

VILLAGE OF MUKWONAGO

Mukwonago, Wisconsin

FINANCIAL STATEMENTS

December 31, 2005

This page intentionally blank.

VILLAGE OF MUKWONAGO

TABLE OF CONTENTS December 31, 2005

Independent Auditors' Report	1 – 2
Basic Financial Statements	
Statement of Net Assets	3
Statement of Activities	4 – 5
Balance Sheet – Governmental Funds	6 – 7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8 – 9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Net Assets – Proprietary Funds	11 – 12
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	13
Statement of Cash Flows – Proprietary Funds	14 – 15
Statement of Fiduciary Net Assets – Fiduciary Funds	16
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	17
Index to Notes to Financial Statements	18
Notes to Financial Statements	19 – 51
Required Supplementary Information	
Budgetary Comparison Schedule (Non-GAAP) – General Fund	52
Notes to Required Supplementary Information	53
Supplementary Information	
Combining Balance Sheet – Non-Major Governmental Funds	54 – 55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	56 – 57
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	58 – 61

VILLAGE OF MUKWONAGO

TABLE OF CONTENTS December 31, 2005

Supplementary Information (cont.)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Library Fund	62
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Recycling Fund	63
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Revolving Loan Fund	64
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Park Land Site Fund	65
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Impact Fee Fund	66
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Museum Donation Fund	67
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Fire and Ambulance Fund	68
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	69
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Tax Incremental District No. 3 Fund	70
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - 2004 GO Bond Fund	71
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund	72
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - 2001 GO Bond Fund	73
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Economic Development Fund	74
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Improvement Fund	75

Other Information

Schedule of Insurance in Force - Enterprise Funds	76
Statistical Information - Enterprise Funds	77

INDEPENDENT AUDITORS' REPORT

This page intentionally blank.



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, 2005, 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, 2005, 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 52 through 53 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.

The schedule of insurance in force and statistical information identified as other information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of insurance in force and statistical information has not been audited by us and accordingly we express no opinion on such information.

Virehow, Krause & Company, LLP

Milwaukee, Wisconsin
March 15, 2006

BASIC FINANCIAL STATEMENTS

This page intentionally blank.

VILLAGE OF MUKWONAGO

STATEMENT OF NET ASSETS December 31, 2005

	Governmental Activities	Business - Type Activities	Totals
ASSETS			
Cash and investments	\$ 7,007,587	\$ 2,012,112	\$ 9,019,699
Receivables (net of allowance for uncollectible accounts)	4,667,376	4,043,703	8,711,079
Inventory	-	22,801	22,801
Internal balances	(437,165)	437,165	-
Unamortized debt issuance expenses	244,383	207,050	451,433
Restricted Assets			
Cash and investments	954,651	3,198,568	4,153,219
Accounts receivable	11,896	-	11,896
Capital Assets			
Land	904,500	324,281	1,228,781
Construction in progress	2,174,987	2,557,520	4,732,507
Other capital assets, net of depreciation	14,244,583	23,775,337	38,019,920
Total Assets	<u>29,772,798</u>	<u>36,578,537</u>	<u>66,351,335</u>
LIABILITIES			
Accounts payable and other current liabilities	995,189	231,378	1,226,567
Accrued interest payable	185,975	118,680	304,655
Unearned revenue	4,296,529	361,951	4,658,480
Noncurrent Liabilities			
Due within one year	1,138,443	602,238	1,740,681
Due in more than one year	21,575,698	15,252,721	36,828,419
Total Liabilities	<u>28,191,834</u>	<u>16,566,968</u>	<u>44,758,802</u>
NET ASSETS			
Invested in capital assets, net of related debt (deficit)	(889,306)	14,006,711	13,117,405
Restricted for			
Debt service	669,005	423,985	1,092,990
Library	115,452	-	115,452
Donations	17,383	-	17,383
Impact fees	957,031	-	957,031
Equipment replacement	-	266,102	266,102
Unrestricted	711,399	5,314,771	6,026,170
TOTAL NET ASSETS	<u>\$ 1,580,964</u>	<u>\$ 20,011,569</u>	<u>\$ 21,592,533</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
General government	\$ 714,425	\$ 110,240	\$ -	\$ -
Public safety	2,827,414	766,398	89,921	214,259
Public works	1,388,950	309,182	449,272	329,823
Health and sanitation	474,914	94,729	-	-
Culture, recreation and education	830,236	39,317	355,765	92,921
Conservation and development	36,554	-	-	-
Interest and fiscal charges	825,483	-	-	-
Total Governmental Activities	<u>7,097,976</u>	<u>1,319,866</u>	<u>894,958</u>	<u>637,003</u>
Business-Type Activities				
Water	1,016,611	1,487,665	-	1,964,794
Sanitary Sewer	1,242,245	1,052,273	-	2,095,087
Total Business-Type Activities	<u>2,258,856</u>	<u>2,539,938</u>	<u>-</u>	<u>4,059,881</u>
Total	<u>\$ 9,356,832</u>	<u>\$ 3,859,804</u>	<u>\$ 894,958</u>	<u>\$ 4,696,884</u>

General revenues

Taxes

Property taxes levied for general purposes

Property taxes levied for debt service

Property taxes levied for TIF

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

Net (Expenses) Revenues and
Changes in Net Assets

<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Totals</u>
\$ (604,185)	\$ -	\$ (604,185)
(1,756,836)	-	(1,756,836)
(300,673)	-	(300,673)
(380,185)	-	(380,185)
(342,233)	-	(342,233)
(36,554)	-	(36,554)
<u>(825,483)</u>	<u>-</u>	<u>(825,483)</u>
<u>(4,246,149)</u>	<u>-</u>	<u>(4,246,149)</u>
-	2,435,848	2,435,848
<u>-</u>	<u>1,905,115</u>	<u>1,905,115</u>
<u>-</u>	<u>4,340,963</u>	<u>4,340,963</u>
<u>(4,246,149)</u>	<u>4,340,963</u>	<u>94,814</u>
2,455,559	-	2,455,559
1,431,195	-	1,431,195
89,659	-	89,659
25,780	-	25,780
478,927	-	478,927
339,322	161,781	501,103
19,695	-	19,695
<u>19,934</u>	<u>-</u>	<u>19,934</u>
<u>4,860,071</u>	<u>161,781</u>	<u>5,021,852</u>
<u>225,633</u>	<u>(225,633)</u>	<u>-</u>
839,555	4,277,111	5,116,666
<u>741,409</u>	<u>15,734,458</u>	<u>16,475,867</u>
<u>\$ 1,580,964</u>	<u>\$ 20,011,569</u>	<u>\$ 21,592,533</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2005

	General Fund	Debt Service Fund	Tax Incremental District No. 3 Fund
ASSETS			
Cash and investments	\$ 1,433,924	\$ 346,958	\$ 1,016,587
Receivables			
Taxes	1,521,667	1,453,759	356,390
Accounts	196,281	-	17,639
Special assessments	61,584	-	-
Due from other governments	6,191	-	-
Due from other funds	56,861	508,022	-
Restricted assets			
Cash and investments	-	-	-
Accounts receivable	-	-	-
	\$ 3,276,508	\$ 2,308,739	\$ 1,390,616
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 156,588	\$ -	\$ 252,261
Accrued liabilities	59,079	-	-
Due to other funds	5,926	-	962,796
Deferred revenues	1,571,873	1,453,759	356,390
Due to other governments	-	-	-
Total liabilities	1,793,466	1,453,759	1,571,447
Fund Balances			
Reserved for			
Impact fees	-	-	-
Encumbrances	35,908	-	-
Debt service	-	854,980	-
Unreserved (deficit), reported in:			
General fund, undesignated	899,796	-	-
General fund, designated	547,338	-	-
Special revenue funds	-	-	-
Capital project funds (deficit)	-	-	(180,831)
Total Fund Balances	1,483,042	854,980	(180,831)
	\$ 3,276,508	\$ 2,308,739	\$ 1,390,616

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 IV.D.
- Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.
- 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 II.A.

NET ASSETS OF GOVERNMENTAL ACTIVITIES

See accompanying notes to the financial statements.

2004 GO Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,777,689	\$ 1,432,429	\$ 7,007,587
-	976,343	4,308,159
-	3,836	217,756
-	52,194	113,778
-	21,492	27,683
-	6,126	571,009
-	954,651	954,651
-	11,896	11,896
<u>\$ 2,777,689</u>	<u>\$ 3,458,967</u>	<u>\$ 13,212,519</u>

\$ 117,119	\$ 151,392	\$ 677,360
-	34,062	93,141
-	39,452	1,008,174
-	1,037,801	4,419,823
-	339,688	339,688
<u>117,119</u>	<u>1,602,395</u>	<u>6,538,186</u>

-	957,031	957,031
469,602	168,567	674,077
-	-	854,980
-	-	899,796
-	-	547,338
-	580,550	580,550
2,190,968	150,424	2,160,561
<u>2,660,570</u>	<u>1,856,572</u>	<u>6,674,333</u>
<u>\$ 2,777,689</u>	<u>\$ 3,458,967</u>	

17,324,070

123,294

(22,540,733)

\$ 1,580,964

VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2005

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Tax Incremental District No. 3 Fund</u>
REVENUES			
Taxes	\$ 1,470,002	\$ 1,431,195	\$ 89,659
Special assessments	253	-	-
Intergovernmental	948,554	-	-
Licenses and permits	407,834	-	-
Fines, forfeitures and penalties	115,962	-	-
Public charges for services	47,107	-	-
Intergovernmental charges for services	93,092	-	-
Investment income	73,711	31,103	33,436
Other revenues	17,252	-	103
Total Revenues	<u>3,173,767</u>	<u>1,462,298</u>	<u>123,198</u>
EXPENDITURES			
Current			
General government	551,675	-	-
Public safety	1,947,365	-	-
Public works	525,385	-	-
Health and sanitation	10,566	-	-
Culture, recreation and education	129,938	-	-
Conservation and development	25,811	-	-
Capital Outlay	-	-	1,063,744
Debt Service			
Principal	-	745,800	-
Interest and fees	-	832,944	-
Total Expenditures	<u>3,190,740</u>	<u>1,578,744</u>	<u>1,063,744</u>
Excess (deficiency) of revenues over expenditures	<u>(16,973)</u>	<u>(116,446)</u>	<u>(940,546)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	263,467	256,858	-
Transfers out	(124,095)	-	(132,763)
Proceeds on the sale of capital assets	7,333	-	-
Payment to escrow agent	-	(4,420,000)	-
Premium on debt issued	-	76,279	-
Refunding debt issued	-	4,420,000	-
General obligation debt issued	-	1,229,644	500,000
Total Other Financing Sources (Uses)	<u>146,705</u>	<u>1,562,781</u>	<u>367,237</u>
Net Change in Fund Balances	129,732	1,446,335	(573,309)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>1,353,310</u>	<u>(591,355)</u>	<u>392,478</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 1,483,042</u>	<u>\$ 854,980</u>	<u>\$ (180,831)</u>

See accompanying notes to the financial statements.

2004 GO Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 1,013,417	\$ 4,004,273
-	5,926	6,179
-	578,566	1,527,120
-	295,936	703,770
-	-	115,962
-	295,389	342,496
-	336,414	429,506
99,652	102,860	340,762
-	143,260	160,615
<u>99,652</u>	<u>2,771,768</u>	<u>7,630,683</u>
-	-	551,675
-	601,083	2,548,448
-	-	525,385
-	455,388	465,954
-	622,409	752,347
-	10,743	36,554
1,342,411	1,433,519	3,839,674
-	4,986	750,786
-	911	833,855
<u>1,342,411</u>	<u>3,129,039</u>	<u>10,304,678</u>
<u>(1,242,759)</u>	<u>(357,271)</u>	<u>(2,673,995)</u>
-	150,635	670,960
-	(188,469)	(445,327)
-	287	7,620
-	-	(4,420,000)
-	-	76,279
-	-	4,420,000
-	850,356	2,580,000
-	812,809	2,889,532
(1,242,759)	455,538	215,537
<u>3,903,329</u>	<u>1,401,034</u>	<u>6,458,796</u>
<u>\$ 2,660,570</u>	<u>\$ 1,856,572</u>	<u>\$ 6,674,333</u>

See accompanying notes to the financial statements.

This page intentionally blank.

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, 2005

Net change in fund balances - total governmental funds	\$ 215,537
--	------------

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 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

Capital outlay is reported as an expenditure in the fund financial statements, but is capitalized in the government-wide statements	3,839,674
Some items reported as outlay were not capitalized	(652,958)
Depreciation is reported in the government-wide statements	(686,027)
Net book value of assets retired	12,075

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.

	61,520
--	--------

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.

Debt issued	(7,000,000)
Principal repaid	750,786
Principal refunded	4,420,000

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.

Compensated absences	(53,145)
Accrued interest on debt	(58,368)

Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses). However, in the statement of net assets, these are deferred and reported as other assets. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Debt issuance costs capitalized	122,900
Premiums capitalized	(76,279)
Amortization	<u>(56,160)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 839,555</u>
---	-------------------

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2005

ASSETS	Business - Type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
	Water Utility	Sanitary Sewer Utility	Totals
CURRENT ASSETS			
Cash and investments	\$ 206,724	\$ 1,805,388	\$ 2,012,112
Accounts receivable	385,345	212,544	597,889
Taxes receivable	13,814	8,879	22,693
Inventory	22,801	-	22,801
Due from other funds	315,396	-	315,396
Restricted cash and investments	353,279	20,119	373,398
Total Current Assets	1,297,359	2,046,930	3,344,289
NON-CURRENT ASSETS			
Restricted Assets			
Cash and investments	495,842	2,329,328	2,825,170
Due from other funds	-	172,728	172,728
Capital Assets			
Land	306,463	17,818	324,281
Construction in progress	1,032,893	1,524,627	2,557,520
Other capital assets, net of depreciation	12,626,210	11,149,127	23,775,337
Other Assets			
Special assessments receivable	1,460,540	1,962,581	3,423,121
Unamortized debt issuance expenses	78,869	128,181	207,050
Total Non-Current Assets	16,000,817	17,284,390	33,285,207
Total Assets	\$ 17,298,176	\$ 19,331,320	\$ 36,629,496

See accompanying notes to the financial statements.

	Business - Type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 53,260	\$ 50,525	\$ 103,785
Accrued liabilities	6,912	8,247	15,159
Accrued interest payable	11,390	-	11,390
Due to other funds	3,331	47,628	50,959
Current portion of long-term debt	309,092	23,146	332,238
Liabilities Payable From Restricted Assets			
Accounts payable	19,324	93,110	112,434
Accrued interest payable	30,816	76,474	107,290
Current portion of long-term debt	183,725	86,275	270,000
Total Current Liabilities	<u>617,850</u>	<u>385,405</u>	<u>1,003,255</u>
NON-CURRENT LIABILITIES			
Long-Term Debt			
Bonds and notes payable	6,086,809	9,055,941	15,142,750
Other Liabilities			
Special deposits	5,120	-	5,120
Deferred revenue	171,292	190,659	361,951
Accrued compensated absences	60,199	44,652	104,851
Total Non-Current Liabilities	<u>6,323,420</u>	<u>9,291,252</u>	<u>15,614,672</u>
Total Liabilities	<u>6,941,270</u>	<u>9,676,657</u>	<u>16,617,927</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,289,094	5,717,617	14,006,711
Restricted for			
Debt service	1,881	422,104	423,985
Equipment replacement	-	266,102	266,102
Unrestricted	2,065,931	3,248,840	5,314,771
TOTAL NET ASSETS	<u>\$ 10,356,906</u>	<u>\$ 9,654,663</u>	<u>\$ 20,011,569</u>

See accompanying notes to the financial statements.

This page intentionally blank.

VILLAGE OF MUKWONAGO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS For the Year Ended December 31, 2005

	Business - Type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
	\$	\$	\$
OPERATING REVENUES			
Charges for services and sales	1,367,682	1,036,230	2,403,912
Penalties - metered sales	6,194	10,853	17,047
Other operating revenues	110,926	1,063	111,989
Total Operating Revenues	1,484,802	1,048,146	2,532,948
OPERATING EXPENSES			
Operation and maintenance	499,569	586,202	1,085,771
Depreciation	302,598	347,848	650,446
Taxes	13,950	628	14,578
Total Operating Expenses	816,117	934,678	1,750,795
Operating Income (Loss)	668,685	113,468	782,153
NONOPERATING REVENUES (EXPENSES)			
Investment income	38,613	123,168	161,781
Grant income	8,884	-	8,884
Other	2,863	4,127	6,990
Interest expense	(177,448)	(262,342)	(439,790)
Amortization of debt issuance expenses	(23,046)	(45,225)	(68,271)
Total nonoperating revenues (expense)	(150,134)	(180,272)	(330,406)
Income (loss) before contributions and transfers	518,551	(66,804)	451,747
CAPITAL CONTRIBUTIONS	1,955,910	2,095,087	4,050,997
TRANSFERS OUT	(222,984)	(2,649)	(225,633)
Change in Net Assets	2,251,477	2,025,634	4,277,111
NET ASSETS - Beginning of Year	8,105,429	7,629,029	15,734,458
NET ASSETS - END OF YEAR	\$ 10,356,906	\$ 9,654,663	\$ 20,011,569

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2005

	Business - Type Activities - Enterprise Funds		
		Sanitary Sewer Utility	Totals
	Water Utility		
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,431,217	\$ 1,055,112	\$ 2,486,329
Receipts from municipality	38,055	7,261	45,316
Payments to vendors	(303,603)	(374,838)	(678,441)
Payments to employees	(175,639)	(213,097)	(388,736)
Net cash flows from operating activities	990,030	474,438	1,464,468
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tax equivalent paid	(170,404)	(2,649)	(173,053)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of property and equipment	(316,900)	(319,112)	(636,012)
Cost of removal	-	(16,475)	(16,475)
Collections of special assessments	21,995	25,732	47,727
Grants received	8,884	-	8,884
Proceeds from long-term debt	1,935,212	5,704,788	7,640,000
Premium on long-term debt	18,675	55,051	73,726
Debt issuance costs paid	(27,357)	(80,643)	(108,000)
Principal paid on long-term debt	(2,241,983)	(5,154,765)	(7,396,748)
Interest paid on long-term debt	(235,235)	(313,089)	(548,324)
Net cash flows from capital and related financing activities	(836,709)	(98,513)	(935,222)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income received	38,613	123,168	161,781
Net increase (decrease) in cash and cash equivalents	21,530	496,444	517,974
CASH AND CASH EQUIVALENTS - Beginning of Year	1,034,315	3,658,391	4,692,706
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,055,845	\$ 4,154,835	\$ 5,210,680

See accompanying notes to the financial statements.

	Business - Type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 668,685	\$ 113,468	\$ 782,153
Nonoperating revenue	2,863	4,127	6,990
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation	302,598	347,848	650,446
Depreciation charged to other funds	10,830	(10,830)	-
Change in assets and liabilities:			
Accounts receivable	(54,672)	1,992	(52,680)
Taxes receivable	(1,776)	847	(929)
Inventory	187	-	187
Due from other funds	63,070	39,176	102,246
Accounts payable	29,938	18,909	48,847
Due to other funds	(35,845)	(21,084)	(56,929)
Accrued compensation and compensated absences	4,152	(20,015)	(15,863)
Net cash flows from operating activities	<u>\$ 990,030</u>	<u>\$ 474,438</u>	<u>\$ 1,464,468</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS			
Cash and investments - Unrestricted	\$ 206,724	\$ 1,805,388	\$ 2,012,112
Cash and investments - Restricted - Current	353,279	20,119	373,398
Cash and investments - Restricted - Non-Current	495,842	2,329,328	2,825,170
	<u>\$ 1,055,845</u>	<u>\$ 4,154,835</u>	<u>\$ 5,210,680</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Utility plant contributed by developers	<u>\$ 652,765</u>	<u>\$ 675,272</u>	<u>\$ 1,328,037</u>
Special assessments levied	<u>\$ 1,303,145</u>	<u>\$ 1,419,815</u>	<u>\$ 2,722,960</u>
Capitalized interest	<u>\$ 32,731</u>	<u>\$ 46,847</u>	<u>\$ 79,578</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2005

	<u>Private Purpose</u>	<u>Agency Funds</u>	
	<u>Library</u>	<u>Tax</u>	
	<u>Trust</u>	<u>Escrow</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 26,693	\$ 5,115,080	\$ 5,141,773
Taxes receivable	-	1,462,343	1,462,343
	<u>26,693</u>	<u>6,577,423</u>	<u>6,604,116</u>
LIABILITIES			
Accounts payable	-	36,477	36,477
Due to other governments	-	6,540,946	6,540,946
	<u>-</u>	<u>6,577,423</u>	<u>6,577,423</u>
NET ASSETS			
Restricted	<u>\$ 26,693</u>	<u>\$ -</u>	<u>\$ 26,693</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
Year Ended December 31, 2004

	<u>Private Purpose</u>
	Library Trust Fund
	<u> </u>
ADDITIONS	
Investment income	\$ 572
DEDUCTIONS	
	<u> -</u>
Change in Net Assets	572
NET ASSETS - Beginning of Year	<u> 26,121</u>
NET ASSETS - END OF YEAR	<u><u> \$ 26,693</u></u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE	Page
I Summary of Significant Accounting Policies	19
A. Reporting Entity	19
B. Government-Wide and Fund Financial Statements	19
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	22
D. Assets, Liabilities, and Net Assets or Equity	24
1. Deposits and Investments	24
2. Receivables	25
3. Inventories and Prepaid Items	26
4. Restricted Assets	27
5. Capital Assets	27
6. Other Assets	28
7. Compensated Absences	28
8. Long-Term Obligations/Conduit Debt	29
9. Claims and Judgments	29
10. Equity Classifications	29
II Reconciliation of Government-Wide and Fund Financial Statements	31
III Stewardship, Compliance, and Accountability	32
A. Budgetary Information	32
B. Excess Expenditures Over Appropriations	32
C. Deficit Balances	32
D. Limitations on the Village Tax Levy	33
IV Detailed Notes on All Funds	33
A. Deposits and Investments	33
B. Receivables	35
C. Restricted Assets	36
D. Capital Assets	37
E. Interfund Receivables/Payables, Advances and Transfers	40
F. Long-Term Obligations	42
G. Lease Disclosures	46
H. Net Assets/Fund Balances	47
V Other Information	50
A. Employees' Retirement System	50
B. Risk Management	50
C. Commitments and Contingencies	51

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Mukwonago, Wisconsin conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

This report includes all of the funds of the Village of Mukwonago. The reporting entity for the village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. This report does not contain any component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Government-Wide Financial Statements (cont.)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. 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 or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the village believes is particularly important to financial statement users may be reported as a major fund.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The village reports the following major governmental funds:

- General Fund - accounts for the village's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.
- Debt Service Fund - accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise fund debt.
- 2004 GO Bond Fund - Capital Projects Fund - accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects as determined in the 2004 borrowing.
- Tax Incremental District (TID) No. 3 Capital Projects Fund - accounts for expenditures outlined in the TID project plan and related revenues and proceeds from long-term borrowing.

The village reports the following major enterprise funds:

- Water Utility - accounts for operations of the water system
- Sanitary Sewer Utility - accounts for operations of the sanitary sewer system

The village reports the following non-major governmental funds:

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- | | |
|-----------------|----------------------|
| Library | Recycling |
| Revolving Loan | Park Land Site |
| Impact Fee | Ambulance Designated |
| Fire Designated | Fire and Ambulance |
| Museum Donation | Specific Use |

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

- | | |
|---------------------|----------------------|
| Capital Projects | 2001 GO Bond |
| Library Building | Economic Development |
| Capital Improvement | |

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

In addition, the village reports the following fund types:

Private-purpose trust funds are used to report any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments.

Library Trust Fund

Agency funds are used to account for assets held by the village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Escrow Fund

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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 are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues. Delinquent special assessments being held by the county are reported as receivables and deferred revenue.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The village reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the village has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. The 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 water and sanitary sewer utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of village funds is restricted by state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The village has not adopted an investment policy.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

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, 2005, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

The Wisconsin Investment Trust (WIT) is a diversified investment fund sponsored by the League of Wisconsin Municipalities. The WIT is not registered with the Securities and Exchange Commission. It constitutes a contractual agreement among Wisconsin Municipalities for the joint exercise of their powers with respect to investment of municipal assets and the cooperative provision of investment management services. The WIT reports the fair value of its underlying assets annually. Participants in the WIT have the right to withdraw their funds in total with one day's notice. At December 31, 2005, the fair value of the WIT's assets was substantially equal to the village's share as reported above.

See Note IV. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the village, taxes are collected for and remitted to the state and county governments as well as the local school district, Phantom Lakes Management district, and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund balance sheet.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

2. Receivables (cont.)

Property tax calendar - 2005 tax roll:

Lien date and levy date	December 2005
Tax bills mailed	December 2005
Payment in full, or	January 31, 2006
First installment due	January 31, 2006
Second installment due	April 30, 2006
Third installment due	July 31, 2006
Personal property taxes in full	January 31, 2006
Tax sale - 2005 delinquent real estate taxes	October 2008

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water and sanitary utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets.

5. Capital Assets

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$2,500 for general capital assets and \$2,500 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but GASB No. 34 does not require the village to retroactively report all major general infrastructure assets. However, for the year ended December 31, 2005, the village has retroactively reported roads infrastructure acquired by its governmental fund types.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. \$79,578 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

5. Capital Assets (cont.)

Government -Wide Statements (cont.)

Buildings	50 Years
Land Improvements	20 - 50 Years
Machinery and Equipment	3 - 25 Years
Utility System	3 - 77 Years
Infrastructure	20 - 50 Years
Library collection	10 - 30 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources.

The village does not accrue accumulated vacation or sick leave, but rather expenses these costs as paid. Vacation time is not cumulative from year to year. Accumulated sick leave benefits are paid upon retirement or termination if the employee has at least 20 years of service with the village. Employees may accumulate a maximum of 120 days of sick leave.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2005 are determined on the basis of current salary rates and include salary related payments.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, grant advances, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

The village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$4,772,700, made up of 2 issues.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

10. Equity Classifications

Government-Wide Statements

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

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

10. Equity Classifications (cont.)

Government-Wide Statements (cont.)

- b. Restricted net assets - Consists of net assets with constraints placed on their use either 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.
- c. Unrestricted net assets - All other net assets that do not meet the definitions of "restricted" or "invested in capital assets, net of related debt."

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.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

Fiduciary fund equity is classified as held in trust for the Library on the statement of fiduciary net assets. Various donor restrictions apply, including authorizing and spending trust income, and the village believes it is in compliance with all significant restrictions. Net appreciation of \$26,693 was available for the library for the year ended December 31, 2005.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. The details of this reconciliation include the following items.

Long-term liabilities applicable to the village's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net assets.

Bonds and notes payable	\$	21,865,209
Compensated absences		723,082
Accrued interest		185,975
Unamortized debt discount and issue costs		(244,383)
Capital lease		<u>10,850</u>
Combined Adjustment for Long-Term Liabilities	\$	<u><u>22,540,733</u></u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C., except that the water utility payment in lieu of taxes is shown as tax revenue rather than a transfer in within the General Fund.

A budget has been adopted for the General, Impact Fee, Library, Recycling, Revolving Loan, Park Land Site, Museum Donation, Fire and Ambulance, Debt Service, Tax Incremental District No. 3, 2004 GO Bond, 2001 GO Bond, Capital Projects, Economic Development, Library Building and Capital Improvements funds. Budgets have not been formally adopted for Fire Designated, Ambulance Designated and Specific Use funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds, levying a tax.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action. There were no supplemental appropriations during the year.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the fund level of expenditure.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Recycling Fund	\$ 453,287	\$ 455,388	\$ 2,101
Fire and Ambulance Fund	755,371	781,791	26,420
Debt Service Fund	1,543,122	1,578,744	35,622
Tax Incremental District No. 3 Fund	595,000	1,063,744	468,744
2004 GO Bond Fund	140,000	1,342,411	1,202,411
2001 GO Bond Fund	22,000	133,175	111,175

The village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. As of December 31, 2005 the Tax Incremental District No. 3 fund had a deficit fund balance of \$180,831.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. DEFICIT BALANCES (cont.)

T.I.F. District deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases.

D. LIMITATIONS ON THE VILLAGE TAX LEVY

As part of Wisconsin's Act 25 (2005), new legislation was passed that limits the village's future tax levies. Generally the village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the village's equalized value due to new construction or 2%. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit begins with the 2005 levy collected in 2006, and is set to expire after the 2006 levy.

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The village's deposits and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 6,419,640	\$ 6,831,414	Custodial Credit Risk
WIT	577,873	577,873	Credit Risk, Interest Rate Risk
LGIP	11,317,178	11,317,178	Credit Risk, Interest Rate Risk
 Total Deposits and Investments	 \$18,314,691	 \$18,726,465	
 Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	9,019,699		
Restricted cash and investments	4,153,219		
Per statement of net assets- Fiduciary Funds			
Private purpose trust	26,693		
Agency	5,115,080		
 Total Deposits and Investments	 \$18,314,691		

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$100,000 for interest bearing accounts and \$100,000 for noninterest bearing accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing the insured amounts under the custodial credit risk section below.

Investments in the LGIP are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in uninsured balances during the year significantly exceeding uninsured amounts at year end.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the village's deposits may not be returned to the village.

As of December 31, 2005, \$6,614,027 of the village's total bank balances of \$6,831,414 were uninsured and uncollateralized.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The village does not have any investments exposed to custodial credit risk.

Credit and Interest Rate Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation. Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2005, the village has \$ 11,317,178 invested in the LGIP. This pool is unrated and had an average weighted maturity date of 32 days at year end, but funds are due to the village on demand.

As of December 31, 2005, the village has \$ 577,873 invested in the WIT. This pool is unrated and had an average weighted maturity date of 325 days at year end, but funds are due to the village on demand.

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year.

Revenues of the village are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to Fire and Ambulance	\$	149,303	
Total Uncollectibles of the Current Fiscal Year	\$	149,303	

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

	Unavailable	Unearned	Totals
Property taxes receivable for subsequent year	\$ -	\$ 4,296,529	\$ 4,296,529
Special assessments not yet due	113,778	-	113,778
Impact fees on installment plan	9,516	-	9,516
Total Deferred/Unearned Revenue for Governmental Funds	\$ 123,294	\$ 4,296,529	\$ 4,419,823

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Construction - Used to report proceeds of revenue bond issuances that are restricted for use in construction.

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Impact Fee Account

The village has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

Following is a list of restricted assets at December 31, 2005:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Assets
Water redemption fund	\$ 216,422	\$ 214,541	\$ 1,881
Water reserve	304,256	-	-
Water construction	328,443	19,324	-
Sewer redemption	584,893	162,789	422,104
Sewer reserve	324,870	-	-
Sewer construction	1,173,582	93,110	-
Impact fee	966,547	9,516	957,031
Equipment replacement	266,102	-	266,102
Total Restricted Assets	\$ 4,165,115	\$ 499,280	\$ 1,647,118

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 904,500	\$ -	\$ -	\$ 904,500
Construction in progress	-	2,174,987	-	2,174,987
Total Capital Assets Not Being Depreciated	904,500	2,174,987	-	3,079,487
Capital assets being depreciated				
Land improvements	72,184	24,161	-	96,345
Buildings	5,743,677	-	-	5,743,677
Machinery and equipment	2,401,272	343,364	112,544	2,632,092
Streets	7,708,958	310,757	-	8,019,715
Storm sewers	1,610,535	251,644	-	1,862,179
Library collection	533,690	81,803	-	615,493
Total Capital Assets Being Depreciated	18,070,316	1,011,729	112,544	18,969,501
Total Capital Assets	18,974,816	3,186,716	112,544	22,048,988
Less: Accumulated depreciation for				
Land improvements	(45,118)	(3,055)	-	(48,173)
Buildings	(489,001)	(114,874)	-	(603,875)
Machinery and equipment	(1,084,794)	(177,096)	124,619	(1,137,271)
Streets	(2,402,515)	(324,392)	-	(2,726,907)
Storm sewers	(32,211)	(37,346)	-	(69,557)
Library collection	(109,871)	(29,264)	-	(139,135)
Total Accumulated Depreciation	(4,163,510)	(686,027)	124,619	(4,724,918)
Net Capital Assets Being Depreciated	13,906,806			14,244,583
Total Governmental Activities Capital Assets, Net of Depreciation	\$ 14,811,306			\$ 17,324,070

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 41,364
Public safety	187,091
Public works, which includes the depreciation of infrastructure	391,266
Culture, recreation and education	<u>66,306</u>
Total Governmental Activities Depreciation Expense	<u>\$ 686,027</u>

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sanitary Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 17,818	\$ -	\$ -	\$ 17,818
Construction in progress	<u>4,146,540</u>	<u>1,406,563</u>	<u>4,028,476</u>	<u>1,524,627</u>
Total Capital Assets Not Being Depreciated	<u>4,164,358</u>	<u>1,406,563</u>	<u>4,028,476</u>	<u>1,542,445</u>
Capital assets being depreciated				
Buildings and improvements	11,356,168	4,514,488	-	15,870,656
Machinery and equipment	<u>546,945</u>	<u>6,043</u>	<u>-</u>	<u>552,988</u>
Total Capital Assets Being Depreciated	<u>11,903,113</u>	<u>4,520,531</u>	<u>-</u>	<u>16,423,644</u>
Total Capital Assets	<u>16,067,471</u>	<u>5,927,094</u>	<u>4,028,476</u>	<u>17,966,089</u>
Less: Accumulated Depreciation for				
Buildings and improvements	(4,698,539)	(311,232)	16,475	(4,993,296)
Machinery and equipment	<u>(255,435)</u>	<u>(25,786)</u>	<u>-</u>	<u>(281,221)</u>
Total Accumulated Depreciation	<u>(4,953,974)</u>	<u>(337,018)</u>	<u>16,475</u>	<u>(5,274,517)</u>
Net Capital Assets Being Depreciated	<u>6,949,139</u>			<u>11,149,127</u>
Net Sanitary Sewer Plant	<u>\$ 11,113,497</u>			<u>\$ 12,691,572</u>

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 306,463	\$ -	\$ -	\$ 306,463
Construction in progress	<u>1,897,567</u>	<u>1,056,501</u>	<u>1,921,175</u>	<u>1,032,893</u>
Total Capital Assets Not Being Depreciated	<u>2,204,030</u>	<u>1,056,501</u>	<u>1,921,175</u>	<u>1,339,356</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u> (cont.)				
Capital assets being depreciated				
Buildings and improvements	11,231,192	2,302,118	3,170	13,530,140
Machinery and equipment	1,460,633	37,950	2,203	1,496,380
Total Capital Assets Being Depreciated	12,691,825	2,340,068	5,373	15,026,520
Total Capital Assets	14,895,855	3,396,569	1,926,548	16,365,876
Less: Accumulated depreciation for				
Buildings and improvements	(1,568,089)	(218,295)	3,170	(1,783,214)
Machinery and equipment	(524,166)	(95,133)	2,203	(617,096)
Total Accumulated Depreciation	(2,092,255)	(313,428)	5,373	(2,400,310)
Net Capital Assets Being Depreciated	10,599,570			12,626,210
Net Water Plant	\$ 12,803,600			\$ 13,965,566
Business-type Capital Assets, Net of Depreciation	\$ 23,917,097			\$ 26,657,138

Depreciation expense was charged to functions as follows:

Business-type Activities

Sewer	\$ 347,848
Water	302,598
Total Business-type Activities Depreciation Expense	\$ 650,446

Depreciation expense does not agree to the increases in accumulated depreciation due to joint metering, salvage and cost of removal.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General Fund	Sanitary Sewer Utility	\$ 14,278
General Fund	Water Utility	3,331
General Fund	Nonmajor Governmental Funds	16,201
General Fund	Nonmajor Governmental Funds	23,051
Debt Service	Tax Incremental District No. 3 Fund	508,022
Water Utility	Tax Incremental District No. 3 Fund	282,046
Water Utility	Sanitary Sewer Utility	33,350
Sanitary Sewer Utility	Tax Incremental District No. 3 Fund	172,728
Nonmajor Governmental Funds	General Fund	5,926
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>200</u>
Total - Fund Financial Statements		1,059,133
Less: Fund eliminations		(586,750)
Less: Government-wide eliminations		<u>(909,548)</u>
Total Internal Balances - Government-Wide Statement of Net Assets		<u><u>\$ (437,165)</u></u>
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 17,609
Business-type Activities	Governmental Activities	<u>(454,774)</u>
Total Government-wide Financial Statements		<u><u>\$ (437,165)</u></u>

All amounts are due within one year.

The principal purpose of these interfunds is the collection of special charges on the tax roll and the allocation of commingled cash and investment balances. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Water Utility	\$ 222,984	Payment in lieu of taxes
General Fund	Sanitary Sewer Utility	2,649	Payment in lieu of taxes
			Fire department
General Fund	Nonmajor Governmental Funds	37,834	reimbursement and general administrative charges
Debt Service	General Fund	124,095	Debt service
	Tax Incremental District		
Debt Service	No. 3 Fund	132,763	Debt service
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>150,635</u>	Transfer of donated/designated funds
Total - Fund Financial Statements		670,960	
Less: Fund eliminations		<u>(445,327)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 225,633</u></u>	
Fund Transferred To	Fund Transferred From	Amount	
Governmental Activities	Business-type Activities	\$ 225,633	
Business-type Activities	Governmental Activities	<u>-</u>	
Total Government-wide Financial Statements		<u><u>\$ 225,633</u></u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 15,571,900	\$ 1,550,000	\$ 745,800	\$ 16,376,100	\$ 1,133,170
Bond anticipation notes	4,420,000	5,450,000	4,420,000	5,450,000	-
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	58,464	76,279	27,683	107,060	-
Refundings - Gains/(Losses)	<u>(98,143)</u>	<u>-</u>	<u>(30,192)</u>	<u>(67,951)</u>	<u>-</u>
Sub-total	<u>19,952,221</u>	<u>7,076,279</u>	<u>5,163,291</u>	<u>21,865,209</u>	<u>1,133,170</u>
Other Liabilities					
Capital leases	15,836	-	4,986	10,850	5,273
Compensated absences	669,937	53,145	-	723,082	-
Due to other governments	<u>115,000</u>	<u>-</u>	<u>-</u>	<u>115,000</u>	<u>-</u>
Total Other Liabilities	<u>800,773</u>	<u>53,145</u>	<u>4,986</u>	<u>848,932</u>	<u>5,273</u>
Total Governmental Activities Long-Term Liabilities	<u><u>\$ 20,752,994</u></u>	<u><u>\$ 7,129,424</u></u>	<u><u>\$ 5,168,277</u></u>	<u><u>\$ 22,714,141</u></u>	<u><u>\$ 1,138,443</u></u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 1,727,800	\$ -	\$ 117,935	\$ 1,609,865	\$ 142,908
Revenue bonds	6,545,690	-	273,813	6,271,877	289,330
Bond anticipation notes	7,175,000	7,640,000	7,005,000	7,810,000	170,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	<u>16,630</u>	<u>73,726</u>	<u>37,110</u>	<u>53,246</u>	<u>-</u>
Sub-total	<u>15,465,120</u>	<u>7,713,726</u>	<u>7,433,858</u>	<u>15,744,988</u>	<u>602,238</u>
Other Liabilities					
Compensated absences	120,375	3,991	19,515	104,851	-
Special deposits	<u>5,120</u>	<u>-</u>	<u>-</u>	<u>5,120</u>	<u>-</u>
Total Other Liabilities	<u>125,495</u>	<u>3,991</u>	<u>19,515</u>	<u>109,971</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u><u>\$ 15,590,615</u></u>	<u><u>\$ 7,717,717</u></u>	<u><u>\$ 7,453,373</u></u>	<u><u>\$ 15,854,959</u></u>	<u><u>\$ 602,238</u></u>

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed five percent of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2005, was \$31,443,550. Total general obligation debt outstanding at year end was \$23,435,945.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/05</u>
Governmental Activities General Obligation Debt					
Refunding bonds	2/15/1997	4/1/2012	4.1-5.4%	\$ 1,490,000	\$ 1,015,000
Refunding bonds	12/15/2004	4/1/2009	2.8-3.5	3,395,000	2,776,100
Refunding bonds	2/15/2002	12/1/2014	4.5-4.6	2,960,000	2,960,000
Promissory notes	3/15/2001	10/1/2010	4.3	4,500,000	4,300,000
Promissory notes	8/1/2005	8/1/2015	3.0-4.0	1,550,000	1,550,000
Promissory notes	1/1/2004	12/1/2013	2-3.5	4,025,000	<u>3,775,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 16,376,100</u>

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/05</u>
Business-type Activities General Obligation Debt					
Water refunding bonds	12/15/2004	4/1/2009	2.8-3.5%	\$ 3,395,000	\$ 121,159
Sewer refunding bonds	12/15/2004	4/1/2009	2.8-3.5	3,395,000	97,740
Water system bonds	11/1/1999	5/1/2018	2.64	1,886,442	<u>1,390,966</u>
Total Business-type Activities General Obligation Debt					<u>\$ 1,609,865</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2006	\$ 1,133,170	\$ 625,589	\$ 142,908	\$ 41,656
2007	1,560,980	587,504	147,502	37,367
2008	1,779,520	532,928	151,430	33,055
2009	2,927,430	470,658	156,052	28,818
2010	2,400,000	370,670	101,083	25,382
2011-2015	6,575,000	648,355	546,880	84,896
2016-2018	-	-	364,010	14,583
Totals	<u>\$ 16,376,100</u>	<u>\$ 3,235,704</u>	<u>\$ 1,609,865</u>	<u>\$ 265,757</u>

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water and sanitary sewer utilities.

Revenue debt payable at December 31, 2005 consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/05
<u>Sanitary Sewer Utility</u>					
Revenue bonds	2/15/2002	12/1/2021	3.25- 5.00%	\$ 6,090,000	<u>\$ 3,323,075</u>
Total Sanitary Sewer Utility					<u>3,323,075</u>
<u>Water Utility</u>					
Revenue bonds	2/15/2002	12/1/2021	3.25- 5.00%	\$ 6,090,000	\$ 2,261,925
Revenue bonds	4/29/2002	5/1/2022	2.75	627,355	411,877
Revenue bonds	9/1/2002	12/1/2007	1.90-3.30	690,000	<u>275,000</u>
Total Water Utility					<u>2,948,802</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Business-Type Activities Revenue Debt (cont.)

Total Business-type Activities Revenue Debt \$ 6,271,877

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	Principal	Interest
2006	\$ 289,330	\$ 280,531
2007	304,862	270,804
2008	295,408	259,901
2009	305,969	247,645
2010	321,546	234,948
2011-2015	1,831,948	954,254
2016-2020	2,343,940	487,996
2021-2022	578,874	27,630
Totals	<u>\$ 6,271,877</u>	<u>\$ 2,763,709</u>

Bond Anticipation Notes

Bond anticipation notes are payable from future debt refundings.

Bond anticipation notes at December 31, 2005 consist of the following:

<u>Governmental Activities Bond Anticipation Notes</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/05</u>
BANS	3/1/2005	3/1/2008	3.25	\$ 5,450,000	<u>\$ 5,450,000</u>
Total Governmental Activities Bond Anticipation Notes					<u>\$ 5,450,000</u>
<u>Business-type Activities Bond Anticipation Notes</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/05</u>
Water Revenue BANS	3/1/2001	3/1/2006	4.25%	\$ 670,000	\$ 170,000
Water Revenue BANS	3/1/2005	3/1/2008	3.30	1,935,212	1,935,212
Sewer Revenue BANS	3/1/2005	3/1/2008	3.30	5,704,788	5,704,788
Total Business-type Activities Bond Anticipation Notes					<u>\$ 7,810,000</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Bond Anticipation Notes</u>		<u>Business-type Activities Bond Anticipation Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ -	\$ 177,125	\$ 170,000	\$ 255,733
2007	-	177,125	-	252,120
2008	<u>5,450,000</u>	<u>88,563</u>	<u>7,640,000</u>	<u>126,060</u>
Totals	<u>\$ 5,450,000</u>	<u>\$ 442,813</u>	<u>\$ 7,810,000</u>	<u>\$ 633,913</u>

On March 1, 2005, several general obligation bond anticipation notes matured. Each BAN was refinanced with another bond anticipation note.

Capital Leases

Refer to Note IV. G.

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

A statutory mortgage lien upon the village's system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The village's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The village believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

G. LEASE DISCLOSURES

Lessee - Capital Leases

In 2004 the village acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$21,733, which are included in capital assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2005, are as follows:

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

G. LEASE DISCLOSURES (cont.)

Years	Governmental Activities		
	Principal	Interest	Total
2006	\$ 5,273	\$ 624	\$ 5,897
2007	<u>5,577</u>	<u>320</u>	<u>5,897</u>
Totals	<u>\$ 10,850</u>	<u>\$ 944</u>	<u>\$ 11,794</u>

H. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2005 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land	\$ 904,500
Construction in progress	2,174,987
Other capital assets, net of accumulated depreciation	14,244,583
Less: Long-term debt outstanding	(21,876,058)
Plus: Unspent capital related debt proceeds	2,888,299
Plus: Non-capital debt proceeds	530,000
Plus: Unamortized debt issuance expenses	<u>244,383</u>
Total Invested in capital assets, net of related debt (deficit)	<u>(889,306)</u>
Restricted	
Impact Fees	957,031
Libaray	115,452
Donations	17,383
Debt Service	<u>669,005</u>
Total Restricted	<u>1,758,871</u>
Unrestricted	<u>711,399</u>
Total Governmental Activities Net Assets	<u>\$ 1,580,964</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2005 include the following:

Unreserved - designated

Major Funds

General fund	
Designated for subsequent years' expenditures	\$ 47,338
Designated for working capital	500,000
2004 GO Bond Fund - designated for subsequent years' expenditures	<u>2,121,188</u>
Total	<u>\$ 2,668,526</u>

Non-Major Funds

Park Land Site Fund - designated for subsequent years' expenditures	67,000
2001 GO Bond Fund - designated for subsequent years' expenditures	59,162
Specific Use Funds - designated for subsequent years' expenditures	<u>8,500</u>
Total	<u>\$ 134,662</u>

Unreserved - undesignated (deficit)

Major Funds

General fund	\$ 899,796
TID No. 3	(180,831)
2004 GO Bond Fund	<u>69,780</u>
Total	<u>\$ 788,745</u>

Non-Major Funds

Special Revenue Funds	
Library Fund	\$ 115,452
Recycling Fund	55,528
Revolving Loan Fund	64,398
Park Land Site Fund	46,642
Fire Designated Fund	68,385
Ambulance Designated Fund	41,912
Museum Donation Fund	17,383
Fire and Ambulance Fund	17,221
Specific Use Fund	<u>78,129</u>
Total	<u>\$ 505,050</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Funds (cont.)

Unreserved (cont.)

Non-Major Funds (cont.)

Capital Projects Funds

Capital Projects Fund	\$ 83,873
Library Building Fund	<u>7,389</u>

Total \$ 91,262

Business-type Activities

Invested in capital assets, net of related debt

Land	\$ 324,281
Construction in progress	2,557,520
Other capital assets, net of accumulated depreciation	23,775,337
Less: Long-term debt outstanding	(15,750,108)
Plus: Unspent capital related debt proceeds	1,502,025
Plus: Non-capital debt proceeds	1,390,606
Plus: Unamortized debt discount and issuance costs	<u>207,050</u>

Total Invested in Capital Assets, Net of Related Debt 14,006,711

Restricted

Debt service	423,985
Equipment replacement	<u>266,102</u>

Total Restricted 690,087

Unrestricted

5,314,771

Total Business-type Activities Net Assets \$ 20,011,569

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible village employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.8% of their salary (2.8% for Executives and Elected Officials, 4.9% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for village employees covered by the system for the year ended December 31, 2005 was \$2,385,063; the employer's total payroll was \$2,544,643. The total required contribution for the year ended December 31, 2005 was \$285,258 or 12.0 percent of covered payroll. Of this amount, 100 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2004 and 2003 were \$257,404 and \$235,678, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) 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. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment 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 are immediately vested.

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

As of December 31, 2005 there was no pension related debt for the village.

B. RISK MANAGEMENT

The village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

From time to time, the village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the 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.

The village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Funding for the operating budget of the village comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the village. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the village.

The village's sanitary sewer utility has construction commitments of approximately \$115,600 as of December 31, 2005. It is anticipated that the construction will be complete in 2006.

This page intentionally blank.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MUKWONAGO

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
GENERAL FUND
For the Year Ended December 31, 2005

	Original & Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,686,761	\$ 1,695,635	\$ 8,874
Special assessments	185	253	68
Intergovernmental	990,110	948,554	(41,556)
Licenses and permits	266,000	407,834	141,834
Fines, forfeitures and penalties	102,000	115,962	13,962
Public charges for services	44,520	47,107	2,587
Interdepartmental charges for services	135,704	93,092	(42,612)
Investment income	15,000	73,711	58,711
Other revenues	5,100	17,252	12,152
Total Revenues	<u>3,245,380</u>	<u>3,399,400</u>	<u>154,020</u>
EXPENDITURES			
Current			
General government	634,076	551,675	82,401
Public safety	1,872,952	1,947,365	(74,413)
Public works	541,125	525,385	15,740
Health and sanitation	11,619	10,566	1,053
Culture, recreation and education	140,601	129,938	10,663
Conservation and development	29,662	25,811	3,851
Total Expenditures	<u>3,230,035</u>	<u>3,190,740</u>	<u>39,295</u>
Excess of revenues over expenditures	<u>15,345</u>	<u>208,660</u>	<u>193,315</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,000	37,834	35,834
Transfers out	(17,345)	(124,095)	(106,750)
Proceeds on the sale of capital assets	-	7,333	7,333
Total Other Financing Sources (Uses)	<u>(15,345)</u>	<u>(78,928)</u>	<u>(63,583)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>129,732</u>	<u>\$ 129,732</u>
FUND BALANCE - Beginning of Year		<u>1,353,310</u>	
FUND BALANCE - END OF YEAR		<u>\$ 1,483,042</u>	

See accompanying notes to required supplementary information.

VILLAGE OF MUKWONAGO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2005

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting, except that the water utility payment in lieu of taxes is shown as tax revenue rather than a transfer in within the General Fund.

This page intentionally blank.

SUPPLEMENTARY INFORMATION

VILLAGE OF MUKWONAGO

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

December 31, 2005

	Special Revenue Funds					
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund	Impact Fee Fund	Fire Designated Fund
ASSETS						
Cash and investments	\$ 132,808	\$ 89,839	\$ 181,398	\$ 115,846	\$ -	\$ 68,385
Taxes receivable	355,910	376,485	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Restricted assets						
Cash and investments	-	-	-	-	954,651	-
Accounts receivable	-	-	-	-	11,896	-
TOTAL ASSETS	\$ 488,718	\$ 466,324	\$ 181,398	\$ 115,846	\$ 966,547	\$ 68,385
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 5,160	\$ 32,640	\$ -	\$ 2,204	\$ -	\$ -
Accrued liabilities	12,066	1,482	-	-	-	-
Due to other governments	-	-	115,000	-	-	-
Deferred revenue	355,910	376,233	-	-	9,516	-
Due to other funds	130	441	2,000	-	-	-
Total Liabilities	<u>373,266</u>	<u>410,796</u>	<u>117,000</u>	<u>2,204</u>	<u>9,516</u>	<u>-</u>
Fund Balances						
Reserved for						
Impact fees	-	-	-	-	957,031	-
Encumbrances	-	-	-	-	-	-
Unreserved						
Designated	-	-	-	67,000	-	-
Undesignated	115,452	55,528	64,398	46,642	-	68,385
Total Fund Balances	<u>115,452</u>	<u>55,528</u>	<u>64,398</u>	<u>113,642</u>	<u>957,031</u>	<u>68,385</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 488,718	\$ 466,324	\$ 181,398	\$ 115,846	\$ 966,547	\$ 68,385

Special Revenue Funds				Capital Projects Funds					Total
Ambulance Designated Fund	Museum Donation Fund	Fire and Ambulance Fund	Specific Use Fund	Capital Projects Fund	2001 GO Bond Fund	Economic Development Fund	Library Building Fund	Capital Improvement Fund	Nonmajor Funds
\$ 41,912	\$ 17,383	\$ 282,964	\$ 87,448	\$ 89,544	\$ 125,825	\$ 19,661	\$ 7,389	\$ 172,027	\$ 1,432,429
-	-	97,498	-	146,450	-	-	-	-	976,343
-	-	3,836	-	-	-	-	-	-	3,836
-	-	-	-	-	52,194	-	-	-	52,194
-	-	19,425	-	2,067	-	-	-	-	21,492
-	-	-	-	200	5,926	-	-	-	6,126
-	-	-	-	-	-	-	-	-	954,651
-	-	-	-	-	-	-	-	-	11,896
<u>\$ 41,912</u>	<u>\$ 17,383</u>	<u>\$ 403,723</u>	<u>\$ 87,448</u>	<u>\$ 238,261</u>	<u>\$ 183,945</u>	<u>\$ 19,661</u>	<u>\$ 7,389</u>	<u>\$ 172,027</u>	<u>\$ 3,458,967</u>
\$ -	\$ -	\$ 27,479	\$ -	\$ 7,860	\$ 25,568	\$ -	\$ -	\$ 50,481	\$ 151,392
-	-	20,514	-	-	-	-	-	-	34,062
-	-	224,610	-	78	-	-	-	-	339,688
-	-	97,498	-	146,450	52,194	-	-	-	1,037,801
-	-	16,401	819	-	-	19,661	-	-	39,452
-	-	386,502	819	154,388	77,762	19,661	-	50,481	1,602,395
-	-	-	-	-	-	-	-	-	957,031
-	-	-	-	-	47,021	-	-	121,546	168,567
-	-	-	8,500	-	59,162	-	-	-	134,662
41,912	17,383	17,221	78,129	83,873	-	-	7,389	-	596,312
41,912	17,383	17,221	86,629	83,873	106,183	-	7,389	121,546	1,856,572
<u>\$ 41,912</u>	<u>\$ 17,383</u>	<u>\$ 403,723</u>	<u>\$ 87,448</u>	<u>\$ 238,261</u>	<u>\$ 183,945</u>	<u>\$ 19,661</u>	<u>\$ 7,389</u>	<u>\$ 172,027</u>	<u>\$ 3,458,967</u>

VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2005

	Special Revenue Funds					
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund	Impact Fee Fund	Fire Designated Fund
REVENUES						
Taxes	\$ 343,085	\$ 387,383	\$ -	\$ -	\$ -	\$ -
Intergovernmental	351,604	28,740	-	25,000	-	-
Licenses and permits	-	-	-	-	295,936	-
Public charges for services	33,887	37,024	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Investment income	8,643	10,574	3,954	3,777	27,374	717
Other revenues	-	-	-	38,001	-	6,750
Total revenues	<u>737,219</u>	<u>463,721</u>	<u>3,954</u>	<u>66,778</u>	<u>323,310</u>	<u>7,467</u>
EXPENDITURES						
Current						
Public safety	-	-	-	-	-	-
Health and sanitation	-	455,388	-	-	-	-
Culture, recreation and education	622,316	-	-	-	-	-
Conservation and development	-	-	-	10,743	-	-
Capital Outlay	85,426	-	-	28,661	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-
Total expenditures	<u>707,742</u>	<u>455,388</u>	<u>-</u>	<u>39,404</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>29,477</u>	<u>8,333</u>	<u>3,954</u>	<u>27,374</u>	<u>323,310</u>	<u>7,467</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	14,000
Transfers out	-	-	(2,000)	-	-	(13,027)
Proceeds on the sale of capital assets	-	-	-	-	-	-
General obligation debt issued	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>973</u>
Net Changes in Fund Balances	29,477	8,333	1,954	27,374	323,310	8,440
FUND BALANCES (DEFICIT) -						
Beginning of Year	<u>85,975</u>	<u>47,195</u>	<u>62,444</u>	<u>86,268</u>	<u>633,721</u>	<u>59,945</u>
FUND BALANCES -						
END OF YEAR	<u>\$ 115,452</u>	<u>\$ 55,528</u>	<u>\$ 64,398</u>	<u>\$ 113,642</u>	<u>\$ 957,031</u>	<u>\$ 68,385</u>

Special Revenue Funds				Capital Projects Funds					Total
Ambulance Designated Fund	Museum Donation Fund	Fire and Ambulance Fund	Specific Use Fund	Capital Projects Fund	2001 GO Bond Fund	Economic Development Fund	Library Building Fund	Capital Improvement Fund	Nonmajor Funds
\$ -	\$ -	\$ 65,871	\$ -	\$ 171,169	\$ -	\$ 45,909	\$ -	\$ -	\$ 1,013,417
3,876	-	167,830	1,516	-	-	-	-	-	578,566
-	-	-	-	-	-	-	-	-	295,936
-	-	224,478	-	-	-	-	-	-	295,389
-	-	302,907	-	33,507	-	-	-	-	336,414
-	-	-	-	-	5,926	-	-	-	5,926
445	39	3,561	2,216	2,844	14,016	1,473	-	23,227	102,860
810	11,929	19,654	58,130	7,904	82	-	-	-	143,260
<u>5,131</u>	<u>11,968</u>	<u>784,301</u>	<u>61,862</u>	<u>215,424</u>	<u>20,024</u>	<u>47,382</u>	<u>-</u>	<u>23,227</u>	<u>2,771,768</u>
-	-	601,083	-	-	-	-	-	-	601,083
-	-	-	-	-	-	-	-	-	455,388
-	-	-	-	-	-	-	93	-	622,409
-	-	-	-	-	-	-	-	-	10,743
-	-	180,708	14,305	222,167	133,175	-	-	769,077	1,433,519
-	-	-	-	4,986	-	-	-	-	4,986
-	-	-	-	911	-	-	-	-	911
-	-	<u>781,791</u>	<u>14,305</u>	<u>228,064</u>	<u>133,175</u>	<u>-</u>	<u>93</u>	<u>769,077</u>	<u>3,129,039</u>
<u>5,131</u>	<u>11,968</u>	<u>2,510</u>	<u>47,557</u>	<u>(12,640)</u>	<u>(113,151)</u>	<u>47,382</u>	<u>(93)</u>	<u>(745,850)</u>	<u>(357,271)</u>
10,000	-	30,597	-	96,038	-	-	-	-	150,635
(17,570)	-	(16,173)	(96,038)	(24,000)	-	(19,661)	-	-	(188,469)
-	-	287	-	-	-	-	-	-	287
-	-	-	-	53,000	797,356	-	-	-	850,356
<u>(7,570)</u>	<u>-</u>	<u>14,711</u>	<u>(96,038)</u>	<u>125,038</u>	<u>797,356</u>	<u>(19,661)</u>	<u>-</u>	<u>-</u>	<u>812,809</u>
(2,439)	11,968	17,221	(48,481)	112,398	684,205	27,721	(93)	(745,850)	455,538
<u>44,351</u>	<u>5,415</u>	<u>-</u>	<u>135,110</u>	<u>(28,525)</u>	<u>(578,022)</u>	<u>(27,721)</u>	<u>7,482</u>	<u>867,396</u>	<u>1,401,034</u>
<u>\$ 41,912</u>	<u>\$ 17,383</u>	<u>\$ 17,221</u>	<u>\$ 86,629</u>	<u>\$ 83,873</u>	<u>\$ 106,183</u>	<u>\$ -</u>	<u>\$ 7,389</u>	<u>\$ 121,546</u>	<u>\$ 1,856,572</u>

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP) GENERAL FUND For the Year Ended December 31, 2005

	Original & Final Budget	Actual	Variance with Final Budget
TAXES			
General property taxes	\$ 1,441,761	\$ 1,442,142	\$ 381
Water Utility- tax equivalent	236,000	225,633	(10,367)
Interest on taxes	1,000	2,080	1,080
Room tax	8,000	7,990	(10)
Agricultural use penalty	-	17,790	17,790
	1,686,761	1,695,635	8,874
SPECIAL ASSESSMENTS			
Principal	150	190	40
Interest	35	63	28
	185	253	68
INTERGOVERNMENTAL REVENUES			
State shared revenues	448,538	458,312	9,774
Exempt computer aid	27,500	20,615	(6,885)
Fire insurance dues	18,800	18,580	(220)
Grants and aids			
Transportation aids	449,272	449,272	-
Police grants	46,000	1,775	(44,225)
	990,110	948,554	(41,556)
LICENSES AND PERMITS			
Licenses			
Liquor and malt beverage	7,700	19,432	11,732
Cigarette	1,900	1,700	(200)
Bicycle	50	13	(37)
Dog and cat	2,900	3,686	786
Operator	3,200	3,550	350
Electrical contractors	2,500	5,670	3,170
Sundry	1,000	895	(105)
Cable television franchise fees	57,000	69,565	12,565
Permits			
Building	120,000	145,812	25,812
Electrical	20,000	31,850	11,850
Plumbing	12,000	32,196	20,196
Occupancy	-	13,840	13,840
Heating	10,000	26,873	16,873
Peddlers	7,750	1,435	(6,315)
Sundry	-	19,730	19,730
Zoning review fees	-	2,135	2,135
Plan review fees	20,000	29,452	9,452
	266,000	407,834	141,834

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP) GENERAL FUND

For the Year Ended December 31, 2005

	Original & Final Budget	Actual	Variance with Final Budget
FINES, FORFEITURES AND PENALTIES			
Court fines	\$ 102,000	\$ 115,962	\$ 13,962
PUBLIC CHARGES FOR SERVICES			
General government			
Treasurer's fees	3,500	5,732	2,232
Assessor's fees	50	4	(46)
License publication fees	490	405	(85)
Sales of maps	400	234	(166)
Photocopies	700	937	237
Other fees	375	66	(309)
Protection of persons and property			
Police department revenues	8,800	6,367	(2,433)
Fire department revenues	1,500	947	(553)
Highway and transportation			
Weed cutting	500	-	(500)
Garbage and recycling fees	26,205	28,965	2,760
Board of appeals	2,000	3,450	1,450
	44,520	47,107	2,587
INTERGOVERNMENTAL CHARGES FOR SERVICES			
Town of Mukwonago			
Dispatch service	70,000	57,508	(12,492)
Election expense reimbursement	-	1,508	1,508
Emergency government	775	-	(775)
Dam maintenance	6,929	6,191	(738)
School District - Police service	58,000	27,885	(30,115)
	135,704	93,092	(42,612)
INVESTMENT INCOME			
Interest on investments	15,000	73,711	58,711
OTHER REVENUE			
Revenues from prior years	-	7,625	7,625
Rental income - park	5,100	5,730	630
Sundry income	-	3,897	3,897
	5,100	17,252	12,152
TOTAL REVENUES	3,245,380	3,399,400	154,020

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP) GENERAL FUND For the Year Ended December 31, 2005

	Original & Final Budget	Actual	Variance with Final Budget
CURRENT			
GENERAL GOVERNMENT			
Village board	\$ 38,761	\$ 43,457	\$ (4,696)
Village president	7,751	7,751	-
Judicial	1,670	871	799
Municipal court	20,966	20,143	823
Village clerk - treasurer	228,769	216,175	12,594
Elections	6,051	2,866	3,185
Assessment of property	41,590	29,763	11,827
Village attorney	119,400	82,515	36,885
Village hall	42,438	31,736	10,702
Independent audit	30,500	29,696	804
Property and liability insurance	96,180	86,702	9,478
Total General Government	<u>634,076</u>	<u>551,675</u>	<u>82,401</u>
PUBLIC SAFETY			
Police department	1,693,244	1,774,702	(81,458)
Building inspector	163,200	159,515	3,685
Board of appeals	1,100	767	333
Dam	13,858	12,381	1,477
Emergency government	1,550	-	1,550
Total Public Safety	<u>1,872,952</u>	<u>1,947,365</u>	<u>(74,413)</u>
PUBLIC WORKS			
Street signs	\$ 23,959	\$ 17,464	\$ 6,495
Storm sewers	7,644	7,328	316
Streets and alleys	59,780	26,177	33,603
Ice and snow control	131,036	137,637	(6,601)
Tree and brush control	10,406	9,301	1,105
Street cleaning	12,566	14,811	(2,245)
Bridge and culverts	1,963	1,101	862
Curb and gutters	12,082	389	11,693
Street lighting	54,600	82,794	(28,194)
Machinery operation	86,958	102,826	(15,868)
D.P.W. garage	70,020	48,886	21,134
Engineering	26,000	28,790	(2,790)
Vacation	23,079	22,862	217
Holidays	15,409	14,695	714
Sick leave	5,623	10,324	(4,701)
Total Public Works	<u>541,125</u>	<u>525,385</u>	<u>15,740</u>

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP) GENERAL FUND

For the Year Ended December 31, 2005

	Original & Final Budget	Actual	Variance with Final Budget
CURRENT (continued)			
HEALTH AND SANITATION			
Animal pound	2,600	2,420	180
Garbage collection	9,019	8,146	873
Total Health and Sanitation	11,619	10,566	1,053
CULTURE, RECREATION AND EDUCATION			
Parks	117,541	108,586	8,955
Celebrations	5,602	4,604	998
Museum	17,458	16,748	710
Total Culture, Recreation and Education	140,601	129,938	10,663
CONSERVATION AND DEVELOPMENT			
Forestry	751	6	745
Weed control	1,511	1,318	193
Planning commission	27,400	24,487	2,913
Total Conservation and Development	29,662	25,811	3,851
TOTAL EXPENDITURES	3,230,035	3,190,740	39,295
Excess (deficiency) of revenues over expenditures	15,345	208,660	193,315
OTHER FINANCING SOURCES (USES)			
Transfers in	2,000	37,834	35,834
Transfers out	(17,345)	(124,095)	(106,750)
Proceeds on the sale of capital assets	-	7,333	7,333
Total Other Financing Sources (Uses)	(15,345)	(78,928)	(63,583)
Net Change in Fund Balance	\$ -	129,732	\$ 129,732
FUND BALANCE - Beginning of Year		1,353,310	
FUND BALANCE - END OF YEAR		\$ 1,483,042	

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL LIBRARY FUND

For the Year Ended December 31, 2005

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 343,085	\$ 343,085	\$ -
Intergovernmental	351,604	351,604	-
Public charges for services	31,250	33,887	2,637
Investment income	2,000	8,643	6,643
Total Revenues	<u>727,939</u>	<u>737,219</u>	<u>9,280</u>
EXPENDITURES			
Current			
Culture, recreation and education	645,689	622,316	23,373
Capital Outlay	<u>82,250</u>	<u>85,426</u>	<u>(3,176)</u>
Total Expenditures	<u>727,939</u>	<u>707,742</u>	<u>20,197</u>
Net Change in Fund Balance	<u>\$ -</u>	29,477	<u>\$ 29,477</u>
FUND BALANCE - Beginning of Year		<u>85,975</u>	
FUND BALANCE - END OF YEAR		<u>\$ 115,452</u>	

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL RECYCLING FUND

For the Year Ended December 31, 2005

	Original & Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 387,383	\$ 387,383	\$ -
Intergovernmental	29,000	28,740	(260)
Public charges for services	34,404	37,024	2,620
Investment income	2,500	10,574	8,074
Total Revenues	453,287	463,721	10,434
EXPENDITURES			
Current			
Health and sanitation	453,287	455,388	(2,101)
Net Change in Fund Balance	\$ -	8,333	\$ 8,333
FUND BALANCE - Beginning of Year		47,195	
FUND BALANCE - END OF YEAR		\$ 55,528	

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL REVOLVING LOAN FUND For the Year Ended December 31, 2005

	Original & Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment income	\$ 2,150	\$ 3,954	\$ 1,804
EXPENDITURES			
Current			
Conservation and development	150	-	150
Excess (deficiency) of revenues over expenditures	2,000	3,954	1,654
OTHER FINANCING SOURCES (USES)			
Transfers out	(2,000)	(2,000)	-
Net Change in Fund Balance	\$ -	1,954	\$ 1,954
FUND BALANCE - Beginning of Year		62,444	
FUND BALANCE - END OF YEAR		\$ 64,398	

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL PARK LAND SITE FUND For the Year Ended December 31, 2005

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ -	\$ 25,000	\$ 25,000
Investment income	400	3,777	3,377
Other revenues	<u>5,500</u>	<u>38,001</u>	<u>32,501</u>
Total Revenues	<u>5,900</u>	<u>66,778</u>	<u>60,878</u>
EXPENDITURES			
Current			
Conservation and development	40,000	10,743	29,257
Capital Outlay	<u>25,000</u>	<u>28,661</u>	<u>(3,661)</u>
Total Expenditures	<u>65,000</u>	<u>39,404</u>	<u>25,596</u>
Net Change in Fund Balance	<u>\$ (59,100)</u>	27,374	<u>\$ 86,474</u>
FUND BALANCE - Beginning of Year		<u>86,268</u>	
FUND BALANCE - END OF YEAR		<u>\$ 113,642</u>	

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL IMPACT FEE FUND

For the Year Ended December 31, 2005

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Licenses and permits	\$ 340,000	\$ 295,936	\$ (44,064)
Investment income	10,000	27,374	17,374
Total Revenues	350,000	323,310	(26,690)
EXPENDITURES			
Capital Outlay	350,000	-	350,000
Net Change in Fund Balance	<u>\$ -</u>	323,310	<u>\$ 323,310</u>
FUND BALANCE - Beginning of Year		<u>633,721</u>	
FUND BALANCE - END OF YEAR		<u>\$ 957,031</u>	

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL MUSEUM DONATION FUND For the Year Ended December 31, 2005

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ -	\$ 39	\$ 39
Other revenues	<u>10,000</u>	<u>11,929</u>	<u>1,929</u>
Total Revenues	10,000	11,968	1,968
EXPENDITURES			
Capital Outlay	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net Change in Fund Balance	<u>\$ -</u>	11,968	<u>\$ 11,968</u>
FUND BALANCE - Beginning of Year		<u>5,415</u>	
FUND BALANCE - END OF YEAR		<u>\$ 17,383</u>	

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FIRE AND AMBULANCE FUND For the Year Ended December 31, 2005

	Original & Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 65,871	\$ 65,871	\$ -
Public charges for services	213,000	224,478	11,478
Intergovernmental	167,830	167,830	-
Intergovernmental charges for services	293,770	302,907	9,137
Investment income	800	3,561	2,761
Other revenues	14,100	19,654	5,554
Total Revenues	755,371	784,301	28,930
EXPENDITURES			
Current			
Public safety	587,541	601,083	(13,542)
Capital Outlay	167,830	180,708	(12,878)
Total Expenditures	755,371	781,791	(26,420)
Excess (deficiency) of revenues over expenditures	-	2,510	2,510
OTHER FINANCING SOURCES (USES)			
Transfers in	-	30,597	30,597
Transfers out	-	(16,173)	(16,173)
Proceeds on sale of capital assets	-	287	287
Total Other Financing Sources (Uses)	-	14,711	14,711
Net Change in Fund Balance	\$ -	17,221	\$ 17,221
FUND BALANCE - Beginning of Year		-	
FUND BALANCE - END OF YEAR		\$ 17,221	

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE FUND For the Year Ended December 31, 2005

	Original & Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,431,195	\$ 1,431,195	\$ -
Investment income	8,000	31,103	23,103
Total Revenues	<u>1,439,195</u>	<u>1,462,298</u>	<u>23,103</u>
EXPENDITURES			
Debt Service			
Principal	900,000	745,800	154,200
Interest	633,122	710,044	(76,922)
Fees	10,000	122,900	(112,900)
Total Expenditures	<u>1,543,122</u>	<u>1,578,744</u>	<u>(35,622)</u>
Excess (deficiency) of revenues over expenditures	<u>(103,927)</u>	<u>(116,446)</u>	<u>(12,519)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	103,927	256,858	152,931
General obligation debt issued	-	1,229,644	1,229,644
Refunding debt issued	-	4,420,000	4,420,000
Premium on debt issued	-	76,279	76,279
Payment to escrow agent	-	(4,420,000)	(4,420,000)
Total Other Financing Sources (Uses)	<u>103,927</u>	<u>1,562,781</u>	<u>1,458,854</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>1,446,335</u>	<u>\$ 1,446,335</u>
FUND BALANCE (DEFICIT) - Beginning of Year		<u>(591,355)</u>	
FUND BALANCE - END OF YEAR		<u>\$ 854,980</u>	

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TAX INCREMENTAL DISTRICT NO. 3 FUND
For the Year Ended December 31, 2005

	Original & Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 89,659	\$ 89,659	\$ -
Investment income	4,000	33,436	29,436
Other revenues	-	103	103
Total Revenues	93,659	123,198	29,539
EXPENDITURES			
Capital Outlay	595,000	1,063,744	(468,744)
Excess (deficiency) of revenues over expenditures	(501,341)	(940,546)	498,283
OTHER FINANCING SOURCES (USES)			
Transfers out	(44,200)	(132,763)	(88,563)
General obligation debt issued	-	500,000	500,000
Total Other Financing Sources (Uses)	(44,200)	367,237	411,437
Net Change in Fund Balance	\$ (545,541)	(573,309)	\$ (27,768)
FUND BALANCE - Beginning of Year		392,478	
FUND BALANCE (DEFICIT) - END OF YEAR		\$ (180,831)	

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL 2004 GO BOND FUND For the Year Ended December 31, 2005

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 10,000	\$ 99,652	\$ 89,652
EXPENDITURES			
Capital Outlay	<u>140,000</u>	<u>1,342,411</u>	<u>(1,202,411)</u>
Net Change in Fund Balance	<u>\$ (130,000)</u>	<u>(1,242,759)</u>	<u>\$ (1,112,759)</u>
FUND BALANCE - Beginning of Year		<u>3,903,329</u>	
FUND BALANCE - END OF YEAR		<u>\$ 2,660,570</u>	

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CAPITAL PROJECTS FUND For the Year Ended December 31, 2005

	Original & Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 171,169	\$ 171,169	\$ -
Intergovernmental revenue	18,647	-	(18,647)
Intergovernmental charges for services	34,243	33,507	(736)
Investment income	200	2,844	2,644
Other revenues	-	7,904	7,904
Total Revenues	224,259	215,424	(8,835)
EXPENDITURES			
Capital Outlay	324,133	222,167	101,966
Debt Service			
Principal	-	4,986	(4,986)
Interest	-	911	(911)
Total Expenditures	324,133	228,064	96,069
Excess (deficiency) of revenues over expenditures	(99,874)	(12,640)	87,234
OTHER FINANCING SOURCES (USES)			
Transfers in	99,874	96,038	(3,836)
Transfers out	-	(24,000)	(24,000)
General obligation debt issued	-	53,000	53,000
Total Other Financing Sources (Uses)	-	29,000	25,164
Net Change in Fund Balance	\$ -	112,398	\$ 112,398
FUND BALANCE (DEFICIT) - Beginning of Year		(28,525)	
FUND BALANCE - END OF YEAR		\$ 83,873	

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
2001 GO BOND FUND
For the Year Ended December 31, 2005

	Original & Final Budget	Actual	Variance with Final Budget
REVENUES			
Special assessments	\$ -	\$ 5,926	\$ 5,926
Investment income	1,000	14,016	13,016
Other revenues	-	82	82
Total Revenues	1,000	20,024	19,024
EXPENDITURES			
Capital Outlay	22,000	133,175	(111,175)
Excess (deficiency) of revenues over expenditures	(21,000)	(113,151)	130,199
OTHER FINANCING SOURCES			
General obligation debt issued	-	797,356	797,356
Net Change in Fund Balance	\$ (21,000)	684,205	\$ 705,205
FUND BALANCE (DEFICIT) - Beginning of Year		(578,022)	
FUND BALANCE - END OF YEAR		\$ 106,183	

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL ECONOMIC DEVELOPMENT For the Year Ended December 31, 2005

	Original & Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 45,909	\$ 45,909	\$ -
Investment income	-	1,473	1,473
Total Revenues	<u>45,909</u>	<u>47,382</u>	<u>1,473</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(45,909)</u>	<u>(19,661)</u>	<u>26,248</u>
Net Change in Fund Balance	<u>\$ -</u>	27,721	<u>\$ 27,721</u>
FUND BALANCE (DEFICIT) - Beginning of Year		<u>(27,721)</u>	
FUND BALANCE - END OF YEAR		<u>\$ -</u>	

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CAPITAL IMPROVEMENT FUND For the Year Ended December 31, 2005

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 10,000	\$ 23,227	\$ 13,227
EXPENDITURES			
Capital Outlay	<u>1,222,000</u>	<u>769,077</u>	<u>452,923</u>
Net Change in Fund Balance	<u>\$ (1,212,000)</u>	<u>(745,850)</u>	<u>\$ 466,150</u>
FUND BALANCE - Beginning of Year		<u>867,396</u>	
FUND BALANCE - END OF YEAR		<u>\$ 121,546</u>	

This page intentionally blank.

OTHER INFORMATION

VILLAGE OF MUKWONAGO

SCHEDULE OF INSURANCE IN FORCE
ENTERPRISE FUNDS
December 31, 2005

Type of Coverage	Insurer	Expiration Date	Amount
Comprehensive general liability	League of Wisconsin Municipalities Mutual Insurance	1/1/06	\$ 3,000,000
Automobile:	League of Wisconsin Municipalities Mutual Insurance	1/1/06	
Liability			3,000,000
Uninsured motorist			25,000
Underinsured motorist			50,000
Medical			10,000
Workers' compensation	League of Wisconsin Municipalities Mutual Insurance	1/1/06	2,000,000
Personal injury and law enforcement liability	League of Wisconsin Municipalities Mutual Insurance	1/1/06	3,000,000
Medical payments	League of Wisconsin Municipalities Mutual Insurance	1/1/06	10,000
Public officials liability	League of Wisconsin Municipalities Mutual Insurance	1/1/06	3,000,000
Employee Benefits Liability	League of Wisconsin Municipalities Mutual Insurance	1/1/06	3,000,000
Damage to Premises rented to you	League of Wisconsin Municipalities Mutual Insurance	1/1/06	250,000
Auto physical damage endorsement	League of Wisconsin Municipalities Mutual Insurance	1/1/06	467,865
Auto replacement value endorsement	League of Wisconsin Municipalities Mutual Insurance	1/1/06	3,786,976
Commercial Crime Policy	Travelers	Until Cancellation	
Forgery alterations			100,000
Public Emp. Dis. Per loss			100,000

This schedule is intended only as a descriptive summary; no expression of opinion as to the adequacy of coverage is intended. The coverages indicated above are those of the Village of Mukwonago, of which the Sanitary Sewer Utility and Water Utility are Enterprise Funds.

VILLAGE OF MUKWONAGO

STATISTICAL INFORMATION ENTERPRISE FUNDS

For the Year Ended December 31, 2005

	<u>Number of Connections</u>
Water and Sewer Utility connections at December 31, 2005	
Type of customer	
Residential	1,986
Commercial	272
Public authority	47
Industrial	<u>22</u>
	<u>2,327</u>
	<u>Thousand gallons (000 omitted)</u>
Water usage in 2005 as basis for water and sewer service charges	
Type of Customer	
Residential	120,801
Commercial	62,524
Industrial	18,314
Public authority	<u>9,161</u>
	<u>210,800</u>