

VILLAGE OF MUKWONAGO

Mukwonago, Wisconsin

FINANCIAL STATEMENTS

December 31, 2008

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, 2008, 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, 2008, 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 required supplementary information as noted in the table of contents is not a required part of the basic financial statements but is 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.

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 introductory section, supplementary schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Baker Tilly Vinchow Krause, LLP

Milwaukee, Wisconsin
August 26, 2005

BASIC FINANCIAL STATEMENTS

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VILLAGE OF MUKWONAGO

STATEMENT OF NET ASSETS December 31, 2008

	<u>Governmental</u> <u>Activites</u>	<u>Business-</u> <u>Type Activities</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 8,759,554	\$ 3,820,847	\$ 12,580,401
Receivables (net)			
Taxes receivable	4,998,616	111,636	5,110,252
Accounts	94,671	629,732	724,403
Special assessments	1,739,799	1,094,586	2,834,385
Due from other governmental units	8,821	-	8,821
Internal balances	113,370	(113,370)	-
Inventories and prepaid items	60,512	25,417	85,929
Unamortized debt issuance expense	364,589	307,307	671,896
Restricted assets			
Cash and investments	1,491,760	1,985,994	3,477,754
Accounts receivable	2,379	-	2,379
Capital assets			
Land	904,500	598,969	1,503,469
Construction in progress	2,528,161	2,134,251	4,662,412
Other capital assets, net of depreciation	<u>17,615,859</u>	<u>28,158,205</u>	<u>45,774,064</u>
Total Assets	<u>38,682,591</u>	<u>38,753,574</u>	<u>77,436,165</u>
LIABILITIES			
Accounts payable and accrued expenses	822,466	242,887	1,065,353
Unearned revenue	4,998,053	508,408	5,506,461
Noncurrent liabilities			
Due within one year	2,109,765	961,933	3,071,698
Due in more than one year	<u>23,131,956</u>	<u>17,058,832</u>	<u>40,190,788</u>
Total Liabilities	<u>31,062,240</u>	<u>18,772,060</u>	<u>49,834,300</u>
NET ASSETS			
Invested in capital assets, net of related debt	546,537	14,784,055	15,330,592
Restricted for			
Debt service	723,263	52,469	775,732
Equipment replacement	-	290,066	290,066
Impact fees	1,491,760	-	1,491,760
Unrestricted	<u>4,858,791</u>	<u>4,854,924</u>	<u>9,713,715</u>
TOTAL NET ASSETS	<u>\$ 7,620,351</u>	<u>\$ 19,981,514</u>	<u>\$ 27,601,865</u>

See accompanying notes to financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 872,336	\$ 124,214	\$ 50,580	\$ -
Public safety	3,232,485	1,030,502	52,473	79,581
Public works	1,834,216	354,062	691,599	885,683
Health and human services	2,520	122,307	-	-
Culture, education and recreation	909,062	39,984	387,295	21,683
Conservation and development	134,990	-	-	-
Interest and fiscal charges	1,141,135	-	-	-
Total Governmental Activities	8,126,744	1,671,069	1,181,947	986,947
Business-type Activities				
Water Utility	1,074,339	1,525,548	-	30,935
Sanitary Sewer Utility	1,853,296	1,167,197	-	44,660
Total Business-type Activities	2,927,635	2,692,745	-	75,595
Total	\$ 11,054,379	\$ 4,363,814	\$ 1,181,947	\$ 1,062,542

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

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (697,542)	\$ -	\$ (697,542)
(2,069,929)	-	(2,069,929)
97,128	-	97,128
119,787	-	119,787
(460,100)	-	(460,100)
(134,990)	-	(134,990)
<u>(1,141,135)</u>	<u>-</u>	<u>(1,141,135)</u>
<u>(4,286,781)</u>	<u>-</u>	<u>(4,286,781)</u>
-	482,144	482,144
-	<u>(641,439)</u>	<u>(641,439)</u>
-	<u>(159,295)</u>	<u>(159,295)</u>
<u>(4,286,781)</u>	<u>(159,295)</u>	<u>(4,446,076)</u>
2,136,014	-	2,136,014
1,984,214	-	1,984,214
712,392	-	712,392
14,901	-	14,901
469,311	-	469,311
443,172	291,939	735,111
304,000	-	304,000
22,847	28,819	51,666
<u>6,086,851</u>	<u>320,758</u>	<u>6,407,609</u>
<u>204,100</u>	<u>(204,100)</u>	<u>-</u>
2,004,170	(42,637)	1,961,533
<u>5,616,181</u>	<u>20,024,151</u>	<u>25,640,332</u>
<u>\$ 7,620,351</u>	<u>\$ 19,981,514</u>	<u>\$ 27,601,865</u>

See accompanying notes to financial statements.

VILLAGE OF MUKWONAGO

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2008

	<u>General Fund</u>	Tax Incremental District No. 3	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
ASSETS				
Cash and investments	\$ 1,968,116	\$ 1,365,398	\$ 944,112	\$ 3,262,026
Receivables				
Taxes	1,459,968	373,286	2,188,552	-
Accounts	90,816	-	-	-
Special assessments	5,226	-	1,703,719	-
Due from other governments	8,821	-	-	-
Due from other funds	121,692	-	269,433	317,902
Prepaid items	46,196	-	-	-
Restricted cash and investments	-	-	-	-
Restricted accounts receivable	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 3,700,835</u>	<u>\$ 1,738,684</u>	<u>\$ 5,105,816</u>	<u>\$ 3,579,928</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 129,034	\$ 2,062	\$ -	\$ 64,114
Accrued liabilities	81,955	-	-	-
Due to other funds	270,069	-	301,379	67
Deferred revenues	1,466,613	373,286	3,902,271	-
Due to other governments	-	-	-	-
Total Liabilities	<u>1,947,671</u>	<u>375,348</u>	<u>4,203,650</u>	<u>64,181</u>
Fund Balances				
Reserved				
Debt service	-	-	902,166	-
Impact fees	-	-	-	-
Prepaid items	46,196	-	-	-
Encumbrances	-	-	-	431,372
Unreserved, reported in:				
General fund designated	848,298	-	-	-
General fund undesignated	858,670	-	-	-
Special revenue funds undesignated	-	-	-	-
Capital projects funds designated	-	1,363,336	-	-
Capital projects funds undesignated	-	-	-	3,084,375
Total Fund Balances	<u>1,753,164</u>	<u>1,363,336</u>	<u>902,166</u>	<u>3,515,747</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,700,835</u>	<u>\$ 1,738,684</u>	<u>\$ 5,105,816</u>	<u>\$ 3,579,928</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 1,219,902	\$ 8,759,554
976,810	4,998,616
3,855	94,671
30,854	1,739,799
-	8,821
35,313	744,340
14,316	60,512
1,491,760	1,491,760
<u>2,379</u>	<u>2,379</u>
<u>\$ 3,775,189</u>	<u>\$ 17,900,452</u>

\$ 109,201	\$ 304,411
49,130	131,085
59,455	630,970
1,008,812	6,750,982
<u>323,067</u>	<u>323,067</u>
<u>1,549,665</u>	<u>8,140,515</u>

-	902,166
1,491,760	1,491,760
14,316	60,512
-	431,372
-	848,298
-	858,670
712,457	712,457
-	1,363,336
<u>6,991</u>	<u>3,091,366</u>
<u>2,225,524</u>	<u>9,759,937</u>
<u>\$ 3,775,189</u>	<u>\$ 17,900,452</u>

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, 2008

Total Fund Balances - Governmental Funds \$ 9,759,937

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. 21,048,520

Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. 1,752,929

Accrued interest payable (178,903)

Unamortized debt issuance expenses 364,589

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. (25,126,721)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 7,620,351

VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2008

	<u>General Fund</u>	<u>Tax Incremental District No. 3</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
REVENUES				
Taxes	\$ 1,227,601	\$ 712,392	\$ 1,984,214	\$ -
Special assessments	86	-	191,452	-
Intergovernmental	1,170,536	9,838	-	-
Licenses and permits	264,952	-	-	-
Fines, forfeitures and penalties	155,198	-	-	-
Public charges for services	22,452	-	-	-
Intergovernmental charges for services	139,015	-	-	-
Investment income	116,417	97,203	33,707	109,576
Miscellaneous	17,229	-	-	-
Total Revenues	<u>3,113,486</u>	<u>819,433</u>	<u>2,209,373</u>	<u>109,576</u>
EXPENDITURES				
Current				
General government	656,537	-	-	-
Public safety	2,186,974	-	-	-
Public works	778,105	-	-	-
Health and human services	12,257	-	-	-
Culture, recreation and education	135,786	-	-	-
Conservation and development	68,040	-	-	-
Capital Outlay	-	34,084	-	508,673
Debt Service				
Principal	-	5,465,660	1,638,772	-
Interest and fiscal charges	-	431,056	849,850	-
Total Expenditures	<u>3,837,699</u>	<u>5,930,800</u>	<u>2,488,622</u>	<u>508,673</u>
Excess (deficiency) of revenues over expenditures	<u>(724,213)</u>	<u>(5,111,367)</u>	<u>(279,249)</u>	<u>(399,097)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	5,300,000	-	-
Premium on debt issued	-	78,512	-	-
Transfers in	268,100	-	700,000	-
Transfers out	(300,000)	(62,000)	-	(500,000)
Sales of fixed assets	304,000	-	-	-
Total Other Financing Sources (Uses)	<u>272,100</u>	<u>5,316,512</u>	<u>700,000</u>	<u>(500,000)</u>
Net Change in Fund Balances	(452,113)	205,145	420,751	(899,097)
FUND BALANCES - Beginning of Year	<u>2,205,277</u>	<u>1,158,191</u>	<u>481,415</u>	<u>4,414,844</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,753,164</u>	<u>\$ 1,363,336</u>	<u>\$ 902,166</u>	<u>\$ 3,515,747</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 937,330	\$ 4,861,537
3,165	194,703
453,503	1,633,877
142,776	407,728
-	155,198
410,561	433,013
490,196	629,211
74,245	431,148
<u>100,221</u>	<u>117,450</u>
<u>2,611,997</u>	<u>8,863,865</u>
-	656,537
843,778	3,030,752
548,399	1,326,504
-	12,257
696,871	832,657
66,950	134,990
446,339	989,096
-	7,104,432
-	<u>1,280,906</u>
<u>2,602,337</u>	<u>15,368,131</u>
<u>9,660</u>	<u>(6,504,266)</u>
-	5,300,000
-	78,512
181,000	1,149,100
(83,000)	(945,000)
-	<u>304,000</u>
<u>98,000</u>	<u>5,886,612</u>
107,660	(617,654)
<u>2,117,864</u>	<u>10,377,591</u>
<u>\$ 2,225,524</u>	<u>\$ 9,759,937</u>

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, 2008

Net change in fund balances - total governmental funds	\$	(617,654)
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Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		989,096
Some items reported as capital outlay were not capitalized		(252,514)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		12,103
Depreciation is reported in the government-wide financial statements		(776,117)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Special assessments		750,578
Other receivables		8,372

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Debt issued		(5,300,000)
Principal repaid		7,104,432

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

Debt issuance costs capitalized		123,419
Amortization of debt issuance costs		(85,626)
Debt premium capitalized		(78,512)
Amortization of loss on refunding		(28,717)
Amortization of debt premiums		32,580

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences		24,616
Accrued interest on debt		98,114

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>2,004,170</u>
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VILLAGE OF MUKWONAGO

STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2008

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 164,777	\$ 3,656,070	\$ 3,820,847
Receivables			
Accounts	345,645	284,087	629,732
Taxes	58,655	52,981	111,636
Due from other funds	66,985	50,850	117,835
Inventories	18,603	-	18,603
Prepaid items	1,648	5,166	6,814
Restricted Assets			
Cash and investments	<u>50,973</u>	<u>62,457</u>	<u>113,430</u>
Total Current Assets	<u>707,286</u>	<u>4,111,611</u>	<u>4,818,897</u>
Noncurrent Assets			
Restricted Assets			
Cash and investments	602,214	1,270,350	1,872,564
Capital Assets			
Land	556,467	42,502	598,969
Construction in progress	1,639,769	494,482	2,134,251
Capital assets being depreciated	17,201,867	20,361,933	37,563,800
Less: Accumulated depreciation	(3,247,410)	(6,158,185)	(9,405,595)
Other Assets			
Special assessments	356,613	737,973	1,094,586
Unamortized debt issuance expenses	<u>90,090</u>	<u>217,217</u>	<u>307,307</u>
Total Noncurrent Assets	<u>17,199,610</u>	<u>16,966,272</u>	<u>34,165,882</u>
Total Assets	<u>17,906,896</u>	<u>21,077,883</u>	<u>38,984,779</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Sanitary		Totals
	Water Utility	Sewer Utility	
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 61,787	\$ 91,895	\$ 153,682
Accrued liabilities	6,299	16,869	23,168
Accrued interest payable	4,894	182	5,076
Due to other funds	159,624	71,581	231,205
Current portion of long-term debt	130,304	225,660	355,964
Liabilities Payable from Restricted Assets			
Accrued interest payable	19,158	41,803	60,961
Current portion of long-term debt	<u>235,044</u>	<u>370,925</u>	<u>605,969</u>
Total Current Liabilities	<u>617,110</u>	<u>818,915</u>	<u>1,436,025</u>
Noncurrent Liabilities			
Long-Term Debt			
Bonds and notes payable	5,873,436	11,119,778	16,993,214
Special deposits	5,120	-	5,120
Unearned revenues	67,776	440,632	508,408
Compensated absences	<u>29,295</u>	<u>31,203</u>	<u>60,498</u>
Total Noncurrent Liabilities	<u>5,975,627</u>	<u>11,591,613</u>	<u>17,567,240</u>
Total Liabilities	<u>6,592,737</u>	<u>12,410,528</u>	<u>19,003,265</u>
NET ASSETS			
Invested in capital assets, net of related debt	10,604,213	4,179,842	14,784,055
Restricted for			
Equipment replacement	-	290,066	290,066
Debt service	31,815	20,654	52,469
Unrestricted	<u>678,131</u>	<u>4,176,793</u>	<u>4,854,924</u>
TOTAL NET ASSETS	<u>\$ 11,314,159</u>	<u>\$ 8,667,355</u>	<u>\$ 19,981,514</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, 2008

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
OPERATING REVENUES	<u>\$ 1,524,478</u>	<u>\$ 1,167,197</u>	<u>\$ 2,691,675</u>
OPERATING EXPENSES			
Operation and maintenance	443,845	745,870	1,189,715
Depreciation	343,512	530,800	874,312
Taxes	<u>10,526</u>	<u>444</u>	<u>10,970</u>
Total Operating Expenses	<u>797,883</u>	<u>1,277,114</u>	<u>2,074,997</u>
Operating Income (Loss)	<u>726,595</u>	<u>(109,917)</u>	<u>616,678</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	72,262	219,677	291,939
Miscellaneous	1,070	28,818	29,888
Interest and fiscal charges	<u>(276,456)</u>	<u>(576,182)</u>	<u>(852,638)</u>
Total Nonoperating Revenues (Expenses)	<u>(203,124)</u>	<u>(327,687)</u>	<u>(530,811)</u>
Income (Loss) Before Contributions and Transfers	<u>523,471</u>	<u>(437,604)</u>	<u>85,867</u>
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	30,935	44,660	75,595
Transfers in	-	62,000	62,000
Transfers out	<u>(263,226)</u>	<u>(2,874)</u>	<u>(266,100)</u>
Total Contributions and Transfers	<u>(232,291)</u>	<u>103,786</u>	<u>(128,505)</u>
Change in Net Assets	291,180	(333,818)	(42,638)
NET ASSETS - Beginning of Year	<u>11,022,979</u>	<u>9,001,173</u>	<u>20,024,152</u>
NET ASSETS - END OF YEAR	<u>\$ 11,314,159</u>	<u>\$ 8,667,355</u>	<u>\$ 19,981,514</u>

See accompanying notes to financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2008

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sanitary Sewer Utility</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 1,478,003	\$ 1,096,766	\$ 2,574,769
Paid to suppliers for goods and services	(265,609)	(402,708)	(668,317)
Paid to employees for services	(120,685)	(263,966)	(384,651)
Net Cash Flows From Operating Activities	<u>1,091,709</u>	<u>430,092</u>	<u>1,521,801</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>72,262</u>	<u>219,677</u>	<u>291,939</u>
Net Cash Flows From Investing Activities	<u>72,262</u>	<u>219,677</u>	<u>291,939</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent Transfers from municipality	(240,944)	(2,874)	(243,818)
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>62,000</u>	<u>62,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	918,720	5,556,280	6,475,000
Debt retired	(3,124,942)	(8,361,982)	(11,486,924)
Interest paid	(308,009)	(644,680)	(952,689)
Debt issuance costs paid	(28,156)	(130,364)	(158,520)
Special assessments received	43,300	46,040	89,340
Acquisition and construction of capital assets	(422,972)	(695,886)	(1,118,858)
Premium on debt issued received	<u>17,006</u>	<u>71,997</u>	<u>89,003</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(2,905,053)</u>	<u>(4,158,595)</u>	<u>(7,063,648)</u>
Net Change in Cash and Cash Equivalents	<u>(1,982,026)</u>	<u>(3,449,700)</u>	<u>(5,431,726)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,799,990</u>	<u>8,438,577</u>	<u>11,238,567</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 817,964</u>	<u>\$ 4,988,877</u>	<u>\$ 5,806,841</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 726,595	\$ (109,917)	\$ 616,678
Nonoperating revenue	1,070	28,818	29,888
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	343,512	530,799	874,311
Depreciation charged to other funds	12,703	(12,703)	-
Changes in assets and liabilities			
Accounts and taxes receivable	(11,767)	(35,696)	(47,463)
Inventory	622	-	622
Prepaid items	(7)	(581)	(588)
Due from other funds	25,079	(338)	24,741
Accounts payable	(11,153)	39,501	28,348
Due to other funds	(30,381)	34,656	4,275
Compensated absences	2,613	119	2,732
Accrued liabilities	411	5,946	6,357
Unearned revenues	(18,100)	-	(18,100)
Due to sewer utility	50,512	-	50,512
Due from water utility	-	(50,512)	(50,512)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 1,091,709	\$ 430,092	\$ 1,521,801
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS			
Cash and investments - statement of net assets	\$ 164,777	\$ 3,656,070	\$ 3,820,847
Restricted cash and investments - statement of net assets	653,187	1,332,807	1,985,994
CASH AND CASH EQUIVALENTS	\$ 817,964	\$ 4,988,877	\$ 5,806,841
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Special assessments levied	\$ 30,760	\$ 34,808	

See accompanying notes to financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2008

	Private Purpose Trust Library Trust Fund	Agency Fund Tax Escrow Fund
ASSETS		
Cash and investments	\$ 29,685	\$ 5,981,833
Taxes receivable	-	2,089,470
Total Assets	<u>29,685</u>	<u>8,071,303</u>
LIABILITIES		
Accounts payable	-	87,348
Due to other taxing units	-	7,983,955
Total Liabilities	<u>-</u>	<u>8,071,303</u>
NET ASSETS		
Held in trust	<u>29,685</u>	<u>-</u>
TOTAL NET ASSETS	<u>\$ 29,685</u>	<u>\$ -</u>

See accompanying notes to financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS For the Year Ended December 31, 2008

	<u>Private Purpose Trust Library Trust Fund</u>
ADDITIONS	
Investment income	\$ 408
Total Additions	<u>408</u>
Change in Net Assets	408
NET ASSETS - Beginning of Year	<u>29,277</u>
NET ASSETS - END OF YEAR	<u><u>\$ 29,685</u></u>

See accompanying notes to financial statements.

VILLAGE OF MUKWONAGO

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VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements 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, 2008

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, 2008

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 non-TID capital improvement projects.

Tax Incremental District (TID) No. 3 Capital Projects Fund - accounts for expenditures outlined in the TID project plan and related revenues and proceeds from long-term borrowing.

The village reports the following major enterprise funds:

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

Water Utility - accounts for operations of the water system

The village reports the following non-major governmental funds:

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

Library	Recycling
Revolving Loan	Park Land Site
Impact Fee	Ambulance Designated
Fire Designated	Fire and Ambulance
Stormwater	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	2001 GO Bond
Library Building	

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, 2008

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, 2008

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, 2008

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, 2008, 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, 2008

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 is a 2a 7 - like pool. 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, 2008, 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 - 2008 tax roll:

Lien date and levy date	December 2008
Tax bills mailed	December 2008
Payment in full, or	January 31, 2009
First installment due	January 31, 2009
Second installment due	July 31, 2009
Personal property taxes in full	January 31, 2009
Tax sale - 2008 delinquent real estate taxes	October 2011

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, 2008

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.

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:

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

Fund Financial Statements

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

6. Other Assets

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

7. Compensated Absences

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

All vested vacation and sick leave pay is accrued when incurred in the government-wide 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, 2008, are determined on the basis of current salary rates and include salary related payments.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

8. Long-Term Obligations/Conduit Debt

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

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

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

The village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At year end, the aggregate principal amount for the 2004 series outstanding could not be determined; however, their original issue amounts totaled \$7,175,000.

9. Claims and Judgments

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

10. Equity Classifications

Government-Wide Statements

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

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

10. Equity Classifications (cont.)

Government-Wide Statements (cont.)

- b. Restricted net assets - Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definitions of "restricted" or "invested in capital assets, net of related debt."

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

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. 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.

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 \$29,685 was available for the year ended December 31, 2008.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

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

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

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

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund	\$ 3,739,676	\$ 4,137,699	\$ 398,023
Fire and Ambulance Fund	728,033	839,906	111,873
Tax Incremental District No. 3	924,000	5,992,800	5,068,800
Capital Project Fund	955,000	1,008,673	53,673
Fire Designed Fund	30,000	33,872	3,872
Park Land Site Fund	27,000	111,646	84,646
Specific Use Fund	-	5,625	5,625

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.

The excess of expenditures over appropriations for the Tax Incremental District No. 3 was the result of the village refinancing \$5,450,000 of long-term debt. Resources were provided for the refinancing through the proceeds of new debt; however no budget amendment for this transaction was approved.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

C. DEFICIT BALANCES

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

As of December 31, 2008, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Fire and Ambulance Fund	\$ (37,759)	Excess legal fees.
Capital Equipment Fund	(11,339)	Insufficient revenue provided.

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, 2008

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	\$ 9,213,047	\$ 9,267,032	Custodial Credit Risk
WIT	506,422	506,422	Credit Risk, Interest Rate Risk
LGIP	12,350,004	12,350,004	Credit Risk, Interest Rate Risk
Petty cash	200	-	N/A
Total Deposits and Investments	\$ 22,069,673	\$ 22,123,458	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 12,580,401		
Restricted cash and investments	3,477,754		
Per statement of net assets- fiduciary funds			
Private purpose trust	29,685		
Agency	5,981,833		
Total Deposits and Investments	\$ 22,069,673		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited amounts 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. This coverage expired on February 15, 2009.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

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, 2008, \$6,078,407 of the village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>6,078,407</u>
Total	\$ <u><u>6,078,407</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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

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

As of December 31, 2008, the village's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Years)
WIT	\$ 506,422	1.2
LGIP	<u>12,350,004</u>	.22
Total	<u>\$ 12,856,426</u>	
Portfolio weighted average maturity		<u>0.26</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	\$ -	\$ 4,998,053	\$ 4,998,053
Special assessments not yet due	1,739,799	-	1,739,799
Impact fees on installment plan	2,379	-	2,379
FEMA Grant	<u>10,751</u>	-	<u>10,751</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,752,929</u>	<u>\$ 4,998,053</u>	<u>\$ 6,750,982</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.

Equipment Replacement Account

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

Impact Fee Account

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

Following is a list of restricted assets at December 31, 2008:

	<u>Restricted Assets</u>
Water redemption account- current	\$ 50,973
Water reserve account	602,214
Sewer redemption account - current	62,457
Sewer reserve account	980,284
Equipment replacement account	290,066
Impact fee account	<u>1,491,760</u>
 Total Restricted Assets	 <u>\$ 3,477,754</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 904,500	\$ -	\$ -	\$ 904,500
Construction in progress	5,996,385	496,019	3,964,243	2,528,161
Total Capital Assets Not Being Depreciated	6,900,885	496,019	3,964,243	3,432,661
Capital assets being depreciated				
Land improvements	96,345	86,868	-	183,213
Buildings	5,821,796	10,960	-	5,832,756
Machinery and equipment	2,601,851	158,658	22,525	2,737,984
Streets	8,916,354	3,880,225	108,979	12,687,600
Storm sewers	1,862,179	-	-	1,862,179
Library collection	781,007	80,198	-	861,205
Total Capital Assets Being Depreciated	20,079,532	4,216,909	131,504	24,164,937
Total Capital Assets	26,980,417	4,712,928	4,095,747	27,597,598
Less: Accumulated depreciation for				
Land improvements	(53,027)	(3,339)	-	(56,366)
Buildings	(834,403)	(116,545)	-	(950,948)
Machinery and equipment	(1,275,107)	(184,017)	22,525	(1,436,599)
Streets	(3,383,766)	(392,678)	108,979	(3,667,465)
Storm sewers	(144,249)	(37,346)	-	(181,595)
Library collection	(213,913)	(42,192)	-	(256,105)
Total Accumulated Depreciation	(5,904,465)	(776,117)	131,504	(6,549,078)
Net Capital Assets Being Depreciated	14,175,067	3,440,792	-	17,615,859
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 21,075,952	\$ 3,936,811	\$ 3,964,243	\$ 21,048,520

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 29,033
Public safety	213,295
Public works, which includes the depreciation of infrastructure	454,082
Culture, recreation and education	<u>79,707</u>
Total Governmental Activities Depreciation Expense	<u><u>\$ 776,117</u></u>

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Sanitary Sewer				
Capital assets not being depreciated				
Land and land rights	\$ 42,502	\$ -	\$ -	\$ 42,502
Construction in progress	<u>899,536</u>	<u>438,689</u>	<u>843,743</u>	<u>494,482</u>
Total Capital Assets Not Being Depreciated	<u>942,038</u>	<u>438,689</u>	<u>843,743</u>	<u>536,984</u>
Capital assets being depreciated				
Buildings and improvements	18,348,784	905,463	90,546	19,163,701
Machinery and equipment	<u>1,198,232</u>	<u>-</u>	<u>-</u>	<u>1,198,232</u>
Total Capital Assets Being Depreciated	<u>19,547,016</u>	<u>905,463</u>	<u>90,546</u>	<u>20,361,933</u>
Total Capital Assets	<u>20,489,054</u>	<u>1,344,152</u>	<u>934,289</u>	<u>20,898,917</u>
Less: Accumulated depreciation for				
Buildings and improvements	(5,281,243)	(417,958)	90,546	(5,608,655)
Machinery and equipment	<u>(449,392)</u>	<u>(100,138)</u>	<u>-</u>	<u>(549,530)</u>
Total Accumulated Depreciation	<u>(5,730,635)</u>	<u>(518,096)</u>	<u>90,546</u>	<u>(6,158,185)</u>
Net Capital Assets Being Depreciated	<u>13,816,381</u>	<u>387,367</u>	<u>-</u>	<u>14,203,748</u>
Net Sanitary Sewer Plant	<u><u>\$ 14,758,419</u></u>	<u><u>\$ 826,056</u></u>	<u><u>\$ 843,743</u></u>	<u><u>\$ 14,740,732</u></u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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	\$ 250,000	\$ -	\$ 556,467
Construction in progress	2,267,201	83,235	710,667	1,639,769
Total Capital Assets Not Being Depreciated	2,573,668	333,235	710,667	2,196,236
Capital assets being depreciated				
Buildings and improvements	14,995,372	709,859	61,768	15,643,463
Machinery and equipment	1,537,823	21,435	854	1,558,404
Total Capital Assets Being Depreciated	16,533,195	731,294	62,622	17,201,867
Total Capital Assets	19,106,863	1,064,529	773,289	19,398,103
Less: Accumulated depreciation for				
Buildings and improvements	(2,156,605)	(262,867)	61,768	(2,357,704)
Machinery and equipment	(797,212)	(93,348)	854	(889,706)
Total Accumulated Depreciation	(2,953,817)	(356,215)	62,622	(3,247,410)
Net Capital Assets Being Depreciated	13,579,378	375,079	-	13,954,457
Net Water Plant	\$ 16,153,046	\$ 708,314	\$ 710,667	\$ 16,150,693
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 30,911,465	\$ 1,534,370	\$ 1,554,410	\$ 30,891,425

Depreciation expense was charged to functions as follows:

Business-type Activities

Sewer	\$ 530,800
Water	343,512
Total Business-type Activities Depreciation Expense	\$ 874,312

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, 2008

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

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Specific Use Fund	\$ 1,606
General Fund	Water Utility	84,033
General Fund	Sewer Utility	816
General Fund	Capital Projects Fund	1,261
General Fund	Library Fund	8,225
General Fund	Recycling Fund	7,414
General Fund	Fire and Ambulance Fund	4,990
General Fund	Debt Service Fund	12,514
General Fund	Stormwater Fund	766
Debt Service	General Fund	269,345
Debt Service	Sewer Utility	34
Debt Service	Water Utility	54
Fire and Ambulance Fund	Capital Projects Fund	968
Recycling Fund	General Fund	45
Recycling Fund	Sewer Utility	50
Recycling Fund	Water Utility	25
Recycling Fund	Fire and Ambulance Fund	125
Fire Designated Fund	Capital Projects Fund	14,000
Ambulance Designated Fund	Capital Projects Fund	10,000
Specific Use Designated Fund	Capital Projects Fund	10,000
Water Utility	General Fund	341
Water Utility	Sewer Utility	66,644
Sewer Utility	General Fund	338
Recycling Fund	Library Fund	100
Capital Project Fund	Debt Service Fund	288,865
Capital Project Fund	Water Utility	25,000
Sewer Utility	Water Utility	50,512
Capital Project Fund	Sewer Utility	4,037
General Fund	Capital Projects Fund	<u>67</u>
Total - Fund Financial Statements		<u>862,175</u>
Less: Fund eliminations		<u>(748,805)</u>
Total Internal Balances - Government-Wide Statement of Net Assets		<u>\$ 113,370</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

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

Interfund Receivables/Payables (cont.)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 114,049
Business-type Activities	Governmental Activities	<u>(679)</u>
Total Government-Wide Financial Statements		<u><u>\$ 113,370</u></u>

All amounts are due within one year.

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

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility	\$ 263,226	Payment in lieu of taxes
General Fund	Sanitary Sewer Utility	2,874	Payment in lieu of taxes
General Fund	Revolving Loan Fund	2,000	Administrative costs
Fire Designated Fund	Stormwater Fund	14,000	Transfer of donated/designated funds
Ambulance Designated Fund	Capital Project Fund	10,000	Transfer of donated/designated funds
Specific Use Fund	Stormwater Fund	10,000	Transfer of donated/designated funds
Debt Service Fund	Capital Projects Fund	500,000	Debt Service
Debt Service Fund	General Fund	200,000	Debt Service
Sewer Utility	Tax Incremental District No. 3 Fund	62,000	Debt Service
Capital Projects Fund	General Fund	100,000	Transfer for shared project costs
Capital Projects Fund	Park Land Site Fund	17,000	Transfer for shared project costs
Capital Projects Fund	Fire Designation Fund	<u>30,000</u>	Transfer of donated/designated funds
Total - Fund Financial Statements		<u>1,211,100</u>	
Less: Fund eliminations		<u>(1,007,000)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 204,100</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ 266,100	
Business-type Activities	Governmental Activities	<u>(62,000)</u>	
Total Government-wide Financial Statements		<u>\$ 204,100</u>	

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

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

Transfers (cont.)

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, 2008

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 20,891,950	\$ 5,300,000	\$ 1,654,432	\$ 24,537,518	\$ 2,077,518
Bond anticipation notes	5,450,000	-	5,450,000	-	-
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	43,702	78,512	32,580	89,634	-
Refundings - Gains/(Losses)	(66,591)	-	(28,717)	(37,874)	-
Sub-totals	<u>26,319,061</u>	<u>5,378,512</u>	<u>7,108,295</u>	<u>24,589,278</u>	<u>2,077,518</u>
Other Liabilities					
Compensated absences	562,059	-	24,616	537,443	32,247
Due to other governments	115,000	-	-	115,000	-
Total Other Liabilities	<u>677,059</u>	<u>-</u>	<u>24,616</u>	<u>652,443</u>	<u>32,247</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 26,996,120</u>	<u>\$ 5,378,512</u>	<u>\$ 7,132,911</u>	<u>\$ 25,241,721</u>	<u>\$ 2,109,765</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 1,319,455	\$ -	\$ 151,517	\$ 1,167,938	\$ 155,964
Revenue bonds	11,027,685	3,200,000	595,407	13,632,278	605,969
Bond anticipation notes	10,540,000	3,275,000	10,740,000	3,075,000	200,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	4,096	89,003	13,168	79,931	-
Sub-totals	<u>22,891,236</u>	<u>6,564,003</u>	<u>11,500,092</u>	<u>17,955,147</u>	<u>961,933</u>
Other Liabilities					
Compensated absences	57,766	2,732	-	60,498	-
Special deposits	5,120	-	-	5,120	-
Total Other Liabilities	<u>62,886</u>	<u>2,732</u>	<u>-</u>	<u>65,618</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 22,954,122</u>	<u>\$ 6,566,735</u>	<u>\$ 11,500,092</u>	<u>\$ 18,020,765</u>	<u>\$ 961,933</u>

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, 2008, was \$37,306,930. Total general obligation debt outstanding at year end was \$25,705,456.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

Governmental Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/08
Refunding bonds	2/15/1997	4/1/2012	4.1-5.4%	\$ 1,490,000	\$ 790,000
Refunding bonds	12/15/2004	4/1/2009	2.8-3.5	3,146,900	727,518
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	4,360,000
Promissory notes	8/1/2005	8/1/2015	3.0-4.0	1,550,000	1,250,000
Promissory notes	1/1/2004	12/1/2013	2-3.5	4,025,000	2,875,000
Promissory notes	5/15/2006	10/1/2015	3.75-4.25	2,825,000	2,300,000
Promissory notes	4/1/2007	10/1/2017	4.0	4,075,000	3,975,000
Promissory notes	1/1/2008	12/1/2012	3.5-3.75	5,300,000	5,300,000

Total Governmental Activities - General Obligation Debt \$ 24,537,518

Business-type Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/08
Water refunding bonds	12/15/2004	4/1/2009	2.8-3.5%	\$ 137,320	\$ 31,821
Sewer refunding bonds	12/15/2004	4/1/2009	2.8-3.5	110,780	25,661
Water system bonds	11/1/1999	5/1/2018	2.64	1,886,442	1,110,456

Total Business-type Activities - General Obligation Debt \$ 1,167,938

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2009	\$ 2,077,518	\$ 948,269	\$ 155,964	\$ 28,820
2010	1,800,000	880,333	101,083	25,382
2011	2,675,000	819,008	103,752	22,678
2012	6,965,000	700,953	106,491	19,903
2013	2,475,000	442,935	109,302	17,054
2014-2018	8,545,000	878,410	591,346	39,842
Totals	<u>\$ 24,537,518</u>	<u>\$ 4,669,908</u>	<u>\$ 1,167,938</u>	<u>\$ 153,679</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

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

The Village has pledged future revenues, net of specified operating expenses, to repay \$13.6 million in Water and Sewer revenue bonds issued in various years. Proceeds from the bonds provided financing for the variety of water and sewer projects. The bonds are payable solely from water and sewer revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 60% of net revenues. The total principal and interest remaining to be paid on the bonds is \$19,606,524. Principal and interest paid for the current year and total customer net revenues were \$1,201,377 and \$1,812,817, respectively.

Revenue debt payable at December 31, 2008, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/08
Sanitary Sewer Utility					
Revenue Bonds - Sewer	2/15/2002	12/1/2021	3.25-5.00%	\$ 3,623,550	\$ 2,992,848
Revenue Bonds - Sewer	4/1/2007	12/1/2024	4.00-4.50	3,527,875	3,349,045
Revenue Bonds - Sewer	1/1/2008	12/1/2026	4.00-4.75	2,281,280	2,209,990
Water Utility					
Revenue Bonds - Water	2/15/2002	12/1/2021	3.25-5.00	\$ 2,466,450	\$ 2,037,152
Revenue Bonds - Water	4/29/2002	5/1/2022	2.75	627,355	352,278
Revenue Bonds - Water	4/1/2007	12/1/2024	4.00-4.50	1,897,125	1,800,955
Revenue Bonds - Water	1/1/2008	12/1/2026	4.00-4.75	918,720	890,010
Total Business-type Activities Revenue Debt					<u>\$ 13,632,278</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2009	\$ 605,969	\$ 598,994
2010	621,546	574,297
2011	632,138	548,797
2012	672,747	522,539
2013	688,373	494,280
2014-2018	3,871,866	2,002,802
2019-2023	4,539,639	1,065,412
2024-2026	2,000,000	167,125
Totals	<u>\$ 13,632,278</u>	<u>\$ 5,974,246</u>

Business-type Activities Bond Anticipation Notes	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/08
Sewer Revenue BANS	1/1/2008	12/1/2012	4.00	\$ 3,275,000	\$ 3,075,000
Total Business-type Activities Bond Anticipation Notes					<u>\$ 3,075,000</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Bond Anticipation Notes	
	Principal	Interest
2009	\$ 200,000	\$ 123,000
2010	200,000	115,000
2011	225,000	107,000
2012	2,450,000	98,000
Totals	<u>\$ 3,075,000</u>	<u>\$ 443,000</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

F. LONG-TERM OBLIGATIONS (cont.)

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.

Current Refunding

On 1/1/2008, the village issued \$5,300,000 in promissory notes with an average interest rate of 3.73 percent to current refund \$5,450,000 of outstanding notes with an average interest rate of 3.25 percent. The net proceeds of \$5,255,093 (after payment of \$123,419 in underwriting fees, insurance and other issuance costs plus \$78,512 of premium received) were used to prepay the outstanding debt service requirements on the old notes.

The cash flow requirements on the refunded notes prior to the current refunding was \$5,538,563 from 03/01/2005 through 03/01/2008. The cash flow requirements on the refunding notes are \$6,414,797 from 01/04/2008 through 12/01/2012. The current refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$54,460. The village incurred a loss in order to extend the payment period of the original debt issue.

On 1/1/2008, the village issued \$3,275,000 in revenue bonds with an average interest rate of 4.00 percent to current refund \$7,640,000 of outstanding notes with an average interest rate of 3.30 percent. The net proceeds of \$3,244,320 (after payment of \$60,450 in underwriting fees, insurance and other issuance costs plus \$29,770 of premium received) along with \$4,395,680 of funds on hand were used to prepay the outstanding debt service requirements on the old notes.

The cash flow requirements on the refunded bonds and notes prior to the current refunding was \$7,760,000 from 03/01/2005 through 03/01/2008. The cash flow requirements on the refunding bonds are \$8,358,732 from 01/04/2008 through 12/01/2012. The current refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$51,461. The village incurred a loss in order to extend the payment period of the original debt issue.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

F. LONG-TERM OBLIGATIONS (cont.)

On 1/1/2008, the village issued \$3,200,000 in revenue bonds with an average interest rate of 4.27 percent to current refund \$2,900,000 of outstanding notes with an average interest rate of 4.25 percent. The net proceeds of \$3,161,165 (after payment of \$98,068 in underwriting fees, insurance and other issuance costs plus \$59,233 of premium received) were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the refunded bonds and notes prior to the current refunding was \$2,961,675 from 05/16/2006 through 03/01/2008. The cash flow requirements on the refunding bonds are \$5,034,453 from 01/04/2008 through 12/01/2026. The current refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$220,261. The village incurred a loss in order to extend the payment period of the original debt issue.

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, 2008, includes the following:

Governmental Activities

Invested in Capital Assets, Net of Related Debt	
Land	\$ 904,500
Construction in progress	2,528,161
Other capital assets, net of accumulated depreciation	17,615,859
Less: Long-term debt outstanding	(24,589,278)
Plus: Unspent capital related debt proceeds	4,087,295
Total Invested in Capital Assets, Net of Related Debt	<u>546,537</u>
Restricted	
Debt service	723,263
Impact fees	1,491,760
Total Restricted	<u>2,215,023</u>
Unrestricted	<u>4,858,791</u>
Total Governmental Activities Net Assets	<u>\$ 7,620,351</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2008, include the following:

Reserved	
Major Funds	
General Fund	
Prepaid items	\$ 46,196
Total	<u>\$ 46,196</u>
Debt Service Fund	
Reserved for debt service	\$ 902,166
Total	<u>\$ 902,166</u>
Capital Project Fund	
Encumbrances	\$ 431,372
Total	<u>\$ 431,372</u>
Non-Major Funds	
Special Revenue Fund	
Impact fees	\$ 1,491,760
Prepaid items	<u>14,316</u>
Sub-Total	<u>1,506,076</u>
Total Non-Major Funds	<u>\$ 1,506,076</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Funds (cont.)

Unreserved (designated)

Major Funds

General Fund

Working capital	\$ 750,000
Subsequent year's budget	98,298
Sub-Total	<u>848,298</u>

Tax Incremental District No. 3

TID projects	<u>1,363,336</u>
Sub-Total	

Total	<u><u>\$ 2,211,634</u></u>
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Unreserved (undesignated) (deficit)

Major Funds

General fund

Capital projects fund	<u>3,084,375</u>
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Total	<u><u>\$ 3,943,045</u></u>
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Non-Major Funds

Special Revenue Funds

Fire and ambulance fund	\$ (42,975)
Revolving loan fund	78,340
Fire designated fund	101,068
Ambulance designated fund	67,954
Specific use fund	243,756
Recycling fund	71,903
Library fund	156,218
Stormwater fund	16,910
Park land site fund	<u>19,283</u>

Total	<u><u>\$ 712,457</u></u>
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Capital Projects Funds

Capital equipment fund	\$ (11,339)
Library building fund	7,618
2001 GO Bond Fund	<u>10,712</u>

Total	<u><u>\$ 6,991</u></u>
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VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

H. NET ASSETS/FUND BALANCES (cont.)

Business-type Activities

Invested in capital assets, net of related debt	
Land	\$ 598,969
Construction in progress	2,134,251
Other capital assets, net of accumulated depreciation	28,158,205
Less: Long-term debt outstanding	(17,955,147)
Plus: Non-capital debt proceeds	<u>1,847,777</u>
Total Invested in Capital Assets, Net of Related Debt	<u>14,784,055</u>
Restricted	
Debt service	52,469
Equipment replacement	<u>290,066</u>
Total Restricted	<u>342,535</u>
Unrestricted	<u>4,854,924</u>
Total Business-type Activities Net Assets	<u>\$ 19,981,514</u>

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible village employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 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, 2008, was \$2,702,194; the employer's total payroll was \$2,871,656. The total required contribution for the year ended December 31, 2008, was \$338,132 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, 2007, and 2006 were \$332,891 and \$303,955, respectively, equal to the required contributions for each year.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. 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, 2008 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.

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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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 March 1, 2009, the village issued \$2,580,000 of GO Promissory Notes for the purpose of various village capital projects. The new bonds are payable in amounts \$150,000 to \$600,000 per year on December 1 from 2008 through 2019 and bear interest rates of 2.75% to 3.875%, payable on March 1 and September 1 of each year.

On March 1, 2009, the village issued \$1,180,000 of revenue BANS for the purpose of various utility projects. The new bonds are payable on December 1, 2012 and bear an interest rate of 3.5%, payable on June 1 and December 1 of each year.

E. DEFINED CONTRIBUTION PENSION PLAN

The village provides pension benefits for all of its eligible employees through a defined contribution plan known as the Village of Mukwonago Pension Trust through ICMA-RC who administers the plan.

In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate in the plan upon becoming eligible for the Wisconsin Retirement System (WRS). This plan is to give eligible employees an additional two and one-half percentage towards retirements, above what the Village contributes to WRS. In addition, Village employees have an option to contribute to this plan from each payroll period. For the year ended December 31, 2008 the total amount contributed was \$85,960. Of this amount, \$43,261 was contributed by the employer and \$42,699 was contributed by the employee. Total contributions for the years ending December 31, 2007 and 2006 were \$84,895 and \$101,888, respectively, equal to the required contributions for each year.

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REQUIRED SUPPLEMENTARY INFORMATION

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VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2008

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,441,191	\$ 1,227,601	\$ (213,590)
Special assessments	-	86	86
Intergovernmental	1,139,325	1,170,536	31,211
Licenses and permits	295,450	264,952	(30,498)
Fines, forfeitures and penalties	137,600	155,198	17,598
Public charges for services	22,365	22,452	87
Intergovernmental charges for services	140,295	139,015	(1,280)
Investment income	206,500	116,417	(90,083)
Miscellaneous	4,950	17,229	12,279
Total Revenues	<u>3,387,676</u>	<u>3,113,486</u>	<u>(274,190)</u>
EXPENDITURES			
Current:			
General government	621,250	656,537	(35,287)
Public safety	2,169,906	2,186,974	(17,068)
Public works	692,866	778,105	(85,239)
Health and human services	12,450	12,257	193
Culture, recreation and education	155,686	135,786	19,900
Conservation and development	87,518	68,040	19,478
Total Expenditures	<u>3,739,676</u>	<u>3,837,699</u>	<u>(98,023)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(352,000)</u>	<u>(724,213)</u>	<u>(372,213)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	252,000	268,100	16,100
Transfers out	-	(300,000)	(300,000)
Sales of fixed assets	-	304,000	304,000
Total Other Financing Sources (Uses)	<u>252,000</u>	<u>272,100</u>	<u>20,100</u>
Net Change in Fund Balance	(100,000)	(452,113)	(352,113)
FUND BALANCE - Beginning of Year	<u>2,205,277</u>	<u>2,205,277</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,105,277</u>	<u>\$ 1,753,164</u>	<u>\$ (352,113)</u>

See auditors' report and accompanying notes to required supplementary information.

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2008

	Original and Final Budget	Actual	Variance with Final Budget
TAXES			
General property taxes	\$ 1,419,291	\$ 1,198,684	\$ (220,607)
Public accommodation (room) taxes	8,700	10,263	1,563
Interest and penalties on taxes	8,200	14,016	5,816
Other taxes	<u>5,000</u>	<u>4,638</u>	<u>(362)</u>
 Total Taxes	 <u>1,441,191</u>	 <u>1,227,601</u>	 <u>(213,590)</u>
SPECIAL ASSESSMENTS			
Special assessments	<u>-</u>	<u>86</u>	<u>86</u>
 Total Special Assessments	 <u>-</u>	 <u>86</u>	 <u>86</u>
INTERGOVERNMENTAL			
State shared revenues	444,038	443,995	(43)
Exempt computer aid	12,000	8,545	(3,455)
State aid - law enforcement improvement	-	23,454	23,454
State aid - general transportation aids	683,287	683,287	-
State aid - culture, recreation and education	-	1,105	1,105
Other local government grants	<u>-</u>	<u>10,150</u>	<u>10,150</u>
 Total Intergovernmental	 <u>1,139,325</u>	 <u>1,170,536</u>	 <u>31,211</u>
LICENSES AND PERMITS			
Liquor and malt beverage licenses	9,700	11,935	2,235
Operators' licenses	4,200	5,460	1,260
Cigarette licenses	1,500	1,600	100
Electrical contractor licenses	4,200	4,530	330
Cable television franchise fees	83,000	89,619	6,619
Bicycle licenses	10	44	34
Dog and cat licenses	3,835	2,489	(1,346)
Nonbusiness licenses	1,730	3,475	1,745
Building permits	73,854	67,217	(6,637)
Electrical permits	21,880	19,481	(2,399)
Plumbing permits	30,355	16,002	(14,353)
Occupancy permits	8,064	8,045	(19)
Heating and air conditioning permits	14,702	10,541	(4,161)
Other permits	16,900	9,010	(7,890)
Zoning permits and fees	4,850	3,465	(1,385)
Plan review fees	14,250	10,599	(3,651)
Other regulatory permits and fees	<u>2,420</u>	<u>1,440</u>	<u>(980)</u>
 Total Licenses and Permits	 <u>295,450</u>	 <u>264,952</u>	 <u>(30,498)</u>

See auditors' report and accompanying notes to required supplementary information.

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	\$ 127,600	\$ 144,263	\$ 16,663
Parking violations	<u>10,000</u>	<u>10,935</u>	<u>935</u>
Total Fines, Foreitures and Penalties	<u>137,600</u>	<u>155,198</u>	<u>17,598</u>
PUBLIC CHARGES FOR SERVICES			
Publication fees	420	420	-
Photocopies	50	560	510
Treasurer's fees	7,000	3,312	(3,688)
Law enforcement fees	11,395	11,593	198
Fire protection fees	800	1,267	467
Other public charges for services	<u>2,700</u>	<u>5,300</u>	<u>2,600</u>
Total Public Charges for Services	<u>22,365</u>	<u>22,452</u>	<u>87</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES			
Elections	7,000	-	(7,000)
School District - Police services	70,000	64,710	(5,290)
Dispatch services	54,800	65,484	10,684
Dam maintenance	<u>8,495</u>	<u>8,821</u>	<u>326</u>
Total Intergovernmental Charges for Services	<u>140,295</u>	<u>139,015</u>	<u>(1,280)</u>
INVESTMENT INCOME			
Investment income	<u>206,500</u>	<u>116,417</u>	<u>(90,083)</u>
Total Investment Income	<u>206,500</u>	<u>116,417</u>	<u>(90,083)</u>
OTHER REVENUE			
Rent	4,950	5,525	575
Miscellaneous revenue	<u>-</u>	<u>11,704</u>	<u>11,704</u>
Total Other Revenue	<u>4,950</u>	<u>17,229</u>	<u>12,279</u>
TOTAL REVENUES	<u>\$ 3,387,676</u>	<u>\$ 3,113,486</u>	<u>\$ (274,190)</u>

See auditors' report and accompanying notes to required supplementary information.

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2008

	Original and Final Budget	Actual	Variance with Final Budget
CURRENT			
General Government			
Village Board	\$ 42,534	\$ 80,145	\$ (37,611)
Village President	7,751	7,751	-
Judicial	1,320	203	1,117
Municipal court	22,538	22,348	190
Village Clerk - Treasurer	231,434	210,550	20,884
Elections	17,313	12,256	5,057
Assessment of property	38,194	30,973	7,221
Legal	84,400	103,378	(18,978)
Village hall	44,626	36,974	7,652
Independent auditing	22,660	49,732	(27,072)
Property and liability insurance	107,480	101,318	6,162
Board of review	1,000	909	91
Total General Government	<u>621,250</u>	<u>656,537</u>	<u>(35,287)</u>
Public Safety			
Police	1,966,194	1,991,433	(25,239)
Building inspection	186,627	177,657	8,970
Emergency government	1,250	242	1,008
Dam	15,835	17,642	(1,807)
Total Public Safety	<u>2,169,906</u>	<u>2,186,974</u>	<u>(17,068)</u>
Public Works			
Engineering	25,000	74,411	(49,411)
Machinery operation and maintenance	103,653	123,832	(20,179)
Garages and sheds	96,087	51,934	44,153
Curb and gutter	12,971	7,453	5,518
Tree and brush removal	11,480	2,536	8,944
Street signs	26,118	21,844	4,274
Bridges, culvers and rivers	2,120	147	1,973
Street cleaning	15,669	17,553	(1,884)
Snow and ice control	143,526	231,743	(88,217)
Alleys and local purpose roads	75,946	65,328	10,618
Highway and street maintenance	34,428	26,873	7,555
Highway and street construction	20,675	17,988	2,687
Traffic control	5,492	14,851	(9,359)
Street lighting	110,500	108,152	2,348
Storm sewer maintenance	9,201	13,460	(4,259)
Total Public Works	<u>692,866</u>	<u>778,105</u>	<u>(85,239)</u>
Health and Human Services			
Public health services	9,850	9,737	113
Mental health services	2,600	2,520	80
Total Health and Human Services	<u>12,450</u>	<u>12,257</u>	<u>193</u>
Culture, Recreation and Education			
Museum	16,995	6,378	10,617
Parks	132,636	124,597	8,039
Celebration and entertainment	6,055	4,811	1,244
Total Culture, Recreation and Education	<u>155,686</u>	<u>135,786</u>	<u>19,900</u>

See auditors' report and accompanying notes to required supplementary information.

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2008

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Conservation and Development			
Forestry	\$ 654	\$ 5	\$ 649
Weed control	1,664	48	1,616
Planning Commission	54,000	36,695	17,305
Urban development	<u>31,200</u>	<u>31,292</u>	<u>(92)</u>
Total Conservation and Development	<u>87,518</u>	<u>68,040</u>	<u>19,478</u>
TOTAL EXPENDITURES	<u>\$ 3,739,676</u>	<u>\$ 3,837,699</u>	<u>\$ (98,023)</u>

VILLAGE OF MUKWONAGO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2008

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>Original and Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
General Government	\$ 621,250	\$ 656,537	\$ 35,287
Public Safety	2,169,906	2,186,974	17,068
Public Works	692,866	778,105	85,239

SUPPLEMENTARY INFORMATION

VILLAGE OF MUKWONAGO

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS December 31, 2008

	Special Revenue Funds		
	Fire and Ambulance Fund	Revolving Loan Fund	Fire Designated Fund
ASSETS			
Cash and investments	\$ 215,118	\$ 193,340	\$ 87,068
Receivables			
Taxes	56,930	-	-
Accounts	1,305	-	-
Special assessments	-	-	-
Due from other funds	968	-	14,000
Prepaid items	5,216	-	-
Restricted cash and investments	-	-	-
Restricted accounts receivable	-	-	-
	-	-	-
TOTAL ASSETS	\$ 279,537	\$ 193,340	\$ 101,068
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 20,469	\$ -	\$ -
Accrued liabilities	26,715	-	-
Due to other governments	208,067	115,000	-
Deferred revenues	56,930	-	-
Due to other funds	5,115	-	-
Total Liabilities	317,296	115,000	-
Fund Balances (Deficit)			
Reserved for			
Impact fees	-	-	-
Prepaid items	5,216	-	-
Unreserved fund balance	(42,975)	78,340	101,068
Total Fund Balances (deficit)	(37,759)	78,340	101,068
TOTAL LIABILITIES AND FUND BALANCES	\$ 279,537	\$ 193,340	\$ 101,068

Special Revenue Funds

Ambulance Designated Fund	Specific Use Fund	Recycling Fund	Library Fund	Stormwater Fund	Impact Fee Fund	Park Land Site Fund
\$ 57,954	\$ 235,362	\$ 125,010	\$ 189,683	\$ 38,289	\$ -	\$ 24,639
-	-	481,171	366,884	66,799	-	-
-	-	-	-	2,550	-	-
10,000	10,000	345	-	-	-	-
-	-	786	8,296	18	-	-
-	-	-	-	-	1,491,760	-
-	-	-	-	-	2,379	-
<u>\$ 67,954</u>	<u>\$ 245,362</u>	<u>\$ 607,312</u>	<u>\$ 564,863</u>	<u>\$ 107,656</u>	<u>\$ 1,494,139</u>	<u>\$ 24,639</u>
\$ -	\$ -	\$ 45,513	\$ 4,519	\$ 23,125	\$ -	\$ 5,356
-	-	1,756	20,621	38	-	-
-	-	-	-	-	-	-
-	-	479,940	366,884	66,799	2,379	-
-	1,606	7,414	8,325	766	-	-
-	1,606	534,623	400,349	90,728	2,379	5,356
-	-	-	-	-	1,491,760	-
-	-	786	8,296	18	-	-
<u>67,954</u>	<u>243,756</u>	<u>71,903</u>	<u>156,218</u>	<u>16,910</u>	<u>-</u>	<u>19,283</u>
<u>67,954</u>	<u>243,756</u>	<u>72,689</u>	<u>164,514</u>	<u>16,928</u>	<u>1,491,760</u>	<u>19,283</u>
<u>\$ 67,954</u>	<u>\$ 245,362</u>	<u>\$ 607,312</u>	<u>\$ 564,863</u>	<u>\$ 107,656</u>	<u>\$ 1,494,139</u>	<u>\$ 24,639</u>

VILLAGE OF MUKWONAGO

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS December 31, 2008

	Capital Projects Funds			Total Nonmajor Governmental Funds
	Capital Equipment Fund	Library Building Fund	2001 GO Bond Fund	
ASSETS				
Cash and investments	\$ 35,109	\$ 7,618	\$ 10,712	\$ 1,219,902
Receivables				
Taxes	-	-	5,026	976,810
Accounts	-	-	-	3,855
Special assessments	-	-	30,854	30,854
Due from other funds	-	-	-	35,313
Prepaid items	-	-	-	14,316
Restricted cash and investments	-	-	-	1,491,760
Restricted accounts receivable	-	-	-	2,379
	<u>\$ 35,109</u>	<u>\$ 7,618</u>	<u>\$ 46,592</u>	<u>\$ 3,775,189</u>
TOTAL ASSETS	<u>\$ 35,109</u>	<u>\$ 7,618</u>	<u>\$ 46,592</u>	<u>\$ 3,775,189</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 10,219	\$ -	\$ -	\$ 109,201
Accrued liabilities	-	-	-	49,130
Due to other governments	-	-	-	323,067
Deferred revenues	-	-	35,880	1,008,812
Due to other funds	36,229	-	-	59,455
Total Liabilities	<u>46,448</u>	<u>-</u>	<u>35,880</u>	<u>1,549,665</u>
Fund Balances (Deficit)				
Reserved for				
Impact fees	-	-	-	1,491,760
Prepaid items	-	-	-	14,316
Unreserved fund balance	(11,339)	7,618	10,712	719,448
Total Fund Balances (deficit)	<u>(11,339)</u>	<u>7,618</u>	<u>10,712</u>	<u>2,225,524</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 35,109</u>	<u>\$ 7,618</u>	<u>\$ 46,592</u>	<u>\$ 3,775,189</u>

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VILLAGE OF MUKWONAGO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2008

	Special Revenue Funds		
	Fire and Ambulance Fund	Revolving Loan Fund	Fire Designated Fund
REVENUES			
Taxes	\$ 21,067	\$ -	\$ -
Intergovernmental	28,893	-	-
Licenses and permits	-	-	-
Public charges for services	279,185	-	-
Intergovernmental charges for services	424,689	-	-
Special assessments	-	-	-
Investment income	4,192	2,707	3,022
Miscellaneous	19,555	-	4,872
Total Revenues	777,581	2,707	7,894
EXPENDITURES			
Current			
Public safety	839,906	-	3,872
Public works	-	-	-
Culture, recreation and education	-	-	-
Conservation and development	-	-	-
Capital Outlay	-	-	-
Total Expenditures	839,906	-	3,872
Excess (deficiency) of revenues over expenditures	(62,325)	2,707	4,022
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	14,000
Transfers out	-	(2,000)	(30,000)
Total Other Financing Sources (Uses)	-	(2,000)	(16,000)
Net Change in Fund Balances	(62,325)	707	(11,978)
FUND BALANCES (DEFICIT) - Beginning of Year	24,566	77,633	113,046
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (37,759)	\$ 78,340	\$ 101,068

Special Revenue Funds

Ambulance Designated Fund	Specific Use Fund	Recycling Fund	Library Fund	Stormwater Fund	Impact Fee Fund	Park Land Site Fund
\$ -	\$ -	\$ 428,211	\$ 360,070	\$ 90,680	\$ -	\$ -
-	1,466	36,292	386,852	-	-	-
-	-	-	-	-	142,776	-
-	-	86,015	35,159	10,202	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,696	8	6,509	5,905	419	43,429	2,833
-	50,580	1,529	-	5	-	14,771
<u>1,696</u>	<u>52,054</u>	<u>558,556</u>	<u>787,986</u>	<u>101,306</u>	<u>186,205</u>	<u>17,604</u>
-	-	-	-	-	-	-
-	-	539,098	-	9,301	-	-
-	-	-	696,871	-	-	-
-	-	-	-	37,467	-	29,483
-	5,625	-	83,327	-	5,500	65,163
-	<u>5,625</u>	<u>539,098</u>	<u>780,198</u>	<u>46,768</u>	<u>5,500</u>	<u>94,646</u>
<u>1,696</u>	<u>46,429</u>	<u>19,458</u>	<u>7,788</u>	<u>54,538</u>	<u>180,705</u>	<u>(77,042)</u>
10,000	10,000	-	-	-	-	-
-	-	-	-	-	-	(17,000)
<u>10,000</u>	<u>10,000</u>	-	-	-	-	<u>(17,000)</u>
11,696	56,429	19,458	7,788	54,538	180,705	(94,042)
<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>
<u>\$ 67,954</u>	<u>\$ 243,756</u>	<u>\$ 72,689</u>	<u>\$ 164,514</u>	<u>\$ 16,928</u>	<u>\$ 1,491,760</u>	<u>\$ 19,283</u>

VILLAGE OF MUKWONAGO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2008

	Capital Projects Funds			Total Nonmajor Governmental Funds
	Capital Equipment Fund	Library Building Fund	2001 GO Bond Fund	
REVENUES				
Taxes	\$ 37,302	\$ -	\$ -	\$ 937,330
Intergovernmental	-	-	-	453,503
Licenses and permits	-	-	-	142,776
Public charges for services	-	-	-	410,561
Intergovernmental charges for services	65,507	-	-	490,196
Special assessments	-	-	3,165	3,165
Investment income	1,297	52	2,176	74,245
Miscellaneous	8,909	-	-	100,221
Total Revenues	113,015	52	5,341	2,611,997
EXPENDITURES				
Current				
Public safety	-	-	-	843,778
Public works	-	-	-	548,399
Culture, recreation and education	-	-	-	696,871
Conservation and development	-	-	-	66,950
Capital Outlay	286,724	-	-	446,339
Total Expenditures	286,724	-	-	2,602,337
Excess (deficiency) of revenues over expenditures	(173,709)	52	5,341	9,660
OTHER FINANCING SOURCES (USES)				
Transfers in	147,000	-	-	181,000
Transfers out	(34,000)	-	-	(83,000)
Total Other Financing Sources (Uses)	113,000	-	-	98,000
Net Change in Fund Balances	(60,709)	52	5,341	107,660
FUND BALANCES (DEFICIT) - Beginning of Year	49,370	7,566	5,371	2,117,864
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (11,339)	\$ 7,618	\$ 10,712	\$ 2,225,524