

**VILLAGE OF ALLOUEZ, WISCONSIN**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2012**

**VILLAGE OF ALLOUEZ, WISCONSIN**

December 31, 2012

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## INDEPENDENT AUDITORS' REPORT

To the Village Board  
Village of Allouez, 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 Allouez, Wisconsin ("the Village") as of and for the year ended December 31, 2012, 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 auditor considers 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, each major fund, and the aggregate remaining fund information of the Village as of December 31, 2012, 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 conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note A.4.h, the Village has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended December 31, 2012. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

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

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

## **Report on Summarized Financial Information**

We have previously audited the Village's 2011 financial statements, and our report dated June 28, 2012, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2013, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Certified Public Accountants  
Green Bay, Wisconsin  
August 6, 2013

## **BASIC FINANCIAL STATEMENTS**

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Statement of Net Position  
December 31, 2012  
(With summarized financial information as of December 31, 2011)

	Governmental Activities	Business-type Activities	Total	
			2012	2011
<b>ASSETS</b>				
Cash and investments	\$ 9,696,294	\$ 820,862	\$ 10,517,156	\$ 10,511,764
Receivables				
Taxes	17,086,036	-	17,086,036	16,390,831
Accounts	175,724	552,925	728,649	733,858
Special assessments	28,516	-	28,516	33,392
Interest	-	-	-	1,813
Other	-	240,112	240,112	240,296
Internal balances	(159,973)	159,973	-	-
Due from other governments	111,206	-	111,206	-
Inventories and prepaid items	21,271	90,390	111,661	134,160
Deferred charges	-	-	-	524,054
Restricted assets				
Cash and investments	1,349,932	1,675,244	3,025,176	3,627,327
Capital assets, nondepreciable				
Land	1,894,498	508,787	2,403,285	2,403,285
Construction in progress	51,079	533,356	584,435	2,322,942
Capital assets, depreciable				
Land improvements	1,241,638	578,431	1,820,069	1,820,069
Buildings and improvements	6,303,493	634,027	6,937,520	6,937,520
Machinery and equipment	6,334,741	1,248,524	7,583,265	7,357,021
Infrastructure	6,772,056	35,152,670	41,924,726	36,982,223
Less: Accumulated depreciation	(7,539,508)	(12,151,631)	(19,691,139)	(18,372,078)
<b>TOTAL ASSETS</b>	<b>43,367,003</b>	<b>30,043,670</b>	<b>73,410,673</b>	<b>71,648,477</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	-	134,346	134,346	-
Extraordinary property loss	-	13,173	13,173	-
	-	147,519	147,519	-
<b>LIABILITIES</b>				
Accounts payable	645,330	543,554	1,188,884	1,048,869
Accrued and other current liabilities	57,778	-	57,778	276,406
Accrued interest payable	87,547	87,283	174,830	241,036
Due to other governments	14,666,930	-	14,666,930	14,270,527
Long-term obligations				
Due within one year	745,000	801,426	1,546,426	1,648,003
Due in more than one year	10,952,453	12,657,445	23,609,898	22,800,224
<b>TOTAL LIABILITIES</b>	<b>27,155,038</b>	<b>14,089,708</b>	<b>41,244,746</b>	<b>40,285,065</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	6,287,411	-	6,287,411	6,192,526
<b>NET POSITION</b>				
Net investment in capital assets	4,632,814	13,781,397	18,414,211	17,427,768
Restricted for				
Debt service	162,229	-	162,229	159,281
Unrestricted	5,129,511	2,320,084	7,449,595	7,583,837
<b>TOTAL NET POSITION</b>	<b>\$ 9,924,554</b>	<b>\$ 16,101,481</b>	<b>\$ 26,026,035</b>	<b>\$ 25,170,886</b>

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

**VILLAGE OF ALLOUEZ, WISCONSIN**

Statement of Activities

For the Year Ended December 31, 2012

(With summarized financial information for the year ended December 31, 2011)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 1,291,722	\$ 163,505	\$ -	\$ -
Public safety	3,258,378	327,396	37,862	-
Public works	2,161,051	16,580	523,638	-
Health and human services	2,895	-	-	-
Culture and recreation	687,110	84,228	11,726	-
Conservation and development	53,039	-	-	-
Interest on debt	578,133	-	-	-
<b>Total Governmental Activities</b>	<b>8,032,328</b>	<b>591,709</b>	<b>573,226</b>	<b>-</b>
<b>Business-type Activities</b>				
Water utility	2,900,683	3,392,305	-	3,004
Sanitary sewer utility	1,963,359	2,253,760	-	-
Storm sewer utility	796,238	619,614	-	81,786
<b>Total Business-type Activities</b>	<b>5,660,280</b>	<b>6,265,679</b>	<b>-</b>	<b>84,790</b>
<b>Total</b>	<b>\$ 13,692,608</b>	<b>\$ 6,857,388</b>	<b>\$ 573,226</b>	<b>\$ 84,790</b>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Other taxes

Federal and state grants and other contributions not restricted to specific functions

Interest and investment earnings

Miscellaneous

Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Cumulative effect of change in accounting principle

Net Position - January 1

Prior period adjustment

Net Position - January 1 as 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			
Governmental Activities	Business-type Activities	Totals	
		2012	2011

\$ (1,128,217)	\$ -	\$ (1,128,217)	\$ (1,308,580)
(2,893,120)	-	(2,893,120)	(2,826,969)
(1,620,833)	-	(1,620,833)	(1,887,003)
(2,895)	-	(2,895)	(1,335)
(591,156)	-	(591,156)	(550,535)
(53,039)	-	(53,039)	(45,490)
(578,133)	-	(578,133)	(471,313)
<u>(6,867,393)</u>	<u>-</u>	<u>(6,867,393)</u>	<u>(7,091,225)</u>

-	494,626	494,626	455,858
-	290,401	290,401	141,561
-	(94,838)	(94,838)	(44,342)
<u>-</u>	<u>690,189</u>	<u>690,189</u>	<u>553,077</u>

<u>(6,867,393)</u>	<u>690,189</u>	<u>(6,177,204)</u>	<u>(6,538,148)</u>
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5,051,916	-	5,051,916	5,056,031
1,137,227	-	1,137,227	1,035,246
181,727	-	181,727	174,824
591,711	-	591,711	739,469
31,852	4,140	35,992	49,999
118,275	110,776	229,051	162,738
20,094	-	20,094	75,102
236,836	(236,836)	-	-
<u>7,369,638</u>	<u>(121,920)</u>	<u>7,247,718</u>	<u>7,293,409</u>

<u>502,245</u>	<u>568,269</u>	<u>1,070,514</u>	<u>755,261</u>
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<u>(158,028)</u>	<u>(153,805)</u>	<u>(311,833)</u>	<u>-</u>
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9,483,869	15,687,017	25,170,886	19,413,222
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<u>96,468</u>	<u>-</u>	<u>96,468</u>	<u>5,002,403</u>
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<u>9,580,337</u>	<u>15,687,017</u>	<u>25,267,354</u>	<u>24,415,625</u>
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<u>\$ 9,924,554</u>	<u>\$ 16,101,481</u>	<u>\$ 26,026,035</u>	<u>\$ 25,170,886</u>
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**VILLAGE OF ALLOUEZ, WISCONSIN**

Balance Sheet

Governmental Funds

December 31, 2012

(With summarized financial information as of December 31, 2011)

	General Fund	Capital Facilities and Equipment Fund	Debt Service Fund
<b>ASSETS</b>			
Cash and investments	\$ 6,821,490	\$ -	\$ 162,229
Receivables			
Taxes	17,086,036	-	-
Accounts	175,724	-	-
Special assessments	28,516	-	-
Interest	-	-	-
Restricted cash and investments	-	1,349,932	-
Due from other funds	629,755	185,500	1,142,463
Due from other governments	14,738	-	-
Inventories and prepaid items	15,889	-	-
<b>TOTAL ASSETS</b>	<b>\$ 24,772,148</b>	<b>\$ 1,535,432</b>	<b>\$ 1,304,692</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 608,344	\$ 14,556	\$ -
Accrued and other current liabilities	57,778	-	-
Due to other funds	1,662,936	611,792	-
Due to other governments	14,666,930	-	-
<b>Total Liabilities</b>	<b>16,995,988</b>	<b>626,348</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>			
Property taxes	4,784,448	185,500	1,142,463
<b>Fund Balances</b>			
<b>Nonspendable</b>			
Inventories and prepaid items	15,889	-	-
Long-term advance	-	-	-
<b>Restricted for</b>			
Retirement of long-term debt	-	-	162,229
Capital projects	-	723,584	-
<b>Committed for</b>			
Subsequent year's expenditures	-	-	-
<b>Assigned for</b>			
Subsequent year's budget	99,440	-	-
<b>Unassigned, reported in</b>			
General fund	2,876,383	-	-
Special revenue funds	-	-	-
<b>Total Fund Balances</b>	<b>2,991,712</b>	<b>723,584</b>	<b>162,229</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 24,772,148</b>	<b>\$ 1,535,432</b>	<b>\$ 1,304,692</b>

(Continued)

Other Governmental Funds	Total Governmental Funds	
	2012	2011

\$ 66,490 \$ 7,050,209 \$ 7,394,976

- 17,086,036 16,390,831

- 175,724 158,117

- 28,516 33,009

- - 533

- 1,349,932 1,751,083

175,000 2,132,718 1,295,918

96,468 111,206 -

- 15,889 44,764

\$ 337,958 \$ 27,950,230 \$ 27,069,231

\$ 8,129 \$ 631,029 \$ 391,912

- 57,778 139,968

17,963 2,292,691 1,458,357

- 14,666,930 14,270,527

26,092 17,648,428 16,260,764

175,000 6,287,411 6,192,143

- 15,889 44,764

96,468 96,468 -

- 162,229 159,281

- 723,584 1,626,330

58,361 58,361 48,743

- 99,440 402,504

- 2,876,383 2,348,178

(17,963) (17,963) (13,476)

136,866 4,014,391 4,616,324

\$ 337,958 \$ 27,950,230 \$ 27,069,231

**VILLAGE OF ALLOUEZ, WISCONSIN**

Balance Sheet (Continued)

Governmental Funds

December 31, 2012

(With summarized financial information as of December 31, 2011)

	Total	
	Governmental Funds	
	2012	2011
<u>Reconciliation to the Statement of Net Position</u>		
Total Fund Balances as shown on previous page	\$ 4,014,391	\$ 4,616,324
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	15,057,997	14,754,125
Less amount included as part of the internal service fund	(1,715,179)	(1,905,813)
	<u>13,342,818</u>	<u>12,848,312</u>
Assets and liabilities of internal service funds are included in governmental activities in the statement of net position.	4,352,345	4,311,802
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(11,285,000)	(11,840,000)
Compensated absences	(228,258)	(337,322)
Premium on issuance of bonds	(184,195)	(148,423)
Deferred charges - bond issuances costs	-	158,028
Accrued interest on long-term obligations	(87,547)	(124,852)
	<u>(11,785,000)</u>	<u>(12,292,569)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 3)	<u>\$ 9,924,554</u>	<u>\$ 9,483,869</u>

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

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2012  
(With summarized financial information for the year ended December 31, 2011)

	General Fund	Capital Facilities and Equipment Fund	Debt Service Fund
<b>Revenues</b>			
Taxes	\$ 4,899,327	\$ -	\$ 1,137,227
Special assessments	8,310	-	-
Intergovernmental	1,162,291	-	-
Licenses and permits	262,772	-	-
Fines and forfeits	132,164	-	-
Public charges for services	371,637	-	-
Intergovernmental charges for services	3,802	-	-
Miscellaneous	173,227	2,207	387
<b>Total Revenues</b>	<u>7,013,530</u>	<u>2,207</u>	<u>1,137,614</u>
<b>Expenditures</b>			
General government	1,050,822	-	-
Public safety	3,459,825	-	-
Public works	1,862,137	886,084	-
Health and human services	2,895	-	-
Culture and recreation	631,800	-	-
Conservation and development	46,621	6,418	-
Debt service			
Principal	-	-	655,000
Interest and fiscal charges	-	-	723,066
Capital outlay	-	12,451	-
<b>Total Expenditures</b>	<u>7,054,100</u>	<u>904,953</u>	<u>1,378,066</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(40,570)</u>	<u>(902,746)</u>	<u>(240,452)</u>
<b>Other Financing Sources (Uses)</b>			
Refunding bonds issued	-	-	2,900,000
Premium on bonds	-	-	143,400
Payment to refunding bond escrow agent	-	-	(2,800,000)
Transfers in	236,836	-	-
Transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>236,836</u>	<u>-</u>	<u>243,400</u>
<b>Net Change in Fund Balances</b>	196,266	(902,746)	2,948
Prior Period Adjustment	-	-	-
<b>Fund Balances - January 1</b>	<u>2,795,446</u>	<u>1,626,330</u>	<u>159,281</u>
<b>Fund Balances - December 31</b>	<u>\$ 2,991,712</u>	<u>\$ 723,584</u>	<u>\$ 162,229</u>

(Continued)

Other Governmental Funds	Total Governmental Funds	
	2012	2011
\$ 158,691	\$ 6,195,245	\$ 6,096,492
-	8,310	8,457
-	1,162,291	1,342,438
-	262,772	230,871
-	132,164	119,038
-	371,637	357,550
-	3,802	4,318
-	175,821	235,168
<u>158,691</u>	<u>8,312,042</u>	<u>8,394,332</u>
64,487	1,115,309	1,284,785
-	3,459,825	3,330,868
89,073	2,837,294	3,215,007
-	2,895	1,335
-	631,800	614,701
-	53,039	45,490
-	655,000	560,000
-	723,066	494,332
-	12,451	-
<u>153,560</u>	<u>9,490,679</u>	<u>9,546,518</u>
<u>5,131</u>	<u>(1,178,637)</u>	<u>(1,152,186)</u>
-	2,900,000	2,045,000
-	143,400	17,036
-	(2,800,000)	-
-	236,836	547,348
-	-	(948,927)
-	480,236	1,660,457
5,131	(698,401)	508,271
96,468	96,468	-
35,267	4,616,324	4,108,053
<u>\$ 136,866</u>	<u>\$ 4,014,391</u>	<u>\$ 4,616,324</u>

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
Governmental Funds  
For the Year Ended December 31, 2012  
(With summarized financial information for the year ended December 31, 2011)

<u>Reconciliation to the Statement of Activities</u>	Total Governmental Funds	
	2012	2011
Net Change in Fund Balances as shown on previous page	\$ (698,401)	\$ 508,271
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 expenditures	1,045,656	924,271
Depreciation expense reported in the statement of activities	(551,150)	(523,142)
Amount by which capital outlays are greater (less) than depreciation in current period	494,506	401,129
Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits decreased by:	109,064	160,277
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.	-	(551)
Some long-term debt retirements during the year were financed with debt. The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net position, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is:	(2,900,000)	(2,045,000)
Internal service funds are reported with governmental activities. Current year revenues exceeded expenses by:	40,543	139,387
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year are:		
Principal payments on bonds and notes payable	3,455,000	560,000
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.	37,305	(11,495)
Bond premiums are reported in the governmental funds as an other financing source. In the statement of activities, the premiums are amortized as an expense reduction over the life of the bonds.	(35,772)	48,163
Bond issue costs are reported in the governmental funds as an expenditure. In the statement of activities, these costs are capitalized and amortized over the life of the bonds.	-	(30,685)
Transfer sanitary sewer debt (net of book value of capital assets) from governmental funds to proprietary funds	-	1,124,719
Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see pages 4 - 5)	<u>\$ 502,245</u>	<u>\$ 854,215</u>

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

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2012  
(With summarized financial information for the year ended December 31, 2011)

	2012				Actual Prior Year
	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)	
	Original	Final			
<b>Revenues</b>					
Taxes	\$ 4,898,430	\$ 4,898,430	\$ 4,899,327	\$ 897	\$ 4,895,031
Special assessments	3,000	3,000	8,310	5,310	7,906
Intergovernmental	1,147,440	1,147,440	1,162,291	14,851	1,342,438
Licenses and permits	207,730	207,730	262,772	55,042	230,871
Fines and forfeits	136,250	136,250	132,164	(4,086)	119,038
Public charges for services	417,695	417,695	371,637	(46,058)	357,550
Intergovernmental charges for services	4,500	4,500	3,802	(698)	4,318
Other	161,071	161,071	173,227	12,156	231,048
<b>Total Revenues</b>	<b>6,976,116</b>	<b>6,976,116</b>	<b>7,013,530</b>	<b>37,414</b>	<b>7,188,200</b>
<b>Expenditures</b>					
General government	1,107,126	1,107,126	1,050,822	56,304	1,018,434
Public safety	3,449,203	3,646,957	3,459,825	187,132	3,330,868
Public works	2,098,562	2,098,562	1,862,137	236,425	2,214,665
Health and human services	2,000	2,000	2,895	(895)	1,335
Culture and recreation	656,529	665,529	631,800	33,729	614,595
Conservation and development	43,446	43,446	46,621	(3,175)	37,990
<b>Total Expenditures</b>	<b>7,356,866</b>	<b>7,563,620</b>	<b>7,054,100</b>	<b>509,520</b>	<b>7,217,887</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(380,750)</b>	<b>(587,504)</b>	<b>(40,570)</b>	<b>546,934</b>	<b>(29,687)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	200,000	200,000	236,836	36,836	206,741
Transfers out	-	-	-	-	(58,383)
<b>Total Other Financing Sources (Uses)</b>	<b>200,000</b>	<b>200,000</b>	<b>236,836</b>	<b>36,836</b>	<b>148,358</b>
<b>Net Change in Fund Balance</b>	<b>(180,750)</b>	<b>(387,504)</b>	<b>196,266</b>	<b>583,770</b>	<b>118,671</b>
<b>Fund Balance - January 1</b>	<b>2,795,446</b>	<b>2,795,446</b>	<b>2,795,446</b>	<b>-</b>	<b>2,676,775</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,614,696</b>	<b>\$ 2,407,942</b>	<b>\$ 2,991,712</b>	<b>\$ 583,770</b>	<b>\$ 2,795,446</b>

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

**VILLAGE OF ALLOUEZ, WISCONSIN**

Statement of Net Position

Proprietary Funds

December 31, 2012

(With summarized financial information as of December 31, 2011)

	Business-type Activities - Enterprise Funds				
	Water Utility	Sanitary Sewer Utility	Storm Sewer Utility	Total	
				2012	2011
<b>ASSETS</b>					
Cash and investments	\$ 536,429	\$ 143,457	\$ 140,976	\$ 820,862	\$ 697,565
Receivables					
Accounts	282,489	211,711	58,725	552,925	575,741
Special assessments	-	-	-	-	383
Interest	-	-	-	-	-
Other	192,859	-	47,253	240,112	240,296
Due from other funds	79,251	64,349	16,373	159,973	162,439
Inventories and prepaid items	89,260	-	1,130	90,390	83,873
Deferred charges	-	-	-	-	366,026
Restricted assets					
Cash and investments	1,461,149	214,095	-	1,675,244	1,876,244
Capital assets, nondepreciable					
Land	34,299	-	474,488	508,787	508,787
Construction in progress	-	9,737	523,619	533,356	1,401,979
Capital assets, depreciable					
Land improvements	578,431	-	-	578,431	578,431
Buildings	634,027	-	-	634,027	634,027
Machinery and equipment	1,185,541	47,881	15,102	1,248,524	1,211,724
Infrastructure	11,910,060	13,028,331	10,214,279	35,152,670	31,985,099
Less: Accumulated depreciation	(3,274,754)	(4,420,133)	(4,456,744)	(12,151,631)	(11,623,190)
<b>TOTAL ASSETS</b>	<b>13,709,041</b>	<b>9,299,428</b>	<b>7,035,201</b>	<b>30,043,670</b>	<b>28,699,424</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	82,093	-	52,253	134,346	-
Extraordinary property loss	13,173	-	-	13,173	-
	<u>95,266</u>	<u>-</u>	<u>52,253</u>	<u>147,519</u>	<u>-</u>
<b>LIABILITIES</b>					
Accounts payable	258,757	167,125	117,672	543,554	636,920
Accrued and other current liabilities	36,222	30,631	20,430	87,283	252,622
Unearned revenue	-	-	-	-	383
Long-term obligations					
Due within one year	255,000	396,426	150,000	801,426	930,707
Due in more than one year	6,374,420	3,799,771	2,483,254	12,657,445	11,191,775
<b>TOTAL LIABILITIES</b>	<b>6,924,399</b>	<b>4,393,953</b>	<b>2,771,356</b>	<b>14,089,708</b>	<b>13,012,407</b>
<b>NET POSITION</b>					
Net investment in capital assets	5,085,888	4,519,004	4,176,505	13,781,397	13,385,487
Unrestricted	1,794,020	386,471	139,593	2,320,084	2,301,530
<b>TOTAL NET POSITION</b>	<b>\$ 6,879,908</b>	<b>\$ 4,905,475</b>	<b>\$ 4,316,098</b>	<b>\$ 16,101,481</b>	<b>\$ 15,687,017</b>

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

Governmental Activities - Internal Service Fund Total	
2012	2011

\$ 2,646,085    \$ 2,419,223

-                    -

-                    -

-                    1,280

-                    -

-                    -

5,382                5,523

-                    -

-                    -

-                    -

-                    -

-                    -

4,828,967            4,780,131

-                    -

(3,113,788)        (2,874,318)

4,366,646        4,331,839

-                    -

-                    -

-                    -

14,301                20,037

-                    -

-                    -

-                    -

-                    -

14,301             20,037

1,715,179            1,905,813

2,637,166            2,405,989

\$ 4,352,345    \$ 4,311,802

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2012  
(With summarized financial information for the year December 31, 2011)

	Business-type Activities - Enterprise Funds				
	Water Utility	Sanitary Sewer Utility	Storm Sewer Utility	Total	
				2012	2011
<b>Operating Revenues</b>					
Charges for services					
Metered sales to general customers					
Residential	\$ 1,989,715	\$ -	\$ -	\$ 1,989,715	\$ 2,058,000
Commercial	384,734	-	-	384,734	242,917
Institutions	365,096	-	-	365,096	332,641
Public authorities	25,116	-	-	25,116	25,637
Private fire protection	26,107	-	-	26,107	25,466
Public fire protection	554,955	-	-	554,955	553,449
Storm water	-	-	607,470	607,470	570,247
Sanitary sewer	-	2,253,230	-	2,253,230	2,028,637
Equipment and other charges	-	-	-	-	-
Total charges for services	3,345,723	2,253,230	607,470	6,206,423	5,836,994
Forfeited discounts	25,873	-	-	25,873	22,826
Other	102,111	530	12,144	114,785	214,450
<b>Total Operating Revenues</b>	<b>3,473,707</b>	<b>2,253,760</b>	<b>619,614</b>	<b>6,347,081</b>	<b>6,074,270</b>
<b>Operating Expenses</b>					
Operation and maintenance					
Source of supply	1,748,135	-	-	1,748,135	1,779,850
Pumping	74,756	-	-	74,756	78,170
Water treatment	13,795	-	-	13,795	11,766
Transmission and distribution	229,797	-	-	229,797	313,846
Customer accounts	40,200	-	-	40,200	37,213
Administrative and general	219,135	-	-	219,135	231,923
Storm water	-	-	452,657	452,657	313,769
Sanitary sewer	-	1,595,818	-	1,595,818	1,574,110
Other operation and maintenance	-	-	-	-	-
Total operation and maintenance	2,325,818	1,595,818	452,657	4,374,293	4,340,647
Depreciation	291,436	150,161	204,267	645,864	590,614
Amortization of property loss	36,904	-	-	36,904	36,904
Taxes	20,647	-	-	20,647	20,501
<b>Total Operating Expenses</b>	<b>2,674,805</b>	<b>1,745,979</b>	<b>656,924</b>	<b>5,077,708</b>	<b>4,988,666</b>
<b>Operating Income (Loss)</b>	<b>798,902</b>	<b>507,781</b>	<b>(37,310)</b>	<b>1,269,373</b>	<b>1,085,604</b>
<b>Nonoperating Revenues (Expenses)</b>					
Interest revenue	2,515	1,082	543	4,140	6,234
Interest expense	(263,281)	(217,380)	(163,177)	(643,838)	(474,402)
Capital grant	-	-	81,403	81,403	-
Amortization of premium on bonds	37,403	29,374	23,863	90,640	18,536
Amortization of debt expense	-	-	-	-	(16,173)
Insurance recoveries	-	-	-	-	-
Gain (loss) on asset removals	-	-	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(223,363)</b>	<b>(186,924)</b>	<b>(57,368)</b>	<b>(467,655)</b>	<b>(465,805)</b>
<b>Net Income (Loss) Before Transfers and Contributions</b>	<b>575,539</b>	<b>320,857</b>	<b>(94,678)</b>	<b>801,718</b>	<b>619,799</b>
Transfer to General Fund	(236,836)	-	-	(236,836)	(206,741)
Transfer from Other Funds	-	-	-	-	608,320
Capital Contributions (net of long-term debt)	3,004	-	383	3,387	(1,120,332)
Cumulative Effect of Change in Accounting Principle	(67,365)	(49,179)	(37,261)	(153,805)	-
<b>Changes in Net Position</b>	<b>274,342</b>	<b>271,678</b>	<b>(131,556)</b>	<b>414,464</b>	<b>(98,954)</b>
<b>Net Position - January 1</b>	<b>6,605,566</b>	<b>4,633,797</b>	<b>4,447,654</b>	<b>15,687,017</b>	<b>10,783,568</b>
Prior Period Adjustment	-	-	-	-	5,002,403
<b>Net Position - January 1, as restated</b>	<b>6,605,566</b>	<b>4,633,797</b>	<b>4,447,654</b>	<b>15,687,017</b>	<b>15,785,971</b>
<b>Net Position - December 31</b>	<b>\$ 6,879,908</b>	<b>\$ 4,905,475</b>	<b>\$ 4,316,098</b>	<b>\$ 16,101,481</b>	<b>\$ 15,687,017</b>

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



**VILLAGE OF ALLOUEZ, WISCONSIN**

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2012

(With summarized financial information for the year ended December 31, 2011)

	Business-type Activities - Enterprise Funds				
	Water Utility	Sanitary Sewer Utility	Storm Sewer Utility	Total	
				2012	2011
<b>Cash Flows from Operating Activities</b>					
Cash received from user charges	\$ 3,475,896	\$ 2,272,342	\$ 624,692	\$ 6,372,930	\$ 5,785,315
Cash payments to suppliers	(2,081,748)	(1,518,579)	(223,725)	(3,824,052)	(3,523,693)
Cash payments for personnel costs	(340,667)	(141,287)	(186,184)	(668,138)	(664,598)
<b>Net Cash Provided by Operating Activities</b>	<b>1,053,481</b>	<b>612,476</b>	<b>214,783</b>	<b>1,880,740</b>	<b>1,597,024</b>
<b>Cash Flows from Noncapital Financing Activities</b>					
Cash transfers in (out)	(236,836)	-	-	(236,836)	255,749
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition of capital assets	(1,285,873)	(490,887)	(669,824)	(2,446,584)	(2,246,838)
Capital contributions	3,004	-	383	3,387	4,387
Capital grant	-	-	81,403	81,403	-
Proceeds from insurance recoveries	-	-	-	-	-
Proceeds of long-term debt	2,929,501	755,519	648,261	4,333,281	2,920,000
Debt issuance costs	(12,147)	(9,882)	(8,029)	(30,058)	(42,324)
Principal payments on long-term debt	(1,280,000)	(1,060,707)	(705,000)	(3,045,707)	(795,158)
Interest payments on long-term debt	(249,717)	(217,615)	(154,137)	(621,469)	(435,258)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>104,768</b>	<b>(1,023,572)</b>	<b>(806,943)</b>	<b>(1,725,747)</b>	<b>(595,191)</b>
<b>Cash Flows from Investing Activities</b>					
Interest income received	2,515	1,082	543	4,140	6,234
<b>Change in Cash and Cash Equivalents</b>	<b>923,928</b>	<b>(410,014)</b>	<b>(591,617)</b>	<b>(77,703)</b>	<b>1,263,816</b>
<b>Cash and Cash Equivalents - January 1</b>	<b>1,073,650</b>	<b>767,566</b>	<b>732,593</b>	<b>2,573,809</b>	<b>1,309,993</b>
<b>Cash and Cash Equivalents - December 31</b>	<b>\$ 1,997,578</b>	<b>\$ 357,552</b>	<b>\$ 140,976</b>	<b>\$ 2,496,106</b>	<b>\$ 2,573,809</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>					
Operating income (loss)	\$ 798,902	\$ 507,781	\$ (37,310)	\$ 1,269,373	\$ 1,085,604
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	328,340	150,161	204,267	682,768	627,518
Changes in assets and liabilities					
Accounts receivable	7,628	20,222	(4,651)	23,199	(93,088)
Other receivables	(8,621)	-	8,805	184	(175,448)
Due from (to) other funds	3,182	(1,640)	924	2,466	(20,419)
Inventories and prepaids	(6,563)	-	46	(6,517)	(9,629)
Accounts payable	(72,403)	(64,048)	43,085	(93,366)	182,486
Accrued and other current liabilities	3,016	-	-	3,016	-
Unearned revenue	-	-	(383)	(383)	-
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,053,481</b>	<b>\$ 612,476</b>	<b>\$ 214,783</b>	<b>\$ 1,880,740</b>	<b>\$ 1,597,024</b>
<b>Noncash Investing, Capital and Financing Activities</b>					
Contributed capital and trade-in of equipment	\$ -	\$ -	\$ -	\$ -	\$ -

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

Governmental Activities - Internal Service Fund Total	
2012	2011

\$	831,816	\$	954,092
	(367,769)		(472,932)
	(137,162)		(140,403)
	<u>326,885</u>		<u>340,757</u>

-	-
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(114,706)	(324,549)
-	-
-	-
10,034	1,971
-	-
-	-
-	-
-	-

<u>(104,672)</u>	<u>(322,578)</u>
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4,649	9,054
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226,862	27,233
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<u>2,419,223</u>	<u>2,391,990</u>
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<u>\$ 2,646,085</u>	<u>\$ 2,419,223</u>
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\$	7,046	\$	55,047
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325,434	328,038
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-	-
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-	-
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141	(1,635)
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(5,736)	(40,693)
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-	-
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-	-
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<u>\$ 326,885</u>	<u>\$ 340,757</u>
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<u>\$ -</u>	<u>\$ -</u>
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**VILLAGE OF ALLOUEZ, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Village of Allouez, 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:

1. Reporting Entity

The Village of Allouez is a municipal corporation governed by an elected seven member board. In accordance with GAAP, the basic financial statements are required to include the Village (the primary government) 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 by GASB Statement Nos. 14 and 39.

2. 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 and proprietary funds. 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 main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

**CAPITAL FACILITIES AND EQUIPMENT CAPITAL PROJECTS FUND**

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**DEBT SERVICE FUND**

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

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Village reports the following major enterprise funds:

**WATER UTILITY FUND**

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

**SANITARY SEWER UTILITY FUND**

This fund accounts for the operations of the Village's sanitary sewer utility.

**STORM SEWER UTILITY FUND**

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

Additionally, the government reports the following fund types:

An *internal service fund* is used to account for the purchase and operation of equipment provided to other departments of the Village, on a cost reimbursement basis.

3. Measurement Focus and Basis of Accounting

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

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

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 function and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

a. Cash and Investments

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

b. Accounts Receivable

Accounts receivable are recorded net of an allowance for uncollectible amounts.

c. 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.

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

d. 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.

e. Prepaid Items

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

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

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of \$1,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Infrastructure used in the governmental activities that were constructed prior to January 1, 2004 is not included in capital assets.

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:

	Governmental Activities	Business-type Activities
	Years	
<u>Assets</u>		
Land improvements	-	35 - 45
Buildings	10 - 70	30
Improvements other than buildings	15 - 40	-
Machinery and equipment	5 - 40	5 - 20
Infrastructure	20 - 40	20 - 100

g. Compensated Absences

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

h. Deferred Outflows/Inflows of Resources

The Village implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended December 31, 2012. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village had two items that qualify for reporting in this category. They are a deferred charge on refunding and extraordinary property loss. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. An extraordinary property loss is deferred and amortized over 5 years.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has one type of item that qualifies for reporting in this category, property taxes. This amount will be recognized as an inflow of resources in the subsequent year for which it was levied.

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

i. 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 in the current period.

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.

j. Fund Equity

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

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

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

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Village has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to 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, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - Amount of net position that 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.

5. 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.

6. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Village's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

7. Reclassifications

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

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE B - STEWARDSHIP AND COMPLIANCE**

1. Budgets and Budgetary Accounting

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

- a. During November, 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 the Village Board.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the 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.
- c. During the year, formal budgetary integration is employed as a management control device for the governmental funds.
- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board.
- e. Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

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

2. Excess of Expenditures Over Budget Appropriations

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

Funds	Function	Excess Expenditures
General	Health and Human Services	\$ 895
	Conservation and Development	3,175

3. Deficit Fund Equity

The following fund had a deficit fund balance as of December 31, 2012:

Fund	Deficit Fund Equity
Compensated Absences Reserve	\$ 17,963

The deficit will be funded with the 2013 tax levy.

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE C - DETAILED NOTES ON ALL FUNDS**

1. Cash and Investments

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

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

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

The carrying amount of the Village's cash and investments totaled \$13,542,332 on December 31, 2012 as summarized below:

Petty cash funds	\$ 750
Deposits with financial institutions	13,529,026
Investments	
Repurchase agreements	250
Wisconsin local government investment pool	12,306
	\$ 13,542,332

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 10,517,156
Restricted cash and investments	3,025,176
	\$ 13,542,332

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

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Deposits with Financial Institutions

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

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for interest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 per official custodian per depository institution. In addition, the Village's non-interest bearing transaction accounts are fully insured through December 31, 2012. As of January 1, 2013 the Village's noninterest-bearing transaction accounts are combined with its interest-bearing demand deposits for FDIC insurance coverage. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2012, \$10,409,709 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits and collateralized with securities held by the pledging institution in the Village's name.

On December 31, 2012, the Village held repurchase agreement investments of \$250 of which the underlying securities are held by the investment's counterparty, not in the name of the Village.

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 does not have an additional credit risk policy. Presented below is the actual rating as of year-end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Wisconsin Local Government Investment Pool	\$ 12,306	\$ -	\$ -	\$ -	\$ 12,306

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wisconsin local government investment pool	\$ 12,306	\$ 12,306	\$ -	\$ -	\$ -
Repurchase agreements	250	250	-	-	-
<b>Totals</b>	<b>\$ 12,556</b>	<b>\$ 12,556</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Investment in Wisconsin Local Government Investment Pool

The Village has investments in the Wisconsin local government investment pool of \$12,306 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2012, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

2. Property Taxes

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

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

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

3. Restricted Assets

Restricted assets on December 31, 2012 totaled \$3,025,176 and consisted of cash and investments held for the following purposes:

Governmental Activities:	
Unexpended bond funds	\$ 859,817
Unexpended project funds	490,115
Business-type activities:	
Unexpended bond funds	528,955
Unexpended project funds	151,527
Sewage equipment reserve fund	231,936
Water depreciation fund	762,826
	<b>\$ 3,025,176</b>

4. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and improvements	\$ 1,894,498	\$ -	\$ -	\$ 1,894,498
Construction in progress	920,963	20,038	889,922	51,079
Total capital assets, not being depreciated	2,815,461	20,038	889,922	1,945,577
Capital assets, being depreciated:				
Buildings	6,303,493	-	-	6,303,493
Improvements other than buildings	1,241,638	-	-	1,241,638
Machinery and equipment	6,087,272	264,957	100,003	6,252,226
Vehicles	58,025	24,490	-	82,515
Infrastructure	4,997,124	1,774,932	-	6,772,056
Subtotals	18,687,552	2,064,379	100,003	20,651,928
Less accumulated depreciation for:				
Buildings	1,529,249	183,116	-	1,712,365
Improvements other than buildings	606,927	50,252	-	657,179
Machinery and equipment	3,566,206	401,276	85,964	3,881,518
Vehicles	38,226	10,369	-	48,595
Infrastructure	1,008,280	231,571	-	1,239,851
Subtotals	6,748,888	876,584	85,964	7,539,508
Total capital assets, being depreciated, net	11,938,664	1,187,795	14,039	13,112,420
Governmental activities capital assets, net	<b>\$ 14,754,125</b>	<b>\$ 1,207,833</b>	<b>\$ 903,961</b>	<b>15,057,997</b>
Less related long-term debt outstanding, net of unspent bond proceeds				10,425,183
Net investment in capital assets				<b>\$ 4,632,814</b>

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 508,787	\$ -	\$ -	\$ 508,787
Construction in progress	1,401,979	281,254	1,149,877	533,356
Total capital assets, not being depreciated	<u>1,910,766</u>	<u>281,254</u>	<u>1,149,877</u>	<u>1,042,143</u>
Capital assets, being depreciated:				
Land improvements	578,431	-	-	578,431
Buildings	634,027	-	-	634,027
Machinery and equipment	1,211,724	52,880	16,080	1,248,524
Infrastructure	31,985,099	3,298,158	130,587	35,152,670
Subtotals	<u>34,409,281</u>	<u>3,351,038</u>	<u>146,667</u>	<u>37,613,652</u>
Less accumulated depreciation for:				
Buildings	495,850	20,289	-	516,139
Improvements other than buildings	371,645	13,985	-	385,630
Machinery and equipment	434,253	64,220	16,081	482,392
Infrastructure	10,321,442	570,987	124,959	10,767,470
Subtotals	<u>11,623,190</u>	<u>669,481</u>	<u>141,040</u>	<u>12,151,631</u>
Total capital assets, being depreciated, net	<u>22,786,091</u>	<u>2,681,557</u>	<u>5,627</u>	<u>25,462,021</u>
Business-type activities capital assets, net	<u>\$ 24,696,857</u>	<u>\$ 2,962,811</u>	<u>\$ 1,155,504</u>	26,504,164
Less related long-term debt outstanding, net of unspent bond proceeds				<u>12,722,767</u>
Net investment in capital assets				<u>\$ 13,781,397</u>

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

Governmental activities	
General government	\$ 178,210
Public safety	117,339
Public works	472,479
Culture and recreation	108,556
Total depreciation expense - governmental activities	<u>\$ 876,584</u>
Business-type activities	
Sanitary sewer utility	\$ 150,161
Water utility	291,436
Water depreciation charged to another fund	23,617
Storm sewer utility	204,267
Total increase to accumulated depreciation - business-type activities	<u>\$ 669,481</u>

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

5. Interfund Receivable, Payables, and Transfers

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

	Interfund Receivables	Interfund Payables
Tax Levies, Special Charges and Special Assessments in Subsequent Year Tax Roll		
General fund	\$ 629,755	\$ 1,662,936
Public bus service special revenue fund	95,000	-
Compensated absences reserve special revenue fund	80,000	17,963
Capital facilities and equipment fund	185,500	611,792
Debt service fund	1,142,463	-
Water utility fund	79,251	-
Sanitary sewer utility fund	64,349	-
Storm sewer utility fund	16,373	-
<b>Totals</b>	<b>\$ 2,292,691</b>	<b>\$ 2,292,691</b>

Interfund transfers for the year ended were as follows:

		Transfer to:
Transfers from:		General Fund
Water utility fund		<u>\$ 236,836</u>

The transfer from the water utility to the general fund was for a tax equivalent calculated in accordance with state guidelines.

6. Long-term Obligations

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

	Outstanding 1/1/12	Issued	Retired	Outstanding 12/31/12	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Debt					
Bonds	\$ 11,840,000	\$ 2,900,000	\$ 3,455,000	\$ 11,285,000	\$ 745,000
Debt premium	148,423	143,400	107,628	184,195	-
Compensated absences	337,322	17,652	126,716	228,258	-
Governmental activities Long-term obligations	<u>\$ 12,325,745</u>	<u>\$ 3,061,052</u>	<u>\$ 3,689,344</u>	<u>\$ 11,697,453</u>	<u>\$ 745,000</u>
<b>Business-type activities:</b>					
General Obligation Debt					
Bonds	\$ 11,085,000	\$ 2,190,000	\$ 2,860,000	\$ 10,415,000	\$ 610,000
Clean water fund loan	987,519	34,240	185,707	836,052	191,426
Total General Obligation Debt	<u>12,072,519</u>	<u>2,224,240</u>	<u>3,045,707</u>	<u>11,251,052</u>	<u>801,426</u>
Revenue bonds					
Safe drinking water loan	-	2,000,671	-	2,000,671	-
Debt premium	134,854	108,370	90,640	152,584	-
Compensated absences	49,963	4,601	-	54,564	-
Business-type activities Long-term obligations	<u>\$ 12,257,336</u>	<u>\$ 4,337,882</u>	<u>\$ 3,136,347</u>	<u>\$ 13,458,871</u>	<u>\$ 801,426</u>

Total interest paid during the year on long-term debt totaled \$1,148,653.

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

General Obligation Bonds

General obligation bonds currently outstanding are detailed as follows:

Bonds

\$21,130,000 issued 8/15/04; \$555,000 to \$600,000 due annually through 2014; interest 3.8750% to 5.00%	\$ 2,110,000
\$10,000,000 issued 5/1/06; \$25,000 to \$960,000 due annually through 2024; interest 3.85% to 4.25%	9,715,000
\$4,965,000 issued 5/10/11; \$75,000 to \$145,000 due annually through 2031; interest 2.00% to 4.00%	4,785,000
\$5,090,000 issued 12/04/12; \$60,000 to \$55,000 due annually through 2019; interest 2.00%	<u>5,090,000</u>
<b>Total Outstanding General Obligation Bonds</b>	<b><u>\$ 21,700,000</u></b>

Annual principal and interest maturities of the outstanding general obligation bonds of \$21,700,000 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 745,000	\$ 364,124	\$ 610,000	\$ 342,210	\$ 1,355,000	\$ 706,334
2014	755,000	347,400	675,000	327,539	1,430,000	674,939
2015	780,000	325,423	650,000	308,808	1,430,000	634,231
2016	790,000	309,023	660,000	295,208	1,450,000	604,231
2017	815,000	292,060	650,000	281,258	1,465,000	573,318
2018-2022	4,420,000	1,063,491	3,985,000	1,054,600	8,405,000	2,118,091
2023-2027	2,435,000	245,570	2,400,000	305,954	4,835,000	551,524
2028-2031	545,000	44,900	785,000	64,500	1,330,000	109,400
	<u>\$ 11,285,000</u>	<u>\$ 2,991,991</u>	<u>\$ 10,415,000</u>	<u>\$ 2,980,077</u>	<u>\$ 21,700,000</u>	<u>\$ 5,972,068</u>

Detail of the clean water fund loan follows:

Clean Water Fund Loan

Total loan of \$3,071,510 authorized by the Wisconsin Department of Natural Resources 12/11/96; \$191,426 to \$209,665 due annually through 2016; interest 3.08%	\$ 801,813
Total loan of \$684,772 (\$34,239 drawn down by 12/31/12) authorized by the Wisconsin Department of Natural Resources 7/11/12; \$1,363 to \$2,321 due annually through 2032; interest 3.00%	<u>34,239</u>
<b>Total Clean Water Fund Loans</b>	<b><u>\$ 836,052</u></b>

The Clean Water Fund Loans of \$836,052 are being financed by revenues of the sanitary sewer utility fund.

**VILLAGE OF ALLOUEZ, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2012

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Annual principal and interest maturities for the outstanding clean water fund loans on December 31, 2012 are as follows:

Year Ended December 31	Principal	Interest	Total
2013	\$ 191,426	\$ 16,768	\$ 208,194
2014	198,685	10,555	209,240
2015	204,804	4,151	208,955
2016	211,111	878	211,989
2017	1,490	833	2,323
2018-2022	8,146	3,436	11,582
2023-2027	9,444	2,080	11,524
2028-2032	10,946	12,548	23,494
	<u>\$ 836,052</u>	<u>\$ 51,249</u>	<u>\$ 887,301</u>

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2012 was \$21,446,182 as follows:

Equalized valuation of the Village		\$ 876,400,100
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>43,820,005</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 22,536,052	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>162,229</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>22,373,823</u>
Legal Margin for New Debt		<u>\$ 21,446,182</u>

Revenue Bonds

Revenue bond debt service requirements are financed from operations of the water utility fund. Revenue bonds outstanding on December 31, 2012 totaled \$2,000,671 and were composed of the following issue:

Water Utility

Total loan of \$2,560,962 authorized by the State of Wisconsin under the Safe Drinking Water Program on 12/26/12 (\$2,000,671 drawn down by 12/31/12) \$88,212 to \$124,332 due annually through 2032; interest 1.93%

\$ 2,000,671

Annual principal and interest maturities of the above outstanding revenue bonds as of December 31, 2012 are shown below:

Year Ended December 31	Business-type Activities		
	Principal	Interest	Total
2013	\$ -	\$ 32,629	\$ 32,629
2014	88,212	37,664	125,876
2015	89,911	35,949	125,860
2016	91,641	34,202	125,843
2017	93,405	32,421	125,826
2018-2022	494,700	134,165	628,865
2023-2027	544,185	84,205	628,390
2028-2032	598,617	29,248	627,865
	<u>\$ 2,000,671</u>	<u>\$ 420,483</u>	<u>\$ 2,421,154</u>

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Advance Refunding

During 2012, the Village advance refunded a general obligation refunding bond issue from 2004. The Village issued \$5,090,000 of general obligation refunding bonds to provide resources to purchase U.S. Government and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. This advance refunding was undertaken to reduce total debt service payments over the next 7 years by \$457,362 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$440,775.

At December 31, 2012, \$4,915,000 of outstanding general obligation bonds are considered defeased.

7. Utility Revenues Pledged

The Village has pledged future water customer revenues, net of specified operating expenses, to repay the water system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the utility. The bonds are payable solely from water customer net revenues and are payable through 2032. The total principal and interest remaining to be paid on the bonds is \$2,421,154. Principal and interest paid for the current year and total customer net revenues were \$0 and \$1,092,853, respectively.

8. Minimum Fund Balance Policy

The Village has also adopted a minimum unassigned general fund balance policy of 30% of the subsequent years budgeted general fund expenditures. These funds are to be maintained for cash flow and working capital purposes. The minimum fund balance is calculated as follows:

		<b>2013 Budget</b>	
General Fund Expenditures		\$ 7,054,100	
Fund Balance Policy	30%	2,116,230	

The Village's unassigned general fund balance of \$2,876,383 is above the minimum fund balance amount.

**NOTE D - OTHER INFORMATION**

1. Retirement Commitments

All eligible Village employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 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. 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. Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Prior to June 29, 2011, covered employees in the General/Teacher/Educational Support Personnel category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

VILLAGE OF ALLOUEZ, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

**NOTE D - OTHER INFORMATION (Continued)**

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective 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. Contribution rates are as follows:

	2012	
	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	5.9%	5.9%
Executives & Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for Village employees covered by the WRS for the year ended December 31, 2012 was \$2,702,294; the employer's total payroll was \$3,027,634. The total required contribution for the year ended December 31, 2012 was \$348,856, which consisted of \$189,420 or 7.0% of covered payroll from the employer, and \$159,436, or 5.9% of covered payroll from employees. Total contributions for the years ended December 31, 2011 and 2010 were \$376,301 and \$356,419, respectively, equal to the required contributions for each year.

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

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2012

**NOTE D - OTHER INFORMATION (Continued)**

2. Water Purchase Contract with Central Brown County Water Authority

The Village of Allouez is a Charter Member of the Central Brown County Water Authority with five other Brown County communities. The Authority was formed under Wisconsin Statutes in 1998 to provide a long-term solution to water quantity and quality concerns. In 2004, the Authority entered into a contract to purchase Lake Michigan water from the City of Manitowoc. To provide funds to complete construction projects, the Authority issued \$136,625,000 of revenue bonds in June of 2005.

Each Charter Member has entered into a water sales contract under which they agree to purchase wholesale water from the Authority. Rates charged to each member are billed monthly and are based on (1) operation and maintenance costs, (2) fixed costs, including debt service on the revenue bonds and (3) required Security Fund deposits. During 2012, the Village paid the Authority \$1,696,770 in accordance with the water purchase contract.

The contract requires each Charter Member to purchase water through 2040 or when the revenue bonds are retired, whichever is sooner. The contract also requires the members to fund the revenue bond Security Fund to provide additional funds for Authority debt service if sufficient funds are not available from the monthly billings.

3. 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.

4. 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 Village Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position or results of operations.

5. 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 2012 and 2013 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the Village's January 1 equalized value as a result of net new construction. The actual limit for the Village for the 2012 budget was 0.033%. The actual limit for the Village for the 2013 budget was 0.00%. 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.

6. Cumulative Effect of Change in Accounting Principle

The Village has adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs to be expensed in the period incurred, rather than recorded as assets and amortized over the life of the related debt issue. Financial statements for the year ended December 31, 2011 have not been restated. The cumulative effect of this change was to decrease the December 31, 2012 net position of the governmental activities by \$158,028 and the net position of the business-type activities and proprietary funds by \$153,805.

7. Prior Period Adjustment

A prior period adjustment was needed to record a long-term advance that was made to the City of Green Bay Transit Commission. The advance of \$96,468 was recorded as Due from Other Governments and Nonspendable fund balance in the Public Bus Service Fund.

**SUPPLEMENTARY INFORMATION**

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Detailed Comparison of Budgeted and Actual Revenues  
General Fund  
For the Year Ended December 31, 2012  
(With Comparative Actual Amounts for the year ended December 31, 2011)

	2012				Actual Prior Year
	Budget		Actual	Variance with Final Budget - Positive (Negative)	
	Original	Final			
<b>Taxes</b>					
General property	\$ 4,893,230	\$ 4,893,230	\$ 4,893,225	\$ (5)	\$ 4,889,816
Public rooms	5,000	5,000	6,030	1,030	5,132
Interest	200	200	72	(128)	83
<b>Total Taxes</b>	<b>4,898,430</b>	<b>4,898,430</b>	<b>4,899,327</b>	<b>897</b>	<b>4,895,031</b>
<b>Special Assessments</b>					
Interest on assessments	3,000	3,000	8,310	5,310	7,906
<b>Intergovernmental</b>					
<b>State aid</b>					
State shared taxes	372,981	372,981	372,981	-	497,309
Expenditure restraint payment	122,004	122,004	122,004	-	116,651
Payment in lieu of taxes	372	372	375	3	361
Fire insurance	30,500	30,500	31,994	1,494	30,509
Emergency medical services	5,000	5,000	5,208	208	5,022
Exempt computer aid	13,698	13,698	13,698	-	33,997
Transportation	424,724	424,724	424,724	-	471,916
Park lands	43	43	43	-	43
Recycling	98,118	98,118	98,914	796	95,118
Municipal services	80,000	80,000	83,028	3,028	91,512
Administration	-	-	9,322	9,322	-
<b>Total Intergovernmental</b>	<b>1,147,440</b>	<b>1,147,440</b>	<b>1,162,291</b>	<b>14,851</b>	<b>1,342,438</b>
<b>Licenses and Permits</b>					
<b>Licenses</b>					
Liquor and malt beverages	10,750	10,750	11,152	402	10,750
Operators	1,800	1,800	2,545	745	2,090
Cigarette	900	900	800	(100)	900
Dog	1,500	1,500	1,070	(430)	1,997
Cats	-	-	-	-	120
Bicycle	30	30	140	110	90
Building contractors	-	-	-	-	50
Cable television	160,000	160,000	175,212	15,212	169,221
<b>Permits</b>					
Building	11,000	11,000	35,246	24,246	15,695
Electrical	4,800	4,800	7,948	3,148	6,585
Plumbing	4,000	4,000	5,422	1,422	5,351
HVAC	4,500	4,500	11,621	7,121	8,432
Zoning	4,000	4,000	5,180	1,180	5,075
Other	4,450	4,450	6,436	1,986	4,515
<b>Total Licenses and Permits</b>	<b>207,730</b>	<b>207,730</b>	<b>262,772</b>	<b>55,042</b>	<b>230,871</b>

(Continued)

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Detailed Comparison of Budgeted and Actual Revenues (Continued)  
General Fund  
For the Year Ended December 31, 2012  
(With Comparative Actual Amounts for the year ended December 31, 2011)

	2012				Actual Prior Year
	Budget		Actual	Variance with Final Budget - Positive (Negative)	
	Original	Final			
<b>Fines and Forfeits</b>					
Court fines and penalties	110,000	110,000	112,511	2,511	106,675
Parking violations	25,000	25,000	18,237	(6,763)	10,913
False alarm penalties	1,250	1,250	1,416	166	1,450
<b>Total Fines and Forfeits</b>	<b>136,250</b>	<b>136,250</b>	<b>132,164</b>	<b>(4,086)</b>	<b>119,038</b>
<b>Public Charges for Services</b>					
General government	7,000	7,000	14,139	7,139	9,582
Sale of maps, plats and codes	1,250	1,250	2,609	1,359	622
Ambulance	302,000	302,000	257,888	(44,112)	258,689
Public works	14,650	14,650	8,802	(5,848)	2,768
Weed control	5,000	5,000	3,658	(1,342)	1,863
Recreation	47,015	47,015	40,714	(6,301)	37,778
Parks	37,100	37,100	39,014	1,914	38,214
Engineering	1,000	1,000	1,403	403	5,498
Forestry	1,300	1,300	1,910	610	1,156
Publication fees	1,380	1,380	1,500	120	1,380
<b>Total Public Charges for Services</b>	<b>417,695</b>	<b>417,695</b>	<b>371,637</b>	<b>(46,058)</b>	<b>357,550</b>
<b>Intergovernmental Charges for Services</b>					
Arson investigation	2,500	2,500	1,646	(854)	2,535
Other	2,000	2,000	2,156	156	1,783
<b>Total Intergovernmental Charges for Services</b>	<b>4,500</b>	<b>4,500</b>	<b>3,802</b>	<b>(698)</b>	<b>4,318</b>
<b>Miscellaneous</b>					
Investment interest	25,100	25,100	17,507	(7,593)	24,389
Rentals	68,450	68,450	68,550	100	68,550
Property sales	1,500	1,500	24,444	22,944	12,518
Property lease	1	1	1	-	1
Recyclable materials	51,000	51,000	43,642	(7,358)	93,393
Insurance recoveries and dividends	5,000	5,000	-	(5,000)	7,876
Donations	1,000	1,000	3,021	2,021	1,608
Other	9,020	9,020	16,062	7,042	22,713
<b>Total Miscellaneous</b>	<b>161,071</b>	<b>161,071</b>	<b>173,227</b>	<b>12,156</b>	<b>231,048</b>
<b>Total Revenues</b>	<b>\$ 6,976,116</b>	<b>\$ 6,976,116</b>	<b>\$ 7,013,530</b>	<b>\$ 37,414</b>	<b>\$ 7,188,200</b>

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Detailed Comparison of Budgeted and Actual Expenditures  
General Fund  
For the Year Ended December 31, 2012  
(With Comparative Actual Amounts for the year ended December 31, 2011)

	2012				Actual Prior Year
	Budget		Actual	Variance with Final Budget - Positive (Negative)	
	Original	Final			
<b>General Government</b>					
Board	\$ 55,856	\$ 55,856	\$ 60,642	\$ (4,786)	\$ 56,074
Administrator	102,882	102,882	106,472	(3,590)	103,372
Clerk-treasurer	87,067	87,067	86,172	895	87,780
General administration	219,969	219,969	228,962	(8,993)	223,212
Elections	40,716	40,716	49,945	(9,229)	29,208
Assessor	67,415	67,415	66,689	726	24,928
Internal accounting	71,104	71,104	75,342	(4,238)	76,783
Auditing and accounting services	11,754	11,754	8,644	3,110	9,300
Legal counsel	47,000	47,000	50,958	(3,958)	49,375
Labor relations	11,800	11,800	7,502	4,298	38,062
Municipal court	71,855	71,855	58,822	13,033	72,258
Village hall	64,334	64,334	64,649	(315)	72,838
Other buildings	13,597	13,597	8,790	4,807	10,666
Insurance	147,930	147,930	147,579	351	138,530
Tax refunds	2,500	2,500	(102)	2,602	942
Contingency	15,000	15,000	28,736	(13,736)	21,733
Other	76,347	76,347	1,020	75,327	3,373
<b>Total General Government</b>	<b>1,107,126</b>	<b>1,107,126</b>	<b>1,050,822</b>	<b>56,304</b>	<b>1,018,434</b>
<b>Public Safety</b>					
Police department	892,603	892,603	883,429	9,174	815,183
School patrol	43,909	43,909	36,620	7,289	37,014
Fire department	2,130,549	2,328,303	2,133,156	195,147	1,824,176
Rescue squad	33,140	33,140	28,865	4,275	29,986
Hydrant rental	276,724	276,724	276,724	-	553,449
Inspections	70,378	70,378	98,245	(27,867)	69,203
Other services	1,900	1,900	2,786	(886)	1,857
<b>Total Public Safety</b>	<b>3,449,203</b>	<b>3,646,957</b>	<b>3,459,825</b>	<b>187,132</b>	<b>3,330,868</b>
<b>Public Works</b>					
Engineering	64,358	64,358	63,952	406	56,915
Administration	98,988	98,988	86,570	12,418	92,877
Training	6,741	6,741	4,401	2,340	9,656
Street lighting	216,500	216,500	204,454	12,046	186,042
Street repairs	179,646	179,646	176,684	2,962	162,621
Curb and gutter	11,500	11,500	2,443	9,057	13,530
Snow and ice control	238,758	238,758	102,268	136,490	229,665
Street reconstruction	126,000	126,000	93,209	32,791	135,673
Signs and markings	47,464	47,464	65,935	(18,471)	43,420
Weed control	13,029	13,029	11,911	1,118	7,444
Tree and brush control	166,116	166,116	128,048	38,068	191,228
Sidewalks	10,000	10,000	9,850	150	7,308
Leaf collection	115,359	115,359	112,719	2,640	134,615
Yard waste collection	41,591	41,591	50,910	(9,319)	57,529

(Continued)

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Detailed Comparison of Budgeted and Actual Expenditures (Continued)  
General Fund  
For the Year Ended December 31, 2012  
(With Comparative Actual Amounts for the year ended December 31, 2011)

	2012			Variance with Final Budget Positive (Negative)	Actual Prior Year
	Budget		Actual		
	Original	Final			
Public Works (continued)					
Sharps collection	400	400	224	176	280
Recycling - curbside	187,879	187,879	149,174	38,705	263,600
Garbage collection	268,644	268,644	289,405	(20,761)	294,563
Refuse collection	99,910	99,910	104,273	(4,363)	100,330
Landfill	150,000	150,000	132,736	17,264	144,527
LeBrun farm	55,679	55,679	72,971	(17,292)	82,842
Total Public Works	2,098,562	2,098,562	1,862,137	236,425	2,214,665
Health and Human Services					
Animal control	2,000	2,000	2,895	(895)	1,335
Culture and Recreation					
Administration	172,851	172,851	166,067	6,784	151,308
Parks	433,206	442,206	430,391	11,815	419,056
Recreation programs	50,472	50,472	35,342	15,130	44,231
Total Culture and Recreation	656,529	665,529	631,800	33,729	614,595
Conservation and Development					
Forestry	43,446	43,446	46,621	(3,175)	37,990
Total Expenditures	\$ 7,356,866	\$ 7,563,620	\$ 7,054,100	\$ 509,520	\$ 7,217,887

**VILLAGE OF ALLOUEZ, WISCONSIN**

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2012

(With summarized financial information as of December 31, 2011)

	Public Bus Service	Compensated Absences Reserve	Total Nonmajor Governmental Funds	
			2012	2011
<b>ASSETS</b>				
Cash and investments	\$ 66,490	\$ -	\$ 66,490	\$ 48,743
Due from other funds	95,000	80,000	175,000	158,691
Due from other governments	96,468	-	96,468	-
<b>TOTAL ASSETS</b>	<b>\$ 257,958</b>	<b>\$ 80,000</b>	<b>\$ 337,958</b>	<b>\$ 207,434</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 8,129	\$ -	\$ 8,129	\$ -
Accrued and other current liabilities	-	-	-	13,476
Due to other funds	-	17,963	17,963	-
<b>Total Liabilities</b>	<b>8,129</b>	<b>17,963</b>	<b>26,092</b>	<b>13,476</b>
<b>Deferred Inflows of Resources</b>				
Property Taxes	95,000	80,000	175,000	158,691
<b>Fund Balances</b>				
Nonspendable	96,468	-	96,468	-
Committed for Subsequent year's expenditures	58,361	-	58,361	35,267
Unassigned	-	(17,963)	(17,963)	-
<b>Total Fund Balances</b>	<b>154,829</b>	<b>(17,963)</b>	<b>136,866</b>	<b>35,267</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 257,958</b>	<b>\$ 80,000</b>	<b>\$ 337,958</b>	<b>\$ 207,434</b>

**VILLAGE OF ALLOUEZ, WISCONSIN**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2012

(With summarized financial information for the year ended December 31, 2011)

	Public Bus Service	Compensated Absences Reserve	Total Nonmajor Governmental Funds	
			2012	2011
Revenues				
Taxes	\$ 98,691	\$ 60,000	\$ 158,691	\$ 161,215
Special assessments	-	-	-	551
Miscellaneous	-	-	-	700
Total Revenues	<u>98,691</u>	<u>60,000</u>	<u>158,691</u>	<u>162,466</u>
Expenditures				
Current				
General government	-	64,487	64,487	251,381
Public works	89,073	-	89,073	107,318
Total Expenditures	<u>89,073</u>	<u>64,487</u>	<u>153,560</u>	<u>358,699</u>
Excess of Revenues Over (Under) Expenditures	<u>9,618</u>	<u>(4,487)</u>	<u>5,131</u>	<u>(196,233)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	58,383
Transfers out	-	-	-	(498,384)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(440,001)</u>
Net Change in Fund Balances	9,618	(4,487)	5,131	(636,234)
Fund Balances (Deficit) - January 1	48,743	(13,476)	35,267	671,501
Prior Period Adjustment	<u>96,468</u>	<u>-</u>	<u>96,468</u>	<u>-</u>
Fund Balances (Deficit) - December 31	<u>\$ 154,829</u>	<u>\$ (17,963)</u>	<u>\$ 136,866</u>	<u>\$ 35,267</u>

**VILLAGE OF ALLOUEZ, WISCONSIN**

Internal Service Fund

Balance Sheet

December 31, 2012

(With summarized financial information as of December 31, 2012)

	Equipment Replacement	
	2012	2011
<b>ASSETS</b>		
Cash and investments	\$ 2,646,085	\$ 2,419,223
Interest receivable	-	1,280
Prepaid items	5,382	5,523
Capital assets, depreciable		
Machinery and equipment	4,828,967	4,780,131
Less: Accumulated depreciation	<u>(3,113,788)</u>	<u>(2,874,318)</u>
<b>TOTAL ASSETS</b>	<u>4,366,646</u>	<u>4,331,839</u>
<b>LIABILITIES</b>		
Accounts payable	<u>14,301</u>	<u>20,037</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,715,179	1,905,813
Unrestricted	<u>2,637,166</u>	<u>2,405,989</u>
<b>TOTAL NET POSITION</b>	<u>\$ 4,352,345</u>	<u>\$ 4,311,802</u>

**VILLAGE OF ALLOUEZ, WISCONSIN**  
Internal Service Fund  
Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended December 31, 2012  
(With summarized financial information for the year ended December 31, 2011)

	Equipment Replacement	
	2012	2011
Operating Revenues		
Charges for services		
Labor	\$ 2,223	\$ 4,604
Equipment rental	799,195	918,566
Gasoline and fuel	29,441	30,663
Total Charges for Services	<u>830,859</u>	<u>953,833</u>
Miscellaneous revenue	957	259
Total Operating Revenues	<u>831,816</u>	<u>954,092</u>
Operating Expenses		
Operation and maintenance	499,336	571,007
Depreciation	325,434	328,038
Total Operating Expenses	<u>824,770</u>	<u>899,045</u>
Operating Income	<u>7,046</u>	<u>55,047</u>
Nonoperating Revenues		
Interest revenue	3,369	7,267
Insurance recoveries	10,034	1,971
Gain on asset removals	20,094	75,102
Total Nonoperating Revenues	<u>33,497</u>	<u>84,340</u>
Change in Net Position	40,543	139,387
Net Position - January 1	<u>4,311,802</u>	<u>4,172,415</u>
Net Position - December 31	<u>\$ 4,352,345</u>	<u>\$ 4,311,802</u>

**VILLAGE OF ALLOUEZ, WISCONSIN**

Internal Service Fund

Statement of Cash Flows

For the Year Ended December 31, 2012

(With summarized financial information for the year ended December 31, 2011)

	Equipment Replacement	
	2012	2011
Cash Flows from Operating Activities		
Cash received from user charges	\$ 831,816	\$ 954,092
Cash payments to suppliers	(367,769)	(472,932)
Cash payments for personnel costs	(137,162)	(140,403)
Net Cash Provided by Operating Activities	<u>326,885</u>	<u>340,757</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(114,706)	(324,549)
Proceeds from insurance recoveries	10,034	1,971
Net Cash Used by Capital and Related Financing Activities	<u>(104,672)</u>	<u>(322,578)</u>
Cash Flows from Investing Activities		
Interest income received	<u>4,649</u>	<u>9,054</u>
Change in Cash and Cash Equivalents	226,862	27,233
Cash and Cash Equivalents - Beginning of Year	<u>2,419,223</u>	<u>2,391,990</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,646,085</u>	<u>\$ 2,419,223</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating income	\$ 7,046	\$ 55,047
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	325,434	328,038
Changes in assets and liabilities:		
Prepaid items	141	(1,635)
Accounts payable	(5,736)	(40,693)
Net Cash Provided by Operating Activities	<u>\$ 326,885</u>	<u>\$ 340,757</u>
Noncash Investing, Capital and Financing Activities		
Contributed capital and trade in of equipment	<u>\$ -</u>	<u>\$ -</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS**



**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 Allouez, 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 Allouez, Wisconsin, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Village of Allouez's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated August 6, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village of Allouez, Wisconsin'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 of Allouez, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Allouez, Wisconsin's internal control.

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

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



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Allouez, Wisconsin's financial statements are free of 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 result of that testing, and not to provide an opinion on the effectiveness of Village of Allouez, Wisconsin'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 of Allouez, Wisconsin's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
August 6, 2013