9	9	9
17	19	19	19	19
95	97	97	98	100
88	90	90	91	93
25	25	28	34	34
1	3	1	2	3

ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS

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

To the Village Board  
Village of Howard, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Howard (the "Village") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon which includes an emphasis of matter paragraph as indicated on page 2 dated April 3, 2019.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **COMPLIANCE AND OTHER MATTERS**

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

**PURPOSE OF THIS REPORT**

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
April 3, 2019