

**VILLAGE OF MUKWONAGO**

Mukwonago, Wisconsin

**FINANCIAL STATEMENTS**

December 31, 2007

# VILLAGE OF MUKWONAGO

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## **INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

To the Village Board  
Village of Mukwonago  
Mukwonago, Wisconsin

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

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

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

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

To the Village Board  
Village of Mukwonago

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

*Virelow, Krause & Company, LLP*

Milwaukee, Wisconsin  
July 31, 2008

## **BASIC FINANCIAL STATEMENTS**

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# VILLAGE OF MUKWONAGO

## STATEMENT OF NET ASSETS December 31, 2007

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

See accompanying notes to financial statements.

# VILLAGE OF MUKWONAGO

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

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

**General Revenues**

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on disposal of assets

Miscellaneous

Total General Revenues

Transfers

**Change in net assets**

NET ASSETS - Beginning of Year

**NET ASSETS - END OF YEAR**

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Net (Expenses) Revenues and Changes in Net Assets

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

See accompanying notes to financial statements.

## VILLAGE OF MUKWONAGO

### BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2007

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

See accompanying notes to financial statements.

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Totals  
\$ 9,905,123  
4,841,501  
131,517  
989,221  
11,060  
155,809  
48,961  
1,336,784  
4,758  
\$ 17,424,734

\$ 632,251  
104,276  
93,737  
5,877,645  
339,234  
7,047,143

481,415  
1,311,055  
48,961  
232,919  
850,000  
1,084,393  
13,000  
720,506  
1,804,000  
3,831,342  
10,377,591

\$ 17,424,734

See accompanying notes to financial statements.

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## VILLAGE OF MUKWONAGO

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

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

See accompanying notes to financial statements.

## VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2007

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

See accompanying notes to financial statements.

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Totals

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

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

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

(1,875,443)

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

2,640,281

7,737,310

\$ 10,377,591

See accompanying notes to financial statements.

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## VILLAGE OF MUKWONAGO

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

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

See accompanying notes to financial statements.

## VILLAGE OF MUKWONAGO

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

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

See accompanying notes to financial statements.

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

See accompanying notes to financial statements.

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## VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
<b>OPERATING REVENUES</b>	<u>\$ 1,498,870</u>	<u>\$ 1,175,078</u>	<u>\$ 2,673,948</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	485,739	701,069	1,186,808
Depreciation	327,952	497,744	825,696
Taxes	<u>13,888</u>	<u>647</u>	<u>14,535</u>
Total Operating Expenses	<u>827,579</u>	<u>1,199,460</u>	<u>2,027,039</u>
Operating Income (Loss)	<u>671,291</u>	<u>(24,382)</u>	<u>646,909</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	153,334	509,381	662,715
Miscellaneous	1,357	4,669	6,026
Interest and fiscal charges	(336,422)	(581,245)	(917,667)
Loss on disposal of capital asset	<u>-</u>	<u>(395,305)</u>	<u>(395,305)</u>
Total Nonoperating Revenues (Expenses)	<u>(181,731)</u>	<u>(462,500)</u>	<u>(644,231)</u>
Income (Loss) Before Contributions and Transfers	<u>489,560</u>	<u>(486,882)</u>	<u>2,678</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	42,990	27,149	70,139
Transfers out	<u>(284,265)</u>	<u>(3,214)</u>	<u>(287,479)</u>
Total Contributions and Transfers	<u>(241,275)</u>	<u>23,935</u>	<u>(217,340)</u>
Change in Net Assets	248,285	(462,947)	(214,662)
NET ASSETS - Beginning of Year	<u>10,774,693</u>	<u>9,464,120</u>	<u>20,238,813</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 11,022,978</u>	<u>\$ 9,001,173</u>	<u>\$ 20,024,151</u>

See accompanying notes to financial statements.

# VILLAGE OF MUKWONAGO

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 1,526,989	\$ 1,152,424	\$ 2,679,413
Paid to suppliers for goods and services	(370,013)	(487,940)	(857,953)
Paid to employees for services	(161,506)	(254,045)	(415,551)
Net Cash Flows From Operating Activities	<u>995,470</u>	<u>410,439</u>	<u>1,405,909</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>153,334</u>	<u>509,381</u>	<u>662,715</u>
Net Cash Flows From Investing Activities	<u>153,334</u>	<u>509,381</u>	<u>662,715</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Paid to municipality for tax equivalent	<u>(334,940)</u>	<u>(3,214)</u>	<u>(338,154)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(334,940)</u>	<u>(3,214)</u>	<u>(338,154)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt issued	1,897,125	3,527,875	5,425,000
Debt retired	(374,142)	(153,222)	(527,364)
Interest paid	(307,145)	(529,563)	(836,708)
Debt issuance costs	(27,519)	(51,167)	(78,686)
Special assessments received	50,976	61,207	112,183
Acquisition and construction of capital assets	(1,464,876)	(2,563,161)	(4,028,037)
Salvage on retirement of plant	<u>-</u>	<u>2,008</u>	<u>2,008</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(225,581)</u>	<u>293,977</u>	<u>68,396</u>
<b>Net Change in Cash and Cash Equivalents</b>	588,283	1,210,583	1,798,866
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,211,707</u>	<u>7,227,994</u>	<u>9,439,701</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 2,799,990</u>	<u>\$ 8,438,577</u>	<u>\$ 11,238,567</u>

See accompanying notes to financial statements.

**VILLAGE OF MUKWONAGO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 671,291	\$ (24,382)	\$ 646,909
Nonoperating revenue	1,357	4,669	6,026
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			-
Depreciation	327,952	497,744	825,696
Depreciation charged to other funds	12,139	(12,139)	-
Changes in assets and liabilities			
Accounts and taxes receivable	(9,624)	(23,379)	(33,003)
Inventory	185	-	185
Prepaid items	777	(1,709)	(932)
Due from other funds	6,147	8,195	14,342
Accounts payable	6,926	(33,804)	(26,878)
Due to other funds	-	2,870	2,870
Compensated absences	(37,533)	(11,714)	(49,247)
Accrued liabilities	(2,247)	4,088	1,841
Unearned revenues	18,100	-	18,100
	<u>\$ 995,470</u>	<u>\$ 410,439</u>	<u>\$ 1,405,909</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	<u>\$ 995,470</u>	<u>\$ 410,439</u>	<u>\$ 1,405,909</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS</b>			
Cash and investments - statement of net assets	\$ 647,489	\$ 2,978,779	\$ 3,626,268
Restricted cash and investments - statement of net assets	<u>2,152,501</u>	<u>5,459,798</u>	<u>7,612,299</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 2,799,990</u>	<u>\$ 8,438,577</u>	<u>\$ 11,238,567</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Special assessments levied	<u>\$ 42,990</u>	<u>\$ 27,149</u>	

See accompanying notes to financial statements.

**VILLAGE OF MUKWONAGO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
December 31, 2007

	Private Purpose Trust Library Trust Fund	Agency Fund Tax Escrow Fund
<b>ASSETS</b>		
Cash and investments	\$ 29,277	\$ 5,704,617
Taxes receivable	-	2,443,902
Total Assets	29,277	8,148,519
<b>LIABILITIES</b>		
Accounts payable	-	22,910
Due to other taxing units	-	8,125,609
Total Liabilities	-	8,148,519
<b>NET ASSETS</b>		
Held in trust for library	29,277	-
<b>TOTAL NET ASSETS</b>	\$ 29,277	\$ -

See accompanying notes to financial statements.

# VILLAGE OF MUKWONAGO

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS For the Year Ended December 31, 2007

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	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>	
Investment income	\$ <u>1,470</u>
<b>Change in Net Assets</b>	1,470
NET ASSETS - Beginning of Year	<u>27,807</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 29,277</u>

See accompanying notes to financial statements.

# VILLAGE OF MUKWONAGO

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# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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, 2007

---

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

---

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

##### ***Government-Wide Financial Statements (cont.)***

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

##### ***Fund Financial Statements***

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

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 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.

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.

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, 2007

---

### **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.

Capital Projects Fund - accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.

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

Revolving Loan

Impact Fee

Fire Designated

Museum Donation

Stormwater

Recycling

Park Land Site

Ambulance Designated

Fire and Ambulance

Specific Use

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

Capital Equipment

Library Building

2001 GO Bond

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

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

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

---

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

---

#### *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.

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.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

---

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

---

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

##### ***Fund Financial Statements (cont.)***

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.

##### ***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.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

---

#### ***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.

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 statement 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, 2007, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

---

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

---

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

##### ***1. Deposits and Investments (cont.)***

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, 2007, 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.

Property tax calendar - 2007 tax roll:

Lien date and levy date	December 2007
Tax bills mailed	December 2007
Payment in full, or	January 31, 2008
First installment due	January 31, 2008
Second installment due	April 30, 2008
Third installment due	July 31, 2008
Personal property taxes in full	January 31, 2008
Tax sale - 2007 delinquent real estate taxes	October 2010

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 governmental-wide financial statements as internal balances.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

---

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

---

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

##### ***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. They are valued at cost based on weighted average, and charged to construction and/or operation and maintenance expense when used.

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

##### ***4. Restricted Assets***

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

##### ***5. Capital Assets***

###### ***Government-Wide Statements***

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, 2007, the village has retroactively reported streets and storm sewer infrastructure acquired by its governmental fund types.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

---

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

---

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

##### **5. Capital Assets (cont.)**

###### **Government-Wide Statements (cont.)**

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. No 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.

##### **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.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

---

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

---

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

##### *7. Compensated Absences (cont.)*

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, 2007, 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.

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.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

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

##### ***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.

###### ***Fund Statements***

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance is that portion of fund balance that is not available for the subsequent year's budget due to legal restrictions or resources which are not available for current spending. 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.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

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

##### ***10. Equity Classifications (cont.)***

###### ***Fund Statements (cont.)***

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 \$29,277 was available for the year ended December 31, 2007.

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### **NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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#### ***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, Fire and Ambulance, Debt Service, Recycling, Capital Projects, Library funds. Budgets have not been formally adopted for Museum Donation, Revolving Loan, Tax Incremental District No. 3, Fire Designated, Ambulance Designated, Specific Use, Library Building, 2001 GO Bond, 2004 GO Bond, Stormwater, Impact Fee and Park Land Site 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 expenditures.

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

**B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund	\$ 3,575,881	\$ 3,628,456	\$ 52,575
Fire and Ambulance Special Revenue Fund	708,182	820,403	112,221
Recycling Special Revenue Fund	492,494	529,067	36,573
Debt Service Fund	2,150,872	6,597,104	4,446,232
Capital Project Fund	219,756	221,008	1,252

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

**C. DEFICIT BALANCES**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2007, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Stormwater Fund	\$ 37,610	Expenditures incurred prior to receiving revenue.

**D. LIMITATIONS ON THE VILLAGE'S TAX LEVY**

As part of Wisconsin's Act 20 (2007), 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 3.86% for the 2007 levy collected in 2008 and 2% for the 2008 levy collected in 2009. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2008 levy.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

### NOTE III - DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$12,135,434	\$12,268,903	Custodial Credit Risk
WIT	499,469	499,469	Credit Risk, Interest Rate Risk
LGIP	15,579,265	15,579,266	Credit Risk, Interest Rate Risk
Petty cash	200	-	N/A
 Total Deposits and Investments	 \$28,214,368	 \$28,347,638	
 Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$15,052,847		
Restricted cash and investments	7,427,627		
Per statement of net assets- fiduciary funds			
Private purpose trust	29,277		
Agency	5,704,617		
 Total Deposits and Investments	 \$28,214,368		

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.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

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#### A. DEPOSITS AND INVESTMENTS (cont.)

##### *Custodial Credit Risk*

##### **Deposits**

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

As of December 31, 2007, \$9,341,918 of the village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>9,341,918</u>
Total	\$ <u><u>9,341,918</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:

WIT

LGIP

##### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

#### A. DEPOSITS AND INVESTMENTS (cont.)

##### *Interest Rate Risk* (cont.)

As of December 31, 2007, the village's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Years)
WIT	\$ 499,469	4.32
LGIP	<u>15,579,265</u>	0.15
Total	<u>\$ 16,078,734</u>	
Portfolio weighted average maturity		<u>0.28</u>

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 except for special assessments receivable.

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

	Unavailable	Unearned	Totals
Property taxes receivable for subsequent year	\$ -	\$ 4,839,306	\$ 4,839,306
Special assessments not yet due	989,221	-	989,221
Impact fees on installment plan	4,758	-	4,758
Revenue received in advance from Town of Mukwonago	<u>-</u>	<u>44,360</u>	<u>44,360</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 993,979</u>	<u>\$ 4,883,666</u>	<u>\$ 5,877,645</u>

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

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#### 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.

Following is a list of restricted assets at December 31, 2007:

	<u>Restricted Assets</u>
Water redemption account- current	\$ 1,224,133
Water redemption account - noncurrent	16,267
Water reserve account	507,101
Water construction account - current	67,654
Water construction account - noncurrent	337,346
Sewer redemption account - current	3,511,668
Sewer redemption account - noncurrent	45,256
Sewer reserve account	702,080
Sewer construction account - current	193,808
Sewer construction account - noncurrent	720,192
Equipment replacement account	286,794
Impact fee account	<u>1,336,784</u>
 Total Restricted Assets	 <u>\$ 8,949,083</u>

## VILLAGE OF MUKWONAGO

### NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

#### D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 904,500	\$ -	\$ -	\$ 904,500
Construction in progress	4,571,439	2,386,104	961,158	5,996,385
Total Capital Assets Not Being Depreciated	5,475,939	2,386,104	961,158	6,900,885
Capital assets being depreciated				
Land improvements	96,345	-	-	96,345
Buildings	5,743,677	78,119	-	5,821,796
Machinery and equipment	2,720,843	120,374	239,366	2,601,851
Streets	8,019,715	896,639	-	8,916,354
Storm sewers	1,862,179	-	-	1,862,179
Library collection	697,829	83,178	-	781,007
Total Capital Assets Being Depreciated	19,140,588	1,178,310	239,366	20,079,532
Total Capital Assets	24,616,527	3,564,414	1,200,524	26,980,417
Less: Accumulated depreciation for				
Land improvements	(50,600)	(2,427)	-	(53,027)
Buildings	(718,748)	(115,655)	-	(834,403)
Machinery and equipment	(1,203,762)	(233,367)	162,022	(1,275,107)
Streets	(3,051,300)	(332,466)	-	(3,383,766)
Storm sewers	(106,903)	(37,346)	-	(144,249)
Library collection	(174,904)	(39,009)	-	(213,913)
Total Accumulated Depreciation	(5,306,217)	(760,270)	162,022	(5,904,465)
Net Capital Assets Being Depreciated	13,834,371	418,040	77,344	14,175,067
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 19,310,310	\$ 2,804,144	\$ 1,038,502	\$ 21,075,952

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

#### D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

#### Governmental Activities

General government	\$	37,956
Public safety		247,360
Public works, which includes the depreciation of infrastructure		399,394
Culture, recreation and education		73,680
Community development		<u>1,880</u>
Total Governmental Activities Depreciation Expense	\$	<u><u>760,270</u></u>

#### Business-type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Sanitary Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 17,818	\$ 24,684	\$ -	\$ 42,502
Construction in progress	<u>1,201,904</u>	<u>2,818,431</u>	<u>3,120,799</u>	<u>899,536</u>
Total Capital Assets Not Being Depreciated	<u>1,219,722</u>	<u>2,843,115</u>	<u>3,120,799</u>	<u>942,038</u>
Capital assets being depreciated				
Buildings and improvements	16,195,995	3,018,922	866,133	18,348,784
Machinery and equipment	<u>1,198,232</u>	<u>-</u>	<u>-</u>	<u>1,198,232</u>
Total Capital Assets Being Depreciated	<u>17,394,227</u>	<u>3,018,922</u>	<u>866,133</u>	<u>19,547,016</u>
Total Capital Assets	<u>18,613,949</u>	<u>5,862,037</u>	<u>3,986,932</u>	<u>20,489,054</u>
Less: Accumulated depreciation for				
Buildings and improvements	(5,357,168)	(392,895)	468,820	(5,281,243)
Machinery and equipment	<u>(356,682)</u>	<u>(100,138)</u>	<u>7,428</u>	<u>(449,392)</u>
Total Accumulated Depreciation	<u>(5,713,850)</u>	<u>(493,033)</u>	<u>476,248</u>	<u>(5,730,635)</u>
Net Capital Assets Being Depreciated	<u>11,680,377</u>	<u>2,525,889</u>	<u>389,885</u>	<u>13,816,381</u>
Net Sanitary Sewer Plant	<u>\$ 12,900,099</u>	<u>\$ 5,369,004</u>	<u>\$ 3,510,684</u>	<u>\$ 14,758,419</u>

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

#### D. CAPITAL ASSETS (cont.)

#### Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 306,467	\$ -	\$ -	\$ 306,467
Construction in progress	2,340,203	1,486,953	1,559,955	2,267,201
Total Capital Assets Not Being Depreciated	2,646,670	1,486,953	1,559,955	2,573,668
Capital assets being depreciated				
Buildings and improvements	13,530,140	1,577,878	112,646	14,995,372
Machinery and equipment	1,520,818	18,392	1,387	1,537,823
Total Capital Assets Being Depreciated	15,050,958	1,596,270	114,033	16,533,195
Total Capital Assets	17,697,628	3,083,223	1,673,988	19,106,863
Less: Accumulated depreciation for				
Buildings and improvements	(2,021,380)	(247,871)	112,646	(2,156,605)
Machinery and equipment	(706,379)	(92,220)	1,387	(797,212)
Total Accumulated Depreciation	(2,727,759)	(340,091)	114,033	(2,953,817)
Net Capital Assets Being Depreciated	12,323,199	1,256,179	-	13,579,378
Net Water Plant	\$ 14,969,869	\$ 2,743,132	\$ 1,559,955	\$ 16,153,046
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 27,869,968	\$ 8,112,136	\$ 5,070,639	\$ 30,911,465

Depreciation expense was charged to functions as follows:

#### Business-type Activities

Sewer	\$ 505,172
Water	327,952

Total Business-type Activities Depreciation Expense \$ 833,124

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, 2007

#### **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	Sewer Utility	\$ 296
General Fund	Water Utility	61,751
General Fund	Specific Use Special Revenue Fund	4,534
General Fund	Capital Project	1,261
General Fund	Library Fund	3,979
General Fund	Recycling Fund	2,791
General Fund	Fire and Ambulance Fund	787
General Fund	Debt Service Fund	12,514
General Fund	Stormwater Fund	32
General Fund	2004 GO Bond Fund	67
Recycling Fund	Fire and Ambulance Fund	25
Recycling Fund	Library Fund	25
Recycling Fund	Sewer Utility	25
Water Utility	Sewer Utility	36,604
Debt Service Fund	General Fund	67,722
Total - Fund Financial Statements		192,413
Less: Fund eliminations		(130,341)
Total Internal Balances - Government-Wide Statement of Net Assets		\$ 62,072
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 62,072
Business-type Activities	Governmental Activities	-
Total Government-Wide Financial Statements		\$ 62,072

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, 2007

### **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	\$ 284,265	Payment in lieu of taxes
General Fund	Sanitary Sewer Utility	3,214	Payment in lieu of taxes
General Fund	Revolving Loan Special Revenue Fund	2,000	
General Fund	Fire and Ambulance Fund	40,562	
Fire and Ambulance Fund	General Fund	14,500	Transfer of proceeds from sale of capital asset
Fire Designation Fund	Stormwater Fund	14,000	Transfer of donated/designated funds
Specific Use Fund	Stormwater Fund	10,000	Transfer of donated/designated funds
Debt Service Fund	Capital Project Fund	<u>24,000</u>	Debt Service
Total - Fund Financial Statements		<u>392,541</u>	
Less: Fund eliminations		<u>(105,062)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 287,479</u>	

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	\$ 287,479
Business-type Activities	Governmental Activities	<u>-</u>
Total Government-wide Financial Statements		<u>\$ 287,479</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.

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

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2007, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 18,067,930	\$ 8,535,000	\$ 5,710,980	\$ 20,891,950	\$ 1,654,432
Bond anticipation notes	5,450,000	-	-	5,450,000	350,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	75,204	-	31,502	43,702	-
Refundings -					
Gains/(Losses)	(35,371)	(79,356)	(48,136)	(66,591)	-
Sub-totals	<u>23,557,763</u>	<u>8,455,644</u>	<u>5,694,346</u>	<u>26,319,061</u>	<u>2,004,432</u>
Other Liabilities					
Compensated absences	753,442	-	191,383	562,059	33,855
Capital leases	5,577	-	5,577	-	-
Due to other governments	115,000	-	-	115,000	-
Total Other Liabilities	<u>874,019</u>	<u>-</u>	<u>196,960</u>	<u>677,059</u>	<u>33,855</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 24,431,782</u>	<u>\$ 8,455,644</u>	<u>\$ 5,891,306</u>	<u>\$ 26,996,120</u>	<u>\$ 2,038,287</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 1,466,957	\$ -	\$ 147,502	\$ 1,319,455	\$ 151,518
Revenue bonds	5,982,547	5,425,000	379,862	11,027,685	495,408
Bond anticipation notes	10,540,000	-	-	10,540,000	4,665,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	28,671	-	24,575	4,096	-
Sub-totals	<u>18,018,175</u>	<u>5,425,000</u>	<u>551,939</u>	<u>22,891,236</u>	<u>5,311,926</u>
Other Liabilities					
Compensated absences	107,012	-	49,246	57,766	-
Special deposits	5,120	-	-	5,120	-
Total Other Liabilities	<u>112,132</u>	<u>-</u>	<u>49,246</u>	<u>62,886</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 18,130,307</u>	<u>\$ 5,425,000</u>	<u>\$ 601,185</u>	<u>\$ 22,954,122</u>	<u>\$ 5,311,926</u>

#### General Obligation Debt

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

Amounts due within one year have been adjusted from the scheduled principal amount for 2008 as reported on page 44 and 46 to reflect the 2008 refunding of outstanding debt described in Note IV D.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

#### F. LONG-TERM OBLIGATIONS (cont.)

##### General Obligation Debt (cont.)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed five percent of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2007, was \$39,977,030. Total general obligation debt outstanding at year end was \$22,211,405. The village has also reserved \$5,450,000 of its debt limit to provide permanent financing of the outstanding governmental activities bond anticipation notes.

Governmental Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/07
Refunding bonds	2/15/1997	4/1/2012	4.1-5.4%	\$ 1,490,000	\$ 865,000
Refunding bonds	12/15/2004	4/1/2009	2.8-3.5	3,146,900	1,431,950
Refunding bonds	2/15/2002	12/1/2014	4.5-4.6	2,960,000	2,960,000
Refunding bonds	2/1/2007	10/1/2018	4.0	4,460,000	4,410,000
Promissory notes	8/1/2005	8/1/2015	3.0-4.0	1,550,000	1,350,000
Promissory notes	1/1/2004	12/1/2013	2-3.5	4,025,000	3,225,000
Promissory notes	5/15/2006	10/1/2015	3.75-4.25	2,825,000	2,575,000
Promissory notes	4/1/2007	10/1/2017	4.0	4,075,000	<u>4,075,000</u>

Total Governmental Activities - General Obligation Debt \$ 20,891,950

Business-type Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/07
Water refunding bonds	12/15/2004	4/1/2009	2.8-3.5%	\$ 137,320	\$ 62,579
Sewer refunding bonds	12/15/2004	4/1/2009	2.8-3.5	110,780	50,470
Water system bonds	11/1/1999	5/1/2018	2.64	1,886,442	<u>1,206,406</u>

Total Business-type Activities General Obligation Debt \$ 1,319,455

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

*F. LONG-TERM OBLIGATIONS (cont.)*

*General Obligation Debt (cont.)*

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2008	\$ 1,654,432	\$ 887,825	\$ 151,518	\$ 33,058
2009	1,827,518	750,706	155,964	28,820
2010	1,600,000	691,520	101,083	25,382
2011	2,425,000	637,445	103,752	22,678
2012	2,365,000	528,453	106,491	19,903
2013-2017	10,010,000	1,280,945	576,137	55,253
2018	1,010,000	40,400	124,510	1,644
Totals	<u>\$ 20,891,950</u>	<u>\$ 4,817,294</u>	<u>\$ 1,319,455</u>	<u>\$ 186,738</u>

*Revenue Debt*

*Business-type Activities Revenue Debt*

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/07
<u>Sanitary Sewer Utility</u>					
Revenue Bonds - Sewer	2/15/2002	12/1/2021	3.25- 5.00%	\$ 3,623,550	\$ 3,156,475
Revenue Bonds - Sewer	4/1/2007	12/1/2024	4.00-4.50	3,527,875	3,479,102
<u>Water Utility</u>					
Revenue Bonds - Water	2/15/2002	12/1/2021	3.25-5.00	\$ 2,466,450	\$ 2,148,525
Revenue Bonds - Water	4/29/2002	5/1/2022	2.75	627,355	372,685
Revenue Bonds - Water	4/1/2007	12/1/2024	4.00-4.50	1,897,125	1,870,898
Total Business-type Activities Revenue Debt					<u>\$ 11,027,685</u>

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

#### F. LONG-TERM OBLIGATIONS (cont.)

##### Revenue Debt (cont.)

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2007 was \$803,834. Total customer net revenue as defined by the bond covenants for 2007 was \$2,135,320.

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	Principal	Interest
2008	\$ 495,408	\$ 486,651
2009	505,969	466,394
2010	521,546	445,697
2011	532,138	424,197
2012	572,747	401,939
2013-2017	3,218,470	1,620,901
2018-2022	3,931,407	823,743
2023-2024	1,250,000	81,000
Totals	\$ 11,027,685	\$ 4,750,522

##### Bond Anticipation Notes

Bond anticipation notes are payable from future debt refundings.

Bond anticipation notes at December 31, 2007, consist of the following:

<u>Governmental Activities Bond Anticipation Notes</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/07</u>
BANS	3/1/2005	3/1/2008	3.25	\$ 5,450,000	\$ 5,450,000
Total Governmental Activities Bond Anticipation Notes					\$ 5,450,000
<u>Business-type Activities Bond Anticipation Notes</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/07</u>
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, 2007

### **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:

<u>Years</u>	<u>Governmental Activities Bond Anticipation Notes</u>		<u>Business-type Activities Bond Anticipation Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 5,450,000	\$ 88,563	\$ 10,540,000	\$ 187,685
Totals	<u>\$ 5,450,000</u>	<u>\$ 88,563</u>	<u>\$ 10,540,000</u>	<u>\$ 187,685</u>

##### ***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.

##### ***Advance Refunding***

On 2/1/2007, the village issued \$4,460,000 in general obligation bonds with an average interest rate of 4 percent to advance refund \$4,250,000 of outstanding bonds with an average interest rate of 4.3 percent. The net proceeds of \$4,460,000 (after payment of \$128,192 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

The cash flow requirements on the refunded bonds and notes prior to the advance refunding was \$4,820,100 from 2007 through 2010. The cash flow requirements on the 2007 refunding bonds are \$6,115,333 from 2007 through 2018. The advance refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$23,656. The Village incurred a loss in order to extend the payment period on the original debt issue.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

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**G. LEASE DISCLOSURES**

The village has no material leases as lessee or lessor.

**H. NET ASSETS/FUND BALANCES**

Net assets reported on the government wide statement of net assets at December 31, 2007, includes the following:

**Governmental Activities**

Invested in Capital Assets, Net of Related Debt	
Land	\$ 904,500
Construction in progress	5,996,385
Other capital assets, net of accumulated depreciation	14,175,067
Less: Long-term debt outstanding	(26,319,061)
Plus: Unspent capital related debt proceeds	5,020,476
Plus: Non-capital debt proceeds	<u>530,000</u>
Total Invested in Capital Assets, Net of Related Debt	<u>307,367</u>
Restricted	
Impact fees	1,311,055
Debt service	<u>204,398</u>
Total Restricted	<u>1,515,453</u>
Unrestricted	<u>3,793,361</u>
Total Governmental Activities Net Assets	<u>\$ 5,616,181</u>

**Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2007, include the following:

<b>Reserved</b>	
Major Funds	
General Fund	
Prepaid items	\$ 37,965
Tax roll settlement	<u>232,919</u>
Total	<u>\$ 270,884</u>

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

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#### H. NET ASSETS/FUND BALANCES (cont.)

##### Governmental Funds (cont.)

##### Reserved (cont.)

Debt Service Fund	
Reserved for debt service	\$ 481,415

Total	<u>\$ 481,415</u>
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##### Non-Major Funds

Special Revenue Fund	
Impact fees	\$ 1,311,055
Prepaid items	10,996
Sub-Total	<u>1,322,051</u>

Total Non-Major Funds	<u>\$ 1,322,051</u>
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##### Unreserved (designated)

##### Major Funds

General fund	
Working capital	\$ 750,000
Subsequent year's budget	100,000
Sub-Total	<u>850,000</u>

2004 GO Bond Fund	
Subsequent year's budget	<u>900,000</u>

Total	<u>\$ 1,750,000</u>
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##### Non-Major Funds

Special Revenue Fund	
Fire Designated Fund - subsequent year's budget	<u>\$ 13,000</u>

##### Capital Project Fund

Tax Incremental District No. 3 - subsequent year's budget	<u>904,000</u>
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Total	<u>\$ 917,000</u>
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# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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

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#### *H. NET ASSETS/FUND BALANCES (cont.)*

##### *Governmental Funds (cont.)*

##### **Unreserved (undesignated) (deficit)**

###### Major Funds

General Fund	\$	1,084,393
2004 GO Bond Capital Project Fund		<u>3,514,844</u>

Total	\$	<u>4,599,237</u>
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###### Non-Major Funds

###### Special Revenue Funds

Fire and Ambulance Fund	\$	19,981
Revolving Loan Fund		77,633
Fire Designated Fund		100,046
Ambulance Designated Fund		56,258
Specific Use Fund		187,327
Recycling Fund		52,399
Library Fund		151,168
Stormwater Fund		(37,631)
Park Land Site Fund		<u>113,325</u>

Total	\$	<u>720,506</u>
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###### Capital Projects Funds

Tax Incremental District No. 3	\$	254,191
Capital Project Fund		49,370
Library Building Fund		7,566
2001 GO Bond Fund		<u>5,371</u>

Total	\$	<u>316,498</u>
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##### *Business-type Activities*

###### Invested in capital assets, net of related debt

Land	\$	348,969
Construction in progress		3,166,737
Other capital assets, net of accumulated depreciation		27,395,759
Less: Long-term debt outstanding		(22,891,236)
Plus: Unspent capital related debt proceeds		1,319,000
Plus: Non-capital debt proceeds		<u>1,965,541</u>

Total Invested in Capital Assets, Net of Related Debt		<u>11,304,770</u>
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VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

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*H. NET ASSETS/FUND BALANCES (cont.)*

*Business-type Activities (cont.)*

Restricted	
Debt service	4,604,672
Equipment replacement	<u>286,794</u>
Total Restricted	<u>4,891,466</u>
Unrestricted	<u>3,827,915</u>
Total Business-type Activities Net Assets	<u>\$ 20,024,151</u>

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2007

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### **NOTE IV - OTHER INFORMATION**

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#### ***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 6.0% of their salary (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% 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, 2007, was \$2,663,150; the employer's total payroll was \$2,839,586. The total required contribution for the year ended December 31, 2007, was \$332,891 or 12.5 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, 2006, and 2005 were \$303,955 and \$285,258, 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, 2007 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, 2007

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### NOTE IV - OTHER INFORMATION (cont.)

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#### *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.

#### *D. SUBSEQUENT EVENTS*

On January 1, 2008, the village issued \$3,200,000 of revenue bonds for the purpose of refunding \$2,900,000 of outstanding revenue bond anticipation notes maturing on March 1, 2008. The new bonds are payable in amounts \$100,000 to \$550,000 per year on December 1 from 2008 through 2026 and bear interest rates of 4.00% to 4.75%, payable on June 1 and December 1 of each year.

On January 1, 2008, the village issued \$3,275,000 of revenue bonds for the purpose of refunding \$7,640,000 of outstanding revenue bond anticipation notes maturing on March 1, 2008. The new bonds are payable in amounts \$200,000 to \$225,000 per year on December 1 from 2008 through 2012 and bear interest rates of 4.00% payable on June 1 and December 1 of each year.

On January 1, 2008, the village issued a \$5,300,000 general obligation promissory note for the purpose of refunding \$5,450,000 of outstanding bond anticipation notes maturing on March 1, 2008. The new bonds are payable in amounts \$200,000 to \$225,000 per year on December 1 from 2008 through 2012 and bear interest rates of 4.00% payable on June 1 and December 1 of each year.

In 2008, the village identified an error in the 2007 tax roll. This error will result in the village not collecting \$232,919 of taxes levied during 2008. The village is currently exploring all avenues of recouping this loss. Taxes receivable and unearned/deferred revenue have been adjusted for this amount in the financial statement. Additionally, the village has reserved fund balance in the general fund for this amount.

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**REQUIRED SUPPLEMENTARY INFORMATION**

## VILLAGE OF MUKWONAGO

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2007

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 1,617,760	\$ 1,622,627	\$ 4,867
Special assessments	-	86	86
Intergovernmental	1,059,797	1,042,209	(17,588)
Licenses and permits	282,198	397,545	115,347
Fines, forfeitures and penalties	113,545	151,673	38,128
Public charges for services	38,681	24,993	(13,688)
Intergovernmental charges for services	123,787	134,707	10,920
Investment income	109,482	217,454	107,972
Miscellaneous	5,250	22,956	17,706
Total Revenues	<u>3,350,500</u>	<u>3,614,250</u>	<u>263,750</u>
<b>EXPENDITURES</b>			
Current:			
General government	652,104	669,583	(17,479)
Public safety	2,069,811	2,083,353	(13,542)
Public works	666,951	678,003	(11,052)
Health and human services	12,163	13,679	(1,516)
Culture, recreation and education	151,152	134,927	16,225
Conservation and development	23,700	48,911	(25,211)
Total Expenditures	<u>3,575,881</u>	<u>3,628,456</u>	<u>(52,575)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(225,381)</u>	<u>(14,206)</u>	<u>211,175</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	228,000	330,041	102,041
Transfers out	-	(14,500)	(14,500)
Sales of fixed assets	7,000	2,843	(4,157)
Total Other Financing Sources (Uses)	<u>235,000</u>	<u>318,384</u>	<u>83,384</u>
<b>Net Change in Fund Balance</b>	9,619	304,178	294,559
FUND BALANCE - Beginning of Year	<u>1,901,099</u>	<u>1,901,099</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,910,718</u>	<u>\$ 2,205,277</u>	<u>\$ 294,559</u>

See accompanying notes to required supplementary information.

## VILLAGE OF MUKWONAGO

### SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2007

	Original and Final Budget	Actual	Variance with Final Budget
<b>TAXES</b>			
General property taxes	\$ 1,591,380	\$ 1,592,079	\$ 699
Public accommodation (room) taxes	8,862	9,223	361
Interest and penalties on taxes	7,518	8,253	735
Other taxes	<u>10,000</u>	<u>13,072</u>	<u>3,072</u>
Total Taxes	<u>1,617,760</u>	<u>1,622,627</u>	<u>4,867</u>
<b>SPECIAL ASSESSMENTS</b>			
Special assessments	<u>-</u>	<u>86</u>	<u>86</u>
Total Special Assessments	<u>-</u>	<u>86</u>	<u>86</u>
<b>INTERGOVERNMENTAL</b>			
State shared revenues	422,699	422,372	(327)
Exempt computer aid	17,248	13,372	(3,876)
State aid - law enforcement improvement	25,688	3,694	(21,994)
State aid - general transportation aids	594,162	594,163	1
State aid - culture, recreation and education	-	1,118	1,118
Other state payments	<u>-</u>	<u>7,490</u>	<u>7,490</u>
Total Intergovernmental	<u>1,059,797</u>	<u>1,042,209</u>	<u>(17,588)</u>
<b>LICENSES AND PERMITS</b>			
Liquor and malt beverage licenses	12,000	22,888	10,888
Operators' licenses	3,895	5,410	1,515
Cigarette licenses	1,600	1,600	-
Electrical contractor licenses	3,980	5,485	1,505
Cable television franchise fees	69,500	87,504	18,004
Bicycle licenses	46	18	(28)
Dog and cat licenses	3,067	5,502	2,435
Nonbusiness licenses	1,310	1,760	450
Building permits	99,620	111,834	12,214
Electrical permits	15,600	27,969	12,369
Plumbing permits	15,840	29,428	13,588
Occupancy permits	7,200	13,130	5,930
Heating and air conditioning permits	10,095	23,851	13,756
Other permits	16,800	22,890	6,090
Zoning permits and fees	4,000	8,177	4,177
Plan review fees	15,750	27,496	11,746
Other regulatory permits and fees	<u>1,895</u>	<u>2,603</u>	<u>708</u>
Total Licenses and Permits	<u>282,198</u>	<u>397,545</u>	<u>115,347</u>

See accompanying notes to required supplementary information.

## VILLAGE OF MUKWONAGO

### SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2007

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>FINES, FORFEITURES AND PENALTIES</b>			
Court penalties and costs	\$ 104,920	\$ 141,938	\$ 37,018
Parking violations	<u>8,625</u>	<u>9,735</u>	<u>1,110</u>
Total Fines, Foreitures and Penalties	<u>113,545</u>	<u>151,673</u>	<u>38,128</u>
<b>PUBLIC CHARGES FOR SERVICES</b>			
Publication fees	510	435	(75)
Photocopies	50	79	29
Treasurer's fees	25,831	6,869	(18,962)
Law enforcement fees	8,040	13,497	5,457
Fire protection fees	1,000	863	(137)
Other public charges for services	<u>3,250</u>	<u>3,250</u>	<u>-</u>
Total Public Charges for Services	<u>38,681</u>	<u>24,993</u>	<u>(13,688)</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>			
Elections	-	595	595
School District - Police services	61,300	63,862	2,562
Dispatch services	54,800	63,853	9,053
Dam maintenance	<u>7,687</u>	<u>6,397</u>	<u>(1,290)</u>
Total Intergovernmental Charges for Services	<u>123,787</u>	<u>134,707</u>	<u>10,920</u>
<b>INVESTMENT INCOME</b>			
Investment income	<u>109,482</u>	<u>217,454</u>	<u>107,972</u>
Total Investment Income	<u>109,482</u>	<u>217,454</u>	<u>107,972</u>
<b>OTHER REVENUE</b>			
Rent	5,250	4,800	(450)
Donations	-	170	170
Refund of prior year expenditures	-	7,385	7,385
Miscellaneous revenue	<u>-</u>	<u>10,601</u>	<u>10,601</u>
Total Other Revenue	<u>5,250</u>	<u>22,956</u>	<u>17,706</u>
<b>TOTAL REVENUES</b>	<u>\$ 3,350,500</u>	<u>\$ 3,614,250</u>	<u>\$ 263,750</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, 2007

	Original and Final Budget	Actual	Variance with Final Budget
<b>CURRENT</b>			
General Government			
Village Board	\$ 42,713	\$ 130,098	\$ (87,385)
Village President	7,751	7,751	-
Judicial	1,288	265	1,023
Municipal court	21,960	22,435	(475)
Village Clerk - Treasurer	239,938	215,985	23,953
Elections	6,959	2,809	4,150
Assessment of property	74,064	69,972	4,092
Legal	86,525	70,634	15,891
Village hall	43,326	32,351	10,975
Independent auditing	22,000	23,342	(1,342)
Property and liability insurance	104,580	93,410	11,170
Board of review	1,000	531	469
Total General Government	<u>652,104</u>	<u>669,583</u>	<u>(17,479)</u>
Public Safety			
Police	1,871,974	1,900,109	(28,135)
Building inspection	181,213	170,450	10,763
Emergency government	1,250	-	1,250
Dam	15,374	12,794	2,580
Total Public Safety	<u>2,069,811</u>	<u>2,083,353</u>	<u>(13,542)</u>
Public Works			
Engineering	25,619	62,259	(36,640)
Machinery operation and maintenance	100,634	112,945	(12,311)
Garages and sheds	93,288	80,030	13,258
Curb and gutter	12,929	1,214	11,715
Tree and brush removal	11,040	5,778	5,262
Street signs	25,357	21,346	4,011
Bridges, culvers and rivers	2,058	12	2,046
Street cleaning	15,213	10,417	4,796
Snow and ice control	139,346	175,806	(36,460)
Alleys and local purpose roads	78,680	45,886	32,794
Street lighting	100,500	103,175	(2,675)
Storm sewer maintenance	8,933	13,912	(4,979)
Vacations	28,592	22,034	6,558
Holidays	19,475	13,375	6,100
Sick leave	5,287	9,814	(4,527)
Total Public Works	<u>666,951</u>	<u>678,003</u>	<u>(11,052)</u>
Health and Human Services			
Public health services	9,563	11,259	(1,696)
Mental health services	2,600	2,420	180
Total Health and Human Services	<u>12,163</u>	<u>13,679</u>	<u>(1,516)</u>
Culture, Recreation and Education			
Museum	16,500	17,319	(819)
Parks	128,773	112,546	16,227
Celebration and entertainment	5,879	5,062	817
Total Culture, Recreation and Education	<u>151,152</u>	<u>134,927</u>	<u>16,225</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, 2007

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Conservation and Development			
Forestry	\$ 784	\$ 155	\$ 629
Weed control	1,616	1,311	305
Planning Commission	21,300	40,400	(19,100)
Urban development	-	7,045	(7,045)
Total Conservation and Development	<u>23,700</u>	<u>48,911</u>	<u>(25,211)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,575,881</u>	<u>\$ 3,628,456</u>	<u>\$ (52,575)</u>

See accompanying notes to required supplementary information.

# VILLAGE OF MUKWONAGO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2007

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### ***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.

Excess expenditures over appropriations are as follows:

	<u>Amended Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
General Government	\$ 652,104	\$ 669,583	\$ 17,479
Public Safety	2,069,811	2,083,353	13,542
Public Works	666,951	678,003	11,052
Health and Human Services	12,163	13,679	1,516
Conservation and Development	23,700	48,911	25,211

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## **SUPPLEMENTARY INFORMATION**

## VILLAGE OF MUKWONAGO

### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS December 31, 2007

	Special Revenue Funds			
	Fire and Ambulance Fund	Museum Donations Fund	Revolving Loan Fund	Fire Designated Fund
<b>ASSETS</b>				
Cash and investments	\$ 310,111	\$ -	\$ 192,633	\$ 116,918
Receivables				
Taxes	21,067	-	-	-
Accounts	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	4,663	-	-	-
Due from other funds	-	-	-	-
Prepaid items	4,585	-	-	-
Restricted cash and investments	-	-	-	-
Restricted accounts receivable	-	-	-	-
	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 340,426</b>	<b>\$ -</b>	<b>\$ 192,633</b>	<b>\$ 116,918</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 14,322	\$ -	\$ -	\$ 3,872
Accrued liabilities	20,428	-	-	-
Due to other governments	224,234	-	115,000	-
Deferred revenues	56,064	-	-	-
Due to other funds	812	-	-	-
Total Liabilities	315,860	-	115,000	3,872
Fund Balances (Deficit)				
Reserved for				
Impact fees	-	-	-	-
Prepaid items	4,585	-	-	-
Unreserved - Designated	-	-	-	13,000
Unreserved - Undesignated	19,981	-	77,633	100,046
Total Fund Balances (deficit)	24,566	-	77,633	113,046
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 340,426</b>	<b>\$ -</b>	<b>\$ 192,633</b>	<b>\$ 116,918</b>

Special Revenue Funds

Ambulance Designated Fund	Specific Use Fund	Recycling Fund	Library Fund	Stormwater Fund	Impact Fee Fund	Park Land Site Fund
\$ 56,258	\$ 191,861	\$ 94,530	\$ 185,973	\$ (24,241)	\$ -	\$ 119,747
-	-	429,739	360,071	90,680	-	-
-	-	148	-	2,550	-	-
-	-	-	-	-	-	-
-	-	75	-	-	-	-
-	-	832	5,558	21	-	-
-	-	-	-	-	1,336,784	-
-	-	-	-	-	4,758	-
<u>\$ 56,258</u>	<u>\$ 191,861</u>	<u>\$ 525,324</u>	<u>\$ 551,602</u>	<u>\$ 69,010</u>	<u>\$ 1,341,542</u>	<u>\$ 119,747</u>
\$ -	\$ -	\$ 38,092	\$ 16,391	\$ 15,873	\$ 25,729	\$ 6,422
-	-	1,471	14,410	35	-	-
-	-	-	-	-	-	-
-	-	429,739	360,071	90,680	4,758	-
-	4,534	2,791	4,004	32	-	-
-	4,534	472,093	394,876	106,620	30,487	6,422
-	-	-	-	-	1,311,055	-
-	-	832	5,558	21	-	-
-	-	-	-	-	-	-
56,258	187,327	52,399	151,168	(37,631)	-	113,325
56,258	187,327	53,231	156,726	(37,610)	1,311,055	113,325
<u>\$ 56,258</u>	<u>\$ 191,861</u>	<u>\$ 525,324</u>	<u>\$ 551,602</u>	<u>\$ 69,010</u>	<u>\$ 1,341,542</u>	<u>\$ 119,747</u>

## VILLAGE OF MUKWONAGO

### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS December 31, 2007

	Capital Projects Funds			
	Tax Incremental District No. 3	Capital Equipment Fund	Library Building Fund	2001 GO Bond Fund
<b>ASSETS</b>				
Cash and investments	\$ 1,163,234	\$ 79,509	\$ 7,566	\$ 5,371
Receivables				
Taxes	712,392	37,302	-	5,157
Accounts	-	489	-	-
Special assessments	-	-	-	34,007
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Restricted cash and investments	-	-	-	-
Restricted accounts receivable	-	-	-	-
	<u>\$ 1,875,626</u>	<u>\$ 117,300</u>	<u>\$ 7,566</u>	<u>\$ 44,535</u>
<b>TOTAL ASSETS</b>				
	<u>\$ 1,875,626</u>	<u>\$ 117,300</u>	<u>\$ 7,566</u>	<u>\$ 44,535</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 5,043	\$ 29,367	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenues	712,392	37,302	-	39,164
Due to other funds	-	1,261	-	-
Total Liabilities	<u>717,435</u>	<u>67,930</u>	<u>-</u>	<u>39,164</u>
Fund Balances (Deficit)				
Reserved for				
Impact fees	-	-	-	-
Prepaid items	-	-	-	-
Unreserved - Designated	904,000	-	-	-
Unreserved - Undesignated	<u>254,191</u>	<u>49,370</u>	<u>7,566</u>	<u>5,371</u>
Total Fund Balances (deficit)	<u>1,158,191</u>	<u>49,370</u>	<u>7,566</u>	<u>5,371</u>
	<u>\$ 1,875,626</u>	<u>\$ 117,300</u>	<u>\$ 7,566</u>	<u>\$ 44,535</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>				
	<u>\$ 1,875,626</u>	<u>\$ 117,300</u>	<u>\$ 7,566</u>	<u>\$ 44,535</u>

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Total  
Nonmajor  
Governmental  
Funds

\$ 2,499,470

1,656,408

3,187

34,007

4,663

75

10,996

1,336,784

4,758

\$ 5,550,348

\$ 155,111

36,344

339,234

1,730,170

13,434

2,274,293

1,311,055

10,996

917,000

1,037,004

3,276,055

\$ 5,550,348

## VILLAGE OF MUKWONAGO

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2007

	Special Revenue Funds			
	Fire and Ambulance Fund	Museum Donations Fund	Revolving Loan Fund	Fire Designated Fund
<b>REVENUES</b>				
Taxes	\$ 82,471	\$ -	\$ -	\$ -
Intergovernmental	20,963	-	-	-
Licenses and permits	-	-	-	-
Public charges for services	256,050	-	-	-
Intergovernmental charges for services	390,011	-	-	-
Special assessments	-	-	-	-
Investment income	3,393	7	9,731	4,669
Miscellaneous	<u>22,033</u>	-	-	<u>4,128</u>
Total Revenues	<u>774,921</u>	<u>7</u>	<u>9,731</u>	<u>8,797</u>
<b>EXPENDITURES</b>				
Current				
Public safety	765,341	-	-	4,474
Public works	-	-	-	-
Culture, recreation and education	-	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	14,500	5,359	-	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>779,841</u>	<u>5,359</u>	<u>-</u>	<u>4,474</u>
Excess (deficiency) of revenues over expenditures	<u>(4,920)</u>	<u>(5,352)</u>	<u>9,731</u>	<u>4,323</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	14,500	-	-	14,000
Transfers out	(40,562)	-	(2,000)	-
Sales of fixed assets	19,758	-	-	-
Debt issued	-	-	-	-
Total Other Financing Sources (Uses)	<u>(6,304)</u>	<u>-</u>	<u>(2,000)</u>	<u>14,000</u>
<b>Net Change in Fund Balances</b>	(11,224)	(5,352)	7,731	18,323
FUND BALANCES - Beginning of Year	<u>35,790</u>	<u>5,352</u>	<u>69,902</u>	<u>94,723</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 24,566</u>	<u>\$ -</u>	<u>\$ 77,633</u>	<u>\$ 113,046</u>

Special Revenue Funds

Ambulance Designated Fund	Specific Use Fund	Recycling Fund	Library Fund	Stormwater Fund	Impact Fee Fund	Park Land Site Fund
\$ -	\$ -	\$ 382,138	\$ 351,402	\$ -	\$ -	\$ -
-	-	28,702	376,075	-	-	-
-	-	-	-	-	201,466	-
-	-	88,866	36,150	10,201	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,295	963	10,052	8,983	38	58,233	9,289
-	51,000	45	382	-	-	46,198
<u>2,295</u>	<u>51,963</u>	<u>509,803</u>	<u>772,992</u>	<u>10,239</u>	<u>259,699</u>	<u>55,487</u>
-	-	-	-	-	-	-
-	-	529,067	-	36,409	-	-
-	-	-	678,250	-	-	224
-	-	-	-	14,615	-	12,979
-	-	-	85,874	-	126,305	84,373
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	<u>529,067</u>	<u>764,124</u>	<u>51,024</u>	<u>126,305</u>	<u>97,576</u>
<u>2,295</u>	<u>51,963</u>	<u>(19,264)</u>	<u>8,868</u>	<u>(40,785)</u>	<u>133,394</u>	<u>(42,089)</u>
-	10,000	-	-	-	-	-
-	-	-	-	-	(24,000)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>10,000</u>	-	-	-	<u>(24,000)</u>	-
2,295	61,963	(19,264)	8,868	(40,785)	109,394	(42,089)
<u>53,963</u>	<u>125,364</u>	<u>72,495</u>	<u>147,858</u>	<u>3,175</u>	<u>1,201,661</u>	<u>155,414</u>
<u>\$ 56,258</u>	<u>\$ 187,327</u>	<u>\$ 53,231</u>	<u>\$ 156,726</u>	<u>\$ (37,610)</u>	<u>\$ 1,311,055</u>	<u>\$ 113,325</u>

## VILLAGE OF MUKWONAGO

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2007

	Capital Projects Funds			
	Tax Incremental District No. 3	Capital Equipment Fund	Library Building Fund	2001 GO Bond Fund
<b>REVENUES</b>				
Taxes	\$ 675,222	\$ 71,776	\$ -	\$ -
Intergovernmental	16,854	245	-	-
Licenses and permits	-	-	-	-
Public charges for services	-	-	-	-
Intergovernmental charges for services	-	72,300	-	-
Special assessments	-	-	-	5,329
Investment income	42,087	7,460	90	42
Miscellaneous	-	-	-	-
Total Revenues	734,163	151,781	90	5,371
<b>EXPENDITURES</b>				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture, recreation and education	-	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	32,446	191,111	-	-
Debt Service				
Principal	-	5,577	-	-
Interest and fiscal charges	185,749	320	-	-
Total Expenditures	218,195	197,008	-	-
Excess (deficiency) of revenues over expenditures	515,968	(45,227)	90	5,371
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	(24,000)	-	-
Sales of fixed assets	-	-	-	-
Debt issued	638,078	-	-	-
Total Other Financing Sources (Uses)	638,078	(24,000)	-	-
<b>Net Change in Fund Balances</b>	1,154,046	(69,227)	90	5,371
FUND BALANCES - Beginning of Year	4,145	118,597	7,476	-
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 1,158,191	\$ 49,370	\$ 7,566	\$ 5,371

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Total  
Nonmajor  
Governmental  
Funds

\$ 1,563,009  
442,839  
201,466  
391,267  
462,311  
5,329  
157,332  
123,786  
3,347,339

769,815  
565,476  
678,474  
27,594  
539,968

5,577  
186,069  
2,772,973

574,366

38,500  
(90,562)  
19,758  
638,078

605,774

1,180,140

2,095,915

\$ 3,276,055

