

**VILLAGE OF MUKWONAGO**

Mukwonago, Wisconsin

**FINANCIAL STATEMENTS**

December 31, 2007

# VILLAGE OF MUKWONAGO

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## **INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

To the Village Board  
Village of Mukwonago  
Mukwonago, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mukwonago, Wisconsin, as of and for the year ended December 31, 2007, which collectively comprise the village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Mukwonago's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mukwonago, Wisconsin, as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information on pages 53 through 58 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Village of Mukwonago, Wisconsin, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

To the Village Board  
Village of Mukwonago

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Mukwonago's basic financial statements. The combining and individual fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Virelow, Krause & Company, LLP*

Milwaukee, Wisconsin  
July 31, 2008

## **BASIC FINANCIAL STATEMENTS**

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# VILLAGE OF MUKWONAGO

## STATEMENT OF NET ASSETS December 31, 2007

	Governmental Activites	Business- Type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 9,905,123	\$ 5,147,724	\$ 15,052,847
Receivables (net)			
Taxes receivable	4,841,501	97,820	4,939,321
Accounts	131,517	596,085	727,602
Special assessments	989,221	1,118,358	2,107,579
Due from other governmental units	11,060	-	11,060
Internal balances	62,072	(62,072)	-
Inventories and prepaid items	48,961	25,451	74,412
Unamortized debt issuance expense	326,796	188,519	515,315
Restricted assets			
Cash and investments	1,336,784	6,090,843	7,427,627
Accounts receivable	4,758	-	4,758
Capital assets (net of accumulated depreciation)			
Land	904,500	348,969	1,253,469
Construction in progress	5,996,385	3,166,737	9,163,122
Other capital assets, net of depreciation	<u>14,175,067</u>	<u>27,395,759</u>	<u>41,570,826</u>
Total Assets	<u>38,733,745</u>	<u>44,114,193</u>	<u>82,847,938</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	1,237,778	596,259	1,834,037
Unearned revenue	4,883,666	539,662	5,423,328
Noncurrent liabilities			
Due within one year	2,038,287	5,311,926	7,350,213
Due in more than one year	<u>24,957,833</u>	<u>17,642,195</u>	<u>42,600,028</u>
Total Liabilities	<u>33,117,564</u>	<u>24,090,042</u>	<u>57,207,606</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	307,367	11,304,770	11,612,137
Restricted for			
Debt service	204,398	4,604,672	4,809,070
Equipment replacement	-	286,794	286,794
Impact fees	1,311,055	-	1,311,055
Unrestricted	<u>3,793,361</u>	<u>3,827,915</u>	<u>7,621,276</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 5,616,181</u>	<u>\$ 20,024,151</u>	<u>\$ 25,640,332</u>

See accompanying notes to financial statements.

# VILLAGE OF MUKWONAGO

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 762,969	\$ 135,910	\$ 51,000	\$ 245
Public safety	3,054,838	971,632	25,785	81,334
Public works	1,772,043	353,009	631,070	1,061,953
Health and human services	2,420	117,568	-	-
Culture, education and recreation	914,584	40,350	377,193	68,902
Conservation and development	109,175	-	-	-
Interest and fiscal charges	985,940	-	-	-
Total Governmental Activities	7,601,969	1,618,469	1,085,048	1,212,434
<b>Business-type Activities</b>				
Water Utility	1,164,001	1,500,227	-	42,990
Sanitary Sewer Utility	2,178,018	1,179,747	-	27,149
Total Business-type Activities	3,342,019	2,679,974	-	70,139
Total	\$ 10,943,988	\$ 4,298,443	\$ 1,085,048	\$ 1,282,573

**General Revenues**

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on disposal of assets

Miscellaneous

Total General Revenues

Transfers

**Change in net assets**

NET ASSETS - Beginning of Year

**NET ASSETS - END OF YEAR**

<u>Net (Expenses) Revenues and Changes in Net Assets</u>		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (575,814)	\$ -	\$ (575,814)
(1,976,087)	-	(1,976,087)
273,989	-	273,989
115,148	-	115,148
(428,139)	-	(428,139)
(109,175)	-	(109,175)
<u>(985,940)</u>	<u>-</u>	<u>(985,940)</u>
<u>(3,686,018)</u>	<u>-</u>	<u>(3,686,018)</u>
-	379,216	379,216
-	<u>(971,122)</u>	<u>(971,122)</u>
-	<u>(591,906)</u>	<u>(591,906)</u>
<u>(3,686,018)</u>	<u>(591,906)</u>	<u>(4,277,924)</u>
2,479,866	-	2,479,866
1,841,872	-	1,841,872
675,222	-	675,222
22,295	-	22,295
452,598	-	452,598
682,505	662,715	1,345,220
22,601	-	22,601
22,183	<u>2,008</u>	<u>24,191</u>
<u>6,199,142</u>	<u>664,723</u>	<u>6,863,865</u>
<u>287,479</u>	<u>(287,479)</u>	<u>-</u>
2,800,603	(214,662)	2,585,941
<u>2,815,578</u>	<u>20,238,813</u>	<u>23,054,391</u>
<u>\$ 5,616,181</u>	<u>\$ 20,024,151</u>	<u>\$ 25,640,332</u>

See accompanying notes to financial statements.

## VILLAGE OF MUKWONAGO

### BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2007

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 2,245,192	\$ 426,207	\$ 4,734,254	\$ 2,499,470
Receivables				
Taxes	1,200,879	1,984,214	-	1,656,408
Accounts	128,330	-	-	3,187
Special assessments	5,311	949,903	-	34,007
Due from other governments	6,397	-	-	4,663
Due from other funds	88,012	67,722	-	75
Prepaid items	37,965	-	-	10,996
Restricted cash and investments	-	-	-	1,336,784
Restricted accounts receivable	-	-	-	4,758
	<b>\$ 3,712,086</b>	<b>\$ 3,428,046</b>	<b>\$ 4,734,254</b>	<b>\$ 5,550,348</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 157,797	\$ -	\$ 319,343	\$ 155,111
Accrued liabilities	67,932	-	-	36,344
Due to other funds	67,722	12,514	67	13,434
Deferred revenues	1,213,358	2,934,117	-	1,730,170
Due to other governments	-	-	-	339,234
Total Liabilities	1,506,809	2,946,631	319,410	2,274,293
Fund Balances				
Reserved				
Debt service	-	481,415	-	-
Impact fees	-	-	-	1,311,055
Prepaid items	37,965	-	-	10,996
Tax roll settlement	232,919	-	-	-
Unreserved, reported in:				
General fund designated	850,000	-	-	-
General fund undesignated	1,084,393	-	-	-
Special revenue funds designated	-	-	-	13,000
Special revenue funds undesignated	-	-	-	720,506
Capital projects funds designated	-	-	900,000	904,000
Capital projects funds undesignated	-	-	3,514,844	316,498
Total Fund Balances	2,205,277	481,415	4,414,844	3,276,055
	<b>\$ 3,712,086</b>	<b>\$ 3,428,046</b>	<b>\$ 4,734,254</b>	<b>\$ 5,550,348</b>

See accompanying notes to financial statements.

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Totals

\$ 9,905,123

4,841,501

131,517

989,221

11,060

155,809

48,961

1,336,784

4,758

\$ 17,424,734

\$ 632,251

104,276

93,737

5,877,645

339,234

7,047,143

481,415

1,311,055

48,961

232,919

850,000

1,084,393

13,000

720,506

1,804,000

3,831,342

10,377,591

\$ 17,424,734

See accompanying notes to financial statements.

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## VILLAGE OF MUKWONAGO

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS December 31, 2007

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Total Fund Balances - Governmental Funds	\$ 10,377,591
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note III D.	21,075,952
Special assessments are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements	993,979
Accrued interest payable	(277,017)
Unamortized debt issuance expenses	326,796
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note III F.	<u>(26,881,120)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 5,616,181</u></b>

See accompanying notes to financial statements.

## VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2007

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 1,622,627	\$ 1,841,872	\$ -	\$ 1,563,009
Special assessments	86	67,722	-	5,329
Intergovernmental	1,042,209	-	29,417	442,839
Licenses and permits	397,545	-	-	201,466
Fines, forfeitures and penalties	151,673	-	-	-
Public charges for services	24,993	-	-	391,267
Intergovernmental charges for services	134,707	-	-	462,311
Investment income	217,454	44,313	258,546	157,332
Miscellaneous	22,956	-	-	123,786
Total Revenues	3,614,250	1,953,907	287,963	3,347,339
<b>EXPENDITURES</b>				
Current				
General government	669,583	-	-	-
Public safety	2,083,353	-	-	769,815
Public works	678,003	-	-	565,476
Health and human services	13,679	-	-	-
Culture, recreation and education	134,927	-	-	678,474
Conservation and development	48,911	-	-	27,594
Capital Outlay	-	-	2,363,271	539,968
Debt Service				
Principal	-	1,460,980	-	5,577
Interest and fiscal charges	-	806,768	46,454	186,069
Total Expenditures	3,628,456	2,267,748	2,409,725	2,772,973
Excess (deficiency) of revenues over expenditures	(14,206)	(313,841)	(2,121,762)	574,366
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	4,460,000	3,436,922	638,078
Payments to refunding escrow agent	-	(4,329,356)	-	-
Transfers in	330,041	24,000	-	38,500
Transfers out	(14,500)	-	-	(90,562)
Sales of fixed assets	2,843	-	-	19,758
Total Other Financing Sources (Uses)	318,384	154,644	3,436,922	605,774
<b>Net Change in Fund Balances</b>	304,178	(159,197)	1,315,160	1,180,140
FUND BALANCES - Beginning of Year	1,901,099	640,612	3,099,684	2,095,915
<b>FUND BALANCES - END OF YEAR</b>	\$ 2,205,277	\$ 481,415	\$ 4,414,844	\$ 3,276,055

See accompanying notes to financial statements.

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Totals

\$	5,027,508
	73,137
	1,514,465
	599,011
	151,673
	416,260
	597,018
	677,645
	<u>146,742</u>
	<u>9,203,459</u>

	669,583
	2,853,168
	1,243,479
	13,679
	813,401
	76,505
	2,903,239

	1,466,557
	<u>1,039,291</u>
	<u>11,078,902</u>

(1,875,443)

	8,535,000
	(4,329,356)
	392,541
	(105,062)
	<u>22,601</u>
	<u>4,515,724</u>

2,640,281

7,737,310

\$ 10,377,591

See accompanying notes to financial statements.

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## VILLAGE OF MUKWONAGO

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2007

Net change in fund balances - total governmental funds	\$	2,640,281
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		2,903,239
Some items reported as capital outlay were not capitalized		(299,983)
Depreciation is reported in the government-wide financial statements		(760,270)
Net book value of assets retired		(77,344)
<p>Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.</p>		
Special assessments		889,033
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Debt issued		(8,535,000)
Principal repaid		5,716,557
<p>Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net assets, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.</p>		
Debt issuance costs capitalized		183,826
Amortization of debt issuance costs		(78,984)
Loss on refundings capitalized		79,356
Amortization of loss on refunding		(48,136)
Amortization of debt premiums		31,502
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences		191,383
Accrued interest on debt		(34,857)
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>2,800,603</u></b>

See accompanying notes to financial statements.

## VILLAGE OF MUKWONAGO

### STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2007

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 647,489	\$ 2,978,779	\$ 3,626,268
Receivables			
Accounts	342,021	254,064	596,085
Taxes	50,512	47,308	97,820
Due from other funds	36,604	-	36,604
Inventories	19,225	-	19,225
Prepaid items	1,641	4,585	6,226
Restricted Assets			
Cash and investments	<u>1,291,787</u>	<u>3,705,476</u>	<u>4,997,263</u>
Total Current Assets	<u>2,389,279</u>	<u>6,990,212</u>	<u>9,379,491</u>
Noncurrent Assets			
Restricted Assets			
Cash and investments	860,714	1,754,322	2,615,036
Capital Assets			
Land	306,467	42,502	348,969
Construction in progress	2,267,201	899,536	3,166,737
Capital assets being depreciated	16,533,195	19,547,016	36,080,211
Less: Accumulated depreciation	(2,953,817)	(5,730,635)	(8,684,452)
Other Assets			
Special assessments receivable	369,153	749,205	1,118,358
Unamortized debt issuance expenses	<u>70,756</u>	<u>117,763</u>	<u>188,519</u>
Total Noncurrent Assets	<u>17,453,669</u>	<u>17,379,709</u>	<u>34,833,378</u>
 Total Assets	 <u>19,842,948</u>	 <u>24,369,921</u>	 <u>44,212,869</u>

See accompanying notes to financial statements.

LIABILITIES	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary	Totals
		Sewer Utility	
Current Liabilities			
Accounts payable	\$ 72,940	\$ 52,394	\$ 125,334
Accrued liabilities	5,888	10,923	16,811
Accrued interest payable	5,775	377	6,152
Due to other funds	61,751	36,925	98,676
Current portion of long-term debt	126,708	24,810	151,518
Liabilities Payable from Restricted Assets			
Accounts payable	67,654	193,808	261,462
Accrued interest payable	56,720	129,780	186,500
Current portion of long-term debt	1,386,747	3,773,661	5,160,408
Total Current Liabilities	<u>1,784,183</u>	<u>4,222,678</u>	<u>6,006,861</u>
Noncurrent Liabilities			
Long-Term Debt			
Bonds and notes payable	6,916,477	10,662,833	17,579,310
Special deposits	5,120	-	5,120
Unearned revenues	87,508	452,154	539,662
Compensated absences	26,682	31,083	57,765
Total Noncurrent Liabilities	<u>7,035,787</u>	<u>11,146,070</u>	<u>18,181,857</u>
Total Liabilities	<u>8,819,970</u>	<u>15,368,748</u>	<u>24,188,718</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,826,801	2,477,969	11,304,770
Restricted for			
Equipment replacement	-	286,794	286,794
Debt service	1,177,905	3,426,767	4,604,672
Unrestricted	<u>1,018,272</u>	<u>2,809,643</u>	<u>3,827,915</u>
TOTAL NET ASSETS	<u>\$ 11,022,978</u>	<u>\$ 9,001,173</u>	<u>\$ 20,024,151</u>

See accompanying notes to financial statements.

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## VILLAGE OF MUKWONAGO

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
	<b>OPERATING REVENUES</b>	<u>\$ 1,498,870</u>	<u>\$ 1,175,078</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	485,739	701,069	1,186,808
Depreciation	327,952	497,744	825,696
Taxes	13,888	647	14,535
Total Operating Expenses	<u>827,579</u>	<u>1,199,460</u>	<u>2,027,039</u>
Operating Income (Loss)	<u>671,291</u>	<u>(24,382)</u>	<u>646,909</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	153,334	509,381	662,715
Miscellaneous	1,357	4,669	6,026
Interest and fiscal charges	(336,422)	(581,245)	(917,667)
Loss on disposal of capital asset	-	(395,305)	(395,305)
Total Nonoperating Revenues (Expenses)	<u>(181,731)</u>	<u>(462,500)</u>	<u>(644,231)</u>
Income (Loss) Before Contributions and Transfers	<u>489,560</u>	<u>(486,882)</u>	<u>2,678</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	42,990	27,149	70,139
Transfers out	(284,265)	(3,214)	(287,479)
Total Contributions and Transfers	<u>(241,275)</u>	<u>23,935</u>	<u>(217,340)</u>
Change in Net Assets	248,285	(462,947)	(214,662)
NET ASSETS - Beginning of Year	<u>10,774,693</u>	<u>9,464,120</u>	<u>20,238,813</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 11,022,978</u></u>	<u><u>\$ 9,001,173</u></u>	<u><u>\$ 20,024,151</u></u>

See accompanying notes to financial statements.

