

VILLAGE OF MUKWONAGO

Mukwonago, Wisconsin

FINANCIAL STATEMENTS

December 31, 2006

VILLAGE OF MUKWONAGO

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Mukwonago
Mukwonago, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mukwonago, Wisconsin, as of and for the year ended December 31, 2006, 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, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

To the Village Board
Village of Mukwonago

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

Vinbow, Kraus & Company, LLP

Milwaukee, Wisconsin
October 8, 2007

BASIC FINANCIAL STATEMENTS

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VILLAGE OF MUKWONAGO

STATEMENT OF NET ASSETS December 31, 2006

	Governmental Activites	Business- Type Activities	Totals
ASSETS			
Cash and investments	\$ 7,351,308	\$ 3,699,954	\$ 11,051,262
Receivables (net)			
Taxes receivable	5,017,557	94,736	5,112,293
Accounts	161,352	566,166	727,518
Special assessments	97,809	1,120,376	1,218,185
Due from other governmental units	6,939	-	6,939
Internal balances	95,535	(95,535)	-
Inventories and prepaid items	46,041	24,704	70,745
Unamortized debt issuance expense	221,954	179,411	401,365
Restricted assets			
Cash and investments	1,202,161	5,739,747	6,941,908
Accounts receivable	7,137	-	7,137
Capital assets (net of accumulated depreciation)			
Land	904,500	324,285	1,228,785
Construction in progress	4,571,439	3,542,107	8,113,546
Other capital assets, net of depreciation	<u>13,834,371</u>	<u>24,003,576</u>	<u>37,837,947</u>
Total Assets	<u>33,518,103</u>	<u>39,199,527</u>	<u>72,717,630</u>
LIABILITIES			
Accounts payable and accrued expenses	1,268,981	323,878	1,592,859
Unearned revenue	5,001,762	506,529	5,508,291
Noncurrent liabilities			
Due within one year	1,816,471	452,450	2,268,921
Due in more than one year	<u>22,615,311</u>	<u>17,677,857</u>	<u>40,293,168</u>
Total Liabilities	<u>30,702,525</u>	<u>18,960,714</u>	<u>49,663,239</u>
NET ASSETS			
Invested in capital assets, net of related debt	(401,392)	11,038,510	10,637,118
Restricted for			
Debt service	398,452	4,679,042	5,077,494
Impact fees	1,201,661	-	1,201,661
Equipment replacement	-	274,883	274,883
Unrestricted	<u>1,616,857</u>	<u>4,246,378</u>	<u>5,863,235</u>
TOTAL NET ASSETS	<u>\$ 2,815,578</u>	<u>\$ 20,238,813</u>	<u>\$ 23,054,391</u>

See accompanying notes to financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2006

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 645,059	\$ 135,503	\$ 52,578	\$ 5,750
Public safety	3,109,991	839,195	307,579	33,323
Public works	1,810,359	353,052	516,663	275,950
Health and human services	2,420	108,267	-	-
Culture, education and recreation	878,247	44,505	364,206	106,904
Conservation and development	63,803	-	-	-
Interest and fiscal charges	922,883	-	-	-
Total Governmental Activities	7,432,762	1,480,522	1,241,026	421,927
Business-type Activities				
Water Utility	1,108,827	1,442,732	-	1,613
Sanitary Sewer Utility	1,466,916	1,142,447	-	1,535
Total Business-type Activities	2,575,743	2,585,179	-	3,148
Total Primary Government	\$ 10,008,505	\$ 4,065,701	\$ 1,241,026	\$ 425,075

General Revenues

 Taxes

 Property taxes, levied for general purposes

 Property taxes, levied for debt service

 Property taxes, levied for TIF districts

 Other taxes

 Intergovernmental revenues not restricted to specific programs

 Investment income

 Gain on disposal of assets

 Miscellaneous

 Total General Revenues

Transfers

Change in net assets

NET ASSETS - Beginning of Year (as restated)

NET ASSETS - END OF YEAR

<u>Net (Expenses) Revenues and Changes in Net Assets</u>		
<u>Primary Government</u>		
<u>Governmental</u>	<u>Business-type</u>	<u>Totals</u>
<u>Activities</u>	<u>Activities</u>	
\$ (451,228)	\$ -	\$ (451,228)
(1,929,894)	-	(1,929,894)
(664,694)	-	(664,694)
105,847	-	105,847
(362,632)	-	(362,632)
(63,803)	-	(63,803)
<u>(922,883)</u>	<u>-</u>	<u>(922,883)</u>
<u>(4,289,287)</u>	<u>-</u>	<u>(4,289,287)</u>
-	335,518	335,518
-	<u>(322,934)</u>	<u>(322,934)</u>
-	<u>12,584</u>	<u>12,584</u>
<u>(4,289,287)</u>	<u>12,584</u>	<u>(4,276,703)</u>
2,486,164	-	2,486,164
1,453,759	-	1,453,759
356,390	-	356,390
9,240	-	9,240
484,756	-	484,756
528,225	498,421	1,026,646
38,948	-	38,948
<u>30,384</u>	<u>-</u>	<u>30,384</u>
<u>5,387,866</u>	<u>498,421</u>	<u>5,886,287</u>
<u>136,035</u>	<u>(136,035)</u>	<u>-</u>
1,234,614	374,970	1,609,584
<u>1,580,964</u>	<u>19,863,843</u>	<u>21,444,807</u>
<u>\$ 2,815,578</u>	<u>\$ 20,238,813</u>	<u>\$ 23,054,391</u>

See accompanying notes to financial statements.

VILLAGE OF MUKWONAGO

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2006

	General Fund	Debt Service Fund	2004 GO Bond Fund	Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 1,798,656	\$ 640,612	\$ 3,549,751	\$ 1,362,289
Receivables				
Tax roll receivable	1,607,349	1,841,872	-	1,568,336
Accounts	146,683	-	-	14,669
Special assessments	60,637	-	-	37,172
Due from other governments	6,939	-	-	-
Due from other funds	112,923	-	-	1,719
Prepaid items	34,894	-	-	11,147
Restricted cash and investments	-	-	-	1,202,161
Restricted accounts receivable	-	-	-	7,137
TOTAL ASSETS	<u>\$ 3,768,081</u>	<u>\$ 2,482,484</u>	<u>\$ 3,549,751</u>	<u>\$ 4,204,630</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 143,103	\$ -	\$ 450,067	\$ 131,743
Accrued liabilities	53,841	-	-	31,016
Due to other funds	17,010	-	-	2,097
Deferred revenues	1,653,028	1,841,872	-	1,611,808
Due to other governments	-	-	-	332,051
Total Liabilities	<u>1,866,982</u>	<u>1,841,872</u>	<u>450,067</u>	<u>2,108,715</u>
Fund Balances				
Reserved				
Debt service	-	640,612	-	-
Impact fees	-	-	-	1,201,661
Unreserved, reported in:				
General fund designated	750,000	-	-	-
General fund undesignated	1,151,099	-	-	-
Special revenue funds undesignated	-	-	-	764,036
Capital projects funds undesignated	-	-	3,099,684	130,218
Total Fund Balances	<u>1,901,099</u>	<u>640,612</u>	<u>3,099,684</u>	<u>2,095,915</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,768,081</u>	<u>\$ 2,482,484</u>	<u>\$ 3,549,751</u>	<u>\$ 4,204,630</u>

See accompanying notes to financial statements.

Totals
\$ 7,351,308
5,017,557
161,352
97,809
6,939
114,642
46,041
1,202,161
7,137
\$ 14,004,946

\$ 724,913
84,857
19,107
5,106,708
332,051
6,267,636

640,612
1,201,661
750,000
1,151,099
764,036
3,229,902
7,737,310

\$ 14,004,946

See accompanying notes to financial statements.

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VILLAGE OF MUKWONAGO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS December 31, 2006

Total Fund Balances - Governmental Funds \$ 7,737,310

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 19,310,310

Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. 104,946

Accrued interest payable (242,160)

Unamortized debt issuance expense 221,954

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 (24,316,782)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 2,815,578

VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2006

	General Fund	Debt Service Fund	2004 GO Bond Fund	Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 1,526,856	\$ 1,453,759	\$ -	\$ 1,332,456
Special assessments	1,051	-	-	11,856
Intergovernmental	1,022,446	-	-	684,140
Licenses and permits	457,756	-	-	334,060
Fines, forfeitures and penalties	112,825	-	-	-
Public charges for services	25,020	-	-	337,757
Intergovernmental charges for services	126,926	-	-	383,457
Investment income	136,323	54,393	196,798	138,433
Miscellaneous	35,219	-	-	139,210
Total Revenues	<u>3,444,422</u>	<u>1,508,152</u>	<u>196,798</u>	<u>3,361,369</u>
EXPENDITURES				
Current				
General government	586,331	-	-	-
Public safety	1,984,491	-	-	713,240
Public works	536,024	-	-	485,686
Health and human services	12,000	-	-	-
Culture, recreation and education	112,236	-	-	652,976
Conservation and development	20,558	-	-	15,839
Capital Outlay	25,688	-	2,542,162	778,528
Debt Service				
Principal	-	1,133,170	-	5,273
Interest and fiscal charges	-	625,274	40,522	177,749
Total Expenditures	<u>3,277,328</u>	<u>1,758,444</u>	<u>2,582,684</u>	<u>2,829,291</u>
Excess (deficiency) of revenues over expenditures	<u>167,094</u>	<u>(250,292)</u>	<u>(2,385,886)</u>	<u>532,078</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	2,825,000	-
Transfers in	243,272	35,924	-	20,000
Transfers out	-	-	-	(163,161)
Sales of fixed assets	7,691	-	-	31,257
Total Other Financing Sources (Uses)	<u>250,963</u>	<u>35,924</u>	<u>2,825,000</u>	<u>(111,904)</u>
Net Change in Fund Balances	418,057	(214,368)	439,114	420,174
FUND BALANCES - Beginning of Year	<u>1,483,042</u>	<u>854,980</u>	<u>2,660,570</u>	<u>1,675,741</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,901,099</u>	<u>\$ 640,612</u>	<u>\$ 3,099,684</u>	<u>\$ 2,095,915</u>

See accompanying notes to financial statements.

Totals

\$ 4,313,071
12,907
1,706,586
791,816
112,825
362,777

510,383
525,947
174,429

8,510,741

586,331
2,697,731
1,021,710
12,000

765,212

36,397
3,346,378

1,138,443
843,545

10,447,747

(1,937,006)

2,825,000
299,196
(163,161)

38,948

2,999,983
1,062,977

6,674,333

\$ 7,737,310

See accompanying notes to financial statements.

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VILLAGE OF MUKWONAGO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2006

Net change in fund balances - total governmental funds	\$ 1,062,977
Amounts reported for governmental activities in the statement of net assets 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 financial statements	3,346,378
Some items reported as capital outlay were not capitalized	(667,437)
Depreciation is reported in the government-wide statements	(692,701)
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.	
Special assessments	(18,348)
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	(2,825,000)
Principal repaid	1,138,443
Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net assets, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	
Debt discount and issuance costs	40,522
Amortization	(63,675)
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	(30,360)
Accrued interest on debt	(56,185)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,234,614</u>

See accompanying notes to financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2006

ASSETS	Business-type Activities - Enterprise Funds		Totals
	Water Utility	Sanitary Sewer Utility	
CURRENT ASSETS			
Cash and investments	\$ 73,180	\$ 3,626,774	\$ 3,699,954
Accounts	333,698	232,468	566,166
Taxes receivable	49,211	45,525	94,736
Inventories	19,410	-	19,410
Prepaid items	2,418	2,876	5,294
Due from other funds	42,751	8,195	50,946
Total Current Assets	520,668	3,915,838	4,436,506
NONCURRENT ASSETS			
Restricted Assets			
Cash and investments	2,138,527	3,601,220	5,739,747
Capital Assets			
Land	306,467	17,818	324,285
Construction in progress	2,340,203	1,201,904	3,542,107
Capital assets being depreciated	15,050,958	17,394,227	32,445,185
Less: Accumulated depreciation	(2,727,759)	(5,713,850)	(8,441,609)
Other Assets			
Special assessments	367,877	752,499	1,120,376
Unamortized debt issuance expenses	66,882	112,529	179,411
Total Non-Current Assets	17,543,155	17,366,347	34,909,502
Total Assets	18,063,823	21,282,185	39,346,008

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 66,014	\$ 86,198	\$ 152,212
Accrued liabilities	8,135	6,835	14,970
Accrued interest payable	6,450	590	7,040
Due to other funds	112,426	34,055	146,481
Current portion of long-term debt	123,430	24,158	147,588
Liabilities Payable from Restricted Assets			
Accrued interest payable	44,188	105,468	149,656
Current portion of long-term debt	<u>224,537</u>	<u>80,325</u>	<u>304,862</u>
Total Current Liabilities	<u>585,180</u>	<u>337,629</u>	<u>922,809</u>
NON-CURRENT LIABILITIES			
Long-Term Debt			
Bonds and notes payable	6,565,207	11,000,518	17,565,725
Special deposits	5,120	-	5,120
Deferred revenues	69,408	437,121	506,529
Compensated absences	<u>64,215</u>	<u>42,797</u>	<u>107,012</u>
Total Non-Current Liabilities	<u>6,703,950</u>	<u>11,480,436</u>	<u>18,184,386</u>
Total Liabilities	<u>7,289,130</u>	<u>11,818,065</u>	<u>19,107,195</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,523,626	2,514,884	11,038,510
Restricted for			
Equipment replacement	-	274,883	274,883
Debt service	1,783,633	2,895,409	4,679,042
Unrestricted	<u>467,434</u>	<u>3,778,944</u>	<u>4,246,378</u>
TOTAL NET ASSETS	<u>\$ 10,774,693</u>	<u>\$ 9,464,120</u>	<u>\$ 20,238,813</u>

See accompanying notes to financial statements.

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VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2006

	Business-type Activities - Enterprise Funds		Totals
	Water Utility	Sanitary Sewer Utility	
OPERATING REVENUES	<u>\$ 1,436,889</u>	<u>\$ 1,141,076</u>	<u>\$ 2,577,965</u>
OPERATING EXPENSES			
Operation and maintenance	511,327	594,383	1,105,710
Depreciation	317,625	450,849	768,474
Taxes	<u>14,581</u>	<u>625</u>	<u>15,206</u>
Total Operating Expenses	<u>843,533</u>	<u>1,045,857</u>	<u>1,889,390</u>
Operating Income	<u>593,356</u>	<u>95,219</u>	<u>688,575</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	121,744	376,677	498,421
Miscellaneous	5,843	1,371	7,214
Interest expense	(250,515)	(401,368)	(651,883)
Amortization of issuance costs and discount	<u>(14,779)</u>	<u>(19,691)</u>	<u>(34,470)</u>
Total Nonoperating Revenues (Expenses)	<u>(137,707)</u>	<u>(43,011)</u>	<u>(180,718)</u>
Income Before Contributions and Transfers	<u>455,649</u>	<u>52,208</u>	<u>507,857</u>
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	1,613	1,535	3,148
Transfers in	95,954	6,414	102,368
Transfers out	<u>(235,700)</u>	<u>(2,703)</u>	<u>(238,403)</u>
Total Contributions and Transfers	<u>(138,133)</u>	<u>5,246</u>	<u>(132,887)</u>
Change in net assets	317,516	57,454	374,970
NET ASSETS - Beginning of Year (as restated)	<u>10,457,177</u>	<u>9,406,666</u>	<u>19,863,843</u>
NET ASSETS - END OF YEAR	<u><u>\$ 10,774,693</u></u>	<u><u>\$ 9,464,120</u></u>	<u><u>\$ 20,238,813</u></u>

See accompanying notes to financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2006

	Business-type Activites - Enterprise Funds		Totals
	Water Utility	Sanitary Sewer Utility	
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 1,461,098	\$ 1,066,165	\$ 2,527,263
Paid to suppliers for goods and services	(337,085)	(397,113)	(734,198)
Paid to employees for services	(173,188)	(181,937)	(355,125)
Net Cash Flows From Operating Activities	950,825	487,115	1,437,940
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	121,744	376,677	498,421
Net Cash Flows From Investing Activities	121,744	376,677	498,421
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(123,274)	(2,703)	(125,977)
Net Cash Flows From Noncapital Financing Activities	(123,274)	(2,703)	(125,977)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	832,590	2,067,410	2,900,000
Debt retired	(492,817)	(109,421)	(602,238)
Interest paid	(242,083)	(371,784)	(613,867)
Debt issuance costs	(9,017)	(22,389)	(31,406)
Special assessments received	1,092,663	1,210,082	2,302,745
Acquisition and construction of capital assets	(1,072,336)	(569,777)	(1,642,113)
Contributions received	97,567	7,949	105,516
Net Cash Flows From Capital and Related Financing Activities	206,567	2,212,070	2,418,637
Net Increase in Cash and Cash Equivalents	1,155,862	3,073,159	4,229,021
CASH AND CASH EQUIVALENTS - Beginning of Year	1,055,845	4,154,835	5,210,680
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,211,707	\$ 7,227,994	\$ 9,439,701

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		Totals
	Water Utility	Sanitary Sewer Utility	
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 593,356	\$ 95,219	\$ 688,575
Nonoperating revenue	5,843	1,371	7,214
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	317,625	450,849	768,474
Depreciation charged to other funds	11,517	(11,517)	-
Changes in assets and liabilities			
Accounts and taxes receivable	16,250	(56,570)	(40,320)
Inventory	3,391	-	3,391
Prepaid items	(2,418)	(2,876)	(5,294)
Due to other funds	(9,401)	(8,195)	(17,596)
Accounts payable	12,754	35,674	48,428
Due to other funds	(3,331)	(13,573)	(16,904)
Compensated absences	4,016	(1,855)	2,161
Accrued liabilities	1,223	(1,412)	(189)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 950,825</u>	<u>\$ 487,115</u>	<u>\$ 1,437,940</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS			
Cash and investments - statment of net assets	\$ 73,180	\$ 3,626,774	\$ 3,699,954
Restricted cash and investments - statement of net assets	<u>2,138,527</u>	<u>3,601,220</u>	<u>5,739,747</u>
CASH AND CASH EQUIVALENTS	<u>\$ 2,211,707</u>	<u>\$ 7,227,994</u>	<u>\$ 9,439,701</u>

See accompanying notes to financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 December 31, 2006

	Private Purpose Trust Library Trust Fund	Agency Fund Tax Escrow Fund
ASSETS		
Cash and investments	\$ 27,807	\$ 5,015,492
Taxes receivable	-	1,957,511
Accounts receivable	-	625
Total Assets	27,807	6,973,628
LIABILITIES		
Accounts payable	-	10,675
Due to other taxing units	-	6,964,393
Total Liabilities	-	6,975,068
NET ASSETS		
Held in trust for library	27,807	-
TOTAL NET ASSETS	\$ 27,807	\$ -

VILLAGE OF MUKWONAGO

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

For the Year Ended December 31, 2006

	<u>Private Purpose Trust</u>
ADDITIONS	
Investment income	\$ 1,114
Total Additions	<u>1,114</u>
Change in Net Assets	1,114
NET ASSETS - Beginning of Year	<u>26,693</u>
NET ASSETS - END OF YEAR	<u>\$ 27,807</u>

VILLAGE OF MUKWONAGO

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VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Mukwonago, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

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 for 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. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from 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, 2006

NOTE 1 - 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 enterprise fund that the village believes is particularly important to financial statement users may be reported as a major fund.

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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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: (cont.)

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.

The village reports the following major enterprise funds:

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

Water Utility - accounts for operations of the water 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
Stormwater	

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	Capital Improvement
Tax Incremental District No. 3	

In addition, the village reports the following fund types:

Private-purpose trust 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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

Fund Financial Statements (cont.)

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.

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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

Fund Financial Statements (cont.)

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.

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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

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 Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. 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.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The village has not adopted an investment policy.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

1. Deposits and Investments (cont.)

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, 2006, 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, 2006, the fair value of the WIT's assets was substantially equal to the village's share as reported in these statements.

See Note III. 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 statement of fiduciary net assets.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

2. Receivables (cont.)

Property tax calendar - 2006 tax roll:

Lien date and levy date	December 2006
Tax bills mailed	December 2006
Payment in full, or	January 31, 2007
First installment due	January 31, 2007
Second installment due	April 30, 2006
Third installment due	July 31, 2006
Personal property taxes in full	January 31, 2007
Tax sale - 2006 delinquent real estate taxes	October 2009

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".

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/or for operation and maintenance work. They are not for resale.

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.

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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. 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, as of December 31, 2006, the village has retroactively reported streets and storm sewer 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. \$ 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:

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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

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 and proprietary 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 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, 2006 are determined on the basis of current salary rates and include salary related payments.

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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

8. Long-Term Obligations/Conduit Debt (cont.)

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. At year end, the aggregate principal amount for the 2004 series outstanding could not be determined; however, their original issue amounts totaled \$7,750,000.

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 (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- 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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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

10. Equity Classifications (cont.)

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 \$27,807 was available for the library for the year ended December 31, 2006.

NOTE II - 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.

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, 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.

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.

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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Fire and Ambulance Special Revenue Fund	\$ 696,696	\$ 719,716	\$ 23,020
Museum Donations Special Revenue Fund	10,030	20,149	10,119
Recycling Special Revenue Fund	480,323	481,168	845
2001 GO Bond Capital Projects Fund	110,000	118,974	8,974

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. LIMITATIONS ON THE Village's 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 III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of in this pool is displayed on the statement of net assets and balance sheet as cash and investments. In addition, investments are separately held by several of the village's funds.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

	Carrying Value	Statement Balance	Associated Risks
Deposits	\$10,799,819	\$10,836,972	Custodial Credit Risk
WIT	474,448	474,448	Credit Risk, Interest Rate Risk
LGIP	11,761,952	11,761,952	Credit Risk, Interest Rate Risk
Petty cash	250	-	N/A
 Total Deposits and Investments	 <u>\$23,036,469</u>	 <u>\$23,073,372</u>	
 Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$11,051,262		
Restricted cash and investments	6,941,908		
Per statement of net assets- fiduciary funds			
Private purpose trust	27,807		
Agency	5,015,492		
 Total Deposits and Investments	 <u>\$23,036,469</u>		

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 custodial credit risk.

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.

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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Deposits (cont.)

As of December 31, 2006 \$10,482,239 of the village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 10,482,239</u>
Total	<u><u>\$ 10,482,239</u></u>

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 Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The village held investments in the following external pools which are not rated:

As of December 31, 2006, the village has \$ 11,761,952 invested in the LGIP. This pool is unrated and had an average weighted maturity date of 27 days at year end, but funds are due to the village on demand.

As of December 31, 2006, the village has \$ 474,448 invested in the WIT. This pool is unrated and had an average weighted maturity date of 657 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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

B. RECEIVABLES (cont.)

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	\$ -	\$ 5,001,762	\$ 5,001,762
Special assessments not yet due	97,809	-	97,809
Impact fees on installment plan	7,137	-	7,137
Total Deferred/Unearned Revenue for Governmental Funds	\$ 104,946	\$ 5,001,762	\$ 5,106,708

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 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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets at December 31, 2006:

	Restricted Assets
Water redemption fund	\$ 1,834,271
Water reserve	304,256
Sewer redemption	3,001,467
Sewer reserve	324,870
Impact fee	1,202,161
Equipment replacement	274,883
Total Restricted Assets	\$ 6,941,908

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 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	2,396,452	-	4,571,439
Total Capital Assets Not Being Depreciated	3,079,487	2,396,452	-	5,475,939
Capital assets being depreciated				
Land improvements	96,345	-	-	96,345
Buildings	5,743,677	-	-	5,743,677
Machinery and equipment	2,632,092	200,153	111,402	2,720,843
Streets	8,019,715	-	-	8,019,715
Storm sewers	1,862,179	-	-	1,862,179
Library collection	615,493	82,336	-	697,829
Total Capital Assets Being Depreciated	18,969,501	282,489	111,402	19,140,588
Total Capital Assets	22,048,988	2,678,941	111,402	24,616,527

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Land improvements	(48,173)	(2,427)	-	(50,600)
Buildings	(603,875)	(114,873)	-	(718,748)
Machinery and equipment	(1,137,271)	(177,893)	111,402	(1,203,762)
Streets	(2,726,907)	(324,393)	-	(3,051,300)
Storm sewers	(69,557)	(37,346)	-	(106,903)
Library collection	(139,135)	(35,769)	-	(174,904)
Total Accumulated Depreciation	(4,724,918)	(692,701)	111,402	(5,306,217)
Net Capital Assets Being Depreciated	23,694,419	975,190	-	13,834,371
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 26,773,906	\$ 3,371,642	\$ -	\$ 19,310,310

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 39,833
Public safety	190,069
Public works, which includes the depreciation of infrastructure	390,615
Culture, recreation and education	72,184
Total Governmental Activities Depreciation Expense	\$ 692,701

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Sanitary Sewer				
Capital assets not being depreciated				
Land and land rights	\$ 17,818	\$ -	\$ -	\$ 17,818
Construction in progress	1,524,627	626,075	948,798	1,201,904
Total Capital Assets Not Being Depreciated	1,542,445	626,075	948,798	1,219,722

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

D. CAPITAL ASSETS (cont.)

Business-type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Sanitary Sewer (cont.)</u>				
Capital assets being depreciated				
Buildings and improvements	15,870,656	325,339	-	16,195,995
Machinery and equipment	<u>552,988</u>	<u>645,244</u>	-	<u>1,198,232</u>
Total Capital Assets Being Depreciated	<u>16,423,644</u>	<u>970,583</u>	-	<u>17,394,227</u>
Total Capital Assets	<u>17,966,089</u>	<u>1,596,658</u>	<u>948,798</u>	<u>18,613,949</u>
Less: Accumulated Depreciation for				
Buildings and improvements	(4,993,297)	(363,871)	-	(5,357,168)
Machinery and equipment	<u>(281,221)</u>	<u>(75,461)</u>	-	<u>(356,682)</u>
Total Accumulated Depreciation	<u>(5,274,518)</u>	<u>(439,332)</u>	-	<u>(5,713,850)</u>
Net Capital Assets Being Depreciated	<u>21,698,162</u>	<u>1,409,915</u>	-	<u>11,680,377</u>
Net Sanitary Sewer Plant	<u>\$ 23,240,607</u>	<u>\$ 2,035,990</u>	<u>\$ 948,798</u>	<u>\$ 12,900,099</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 306,467	\$ -	\$ -	\$ 306,467
Construction in progress	<u>1,032,893</u>	<u>1,309,874</u>	<u>2,564</u>	<u>2,340,203</u>
Total Capital Assets Not Being Depreciated	<u>1,339,360</u>	<u>1,309,874</u>	<u>2,564</u>	<u>2,646,670</u>
Capital assets being depreciated				
Buildings and improvements	13,530,140	-	-	13,530,140
Machinery and equipment	<u>1,496,376</u>	<u>26,135</u>	<u>1,693</u>	<u>1,520,818</u>
Total Capital Assets Being Depreciated	<u>15,026,516</u>	<u>26,135</u>	<u>1,693</u>	<u>15,050,958</u>
Total Capital Assets	<u>16,365,876</u>	<u>1,336,009</u>	<u>4,257</u>	<u>17,697,628</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water (cont.)</u>				
Less: Accumulated depreciation for				
Buildings and improvements	(1,783,214)	(238,166)	-	(2,021,380)
Machinery and equipment	(617,096)	(90,976)	1,693	(706,379)
Total Accumulated Depreciation	(2,400,310)	(329,142)	1,693	(2,727,759)
Net Capital Assets Being Depreciated	17,426,826	355,277	-	12,323,199
Net Water Plant	\$ 18,766,186	\$ 1,665,151	\$ 2,564	\$ 14,969,869
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 42,006,793	\$ 3,701,141	\$ 951,362	\$ 27,869,968

Depreciation expense was charged to functions as follows:

Business-type Activities

Sewer	\$ 450,849
Water	317,625
Total Business-type Activities Depreciation Expense	\$ 768,474

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, 2006

NOTE III - 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	Water Utility	\$ 112,426
	Specific Use Special Revenue Fund	497
General Fund	Library Special Revenue Fund	25
Recycling Special Revenue Fund	Fire and Ambulance Special Revenue Fund	25
Recycling Special Revenue Fund	Fire and Ambulance Special Revenue Fund	1,050
Fire Designated Special Revenue Fund	General fund	619
Fire and Ambulance Special Revenue Fund	General Fund	8,196
Water Utility	Sanitary Sewer Utility	34,055
Water Utility	Impact Fee Special Revenue Fund	500
Sanitary Sewer Utility	General Fund	8,195
Total - Fund Financial Statements		165,588
Less: Fund eliminations		(36,271)
Less: Government-wide eliminations		(33,782)
Total Internal Balances - Government-Wide Statement of Net Assets		\$ 95,535

Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 112,426
Business-type Activities	Governmental Activities	(16,891)
Total Government-wide Financial Statements		\$ 95,535

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, 2006

NOTE III - 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	\$ 235,700	Payment in lieu of taxes
General Fund	Sanitary Sewer Utility	2,703	Payment in lieu of taxes
General Fund	Revolving Loan Special Revenue Fund	2,000	
General Fund	Specific Use Special Revenue Fund	2,869	
Debt Service Fund	Impact Fee Special Revenue Fund	35,924	Debt service
Ambulance Designated Special Revenue Fund	Capital Projects Fund Specific Use Special	10,000	Transfer of donated/designated funds
Capital Projects Fund	Revenue Fund	10,000	
Water Utility	Impact Fee Special Revenue Fund	95,954	Use of impact fees for projects
Sanitary Sewer Utility	Impact Fee Special Revenue Fund	<u>6,414</u>	Use of impact fees for projects
Total - Fund Financial Statements		401,564	
Less: Fund eliminations		(60,793)	
Less: Government-wide eliminations		<u>(204,736)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 136,035</u>	
Fund Transferred To	Fund Transferred From	Amount	
Governmental Activities	Business-type Activities	\$ 238,403	
Business-type Activities	Governmental Activities	<u>(102,368)</u>	
Total Government-wide Financial Statements		<u>\$ 136,035</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, 2006

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

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

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 16,376,100	\$ 2,825,000	\$ 1,133,170	\$ 18,067,930	\$ 1,810,894
Bond anticipation notes	5,450,000	-	-	5,450,000	-
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	107,060	-	31,856	75,204	-
Refundings - Gains/(Losses)	(67,951)	-	(32,580)	(35,371)	-
Sub-totals	<u>21,865,209</u>	<u>2,825,000</u>	<u>1,132,446</u>	<u>23,557,763</u>	<u>1,810,894</u>
Other Liabilities					
Compensated absences	723,082	30,360	-	753,442	-
Capital leases	10,850	-	5,273	5,577	5,577
Due to other governments	115,000	-	-	115,000	-
Total Other Liabilities	<u>848,932</u>	<u>30,360</u>	<u>5,273</u>	<u>874,019</u>	<u>5,577</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 22,714,141</u>	<u>\$ 2,855,360</u>	<u>\$ 1,137,719</u>	<u>\$ 24,431,782</u>	<u>\$ 1,816,471</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 1,609,865	-	\$ 142,908	\$ 1,466,957	\$ 147,588
Revenue bonds	6,271,877	-	289,330	5,982,547	304,862
Bond anticipation notes	7,810,000	2,900,000	170,000	10,540,000	-
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	53,246	-	24,575	28,671	-
Sub-totals	<u>15,744,988</u>	<u>2,900,000</u>	<u>626,813</u>	<u>18,018,175</u>	<u>452,450</u>
Other Liabilities					
Compensated absences	104,851	2,161	-	107,012	-
Special deposits	5,120	-	-	5,120	-
Total Other Liabilities	<u>109,971</u>	<u>2,161</u>	<u>-</u>	<u>112,132</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 15,854,959</u>	<u>\$ 2,902,161</u>	<u>\$ 626,813</u>	<u>\$ 18,130,307</u>	<u>\$ 452,450</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

F. LONG-TERM OBLIGATIONS (cont.)

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.

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, 2006, was \$35,486,565. Total general obligation debt outstanding at year end was \$19,534,887. The village has also reserved \$5,450,000 of its debt limit to provide permanent financing of the outstanding governmental activities bond anticipation notes.

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/06
Governmental Activities					
General Obligation Debt					
Refunding bonds	2/15/1997	4/1/2012	4.1-5.4	\$ 1,490,000	\$ 940,000
Refunding bonds	12/15/2004	4/1/2009	2.8-3.5	3,395,000	2,117,930
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	4,250,000
Promissory notes	8/1/2005	8/1/2015	3.0-4.0	1,550,000	1,450,000
Promissory notes	1/1/2004	12/1/2013	2-3.5	4,025,000	3,525,000
Promissory notes	5/15/2006	10/1/2015	3.75-4.25	2,825,000	<u>2,825,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 18,067,930</u>
	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/06
Business-type Activities					
General Obligation Debt					
Water refunding bonds	12/15/2004	4/1/2009	2.8-3.5	\$ 3,395,000	\$ 92,475
Sewer refunding bonds	12/15/2004	4/1/2009	2.8-3.5	3,395,000	74,594
Water system bonds	11/1/1999	5/1/2018	2.64	1,886,442	<u>1,299,888</u>
Total Business-type Activities General Obligation Debt					<u>\$ 1,466,957</u>

Debt service requirements to maturity are as follows:

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2007	\$ 1,810,894	\$ 743,530	\$ 147,588	\$ 37,374
2008	2,054,432	636,175	151,517	33,058
2009	3,227,604	562,900	155,879	28,820
2010	2,700,000	450,920	101,083	25,382
2011	2,125,000	340,045	103,751	22,678
2012-2016	6,150,000	525,497	561,318	70,267
2017-2018	-	-	245,821	6,532
Totals	<u>\$ 18,067,930</u>	<u>\$ 3,259,067</u>	<u>\$ 1,466,957</u>	<u>\$ 224,111</u>

Governmental Activities 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, 2006 consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/06
<u>Sanitary Sewer Utility</u>					
Revenue Bonds - Sewer	2/15/2002	12/1/2021	3.25-5.00	\$ 6,090,000	\$ 3,236,800
<u>Water Utility</u>					
Revenue Bonds - Water	2/15/2002	12/1/2021	3.25-5.00	\$ 6,090,000	2,203,200
Revenue Bonds - Water	4/29/2002	5/1/2022	2.75	627,355	392,547
Revenue Bonds - Water	9/1/2002	12/1/2007	1.90-3.30	690,000	150,000
Total Business-type Activities Revenue Debt					<u>\$ 5,982,547</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	Principal	Interest
2007	\$ 304,862	\$ 270,804
2008	295,408	259,901
2009	305,969	247,644
2010	321,546	234,947
2011	332,138	221,447
2012-2016	1,920,166	872,309
2017-2021	2,472,622	375,114
2022-	29,836	410
Totals	\$ 5,982,547	\$ 2,482,576

Bond Anticipation Notes

Bond anticipation notes are payable from future debt refundings.

Bond anticipation notes at December 31, 2006 consist of the following:

Governmental Activities Bond Anticipation Notes	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/06
BANS	3/1/2005	3/1/2008	3.25	\$ 5,450,000	\$ 5,450,000
Total Governmental Activities Bond Anticipation Notes					\$ 5,450,000
Business-type Activities Bond Anticipation Notes	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/06
Water Revenue BANS	3/1/2005	3/1/2008	3.30	\$ 1,935,212	\$ 1,935,212
Water Revenue BANS	5/15/06	3/1/2008	4.25	832,590	832,590
Sewer Revenue BANS	3/1/2005	3/1/2008	3.30	5,704,788	5,704,788
Sewer Revenue BANS	5/15/2006	3/1/2008	4.25	2,067,410	2,067,410
Total Business-type Activities Bond Anticipation Notes					\$ 10,540,000

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

F. LONG-TERM OBLIGATIONS (cont.)

Bond Anticipation Notes (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities Bond Anticipation Notes		Business-type Activities Bond Anticipation Notes	
	Principal	Interest	Principal	Interest
2007	\$ -	\$ 177,125	\$ -	\$ 375,370
2008	5,450,000	88,563	10,540,000	187,685
Totals	<u>\$ 5,450,000</u>	<u>\$ 265,688</u>	<u>\$ 10,540,000</u>	<u>\$ 563,055</u>

Capital Leases

Refer to Note III. 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, 2006, are as follows:

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

G. LEASE DISCLOSURES (cont.)

<u>Years</u>	Governmental Activities		
	Principal	Interest	Totals
2007	\$ 5,577	\$ 320	\$ 5,897
Totals	<u>\$ 5,577</u>	<u>\$ 320</u>	<u>\$ 5,897</u>

H. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2006 includes the following:

Governmental Activities

Invested in Capital Assets, Net of Related Debt	
Land	\$ 904,500
Construction in progress	4,571,439
Other capital assets, net of accumulated depreciation	13,834,371
Less: Long-term debt outstanding	(23,563,340)
Plus: Unspent capital related debt proceeds	3,099,684
Plus: Non-capital debt proceeds	530,000
Plus: Unamortized debt issuance expenses	221,954
Total Invested in Capital Assets, Net of Related Debt	(401,392)
Restricted	
Impact fees	1,201,661
Debt service	398,452
Total Restricted	1,600,113
Unrestricted	1,616,857
Total Governmental Activities Net Assets	\$ 2,815,578

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

NOTE III - 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, 2006 include the following:

Reserved Major Funds

Debt Service Funds	
Reserved for debt service	\$ <u>640,612</u>
Total	\$ <u>640,612</u>

Non-Major Funds

Special Revenue Fund	
Impact fees	\$ <u>1,201,661</u>
Total Non-Major Funds	\$ <u>1,201,661</u>

Unreserved (designated)

Major Funds

General fund	
Working capital	\$ <u>750,000</u>
Total	\$ <u>750,000</u>

Unreserved (undesignated) (deficit)

Major Funds

General fund	\$ 1,151,099
2004 GO Bond Capital Projects Fund	<u>3,099,684</u>
Total	\$ <u>4,250,783</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Funds (cont.)

Unreserved (cont.)

Non-Major Funds

Special Revenue Funds

Library Fund	\$	147,858
Recycling Fund		72,495
Revolving Loan Fund		69,902
Park Land Site Fund		155,414
Fire Designated Fund		94,723
Ambulance Designated Fund		53,963
Museum Donations Fund		5,352
Fire and Ambulance Fund		35,790
Specific Use Fund		125,364
Stormwater Fund		<u>3,175</u>

Total	\$	<u>764,036</u>
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Capital Projects Funds

Capital Projects Fund	\$	118,597
Library Building Fund		7,476
Tax Incremental District No. 3 Fund		<u>4,145</u>

Total	\$	<u>130,218</u>
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Business-type Activities

Invested in capital assets, net of related debt

Land	\$	324,285
Construction in progress		3,542,107
Other capital assets, net of accumulated depreciation		24,003,576
Less: Long-term debt outstanding		(18,018,175)
Plus: Non-capital debt proceeds		1,007,306
Plus: Unamortized debt discount and issuance costs		<u>179,411</u>

Total Invested in Capital Assets, Net of Related Debt		<u>11,038,510</u>
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Restricted

Debt service		4,679,042
Equipment replacement		<u>274,883</u>

Total Restricted		<u>4,953,925</u>
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VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

H. NET ASSETS/FUND BALANCES (cont.) Business-type Activities (cont.)

Unrestricted	<u>4,246,378</u>
Total Business-type Activities Net Assets	<u>\$ 20,238,813</u>

I. RESTATEMENT OF NET ASSETS

Net assets has been restated due to the incorrect classification of certain special assessments.

Business-Type Activities Net Assets - December 31, 2005 (as reported)	\$ 20,011,569
Add: Special assessments currently due incorrectly reported as indefinitely deferred	100,271
Less: Special assessments indefinitely deferred incorrectly reported as currently due	<u>(247,997)</u>
Net Assets - January 01, 2006 (as restated)	<u>\$ 19,863,843</u>
Water Utility Net Assets - December 31, 2005 (as reported)	\$ 10,356,906
Add: Special assessments currently due incorrectly reported as indefinitely deferred	<u>100,271</u>
Net Assets - January 01, 2006 (as restated)	<u>\$ 10,457,177</u>
Sanitary Sewer Utility Net Assets - December 31, 2005 (as reported)	\$ 9,654,663
Less: Special assessments indefinitely deferred incorrectly reported as currently due	<u>(247,997)</u>
Net Assets - January 01, 2006 (as restated)	<u>\$ 9,406,666</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2006

NOTE IV - 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 5.9% of their salary (2.9% for Executives and Elected Officials, 5.0% 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, 2006 was \$2,471,906; the employer's total payroll was \$2,635,775. The total required contribution for the year ended December 31, 2006 was \$303,955 or 12.3 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, 2005 and 2004 were \$285,258 and \$257,404, 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, 2006 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, 2006

NOTE IV - 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.

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REQUIRED SUPPLEMENTARY INFORMATION

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VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the year ended December 31, 2006

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,537,966	\$ 1,526,856	\$ (11,110)
Special assessments	128	1,051	923
Intergovernmental	1,001,027	1,022,446	21,419
Licenses and permits	321,975	457,756	135,781
Fines, forfeitures and penalties	108,500	112,825	4,325
Public charges for services	16,930	25,020	8,090
Intergovernmental charges for services	117,680	126,926	9,246
Investment income	50,000	136,323	86,323
Miscellaneous	9,806	35,219	25,413
Total Revenues	<u>3,164,012</u>	<u>3,444,422</u>	<u>280,410</u>
EXPENDITURES			
Current:			
General government	602,557	586,331	16,226
Public safety	2,004,515	1,984,491	20,024
Public works	629,875	536,024	93,851
Health and human services	11,839	12,000	(161)
Culture, recreation and education	144,636	112,236	32,400
Conservation and development	23,590	20,558	3,032
Capital Outlay	<u>-</u>	<u>25,688</u>	<u>(25,688)</u>
Total Expenditures	<u>3,417,012</u>	<u>3,277,328</u>	<u>139,684</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(253,000)</u>	<u>167,094</u>	<u>420,094</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	246,000	243,272	(2,728)
Sales of fixed assets	7,000	7,691	691
Total Other Financing Sources (Uses)	<u>253,000</u>	<u>250,963</u>	<u>(2,037)</u>
Net Change in Fund Balance	-	418,057	418,057
FUND BALANCE - Beginning of Year	<u>1,483,042</u>	<u>1,483,042</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,483,042</u>	<u>\$ 1,901,099</u>	<u>\$ 418,057</u>

See accompanying notes to required supplementary information.

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2006

	Original and Final Budget	Actual	Variance with Final Budget
TAXES			
General property taxes	\$ 1,510,098	\$ 1,510,098	\$ -
Public accommodation (room) taxes	8,000	8,581	581
Interest and penalties on taxes	1,250	7,518	6,268
Other taxes	<u>18,618</u>	<u>659</u>	<u>(17,959)</u>
TOTALS	<u>1,537,966</u>	<u>1,526,856</u>	<u>(11,110)</u>
SPECIAL ASSESSMENTS			
Special assessments	<u>128</u>	<u>1,051</u>	<u>923</u>
TOTALS	<u>128</u>	<u>1,051</u>	<u>923</u>
INTERGOVERNMENTAL			
State shared revenues	463,749	462,847	(902)
Exempt computer aid	20,615	17,248	(3,367)
State aid - law enforcement improvement	-	25,688	25,688
State aid - general transportation aids	<u>516,663</u>	<u>516,663</u>	<u>-</u>
TOTALS	<u>1,001,027</u>	<u>1,022,446</u>	<u>21,419</u>
LICENSES AND PERMITS			
Liquor and malt beverage licenses	10,000	22,877	12,877
Operators' license	3,200	5,075	1,875
Cigarette licenses	1,700	1,700	-
Electrical contractor licenses	4,500	4,740	240
Cable television franchise fees	66,800	79,136	12,336
Bicycle licenses	50	50	-
Dog and cat licenses	3,300	3,185	(115)
Nonbusiness licenses	875	1,410	535
Building permits	124,750	136,885	12,135
Electrical permits	22,700	40,714	18,014
Plumbing permits	21,700	41,623	19,923
Occupancy permits	8,500	18,975	10,475
Heating and air conditioning permits	14,000	27,359	13,359
Other permits	20,400	36,390	15,990
Zoning permits and fees	3,000	9,030	6,030
Plan review fees	15,750	26,947	11,197
Other regulatory permits and fees	<u>750</u>	<u>1,660</u>	<u>910</u>
TOTALS	<u>321,975</u>	<u>457,756</u>	<u>135,781</u>

See accompanying notes to required supplementary information.

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2006

FINES, FORFEITURES AND PENALTIES

Court penalties and costs	\$ 99,500	\$ 105,000	\$ 5,500
Parking violations	<u>9,000</u>	<u>7,825</u>	<u>(1,175)</u>
TOTALS	<u>108,500</u>	<u>112,825</u>	<u>4,325</u>

PUBLIC CHARGES FOR SERVICES

Publication fees	380	495	115
Photocopies	400	52	(348)
Treasurer's fees	4,000	10,424	6,424
Law enforcement fees	7,650	9,188	1,538
Fire protection fees	1,000	961	(39)
Other public charges for services	<u>3,500</u>	<u>3,900</u>	<u>400</u>
TOTALS	<u>16,930</u>	<u>25,020</u>	<u>8,090</u>

INTERGOVERNMENTAL CHARGES FOR SERVICES

Elections	-	7,199	7,199
Dispatch services	59,645	61,200	1,555
Dam maintenance	7,410	6,939	(471)
Emergency government	625	-	(625)
School District - Police services	<u>50,000</u>	<u>51,588</u>	<u>1,588</u>
TOTALS	<u>117,680</u>	<u>126,926</u>	<u>9,246</u>

INVESTMENT INCOME

Investment income	<u>50,000</u>	<u>136,323</u>	<u>86,323</u>
TOTALS	<u>50,000</u>	<u>136,323</u>	<u>86,323</u>

OTHER REVENUE

Rent	5,500	5,335	(165)
Donations	4,306	-	(4,306)
Refund of prior year expenditures	-	89	89
Other miscellaneous	<u>-</u>	<u>29,795</u>	<u>29,795</u>
TOTALS	<u>9,806</u>	<u>35,219</u>	<u>25,413</u>

TOTAL REVENUES	<u><u>\$ 3,164,012</u></u>	<u><u>\$ 3,444,422</u></u>	<u><u>\$ 280,410</u></u>
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See accompanying notes to required supplementary information.

VILLAGE OF MUKWONAGO

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2006

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
CURRENT			
General Government			
Village Board	\$ 39,837	\$ 49,488	\$ (9,651)
Village President	7,751	7,751	-
Judicial	2,270	1,195	1,075
Municipal court	21,409	20,762	647
Village Clerk - Treasurer	234,318	220,178	14,140
Elections	10,252	14,355	(4,103)
Assessment of property	38,446	32,070	6,376
Legal	82,400	76,350	6,050
Village hall	40,879	38,376	2,503
Independent auditing	25,000	33,572	(8,572)
Property and liability insurance	98,995	91,182	7,813
Board of review	1,000	1,052	(52)
Total General Government	<u>602,557</u>	<u>586,331</u>	<u>16,226</u>
Public Safety			
Police	1,813,738	1,807,283	6,455
Building inspection	174,706	163,329	11,377
Emergency government	1,250	-	1,250
Dam	14,821	13,879	942
Total Public Safety	<u>2,004,515</u>	<u>1,984,491</u>	<u>20,024</u>
Public Works			
Engineering	28,000	43,528	(15,528)
Machinery operation and maintenance	97,268	100,708	(3,440)
Garages and sheds	74,987	70,197	4,790
Curb and gutter	12,492	2,297	10,195
Tree and brush removal	10,670	5,586	5,084
Street signs	24,646	15,797	8,849
Bridges, culvers and rivers	2,023	2,313	(290)
Street cleaning	14,537	8,162	6,375
Snow and ice control	144,500	73,021	71,479
Alleys and local purpose roads	77,945	56,443	21,502
Street lighting	87,000	92,093	(5,093)
Storm sewer maintenance	7,664	12,617	(4,953)
Vacations	26,467	27,393	(926)
Holidays	15,880	13,108	2,772
Sick leave	5,796	12,761	(6,965)
Total Public Works	<u>629,875</u>	<u>536,024</u>	<u>93,851</u>
Health and Human Services			
Public health services	9,239	9,580	(341)
Mental health services	2,600	2,420	180
Total Health and Human Services	<u>11,839</u>	<u>12,000</u>	<u>(161)</u>
Culture, Recreation and Education			
Museum	18,806	14,996	3,810
Parks	120,183	93,925	26,258
Celebration and entertainment	5,647	3,315	2,332
Total Culture, Recreation and Education	<u>144,636</u>	<u>112,236</u>	<u>32,400</u>

See accompanying notes to required supplementary information.

VILLAGE OF MUKWONAGO

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2006

	Original And Final Budget	Actual	Variance with Final Budget
Conservation and Development			
Forestry	\$ 765	\$ 5	\$ 760
Weed control	1,525	648	877
Planning Commission	<u>21,300</u>	<u>19,905</u>	<u>1,395</u>
Total Conservation and Development	<u>\$ 23,590</u>	<u>20,558</u>	<u>3,032</u>
TOTALS	<u>3,417,012</u>	<u>3,251,640</u>	<u>165,372</u>
CAPITAL OUTLAY			
Capital Outlay			
Capital Outlay	-	<u>25,688</u>	<u>(25,688)</u>
Total Capital Outlay	-	<u>25,688</u>	<u>(25,688)</u>
TOTAL EXPENDITURES	<u>\$ 3,417,012</u>	<u>\$ 3,277,328</u>	<u>\$ 139,684</u>

VILLAGE OF MUKWONAGO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2006

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.

SUPPLEMENTARY INFORMATION

VILLAGE OF MUKWONAGO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2006

	Special Revenue Fund				
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund	Impact Fee Fund
ASSETS					
Cash and investments	\$ 157,500	\$ 107,037	\$ 184,902	\$ 157,865	\$ -
Receivables					
Taxes	351,401	382,966	-	-	-
Accounts	-	45	-	-	-
Special assessments	-	-	-	-	-
Inventories and prepayments	6,149	773	-	-	-
Due from other funds	-	50	-	-	-
Restricted cash and investments	-	-	-	-	1,202,161
Restricted accounts receivable	-	-	-	-	7,137
TOTAL ASSETS	<u>\$ 515,050</u>	<u>\$ 490,871</u>	<u>\$ 184,902</u>	<u>\$ 157,865</u>	<u>\$ 1,209,298</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	3,216	35,480	-	2,451	-
Accrued liabilities	12,550	758	-	-	-
Due to other governments	-	-	115,000	-	-
Deferred revenues	351,401	382,138	-	-	7,137
Due to other funds	25	-	-	-	500
Total Liabilities	<u>367,192</u>	<u>418,376</u>	<u>115,000</u>	<u>2,451</u>	<u>7,637</u>
Fund Balances					
Reserved for					
Impact fees	-	-	-	-	1,201,661
Unreserved - Undesignated	147,858	72,495	69,902	155,414	-
Total Fund Balances	<u>147,858</u>	<u>72,495</u>	<u>69,902</u>	<u>155,414</u>	<u>1,201,661</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 515,050</u>	<u>\$ 490,871</u>	<u>\$ 184,902</u>	<u>\$ 157,865</u>	<u>\$ 1,209,298</u>

Special Revenue Fund:

Fire Designated Fund	Ambulance Designated Fund	Museum Donations Fund	Fire and Ambulance Fund	Specific Use Fund	Stormwater Fund
\$ 93,673	\$ 53,963	\$ 5,352	\$ 276,147	\$ 125,861	\$ 2,656
-	-	-	81,632	-	10
-	-	-	1,665	-	2,983
-	-	-	-	-	-
1,050	-	-	4,206	-	19
-	-	-	619	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 94,723</u>	<u>\$ 53,963</u>	<u>\$ 5,352</u>	<u>\$ 364,269</u>	<u>\$ 125,861</u>	<u>\$ 5,668</u>
-	-	-	11,034	-	2,471
-	-	-	17,687	-	21
-	-	-	217,051	-	-
-	-	-	81,632	-	1
-	-	-	1,075	497	-
-	-	-	<u>328,479</u>	<u>497</u>	<u>2,493</u>
-	-	-	-	-	-
<u>94,723</u>	<u>53,963</u>	<u>5,352</u>	<u>35,790</u>	<u>125,364</u>	<u>3,175</u>
<u>94,723</u>	<u>53,963</u>	<u>5,352</u>	<u>35,790</u>	<u>125,364</u>	<u>3,175</u>
<u>\$ 94,723</u>	<u>\$ 53,963</u>	<u>\$ 5,352</u>	<u>\$ 364,269</u>	<u>\$ 125,861</u>	<u>\$ 5,668</u>

VILLAGE OF MUKWONAGO

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS December 31, 2006

	Capital Projects Fund				
	Capital Projects Fund	2001 GO Bond Fund	Library Building Fund	Capital Improvements Fund	Tax Incremental District No. 3
ASSETS					
Cash and investments	\$ 185,212	\$ -	\$ 7,476	\$ -	\$ 4,645
Receivables					
Taxes	71,776	5,329	-	-	675,222
Accounts	9,976	-	-	-	-
Special assessments	-	37,172	-	-	-
Inventories and prepayments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-
Restricted accounts receivable	-	-	-	-	-
TOTAL ASSETS	<u>\$ 266,964</u>	<u>\$ 42,501</u>	<u>\$ 7,476</u>	<u>\$ -</u>	<u>\$ 679,867</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	76,591	-	-	-	500
Accrued liabilities	-	-	-	-	-
Due to other governments	-	-	-	-	-
Deferred revenues	71,776	42,501	-	-	675,222
Due to other funds	-	-	-	-	-
Total Liabilities	<u>148,367</u>	<u>42,501</u>	<u>-</u>	<u>-</u>	<u>675,722</u>
Fund Balances					
Reserved for					
Impact fees	-	-	-	-	-
Unreserved - Undesignated	118,597	-	7,476	-	4,145
Total Fund Balances	<u>118,597</u>	<u>-</u>	<u>7,476</u>	<u>-</u>	<u>4,145</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 266,964</u>	<u>\$ 42,501</u>	<u>\$ 7,476</u>	<u>\$ -</u>	<u>\$ 679,867</u>

Total
Nonmajor
Governmental
Funds

\$ 1,362,289

1,568,336

14,669

37,172

11,147

1,719

1,202,161

7,137

\$ 4,204,630

131,743

31,016

332,051

1,611,808

2,097

2,108,715

1,201,661

894,254

2,095,915

\$ 4,204,630

VILLAGE OF MUKWONAGO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2006

	Special Revenue Fund			
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund
Revenues				
Taxes	\$ 355,910	\$ 376,208	\$ -	\$ -
Intergovernmental	364,156	28,732	-	-
Licenses and permits	-	-	-	-
Public charges for services	39,670	79,535	-	-
Intergovernmental charges for services	-	-	-	-
Special assessments	-	-	-	-
Investment income	10,455	13,660	7,504	7,261
Miscellaneous	-	-	-	63,392
Total revenues	770,191	498,135	7,504	70,653
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	-	481,168	-	-
Culture, recreation and education	652,976	-	-	-
Conservation and development	-	-	-	15,839
Capital Outlay	84,809	-	-	13,042
Debt Service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	737,785	481,168	-	28,881
Excess (deficiency) of revenues over expenditures	32,406	16,967	7,504	41,772
Other financing SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(2,000)	-
Sales of fixed assets	-	-	-	-
Total other financing Sources (Uses)	-	-	(2,000)	-
Net change in fund balance	32,406	16,967	5,504	41,772
FUND BALANCE - BEGINNING OF YEAR	115,452	55,528	64,398	113,642
FUND BALANCE - END OF YEAR	\$ 147,858	\$ 72,495	\$ 69,902	\$ 155,414

Special Revenue Fund

Impact Fee Fund	Fire Designated Fund	Ambulance Designated Fund	Museum Donations Fund	Fire and Ambulance Fund	Specific Use Fund	Stormwater Fund
\$ -	\$ -	\$ -	\$ -	\$ 97,498	\$ -	\$ -
-	21,809	-	-	13,036	-	-
334,060	-	-	-	-	-	-
-	-	-	-	210,900	-	7,652
-	-	-	-	366,254	-	-
-	-	-	-	-	-	-
48,862	3,479	2,051	28	5,240	13	41
-	1,050	-	8,090	14,100	52,578	-
<u>382,922</u>	<u>26,338</u>	<u>2,051</u>	<u>8,118</u>	<u>707,028</u>	<u>52,591</u>	<u>7,693</u>
-	-	-	-	713,240	-	-
-	-	-	-	-	-	4,518
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	20,149	6,476	987	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	<u>20,149</u>	<u>719,716</u>	<u>987</u>	<u>4,518</u>
<u>382,922</u>	<u>26,338</u>	<u>2,051</u>	<u>(12,031)</u>	<u>(12,688)</u>	<u>51,604</u>	<u>3,175</u>
-	-	10,000	-	-	-	-
(138,292)	-	-	-	-	(12,869)	-
-	-	-	-	31,257	-	-
<u>(138,292)</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>31,257</u>	<u>(12,869)</u>	<u>-</u>
244,630	26,338	12,051	(12,031)	18,569	38,735	3,175
<u>957,031</u>	<u>68,385</u>	<u>41,912</u>	<u>17,383</u>	<u>17,221</u>	<u>86,629</u>	<u>-</u>
<u>\$ 1,201,661</u>	<u>\$ 94,723</u>	<u>\$ 53,963</u>	<u>\$ 5,352</u>	<u>\$ 35,790</u>	<u>\$ 125,364</u>	<u>\$ 3,175</u>

VILLAGE OF MUKWONAGO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2006

	Capital Projects Fund			
	Capital Projects Fund	2001 GO Bond Fund	Library Building Fund	Capital Improvements Fund
Revenues				
Taxes	\$ 146,450	\$ -	\$ -	\$ -
Intergovernmental	251,746	-	-	-
Licenses and permits	-	-	-	-
Public charges for services	-	-	-	-
Intergovernmental charges for services	17,203	-	-	-
Special assessments	-	11,856	-	-
Investment income	8,260	935	87	2,101
Miscellaneous	-	-	-	-
Total revenues	<u>423,659</u>	<u>12,791</u>	<u>87</u>	<u>2,101</u>
Expenditures				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture, recreation and education	-	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	383,038	118,974	-	123,647
Debt Service:				
Principal	5,273	-	-	-
Interest and fiscal charges	624	-	-	-
Total expenditures	<u>388,935</u>	<u>118,974</u>	<u>-</u>	<u>123,647</u>
Excess (deficiency) of revenues over expenditures	<u>34,724</u>	<u>(106,183)</u>	<u>87</u>	<u>(121,546)</u>
Other financing SOURCES (USES)				
Transfers in	10,000	-	-	-
Transfers out	(10,000)	-	-	-
Sales of fixed assets	-	-	-	-
Total other financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	34,724	(106,183)	87	(121,546)
 FUND BALANCE - BEGINNING OF YEAR	<u>83,873</u>	<u>106,183</u>	<u>7,389</u>	<u>121,546</u>
FUND BALANCE - END OF YEAR	<u>\$ 118,597</u>	<u>\$ -</u>	<u>\$ 7,476</u>	<u>\$ -</u>

<u>Capital Projects Fund</u>		
<u>Tax Incremental District No. 3</u>	<u>Total Nonmajor Governmental Funds</u>	
\$ 356,390	\$ 1,332,456	
4,661	684,140	
-	334,060	
-	337,757	
-	383,457	
-	11,856	
28,456	138,433	
-	139,210	
<u>389,507</u>	<u>3,361,369</u>	
-	713,240	
-	485,686	
-	652,976	
-	15,839	
27,406	778,528	
-	5,273	
<u>177,125</u>	<u>177,749</u>	
<u>204,531</u>	<u>2,829,291</u>	
<u>184,976</u>	<u>532,078</u>	
-	20,000	
-	(163,161)	
-	31,257	
-	(111,904)	
184,976	420,174	
<u>(180,831)</u>	<u>1,675,741</u>	
<u>\$ 4,145</u>	<u>\$ 2,095,915</u>	

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND For the Year Ended December 31, 2006

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Licenses and permits	\$ 172,300	\$ 334,060	\$ 161,760
Investment income	<u>23,000</u>	<u>48,862</u>	<u>25,862</u>
Total Revenues	<u>195,300</u>	<u>382,922</u>	<u>187,622</u>
EXPENDITURES			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>195,300</u>	<u>382,922</u>	<u>187,622</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(195,300)</u>	<u>(138,292)</u>	<u>57,008</u>
Total Other Financing Sources (Uses)	<u>(195,300)</u>	<u>(138,292)</u>	<u>57,008</u>
Net Change in Fund Balance	-	244,630	244,630
FUND BALANCE - Beginning of Year	<u>957,031</u>	<u>957,031</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 957,031</u>	<u>\$ 1,201,661</u>	<u>\$ 244,630</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, 2006

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 97,498	\$ 97,498	\$ -
Public charges for services	457,000	210,900	(246,100)
Intergovernmental	-	13,036	13,036
Intergovernmental charges for services	353,348	366,254	12,906
Investment income	6,500	5,240	(1,260)
Miscellaneous	14,100	14,100	-
Total Revenues	<u>928,446</u>	<u>707,028</u>	<u>(221,418)</u>
EXPENDITURES			
Current			
Public safety	696,696	713,240	(16,544)
Capital Outlay	-	6,476	(6,476)
Total Expenditures	<u>696,696</u>	<u>719,716</u>	<u>(23,020)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>231,750</u>	<u>(12,688)</u>	<u>(244,438)</u>
OTHER FINANCING SOURCES (USES)			
Sales of fixed assets	-	31,257	31,257
Total Other Financing Sources (Uses)	<u>-</u>	<u>31,257</u>	<u>31,257</u>
Net Change in Fund Balance	231,750	18,569	(213,181)
FUND BALANCE - Beginning of Year	<u>17,221</u>	<u>17,221</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 248,971</u>	<u>\$ 35,790</u>	<u>\$ (213,181)</u>

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MUSEUM DONATIONS FUND For the Year Ended December 31, 2006

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 30	\$ 28	\$ (2)
Miscellaneous	<u>10,000</u>	<u>8,090</u>	<u>(1,910)</u>
Total Revenues	<u>10,030</u>	<u>8,118</u>	<u>(1,912)</u>
EXPENDITURES			
Capital Outlay	<u>10,030</u>	<u>20,149</u>	<u>(10,119)</u>
Total Expenditures	<u>10,030</u>	<u>20,149</u>	<u>(10,119)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(12,031)</u>	<u>(12,031)</u>
Net Change in Fund Balance	-	(12,031)	(12,031)
FUND BALANCE - Beginning of Year	<u>17,383</u>	<u>17,383</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 17,383</u>	<u>\$ 5,352</u>	<u>\$ (12,031)</u>

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - REVOLVING LOAN FUND For the Year Ended December 31, 2006

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment income	\$ 2,150	\$ 7,504	\$ 5,354
Total Revenues	<u>2,150</u>	<u>7,504</u>	<u>5,354</u>
EXPENDITURES			
Current			
Conservation and development	150	-	150
Total Expenditures	<u>150</u>	<u>-</u>	<u>150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,000</u>	<u>7,504</u>	<u>5,504</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(2,000)	(2,000)	-
Total Other Financing Sources (Uses)	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Net Change in Fund Balance	-	5,504	5,504
FUND BALANCE - Beginning of Year	<u>64,398</u>	<u>64,398</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 64,398</u>	<u>\$ 69,902</u>	<u>\$ 5,504</u>

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - RECYCLING FUND For the Year Ended December 31, 2006

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 376,208	\$ 376,208	\$ -
Intergovernmental	28,700	28,732	32
Public charges for services	(66,315)	79,535	145,850
Investment income	7,600	13,660	6,060
Total Revenues	<u>346,193</u>	<u>498,135</u>	<u>151,942</u>
EXPENDITURES			
Current			
Public works	<u>480,323</u>	<u>481,168</u>	<u>(845)</u>
Total Expenditures	<u>480,323</u>	<u>481,168</u>	<u>(845)</u>
Net Change in Fund Balance	(134,130)	16,967	151,097
FUND BALANCE - Beginning of Year	<u>55,528</u>	<u>55,528</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (78,602)</u>	<u>\$ 72,495</u>	<u>\$ 151,097</u>

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - LIBRARY FUND For the Year Ended December 31, 2006

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 355,910	\$ 355,910	\$ -
Intergovernmental	364,156	364,156	-
Public charges for services	36,750	39,670	2,920
Investment income	<u>2,500</u>	<u>10,455</u>	<u>7,955</u>
Total Revenues	<u>759,316</u>	<u>770,191</u>	<u>10,875</u>
EXPENDITURES			
Current			
Culture, recreation and education	<u>677,066</u>	<u>652,976</u>	<u>24,090</u>
Capital Outlay	<u>83,750</u>	<u>84,809</u>	<u>(1,059)</u>
Total Expenditures	<u>760,816</u>	<u>737,785</u>	<u>23,031</u>
Net Change in Fund Balance	(1,500)	32,406	33,906
FUND BALANCE - Beginning of Year	<u>115,452</u>	<u>115,452</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 113,952</u>	<u>\$ 147,858</u>	<u>\$ 33,906</u>

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, 2006

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment income	\$ 3,000	\$ 7,261	\$ 4,261
Miscellaneous	<u>30,000</u>	<u>63,392</u>	<u>33,392</u>
Total Revenues	<u>33,000</u>	<u>70,653</u>	<u>37,653</u>
EXPENDITURES			
Current			
Conservation and development	-	15,839	(15,839)
Capital Outlay	<u>100,000</u>	<u>13,042</u>	<u>86,958</u>
Total Expenditures	<u>100,000</u>	<u>28,881</u>	<u>71,119</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(67,000)</u>	<u>41,772</u>	<u>108,772</u>
Net Change in Fund Balance	(67,000)	41,772	108,772
FUND BALANCE - Beginning of Year	<u>113,642</u>	<u>113,642</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 46,642</u>	<u>\$ 155,414</u>	<u>\$ 108,772</u>

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TAX INCREMENTAL DISTRICT NO. 3 For the Year Ended December 31, 2006

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ (356,389)	\$ 356,390	\$ 712,779
Intergovernmental	-	4,661	4,661
Investment income	<u>(18,800)</u>	<u>28,456</u>	<u>47,256</u>
Total Revenues	<u>(375,189)</u>	<u>389,507</u>	<u>764,696</u>
EXPENDITURES			
Capital Outlay	<u>139,402</u>	<u>27,406</u>	<u>111,996</u>
Debt Service			
Interest and fiscal charges	<u>177,125</u>	<u>177,125</u>	<u>-</u>
Total Expenditures	<u>316,527</u>	<u>204,531</u>	<u>111,996</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(691,716)</u>	<u>184,976</u>	<u>876,692</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(12,350)</u>	<u>-</u>	<u>12,350</u>
Total Other Financing Sources (Uses)	<u>(12,350)</u>	<u>-</u>	<u>12,350</u>
Net Change in Fund Balance	(704,066)	184,976	889,042
FUND BALANCE - Beginning of Year	<u>(180,831)</u>	<u>(180,831)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (884,897)</u>	<u>\$ 4,145</u>	<u>\$ 889,042</u>

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND For the Year Ended December 31, 2006

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,453,759	\$ 1,453,759	\$ -
Investment income	<u>20,000</u>	<u>54,393</u>	<u>34,393</u>
Total Revenues	<u>1,473,759</u>	<u>1,508,152</u>	<u>34,393</u>
EXPENDITURES			
Debt service			
Principal	1,133,170	1,133,170	-
Interest and fiscal charges	<u>625,589</u>	<u>625,274</u>	<u>315</u>
Total Expenditures	<u>1,758,759</u>	<u>1,758,444</u>	<u>315</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(285,000)</u>	<u>(250,292)</u>	<u>34,708</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	<u>35,924</u>	<u>35,924</u>
Total Other Financing Sources (Uses)	-	<u>35,924</u>	<u>35,924</u>
Net Change in Fund Balance	(285,000)	(214,368)	70,632
FUND BALANCE - Beginning of Year	<u>854,980</u>	<u>854,980</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 569,980</u>	<u>\$ 640,612</u>	<u>\$ 70,632</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, 2006

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ (146,450)	\$ 146,450	\$ 292,900
Intergovernmental	(245,996)	251,746	497,742
Intergovernmental charges for services	25,783	17,203	(8,580)
Investment income	450	8,260	7,810
Total Revenues	<u>(366,213)</u>	<u>423,659</u>	<u>789,872</u>
EXPENDITURES			
Capital Outlay	<u>429,429</u>	<u>383,038</u>	<u>46,391</u>
Debt Service			
Principal	-	5,273	(5,273)
Interest and fiscal charges	-	624	(624)
Total Expenditures	<u>429,429</u>	<u>388,935</u>	<u>40,494</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(795,642)</u>	<u>34,724</u>	<u>830,366</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	10,750	10,000	(750)
Transfers out	-	(10,000)	(10,000)
Total Other Financing Sources (Uses)	<u>10,750</u>	<u>-</u>	<u>(10,750)</u>
Net Change in Fund Balance	(784,892)	34,724	819,616
FUND BALANCE - Beginning of Year	<u>83,873</u>	<u>83,873</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (701,019)</u></u>	<u><u>\$ 118,597</u></u>	<u><u>\$ 819,616</u></u>

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS FUND For the Year Ended December 31, 2006

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 20,000	\$ 2,101	\$ (17,899)
Total Revenues	<u>20,000</u>	<u>2,101</u>	<u>(17,899)</u>
EXPENDITURES			
Capital Outlay	<u>136,532</u>	<u>123,647</u>	<u>12,885</u>
Total Expenditures	<u>136,532</u>	<u>123,647</u>	<u>12,885</u>
Net Change in Fund Balance	(116,532)	(121,546)	(5,014)
FUND BALANCE - Beginning of Year	<u>121,546</u>	<u>121,546</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 5,014</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,014)</u></u>

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, 2006

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Special assessments	\$ -	\$ 11,856	\$ 11,856
Investment income	<u>3,500</u>	<u>935</u>	<u>(2,565)</u>
Total Revenues	<u>3,500</u>	<u>12,791</u>	<u>9,291</u>
EXPENDITURES			
Capital Outlay	<u>110,000</u>	<u>118,974</u>	<u>(8,974)</u>
Total Expenditures	<u>110,000</u>	<u>118,974</u>	<u>(8,974)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(106,500)</u>	<u>(106,183)</u>	<u>317</u>
Net Change in Fund Balance	(106,500)	(106,183)	317
FUND BALANCE - Beginning of Year	<u>106,183</u>	<u>106,183</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (317)</u>	<u>\$ -</u>	<u>\$ 317</u>