

VILLAGE OF MUKWONAGO

Mukwonago, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the Year Ended December 31, 2013

VILLAGE OF MUKWONAGO

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VILLAGE OF MUKWONAGO

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Mukwonago
Mukwonago, Wisconsin

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Village of Mukwonago's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Mukwonago's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Village of Mukwonago's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Village Board
Village of Mukwonago

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, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the Village of Mukwonago adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

To the Village Board
Village of Mukwonago

Supplementary Information

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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Vinchow Krause, LLP

Milwaukee, Wisconsin
May 14, 2014

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BASIC FINANCIAL STATEMENTS

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VILLAGE OF MUKWONAGO

STATEMENT OF NET POSITION As of December 31, 2013

	<u>Governmental Activities</u>	<u>Business - type Activities</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 5,789,030	\$ 1,646,121	\$ 7,435,151
Receivables (Net)			
Taxes	6,071,236	34,738	6,105,974
Accounts, net of allowance	220,544	770,446	990,990
Special Assessments	1,319,050	300,428	1,619,478
Due from other governmental units	5,210	-	5,210
Internal balances	28,924	(28,924)	-
Inventories and prepaid items	89,286	28,158	117,444
Restricted Assets			
Cash and investments	94,757	2,257,613	2,352,370
Capital Assets			
Land	1,109,628	572,364	1,681,992
Construction in progress	55,636	1,550,444	1,606,080
Other capital assets, net of depreciation	<u>25,300,654</u>	<u>28,778,640</u>	<u>54,079,294</u>
 Total Assets	 <u>40,083,955</u>	 <u>35,910,028</u>	 <u>75,993,983</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	<u>55,833</u>	<u>280,872</u>	<u>336,705</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,163,023	709,753	1,872,776
Noncurrent Liabilities			
Due within one year	2,091,026	869,754	2,960,780
Due in more than one year	<u>22,001,866</u>	<u>11,676,350</u>	<u>33,678,216</u>
 Total Liabilities	 <u>25,255,915</u>	 <u>13,255,857</u>	 <u>38,511,772</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	<u>5,791,127</u>	<u>-</u>	<u>5,791,127</u>
NET POSITION			
Net investment in capital assets	5,327,414	19,600,297	23,955,272
Restricted for			
Debt service	2,693,598	48,078	2,741,676
Library	263,355	-	263,355
Revolving loan	85,965	-	85,965
Impact fees	92,994	197,574	290,568
Equipment replacement	-	784,244	784,244
Unrestricted	<u>629,420</u>	<u>2,304,850</u>	<u>3,906,709</u>
 TOTAL NET POSITION	 <u>\$ 9,092,746</u>	 <u>\$ 22,935,043</u>	 <u>\$ 32,027,789</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2013

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 695,448	\$ 159,552	\$ 52,035	\$ -
Public safety	4,020,138	1,143,392	43,011	398,132
Public works	2,915,463	349,326	550,126	171,230
Health and sanitation	2,725	-	-	-
Culture, recreation and education	1,172,087	51,798	462,091	85,762
Conservation and development	182,752	-	-	-
Interest and fiscal charges	894,564	-	-	-
Total Governmental Activities	<u>9,883,177</u>	<u>1,704,068</u>	<u>1,107,263</u>	<u>655,124</u>
Business-type Activities				
Water Utility	1,232,926	1,763,885	-	-
Sewer Utility	1,649,638	1,610,598	-	-
Total Business-type Activities	<u>2,882,564</u>	<u>3,374,483</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,765,741</u>	<u>\$ 5,078,551</u>	<u>\$ 1,107,263</u>	<u>\$ 655,124</u>

General revenues

 Taxes

 Property taxes levied for general purposes

 Property taxes levied for debt service

 Property taxes levied for TIF

 Other taxes

 Intergovernmental revenues not restricted to specific programs

 Investment income

 Gain on disposal of assets

 Miscellaneous

 Total general revenues

Special item - insurance settlement

Transfers

Change in net position

NET POSITION - Beginning of Year (Restated)

NET POSITION - END OF YEAR

See accompanying notes to the financial statements.

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business - type Activities	Totals
\$ (483,861)	\$ -	\$ (483,861)
(2,435,603)	-	(2,435,603)
(1,844,781)	-	(1,844,781)
(2,725)	-	(2,725)
(572,436)	-	(572,436)
(182,752)	-	(182,752)
(894,564)	-	(894,564)
<u>(6,416,722)</u>	<u>-</u>	<u>(6,416,722)</u>
-	530,959	530,959
-	(39,040)	(39,040)
-	491,919	491,919
<u>(6,416,722)</u>	<u>491,919</u>	<u>(5,924,803)</u>
3,172,466	-	3,172,466
1,669,430	-	1,669,430
623,238	-	623,238
6,029	-	6,029
595,885	-	595,885
152,750	37,472	190,222
30,190	-	30,190
38,015	636	38,651
<u>6,288,003</u>	<u>38,108</u>	<u>6,326,111</u>
(262,500)	-	(262,500)
<u>(1,159,505)</u>	<u>1,159,505</u>	<u>-</u>
(1,550,724)	1,689,532	138,808
<u>10,643,470</u>	<u>21,245,511</u>	<u>31,888,981</u>
<u>\$ 9,092,746</u>	<u>\$ 22,935,043</u>	<u>\$ 32,027,789</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2013

	General Fund	Fire and Ambulance Fund
ASSETS		
Cash and investments	\$ 1,709,056	\$ 276,783
Receivables (Net)		
Taxes	2,320,566	216,000
Accounts, net of allowance	78,059	114,658
Special assessments	-	-
Due from other governments	-	5,210
Prepaid Items	70,807	8,767
Due from other funds	140,991	-
Advance to other fund	67,500	-
Restricted assets		
Cash and investments	-	-
TOTAL ASSETS	\$ 4,386,979	\$ 621,418
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 388,120	\$ 27,642
Accrued liabilities	88,650	27,911
Due to other funds	-	106,732
Due to other governments	18,217	105,831
Advances from other fund	-	-
Total Liabilities	494,987	268,116
Deferred Inflows of Resources		
Unearned revenue	2,320,198	216,000
Unavailable revenue	-	114,658
Total Deferred Inflows of Resources	2,320,198	330,658
Fund Balances (Deficit)		
Nonspendable	138,307	8,767
Restricted	-	-
Committed	-	13,877
Assigned	531,371	-
Unassigned (deficit)	902,116	-
Total Fund Balances (Deficit)	1,571,794	22,644
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 \$ 4,386,979	 \$ 621,418

See accompanying notes to the financial statements.

<u>Debt Service Fund</u>	<u>Tax Incremental District No. 3 Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 253,007	\$ 922,769	\$ 2,627,415	\$ 5,789,030
1,945,083	844,669	744,918	6,071,236
-	-	27,827	220,544
1,283,050	-	36,000	1,319,050
-	-	-	5,210
-	119	9,593	89,286
-	-	-	140,991
-	-	-	67,500
-	-	94,757	94,757
<u>\$ 3,481,140</u>	<u>\$ 1,767,557</u>	<u>\$ 3,540,510</u>	<u>\$ 13,797,604</u>
\$ -	\$ 2,538	\$ 343,782	\$ 762,082
-	166	25,315	142,042
-	66	5,269	112,067
-	-	115,000	239,048
-	-	67,500	67,500
-	2,770	556,866	1,322,739
1,669,342	844,669	740,918	5,791,127
1,558,791	-	40,000	1,713,449
<u>3,228,133</u>	<u>844,669</u>	<u>780,918</u>	<u>7,504,576</u>
-	119	9,593	156,786
253,007	919,999	433,874	1,606,880
-	-	1,822,377	1,836,254
-	-	-	531,371
-	-	(63,118)	838,998
<u>253,007</u>	<u>920,118</u>	<u>2,202,726</u>	<u>4,970,289</u>
<u>\$ 3,481,140</u>	<u>\$ 1,767,557</u>	<u>\$ 3,540,510</u>	<u>\$ 13,797,604</u>

See accompanying notes to the financial statements.

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VILLAGE OF MUKWONAGO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2013

Total Fund Balances - Governmental Funds	\$ 4,970,289
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Amounts reported for governmental activities in the statement of net position are different because 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	55,636
Other capital assets	36,159,362
Less: Accumulated depreciation/amortization	(10,858,708)

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

1,713,449

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	(23,215,379)
Deferred charges on refunding	55,833
Compensated absences	(577,740)
Accrued interest	(134,851)
Capital lease obligation	(184,773)

NET POSITION OF GOVERNMENTAL ACTIVITIES

<u>\$ 9,092,746</u>

VILLAGE OF MUKWONAGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2013

	General Fund	Fire and Ambulance Fund
REVENUES		
Taxes	\$ 2,017,583	\$ 222,900
Special assessments	-	-
Intergovernmental	889,921	9,441
Licenses and permits	381,190	-
Fines, forfeitures and penalties	117,481	-
Public charges for services	26,374	634,022
Intergovernmental charges for services	154,402	222,900
Investment income	6,612	422
Miscellaneous	70,169	4,923
Total Revenues	3,663,732	1,094,608
EXPENDITURES		
Current		
General government	616,699	-
Public safety	2,328,448	1,021,597
Public works	768,716	-
Health and human services	2,725	-
Culture, recreation and education	171,394	-
Conservation and development	182,752	-
Capital Outlay	6,147	7,824
Debt Service		
Principal	-	-
Interest and fees	-	-
Total Expenditures	4,076,881	1,029,421
Excess (deficiency) of revenues over expenditures	(413,149)	65,187
OTHER FINANCING SOURCES (USES)		
Transfers in	502,049	-
Transfers out	(354,491)	(72,104)
Debt issued	-	-
Premium on debt issued	-	-
Capital lease obligation	-	-
Sale of capital assets	19,095	11,095
Total Other Financing Sources (Uses)	166,653	(61,009)
SPECIAL ITEM		
Insurance settlement	(262,500)	-
Net Change in Fund Balances	(508,996)	4,178
FUND BALANCES - Beginning of Year	2,080,790	18,466
FUND BALANCES - END OF YEAR	\$ 1,571,794	\$ 22,644

See accompanying notes to the financial statements.

Debt Service Fund	Tax Incremental District No. 3 Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,669,430	\$ 623,239	\$ 944,684	\$ 5,477,836
295,145	-	22,000	317,145
-	4,014	725,082	1,628,458
-	-	219,995	601,185
-	-	152,177	269,658
-	-	387,063	1,047,459
31,877	-	-	409,179
98,557	1,676	7,592	114,859
-	-	57,974	133,066
<u>2,095,009</u>	<u>628,929</u>	<u>2,516,567</u>	<u>9,998,845</u>
-	40,310	-	657,009
-	-	-	3,350,045
-	-	632,839	1,401,555
-	-	-	2,725
-	-	774,605	945,999
-	-	-	182,752
-	-	1,812,988	1,826,959
5,090,583	363,320	-	5,453,903
779,860	129,659	-	909,519
<u>5,870,443</u>	<u>533,289</u>	<u>3,220,432</u>	<u>14,730,466</u>
<u>(3,775,434)</u>	<u>95,640</u>	<u>(703,865)</u>	<u>(4,731,621)</u>
871,670	67,500	414,857	1,856,076
-	(2,500)	(2,586,486)	(3,015,581)
2,280,000	-	-	2,280,000
50,979	-	-	50,979
-	-	225,000	225,000
-	-	-	30,190
<u>3,202,649</u>	<u>65,000</u>	<u>(1,946,629)</u>	<u>1,426,664</u>
-	-	-	(262,500)
(572,785)	160,640	(2,650,494)	(3,567,457)
<u>825,792</u>	<u>759,478</u>	<u>4,853,220</u>	<u>8,537,746</u>
<u>\$ 253,007</u>	<u>\$ 920,118</u>	<u>\$ 2,202,726</u>	<u>\$ 4,970,289</u>

See accompanying notes to the 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, 2013

Net change in fund balances - total governmental funds	\$ (3,567,457)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of net position, 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 statements	1,826,959
Some items reported as outlay were not capitalized	(929,512)
Depreciation is reported in the government-wide statements	(1,269,014)
Net book value of assets retired	(75,679)

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	(473,477)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(2,280,000)
Capital lease obligation	(225,000)
Principal refunded	2,280,000
Principal repaid	3,173,903

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

Compensated absences	24,434
Accrued interest on debt	28,504

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

Debt premium capitalized	(50,979)
Amortization of loss on refunding	(60,908)
Amortization of debt premiums	<u>47,502</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,550,724)</u>
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See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2013

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 1,033,361	\$ 612,760	\$ 1,646,121
Receivables:			
Accounts	398,736	371,710	770,446
Special assessments	19,974	14,764	34,738
Due from other funds	-	1,189	1,189
Inventories	18,522	-	18,522
Prepaid items	3,765	5,871	9,636
Restricted Assets			
Cash and investments	37,186	44,389	81,575
Total Current Assets	1,511,544	1,050,683	2,562,227
Noncurrent Assets			
Restricted Assets			
Cash and investments	489,888	1,686,150	2,176,038
Other Assets			
Special assessments receivable	154,370	146,058	300,428
Capital Assets			
Land	556,467	15,897	572,364
Construction in progress	1,550,444	-	1,550,444
Other capital assets, net of depreciation	14,901,145	13,877,495	28,778,640
Total Non-Current Assets	17,652,314	15,725,600	33,377,914
Total Assets	19,163,858	16,776,283	35,940,141
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	280,872	280,872

See accompanying notes to the financial statements.

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sanitary Sewer Utility</u>	<u>Totals</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 570,613	\$ 70,728	\$ 641,341
Accrued liabilities	9,955	11,531	21,486
Accrued interest payable	5,160	8,269	13,429
Due to other funds	27,093	3,020	30,113
Current portion of long-term debt	201,694	75,592	277,286
Current portion of compensated absences	7,269	1,183	8,452
Liabilities Payable From Restricted Assets			
Accrued interest payable	14,669	18,828	33,497
Current portion of revenue bonds	277,208	306,808	584,016
Total Current Liabilities	<u>1,113,661</u>	<u>495,959</u>	<u>1,609,620</u>
Noncurrent Liabilities			
Long-Term Debt			
Bonds and notes payable	4,877,513	6,756,556	11,634,069
Compensated absences	36,361	5,920	42,281
Total Non-Current Liabilities	<u>4,913,874</u>	<u>6,762,476</u>	<u>11,676,350</u>
Total Liabilities	<u>6,027,535</u>	<u>7,258,435</u>	<u>13,285,970</u>
NET POSITION			
Net investment in capital assets	12,111,262	7,489,035	19,600,297
Restricted for			
Equipment replacement	-	784,244	784,244
Impact fees	30,267	167,307	197,574
Debt service	22,517	25,561	48,078
Unrestricted	972,277	1,332,573	2,304,850
TOTAL NET POSITION	<u>\$ 13,136,323</u>	<u>\$ 9,798,720</u>	<u>\$ 22,935,043</u>

See accompanying notes to the financial statements.

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VILLAGE OF MUKWONAGO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
OPERATING REVENUES	<u>\$ 1,763,885</u>	<u>\$ 1,610,598</u>	<u>\$ 3,374,483</u>
OPERATING EXPENSES			
Operation and maintenance	553,921	708,032	1,261,953
Depreciation	388,536	622,080	1,010,616
Taxes	15,401	13,984	29,385
Total Operating Expenses	<u>957,858</u>	<u>1,344,096</u>	<u>2,301,954</u>
Operating Income	<u>806,027</u>	<u>266,502</u>	<u>1,072,529</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	20,206	17,266	37,472
Miscellaneous	(36,472)	636	(35,836)
Interest and fiscal charges	(238,596)	(305,542)	(544,138)
Total Nonoperating Revenues (Expense)	<u>(254,862)</u>	<u>(287,640)</u>	<u>(542,502)</u>
Income (Loss) Before Transfers	<u>551,165</u>	<u>(21,138)</u>	<u>530,027</u>
TRANSFERS			
Transfers in	953,444	582,306	1,535,750
Transfers out	(368,214)	(8,031)	(376,245)
Total Transfers	<u>585,230</u>	<u>574,275</u>	<u>1,159,505</u>
Change in Net Position	1,136,395	553,137	1,689,532
NET POSITION - Beginning of Year (Restated)	<u>11,999,928</u>	<u>9,245,583</u>	<u>21,245,511</u>
NET POSITION - END OF YEAR	<u>\$ 13,136,323</u>	<u>\$ 9,798,720</u>	<u>\$ 22,935,043</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2013

	Business - type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	1,867,042	\$ 1,589,856	\$ 3,456,898
Paid to suppliers for goods and services	(346,212)	(537,269)	(883,481)
Paid to employees for services	(211,462)	(231,202)	(442,664)
Net Cash Flows From Operating Activities	1,309,368	821,385	2,130,753
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	21,485	17,401	38,886
Net Cash Flows From Investing Activities	21,485	17,401	38,886
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(358,214)	(8,031)	(366,245)
Net Cash Flows From Noncapital Financing Activities	(358,214)	(8,031)	(366,245)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(437,643)	(821,058)	(1,258,701)
Interest paid	(249,780)	(284,712)	(534,492)
Special assessments received	13,619	10,342	23,961
Acquisition and construction of capital assets	(701,104)	(22,567)	(723,671)
Transfers of impact fees	943,444	582,306	1,525,750
Net Cash Flows From Capital and Related Financing Activities	(431,464)	(535,689)	(967,153)
Net Change in Cash and Cash Equivalents	541,175	295,066	836,241
CASH AND CASH EQUIVALENTS - Beginning of Year	1,019,260	2,048,233	3,067,493
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,560,435	\$ 2,343,299	\$ 3,903,734

See accompanying notes to the financial statements.

Business - Type Activities - Enterprise Funds

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
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**RECONCILIATION OF OPERATING INCOME
TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

Operating income	\$ 806,027	\$ 266,502	\$ 1,072,529
Miscellaneous nonoperating activities	2,259	636	2,895
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	388,536	622,080	1,010,616
Depreciation charged to other funds	25,706	(25,706)	-
Changes in assets and liabilities:			
Accounts receivable	18,803	(13,078)	5,725
Materials and supplies	(3,091)	-	(3,091)
Prepaid items	1,562	8,059	9,621
Due from municipality	56,389	17,406	73,795
Accounts payable	40,262	12,978	53,240
Due to municipality	(22,770)	2,438	(20,332)
Accrued liabilities	(2,472)	(7,719)	(10,191)
Other current liabilities	(1,843)	(5,822)	(7,665)
Due to water utility	-	(56,389)	(56,389)

NET CASH FLOWS FROM OPERATING ACTIVITIES

	\$ 1,309,368	\$ 821,385	\$ 2,130,753
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**RECONCILIATION OF CASH AND CASH
EQUIVALENTS TO THE STATEMENT OF
NET POSITION - PROPRIETARY FUNDS**

Cash and investments - statement of net position	\$ 1,033,361	\$ 612,760	\$ 1,646,121
Restricted cash and investments - statement of net position	527,074	1,730,539	2,257,613
CASH AND CASH EQUIVALENTS	\$ 1,560,435	\$ 2,343,299	\$ 3,903,734

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

General obligation debt issued for refunding	\$ 720,000	\$ -
Premium on debt issued for refunding	\$ 16,099	\$ -
Issuance cost on debt issued for refunding	\$ (15,725)	\$ -
Principal refunded	\$ (720,000)	\$ -

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2013

	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
	<u>Library Trust Fund</u>	<u>Tax Escrow Fund</u>
ASSETS		
Cash and investments	\$ -	\$ 7,311,431
Taxes receivable	-	1,355,704
	<u>-</u>	<u>8,667,135</u>
LIABILITIES		
Accounts payable	\$ -	52,206
Due to other governments	-	8,614,929
	<u>-</u>	<u>8,667,135</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2013

	Private Purpose Trust
	Library Trust Fund
ADDITIONS	
Investment income	\$ -
DEDUCTIONS	
	<u>31,326</u>
Change in Net Position	(31,326)
NET POSITION - Beginning of Year	<u>31,326</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying notes to the financial statements.

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VILLAGE OF MUKWONAGO

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VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The village has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In March 2012, the GASB issued statement No. 65 - *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective January 1, 2013.

Government-Wide Financial Statements

The statement of net position 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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

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, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditures/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/deferred outflows of resources, liabilities/deferred inflows of resources, 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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The village reports the following major governmental funds:

- General Fund - accounts for the village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Fire and Ambulance Special Revenue Fund - accounts for resources legally restricted or committed to supporting expenditures for fire and ambulance services.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- Tax Incremental District (TID) No. 3 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

The village reports the following major enterprise funds:

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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 nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Library	Recycling
Revolving Loan	Park Land Site
Impact Fee	Stormwater

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital Equipment	2010 GO Bond
Library Building	2009 GO Bond
Capital Projects Fund	2010 Taxable GO Note (BAB)

In addition, the village reports the following fund types:

Private-Purpose Trust Funds - used to account for and 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 - used to account for and report assets held by the village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Escrow Fund

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Government-Wide Financial Statements

The government-wide statement of net position 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.

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 sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

Property taxes are recorded in the year levied as receivables and unearned 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 unavailable revenues. Amounts received before eligibility requirements (excluding time) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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 unavailable revenues. At December 31, 2013, there were \$508,225 of anticipated future assessments. This is not reported as receivables, because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Fund Financial Statements (cont.)

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

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

The 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 sewer funds 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, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION 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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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

Investment of most trust funds including cemetery perpetual care funds, is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The village has adopted an investment policy. That policy follows the state statute for allowable investments and contains the following additional guidelines for allowable investments. Banking services will be provided by the official depositories approved annually by the Village Board. Prohibited investments include derivative type investments such as collateralized mortgage obligations, strips, floaters, etc. Village funds may only be placed in FDIC insured depository institutions. Deposits at individual depository institutions above \$650,000 must be collateralized as to principal and interest with securities that are obligations of the U.S. Government or its agencies that are fully guaranteed by the U.S. Government or collateralized as to principal and interest with promissory notes from borrowers of depository institutions that maintain a rating from Standard & Poor's of BBB or BBB- or a rating from Moody's of Baa. Deposits above \$650,000 with depository institutions that maintain a rating from Standard & Poor's of AAA, AA or A or a rating from Moody's of Aaa, Aa or A are not required to be collateralized. Investments shall be diversified to eliminate the risk of loss and balance the effect of interest rate changes affecting different types of securities. Time deposits may not exceed 3 years and debt that is not guaranteed as to principal and interest by the Federal Government or its Agencies or a Wisconsin municipality must have a maturity not more than 7 years. Reserve funds may be invested in securities exceeding 7 years if the maturity of such investments coincides with the expected use of these funds and is approved by the Finance Committee.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank 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, 2013, 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 statement of net position - fiduciary fund.

Property tax calendar - 2013 tax roll:

Lien date and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	July 31, 2014
Personal property taxes in full	January 31, 2014
Tax sale - 2013 delinquent real estate taxes	October 2016

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 sewer 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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

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 position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

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 position.

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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation 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 position. 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
Intangibles	10 Years
Library Collection	5-10 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. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund statements.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION 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, 2013, 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 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 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 premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

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 As of and for the Year Ended December 31, 2013

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

10. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets - 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 position - Consists of net position 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 position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

The net position 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 "net investment in capital assets", and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 5,327,414	\$ 19,600,297	\$ (972,439)	\$ 23,955,272
Unrestricted	629,420	2,304,850	972,439	3,906,709

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

Fund Statements

Governmental fund equity is classified as fund balance and displayed as follows:

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances 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. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The village has adopted a financial policy authorizing the Village Administrator to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The village has a formal minimum fund balance policy. That policy is to maintain a working capital fund of \$750,000. The balance at year end was \$750,000 and is included in unassigned general fund balance.

See Note III. H. for further information.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Capital Equipment Fund	\$ 905,126	\$ 1,075,041	\$ 169,915
Impact Fee Fund	1,454,667	1,553,262	98,595
Stormwater Fund	47,380	97,007	49,627

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

B. DEFICIT BALANCES

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

As of December 31, 2013, the following individual funds held a deficit balance:

Fund	Amount	Reason
Stormwater Fund	\$ 62,442	Upfront expenditures to get service started in the Village, will be funded by future revenues.

C. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law 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 zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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	\$ 5,828,244	\$ 5,853,140	Custodial Credit Risk
LGIP	11,270,508	11,270,508	Credit Risk
Petty cash	200	-	N/A
Total Deposits and Investments	<u>\$ 17,098,952</u>	<u>\$ 17,123,648</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 7,435,151		
Restricted cash and investments	2,352,370		
Per statement of net position - fiduciary funds			
Agency Fund	7,311,431		
Total Deposits and Investments	<u>\$ 17,098,952</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has 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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Deposits (cont.)

As of December 31, 2013, \$3,630,700 of the village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 251,479
Uninsured and collateral held by the pledging financial institution's trust department or agent not in the village's name	<u>3,379,221</u>
Total	<u><u>\$ 3,630,700</u></u>

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The village does not have any investments exposed to custodial credit risk.

Credit Risk

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

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

LGIP

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year and are reported net of an allowance for doubtful accounts of \$101,832.

Governmental funds report *unavailable or unearned 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 *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 5,791,127	\$ -
Ambulance receivable	-	114,658
Special assessments not yet due	-	1,323,050
Special assessments principal and interest on tax roll	<u>-</u>	<u>275,741</u>
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 5,791,127</u>	 <u>\$ 1,713,449</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

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

Impact Fee Account

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

Following is a list of restricted assets at December 31, 2013:

	<u>Restricted Assets</u>
Water redemption account - current	\$ 37,186
Water reserve account	459,621
Water impact fee account	30,267
Sewer redemption account - current	44,389
Sewer reserve account	734,599
Sewer impact fee account	167,307
Equipment replacement account	784,244
Village impact fee account	<u>94,757</u>
Total	<u>\$ 2,352,370</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 1,109,628	\$ -	\$ -	\$ 1,109,628
Construction in progress	61,158	48,305	53,827	55,636
Total Capital Assets Not Being Depreciated/Amortized	1,170,786	48,305	53,827	1,165,264
Capital assets being depreciated/amortized				
Land improvements	1,103,670	48,384	-	1,152,054
Buildings	10,824,641	-	-	10,824,641
Machinery and equipment	3,757,102	681,793	187,194	4,251,701
Roads	16,946,620	19,134	-	16,965,754
Storm sewers	2,151,816	-	-	2,151,816
Library collection	735,597	99,828	73,200	762,225
Software	51,171	-	-	51,171
Total Capital Assets Being Depreciated/Amortized	35,570,617	849,139	260,394	36,159,362
Total Capital Assets	36,741,403	897,444	314,221	37,324,626
Less: Accumulated depreciation/amortization for				
Land improvements	(116,955)	(41,567)	-	(158,522)
Buildings	(1,559,812)	(216,493)	-	(1,776,305)
Machinery and equipment	(2,048,183)	(258,406)	165,342	(2,141,247)
Roads	(5,405,558)	(616,684)	-	(6,022,242)
Storm sewers	(337,913)	(43,036)	-	(380,949)
Library collection	(347,024)	(87,711)	73,200	(361,535)
Software	(12,791)	(5,117)	-	(17,908)
Total Accumulated Depreciation/Amortization	(9,828,236)	(1,269,014)	238,542	(10,858,708)
Net Capital Assets Being Depreciated/Amortized	25,742,381	(419,875)	21,852	25,300,654
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 26,913,167	\$ (371,570)	\$ 75,679	\$ 26,465,918

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 38,127
Public safety	259,045
Public works, which includes the depreciation of infrastructure	708,457
Culture, recreation and education	<u>263,385</u>
Total Governmental Activities Depreciation/Amortization Expense	<u><u>\$ 1,269,014</u></u>

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 15,897	\$ -	\$ -	\$ 15,897
Construction in progress	<u>48,004</u>	<u>12,893</u>	<u>60,897</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>63,901</u>	<u>12,893</u>	<u>60,897</u>	<u>15,897</u>
Capital assets being depreciated				
Buildings and improvements	20,556,287	3,305	1,851	20,557,741
Machinery and equipment	<u>1,714,302</u>	<u>60,570</u>	<u>-</u>	<u>1,774,872</u>
Total Capital Assets Being Depreciated	<u>22,270,589</u>	<u>63,875</u>	<u>1,851</u>	<u>22,332,613</u>
Total Capital Assets	<u>22,334,490</u>	<u>76,768</u>	<u>62,748</u>	<u>22,348,510</u>
Less: Accumulated depreciation for				
Buildings and improvements	(6,833,004)	(448,236)	1,851	(7,279,389)
Machinery and equipment	<u>(1,027,591)</u>	<u>(148,138)</u>	<u>-</u>	<u>(1,175,729)</u>
Total Accumulated Depreciation	<u>(7,860,595)</u>	<u>(596,374)</u>	<u>1,851</u>	<u>(8,455,118)</u>
Net Capital Assets Being Depreciated	<u>14,409,994</u>	<u>(532,499)</u>	<u>-</u>	<u>13,877,495</u>
Net Sewer Capital Assets	<u><u>\$ 14,473,895</u></u>	<u><u>\$ (519,606)</u></u>	<u><u>\$ 60,897</u></u>	<u><u>\$ 13,893,392</u></u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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	440,517	1,118,940	9,013	1,550,444
Total Capital Assets Not Being Depreciated	996,984	1,118,940	9,013	2,106,911
Capital assets being depreciated				
Building and improvements	17,643,368	27,714	19,391	17,651,691
Machinery and equipment	1,957,049	76,531	29,927	2,003,653
Total Capital Assets Being Depreciated	19,600,417	104,245	49,318	19,655,344
Total Capital Assets	20,597,401	1,223,185	58,331	21,762,255
Less: Accumulated depreciation for				
Building and improvements	(3,265,628)	(305,069)	19,391	(3,551,306)
Machinery and equipment	(1,123,647)	(109,173)	29,927	(1,202,893)
Total Accumulated Depreciation	(4,389,275)	(414,242)	49,318	(4,754,199)
Net Capital Assets Being Depreciated	15,211,142	(309,997)	-	14,901,145
Net Water Capital Assets	\$ 16,208,126	\$ 808,943	\$ 9,013	\$ 17,008,056
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 30,682,021	\$ 289,337	\$ 69,910	\$ 30,901,448

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities

Sewer	\$ 622,080
Water	388,536
Total Business-type Activities Depreciation Expense	\$ 1,010,616

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
As of and for the Year Ended December 31, 2013

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	2009 GO Bond Fund	\$ 1,485
General Fund	Water Utility	25,904
General Fund	Sewer Utility	3,020
General Fund	Fire and Ambulance Fund	106,732
General Fund	Capital Projects Fund	124
General Fund	Library	539
General Fund	Recycling	1,720
General Fund	Stormwater Fund	452
General Fund	Impact Fees	949
General Fund	Tax Incremental District No. 3 Fund	66
Sewer Utility	Water Utility	1,189
Total - Fund Financial Statements		142,180
Less: Fund eliminations		(113,256)
Total Internal Balances - Government-Wide Statement of Net Position		\$ 28,924
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 28,924
Business-type Activities	Governmental Activities	-
Total Government-Wide Financial Statements		\$ 28,924

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 position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Advances

The general fund is advancing funds to the stormwater fund. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources during previous years. No repayment schedule has been established.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	Stormwater Fund	\$ 67,500	\$ 67,500
Total - Fund Financial Statements		67,500	
Less: Fund eliminations		<u>(67,500)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Position		<u>\$ -</u>	

The principal purpose of this advance is fund the operating activities for the stormwater fund until sufficient revenues are generated.

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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	\$ 358,214	Payment in lieu of taxes
General Fund	Sanitary Sewer Utility	8,031	Payment in lieu of taxes
			Transfer of year end settlement for future capital purchases
General Fund	Fire and Ambulance Fund	72,104	
General Fund	Recycling Fund	57,500	Transfer for recycling costs
General Fund	Impact Fee Fund	4,700	Transfer for fire department building costs
General Fund	Revolving Loan Fund	1,500	Transfer for administrative costs
Library Building Fund	General Fund	48,634	Transfer for library capital improvements
Capital Equipment Fund	General Fund	354,491	Transfer for capital equipment
Sewer Utility	Impact Fee Fund	572,306	Transfer for related impact fee monies collected
Water Utility	Impact Fee Fund	953,444	Transfer for related impact fee monies collected
Capital Equipment Fund	Impact Fee Fund	9,222	Transfer for police capital purchases
Library Building Fund	2010 Taxable GO Note (BAB) Fund	10	Transfer for library capital improvements
Tax Incremental District No.3 Fund	Stormwater Fund	67,500	Transfer to reimburse TID
Capital Equipment Fund	Tax Incremental District No.3 Fund	2,500	Transfer related to TID portion capital expenditures
Sewer Utility	Water Utility	10,000	Transfer for rental cost of equipment
Debt Service Fund	2010 GO Bond Fund	<u>871,670</u>	Transfer for debt service
Total - Fund Financial Statements		3,391,826	
Less: Fund eliminations		<u>(4,551,331)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ (1,159,505)</u>	

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Transfers (cont.)

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	\$ 366,245
Business-type Activities	Governmental Activities	<u>(1,525,750)</u>
Total Government-wide Financial Statements		<u>\$ (1,159,505)</u>

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 26,092,432	\$ 2,280,000	\$ 5,413,683	\$ 22,958,749	\$ 1,959,900
(Discounts)/Premiums	<u>253,153</u>	<u>50,979</u>	<u>47,502</u>	<u>256,630</u>	<u>-</u>
Sub-totals	<u>26,345,585</u>	<u>2,330,979</u>	<u>5,461,185</u>	<u>23,215,379</u>	<u>1,959,900</u>
Other Liabilities					
Capital leases	-	225,000	40,227	184,773	34,874
Compensated absences	602,175	56,520	80,955	577,740	96,252
Due to other governments	<u>115,000</u>	<u>-</u>	<u>-</u>	<u>115,000</u>	<u>-</u>
Total Other Liabilities	<u>717,175</u>	<u>281,520</u>	<u>121,182</u>	<u>877,513</u>	<u>131,126</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 27,062,760</u>	<u>\$ 2,612,499</u>	<u>\$ 5,582,367</u>	<u>\$ 24,092,892</u>	<u>\$ 2,091,026</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 3,438,218	\$ 720,000	\$ 1,421,431	\$ 2,736,787	\$ 277,286
Revenue bonds	10,209,879	-	573,373	9,636,506	584,016
(Discounts)/Premiums	<u>126,564</u>	<u>16,099</u>	<u>20,585</u>	<u>122,078</u>	<u>-</u>
Sub-totals	<u>13,774,661</u>	<u>736,099</u>	<u>2,015,389</u>	<u>12,495,371</u>	<u>861,302</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities (cont.)					
Other Liabilities					
Compensated absences	60,923	6,032	16,222	50,733	8,452
Total Other Liabilities	60,923	6,032	16,222	50,733	8,452
Total Business-type Activities Long-Term Liabilities	<u>\$ 13,835,584</u>	<u>\$ 742,131</u>	<u>\$ 2,031,611</u>	<u>\$ 12,546,104</u>	<u>\$ 869,754</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, 2013, was \$34,338,440. Total general obligation debt outstanding at year end was \$25,695,536.

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, 2013
Refunding bonds	2/1/2007	10/1/2018	4.0%	\$ 4,460,000	\$ 3,860,000
Refunding bonds	3/8/2010	12/1/2021	3.0-3.5%	3,240,000	3,240,000
Promissory notes (15.66% TID)	4/1/2007	10/1/2017	4.0%	4,075,000	2,775,000
Promissory notes	3/1/2009	9/1/2019	2.75-3.875%	2,580,000	1,355,000
Promissory notes	12/1/2010	12/1/2019	2.0-3.6%	4,550,000	4,200,000
Refunding Promissory Notes (TID)	11/1/2011	10/1/2021	1.0-3.0%	2,074,543	1,848,749
GO Refunding Bonds (TID #3)	11/1/12	10/1/2026	1.0-2.5%	3,620,000	3,400,000
GO Refunding Bonds	11/20/13	12/1/2022	1.0-2.65	2,280,000	2,280,000
Total Governmental Activities - General Obligation Debt					<u>\$ 22,958,749</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2013</u>
Water system bonds	11/1/1999	5/1/2018	2.64%	\$ 1,886,442	\$ 591,347
Water Refunding					
Promissory notes	11/1/2011	10/1/2021	1.0-3.0%	211,449	187,871
Sewer Refunding					
Promissory Notes	11/1/2011	10/1/2021	1.0-3.0%	1,389,008	1,237,569
GO Refunding Bonds	11/20/13	12/1/2022	1.0-2.65	720,000	<u>720,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 2,736,787</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,959,900	\$ 702,803	\$ 277,286	\$ 67,386
2015	2,245,900	644,760	274,249	61,414
2016	2,626,900	568,704	241,289	55,152
2017	3,216,013	478,791	255,297	49,529
2018	2,680,125	385,565	329,387	43,604
2019-2023	9,354,911	687,486	1,359,279	99,351
2024-2026	<u>875,000</u>	<u>43,281</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 22,958,749</u>	<u>\$ 3,511,390</u>	<u>\$ 2,736,787</u>	<u>\$ 376,436</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 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 47% of net revenues. The total principal and interest remaining to be paid on the bonds is \$12,692,487. Principal and interest paid for the current year and total customer net revenues were \$986,442 and \$2,084,782, respectively.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2013, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2013
<u>Sanitary Sewer Utility</u>					
Revenue Bonds	4/1/2007	12/1/2024	4.00-4.50%	\$ 3,527,875	\$ 2,666,230
Revenue Bonds	1/1/2008	12/1/2026	4.00-4.75%	2,281,280	1,853,540
Revenue Bonds	12/1/2010	12/1/2021	2.00-4.625%	1,376,948	<u>1,289,648</u>
				Total Sewer Utility	<u>5,809,418</u>
<u>Water Utility</u>					
Revenue Bonds	4/29/2002	5/1/2022	2.75%	627,355	241,506
Revenue Bonds	4/1/2007	12/1/2024	4.00-4.50%	1,897,125	1,433,770
Revenue Bonds	1/1/2008	12/1/2026	4.00-4.75%	918,720	746,460
Revenue Bonds	12/1/2010	12/1/2021	2.00-4.625%	1,543,052	<u>1,405,352</u>
				Total Water Utility	<u>3,827,088</u>
Total Business-type Activities - Revenue Debt					<u>\$ 9,636,506</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2014	\$ 584,016	\$ 394,917
2015	624,676	375,668
2016	625,354	354,104
2017	626,052	331,897
2018	661,768	309,046
2019-2023	4,314,641	1,113,975
2024-2026	<u>2,199,999</u>	<u>176,375</u>
Totals	<u>\$ 9,636,506</u>	<u>\$ 3,055,982</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

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

Current Refunding

On November 20, 2013, the village issued \$3,000,000 in general obligation bonds with an average coupon rate of 2.21% to refund \$3,405,000 of outstanding bonds with an average coupon rate of 4.24%. The net proceeds along with existing funds of the village were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$4,211,835 from 2013 through 2019. The cash flow requirements on the 2013 refunding bonds are \$4,143,445 from 2014 through 2022. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$83,165.

G. LEASE DISCLOSURES

Lessee - Capital Leases

In 2013 the village acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$225,000, which are included in capital assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2013, are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 34,874	\$ 5,353	\$ 40,227
2015	35,885	4,342	40,227
2016	36,924	3,303	40,227
2017	37,994	2,233	40,227
2018	<u>39,096</u>	<u>1,131</u>	<u>40,227</u>
Totals	<u>\$ 184,773</u>	<u>\$ 16,362</u>	<u>\$ 201,135</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2013, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 1,109,628
Construction in progress	55,636
Other capital assets, net of accumulated depreciation	25,300,654
Less: Long-term debt outstanding	(23,400,152)
Plus: Unspent capital related debt proceeds	1,289,209
Plus: Noncapital debt outstanding	<u>972,439</u>
Total Net Investment in Capital Assets	<u>\$ 5,327,414</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2013, include the following:

	General Fund	Fire and Ambulance Fund	Debt Service Fund	Tax Incremental District No. 3 Fund	Nonmajor Funds	Totals
Fund Balances						
Nonspendable:						
Prepaid items	\$ 70,807	\$ 8,767	\$ -	\$ 119	\$ 9,593	\$ 89,286
Advance to other funds	67,500	-	-	-	-	67,500
Restricted for:						
Debt service	-	-	253,007	919,999	-	1,173,006
Library	-	-	-	-	254,915	254,915
Impact fees	-	-	-	-	92,994	92,994
Revolving loans	-	-	-	-	85,965	85,965
Committed to:						
Fire and ambulance	-	13,877	-	-	-	13,877
Projects	-	-	-	-	1,522,660	1,522,660
Recycling	-	-	-	-	37,353	37,353
Park Land Site	-	-	-	-	262,364	262,364
Assigned to:						
Funding accrued sick pay	208,035	-	-	-	-	208,035
Ambulance expenditures	106,655	-	-	-	-	106,655
Other expenditures	216,681	-	-	-	-	216,681
Unassigned (deficit):	902,116	-	-	-	(63,118)	838,998
Total Fund Balances	\$ 1,571,794	\$ 22,644	\$ 253,007	\$ 920,118	\$ 2,202,726	\$ 4,970,289

Business-type Activities

Net Investment in Capital Assets

Land	\$ 572,364
Construction in progress	1,550,444
Other capital assets, net of accumulated depreciation	28,778,640
Less: Long-term debt outstanding	(12,495,371)
Plus: Noncapital debt proceeds	1,194,220
Total Net Investment in Capital Assets	\$ 19,600,297

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

I. RESTATEMENT OF FUND BALANCES

Net position has been restated as a result of the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs to be expensed in the period incurred. These costs were previously required to be capitalized. The details of this restatement are as follows:

	Governmental Activities	Water Utility	Sewer Utility	Business-type Activities
Net Position - December 31, 2012 (as reported)	\$ 11,083,649	\$ 12,055,957	\$ 9,435,324	\$ 21,491,281
Less: Unamortized debt issuance costs	(440,179)	(56,029)	(189,741)	(245,770)
Net Position - December 31, 2012 (as restated)	\$ 10,643,470	\$ 11,999,928	\$ 9,245,583	\$ 21,245,511

J. SPECIAL ITEM

In 2013, an insurance company used by the village in previous years was placed in liquidation by court order and is no longer able to pay claims in accordance with the insurance policy held by the village. As a result, certain obligations under the policy were transferred to the Wisconsin Insurance Security Fund (WISF). WISF will make any claim related payments in accordance with the policy and Wisconsin state law. Wisconsin state law provides that if the village's net worth exceeds \$25 million, WISF is not obligated for any payments under the policy but rather the village would be obligated. The village had one workers compensation claim being paid under this policy at the time the insurance company was placed in liquidation. The village has reached a settlement with the claimant in the amount of \$262,500 which is reflected as a special item and a liability in the financial statements. The village is in discussions with the WISF regarding whether the village's net worth exceeds \$25 million which will determine who ultimately will be responsible for payment of the settlement.

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible village employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was change to one-half of the actuarially determined contribution rate for General category employees, and Executives and Elected Officials. Required contributions for protective employees are the same as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for December 31, 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives and Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for village employees covered by the WRS for the year ended December 31, 2013 was \$2,962,953; the employer's total payroll was \$3,186,173. The total required contribution for the year ended December 31, 2013 was \$458,468 or 15.5% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending 2012 and 2011 were \$424,808 and \$407,886, 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. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application 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 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS 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, 2013 there was no pension related debt for the village.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

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.

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

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

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

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

When they become effective, application of these standards may restate portions of these financial statements.

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, 2013 the total amount contributed was \$81,654. Of this amount, \$40,569 was contributed by the employer and \$41,085 was contributed by the employee. Total contributions for the years ending December 31, 2012 and 2011 were \$85,538 and \$84,379, respectively. The employer's contribution for each year was equal to the required amount.

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,032,513	\$ 2,032,513	\$ 2,017,583	\$ (14,930)
Intergovernmental	904,494	904,494	889,921	(14,573)
Licenses and permits	267,355	267,355	381,190	113,835
Fines, forfeitures and penalties	146,000	146,000	117,481	(28,519)
Public charges for services	22,723	22,723	26,374	3,651
Interdepartmental charges for services	139,396	139,396	154,402	15,006
Investment income	5,745	5,745	6,612	867
Other revenues	70,750	70,750	70,169	(581)
Total Revenues	<u>3,588,976</u>	<u>3,588,976</u>	<u>3,663,732</u>	<u>74,756</u>
EXPENDITURES				
Current				
General government	644,055	643,583	616,699	26,884
Public safety	2,356,367	2,352,892	2,328,448	24,444
Public works	786,849	792,497	768,716	23,781
Health and sanitation	2,900	2,900	2,725	175
Culture, recreation and education	188,299	188,299	171,394	16,905
Conservation and development	187,532	235,049	182,752	52,297
Capital Outlay	-	3,000	6,147	(3,147)
Total Expenditures	<u>4,166,002</u>	<u>4,218,220</u>	<u>4,076,881</u>	<u>141,339</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(577,026)</u>	<u>(629,244)</u>	<u>(413,149)</u>	<u>216,095</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	577,026	504,304	502,049	(2,255)
Transfers out	-	(580,236)	(354,491)	225,745
Sale of capital assets	-	19,095	19,095	-
Total Other Financing Sources (Uses)	<u>577,026</u>	<u>(56,837)</u>	<u>166,653</u>	<u>223,490</u>
SPECIAL ITEM				
Insurance settlement	-	-	(262,500)	(262,500)
Net Change in Fund Balance	-	(686,081)	(508,996)	177,085
FUND BALANCE - Beginning of Year	<u>2,080,790</u>	<u>2,080,790</u>	<u>2,080,790</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,080,790</u>	<u>\$ 1,394,709</u>	<u>\$ 1,571,794</u>	<u>\$ 177,085</u>

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - FIRE AND AMBULANCE FUND For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 222,900	\$ 222,900	\$ 222,900	\$ -
Intergovernmental	5,400	7,900	9,441	1,541
Public charges for services	598,821	598,821	634,022	35,201
Intergovernmental charges for services	222,900	222,900	222,900	-
Investment income	500	500	422	(78)
Miscellaneous	-	4,925	4,923	(2)
Total Revenues	<u>1,050,521</u>	<u>1,057,946</u>	<u>1,094,608</u>	<u>36,662</u>
EXPENDITURES				
Current				
Public safety	1,046,121	1,118,225	1,021,597	96,628
Capital Outlay	-	7,826	7,824	2
Total Expenditures	<u>1,046,121</u>	<u>1,126,051</u>	<u>1,029,421</u>	<u>96,630</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,400</u>	<u>(68,105)</u>	<u>65,187</u>	<u>133,292</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,400)	(79,198)	(72,104)	7,094
Sale of capital assets	1,000	11,095	11,095	-
Total Other Financing Sources (Uses)	<u>(4,400)</u>	<u>(68,103)</u>	<u>(61,009)</u>	<u>7,094</u>
Net Change in Fund Balance	-	(136,208)	4,178	140,386
FUND BALANCE - Beginning of Year	<u>18,466</u>	<u>18,466</u>	<u>18,466</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 18,466</u>	<u>\$ (117,742)</u>	<u>\$ 22,644</u>	<u>140,386</u>

VILLAGE OF MUKWONAGO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
As of and for the Year Ended December 31, 2013

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.

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 function level of expenditure for the general fund and total expenditures for the fire and ambulance special revenue fund.

SUPPLEMENTARY INFORMATION

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF REVENUES - BUDGET TO ACTUAL - GENERAL FUND

For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
General property taxes	\$ 2,009,513	\$ 2,009,513	\$ 2,004,882	\$ (4,631)
Public accomodation (room) taxes	7,000	7,000	6,029	(971)
Interest and penalties on taxes	16,000	16,000	6,672	(9,328)
Total Taxes	<u>2,032,513</u>	<u>2,032,513</u>	<u>2,017,583</u>	<u>(14,930)</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	312,061	312,061	301,768	(10,293)
Exempt computer aid	10,800	10,800	8,398	(2,402)
State aid - law enforcement improvements	27,680	27,680	20,531	(7,149)
State aid - general transportation aids	527,853	527,853	527,853	-
Other state payments	26,100	26,100	27,243	1,143
Other local payments	-	-	4,128	4,128
Total Intergovernmental	<u>904,494</u>	<u>904,494</u>	<u>889,921</u>	<u>(14,573)</u>
LICENSES AND PERMITS				
Other regulatory permits and fees	380	380	360	(20)
Liquor and malt beverage	12,475	12,475	13,410	935
Operators' licenses	5,400	5,400	5,806	406
Cigarette licenses	1,100	1,100	1,300	200
Electrical contractors licenses	-	-	1,185	1,185
Cable television franchise fees	106,000	106,000	103,694	(2,306)
Bicycle licenses	40	40	6	(34)
Dog and cat licenses	3,480	3,480	3,206	(274)
Nonbusiness licenses	3,380	3,380	3,715	335
Other permits	14,600	14,600	29,201	14,601
Building permits	56,000	56,000	90,846	34,846
Electrical permits	11,000	11,000	26,169	15,169
Plumbing permits	13,000	13,000	27,604	14,604
Occupancy permits	7,000	7,000	11,651	4,651
Zoning permits and fees	7,000	7,000	12,580	5,580
Plan review fees	14,000	14,000	25,427	11,427
Heating and air conditioning permits	12,500	12,500	25,030	12,530
Total Licenses and Permits	<u>267,355</u>	<u>267,355</u>	<u>381,190</u>	<u>113,835</u>

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF REVENUES - BUDGET TO ACTUAL - GENERAL FUND

For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
FINES, FORFEITURES AND PENALTIES				
Court fines	\$ 135,500	\$ 135,500	\$ 105,786	\$ (29,714)
Parking Violations	10,500	10,500	11,695	1,195
Total Fines, Forfeitures, and Penalties	<u>146,000</u>	<u>146,000</u>	<u>117,481</u>	<u>(28,519)</u>
PUBLIC CHARGES FOR SERVICES				
Publication fees	408	408	456	48
Photocopies	4,515	4,515	3,984	(531)
Treasurer's fees	6,000	6,000	8,094	2,094
Law enforcement fees	7,900	7,900	6,889	(1,011)
Fire protection fees	2,200	2,200	2,998	798
Other public charges for services	1,700	1,700	3,953	2,253
Total Public Charges for Services	<u>22,723</u>	<u>22,723</u>	<u>26,374</u>	<u>3,651</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Local - law enforcement services	117,119	117,119	135,243	18,124
Local - ambulance services	7,500	7,500	7,515	15
Local - other services	14,777	14,777	11,644	(3,133)
Total Intergovernmental Charges for Services	<u>139,396</u>	<u>139,396</u>	<u>154,402</u>	<u>15,006</u>
INVESTMENT INCOME				
Investment Income	5,745	5,745	6,612	867
MISCELLANEOUS				
Rent	19,000	19,000	14,400	(4,600)
Miscellaneous revenue	1,750	1,750	2,959	1,209
Donations	50,000	50,000	52,810	2,810
Total Miscellaneous	<u>70,750</u>	<u>70,750</u>	<u>70,169</u>	<u>(581)</u>
TOTAL REVENUES	<u>\$ 3,588,976</u>	<u>\$ 3,588,976</u>	<u>\$ 3,663,732</u>	<u>\$ 74,756</u>

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CURRENT				
GENERAL GOVERNMENT				
Village board	\$ 47,517	\$ 47,517	\$ 43,892	\$ 3,625
Historical preservation comission	730	730	231	499
Municipal court	27,752	27,752	27,072	680
Village attorney	70,000	70,000	74,674	(4,674)
Village administrator	122,511	122,511	109,388	13,123
Village clerk/treasurer	192,748	192,748	196,396	(3,648)
Elections	19,812	19,812	6,149	13,663
Independent audit	10,000	10,000	11,891	(1,891)
Assessment of property	16,600	16,600	18,320	(1,720)
Risk and property insurance	107,030	107,030	93,436	13,594
Village hall	28,705	28,233	34,956	(6,723)
Board of appeals	650	650	294	356
Total General Government	<u>644,055</u>	<u>643,583</u>	<u>616,699</u>	<u>26,884</u>
PUBLIC SAFETY				
Police department	2,205,552	2,207,726	2,183,663	24,063
Building inspection	130,711	130,711	130,484	227
Emergency government	1,550	1,550	1,396	154
Dam	18,554	12,905	12,905	-
Total Public Safety	<u>2,356,367</u>	<u>2,352,892</u>	<u>2,328,448</u>	<u>24,444</u>
PUBLIC WORKS				
Engineering	45,000	45,000	30,614	14,386
Public Works Administration	266,485	268,984	269,046	(62)
Machinery operation and maintenance	91,762	92,097	92,097	-
Garage and sheds	44,392	38,115	38,115	-
Curb and gutter	-	100	100	-
Tree and brush removal	2,282	1,184	1,184	-
Garbage Collection	3,618	5,139	5,139	-
Street signs	8,618	2,923	2,923	-
Bridges, culverts, and rivers	2,000	732	732	-
Street cleaning	5,685	6,353	6,353	-
Snow and ice control	112,306	117,547	132,753	(15,206)
Alleys and local purpose roads	68,731	65,290	40,627	24,663
Street lighting	124,100	131,738	131,738	-
Storm sewer maintenance	11,870	17,295	17,295	-
Total Public Works	<u>786,849</u>	<u>792,497</u>	<u>768,716</u>	<u>23,781</u>

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL - GENERAL FUND For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
CURRENT (continued)				
HEALTH AND HUMAN SERVICES				
Public health services	\$ 2,900	\$ 2,900	\$ 2,725	\$ 175
CULTURE, RECREATION AND EDUCATION				
Museum	20,600	20,600	11,424	9,176
Parks	163,163	161,648	153,919	7,729
Celebration and entertainment	4,536	6,051	6,051	-
Total Culture, Recreation and Education	<u>188,299</u>	<u>188,299</u>	<u>171,394</u>	<u>16,905</u>
CONSERVATION AND DEVELOPMENT				
Forestry	3,200	3,200	-	3,200
Weed control	1,500	1,500	613	887
Planning commission	112,529	160,046	136,606	23,440
Economic development	15,303	15,303	-	15,303
Environmental protection	55,000	55,000	45,533	9,467
Total Conservation and Development	<u>187,532</u>	<u>235,049</u>	<u>182,752</u>	<u>52,297</u>
CAPITAL OUTLAY				
Capital expenditures	-	3,000	6,147	(3,147)
TOTAL EXPENDITURES	<u>\$ 4,166,002</u>	<u>\$ 4,218,220</u>	<u>\$ 4,076,881</u>	<u>\$ 141,339</u>

VILLAGE OF MUKWONAGO

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET As of December 31, 2013

	Special Revenue Funds				
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund	Stormwater Fund
ASSETS					
Cash and investments	\$ 294,853	\$ 62,099	\$ 200,965	\$ 262,369	\$ 3,793
Receivables:					
Taxes	376,728	346,690	-	-	-
Accounts	-	24,602	-	-	2,832
Special assessments	-	-	-	-	-
Prepaid Items	8,440	477	-	-	676
Restricted assets					
Cash and investments	-	-	-	-	-
Total Assets	\$ 680,021	\$ 433,868	\$ 200,965	\$ 262,369	\$ 7,301
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 15,138	\$ 47,085	\$ -	\$ 5	\$ 1,280
Accrued liabilities	24,261	543	-	-	511
Due to other governments	-	-	115,000	-	-
Due to other funds	539	1,720	-	-	452
Advance from other fund	-	-	-	-	67,500
Total Liabilities	39,938	49,348	115,000	5	69,743
Deferred Inflows of Resources					
Unearned revenue	376,728	346,690	-	-	-
Unavailable revenue	-	-	-	-	-
Total Deferred Inflows of Resources	376,728	346,690	-	-	-
Fund Balances (Deficit)					
Nonspendable	8,440	477	-	-	676
Restricted	254,915	-	85,965	-	-
Committed	-	37,353	-	262,364	-
Unassigned (deficit)	-	-	-	-	(63,118)
Total Fund Balances (Deficit)	263,355	37,830	85,965	262,364	(62,442)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 680,021	\$ 433,868	\$ 200,965	\$ 262,369	\$ 7,301

Capital Projects Funds							
Impact Fee Fund	Capital Projects Fund	2010 GO Bond Fund	Library Building Fund	Capital Equipment Fund	2009 GO Bond Fund	2010 Taxable GO Note (BAB) Fund	Total Nonmajor Funds
\$ -	\$ 1,165,906	\$ -	\$ 87,785	\$ 145,273	\$ 404,372	\$ -	\$ 2,627,415
-	4,000	-	-	17,500	-	-	744,918
-	-	-	-	393	-	-	27,827
-	36,000	-	-	-	-	-	36,000
-	-	-	-	-	-	-	9,593
94,757	-	-	-	-	-	-	94,757
<u>\$ 94,757</u>	<u>\$ 1,205,906</u>	<u>\$ -</u>	<u>\$ 87,785</u>	<u>\$ 163,166</u>	<u>\$ 404,372</u>	<u>\$ -</u>	<u>\$ 3,540,510</u>
\$ 814	\$ 268,689	\$ -	\$ -	\$ -	\$ 10,771	\$ -	\$ 343,782
-	-	-	-	-	-	-	25,315
-	-	-	-	-	-	-	115,000
949	124	-	-	-	1,485	-	5,269
-	-	-	-	-	-	-	67,500
<u>1,763</u>	<u>268,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,256</u>	<u>-</u>	<u>556,866</u>
-	-	-	-	17,500	-	-	740,918
-	40,000	-	-	-	-	-	40,000
-	40,000	-	-	17,500	-	-	780,918
-	-	-	-	-	-	-	9,593
92,994	-	-	-	-	-	-	433,874
-	897,093	-	87,785	145,666	392,116	-	1,822,377
-	-	-	-	-	-	-	(63,118)
<u>92,994</u>	<u>897,093</u>	<u>-</u>	<u>87,785</u>	<u>145,666</u>	<u>392,116</u>	<u>-</u>	<u>2,202,726</u>
<u>\$ 94,757</u>	<u>\$ 1,205,906</u>	<u>\$ -</u>	<u>\$ 87,785</u>	<u>\$ 163,166</u>	<u>\$ 404,372</u>	<u>\$ -</u>	<u>\$ 3,540,510</u>

VILLAGE OF MUKWONAGO

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the Year Ended December 31, 2013

	Special Revenue Funds				
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund	Stormwater Fund
REVENUES					
Taxes	\$ 387,262	\$ 489,422	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	435,590	22,273	-	-	-
Licenses and permits	-	-	-	53,050	-
Public charges for services	38,248	102,876	-	-	11,053
Intergovernmental charges for services	-	-	-	-	-
Investment income	790	1,343	609	280	37
Other revenues	26,648	-	-	-	-
Total revenues	888,538	615,914	609	53,330	11,090
EXPENDITURES					
Current					
Public works	-	603,332	-	-	29,507
Culture, recreation and education	774,605	-	-	-	-
Capital Outlay	123,989	-	-	514	-
Total expenditures	898,594	603,332	-	514	29,507
Excess (deficiency) of revenues over expenditures	(10,056)	12,582	609	52,816	(18,417)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	(57,500)	(1,500)	-	(67,500)
Capital lease obligation	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(57,500)	(1,500)	-	(67,500)
Net Changes in Fund Balances	(10,056)	(44,918)	(891)	52,816	(85,917)
FUND BALANCES - Beginning of Year	273,411	82,748	86,856	209,548	23,475
FUND BALANCES (Deficit) - END OF YEAR	\$ 263,355	\$ 37,830	\$ 85,965	\$ 262,364	\$ (62,442)

Capital Projects Funds

Impact Fee Fund	Capital Projects Fund	2010 GO Bond Fund	Library Building Fund	Capital Equipment Fund	2009 GO Bond Fund	2010 Taxable GO Note (BAB) Fund	Total Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ 68,000	\$ -	\$ -	\$ 944,684
-	22,000	-	-	-	-	-	22,000
-	-	-	-	-	267,219	-	725,082
166,945	-	-	-	-	-	-	219,995
-	-	-	-	-	-	-	152,177
-	-	-	-	387,063	-	-	387,063
1,349	1,563	608	122	291	590	10	7,592
-	-	-	31,326	-	-	-	57,974
<u>168,294</u>	<u>23,563</u>	<u>608</u>	<u>31,448</u>	<u>455,354</u>	<u>267,809</u>	<u>10</u>	<u>2,516,567</u>
-	-	-	-	-	-	-	632,839
-	-	-	-	-	-	-	774,605
<u>13,590</u>	<u>563,734</u>	<u>-</u>	<u>-</u>	<u>1,075,042</u>	<u>36,119</u>	<u>-</u>	<u>1,812,988</u>
<u>13,590</u>	<u>563,734</u>	<u>-</u>	<u>-</u>	<u>1,075,042</u>	<u>36,119</u>	<u>-</u>	<u>3,220,432</u>
<u>154,704</u>	<u>(540,171)</u>	<u>608</u>	<u>31,448</u>	<u>(619,688)</u>	<u>231,690</u>	<u>10</u>	<u>(703,865)</u>
-	-	-	48,644	366,213	-	-	414,857
(1,539,672)	-	(920,304)	-	-	-	(10)	(2,586,486)
-	-	-	-	225,000	-	-	225,000
<u>(1,539,672)</u>	<u>-</u>	<u>(920,304)</u>	<u>48,644</u>	<u>591,213</u>	<u>-</u>	<u>(10)</u>	<u>(1,946,629)</u>
(1,384,968)	(540,171)	(919,696)	80,092	(28,475)	231,690	-	(2,650,494)
<u>1,477,962</u>	<u>1,437,264</u>	<u>919,696</u>	<u>7,693</u>	<u>174,141</u>	<u>160,426</u>	<u>-</u>	<u>4,853,220</u>
<u>\$ 92,994</u>	<u>\$ 897,093</u>	<u>\$ -</u>	<u>\$ 87,785</u>	<u>\$ 145,666</u>	<u>\$ 392,116</u>	<u>\$ -</u>	<u>\$ 2,202,726</u>