

**VILLAGE OF MUKWONAGO**  
Mukwonago, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

December 31, 2010

# VILLAGE OF MUKWONAGO

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December 31, 2010

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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, 2010, 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, 2010, 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.

As described in Note I B., the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective January 1, 2010.

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 and individual fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Baker Tilly Vinson Krause, LLP*

Milwaukee, Wisconsin  
June 9, 2011

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## **BASIC FINANCIAL STATEMENTS**

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# VILLAGE OF MUKWONAGO

## STATEMENT OF NET ASSETS December 31, 2010

	Governmental Activites	Business- Type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 14,734,559	\$ 2,415,943	\$ 17,150,502
Receivables (net)			
Taxes receivable	5,615,869	89,877	5,705,746
Accounts	153,574	630,412	783,986
Special assessments	1,684,751	913,304	2,598,055
Due from other governmental units	6,876	-	6,876
Accrued interest	3,023	1,492	4,515
Internal balances	91,616	(91,616)	-
Inventories and prepaid items	67,832	24,340	92,172
Unamortized debt issuance expense	523,912	299,621	823,533
Restricted assets			
Cash and investments	1,419,560	1,572,290	2,991,850
Capital assets			
Land	1,109,628	572,364	1,681,992
Construction in progress	2,730,756	678,688	3,409,444
Other capital assets, net of depreciation/amortization	19,789,920	29,409,944	49,199,864
Total Assets	<u>47,931,876</u>	<u>36,516,659</u>	<u>84,448,535</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	1,012,752	133,599	1,146,351
Unearned revenue	5,606,720	506,455	6,113,175
Noncurrent liabilities			
Due within one year	2,164,443	856,288	3,020,731
Due in more than one year	30,799,076	14,264,326	45,063,402
Total Liabilities	<u>39,582,991</u>	<u>15,760,668</u>	<u>55,343,659</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,789,893	16,496,289	18,109,182
Restricted for			
Debt service	2,786,085	29,364	2,815,449
Equipment replacement	-	285,309	285,309
Impact fees	1,333,650	-	1,333,650
Unrestricted	<u>1,439,257</u>	<u>3,945,029</u>	<u>6,561,286</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 8,348,885</u>	<u>\$ 20,755,991</u>	<u>\$ 29,104,876</u>

See accompanying notes to financial statements.

# VILLAGE OF MUKWONAGO

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 755,636	\$ 153,151	\$ 51,050	\$ -
Public safety	3,945,360	1,439,134	272,034	123,454
Public works	1,861,900	146,055	732,606	27,461
Health and human services	2,420	125,364	-	-
Culture, education and recreation	1,029,917	40,390	452,956	13,658
Conservation and development	74,242	-	-	-
Interest and fiscal charges	1,152,127	-	-	-
Total Governmental Activities	8,821,602	1,904,094	1,508,646	164,573
<b>Business-type Activities</b>				
Water Utility	1,203,546	1,490,554	-	-
Sanitary Sewer Utility	1,776,728	1,188,495	-	-
Total Business-type Activities	2,980,274	2,679,049	-	-
Total	\$ 11,801,876	\$ 4,583,143	\$ 1,508,646	\$ 164,573

**General Revenues**

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on disposal of assets

Miscellaneous

Transfers

Total General Revenues and Transfers

**Change in net assets**

NET ASSETS - Beginning of Year

**NET ASSETS - END OF YEAR**

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Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (551,435)	\$ -	\$ (551,435)
(2,110,738)	-	(2,110,738)
(955,778)	-	(955,778)
122,944	-	122,944
(522,913)	-	(522,913)
(74,242)	-	(74,242)
(1,152,127)	-	(1,152,127)
<u>(5,244,289)</u>	<u>-</u>	<u>(5,244,289)</u>
-	287,008	287,008
-	(588,233)	(588,233)
-	(301,225)	(301,225)
<u>(5,244,289)</u>	<u>(301,225)</u>	<u>(5,545,514)</u>
3,069,477	-	3,069,477
1,669,402	-	1,669,402
625,712	-	625,712
7,293	-	7,293
398,232	-	398,232
175,592	71,483	247,075
7,373	-	7,373
52,714	2,381	55,095
<u>172,861</u>	<u>(172,861)</u>	<u>-</u>
<u>6,178,656</u>	<u>(98,997)</u>	<u>6,079,659</u>
934,367	(400,222)	534,145
<u>7,414,518</u>	<u>21,156,213</u>	<u>28,570,731</u>
<u>\$ 8,348,885</u>	<u>\$ 20,755,991</u>	<u>\$ 29,104,876</u>

See accompanying notes to financial statements.

## VILLAGE OF MUKWONAGO

### BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2010

	General Fund	Fire and Ambulance Fund	Debt Service Fund	Tax Incremental District No. 3
<b>ASSETS</b>				
Cash and investments	\$ 1,812,024	\$ 177,431	\$ 329,323	\$ 2,228,330
Receivables				
Taxes	2,161,213	57,236	1,920,587	575,471
Accounts	79,529	11,536	-	-
Special assessments	5,053	-	1,660,329	-
Due from other governments	6,876	-	-	-
Accrued interest	-	-	3,023	-
Due from other funds	88,453	114,421	112	-
Prepaid items	50,808	6,707	-	-
Restricted cash and investments	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 4,203,956</u></b>	<b><u>\$ 367,331</u></b>	<b><u>\$ 3,913,374</u></b>	<b><u>\$ 2,803,801</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 125,853	\$ 24,706	\$ -	\$ 4,214
Accrued liabilities	83,992	36,829	-	-
Due to other funds	191,755	27	502	15,763
Deferred revenues	2,162,253	57,236	3,583,939	575,471
Due to other governments	-	278,599	-	-
Deposits	18,994	-	-	-
Total Liabilities	<u>2,582,847</u>	<u>397,397</u>	<u>3,584,441</u>	<u>595,448</u>
Fund Balances (Deficit)				
Reserved				
Debt service	-	-	328,933	-
Impact fees	-	-	-	-
Prepaid items	50,808	6,707	-	-
Encumbrances	-	-	-	-
Unreserved, reported in:				
General fund designated	957,208	-	-	-
General fund undesignated	613,093	-	-	-
Special revenue funds undesignated	-	(36,773)	-	-
Capital projects funds designated	-	-	-	2,208,353
Capital projects funds undesignated	-	-	-	-
Total Fund Balances (deficit)	<u>1,621,109</u>	<u>(30,066)</u>	<u>328,933</u>	<u>2,208,353</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 4,203,956</u></b>	<b><u>\$ 367,331</u></b>	<b><u>\$ 3,913,374</u></b>	<b><u>\$ 2,803,801</u></b>

See accompanying notes to financial statements.

<u>Capital Projects Fund</u>	<u>2010 Taxable GO Note (BAB) Fund</u>	<u>2010 GO Note Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 3,355,539	\$ 586,628	\$ 4,546,499	\$ 1,698,785	\$ 14,734,559
-	-	-	901,362	5,615,869
-	-	-	62,509	153,574
-	-	-	19,369	1,684,751
-	-	-	-	6,876
-	-	-	-	3,023
-	11,376	20,000	338,640	573,002
-	-	-	10,317	67,832
-	-	-	1,419,560	1,419,560
<u>\$ 3,355,539</u>	<u>\$ 598,004</u>	<u>\$ 4,566,499</u>	<u>\$ 4,450,542</u>	<u>\$ 24,259,046</u>
\$ 12,350	\$ 10,730	\$ 27,137	\$ 169,210	\$ 374,200
-	-	-	28,967	149,788
-	65,015	2,979	205,345	481,386
-	-	-	915,595	7,294,494
-	-	-	115,000	393,599
-	-	-	-	18,994
<u>12,350</u>	<u>75,745</u>	<u>30,116</u>	<u>1,434,117</u>	<u>8,712,461</u>
-	-	-	-	328,933
-	-	-	1,333,650	1,333,650
-	-	-	10,317	67,832
-	175,225	-	99,513	274,738
-	-	-	-	957,208
-	-	-	-	613,093
-	-	-	1,000,363	963,590
-	-	4,536,383	-	6,744,736
<u>3,343,189</u>	<u>347,034</u>	<u>-</u>	<u>572,582</u>	<u>4,262,805</u>
<u>3,343,189</u>	<u>522,259</u>	<u>4,536,383</u>	<u>3,016,425</u>	<u>15,546,585</u>
<u>\$ 3,355,539</u>	<u>\$ 598,004</u>	<u>\$ 4,566,499</u>	<u>\$ 4,450,542</u>	<u>\$ 24,259,046</u>

See accompanying notes to financial statements.

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## VILLAGE OF MUKWONAGO

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS December 31, 2010

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Total Fund Balances - Governmental Funds \$ 15,546,585

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	1,109,628
Construction in progress	2,730,756
Other capital assets	27,840,812
Less: Accumulated depreciation	(8,050,892)

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

1,687,774

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	(32,848,519)
Accrued interest	(191,171)
Unamortized debt discount and issue costs	<u>523,912</u>

**NET ASSETS OF GOVERNMENTAL ACTIVITIES**

**\$ 8,348,885**

## VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2010

	General Fund	Fire and Ambulance Fund	Debt Service Fund	Tax Incremental District No. 3
<b>REVENUES</b>				
Taxes	\$ 2,070,285	\$ 56,930	\$ 1,669,402	\$ 625,712
Special assessments	86	-	284,311	-
Intergovernmental	1,172,694	28,813	-	8,738
Licenses and permits	273,946	-	-	-
Fines, forfeitures and penalties	155,075	-	-	-
Public charges for services	22,699	657,517	-	-
Intergovernmental charges for services	123,036	480,292	-	-
Investment income	19,168	2,106	99,742	6,083
Miscellaneous	12,996	17,375	-	-
Total Revenues	3,849,985	1,243,033	2,053,455	640,533
<b>EXPENDITURES</b>				
Current				
General government	656,957	-	-	37,161
Public safety	2,340,182	1,293,349	-	-
Public works	603,491	-	-	-
Health and human services	14,311	-	-	-
Culture, recreation and education	178,129	-	-	-
Conservation and development	73,286	-	-	-
Capital Outlay	65,159	6,395	-	7,458
Debt Service				
Principal	-	-	1,621,700	366,300
Interest and fiscal charges	-	-	731,562	311,872
Total Expenditures	3,931,515	1,299,744	2,353,262	722,791
Excess (deficiency) of revenues over expenditures	(81,530)	(56,711)	(299,807)	(82,258)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	-	-	-
Refunding debt issued	-	-	3,240,000	-
Premium on debt issued	-	-	36,217	-
Transfers in	326,480	113,550	-	-
Sales of fixed assets	2,500	4,873	-	-
Transfers out	(139,500)	-	-	-
Payments to refunding escrow agent	-	-	(3,332,666)	-
Total Other Financing Sources (Uses)	189,480	118,423	(56,449)	-
<b>Net Change in Fund Balances</b>	107,950	61,712	(356,256)	(82,258)
FUND BALANCES (DEFICIT) - Beginning of Year	1,513,159	(91,778)	685,189	2,290,611
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 1,621,109	\$ (30,066)	\$ 328,933	\$ 2,208,353

See accompanying notes to financial statements.

Capital Projects Fund	2010 Taxable GO Note (BAB) Fund	2010 GO Note Fund	Nonmajor Governmental Funds	Totals
\$ -	\$ -	\$ -	\$ 963,363	\$ 5,385,692
-	-	-	3,153	287,550
-	-	-	629,676	1,839,921
-	-	-	70,676	344,622
-	-	-	-	155,075
-	-	-	137,076	817,292
-	-	-	120,639	723,967
8,897	3,462	743	22,753	162,954
-	-	20,000	149,095	199,466
<u>8,897</u>	<u>3,462</u>	<u>20,743</u>	<u>2,096,431</u>	<u>9,916,539</u>
-	-	-	-	694,118
-	-	-	-	3,633,531
-	-	-	618,022	1,221,513
-	-	-	-	14,311
-	-	-	716,036	894,165
-	-	-	956	74,242
95,989	1,759,307	30,116	1,845,236	3,809,660
-	-	-	-	1,988,000
-	46,005	97,265	9,972	1,196,676
<u>95,989</u>	<u>1,805,312</u>	<u>127,381</u>	<u>3,190,222</u>	<u>13,526,216</u>
<u>(87,092)</u>	<u>(1,801,850)</u>	<u>(106,638)</u>	<u>(1,093,791)</u>	<u>(3,609,677)</u>
-	2,300,258	4,550,000	498,581	7,348,839
-	-	-	-	3,240,000
-	23,851	93,021	5,170	158,259
-	-	-	90,398	530,428
-	-	-	22,200	29,573
-	-	-	(218,067)	(357,567)
-	-	-	-	(3,332,666)
-	<u>2,324,109</u>	<u>4,643,021</u>	<u>398,282</u>	<u>7,616,866</u>
(87,092)	522,259	4,536,383	(695,509)	4,007,189
<u>3,430,281</u>	<u>-</u>	<u>-</u>	<u>3,711,934</u>	<u>11,539,396</u>
<u>\$ 3,343,189</u>	<u>\$ 522,259</u>	<u>\$ 4,536,383</u>	<u>\$ 3,016,425</u>	<u>\$ 15,546,585</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, 2010

Net change in fund balances - total governmental funds \$ 4,007,189

Amounts reported for governmental activities in the statement of net assets are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	3,809,660
Some items reported as capital outlay were not capitalized	(160,370)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	14,290
Depreciation is reported in the government-wide financial statements	(966,507)
Net book value of assets retired	(1,389)

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	(314,206)
Other receivables	(48,798)

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	(10,588,839)
Principal repaid	4,948,000

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	286,776
Debt issuance costs capitalized	239,132
Debt premium capitalized	(158,259)
Amortization of loss on refunding	(69,430)
Amortization of debt issuance costs	(69,437)
Amortization of debt premiums	30,009

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	(23,619)
Accrued interest on debt	165

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 934,367**

See accompanying notes to financial statements.

# VILLAGE OF MUKWONAGO

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2010

ASSETS	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
Current Assets			
Cash and investments	\$ 827,182	\$ 1,588,761	\$ 2,415,943
Receivables			
Accounts	341,714	288,698	630,412
Special assessments	47,309	42,568	89,877
Accrued interest	955	537	1,492
Due from other funds	28,899	15,845	44,744
Inventories	15,474	-	15,474
Prepaid items	2,913	5,953	8,866
Restricted Assets			
Cash and investments	37,299	45,270	82,569
Total Current Assets	1,301,745	1,987,632	3,289,377
Noncurrent Assets			
Restricted Assets			
Cash and investments	464,180	1,025,541	1,489,721
Capital Assets			
Land	556,467	15,897	572,364
Construction in progress	394,606	284,082	678,688
Capital assets being depreciated	19,125,037	21,155,665	40,280,702
Less: Accumulated depreciation	(3,755,366)	(7,115,392)	(10,870,758)
Other Assets			
Special assessments	274,540	638,764	913,304
Unamortized debt issuance expenses	96,708	202,913	299,621
Total Noncurrent Assets	17,156,172	16,207,470	33,363,642
Total Assets	18,457,917	18,195,102	36,653,019

See accompanying notes to financial statements.

# VILLAGE OF MUKWONAGO

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2010

LIABILITIES	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
	Current Liabilities		
Accounts payable	\$ 22,888	\$ 22,979	\$ 45,867
Accrued liabilities	14,836	19,691	34,527
Accrued interest payable	6,737	1,533	8,270
Due to other funds	86,505	49,855	136,360
Current portion of long-term debt	156,647	155,710	312,357
Current portion of compensated absences	5,331	6,462	11,793
Liabilities Payable from Restricted Assets			
Accrued interest payable	18,115	26,820	44,935
Current portion of revenue bonds payable from restricted	246,338	285,800	532,138
Total Current Liabilities	557,397	568,850	1,126,247
Noncurrent Liabilities			
Long-Term Debt			
Bonds and notes payable	6,228,516	7,988,614	14,217,130
Compensated absences	26,992	20,204	47,196
Unearned revenues	76,046	430,409	506,455
Total Noncurrent Liabilities	6,331,554	8,439,227	14,770,781
Total Liabilities	6,888,951	9,008,077	15,897,028
NET ASSETS			
Invested in capital assets, net of related debt	10,056,715	6,439,574	16,496,289
Restricted for			
Equipment replacement	-	293,182	293,182
Debt service	12,447	16,917	29,364
Unrestricted	1,499,804	2,437,352	3,937,156
TOTAL NET ASSETS	\$ 11,568,966	\$ 9,187,025	\$ 20,755,991

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, 2010

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
<b>OPERATING REVENUES</b>	<u>\$ 1,480,648</u>	<u>\$ 1,188,495</u>	<u>\$ 2,669,143</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	541,571	751,217	1,292,788
Depreciation	372,683	558,806	931,489
Taxes	15,171	20,247	35,418
Total Operating Expenses	<u>929,425</u>	<u>1,330,270</u>	<u>2,259,695</u>
Operating Income (Loss)	<u>551,223</u>	<u>(141,775)</u>	<u>409,448</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	26,816	44,667	71,483
Miscellaneous	9,906	2,381	12,287
Interest and fiscal charges	<u>(274,121)</u>	<u>(446,458)</u>	<u>(720,579)</u>
Total Nonoperating Revenues (Expenses)	<u>(237,399)</u>	<u>(399,410)</u>	<u>(636,809)</u>
Income (Loss) Before Transfers	<u>313,824</u>	<u>(541,185)</u>	<u>(227,361)</u>
<b>TRANSFERS</b>			
Transfers in	94,739	56,880	151,619
Transfers out - tax equivalent	<u>(320,256)</u>	<u>(4,224)</u>	<u>(324,480)</u>
Total Transfers	<u>(225,517)</u>	<u>52,656</u>	<u>(172,861)</u>
Change in Net Assets	88,307	(488,529)	(400,222)
NET ASSETS - Beginning of Year	<u>11,480,659</u>	<u>9,675,554</u>	<u>21,156,213</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 11,568,966</u>	<u>\$ 9,187,025</u>	<u>\$ 20,755,991</u>

See accompanying notes to financial statements.

## VILLAGE OF MUKWONAGO

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 1,528,949	\$ 1,168,957	\$ 2,697,906
Paid to suppliers for goods and services	(353,340)	(500,183)	(853,523)
Paid to employees for services	(175,918)	(269,800)	(445,718)
Net Cash Flows From Operating Activities	<u>999,691</u>	<u>398,974</u>	<u>1,398,665</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>25,861</u>	<u>44,130</u>	<u>69,991</u>
Net Cash Flows From Investing Activities	<u>25,861</u>	<u>44,130</u>	<u>69,991</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Paid to municipality for tax equivalent	(320,256)	(4,224)	(324,480)
Transfers in	<u>94,739</u>	<u>56,880</u>	<u>151,619</u>
Net Cash Flows From Noncapital Financing Activities	<u>(225,517)</u>	<u>52,656</u>	<u>(172,861)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt issued	884,400	496,761	1,381,161
Debt retired	(342,779)	(491,850)	(834,629)
Interest paid	(266,727)	(440,607)	(707,334)
Debt issuance costs paid	(8,517)	(4,784)	(13,301)
Special assessments received	38,923	35,743	74,666
Acquisition and construction of capital assets	(640,369)	(437,855)	(1,078,224)
Payments to refunding escrow agent	-	(1,454,504)	(1,454,504)
Other	<u>-</u>	<u>15,763</u>	<u>15,763</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(335,069)</u>	<u>(2,281,333)</u>	<u>(2,616,402)</u>
<b>Net Change in Cash and Cash Equivalents</b>	464,966	(1,785,573)	(1,320,607)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>863,695</u>	<u>4,445,145</u>	<u>5,308,840</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,328,661</u>	<u>\$ 2,659,572</u>	<u>\$ 3,988,233</u>

See accompanying notes to financial statements.

# VILLAGE OF MUKWONAGO

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2010

	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)	\$ 551,223	\$ (141,775)	\$ 409,448
Nonoperating revenue	9,906	2,381	12,287
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	372,683	558,806	931,489
Depreciation charged to other funds	16,129	(16,129)	-
Changes in assets and liabilities			
Accounts receivable	12,778	7,026	19,804
Inventory	2,809	-	2,809
Prepaid items	(42)	(545)	(587)
Accounts payable	(34,633)	(8,666)	(43,299)
Due to other funds	58,307	95	58,402
Compensated absences	(2,873)	(1,886)	(4,759)
Accrued liabilities	3,916	6,162	10,078
Due to water utility	-	(9,412)	(9,412)
Due from water utility	-	2,917	2,917
Due from sewer utility	9,488	-	9,488
	<u>9,488</u>	<u>-</u>	<u>9,488</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 999,691</u>	<u>\$ 398,974</u>	<u>\$ 1,398,665</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS</b>			
Cash and investments - statement of net assets	\$ 827,182	\$ 1,588,761	\$ 2,415,943
Restricted cash and investments - statement of net assets	<u>501,479</u>	<u>1,070,811</u>	<u>1,572,290</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 1,328,661</u>	<u>\$ 2,659,572</u>	<u>\$ 3,988,233</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt issued for refunding	<u>\$ 1,543,052</u>	<u>\$ 1,367,948</u>	
Premium on debt issued for refunding	<u>\$ -</u>	<u>\$ 59,699</u>	
Issue costs paid on refunding debt	<u>\$ -</u>	<u>\$ (81,905)</u>	
Principal refunded	<u>\$ (1,543,052)</u>	<u>\$ (2,466,948)</u>	
Unamortized issued costs added to loss on refunding	<u>\$ -</u>	<u>\$ 47,968</u>	
Loss on refunding	<u>\$ -</u>	<u>\$ (390,266)</u>	

See accompanying notes to financial statements.

# VILLAGE OF MUKWONAGO

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2010

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	<u>Private Purpose Trust Library Trust Fund</u>	<u>Agency Fund Tax Escrow Fund</u>
<b>ASSETS</b>		
Cash and investments	\$ 30,643	\$ 7,089,624
Taxes receivable	-	<u>1,953,390</u>
Total Assets	<u>30,643</u>	<u>9,043,014</u>
<b>LIABILITIES</b>		
Accounts payable	-	21,362
Due to other taxing units	-	<u>9,021,652</u>
Total Liabilities	<u>-</u>	<u>9,043,014</u>
<b>NET ASSETS</b>		
Held in trust	<u>30,643</u>	<u>-</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 30,643</u>	<u>\$ -</u>

See accompanying notes to financial statements.

# VILLAGE OF MUKWONAGO

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS For the Year Ended December 31, 2010

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	Private Purpose Trust Library Trust Fund
<b>ADDITIONS</b>	
Investment income	\$ <u>842</u>
<b>Change in Net Assets</b>	842
NET ASSETS - Beginning of Year	<u>29,801</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 30,643</u>

See accompanying notes to financial statements.

# VILLAGE OF MUKWONAGO

## INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2010

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# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

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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**

In June 2007, the GASB issued statement No. 51 - *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and reporting requirements for intangible assets to reduce inconsistencies among governments, thereby enhancing the comparability of such assets among state and local governments.

The village made the decision to implement this standard effective January 1, 2010.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

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

##### ***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.

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 nonmajor 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.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

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

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

The village reports the following major governmental funds:

- General Fund - accounts for the village's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.
- Fire and Ambulance Special revenue fund - accounts for resources legally restricted to supporting expenditures for the program.
- Debt Service Fund - accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise fund debt.
- Capital Projects Fund - accounts for proceeds from long-term borrowing and other resources to be used for non-TID capital improvement projects.
- Tax Incremental District (TID) No. 3 Capital Projects Fund - accounts for expenditures outlined in the TID project plan and related revenues and proceeds from long-term borrowing.
- 2010 Taxable GO Note (BAB) Fund - accounts for proceeds from long-term borrowing and other resources to be used for non-TID capital improvement projects.
- 2010 GO Note Fund - accounts for proceeds from long-term borrowing and other resources to be used for non-TID capital improvement projects.

The village reports the following major enterprise funds:

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

The village reports the following nonmajor 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	Specific Use
Stormwater	

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

Capital Equipment	2001 GO Bond
Library Building	2009 GO Bond

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

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

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

In addition, the village reports the following fund types:

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

Library Trust Fund

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

Tax Escrow Fund

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

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

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and 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 guidance issued after November 30, 1989.

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

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

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

##### *Fund Financial Statements*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

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

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

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

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

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

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

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

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

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sanitary sewer utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### ***All Financial Statements***

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

#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY***

##### ***1. Deposits and Investments***

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

Investment of village funds is restricted by 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, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010

---

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

---

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

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

- 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, 2010, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

##### *2. Receivables*

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

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

---

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

---

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

##### ***2. Receivables (cont.)***

Property tax calendar - 2010 tax roll:

Lien date and levy date	December 2010
Tax bills mailed	December 2010
Payment in full, or	January 31, 2011
First installment due	January 31, 2011
Second installment due	April 30, 2011
Third installment due	July 31, 2011
Personal property taxes in full	January 31, 2011
Tax sale - 2010 delinquent real estate taxes	October 2013

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.

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

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

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

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

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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.)*

##### **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 and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net assets. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. 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
Intangible assets	10 Years

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

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

##### **6. Other Assets**

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

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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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.)***

##### ***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, 2010, are determined on the basis of current salary rates and include salary related payments.

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

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

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

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

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

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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

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

##### **9. Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. 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."

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	\$ 2,789,893	\$ 16,496,289	\$ (1,177,000)	\$ 18,109,182
Unrestricted	1,439,257	3,945,029	1,177,000	6,561,286

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

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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

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

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

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

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 \$30,643 was available for the year ended December 31, 2010.

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

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#### ***A. BUDGETARY INFORMATION***

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

A budget has been adopted for the General, Library, Recycling, Fire and Ambulance, Debt Service, Tax Incremental District No. 3 and Capital Equipment funds. A budget has not been formally adopted for Library Building, Impact Fee, Revolving Loan, 2001 GO Bond, Park Land Site, Stormwater, Capital Projects, Fire Designated, Ambulance Designated, Specific Use, 2009 GO Bond, 2010 Taxable GO Note, and 2010 GO Note funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made. The village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action.

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

**VILLAGE OF MUKWONAGO**

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2010

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

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***B. DEFICIT BALANCES***

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

As of December 31, 2010, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Fire and Ambulance Fund	\$ (30,066)	Excess legal fees related to previous years

***C. 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.

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

**NOTE III - DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 12,430,462	\$ 12,566,154	Custodial Credit Risk
LGIP	14,831,957	14,831,957	Credit Risk, Interest Rate Risk
Petty cash	200	-	N/A
 Total Deposits and Investments	 \$ 27,262,619	 \$ 27,398,111	
 Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 17,150,502		
Restricted cash and investments	2,991,850		
Per statement of net assets- fiduciary funds			
Private Purpose Trust	30,643		
Agency Fund	7,089,624		
 Total Deposits and Investments	 \$ 27,262,619		

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.

***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, 2010, \$3,969,411 of the village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,969,411
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# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

##### *Custodial Credit Risk* (cont.)

##### 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, 2010, the village's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
LGIP	<u>\$ 14,831,957</u>	73

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

#### B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for special assessments receivable.

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

**B. RECEIVABLES (cont.)**

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 5,606,720	\$ 5,606,720
Special assessments not yet due	1,684,751	-	1,684,751
Interest subsidy	3,023	-	3,023
 Total Deferred/Unearned Revenue for Governmental Funds	 \$ 1,687,774	 \$ 5,606,720	 \$ 7,294,494

**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.

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

**C. RESTRICTED ASSETS (cont.)**

Following is a list of restricted assets at December 31, 2010:

	Restricted Assets
Water redemption account- current	\$ 37,299
Water reserve account	464,180
Sewer redemption account - current	45,270
Sewer reserve account	732,359
Equipment replacement account	293,182
Impact fee account	1,419,560
Total Restricted Assets	\$ 2,991,850

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated/ amortized				
Land	\$ 904,500	\$ 205,128	\$ -	\$ 1,109,628
Construction in progress	267,398	2,501,126	37,768	2,730,756
Total Capital Assets Not Being Depreciated/ Amortized	1,171,898	2,706,254	37,768	3,840,384
Capital assets being depreciated/ amortized				
Land improvements	\$ 194,360	\$ 176,249	\$ -	\$ 370,609
Buildings	5,832,756	-	-	5,832,756
Machinery and equipment	2,951,045	673,817	71,708	3,553,154
Roads	15,131,788	7,190	-	15,138,978
Storm sewers	1,862,179	-	-	1,862,179
Library collection	945,297	86,668	-	1,031,965
Intangible asset - software	-	51,171	-	51,171
Total Capital Assets Being Depreciated/ Amortized	26,917,425	995,095	71,708	27,840,812
Total Capital Assets	28,089,323	3,701,349	109,476	31,681,196

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities (cont.)</b>				
Less: Accumulated depreciation/ amortization for				
Land improvements	(59,888)	(8,039)	-	(67,927)
Buildings	(1,067,603)	(116,655)	-	(1,184,258)
Machinery and equipment	(1,530,943)	(221,267)	70,318	(1,681,892)
Roads	(3,976,656)	(533,312)	-	(4,509,968)
Storm sewers	(218,941)	(37,244)	-	(256,185)
Library collection	(300,672)	(47,431)	-	(348,103)
Intangible asset - software	-	(2,559)	-	(2,559)
Total Accumulated Depreciation/ Amortization	(7,154,703)	(966,507)	70,318	(8,050,892)
Net Capital Assets Being Depreciated/ Amortized	19,762,722	28,588	1,390	19,789,920
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/ Amortization	\$ 20,934,620	\$ 2,734,842	\$ 39,158	\$ 23,630,304

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 34,902
Public safety	234,481
Public works, which includes the depreciation of infrastructure	606,803
Culture, recreation and education	90,321
Total Governmental Activities Depreciation/Amortization Expense	\$ 966,507

## VILLAGE OF MUKWONAGO

### NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

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

	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance
<b>Sanitary Sewer</b>					
Capital assets not being depreciated					
Land and land rights	\$ 42,502	\$ (26,605)	\$ -	\$ -	\$ 15,897
Construction in progress	1,719	-	615,364	333,001	284,082
Total Capital Assets Not Being Depreciated	44,221	(26,605)	615,364	333,001	299,979
Capital assets being depreciated					
Buildings and improvements	19,609,133	-	359,606	33,300	19,935,439
Machinery and equipment	1,198,232	-	40,991	18,997	1,220,226
Total Capital Assets Being Depreciated	20,807,365	-	400,597	52,297	21,155,665
Total Capital Assets	20,851,586	(26,605)	1,015,961	385,298	21,455,644
Less: Accumulated depreciation for					
Buildings and improvements	(5,975,343)	-	(434,122)	33,300	(6,376,165)
Machinery and equipment	(649,668)	-	(108,556)	18,997	(739,227)
Total Accumulated Depreciation	(6,625,011)	-	(542,678)	52,297	(7,115,392)
Net Capital Assets Being Depreciated	14,182,354	-	(142,081)	-	14,040,273
Net Sanitary Sewer Plant	\$ 14,226,575	\$ (26,605)	\$ 473,283	\$ 333,001	\$ 14,340,252

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

**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>386,492</u>	<u>571,137</u>	<u>563,023</u>	<u>394,606</u>
Total Capital Assets Not Being Depreciated	<u>942,959</u>	<u>571,137</u>	<u>563,023</u>	<u>951,073</u>
Capital assets being depreciated				
Buildings and improvements	16,890,185	577,714	67,752	17,400,147
Machinery and equipment	<u>1,638,408</u>	<u>101,793</u>	<u>15,311</u>	<u>1,724,890</u>
Total Capital Assets Being Depreciated	<u>18,528,593</u>	<u>679,507</u>	<u>83,063</u>	<u>19,125,037</u>
Total Capital Assets	<u>19,471,552</u>	<u>1,250,644</u>	<u>646,086</u>	<u>20,076,110</u>
Less: Accumulated depreciation for				
Buildings and improvements	(2,498,845)	(295,749)	67,751	(2,726,843)
Machinery and equipment	<u>(950,771)</u>	<u>(93,063)</u>	<u>15,311</u>	<u>(1,028,523)</u>
Total Accumulated Depreciation	<u>(3,449,616)</u>	<u>(388,812)</u>	<u>83,062</u>	<u>(3,755,366)</u>
Net Capital Assets Being Depreciated	<u>15,078,977</u>	<u>290,695</u>	<u>1</u>	<u>15,369,671</u>
Net Water Plant	<u>\$ 16,021,936</u>	<u>\$ 861,832</u>	<u>\$ 563,024</u>	<u>\$ 16,320,744</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 30,248,511</u>	<u>\$ 1,335,115</u>	<u>\$ 896,025</u>	<u>\$ 30,660,996</u>

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Sewer	\$ 558,806
Water	<u>372,683</u>
Total Business-type Activities Depreciation Expense	<u>\$ 931,489</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, 2010

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

***E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES 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	\$ 135
General Fund	Water Utility	59,788
General Fund	Sewer Utility	529
General Fund	Capital Equipment Fund	6,301
General Fund	Library	193
General Fund	Recycling	182
General Fund	Debt Service Fund	420
General Fund	Stormwater Fund	20,905
Debt Service Fund	Water Utility	112
2010 Taxable GO Note (BAB) Fund	Capital Equipment Fund	8,397
2010 Taxable GO Note (BAB) Fund	2010 GO Note Fund	2,979
2010 GO Note Fund	Library Fund	20,000
Fire and Ambulance Fund	General Fund	111,371
Fire and Ambulance Fund	Capital Equipment Fund	1,000
Fire and Ambulance Fund	Fire Designated Fund	2,050
Recycling Fund	Fire and Ambulance Fund	27
Fire Designated Fund	General Fund	14,000
Ambulance Designated Fund	General Fund	15,000
Stormwater Fund	General Fund	51,384
Stormwater Fund	Water Utility	375
Stormwater Fund	Sewer Utility	375
Stormwater Fund	Capital Equipment Fund	245
2009 Bond Issue Fund	Water Utility	15,123
2009 Bond Issue Fund	Sewer Utility	8,945
2009 Bond Issue Fund	2010 Taxable GO Note (BAB) Fund	65,015
Capital Equipment Fund	Stormwater Fund	85,910
Capital Equipment Fund	Water Utility	11,107
Capital Equipment Fund	Sewer Utility	11,107
Capital Equipment Fund	Ambulance Designated Fund	60,000
Water Utility	Sewer Utility	28,899
Sewer Utility	Tax Increment District No. 3	15,763
Sewer Utility	Debt Service Fund	82
Recycling Fund	Library Fund	27
		<hr/>
Total - Fund Financial Statements		617,746
Less: Fund eliminations		(494,440)
Less: Government-wide eliminations		(31,690)
		<hr/>
Total Internal Balances - Government-Wide Statement of Net Assets		<u>\$ 91,616</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

*Interfund Receivables/Payables (cont.)*

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 107,461
Business-type Activities	Governmental Activities	<u>(15,845)</u>
Total Government-Wide Financial Statements		<u>\$ 91,616</u>

All amounts are due within one year.

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

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

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

***Transfers***

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Water Utility	\$ 320,256	Payment in lieu of taxes
General Fund	Sanitary Sewer Utility	4,224	Payment in lieu of taxes
General Fund	Revolving Loan Fund	2,000	Administrative costs
Ambulance Designated Fund	General Fund	14,000	Transfer of donated/designated funds
Ambulance Designated Fund	Capital Equipment Fund	1,000	Transfer of donated/designated funds
Capital Equipment Fund	Ambulance Designated Fund	60,000	Transfer of donated/designated funds
Fire and Ambulance Fund	Fire Designated Fund	2,050	Transfer of donated/designated funds
Fire and Ambulance Fund	General Fund	111,500	Transfer to reduce negative fund balance
Fire Designated Fund	General Fund	14,000	Transfer of donated/designated funds
Water Utility	Impact Fee Fund	94,739	Transfer for project costs from impact fees
Sewer Utility	Impact Fee Fund	56,880	Transfer for project costs from impact fees
Library Fund	Impact Fee Fund	<u>1,398</u>	Transfer for project costs from impact fees
Total - Fund Financial Statements		682,047	
Less: Fund eliminations		(205,898)	
Less: Government-wide eliminations		<u>(303,288)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 172,861</u>	
Fund Transferred To	Fund Transferred From	Amount	
Governmental Activities	Business-type Activities	\$ 324,480	
Business-type Activities	Governmental Activities	<u>(151,619)</u>	
Total Government-wide Financial Statements		<u>\$ 172,861</u>	

## VILLAGE OF MUKWONAGO

### NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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

#### **E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES 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, 2010, 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	\$ 24,350,000	\$ 10,588,839	\$ 4,860,000	\$ 30,078,839	\$ 1,942,395
Bond anticipation notes	2,236,140	-	88,000	2,148,140	99,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	97,474	158,259	30,009	225,724	-
Refundings - Gains/(Losses)	(27,436)	(286,776)	(69,430)	(244,782)	-
Sub-totals	<u>26,656,178</u>	<u>10,460,322</u>	<u>4,908,579</u>	<u>32,207,921</u>	<u>2,041,395</u>
Other Liabilities					
Compensated absences	616,979	23,619	-	640,598	123,048
Due to other governments	115,000	-	-	115,000	-
Total Other Liabilities	<u>731,979</u>	<u>23,619</u>	<u>-</u>	<u>755,598</u>	<u>123,048</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 27,388,157</u>	<u>\$ 10,483,941</u>	<u>\$ 4,908,579</u>	<u>\$ 32,963,519</u>	<u>\$ 2,164,443</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 1,011,974	\$ 1,381,161	\$ 101,083	\$ 2,292,052	\$ 186,357
Revenue bonds	13,026,310	2,920,000	4,631,546	11,314,764	532,138
Bond anticipation notes	1,818,860	-	112,000	1,706,860	126,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	72,284	74,020	11,044	135,260	-
Refundings - Gains/(Losses)	-	(390,266)	(2,957)	(387,309)	-
Sub-totals	<u>15,929,428</u>	<u>3,984,915</u>	<u>4,852,716</u>	<u>15,061,627</u>	<u>844,495</u>

## VILLAGE OF MUKWONAGO

### NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Business-type Activities (cont.)</b>					
Other Liabilities					
Compensated absences	63,746	-	4,759	58,987	11,794
Total Other Liabilities	63,746	-	4,759	58,987	11,794
Total Business-type Activities Long-Term Liabilities	<u>\$ 15,993,174</u>	<u>\$ 3,984,915</u>	<u>\$ 4,857,475</u>	<u>\$ 15,120,614</u>	<u>\$ 856,289</u>

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, 2010, was \$37,281,005. Total general obligation debt outstanding at year end was \$32,370,891.

#### **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 December 31, 2010
Refunding bonds	2/1/2007	10/1/2018	4.0%	\$ 4,460,000	\$ 4,160,000
Refunding bonds	3/18/2010	12/1/2021	3.0-3.5	3,240,000	3,240,000
Promissory notes	8/1/2005	8/1/2015	3.0-4.0	1,550,000	1,050,000
Promissory notes	1/1/2004	12/1/2013	2.0-3.5	4,025,000	1,975,000
Promissory notes	5/15/2006	10/1/2015	3.75-4.25	2,825,000	1,700,000
Promissory notes (15.66% TID)	4/1/2007	10/1/2017	4.0	4,075,000	3,375,000
Promissory notes (TID)	1/1/2008	12/1/2012	3.5-3.75	5,300,000	4,850,000
Promissory notes	3/1/2009	9/1/2019	2.75-3.875	2,580,000	2,380,000
Promissory notes (Build America)	3/18/2010	12/1/2019	1.125-4.625	2,798,839	2,798,839
Promissory notes	12/1/2010	12/1/2019	2.0-3.6	4,550,000	4,550,000
Total Governmental Activities - General Obligation Debt					<u>\$ 30,078,839</u>

## VILLAGE OF MUKWONAGO

### NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

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

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

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2010
Water system bonds	11/1/1999	5/1/2018	2.64%	\$ 1,886,442	\$ 910,891
Water system promissory notes (BAB)	3/18/2010	12/1/2019	1.125-4.625	884,400	884,400
Sewer system promissory notes (BAB)	3/18/2010	12/1/2019	1.125-4.625	496,761	<u>496,761</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 2,292,052</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2011	\$ 1,942,395	\$ 1,086,553	\$ 186,357	\$ 73,825
2012	6,900,655	1,015,520	180,835	70,121
2013	2,075,874	774,251	208,429	65,878
2014	2,267,613	695,105	219,574	60,600
2015	2,655,874	611,602	214,276	54,646
2016-2020	13,496,428	1,598,838	1,282,581	148,212
2021	<u>740,000</u>	<u>25,900</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 30,078,839</u>	<u>\$ 5,807,769</u>	<u>\$ 2,292,052</u>	<u>\$ 473,282</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 \$18.2 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 63% of net revenues. The total principal and interest remaining to be paid on the bonds is \$15,679,327. Principal and interest paid for the current year and total customer net revenues were \$1,195,844 and \$1,570,996, respectively.

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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

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

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2010, consists of the following:

**Business-type Activities Revenue Debt**

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2010</u>
<u>Sanitary Sewer Utility</u>					
Revenue Bonds - Sewer	2/15/2002	12/1/2021	3.25-5.00%	\$ 3,623,550	\$ 177,825
Revenue Bonds - Sewer	4/1/2007	12/1/2024	4.00-4.50	3,527,875	3,088,925
Revenue Bonds - Sewer	1/1/2008	12/1/2026	4.00-4.75	2,281,280	2,067,410
Revenue Bonds - Sewer	12/1/2010	12/1/2021	2.00-4.625	1,376,948	1,376,948
<u>Water Utility</u>					
Revenue Bonds - Water	2/15/2002	12/1/2021	3.25-5.00%	\$ 2,466,450	\$ 257,175
Revenue Bonds - Water	4/29/2002	5/1/2022	2.75	627,355	309,764
Revenue Bonds - Water	4/1/2007	12/1/2024	4.00-4.50	1,897,125	1,661,075
Revenue Bonds - Water	1/1/2008	12/1/2026	4.00-4.75	918,720	832,590
Revenue Bonds - Water	12/1/2010	12/1/2021	2.00-4.625	1,543,052	<u>1,543,052</u>
Total Business-type Activities Revenue Debt					<u>\$ 11,314,764</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>
2011	\$ 532,138	\$ 458,685
2012	572,747	436,828
2013	573,373	413,069
2014	584,015	394,917
2015	624,676	375,668
2016-2020	3,318,939	1,535,028
2021-2025	4,558,876	724,243
2026-2026	<u>550,000</u>	<u>26,125</u>
Totals	<u>\$ 11,314,764</u>	<u>\$ 4,364,563</u>

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

**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, 2010, consist of the following:

<b>Governmental Activities</b>					Balance
<u>Bond Anticipation Notes</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2010</u>
Water and Sewer Revenue BANS (TID)	1/1/2008	12/1/2012	4.00%	\$ 1,441,000	\$ 1,177,000
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>\$ 2,148,140</u>
<b>Business-type Activities</b>					Balance
<u>Bond Anticipation Notes</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2010</u>
Sewer Revenue BANS	1/1/2008	12/1/2012	4.00%	\$ 1,834,000	\$ 1,498,000
Water Revenue BANS	3/1/2009	12/1/2012	3.50	208,860	<u>208,860</u>
Total Business-type Activities Bond Anticipation Notes					<u>\$ 1,706,860</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Bond Anticipation Notes</u>		<u>Business-type Activities Bond Anticipation Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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>\$ 2,148,140</u>	<u>\$ 158,180</u>	<u>\$ 1,706,860</u>	<u>\$ 129,420</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, 2010

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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.

##### *Advance Refunding*

On 3/18/2010, the village issued \$3,240,000 in general obligation bonds with an average interest rate of 3.25% to advance refund \$2,960,000 of outstanding bonds with an average interest rate of 4.55%. The net proceeds of \$3,190,327 (after payment of \$49,673 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

The cash flow requirements on the refunded bonds and notes prior to the advance refunding was \$3,403,300 from 2010 through 2014. The cash flow requirements on the general obligation refunding bonds are \$4,391,185 from 2010 through 2021. The advance refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$168,604.

On 12/1/10, the village issued \$2,920,000 in water and sewer refunding revenue bonds with an average interest rate of 3.87% to advance refund \$4,010,000 of outstanding bonds with an average interest rate of 4.56%. The net proceeds of \$2,897,794 (after payment of \$81,905 in underwriting fees, insurance and other issuance costs plus \$59,699 premium on the debt issue) plus an additional \$1,454,504 of existing funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

The cash flow requirements on the refunded bonds prior to the advance refunding was \$5,395,930 from 2010 through 2021. The cash flow requirements on the water and sewer refunding bonds are \$5,324,041 from 2010 through 2024. The advance refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$227,939.

#### *G. LEASE DISCLOSURES*

The village has no material leases as lessee or lessor.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

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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, 2010, includes the following:

**Governmental Activities**

Invested in Capital Assets, Net of Related Debt	
Land	\$ 1,109,628
Construction in progress	2,730,756
Other capital assets, net of accumulated depreciation	19,789,920
Less: Long-term debt outstanding	(32,226,979)
Plus: Unspent capital related debt proceeds	10,209,568
Plus: Non-capital debt proceeds	1,177,000
Total Invested in Capital Assets, Net of Related Debt	<u>2,789,893</u>
Restricted	
Debt service - general	1,825,556
Debt service - tax incremental financing	960,529
Impact fees	1,333,650
Total Restricted	<u>4,119,735</u>
Unrestricted	<u>1,439,257</u>
Total Governmental Activities Net Assets	<u>\$ 8,348,885</u>

**Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2010, include the following:

<b>Reserved</b>	
Major Funds	
General Fund	
Prepaid items	\$ <u>50,808</u>
Special Revenue Fund	
Fire and ambulance fund - prepaid items	\$ <u>6,707</u>
Debt Service Fund	
Reserved for debt service	\$ <u>328,933</u>
2010 Taxable GO Note (BAB) Fund Capital Projects Funds	
Encumbrances	\$ <u>175,225</u>

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

##### Governmental Funds (cont.)

##### Reserved (cont.)

##### Nonmajor Funds

##### Special Revenue Funds

Impact fees	\$ 1,333,650
Prepaid items	10,317
Sub-Total	<u>1,343,967</u>

##### Capital Project Fund

Capital equipment fund - encumbrances	<u>99,513</u>
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##### Total Nonmajor Funds

\$ 1,443,480

##### Unreserved (designated)

##### Major Funds

##### General Fund

Working capital	\$ 750,000
Funded accrued sick pay	<u>207,208</u>
Sub-Total	<u>957,208</u>

##### Tax Incremental District No. 3

Projects	1,220,359
Debt service	<u>987,994</u>
Sub-Total	<u>2,208,353</u>

##### 2010 GO Note Fund

Projects	<u>4,536,383</u>
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##### Total

\$ 7,701,944

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

##### Major Funds

##### General fund

General fund	\$ 613,093
Capital projects fund	3,343,189
Fire and Ambulance Fund	(36,773)
2010 Taxable GO Note (BAB) Fund	<u>347,034</u>

##### Total

\$ 4,266,543

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

##### Governmental Funds (cont.)

##### Unreserved (deficit) (cont.)

##### Nonmajor Funds

##### Special Revenue Funds

Revolving loan fund	\$ 82,444
Fire designated fund	80,484
Ambulance designated fund	36,503
Specific use fund	344,341
Recycling fund	101,721
Library fund	195,463
Stormwater fund	32,135
Park land site fund	<u>127,272</u>

Total	<u><u>\$ 1,000,363</u></u>
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##### Capital Projects Funds

Capital equipment fund	\$ 94,170
Library building fund	7,666
2001 GO bond fund	29,237
2009 GO bond fund	<u>441,509</u>

Total	<u><u>\$ 572,582</u></u>
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##### Business-type Activities

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

Land	\$ 572,364
Construction in progress	678,688
Other capital assets, net of accumulated depreciation	29,409,944
Less: Long-term debt outstanding	(15,061,625)
Plus: Non-capital debt proceeds	1,196,539
Less: Unamortized issuance costs on non-capital debt	<u>(299,621)</u>
Total Invested in Capital Assets, Net of Related Debt	<u><u>16,496,289</u></u>

##### Restricted

Debt service	29,364
Equipment replacement	<u>293,182</u>
Total Restricted	<u><u>322,546</u></u>

##### Unrestricted

<u><u>3,937,156</u></u>
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Total Business-type Activities Net Assets	<u><u>\$ 20,755,991</u></u>
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# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

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### NOTE IV - OTHER INFORMATION

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#### *A. EMPLOYEES' RETIREMENT SYSTEM*

All eligible village employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for village employees covered by the system for the year ended December 31, 2010 was \$2,946,670; the employer's total payroll was \$3,119,879. The total required contribution for the year ended December 31, 2010 was \$387,432 or 13.1% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2009 and 2008 were \$353,184 and \$338,132, 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, 2010 there was no pension related debt for the village.

#### *B. RISK MANAGEMENT*

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

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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#### **C. COMMITMENTS AND CONTINGENCIES**

From time to time, the village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the village's financial position or results of operations.

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

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

In February 2011, the Village awarded \$3.44 million in contracts for the construction of a new library. In connection with the financing plan for this project, the Friends of the Mukwonago Library committed to raise and contribute \$1.2 million towards the construction costs. These funds were remitted to the village in February 2011. The total estimated amount for constructing and equipping the new library is \$5.4 million.

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Application of these standards may restate portions of these financial statements.

## VILLAGE OF MUKWONAGO

### NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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##### ***E. DEFINED CONTRIBUTION PENSION PLAN***

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

In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate in the plan upon becoming eligible for the Wisconsin Retirement System (WRS). This plan is to give eligible employees an additional two and one-half percentage towards retirements, above what the Village contributes to WRS. In addition, Village employees have an option to contribute to this plan from each payroll period. For the year ended December 31, 2010 the total amount contributed was \$80,968. Of this amount, \$39,408 was contributed by the employer and \$41,560 was contributed by the employee. Total contributions for the years ending December 31, 2009 and 2008 were \$77,004 and \$85,960, respectively, equal to the required contributions for each year.

##### ***F. ASSETS HELD BY THE WAUKESHA COUNTY COMMUNITY FOUNDATION***

The Waukesha County Community Foundation has received contributions from donors on behalf of the Friends of the Mukwonago Library for the construction of the new library. Because the Waukesha County Community Foundation retains variance powers over these funds, such amounts are not reflected in the village's financial statements. In February 2011, the Waukesha County Community Foundation forwarded \$1,045,000 of contributions received to the Village.

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**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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,108,470	\$ 2,108,470	\$ 2,070,285	\$ (38,185)
Special assessments	74	86	86	-
Intergovernmental	1,028,328	1,172,478	1,172,694	216
Licenses and permits	274,745	286,499	273,946	(12,553)
Fines, forfeitures and penalties	153,400	153,400	155,075	1,675
Public charges for services	24,890	27,416	22,699	(4,717)
Intergovernmental charges for services	120,516	123,576	123,036	(540)
Investment income	45,000	24,368	19,168	(5,200)
Miscellaneous	18,300	11,350	12,996	1,646
Total Revenues	<u>3,773,723</u>	<u>3,907,643</u>	<u>3,849,985</u>	<u>(57,658)</u>
<b>EXPENDITURES</b>				
Current:				
General government	648,395	672,499	656,957	15,542
Public safety	2,301,832	2,342,588	2,340,182	2,406
Public works	759,397	721,885	603,491	118,394
Health and human services	12,705	14,570	14,311	259
Culture, recreation and education	168,787	174,683	178,129	(3,446)
Conservation and development	43,784	78,632	73,286	5,346
Capital Outlay	-	65,159	65,159	-
Total Expenditures	<u>3,934,900</u>	<u>4,070,016</u>	<u>3,931,515</u>	<u>138,501</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(161,177)</u>	<u>(162,373)</u>	<u>(81,530)</u>	<u>80,843</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	374,100	374,100	326,480	(47,620)
Transfers out	(120,782)	(247,612)	(139,500)	108,112
Sales of fixed assets	4,000	4,000	2,500	(1,500)
Total Other Financing Sources (Uses)	<u>257,318</u>	<u>130,488</u>	<u>189,480</u>	<u>58,992</u>
Net Change in Fund Balance	96,141	(31,885)	107,950	139,835
FUND BALANCE - Beginning of Year	<u>1,513,159</u>	<u>1,513,159</u>	<u>1,513,159</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 1,609,300</u></u>	<u><u>\$ 1,481,274</u></u>	<u><u>\$ 1,621,109</u></u>	<u><u>\$ 139,835</u></u>

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

## VILLAGE OF MUKWONAGO

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - FIRE AND AMBULANCE FUND For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 56,930	\$ 56,930	\$ 56,930	\$ -
Intergovernmental	28,600	28,600	28,813	213
Public charges for services	760,094	760,094	657,517	(102,577)
Intergovernmental charges for services	430,484	430,484	480,292	49,808
Investment income	4,200	4,200	2,106	(2,094)
Miscellaneous	14,100	14,100	17,375	3,275
<b>Total Revenues</b>	<u>1,294,408</u>	<u>1,294,408</u>	<u>1,243,033</u>	<u>(51,375)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	1,183,461	1,183,461	1,293,349	(109,888)
Capital Outlay	-	-	6,395	(6,395)
<b>Total Expenditures</b>	<u>1,183,461</u>	<u>1,183,461</u>	<u>1,299,744</u>	<u>(116,283)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>110,947</u>	<u>110,947</u>	<u>(56,711)</u>	<u>(167,658)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	110,500	113,550	3,050
Transfers out	(111,947)	(71,225)	-	71,225
Sales of fixed assets	1,000	1,000	4,873	3,873
<b>Net Change in Fund Balance</b>	-	151,222	61,712	(89,510)
FUND BALANCE - Beginning of Year	<u>(91,778)</u>	<u>(91,778)</u>	<u>(91,778)</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ (91,778)</u>	<u>\$ 59,444</u>	<u>\$ (30,066)</u>	<u>\$ (89,510)</u>

# VILLAGE OF MUKWONAGO

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2010

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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>			
Culture, recreation and education	\$ 174,683	\$ 178,129	\$ 3,446
<u>Fire and Ambulance Fund</u>			
Capital Outlay	-	6,395	6,395

## **SUPPLEMENTARY INFORMATION**

## VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>TAXES</b>				
General property taxes	\$ 2,084,470	\$ 2,084,470	\$ 2,049,184	\$ (35,286)
Public accommodation (room) taxes	9,000	9,000	7,293	(1,707)
Interest and penalties on taxes	15,000	15,000	13,808	(1,192)
Total Taxes	2,108,470	2,108,470	2,070,285	(38,185)
<b>SPECIAL ASSESSMENTS</b>				
Special assessments	74	86	86	-
Total Special Assessments	74	86	86	-
<b>INTERGOVERNMENTAL</b>				
State shared revenues	352,707	365,433	365,433	-
Exempt computer aid	12,619	13,252	13,252	-
State aid - law enforcement improvement	-	60,250	59,857	(393)
State aid - general transportation aids	647,578	647,578	647,786	208
State aid - culture, recreation and education	1,000	1,145	1,145	-
Other state payments	14,424	84,820	84,820	-
Other local payments	-	-	401	401
Total Intergovernmental	1,028,328	1,172,478	1,172,694	216
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	12,575	12,575	23,745	11,170
Operators' licenses	3,900	4,767	4,767	-
Cigarette licenses	1,300	1,300	1,100	(200)
Electrical contractor licenses	3,500	4,420	4,420	-
Cable television franchise fees	93,000	99,800	99,787	(13)
Bicycle licenses	20	62	62	-
Dog and cat licenses	3,200	3,775	3,728	(47)
Nonbusiness licenses	3,350	3,575	3,460	(115)
Other permits	11,350	11,350	11,718	368
Building permits	69,000	69,000	54,842	(14,158)
Electrical permits	20,000	20,000	15,938	(4,062)
Plumbing permits	15,000	15,000	12,900	(2,100)
Occupancy permits	8,500	8,500	7,803	(697)
Zoning permits and fees	3,900	3,900	4,120	220
Plan review fees	13,650	15,975	15,975	-
Heating and air conditioning permits	12,500	12,500	9,581	(2,919)
Total Licenses and Permits	274,745	286,499	273,946	(12,553)

## VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>FINES, FORFEITURES AND PENALTIES</b>				
Court penalties and costs	\$ 142,900	\$ 142,900	\$ 144,165	\$ 1,265
Parking violations	<u>10,500</u>	<u>10,500</u>	<u>10,910</u>	<u>410</u>
 Total Fines, Forfeitures and Penalties	 <u>153,400</u>	 <u>153,400</u>	 <u>155,075</u>	 <u>1,675</u>
<b>PUBLIC CHARGES FOR SERVICES</b>				
Publication fees	390	476	476	-
Photocopies	4,200	4,200	3,375	(825)
Treasurer's fees	4,000	5,165	5,163	(2)
Law enforcement fees	11,525	11,675	8,366	(3,309)
Fire protection fees	800	800	819	19
Other public safety	1,250	1,250	650	(600)
Other public charges for services	<u>2,725</u>	<u>3,850</u>	<u>3,850</u>	<u>-</u>
 Total Public Charges for Services	 <u>24,890</u>	 <u>27,416</u>	 <u>22,699</u>	 <u>(4,717)</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Local - election fees	2,500	2,500	938	(1,562)
Local - law enforcement services	66,950	66,950	73,245	6,295
Local - ambulance services	44,000	44,000	38,919	(5,081)
Local - other services	<u>7,066</u>	<u>10,126</u>	<u>9,934</u>	<u>(192)</u>
 Total Intergovernmental Charges for Services	 <u>120,516</u>	 <u>123,576</u>	 <u>123,036</u>	 <u>(540)</u>
<b>INVESTMENT INCOME</b>				
Investment income	<u>45,000</u>	<u>24,368</u>	<u>19,168</u>	<u>(5,200)</u>
 Total Investment Income	 <u>45,000</u>	 <u>24,368</u>	 <u>19,168</u>	 <u>(5,200)</u>
<b>MISCELLANEOUS</b>				
Rent	5,100	5,850	6,157	307
Miscellaneous revenue	13,200	5,500	6,317	817
Donations	<u>-</u>	<u>-</u>	<u>522</u>	<u>522</u>
 Total Miscellaneous	 <u>18,300</u>	 <u>11,350</u>	 <u>12,996</u>	 <u>1,646</u>
<b>TOTAL REVENUES</b>	<b><u>\$ 3,773,723</u></b>	<b><u>\$ 3,907,643</u></b>	<b><u>\$ 3,849,985</u></b>	<b><u>\$ (57,658)</u></b>

## VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>CURRENT</b>				
General Government				
Village Board	\$ 51,146	\$ 51,146	\$ 51,589	\$ (443)
Village President	7,751	7,751	7,751	-
Judicial	630	980	552	428
Municipal court	25,213	25,213	25,179	34
Village Clerk - Treasurer	258,743	279,977	279,168	809
Elections	16,120	9,870	9,871	(1)
Assessment of property	36,970	36,970	35,662	1,308
Legal	72,400	74,800	74,178	622
Village hall	43,345	43,345	39,827	3,518
Independent auditing	23,000	29,370	29,370	-
Property and liability insurance	111,977	111,977	102,900	9,077
Board of review	1,100	1,100	910	190
Total General Government	<u>648,395</u>	<u>672,499</u>	<u>656,957</u>	<u>15,542</u>
Public Safety				
Police	2,074,487	2,130,918	2,129,155	1,763
Building inspection	211,748	196,681	196,681	-
Emergency government	1,450	842	592	250
Dam	14,147	14,147	13,754	393
Total Public Safety	<u>2,301,832</u>	<u>2,342,588</u>	<u>2,340,182</u>	<u>2,406</u>
Public Works				
Engineering	55,000	36,610	36,611	(1)
Machinery operation and maintenance	111,831	111,831	108,376	3,455
Garages and sheds	93,702	79,726	58,949	20,777
Curb and gutter	12,566	1,079	1,078	1
Tree and brush removal	9,259	17,233	16,460	773
Street signs	26,854	21,414	21,414	-
Bridges, culvers and rivers	3,081	3,081	1,271	1,810
Street cleaning	-	12,580	12,535	45
Snow and ice control	194,114	194,114	109,708	84,406
Alleys and local purpose roads	56,531	43,749	43,520	229
Highway and street maintenance for local	39,391	31,590	31,590	-
Highway and street construction for local	22,469	16,869	16,869	-
Traffic control	14,099	14,099	12,905	1,194
Street lighting	120,500	120,500	114,905	5,595
Storm sewer maintenance	-	17,410	17,300	110
Total Public Works	<u>759,397</u>	<u>721,885</u>	<u>603,491</u>	<u>118,394</u>
Health and Human Services				
Public health services	10,035	11,900	11,891	9
Mental health services	2,670	2,670	2,420	250
Total Health and Human Services	<u>12,705</u>	<u>14,570</u>	<u>14,311</u>	<u>259</u>

## VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Culture, Recreation and Education				
Museum	\$ 10,450	\$ 10,450	\$ 14,557	\$ (4,107)
Parks	152,729	158,140	157,630	510
Celebration and entertainment	<u>5,608</u>	<u>6,093</u>	<u>5,942</u>	<u>151</u>
Total Culture, Recreation and Education	<u>168,787</u>	<u>174,683</u>	<u>178,129</u>	<u>(3,446)</u>
Conservation and Development				
Forestry	2,656	1,656	10	1,646
Weed control	2,628	2,940	2,940	-
Planning Commission	26,000	23,036	19,281	3,755
Environmental protection	<u>12,500</u>	<u>51,000</u>	<u>51,055</u>	<u>(55)</u>
Total Conservation and Development	<u>43,784</u>	<u>78,632</u>	<u>73,286</u>	<u>5,346</u>
<b>CAPITAL OUTLAY</b>				
Public Safety				
Law enforcement	-	65,159	65,159	-
Total CAPITAL OUTLAY	<u>-</u>	<u>65,159</u>	<u>65,159</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,934,900</u>	<u>\$ 4,070,016</u>	<u>\$ 3,931,515</u>	<u>\$ 138,501</u>

## VILLAGE OF MUKWONAGO

### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS December 31, 2010

	Special Revenue Funds			
	Revolving Loan Fund	Fire Designated Fund	Ambulance Designated Fund	Specific Use Fund
<b>ASSETS</b>				
Cash and investments	\$ 197,444	\$ 68,534	\$ 81,503	\$ 344,476
Receivables				
Taxes	-	-	-	-
Accounts	-	-	-	-
Special assessments	-	-	-	-
Due from other funds	-	14,000	15,000	-
Prepaid items	-	-	-	-
Restricted cash and investments	-	-	-	-
	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 197,444</u></b>	<b><u>\$ 82,534</u></b>	<b><u>\$ 96,503</u></b>	<b><u>\$ 344,476</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	115,000	-	-	-
Deferred revenues	-	-	-	-
Due to other funds	-	2,050	60,000	135
Total Liabilities	<u>115,000</u>	<u>2,050</u>	<u>60,000</u>	<u>135</u>
<b>Fund Balances</b>				
Reserved for				
Impact fees	-	-	-	-
Prepaid items	-	-	-	-
Encumbrances	-	-	-	-
Unreserved, undesignated	82,444	80,484	36,503	344,341
Total Fund Balances	<u>82,444</u>	<u>80,484</u>	<u>36,503</u>	<u>344,341</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 197,444</u></b>	<b><u>\$ 82,534</u></b>	<b><u>\$ 96,503</u></b>	<b><u>\$ 344,476</u></b>

Special Revenue Funds					Capital Projects Funds
Recycling Fund	Library Fund	Stormwater Fund	Impact Fee Fund	Park Land Site Fund	Capital Equipment Fund
\$ 144,137	\$ 257,996	\$ -	\$ -	\$ 128,810	\$ 59,658
482,649	370,682	-	-	-	43,875
176	-	2,550	-	-	59,783
-	-	-	-	-	-
54	-	52,379	-	-	168,124
1,006	9,287	24	-	-	-
-	-	-	1,419,560	-	-
<u>\$ 628,022</u>	<u>\$ 637,965</u>	<u>\$ 54,953</u>	<u>\$ 1,419,560</u>	<u>\$ 128,810</u>	<u>\$ 331,440</u>
\$ 44,398	\$ 16,768	\$ 1,669	\$ -	\$ 1,538	\$ 77,939
3,202	25,545	220	-	-	-
-	-	-	-	-	-
477,513	370,682	-	-	-	43,875
182	20,220	20,905	85,910	-	15,943
<u>525,295</u>	<u>433,215</u>	<u>22,794</u>	<u>85,910</u>	<u>1,538</u>	<u>137,757</u>
-	-	-	1,333,650	-	-
1,006	9,287	24	-	-	-
-	-	-	-	-	99,513
101,721	195,463	32,135	-	127,272	94,170
<u>102,727</u>	<u>204,750</u>	<u>32,159</u>	<u>1,333,650</u>	<u>127,272</u>	<u>193,683</u>
<u>\$ 628,022</u>	<u>\$ 637,965</u>	<u>\$ 54,953</u>	<u>\$ 1,419,560</u>	<u>\$ 128,810</u>	<u>\$ 331,440</u>

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## VILLAGE OF MUKWONAGO

### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS December 31, 2010

	Capital Projects Funds			Total
	Library Building Fund	2001 GO Bond Fund	2009 GO Bond Fund	Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 7,666	\$ 29,237	\$ 379,324	\$ 1,698,785
Receivables				
Taxes	-	4,156	-	901,362
Accounts	-	-	-	62,509
Special assessments	-	19,369	-	19,369
Due from other funds	-	-	89,083	338,640
Prepaid items	-	-	-	10,317
Restricted cash and investments	-	-	-	1,419,560
	\$ 7,666	\$ 52,762	\$ 468,407	\$ 4,450,542
<b>TOTAL ASSETS</b>				
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 26,898	\$ 169,210
Accrued liabilities	-	-	-	28,967
Due to other governments	-	-	-	115,000
Deferred revenues	-	23,525	-	915,595
Due to other funds	-	-	-	205,345
Total Liabilities	-	23,525	26,898	1,434,117
Fund Balances				
Reserved for				
Impact fees	-	-	-	1,333,650
Prepaid items	-	-	-	10,317
Encumbrances	-	-	-	99,513
Unreserved, undesignated	7,666	29,237	(601,252)	530,184
Total Fund Balances	7,666	29,237	(601,252)	1,973,664
	\$ 7,666	\$ 52,762	\$ (574,354)	\$ 3,407,781
<b>TOTAL LIABILITIES AND FUND BALANCES</b>				

## VILLAGE OF MUKWONAGO

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2010

	Special Revenue Funds			
	Revolving Loan Fund	Fire Designated Fund	Ambulance Designated Fund	Specific Use Fund
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Public charges for services	-	-	-	-
Intergovernmental charges for services	-	-	-	-
Special assessments	-	-	-	-
Investment income	5,345	520	607	2
Miscellaneous	-	-	2,000	101,050
Total Revenues	5,345	520	2,607	101,052
<b>EXPENDITURES</b>				
Current				
Public works	-	-	-	-
Culture, recreation and education	-	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	-	263
Debt Service	-	-	-	-
Total Expenditures	-	-	-	263
Excess (deficiency) of revenues over expenditures	5,345	520	2,607	100,789
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	14,000	15,000	-
Transfers out	(2,000)	(2,050)	(60,000)	-
Premium on debt issued	-	-	-	-
Debt issued	-	-	-	-
Sales of fixed assets	-	-	-	-
Total Other Financing Sources (Uses)	(2,000)	11,950	(45,000)	-
<b>Net Change in Fund Balances</b>	3,345	12,470	(42,393)	100,789
FUND BALANCES - Beginning of Year	79,099	68,014	78,896	243,552
<b>FUND BALANCES - END OF YEAR</b>	\$ 82,444	\$ 80,484	\$ 36,503	\$ 344,341

Special Revenue Funds					Capital Projects Funds
Recycling Fund	Library Fund	Stormwater Fund	Impact Fee Fund	Park Land Site Fund	Capital Equipment Fund
\$ 486,633	\$ 370,680	\$ -	\$ -	\$ -	\$ 106,050
34,370	407,182	-	-	-	188,124
-	-	-	61,242	9,434	-
90,994	35,880	10,202	-	-	-
-	-	-	-	-	120,639
-	-	-	-	-	-
2,029	2,060	154	6,638	691	1,413
-	26,479	-	-	19,566	-
<u>614,026</u>	<u>842,281</u>	<u>10,356</u>	<u>67,880</u>	<u>29,691</u>	<u>416,226</u>
607,220	-	10,802	-	-	-
-	716,036	-	-	-	-
-	-	956	-	-	-
-	88,692	-	102,106	10,261	1,040,740
-	-	-	-	-	9,972
<u>607,220</u>	<u>804,728</u>	<u>11,758</u>	<u>102,106</u>	<u>10,261</u>	<u>1,050,712</u>
<u>6,806</u>	<u>37,553</u>	<u>(1,402)</u>	<u>(34,226)</u>	<u>19,430</u>	<u>(634,486)</u>
-	1,398	-	-	-	60,000
-	-	-	(153,017)	-	(1,000)
-	-	-	-	-	5,170
-	-	-	-	-	498,581
-	-	-	-	-	22,200
-	<u>1,398</u>	-	<u>(153,017)</u>	-	<u>584,951</u>
6,806	38,951	(1,402)	(187,243)	19,430	(49,535)
<u>95,921</u>	<u>165,799</u>	<u>33,561</u>	<u>1,520,893</u>	<u>107,842</u>	<u>243,218</u>
<u>\$ 102,727</u>	<u>\$ 204,750</u>	<u>\$ 32,159</u>	<u>\$ 1,333,650</u>	<u>\$ 127,272</u>	<u>\$ 193,683</u>

## VILLAGE OF MUKWONAGO

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2010

	Capital Projects Funds			Total Nonmajor Governmental Funds
	Library Building Fund	2001 GO Bond Fund	2009 GO Bond Fund	
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 963,363
Intergovernmental	-	-	-	629,676
Licenses and permits	-	-	-	70,676
Public charges for services	-	-	-	137,076
Intergovernmental charges for services	-	-	-	120,639
Special assessments	-	3,153	-	3,153
Investment income	20	1,352	1,922	22,753
Miscellaneous	-	-	-	149,095
Total Revenues	20	4,505	1,922	2,096,431
<b>EXPENDITURES</b>				
Current				
Public works	-	-	-	618,022
Culture, recreation and education	-	-	-	716,036
Conservation and development	-	-	-	956
Capital Outlay	-	-	603,174	1,845,236
Debt Service	-	-	-	9,972
Total Expenditures	-	-	603,174	3,190,222
Excess (deficiency) of revenues over expenditures	20	4,505	(601,252)	(1,093,791)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	90,398
Transfers out	-	-	-	(218,067)
Premium on debt issued	-	-	-	5,170
Debt issued	-	-	-	498,581
Sales of fixed assets	-	-	-	22,200
Total Other Financing Sources (Uses)	-	-	-	398,282
<b>Net Change in Fund Balances</b>	20	4,505	(601,252)	(695,509)
FUND BALANCES - Beginning of Year	7,646	24,732	1,042,761	3,711,934
<b>FUND BALANCES - END OF YEAR</b>	\$ 7,666	\$ 29,237	\$ 441,509	\$ 3,016,425