

**VILLAGE OF MUKWONAGO**

Mukwonago, Wisconsin

**FINANCIAL STATEMENTS**

December 31, 2009

# VILLAGE OF MUKWONAGO

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December 31, 2009

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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, 2009, 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, 2009, 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.

To the Village Board  
Village of Mukwonago

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Mukwonago's basic financial statements. The combining fund financial statements and individual fund schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and individual fund 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.

*Baker Tilly Vinchow Krause, LLP*

Milwaukee, Wisconsin  
May 17, 2010

## **BASIC FINANCIAL STATEMENTS**

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# VILLAGE OF MUKWONAGO

## STATEMENT OF NET ASSETS December 31, 2009

	<u>Governmental Activites</u>	<u>Business- Type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 10,700,703	\$ 3,482,913	\$ 14,183,616
Receivables (net)			
Taxes receivable	5,617,377	101,690	5,719,067
Accounts	135,546	638,402	773,948
Special assessments	1,998,957	987,970	2,986,927
Other	35,214	-	35,214
Due from other governmental units	6,659	-	6,659
Internal balances	(137,899)	137,899	-
Inventories and prepaid items	65,967	26,562	92,529
Unamortized debt issuance expense	354,217	281,593	635,810
Restricted assets			
Cash and investments	1,529,987	1,825,927	3,355,914
Capital assets			
Land	904,500	598,969	1,503,469
Construction in progress	267,398	388,211	655,609
Other capital assets, net of depreciation	<u>19,762,722</u>	<u>29,261,330</u>	<u>49,024,052</u>
Total Assets	<u>41,241,348</u>	<u>37,731,466</u>	<u>78,972,814</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	833,583	173,256	1,006,839
Unearned revenue	5,605,090	408,823	6,013,913
Noncurrent liabilities			
Due within one year	2,025,019	845,249	2,870,268
Due in more than one year	<u>25,363,138</u>	<u>15,147,925</u>	<u>40,511,063</u>
Total Liabilities	<u>33,826,830</u>	<u>16,575,253</u>	<u>50,402,083</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,524,680	16,041,641	16,301,321
Restricted for			
Debt service	3,490,782	35,795	3,526,577
Equipment replacement	-	285,309	285,309
Impact fees	1,520,893	-	1,520,893
Unrestricted	<u>878,163</u>	<u>4,793,468</u>	<u>6,936,631</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 7,414,518</u>	<u>\$ 21,156,213</u>	<u>\$ 28,570,731</u>

See accompanying notes to financial statements.

## VILLAGE OF MUKWONAGO

### STATEMENT OF ACTIVITIES For the Year Ended December 31, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 697,848	\$ 212,368	\$ 50,645	\$ -
Public safety	3,380,193	1,045,630	31,809	28,560
Public works	2,146,680	126,383	652,835	1,025,227
Health and human services	2,620	123,742	-	-
Culture, education and recreation	1,003,908	39,836	412,120	28,249
Conservation and development	86,675	-	-	-
Interest and fiscal charges	<u>1,136,865</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>8,454,789</u>	<u>1,547,959</u>	<u>1,147,409</u>	<u>1,082,036</u>
<b>Business-type Activities</b>				
Water Utility	1,142,575	1,511,926	-	75,474
Sanitary Sewer Utility	<u>1,706,433</u>	<u>1,191,916</u>	<u>-</u>	<u>82,438</u>
Total Business-type Activities	<u>2,849,008</u>	<u>2,703,842</u>	<u>-</u>	<u>157,912</u>
Total	<u>\$ 11,303,797</u>	<u>\$ 4,251,801</u>	<u>\$ 1,147,409</u>	<u>\$ 1,239,948</u>

**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

Transfers

Total General Revenues and Transfers

**Change in net assets**

NET ASSETS - Beginning of Year

**NET ASSETS - END OF YEAR**

Net (Expenses) Revenues and Changes in Net  
Assets

Governmental Activities	Business-type Activities	Totals
\$ (434,835)	\$ -	\$ (434,835)
(2,274,194)	-	(2,274,194)
(342,235)	-	(342,235)
121,122	-	121,122
(523,703)	-	(523,703)
(86,675)	-	(86,675)
<u>(1,136,865)</u>	<u>-</u>	<u>(1,136,865)</u>
<u>(4,677,385)</u>	<u>-</u>	<u>(4,677,385)</u>
-	444,825	444,825
-	<u>(432,079)</u>	<u>(432,079)</u>
-	<u>12,746</u>	<u>12,746</u>
<u>(4,677,385)</u>	<u>12,746</u>	<u>(4,664,639)</u>
2,403,754	-	2,403,754
2,090,271	-	2,090,271
373,286	-	373,286
14,317	-	14,317
408,917	-	408,917
202,766	89,882	292,648
9,698	-	9,698
40,614	-	40,614
<u>(1,072,071)</u>	<u>1,072,071</u>	<u>-</u>
<u>4,471,552</u>	<u>1,161,953</u>	<u>5,633,505</u>
(205,833)	1,174,699	968,866
<u>7,620,351</u>	<u>19,981,514</u>	<u>27,601,865</u>
<u>\$ 7,414,518</u>	<u>\$ 21,156,213</u>	<u>\$ 28,570,731</u>

See accompanying notes to financial statements.

## VILLAGE OF MUKWONAGO

### BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2009

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Tax Incremental District No. 3</u>	<u>Capital Projects Fund</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,527,622	\$ 685,198	\$ 2,469,417	\$ 3,445,540
Receivables				
Taxes	2,094,709	1,869,279	625,712	-
Accounts	52,938	-	-	-
Special assessments	5,139	1,971,296	-	-
Other	34,924	-	-	-
Due from other governments	6,659	-	-	-
Due from other funds	19,525	-	-	11,516
Prepaid items	49,040	-	-	-
Restricted cash and investments	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<u>\$ 3,790,556</u>	<u>\$ 4,525,773</u>	<u>\$ 3,095,129</u>	<u>\$ 3,457,056</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 89,680	\$ -	\$ 10,686	\$ 26,744
Accrued liabilities	95,426	-	-	-
Due to other funds	126	9	168,120	31
Deferred revenues	2,092,165	3,840,575	625,712	-
Due to other governments	-	-	-	-
Total Liabilities	<u>2,277,397</u>	<u>3,840,584</u>	<u>804,518</u>	<u>26,775</u>
Fund Balances				
Reserved				
Debt service	-	685,189	-	-
Impact fees	-	-	-	-
Prepaid items	49,040	-	-	-
Unreserved, reported in:				
General fund designated	1,052,912	-	-	-
General fund undesignated	411,207	-	-	-
Special revenue funds designated	-	-	-	-
Special revenue funds undesignated	-	-	-	-
Capital projects funds designated	-	-	2,290,611	-
Capital projects funds undesignated	-	-	-	3,430,281
Total Fund Balances	<u>1,513,159</u>	<u>685,189</u>	<u>2,290,611</u>	<u>3,430,281</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,790,556</u>	<u>\$ 4,525,773</u>	<u>\$ 3,095,129</u>	<u>\$ 3,457,056</u>

See accompanying notes to financial statements.

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Nonmajor Governmental Funds	Totals
\$ 2,572,926	\$ 10,700,703
1,027,677	5,617,377
82,903	135,841
22,522	1,998,957
-	34,924
-	6,659
3,198	34,239
16,927	65,967
<u>1,529,987</u>	<u>1,529,987</u>
<u>\$ 5,256,140</u>	<u>\$ 20,124,654</u>

\$ 203,833	\$ 330,943
44,669	140,095
3,852	172,138
1,097,416	7,655,868
<u>286,214</u>	<u>286,214</u>
<u>1,635,984</u>	<u>8,585,258</u>

-	685,189
1,520,893	1,520,893
16,927	65,967

-	1,052,912
-	411,207
2,000	2,000

761,979	761,979
962,734	3,253,345

<u>355,623</u>	<u>3,785,904</u>
<u>3,620,156</u>	<u>11,539,396</u>

<u>\$ 5,256,140</u>	<u>\$ 20,124,654</u>
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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, 2009

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Total Fund Balances - Governmental Funds \$ 11,539,396

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.

Land	904,500
Construction in progress	267,398
Other capital assets	26,917,425
Less: Accumulated depreciation	(7,154,703)

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.

2,050,778

Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.

Bonds and notes payable	(27,273,157)
Accrued interest	(191,336)
Unamortized debt discount and issue costs	<u>354,217</u>

**NET ASSETS OF GOVERNMENTAL ACTIVITIES**

**\$ 7,414,518**

## VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2009

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Tax Incremental District No. 3</u>	<u>Capital Projects Fund</u>
<b>REVENUES</b>				
Taxes	\$ 1,464,784	\$ 2,090,271	\$ 373,286	\$ -
Special assessments	112	730,580	-	-
Intergovernmental	1,069,075	-	7,466	-
Licenses and permits	234,962	-	-	-
Fines, forfeitures and penalties	136,920	-	-	-
Public charges for services	20,448	-	-	-
Intergovernmental charges for services	116,215	-	-	-
Investment income	40,883	61,852	18,301	25,387
Miscellaneous	37,044	-	-	75
<b>Total Revenues</b>	<u>3,120,443</u>	<u>2,882,703</u>	<u>399,053</u>	<u>25,462</u>
<b>EXPENDITURES</b>				
Current				
General government	628,087	-	600	-
Public safety	2,178,991	-	-	-
Public works	676,483	-	-	-
Health and human services	13,511	-	-	-
Culture, recreation and education	147,741	-	-	-
Conservation and development	32,262	-	-	-
Capital Outlay	-	-	1,656,710	110,928
Debt Service				
Principal	-	1,811,944	441,660	-
Interest and fiscal charges	-	749,303	323,776	-
<b>Total Expenditures</b>	<u>3,677,075</u>	<u>2,561,247</u>	<u>2,422,746</u>	<u>110,928</u>
Excess (deficiency) of revenues over expenditures	<u>(556,632)</u>	<u>321,456</u>	<u>(2,023,693)</u>	<u>(85,466)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	690,000	2,412,140	-
Premium on debt issued	-	6,921	8,828	-
Transfers in	306,929	-	530,000	-
Sales of fixed assets	9,698	-	-	-
Transfers out	-	(530,000)	-	-
Payments to escrow agent	-	(705,354)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>316,627</u>	<u>(538,433)</u>	<u>2,950,968</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<b>(240,005)</b>	<b>(216,977)</b>	<b>927,275</b>	<b>(85,466)</b>
FUND BALANCES - Beginning of Year	<u>1,753,164</u>	<u>902,166</u>	<u>1,363,336</u>	<u>3,515,747</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><b>\$ 1,513,159</b></u>	<u><b>\$ 685,189</b></u>	<u><b>\$ 2,290,611</b></u>	<u><b>\$ 3,430,281</b></u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 969,200	\$ 4,897,541
11,936	742,628
565,686	1,642,227
41,628	276,590
-	136,920
441,076	461,524
475,753	591,968
41,794	188,217
<u>38,747</u>	<u>75,866</u>
<u>2,585,820</u>	<u>9,013,481</u>
-	628,687
915,710	3,094,701
590,075	1,266,558
-	13,511
729,970	877,711
54,413	86,675
767,921	2,535,559
-	2,253,604
<u>42,056</u>	<u>1,115,135</u>
<u>3,100,145</u>	<u>11,872,141</u>
<u>(514,325)</u>	<u>(2,858,660)</u>
1,890,000	4,992,140
18,958	34,707
44,294	881,223
-	9,698
(44,294)	(574,294)
<u>-</u>	<u>(705,354)</u>
<u>1,908,958</u>	<u>4,638,120</u>
1,394,633	1,779,460
<u>2,225,523</u>	<u>9,759,936</u>
<u>\$ 3,620,156</u>	<u>\$ 11,539,396</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, 2009

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Net change in fund balances - total governmental funds	\$ 1,779,460
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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	1,913,309
Some items reported as capital outlay were not capitalized	(1,123,113)
Depreciation is reported in the government-wide financial statements	(872,229)
Net book value of assets retired	(31,867)

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	259,159
Other receivables	38,689

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	(4,992,140)
Principal repaid	2,943,518

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.

Refunding loss capitalized	15,354
Debt issuance costs capitalized	64,071
Debt premium capitalized	(34,707)
Amortization of loss on refunding	(25,792)
Amortization of debt issuance costs	(74,443)
Amortization of debt premiums	26,867

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	(79,536)
Accrued interest on debt	(12,433)

<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (205,833)</u></b>
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See accompanying notes to financial statements.

# VILLAGE OF MUKWONAGO

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2009

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 312,609	\$ 3,170,304	\$ 3,482,913
Receivables			
Accounts	346,789	291,613	638,402
Special assessments	55,012	46,678	101,690
Due from other funds	38,387	171,149	209,536
Inventories	18,283	-	18,283
Prepaid items	2,871	5,408	8,279
Restricted Assets			
Cash and investments	<u>37,726</u>	<u>61,927</u>	<u>99,653</u>
Total Current Assets	<u>811,677</u>	<u>3,747,079</u>	<u>4,558,756</u>
Noncurrent Assets			
Restricted Assets			
Cash and investments	513,360	1,212,914	1,726,274
Capital Assets			
Land	556,467	42,502	598,969
Construction in progress	386,492	1,719	388,211
Capital assets being depreciated	18,528,593	20,807,365	39,335,958
Less: Accumulated depreciation	(3,449,617)	(6,625,011)	(10,074,628)
Other Assets			
Special assessments	313,463	674,507	987,970
Unamortized debt issuance expenses	<u>87,670</u>	<u>193,923</u>	<u>281,593</u>
Total Noncurrent Assets	<u>16,936,428</u>	<u>16,307,919</u>	<u>33,244,347</u>
Total Assets	<u>17,748,105</u>	<u>20,054,998</u>	<u>37,803,103</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 57,521	\$ 31,646	\$ 89,167
Accrued liabilities	10,920	13,529	24,449
Accrued interest payable	4,452	-	4,452
Due to other funds	28,198	43,439	71,637
Current portion of long-term debt	101,083	112,000	213,083
Current portion of compensated absences	5,864	4,756	10,620
Liabilities Payable from Restricted Assets			
Accrued interest payable	19,542	35,646	55,188
Current portion of revenue bonds payable from restricted	<u>241,696</u>	<u>379,850</u>	<u>621,546</u>
Total Current Liabilities	<u>469,276</u>	<u>620,866</u>	<u>1,090,142</u>
Noncurrent Liabilities			
Long-Term Debt			
Bonds and notes payable	5,740,044	9,354,754	15,094,798
Unearned revenues	28,794	380,029	408,823
Compensated absences	<u>29,332</u>	<u>23,795</u>	<u>53,127</u>
Total Noncurrent Liabilities	<u>5,798,170</u>	<u>9,758,578</u>	<u>15,556,748</u>
Total Liabilities	<u>6,267,446</u>	<u>10,379,444</u>	<u>16,646,890</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	10,540,142	5,501,499	16,041,641
Restricted for			
Equipment replacement	-	285,309	285,309
Debt service	13,732	22,063	35,795
Unrestricted	<u>926,785</u>	<u>3,866,683</u>	<u>4,793,468</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 11,480,659</u>	<u>\$ 9,675,554</u>	<u>\$ 21,156,213</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, 2009

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
<b>OPERATING REVENUES</b>	<u>\$ 1,504,979</u>	<u>\$ 1,190,043</u>	<u>\$ 2,695,022</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	514,621	709,754	1,224,375
Depreciation	355,858	539,554	895,412
Taxes	11,970	599	12,569
<b>Total Operating Expenses</b>	<u>882,449</u>	<u>1,249,907</u>	<u>2,132,356</u>
Operating Income (Loss)	<u>622,530</u>	<u>(59,864)</u>	<u>562,666</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	25,176	64,706	89,882
Miscellaneous	6,947	1,873	8,820
Interest and fiscal charges	(260,126)	(456,526)	(716,652)
<b>Total Nonoperating Revenues   (Expenses)</b>	<u>(228,003)</u>	<u>(389,947)</u>	<u>(617,950)</u>
Income (Loss) Before Contributions and Transfers	<u>394,527</u>	<u>(449,811)</u>	<u>(55,284)</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	75,474	1,461,438	1,536,912
Transfers out - tax equivalent	(303,501)	(3,428)	(306,929)
<b>Total Contributions and Transfers</b>	<u>(228,027)</u>	<u>1,458,010</u>	<u>1,229,983</u>
<b>Change in Net Assets</b>	166,500	1,008,199	1,174,699
NET ASSETS - Beginning of Year	<u>11,314,159</u>	<u>8,667,355</u>	<u>19,981,514</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 11,480,659</u></u>	<u><u>\$ 9,675,554</u></u>	<u><u>\$ 21,156,213</u></u>

See accompanying notes to financial statements.

## VILLAGE OF MUKWONAGO

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2009

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 1,557,140	\$ 1,224,397	\$ 2,781,537
Paid to suppliers for goods and services	(519,318)	(557,366)	(1,076,684)
Paid to employees for services	(138,466)	(247,611)	(386,077)
Net Cash Flows From Operating Activities	<u>899,356</u>	<u>419,420</u>	<u>1,318,776</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	25,176	64,706	89,882
Net Cash Flows From Investing Activities	<u>25,176</u>	<u>64,706</u>	<u>89,882</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Paid to municipality for tax equivalent Tax Incremental District principal and interest paid by utility	(303,501)	(3,428)	(306,929)
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>(80,750)</u>	<u>(80,750)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt issued	208,860	-	208,860
Debt retired	(365,350)	(546,582)	(911,932)
Interest paid	(254,398)	(471,118)	(725,516)
Debt issuance costs paid	(2,837)	-	(2,837)
Special assessments received	105,176	114,416	219,592
Acquisition and construction of capital assets	(276,251)	(40,396)	(316,647)
Salvage on retirement of plant	9,500	-	9,500
Net Cash Flows From Capital and Related Financing Activities	<u>(575,300)</u>	<u>(943,680)</u>	<u>(1,518,980)</u>
<b>Net Change in Cash and Cash Equivalents</b>	45,731	(543,732)	(498,001)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>817,964</u>	<u>4,988,877</u>	<u>5,806,841</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 863,695</u>	<u>\$ 4,445,145</u>	<u>\$ 5,308,840</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 622,530	\$ (59,864)	\$ 562,666
Nonoperating revenue	6,947	1,873	8,820
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	355,858	539,554	895,412
Depreciation charged to other funds	14,117	(14,117)	-
Changes in assets and liabilities			
Accounts receivable	2,499	(1,223)	1,276
Inventory	320	-	320
Prepaid items	(1,223)	(242)	(1,465)
Due from other funds	28,598	226	28,824
Accounts payable	(4,266)	(60,249)	(64,515)
Due to other funds	(80,914)	(28,142)	(109,056)
Compensated absences	5,901	(2,651)	3,250
Accrued liabilities	4,621	(3,340)	1,281
Due to sewer utility	(50,512)	-	(50,512)
Due from water utility	-	47,595	47,595
Customer advances	(5,120)	-	(5,120)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 899,356</b>	<b>\$ 419,420</b>	<b>\$ 1,318,776</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS</b>			
Cash and investments - statement of net assets	\$ 312,609	\$ 3,170,304	\$ 3,482,913
Restricted cash and investments - statement of net assets	551,086	1,274,841	1,825,927
<b>CASH AND CASH EQUIVALENTS</b>	<b>\$ 863,695</b>	<b>\$ 4,445,145</b>	<b>\$ 5,308,840</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Special assessments levied	\$ 62,026	\$ 50,950	
Re-allocation of debt to Village Tax Incremental District	\$ -	\$ 1,379,000	

See accompanying notes to financial statements.

## VILLAGE OF MUKWONAGO

### STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2009

	Private Purpose Trust Library Trust Fund	Agency Fund Tax Escrow Fund
<b>ASSETS</b>		
Cash and investments	\$ 30,096	\$ 6,465,726
Taxes receivable	-	2,248,823
Total Assets	30,096	8,714,549
<b>LIABILITIES</b>		
Accounts payable	\$ 295	\$ 16,797
Due to other taxing units	-	8,697,757
Total Liabilities	295	8,714,554
<b>NET ASSETS</b>		
Held in trust	29,801	-
<b>TOTAL NET ASSETS</b>	<b>\$ 29,801</b>	<b>\$ -</b>

See accompanying notes to financial statements.

# VILLAGE OF MUKWONAGO

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS For the Year Ended December 31, 2009

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	<u>Private Purpose Trust Library Trust Fund</u>
<b>ADDITIONS</b>	
Investment income	116
Total Additions	<u>116</u>
<b>Change in Net Assets</b>	116
NET ASSETS - Beginning of Year	<u>29,685</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 29,801</u>

See accompanying notes to financial statements.

# VILLAGE OF MUKWONAGO

## INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2009

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# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

#### ***A. REPORTING ENTITY***

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

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements 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, 2009

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### **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% 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% test is at least 5% 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.
- 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.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

---

### **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.)

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	2009 GO Bond

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, 2009

---

### **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 unearned 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, 2009

---

### **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, 2009

---

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

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#### ***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, 2009, 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, 2009

---

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

---

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

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

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 - 2009 tax roll:

Lien date and levy date	December 2009
Tax bills mailed	December 2009
Payment in full, or	January 31, 2010
First installment due	January 31, 2010
Second installment due	April 30, 2010
Third installment due	July 31, 2010
Personal property taxes in full	January 31, 2010
Tax sale - 2009 delinquent real estate taxes	October 2012

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.

##### **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.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

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

---

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

##### **3. Inventories and Prepaid Items (cont.)**

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:

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

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

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

---

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

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

###### ***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, 2009, are determined on the basis of current salary rates and include salary related payments.

##### ***8. Long-Term Obligations/Conduit Debt***

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

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

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

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

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. The liability for claims and judgments is only reported in governmental funds if it has matured. 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.
- 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."

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

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

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

The net asset section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "invested in capital assets, net of related debt", and an increase in "unrestricted" net assets, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Invested in capital assets, net of related debt	\$ 1,524,680	\$ 16,041,641	\$ (1,265,000)	\$ 16,301,321
Unrestricted	878,163	4,793,468	1,265,000	6,936,631

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 \$29,801 was available for the year ended December 31, 2009.

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

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#### A. BUDGETARY INFORMATION

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

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

#### **A. BUDGETARY INFORMATION (cont.)**

A budget has been adopted for the General, Impact Fee, Library, Recycling, Revolving Loan, 2001 GO Bond, 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 Library Building Funds and 2009 GO Bond. 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**

Funds	Budgeted Expenditures and Transfers	Actual Expenditures and Transfers	Excess Expenditures and Transfers Over Budget
Fire Designed Fund	\$ 3,000	\$ 34,294	\$ 31,294
Park Land Site Fund	20,500	22,943	2,443
Debt Service Fund	2,538,157	3,796,601	1,258,444
Library Fund	815,000	815,984	984

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

#### **C. DEFICIT BALANCES**

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

As of December 31, 2009, the following individual funds held a deficit balance:

Fund	Amount	Reason
Fire and Ambulance Fund	\$ (91,778)	Excess legal fees.

## VILLAGE OF MUKWONAGO

### NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

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

As part of Wisconsin's Act 28 (2009), 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% for the 2009 levy collected in 2010 and 3% for the 2010 levy collected in 2011. 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 2010 levy.

#### **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:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 9,775,479	\$ 11,780,225	Custodial Credit Risk
LGIP	14,259,673	14,259,673	Credit Risk, Interest Rate Risk
Petty cash	<u>200</u>	<u>-</u>	N/A
 Total Deposits and Investments	 <u>\$ 24,035,352</u>	 <u>\$ 26,039,898</u>	
 Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 14,183,616		
Restricted cash and investments	3,355,914		
Per statement of net assets- fiduciary funds			
Private Purpose Trust	30,096		
Agency Fund	<u>6,465,726</u>		
 Total Deposits and Investments	 <u>\$ 24,035,352</u>		

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.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

##### *Custodial Credit Risk*

##### **Deposits**

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

As of December 31, 2009, \$2,879,079 of the village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	2,879,079
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##### **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:

LGIP

##### *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, 2009, the village's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
LGIP	\$ 14,259,673	88

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

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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#### **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:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 5,605,090	\$ 5,605,090
Special assessments not yet due	1,998,957	-	1,998,957
Payments in lieu of taxes	50,000	-	50,000
Police grant	<u>1,821</u>	<u>-</u>	<u>1,821</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 2,050,778</u>	<u>\$ 5,605,090</u>	<u>\$ 7,655,868</u>

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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#### *C. RESTRICTED ASSETS*

The following represent the balances of the restricted assets:

##### *Long-Term Debt Accounts*

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

##### *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, 2009:

	<u>Restricted Assets</u>
Water redemption account- current	\$ 37,726
Water reserve account	513,360
Sewer redemption account - current	61,927
Sewer reserve account	927,605
Equipment replacement account	285,309
Impact fee account	<u>1,529,987</u>
 Total Restricted Assets	 <u>\$ 3,355,914</u>

## VILLAGE OF MUKWONAGO

### NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

#### **D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 904,500	\$ -	\$ -	\$ 904,500
Construction in progress	2,528,161	337,040	2,597,803	267,398
Total Capital Assets Not Being Depreciated	3,432,661	337,040	2,597,803	1,171,898
Capital assets being depreciated				
Land improvements	183,213	11,147	-	194,360
Buildings	5,832,756	-	-	5,832,756
Machinery and equipment	2,737,984	339,655	126,594	2,951,045
Streets	12,687,600	2,616,065	171,877	15,131,788
Storm sewers	1,862,179	-	-	1,862,179
Library collection	861,205	84,092	-	945,297
Total Capital Assets Being Depreciated	24,164,937	3,050,959	298,471	26,917,425
Total Capital Assets	27,597,598	3,387,999	2,896,274	28,089,323
Less: Accumulated depreciation for				
Land improvements	(56,366)	(3,522)	-	(59,888)
Buildings	(950,948)	(116,655)	-	(1,067,603)
Machinery and equipment	(1,436,599)	(189,071)	94,727	(1,530,943)
Streets	(3,667,465)	(481,068)	171,877	(3,976,656)
Storm sewers	(181,595)	(37,346)	-	(218,941)
Library collection	(256,105)	(44,567)	-	(300,672)
Total Accumulated Depreciation	(6,549,078)	(872,229)	266,604	(7,154,703)
Net Capital Assets Being Depreciated	17,615,859	2,178,730	31,867	19,762,722
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 21,048,520	\$ 2,515,770	\$ 2,629,670	\$ 20,934,620

## VILLAGE OF MUKWONAGO

### NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

Depreciation expense was charged to functions as follows:

#### **Governmental Activities**

General government	\$ 31,976
Public safety	211,037
Public works, which includes the depreciation of infrastructure	546,436
Culture, recreation and education	<u>82,780</u>
Total Governmental Activities Depreciation Expense	<u>\$ 872,229</u>

#### **Business-type Activities**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sanitary Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 42,502	\$ -	\$ -	\$ 42,502
Construction in progress	<u>494,482</u>	<u>-</u>	<u>492,763</u>	<u>1,719</u>
Total Capital Assets Not Being Depreciated	<u>536,984</u>	<u>-</u>	<u>492,763</u>	<u>44,221</u>
Capital assets being depreciated				
Buildings and improvements	19,163,701	504,042	58,610	19,609,133
Machinery and equipment	<u>1,198,232</u>	<u>-</u>	<u>-</u>	<u>1,198,232</u>
Total Capital Assets Being Depreciated	<u>20,361,933</u>	<u>504,042</u>	<u>58,610</u>	<u>20,807,365</u>
Total Capital Assets	<u>20,898,917</u>	<u>504,042</u>	<u>551,373</u>	<u>20,851,586</u>
Less: Accumulated depreciation for				
Buildings and improvements	(5,608,655)	(425,298)	58,610	(5,975,343)
Machinery and equipment	<u>(549,530)</u>	<u>(100,138)</u>	<u>-</u>	<u>(649,668)</u>
Total Accumulated Depreciation	<u>(6,158,185)</u>	<u>(525,436)</u>	<u>58,610</u>	<u>(6,625,011)</u>
Net Capital Assets Being Depreciated	<u>14,203,748</u>	<u>(21,394)</u>	<u>-</u>	<u>14,182,354</u>
Net Sanitary Sewer Plant	<u>\$ 14,740,732</u>	<u>\$ (21,394)</u>	<u>\$ 492,763</u>	<u>\$ 14,226,575</u>

## VILLAGE OF MUKWONAGO

### NOTES TO FINANCIAL STATEMENTS December 31, 2009

#### 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	\$ 556,467	\$ -	\$ -	\$ 556,467
Construction in progress	<u>1,639,769</u>	<u>135,553</u>	<u>1,388,830</u>	<u>386,492</u>
Total Capital Assets Not Being Depreciated	<u>2,196,236</u>	<u>135,553</u>	<u>1,388,830</u>	<u>942,959</u>
Capital assets being depreciated				
Buildings and improvements	15,643,463	1,385,247	138,525	16,890,185
Machinery and equipment	<u>1,558,404</u>	<u>118,746</u>	<u>38,742</u>	<u>1,638,408</u>
Total Capital Assets Being Depreciated	<u>17,201,867</u>	<u>1,503,993</u>	<u>177,267</u>	<u>18,528,593</u>
Total Capital Assets	<u>19,398,103</u>	<u>1,639,546</u>	<u>1,566,097</u>	<u>19,471,552</u>
Less: Accumulated depreciation for				
Buildings and improvements	(2,357,704)	(281,420)	169,721	(2,469,403)
Machinery and equipment	<u>(889,706)</u>	<u>(98,054)</u>	<u>7,546</u>	<u>(980,214)</u>
Total Accumulated Depreciation	<u>(3,247,410)</u>	<u>(379,474)</u>	<u>177,267</u>	<u>(3,449,617)</u>
Net Capital Assets Being Depreciated	<u>13,954,457</u>	<u>1,124,519</u>	<u>-</u>	<u>15,078,976</u>
Net Water Plant	<u>\$ 16,150,693</u>	<u>\$ 1,260,072</u>	<u>\$ 1,388,830</u>	<u>\$ 16,021,935</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 30,891,425</u>	<u>\$ 1,238,678</u>	<u>\$ 1,881,593</u>	<u>\$ 30,248,510</u>

Depreciation expense was charged to functions as follows:

#### Business-type Activities

Sewer	\$ 539,554
Water	<u>355,858</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ 895,412</u>

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, 2009

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

#### E. INTERFUND RECEIVABLE/PAYABLE AND TRANSFERS

##### *Interfund Receivables/Payables*

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

Receivable Fund	Payable Fund	Amount
General Fund	Specific Use Fund	\$ 527
General Fund	Water Utility	14,929
General Fund	Sewer Utility	3,911
General Fund	Library Fund	21
General Fund	Recycling Fund	96
General Fund	Fire and Ambulance Fund	3
General Fund	Stormwater Fund	7
2004 GO Bond Fund	Water Utility	10,299
2004 GO Bond Fund	Sewer Utility	1,217
General Fund	2004 GO Bond Fund	31
Fire and Ambulance Fund	Fire Designated Fund	2,000
Capital Equipment Fund	Fire and Ambulance Fund	1,198
Water Utility	General Fund	71
Water Utility	Sewer Utility	38,311
Water Utility	Debt Service Fund	5
Sewer Utility	General Fund	55
Sewer Utility	Water Utility	2,970
Sewer Utility	Debt Service Fund	4
Sewer Utility	Tax Incremental District No. 3	<u>168,120</u>
Total - Fund Financial Statements		243,775
Less: Fund eliminations		(45,164)
Less: Government-wide eliminations		<u>(336,510)</u>
Total Internal Balances - Government-Wide Statement of Net Assets		<u>\$ (137,899)</u>
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 30,356
Business-type Activities	Governmental Activities	<u>(168,255)</u>
Total Government-Wide Financial Statements		<u>\$ (137,899)</u>

All amounts are due within one year.

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

*E. INTERFUND RECEIVABLE/PAYABLE AND TRANSFERS (cont.)*

*Interfund Receivables/Payables (cont.)*

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.

**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	\$ 303,501	Payment in lieu of taxes
General Fund	Sanitary Sewer Utility	3,428	Payment in lieu of taxes
Ambulance Designated Fund	Capital Equipment Fund	10,000	Transfer of donated/designated funds
Tax Incremental District No. 3 Fund	Debt Service Fund	530,000	Transfer for debt service payments
Fire and Ambulance Fund	Fire Designated Fund	2,000	Transfer of donated/designated funds
Capital Equipment Fund	Fire Designated Fund	<u>32,294</u>	Transfer of donated/designated funds
Total - Fund Financial Statements		881,223	
Less: Fund eliminations		(574,294)	
Less: Government-wide eliminations		<u>(1,379,000)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ (1,072,071)</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ 306,929	
Business-type Activities	Governmental Activities	<u>(1,379,000)</u>	
Total Government-wide Financial Statements		<u>\$ (1,072,071)</u>	

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

#### E. INTERFUND RECEIVABLE/PAYABLE 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.

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 24,537,518	\$ 2,580,000	\$ 2,767,518	\$ 24,350,000	\$ 1,900,000
Bond anticipation notes	-	2,412,140	176,000	2,236,140	88,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	89,634	34,707	26,867	97,474	-
Refundings - Gains/(Losses)	(37,874)	(15,354)	(25,792)	(27,436)	-
Sub-totals	<u>24,589,278</u>	<u>5,011,493</u>	<u>2,944,593</u>	<u>26,656,178</u>	<u>1,988,000</u>
Other Liabilities					
Compensated absences	537,443	79,536	-	616,979	37,019
Due to other governments	115,000	-	-	115,000	-
Total Other Liabilities	<u>652,443</u>	<u>79,536</u>	<u>-</u>	<u>731,979</u>	<u>37,019</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 25,241,721</u>	<u>\$ 5,091,029</u>	<u>\$ 2,944,593</u>	<u>\$ 27,388,157</u>	<u>\$ 2,025,019</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 1,167,938	-	\$ 155,964	\$ 1,011,974	\$ 101,083
Revenue bonds	13,632,278	-	605,968	13,026,310	621,546
Bond anticipation notes	3,075,000	208,860	1,465,000	1,818,860	112,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	79,931	1,898	9,545	72,284	-
Sub-totals	<u>17,955,147</u>	<u>210,758</u>	<u>2,236,477</u>	<u>15,929,428</u>	<u>834,629</u>
Other Liabilities					
Compensated absences	60,498	3,248	-	63,746	10,620
Total Other Liabilities	<u>60,498</u>	<u>3,248</u>	<u>-</u>	<u>63,746</u>	<u>10,620</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 18,015,645</u>	<u>\$ 214,006</u>	<u>\$ 2,236,477</u>	<u>\$ 15,993,174</u>	<u>\$ 845,249</u>

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2009, was \$38,327,935. Total general obligation debt outstanding at year end was \$25,361,974.

**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 12/31/09
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	4,260,000
Promissory notes	8/1/2005	8/1/2015	3.0-4.0	1,550,000	1,150,000
Promissory notes	1/1/2004	12/1/2013	2-3.5	4,025,000	2,475,000
Promissory notes	5/15/2006	10/1/2015	3.75-4.25	2,825,000	2,000,000
Promissory notes (15.66% TID)	4/1/2007	10/1/2017	4.0	4,075,000	3,875,000
Promissory notes (TID)	1/1/2008	12/1/2012	3.5-3.75	5,300,000	5,050,000
Promissory notes	3/1/2009	9/1/2019	2.75-3.875	2,580,000	<u>2,580,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 24,350,000</u>
Business-type Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/09
Water system bonds	11/1/1999	5/1/2018	2.64	\$ 1,886,442	<u>\$ 1,011,974</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 1,011,974</u>

## VILLAGE OF MUKWONAGO

### NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

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

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2010	\$ 1,900,000	\$ 926,598	\$ 101,083	\$ 25,382
2011	2,775,000	864,848	103,752	22,678
2012	7,075,000	750,698	106,491	19,903
2013	2,700,000	493,254	109,302	17,054
2014	2,310,000	377,379	112,187	14,131
2015-2019	7,590,000	639,900	479,159	25,712
Totals	<u>\$ 24,350,000</u>	<u>\$ 4,052,677</u>	<u>\$ 1,011,974</u>	<u>\$ 124,860</u>

#### *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 70% of net revenues. The total principal and interest remaining to be paid on the bonds is \$18,401,561. Principal and interest paid for the current year and total customer net revenues were \$1,204,983 and \$1,590,535, respectively.

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

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

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2009, consists of the following:

**Business-type Activities Revenue Debt**

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/09
<u>Sanitary Sewer Utility</u>					
Revenue Bonds - Sewer	2/15/2002	12/1/2021	3.25-5.00%	\$ 3,623,550	\$ 2,823,273
Revenue Bonds - Sewer	4/1/2007	12/1/2024	4.00-4.50	3,527,875	3,218,985
Revenue Bonds - Sewer	1/1/2008	12/1/2026	4.00-4.75	2,281,280	2,138,700
<u>Water Utility</u>					
Revenue Bonds - Water	2/15/2002	12/1/2021	3.25-5.00	\$ 2,466,450	\$ 1,921,727
Revenue Bonds - Water	4/29/2002	5/1/2022	2.75	627,355	331,310
Revenue Bonds - Water	4/1/2007	12/1/2024	4.00-4.50	1,897,125	1,731,015
Revenue Bonds - Water	1/1/2008	12/1/2026	4.00-4.75	918,720	861,300
Total Business-type Activities Revenue Debt					<u>\$ 13,026,310</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 621,546	\$ 574,297
2011	632,138	548,797
2012	672,747	522,539
2013	688,373	494,280
2014	709,015	464,989
2015-2019	4,055,355	1,833,687
2020-2024	4,597,136	860,663
2025-2026	1,050,000	76,000
Totals	<u>\$ 13,026,310</u>	<u>\$ 5,375,252</u>

## VILLAGE OF MUKWONAGO

### NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

##### ***Bond Anticipation Notes***

Bond anticipation notes are payable from future debt refundings.

Bond anticipation notes at December 31, 2009, consist of the following:

Governmental Activities Bond Anticipation Notes	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/09
Water and Sewer Revenue BANS (TID)	1/1/2008	12/1/2012	4.00%	\$ 1,441,000	\$ 1,265,000
Village Revenue BANS (TID)	3/1/2009	12/1/2012	3.50	971,140	<u>971,140</u>
Total Governmental Activities Bond Anticipation Notes					<u>\$ 2,236,140</u>
Business-type Activities Bond Anticipation Notes	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/09
Water Revenue BANS	3/1/2009	12/1/2012	3.50%	\$ 208,860	\$ 208,860
Sewer Revenue BANS	1/1/2008	12/1/2012	4.00	1,834,000	<u>1,610,000</u>
Total Business-type Activities Bond Anticipation Notes					<u>\$ 1,818,860</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities Bond Anticipation Notes		Business-type Activities Bond Anticipation Notes	
	Principal	Interest	Principal	Interest
2010	\$ 88,000	\$ 84,590	\$ 112,000	\$ 71,710
2011	99,000	81,070	126,000	67,230
2012	<u>2,049,140</u>	<u>77,110</u>	<u>1,580,860</u>	<u>62,190</u>
Totals	<u>\$ 2,236,140</u>	<u>\$ 242,770</u>	<u>\$ 1,818,860</u>	<u>\$ 201,130</u>

##### ***Other Debt Information***

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

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

##### *Other Debt Information* (cont.)

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 3/1/2009, the village issued \$2,580,000 in general obligation bonds with an average interest rate of 3.38% to current refund \$690,000 of outstanding bonds with an average interest rate of 4.90%. The net proceeds of \$681,567 (after payment of \$8,433 in underwriting fees, insurance and other issuance costs) 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 \$766,825 from 4/1/1998 through 4/1/2012. The cash flow requirements on the refunding bonds are \$810,242 from 3/1/2009 through 3/1/2019. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$17,368.

#### *G. LEASE DISCLOSURES*

The village has no material leases as lessee or lessor.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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#### **H. NET ASSETS/FUND BALANCES**

Net assets reported on the government wide statement of net assets at December 31, 2009, includes the following:

#### **Governmental Activities**

Invested in Capital Assets, Net of Related Debt	
Land	\$ 904,500
Construction in progress	267,398
Other capital assets, net of accumulated depreciation	19,762,722
Less: Long-term debt outstanding	(26,656,178)
Plus: Unspent capital related debt proceeds	5,981,238
Plus: Non-capital debt proceeds	<u>1,265,000</u>
Total Invested in Capital Assets, Net of Related Debt	<u>1,524,680</u>
Restricted	
Debt service - general	2,514,560
Debt service - tax incremental financing	976,222
Impact fees	<u>1,520,893</u>
Total Restricted	<u>5,011,675</u>
Unrestricted	<u>878,163</u>
Total Governmental Activities Net Assets	<u>\$ 7,414,518</u>

#### **Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2009, include the following:

<b>Reserved</b>	
Major Funds	
General Fund	
Prepaid items	\$ <u>49,040</u>
Debt Service Fund	
Reserved for debt service	\$ <u>685,189</u>
Non-Major Funds	
Special Revenue Fund	
Impact fees	\$ 1,520,893
Prepaid items	<u>16,927</u>
Total Non-Major Funds	<u>\$ 1,537,820</u>

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

### 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	96,142
Funded accrued sick pay	<u>206,770</u>
Sub-Total	<u>1,052,912</u>

###### Tax Incremental District No. 3

Projects	1,264,978
Debt service	<u>1,025,633</u>
	<u>2,290,611</u>

**Total** \$ 3,343,523

###### Non-Major Fund

###### Special Revenue Fund

Revolving loan fund	\$ 2,000
Capital Project Funds	
2009 GO bonds	<u>962,734</u>

**Total** \$ 964,734

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

###### Major Funds

###### General fund

Capital projects fund 3,430,281

**Total** \$ 3,841,488

###### Non-Major Funds

###### Special Revenue Funds

Fire and ambulance fund	\$ (97,627)
Revolving loan fund	77,099
Fire designated fund	68,014
Ambulance designated fund	78,896
Specific use fund	243,552
Recycling fund	94,994
Library fund	155,670
Stormwater fund	33,539
Park land site fund	<u>107,842</u>

**Total** \$ 761,979

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

##### Governmental Funds (cont.)

##### Unreserved (cont.)

##### Non-Major Funds (cont.)

##### Capital Projects Funds

Capital equipment fund	\$	243,218
Library building fund		7,646
2001 GO bond fund		24,732
2009 GO bond fund		80,027
		<u>80,027</u>
Total	\$	<u>355,623</u>

##### Business-type Activities

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

Land	\$	598,969
Construction in progress		388,211
Other capital assets, net of accumulated depreciation		29,261,330
Less: Long-term debt outstanding		(15,929,427)
Plus: Non-capital debt proceeds		1,722,558
Total Invested in Capital Assets, Net of Related Debt		<u>16,041,641</u>

##### Restricted

Debt service		35,795
Equipment replacement		285,309
Total Restricted		<u>321,104</u>

##### Unrestricted

		<u>4,793,468</u>
Total Business-type Activities Net Assets	\$	<u>21,156,213</u>

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### NOTE IV - OTHER INFORMATION

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#### A. EMPLOYEES' RETIREMENT SYSTEM

All eligible village employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.9% of their salary (3.0% for Executives and Elected Officials, 5.0% for Protective Occupations with Social Security, and 3.2% 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.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

---

#### *A. EMPLOYEES' RETIREMENT SYSTEM (cont.)*

The payroll for village employees covered by the system for the year ended December 31, 2009, was \$2,868,253; the employer's total payroll was \$2,960,760. The total required contribution for the year ended December 31, 2009, was \$353,184 or 12.3% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2008, and 2007 were \$338,132 and \$332,891, respectively, equal to the required contributions for each year.

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, 2009 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.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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#### **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 3/18/2010, the village issued \$4,180,000 of GO Promissory Notes for the purpose of various village capital projects. The new bonds are payable in amounts of \$250,000 to \$1,680,000 per year on December 1 from 2011 through 2019 and bear interest rates of 1.125% to 4.625%, payable June 1 and December 1 of each year.

On 3/18/2010, the village issued \$3,240,000 of GO Refunding Notes for the purpose of refunding previous issued bonds. The new bonds are payable in amounts of \$500,000 to \$800,000 per year on December 1 from 2017 through 2021 and bear interest rates of 3.00% to 3.50%, payable June 1 and December 1 of each year.

#### **E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Application of these standards may restate portions of these financial statements.

#### **F. 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, 2009 the total amount contributed was \$77,004. Of this amount, \$39,736 was contributed by the employer and \$37,268 was contributed by the employee. Total contributions for the years ending December 31, 2008 and 2007 were \$85,960 and \$84,895, respectively, equal to the required contributions for each year.

**REQUIRED SUPPLEMENTARY INFORMATION**

## VILLAGE OF MUKWONAGO

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,459,266	\$ 1,459,266	\$ 1,464,784	\$ 5,518
Special assessments	-	-	112	112
Intergovernmental	1,118,980	1,118,980	1,069,075	(49,905)
Licenses and permits	275,101	275,101	234,962	(40,139)
Fines, forfeitures and penalties	150,500	150,500	136,920	(13,580)
Public charges for services	20,790	20,790	20,448	(342)
Intergovernmental charges for services	113,107	113,107	116,215	3,108
Investment income	122,600	122,600	40,883	(81,717)
Miscellaneous	238,018	238,018	37,044	(200,974)
Total Revenues	<u>3,498,362</u>	<u>3,498,362</u>	<u>3,120,443</u>	<u>(377,919)</u>
<b>EXPENDITURES</b>				
Current:				
General government	635,609	635,609	628,087	7,522
Public safety	2,236,619	2,250,619	2,178,991	71,628
Public works	761,902	761,902	676,483	85,419
Health and human services	12,279	12,279	13,511	(1,232)
Culture, recreation and education	156,331	156,331	147,741	8,590
Conservation and development	91,920	91,920	32,262	59,658
Total Expenditures	<u>3,894,660</u>	<u>3,908,660</u>	<u>3,677,075</u>	<u>231,585</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(396,298)</u>	<u>(410,298)</u>	<u>(556,632)</u>	<u>(146,334)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	294,000	308,000	306,929	(1,071)
Sales of fixed assets	4,000	4,000	9,698	5,698
Total Other Financing Sources (Uses)	<u>298,000</u>	<u>312,000</u>	<u>316,627</u>	<u>4,627</u>
<b>Net Change in Fund Balance</b>	(98,298)	(98,298)	(240,005)	(141,707)
FUND BALANCE - Beginning of Year	<u>1,753,164</u>	<u>1,753,164</u>	<u>1,753,164</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,654,866</u>	<u>\$ 1,654,866</u>	<u>\$ 1,513,159</u>	<u>\$ (141,707)</u>

See independent auditors' report.

# VILLAGE OF MUKWONAGO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2009

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### *BUDGETARY INFORMATION*

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

Excess expenditures over appropriations are as follows:

	<u>Amended Budget</u>		<u>Expenditures</u>		<u>Excess</u>
<u>General Fund</u>					
Heath and human services	\$ 12,279	\$	13,511	\$	1,232

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**SUPPLEMENTARY INFORMATION**

## VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>TAXES</b>				
General property taxes	\$ 1,434,554	\$ 1,434,554	\$ 1,434,554	\$ -
Public accommodation (room) taxes	9,000	9,000	7,105	(1,895)
Interest and penalties on taxes	8,500	8,500	15,913	7,413
Other taxes	7,212	7,212	7,212	-
<b>Total Taxes</b>	<b>1,459,266</b>	<b>1,459,266</b>	<b>1,464,784</b>	<b>5,518</b>
<b>SPECIAL ASSESSMENTS</b>				
Special assessments	-	-	112	112
<b>Total Special Assessments</b>	<b>-</b>	<b>-</b>	<b>112</b>	<b>112</b>
<b>INTERGOVERNMENTAL</b>				
State shared revenues	383,905	383,905	381,276	(2,629)
Exempt computer aid	12,577	12,577	12,619	42
State aid - law enforcement improvement	-	-	3,411	3,411
State aid - general transportation aids	660,998	660,998	661,148	150
State aid - culture, recreation and education	1,000	1,000	2,724	1,724
Other state payments	60,500	60,500	-	(60,500)
Other federal payments	-	-	7,897	7,897
<b>Total Intergovernmental</b>	<b>1,118,980</b>	<b>1,118,980</b>	<b>1,069,075</b>	<b>(49,905)</b>
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	11,675	11,675	11,653	(22)
Operators' licenses	5,100	5,100	4,134	(966)
Cigarette licenses	1,500	1,500	1,300	(200)
Electrical contractor licenses	3,900	3,900	3,785	(115)
Cable television franchise fees	88,000	88,000	93,677	5,677
Bicycle licenses	16	16	18	2
Dog and cat licenses	3,885	3,885	3,535	(350)
Nonbusiness licenses	2,975	2,975	3,235	260
Other permits	11,600	11,600	8,715	(2,885)
Building permits	73,300	73,300	46,471	(26,829)
Electrical permits	19,000	19,000	19,429	429
Plumbing permits	17,400	17,400	9,914	(7,486)
Occupancy permits	8,200	8,200	5,215	(2,985)
Zoning permits and fees	3,900	3,900	3,550	(350)
Plan review fees	12,150	12,150	8,743	(3,407)
Heating and air conditioning permits	12,500	12,500	11,588	(912)
<b>Total Licenses and Permits</b>	<b>275,101</b>	<b>275,101</b>	<b>234,962</b>	<b>(40,139)</b>

## VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>FINES, FORFEITURES AND PENALTIES</b>				
Court penalties and costs	\$ 139,500	\$ 139,500	\$ 126,440	\$ (13,060)
Parking violations	<u>11,000</u>	<u>11,000</u>	<u>10,480</u>	<u>(520)</u>
Total Fines, Forfeitures and Penalties	<u>150,500</u>	<u>150,500</u>	<u>136,920</u>	<u>(13,580)</u>
<b>PUBLIC CHARGES FOR SERVICES</b>				
Publication fees	390	390	425	35
Photocopies	75	75	137	62
Treasurer's fees	5,000	5,000	5,302	302
Law enforcement fees	11,325	11,325	10,910	(415)
Fire protection fees	800	800	674	(126)
Other public safety	-	-	1,650	1,650
Other public charges for services	<u>3,200</u>	<u>3,200</u>	<u>1,350</u>	<u>(1,850)</u>
Total Public Charges for Services	<u>20,790</u>	<u>20,790</u>	<u>20,448</u>	<u>(342)</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Local - election fees	1,500	1,500	-	(1,500)
Local - law enforcement services	65,000	65,000	65,992	992
Local - ambulance services	39,753	39,753	43,564	3,811
Local - other services	<u>6,854</u>	<u>6,854</u>	<u>6,659</u>	<u>(195)</u>
Total Intergovernmental Charges for Services	<u>113,107</u>	<u>113,107</u>	<u>116,215</u>	<u>3,108</u>
<b>INVESTMENT INCOME</b>				
Investment income	<u>122,600</u>	<u>122,600</u>	<u>40,883</u>	<u>(81,717)</u>
Total Investment Income	<u>122,600</u>	<u>122,600</u>	<u>40,883</u>	<u>(81,717)</u>
<b>MISCELLANEOUS</b>				
Rent	5,100	5,100	5,415	315
Miscellaneous revenue	<u>232,918</u>	<u>232,918</u>	<u>31,629</u>	<u>(201,289)</u>
Total Miscellaneous	<u>238,018</u>	<u>238,018</u>	<u>37,044</u>	<u>(200,974)</u>
<b>TOTAL REVENUES</b>	<u>\$ 3,498,362</u>	<u>\$ 3,498,362</u>	<u>\$ 3,120,443</u>	<u>\$ (377,919)</u>

## VILLAGE OF MUKWONAGO

### DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>CURRENT</b>				
General Government				
Village Board	\$ 51,147	\$ 51,147	\$ 48,357	\$ 2,790
Village President	7,751	7,751	7,751	-
Judicial	630	630	500	130
Municipal court	22,738	22,738	22,116	622
Village Clerk - Treasurer	239,250	239,250	249,201	(9,951)
Elections	9,920	9,920	7,529	2,391
Assessment of property	36,298	36,298	28,652	7,646
Legal	84,400	84,400	71,298	13,102
Village hall	42,844	42,844	39,054	3,790
Independent auditing	32,000	32,000	50,243	(18,243)
Property and liability insurance	107,531	107,531	103,076	4,455
Board of review	1,100	1,100	310	790
Total General Government	<u>635,609</u>	<u>635,609</u>	<u>628,087</u>	<u>7,522</u>
Public Safety				
Police	2,031,110	2,031,110	1,976,114	54,996
Building inspection	190,837	204,837	189,558	15,279
Emergency government	1,250	1,250	-	1,250
Dam	13,422	13,422	13,319	103
Total Public Safety	<u>2,236,619</u>	<u>2,250,619</u>	<u>2,178,991</u>	<u>71,628</u>
Public Works				
Engineering	50,000	50,000	69,992	(19,992)
Machinery operation and maintenance	106,231	106,231	124,076	(17,845)
Garages and sheds	93,247	93,247	58,017	35,230
Curb and gutter	12,214	12,214	1,948	10,266
Tree and brush removal	6,274	6,274	7,742	(1,468)
Street signs	25,564	25,564	20,768	4,796
Bridges, culvers and rivers	2,113	2,113	614	1,499
Street cleaning	15,476	15,476	17,299	(1,823)
Snow and ice control	200,999	200,999	140,657	60,342
Alleys and local purpose roads	50,137	50,137	54,310	(4,173)
Highway and street maintenance for local	37,479	37,479	27,340	10,139
Highway and street construction for local	21,382	21,382	17,639	3,743
Traffic control	10,300	10,300	9,299	1,001
Street lighting	120,500	120,500	111,120	9,380
Storm sewer maintenance	9,986	9,986	15,662	(5,676)
Total Public Works	<u>761,902</u>	<u>761,902</u>	<u>676,483</u>	<u>85,419</u>
Health and Human Services				
Public health services	9,609	9,609	10,891	(1,282)
Mental health services	2,670	2,670	2,620	50
Total Health and Human Services	<u>12,279</u>	<u>12,279</u>	<u>13,511</u>	<u>(1,232)</u>

## VILLAGE OF MUKWONAGO

### DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Culture, Recreation and Education				
Museum	\$ 15,400	\$ 15,400	\$ 17,943	\$ (2,543)
Parks	135,600	135,600	125,227	10,373
Celebration and entertainment	5,331	5,331	4,571	760
Total Culture, Recreation and Education	<u>156,331</u>	<u>156,331</u>	<u>147,741</u>	<u>8,590</u>
Forestry	209	209	2	207
Weed control	1,658	1,658	1,371	287
Planning Commission	34,400	34,400	29,384	5,016
Urban development	-	-	1,505	(1,505)
Environmental protection	<u>55,653</u>	<u>55,653</u>	<u>-</u>	<u>55,653</u>
Total Conservation and Development	<u>91,920</u>	<u>91,920</u>	<u>32,262</u>	<u>59,658</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 3,894,660</u></u>	<u><u>\$ 3,908,660</u></u>	<u><u>\$ 3,677,075</u></u>	<u><u>\$ 231,585</u></u>

## VILLAGE OF MUKWONAGO

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2009

	Special Revenue Funds			
	Fire and Ambulance Fund	Revolving Loan Fund	Fire Designated Fund	Ambulance Designated Fund
<b>ASSETS</b>				
Cash and investments	\$ 103,455	\$ 194,099	\$ 70,014	\$ 78,896
Receivables				
Taxes	56,930	-	-	-
Accounts	17,558	-	-	-
Special assessments	-	-	-	-
Due from other funds	2,000	-	-	-
Prepaid items	5,849	-	-	-
Restricted cash and investments	-	-	-	-
	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 185,792</u></b>	<b><u>\$ 194,099</u></b>	<b><u>\$ 70,014</u></b>	<b><u>\$ 78,896</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 29,958	\$ -	\$ -	\$ -
Accrued liabilities	18,267	-	-	-
Due to other governments	171,214	115,000	-	-
Deferred revenues	56,930	-	-	-
Due to other funds	1,201	-	2,000	-
Total Liabilities	<u>277,570</u>	<u>115,000</u>	<u>2,000</u>	<u>-</u>
Fund Balances (Deficit)				
Reserved for				
Impact fees	-	-	-	-
Prepaid items	5,849	-	-	-
Unreserved, designated	-	2,000	-	-
Unreserved, undesignated	(97,627)	77,099	68,014	78,896
Total Fund Balances (deficit)	<u>(91,778)</u>	<u>79,099</u>	<u>68,014</u>	<u>78,896</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 185,792</u></b>	<b><u>\$ 194,099</u></b>	<b><u>\$ 70,014</u></b>	<b><u>\$ 78,896</u></b>

Special Revenue Funds

Specific Use Fund	Recycling Fund	Library Fund	Stormwater Fund	Impact Fee Fund	Park Land Site Fund
\$ 244,079	\$ 143,437	\$ 187,279	\$ 33,070	\$ -	\$ 97,118
-	489,694	370,680	-	-	-
50,000	-	295	2,550	-	12,500
-	-	-	-	-	-
-	-	-	-	-	-
-	927	10,129	22	-	-
-	-	-	-	1,529,987	-
<u>\$ 294,079</u>	<u>\$ 634,058</u>	<u>\$ 568,383</u>	<u>\$ 35,642</u>	<u>\$ 1,529,987</u>	<u>\$ 109,618</u>
\$ -	\$ 48,466	\$ 8,212	\$ 2,007	\$ 9,094	\$ 1,776
-	2,664	23,671	67	-	-
-	-	-	-	-	-
50,000	486,911	370,680	-	-	-
527	96	21	7	-	-
<u>50,527</u>	<u>538,137</u>	<u>402,584</u>	<u>2,081</u>	<u>9,094</u>	<u>1,776</u>
-	-	-	-	1,520,893	-
-	927	10,129	22	-	-
-	-	-	-	-	-
243,552	94,994	155,670	33,539	-	107,842
<u>243,552</u>	<u>95,921</u>	<u>165,799</u>	<u>33,561</u>	<u>1,520,893</u>	<u>107,842</u>
<u>\$ 294,079</u>	<u>\$ 634,058</u>	<u>\$ 568,383</u>	<u>\$ 35,642</u>	<u>\$ 1,529,987</u>	<u>\$ 109,618</u>

## VILLAGE OF MUKWONAGO

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2009

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Capital Equipment Fund	Library Building Fund	2001 GO Bond Fund	2009 GO Bond Fund	
<b>ASSETS</b>					
Cash and investments	\$ 243,778	\$ 7,646	\$ 24,732	\$ 1,145,323	\$ 2,572,926
Receivables					
Taxes	106,050	-	4,323	-	1,027,677
Accounts	-	-	-	-	82,903
Special assessments	-	-	22,522	-	22,522
Due from other funds	1,198	-	-	-	3,198
Prepaid items	-	-	-	-	16,927
Restricted cash and investments	-	-	-	-	1,529,987
<b>TOTAL ASSETS</b>	<u>\$ 351,026</u>	<u>\$ 7,646</u>	<u>\$ 51,577</u>	<u>\$ 1,145,323</u>	<u>\$ 5,256,140</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 1,758	\$ -	\$ -	\$ 102,562	\$ 203,833
Accrued liabilities	-	-	-	-	44,669
Due to other governments	-	-	-	-	286,214
Deferred revenues	106,050	-	26,845	-	1,097,416
Due to other funds	-	-	-	-	3,852
Total Liabilities	<u>107,808</u>	<u>-</u>	<u>26,845</u>	<u>102,562</u>	<u>1,635,984</u>
Fund Balances (Deficit)					
Reserved for					
Impact fees	-	-	-	-	1,520,893
Prepaid items	-	-	-	-	16,927
Unreserved, designated	-	-	-	962,734	964,734
Unreserved, undesignated	243,218	7,646	24,732	80,027	1,117,602
Total Fund Balances (deficit)	<u>243,218</u>	<u>7,646</u>	<u>24,732</u>	<u>1,042,761</u>	<u>3,620,156</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 351,026</u>	<u>\$ 7,646</u>	<u>\$ 51,577</u>	<u>\$ 1,145,323</u>	<u>\$ 5,256,140</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, 2009

	Special Revenue Funds			
	Fire and Ambulance Fund	Revolving Loan Fund	Fire Designated Fund	Ambulance Designated Fund
<b>REVENUES</b>				
Taxes	\$ 56,930	\$ -	\$ -	\$ -
Intergovernmental	27,403	-	-	-
Licenses and permits	-	-	-	-
Public charges for services	304,200	-	-	-
Intergovernmental charges for services	449,520	-	-	-
Special assessments	-	-	-	-
Investment income	2,139	759	1,240	942
Miscellaneous	32,107	-	-	-
Total Revenues	872,299	759	1,240	942
<b>EXPENDITURES</b>				
Current				
Public safety	915,710	-	-	-
Public works	-	-	-	-
Culture, recreation and education	-	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	12,608	-	-	-
Debt Service	-	-	-	-
Total Expenditures	928,318	-	-	-
Excess (deficiency) of revenues over expenditures	(56,019)	759	1,240	942
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,000	-	-	10,000
Transfers out	-	-	(34,294)	-
Premium on debt issued	-	-	-	-
Debt issued	-	-	-	-
Total Other Financing Sources (Uses)	2,000	-	(34,294)	10,000
<b>Net Change in Fund Balances</b>	(54,019)	759	(33,054)	10,942
FUND BALANCES (DEFICIT) - Beginning of Year	(37,759)	78,340	101,068	67,954
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ (91,778)	\$ 79,099	\$ 68,014	\$ 78,896

Special Revenue Funds

Specific Use Fund	Recycling Fund	Library Fund	Stormwater Fund	Impact Fee Fund	Park Land Site Fund
\$ -	\$ 478,587	\$ 366,884	\$ 66,799	\$ -	\$ -
-	32,669	405,837	-	-	99,777
-	-	-	-	30,835	10,793
-	91,073	35,601	10,202	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4	4,012	3,828	944	18,287	932
<u>945</u>	<u>52</u>	<u>5,119</u>	<u>15</u>	<u>-</u>	<u>-</u>
<u>949</u>	<u>606,393</u>	<u>817,269</u>	<u>77,960</u>	<u>49,122</u>	<u>111,502</u>
-	-	-	-	-	-
-	583,161	-	6,914	-	-
-	-	729,970	-	-	-
-	-	-	54,413	-	-
1,152	-	86,014	-	19,989	22,943
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,152</u>	<u>583,161</u>	<u>815,984</u>	<u>61,327</u>	<u>19,989</u>	<u>22,943</u>
<u>(203)</u>	<u>23,232</u>	<u>1,285</u>	<u>16,633</u>	<u>29,133</u>	<u>88,559</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(203)</u>	<u>23,232</u>	<u>1,285</u>	<u>16,633</u>	<u>29,133</u>	<u>88,559</u>
<u>243,755</u>	<u>72,689</u>	<u>164,514</u>	<u>16,928</u>	<u>1,491,760</u>	<u>19,283</u>
<u>\$ 243,552</u>	<u>\$ 95,921</u>	<u>\$ 165,799</u>	<u>\$ 33,561</u>	<u>\$ 1,520,893</u>	<u>\$ 107,842</u>

## VILLAGE OF MUKWONAGO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2009

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Capital Equipment Fund	Library Building Fund	2001 GO Bond Fund	2009 GO Bond Fund	
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	969,200
Intergovernmental	-	-	-	-	565,686
Licenses and permits	-	-	-	-	41,628
Public charges for services	-	-	-	-	441,076
Intergovernmental charges for services	26,233	-	-	-	475,753
Special assessments	-	-	11,936	-	11,936
Investment income	620	28	1,575	6,484	41,794
Miscellaneous	-	-	509	-	38,747
Total Revenues	<u>26,853</u>	<u>28</u>	<u>14,020</u>	<u>6,484</u>	<u>2,585,820</u>
<b>EXPENDITURES</b>					
Current					
Public safety	-	-	-	-	915,710
Public works	-	-	-	-	590,075
Culture, recreation and education	-	-	-	-	729,970
Conservation and development	-	-	-	-	54,413
Capital Outlay	355,107	-	-	270,108	767,921
Debt Service	12,627	-	-	29,429	42,056
Total Expenditures	<u>367,734</u>	<u>-</u>	<u>-</u>	<u>299,537</u>	<u>3,100,145</u>
Excess (deficiency) of revenues over expenditures	<u>(340,881)</u>	<u>28</u>	<u>14,020</u>	<u>(293,053)</u>	<u>(514,325)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	32,294	-	-	-	44,294
Transfers out	(10,000)	-	-	-	(44,294)
Premium on debt issued	5,692	-	-	13,266	18,958
Debt issued	567,452	-	-	1,322,548	1,890,000
Total Other Financing Sources (Uses)	<u>595,438</u>	<u>-</u>	<u>-</u>	<u>1,335,814</u>	<u>1,908,958</u>
<b>Net Change in Fund Balances</b>	254,557	28	14,020	1,042,761	1,394,633
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(11,339)</u>	<u>7,618</u>	<u>10,712</u>	<u>-</u>	<u>2,225,523</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 243,218</u>	<u>\$ 7,646</u>	<u>\$ 24,732</u>	<u>\$ 1,042,761</u>	<u>\$ 3,620,156</u>