

VILLAGE OF MUKWONAGO

Mukwonago, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the Year Ended December 31, 2014

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, 2014, 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, 2014 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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.

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 Virchow Kraun, LLP

Milwaukee, Wisconsin
June 2, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2014
(Unaudited)

The Village of Mukwonago's management offers this overview and analysis of the Village's financial activities for the fiscal year ended December 31, 2014. Readers are encouraged to consider the information presented here in conjunction with the information provided in the audited Financial Statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The information in this discussion and analysis is intended to serve as an introduction to the Village of Mukwonago's basic financial statement, which are comprised of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The Governmental Activities reported an ending net position of \$8,556,826 at the close of 2014, a decrease of \$535,920 in net position over the prior year.
- The Business-Type Activities reported \$23,295,139 for 2014, an increase of \$360,096 in net position over the prior year.
- The combined assets for the Governmental and Business-Type Activities of the Village of Mukwonago exceeded its liabilities at the close of 2014 by \$31,851,965. The net effect of the changes between the net position of Governmental Funds and Business-Type Activity is a decrease of \$175,824. An explanation between fund balance and net position is presented in the Government-Wide Financial Analysis section of this report.
- The Governmental Funds reported ending fund balances of \$5,237,887 which is an increase of \$267,598 over 2013.
- \$1,013,068 (unassigned fund balance) of the Governmental Funds fund balances is available to spend at the Village Board's discretion. This is 19% of the total fund balances for Governmental Funds and 25% of the General Fund's 2014 expenditures.
- The Village issued \$2,475,000 in Taxable General Obligation Notes in 2014 to purchase two properties in an effort to spur economic development; the cost of one of the properties will be recovered through tax increment, the second property will be resold to a developer.
- The Village paid down \$2,237,187 in General Obligation debt and \$584,015 in Revenue Bonds in 2014. The net effect of all debt activity including premium amortization is a debt reduction of \$361,836.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village's assets, deferred outflows of resources, liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2014
(Unaudited)

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village include general government, public safety, public works, health and sanitation, culture, recreation, and education, and conservation and development. The business-type activities of the Village are the Water and Sewer Utilities, which are classified as proprietary funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Fire and Ambulance fund, Debt Service fund, and Tax Incremental District No. 3 fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major government funds is provided in the form of *combining statements* elsewhere in this report.

The Village adopts an annual appropriated budget for all governmental funds and proprietary funds as required by state statute. A budgetary comparison statement has been provided as required supplementary information for the general fund and fire and ambulance fund to demonstrate compliance with the adopted budget. In addition, in the supplementary information the Village has provided a detailed budgetary comparison for the general fund.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Village maintains two proprietary funds. The proprietary fund financial statements provide separate information for the Water and Sewer Utility funds, which are considered to be major funds of the Village of Mukwonago.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Village's own programs. The Village maintains a Tax Escrow fund which is an agency fund. The accounting for fiduciary funds is much like that used for governmental funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-61 of this report.

Supplementary information. The combining statements referred to earlier in connection with non major governmental funds is presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 69-72 of this report.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2014
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position is a useful indicator of a government's financial position. The Village's total assets exceeded liabilities by \$31,851,965 at the close of the most current fiscal year, as presented in the following table.

VILLAGE OF MUKWONAGO NET POSITION
As of December 31, 2014 and 2013

	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
Current and other assets	\$ 13,608,214	\$ 13,618,037	\$ 4,853,133	\$ 5,008,580
Capital assets	<u>26,572,013</u>	<u>26,465,918</u>	<u>30,015,100</u>	<u>30,901,448</u>
Total assets	<u>40,180,227</u>	<u>40,083,955</u>	<u>34,868,233</u>	<u>35,910,028</u>
Deferred outflows of resources	-	55,833	245,393	280,872
Current and other liabilities	1,047,435	1,163,023	140,406	709,753
Long-term liabilities	<u>24,599,079</u>	<u>24,092,892</u>	<u>11,678,081</u>	<u>12,546,104</u>
Total liabilities	<u>25,646,514</u>	<u>25,255,915</u>	<u>11,818,487</u>	<u>13,255,857</u>
Deferred inflows of resources	<u>5,976,887</u>	<u>5,791,127</u>	-	-
Net position				
Net investment in capital assets	4,529,471	5,327,414	19,833,056	19,600,297
Restricted	1,996,688	3,135,912	1,066,238	1,029,896
Unrestricted	<u>2,030,667</u>	<u>629,420</u>	<u>2,395,845</u>	<u>2,304,850</u>
Total net position	<u>\$ 8,556,826</u>	<u>\$ 9,092,746</u>	<u>\$ 23,295,139</u>	<u>\$ 22,935,043</u>

The Village uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's net investment of capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2014
(Unaudited)

Governmental and Business-Type Activities. Governmental activities decreased the Village's net position by \$535,920 whereas Business-Type activities increased the Village's net position by \$360,096. The net effect is an overall decrease in the Village's total net position of \$175,824.

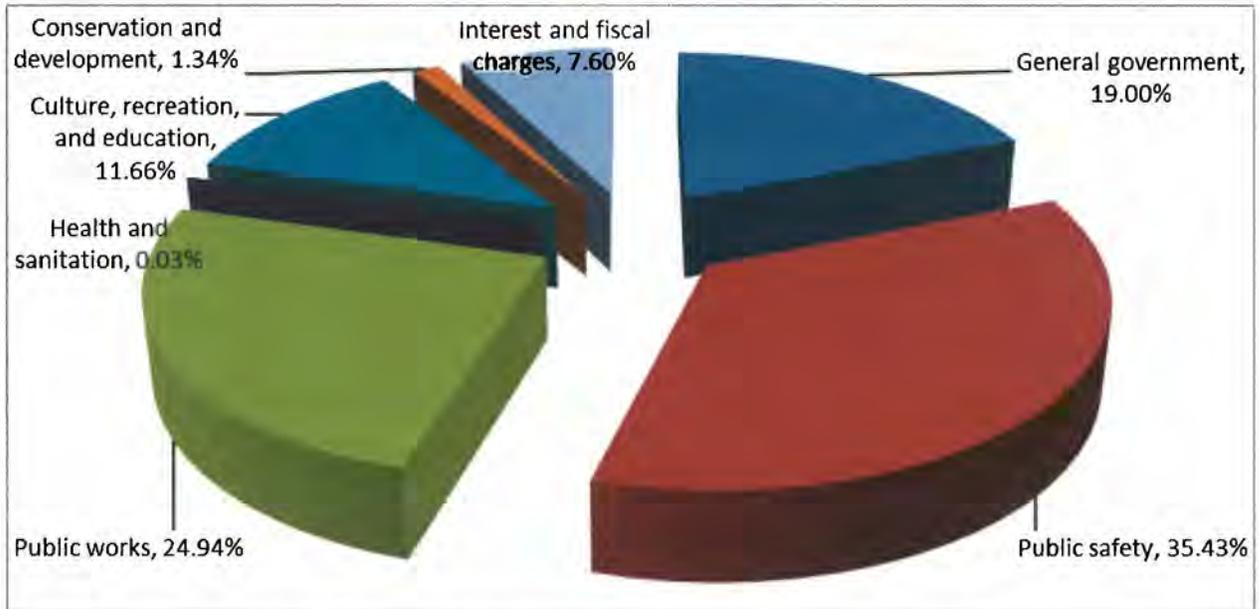
VILLAGE OF MUKWONAGO CHANGES IN NET POSITION
For the years ending December 31, 2014 and 2013

	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
Revenues				
Program revenues				
Charges for services	\$ 1,919,533	\$ 1,704,068	\$ 3,340,821	\$ 3,374,483
Operating grants and contributions	1,159,563	1,107,263	-	-
Capital grants and contributions	202,978	655,124	123,227	-
General revenues				
Property and other taxes	5,794,566	5,471,163	-	-
Intergovernmental revenues not restricted to specific programs	340,664	595,885	-	-
Investment income	103,399	152,750	28,395	37,472
Other	5,772	68,205	186	636
Total revenues	<u>9,526,475</u>	<u>9,754,458</u>	<u>3,492,629</u>	<u>3,412,591</u>
Expenses				
General government	1,982,421	695,448	-	-
Public safety	3,697,122	4,020,138	-	-
Public works	2,603,020	2,915,463	-	-
Health and sanitation	2,721	2,725	-	-
Culture, recreation and education	1,217,439	1,172,087	-	-
Conservation and development	140,077	182,752	-	-
Interest and fiscal charges	793,524	894,564	-	-
Water Utility	-	-	1,185,952	1,232,926
Sewer Utility	-	-	1,572,652	1,649,638
Total expenses	<u>10,436,324</u>	<u>9,883,177</u>	<u>2,758,604</u>	<u>2,882,564</u>
Special item - insurance settlement	-	(262,500)	-	-
Transfers	<u>373,929</u>	<u>(1,159,505)</u>	<u>(373,929)</u>	<u>1,159,505</u>
Increase (decrease) in net position	(535,920)	(1,550,724)	360,096	1,689,532
Net position - January 1	<u>9,092,746</u>	<u>10,643,470</u>	<u>22,935,043</u>	<u>21,245,511</u>
Net position - December 31	<u>\$ 8,556,826</u>	<u>\$ 9,092,746</u>	<u>\$ 23,295,139</u>	<u>\$ 22,935,043</u>

Village of Mukwonago
 Management's Discussion and Analysis
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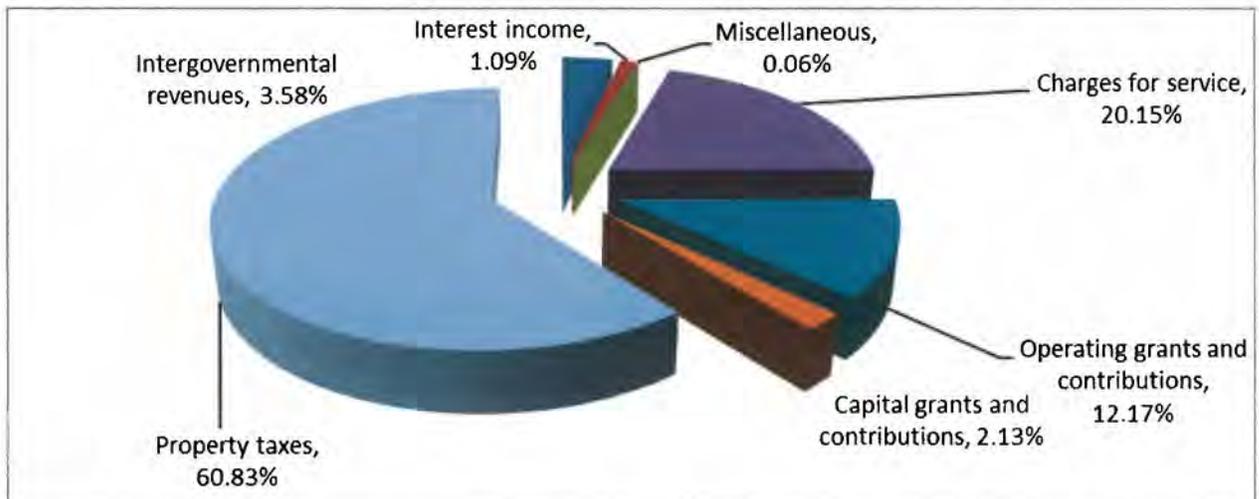
EXPENSES BY FUNCTION – GOVERNMENTAL ACTIVITIES

The graph below shows the percentage of the total governmental activities expenses allocated by each function type.



PROGRAM AND GENERAL REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

The graph below shows the percentage of the total governmental activities revenues allocated by each revenue type.



Business-type activities. Business-type activities increased the Village's net position by \$360,096. The operating income of the business-type activities was \$1,064,456, with the net non-operating expenses of \$453,658 and transfer activity of \$350,702. Operating revenue for the current fiscal year was at \$3,340,821 with the operating expense at \$2,276,365.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2014
(Unaudited)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The Village of Mukwonago uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government funds. The focus of the Village of Mukwonago's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The following chart shows each Governmental Fund's ending fund balance grouped by its fund balance categorization. For 2014, the percentage shown is of the total 2014 fund balance. There is also comparison to the prior year and an explanation of the change between the two years if significant. The fund balance categories shown below are described as follows:

- **Nonspendable** – fund balances are not in a spendable form.
 - Prepaid items – this exist for every operating fund at year end and represent the health insurance premium that is paid one month in advance
 - Advances to other funds – the General Fund advance to the Storm Water fund
- **Restricted** – Constraints are placed on the use of funds by external factors, constitutional provisions, or enabling legislation.
 - Special assessments, impact fees, tax increments and grants
- **Committed** – Constraints are placed on the use of funds for specific purposes via formal action by the Village Board.
 - Capital improvements and equipment funds; Fire Department, Library & Recycling operating funds
- **Assigned** – Constraints are placed on the use of funds for specific purposes by the Village Administrator.
 - Accrued sick leave, fire department capital and village designated use funds
- **Unassigned** – funds are available for spending at the Village Board's discretion, net of negative fund balances.
 - General fund and Storm Water fund due to deficit fund balance

Fund Balances as listed in the Balance Sheet for Governmental Funds	2014	% of Total	2013	Increase (Decrease) from Prior Year	% Change from Prior Year	Explanation of Change
Nonspendable						
Stormwater	\$46,500		\$62,442	\$(15,942)	-25.5%	Partial payback of General Fund advance Savings from change in Health Insurance
Various - Prepaid	64,485		94,344	(29,859)	-31.6%	
	\$110,985	2%	\$156,786	\$(45,801)	-29.2%	

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2014
(Unaudited)

Fund Balances as listed in the Balance Sheet for Governmental Funds	2014	% of Total	2013	Increase (Decrease) from Prior Year	% Change from Prior Year	Explanation of Change
Restricted						
Debt Service	\$270,689		\$253,007	\$17,682	7.0%	Installment plans paid in full
TID #3	186,307		919,999	(733,692)	-79.7%	Purchased land for ROW with reserve funds
Library	194,424		254,915	(60,491)	-23.7%	Use of Donations and Technology reserves
Revolving Loan	86,002		85,965	37	0.0%	
Impact Fees	153,735		92,994	60,741	65.3%	Unanticipated revenues from development
	\$891,157	17%	\$1,606,880	\$(715,723)	-44.5%	
Committed						
Fire Department	\$24,805		\$13,877	\$10,928	78.7%	Limited use of revenues received
Recycling	49,276		37,353	11,923	31.9%	Change in recycling fee residential charge
Parkland Site	316,153		262,364	53,789	20.5%	Unanticipated revenues from development
Capital Projects	481,132		897,093	(415,961)	-46.4%	Road projects, including Minor's escrow funding
Capital Projects 2	289,909		392,116	(102,207)	-26.1%	Field Park pond project
Community Development	1,267,366		-	1,267,366	0.0%	New Fund in 2014 - Lynch property held for resale
Library Building	21,005		87,785	(66,780)	-76.1%	Library improvements related to expansion
Capital Equipment	132,479		145,666	(13,187)	-9.1%	Website improvements
	\$2,582,125	49%	\$1,836,254	\$745,871	40.6%	

Village of Mukwonago
Management's Discussion and Analysis
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(Unaudited)

Fund Balances as listed in the Balance Sheet for Governmental Funds	2014	% of Total	2013	Increase (Decrease) from Prior Year	% Change from Prior Year	Explanation of Change
Assigned						
Accrued Sick Leave	\$208,213		\$208,035	\$178	0.1%	
Fire Dept. Capital	169,631		106,655	62,976	59.0%	Village share of savings from operating budget
Village Designated Use	262,708		216,681	46,027	21.2%	Prohealth donation
	\$640,552	12%	\$531,371	\$109,181	20.5%	
Unassigned						
General Fund	\$1,051,084		\$902,116	\$148,968	16.5%	Unanticipated revenues from development
Storm Water	(38,016)		(63,118)	25,102	-39.8%	Partial payback of advance
	\$1,013,068	19%	\$838,998	\$174,070	20.7%	
Total Governmental Funds Fund Balance	\$5,237,887	100%	\$4,970,289	\$267,598	5.4%	

General Fund budgetary highlights: The total appropriations, including those for transfers out, were \$4,236,917. Actual expenditures and transfers out were \$4,284,320, resulting in a \$47,403 unfavorable variance. Total revenues and other financing sources were \$4,509,543, \$30,682 more than the final budget. Details can be found in the required supplemental information at the back of this report.

Proprietary funds. The Village of Mukwonago's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

User charge rates for the Water Utility and Sewer Utility funds were implemented in November 2010 and January 2013, respectively. The Village intends to continue to monitor the Utility funds results to determine whether an increase in rates is necessary in the future.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2014
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Village of Mukwonago's investment in capital assets for its governmental and business-type activities as of December 31, 2014 amounts to \$56,587,113 (net depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment, roads, storm sewers, library collection, and software. Additional information on the Village's capital assets can be found in Note III.D.

VILLAGE OF MUKWONAGO'S CAPITAL ASSETS

(net of accumulated depreciation)

December 31, 2014 and 2013

	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
Land	\$ 1,909,628	\$ 1,109,628	\$ 572,364	\$ 572,364
Construction in progress	200,407	55,636	-	1,550,444
Land improvements	951,965	993,532	-	-
Buildings and improvements	8,831,843	9,048,336	28,259,938	27,378,737
Machinery and equipment	1,998,773	2,110,454	1,182,798	1,399,903
Roads	10,326,560	10,943,512	-	-
Storm sewers	1,849,328	1,770,867	-	-
Library collection	415,040	400,690	-	-
Software	88,469	33,263	-	-
Total	\$ 26,572,013	\$ 26,465,918	\$ 30,015,100	\$ 30,901,448

Long-term debt. At the end of the current fiscal year, the Village had total debt outstanding of \$ 36,277,160. Of this amount, \$25,960,817 comprises debt backed by the full faith and credit of the government, with related premiums balance of \$377,162. There is \$9,052,491 of revenue bonds outstanding that are financed by user fees. The remainder of the Village's obligations represents accumulated sick pay benefits, capital leases, and due to other governments. Additional information on the Village of Mukwonago's long-term debt can be found in Note III.F.

VILLAGE OF MUKWONAGO'S OUTSTANDING DEBT

December 31, 2014 and 2013

	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
General obligation debt	\$ 23,501,317	\$ 22,958,749	\$ 2,459,500	\$ 2,736,787
Premiums	266,687	256,630	110,475	122,078
Capital leases	149,899	184,773	-	-
Compensated absences	566,176	577,740	55,615	50,733
Due to other governments	115,000	115,000	-	-
Revenue bonds	-	-	9,052,491	9,636,506
Total	\$ 24,599,079	\$ 24,092,892	\$ 11,678,081	\$ 12,546,104

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total equalized valuation of taxable property within the Village's jurisdiction. The current debt limitation for the Village is \$35,956,280. Total general obligation debt outstanding at year end was \$25,960,817.

On April 1, 2015, the Village issued \$6,785,000 of General Obligation Promissory Notes to be used for street improvement projects, acquisition of land and equipment and refunding a portion of the April 1, 2007 General Obligation Promissory Notes.

Village of Mukwonago
Management's Discussion and Analysis
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(Unaudited)

ECONOMIC FACTORS AND OTHER BUDGET NOTES

Beginning in 2014, the Village implemented a biennial budget process to balance operating budgets without using reserve funds for the 2014 and 2015 budget years. Departments were charged with keeping expenditures in line with the conservative revenues forecasted for the period and have been largely successful in staying within budget in 2014. Some departments were able to realize savings to use towards planned capital purchases, reducing the need to find other funding sources. In addition, the Village implemented a five year capital plan to ensure equipment replacement and capital improvement projects remain on track for future funding consideration.

The Village implemented changes to employee healthcare benefits that will yield savings in the 2015 operating budgets. Additionally, the 2015-2017 police union contract was negotiated with a phased-in WRS employee contribution over the first two years of the contract period. These measures are intended to help offset cuts to state shared revenue and general transportation aids that we are anticipating will continue into the future. The Village's goal is to maintain or improve its current service levels despite the revenue challenges it faces.

Standard & Poor's financial rating service has recently rated the Village AA/Stable based in part on the following factors:

- Reserves totaling more than 30% of expenditures for the past 3 years which exceeds the Village's policy of maintaining a minimum of 25% of budgeted expenditures
- Strong budgetary performance with a \$267,598 surplus in the General Fund for 2014 due in part to departmental control over operating expenditures and an improving economy that resulted in unforeseen development-related revenues in 2014
- Financial practices including:
 - Adopted policies related to fund balance and debt
 - Monthly reporting of budget-to-actual results and treasury balances to the Village board
 - A multi-year capital plan
- Equalized value in the Village increased by 4.7% in fiscal 2014 to \$719 million indicating a strong local economy

Residential properties represent 68% of the tax base, commercial properties are 26%, manufacturing properties are 4% and agriculture, undeveloped and personal property tax combined are the final 2%. As part of its strategic plan, the Village is actively seeking business growth to better balance the residential tax revenues.

The Village has been aggressively pursuing economic development initiatives and has two major projects in TID #3: Gearbox Express and a Lynch dealership. These two projects are expected to add \$10 million in developed value to the TID within the next two years. A Kwik-Trip is being built in the Village on Hwy 83 which will lead to additional development in the area. The developed value of the Kwik-Trip is estimated to be \$3.5 million. The Village has purchased property across from the Kwik-Trip as well as the current Lynch site and is actively working to market and develop the properties. Lastly, Premier Woods is a multi-phased residential development. The first phase is expected to be valued at \$6 million when it is completed.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Mukwonago's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to: Diana Doherty, Finance Director, Village of Mukwonago, 440 River Crest Court, P.O. Box 206, Mukwonago, WI 53149.

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BASIC FINANCIAL STATEMENTS

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VILLAGE OF MUKWONAGO

STATEMENT OF NET POSITION As of December 31, 2014

	Governmental Activities	Business - type Activities	Totals
ASSETS			
Cash and investments	\$ 4,864,540	\$ 1,497,329	\$ 6,361,869
Receivables (Net)			
Taxes	6,229,013	33,846	6,262,859
Accounts, net of allowance	317,297	774,438	1,091,735
Special assessments	993,969	261,573	1,255,542
Due from other governmental units	48,830	-	48,830
Internal balances	33,942	(33,942)	-
Inventories and prepaid items	70,593	26,787	97,380
Land held for resale	1,050,030	-	1,050,030
Restricted Assets			
Cash and investments	-	2,293,102	2,293,102
Capital Assets			
Land	1,909,628	572,364	2,481,992
Construction in progress	200,407	-	200,407
Other capital assets, net of depreciation	24,461,978	29,442,736	53,904,714
Total Assets	<u>40,180,227</u>	<u>34,868,233</u>	<u>75,048,460</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	245,393	245,393
LIABILITIES			
Accounts payable and accrued liabilities	1,047,435	139,466	1,186,901
Deposits	-	940	940
Noncurrent Liabilities			
Due within one year	2,379,544	908,191	3,287,735
Due in more than one year	22,219,535	10,769,890	32,989,425
Total Liabilities	<u>25,646,514</u>	<u>11,818,487</u>	<u>37,465,001</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	5,976,887	-	5,976,887
NET POSITION			
Net investment in capital assets	4,529,471	19,833,056	23,449,470
Restricted for			
Debt service	1,562,527	51,529	1,614,056
Library	194,424	-	194,424
Revolving loan	86,002	-	86,002
Impact fees	153,735	226,946	380,681
Equipment replacement	-	787,763	787,763
Unrestricted	<u>2,030,667</u>	<u>2,395,845</u>	<u>5,339,569</u>
TOTAL NET POSITION	<u>\$ 8,556,826</u>	<u>\$ 23,295,139</u>	<u>\$ 31,851,965</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
General government	\$ 1,982,421	\$ 155,010	\$ 129,966	\$ -
Public safety	3,697,122	1,156,354	50,207	46,858
Public works	2,603,020	557,098	519,904	-
Health and sanitation	2,721	-	-	-
Culture, recreation and education	1,217,439	51,071	459,486	156,120
Conservation and development	140,077	-	-	-
Interest and fiscal charges	793,524	-	-	-
Total Governmental Activities	<u>10,436,324</u>	<u>1,919,533</u>	<u>1,159,563</u>	<u>202,978</u>
Business-type Activities				
Water Utility	1,185,952	1,769,748	-	55,320
Sewer Utility	1,572,652	1,571,073	-	67,907
Total Business-type Activities	<u>2,758,604</u>	<u>3,340,821</u>	<u>-</u>	<u>123,227</u>
Total	<u>\$ 13,194,928</u>	<u>\$ 5,260,354</u>	<u>\$ 1,159,563</u>	<u>\$ 326,205</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

 Miscellaneous

Total general revenues

Transfers

Change in net position

NET POSITION - Beginning of Year

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
\$ (1,697,445)	\$ -	\$ (1,697,445)
(2,443,703)	-	(2,443,703)
(1,526,018)	-	(1,526,018)
(2,721)	-	(2,721)
(550,762)	-	(550,762)
(140,077)	-	(140,077)
(793,524)	-	(793,524)
<u>(7,154,250)</u>	<u>-</u>	<u>(7,154,250)</u>
-	639,116	639,116
-	66,328	66,328
-	<u>705,444</u>	<u>705,444</u>
<u>(7,154,250)</u>	<u>705,444</u>	<u>(6,448,806)</u>
3,274,977	-	3,274,977
1,669,430	-	1,669,430
844,669	-	844,669
5,490	-	5,490
340,664	-	340,664
103,399	28,395	131,794
5,772	186	5,958
<u>6,244,401</u>	<u>28,581</u>	<u>6,272,982</u>
<u>373,929</u>	<u>(373,929)</u>	<u>-</u>
(535,920)	360,096	(175,824)
<u>9,092,746</u>	<u>22,935,043</u>	<u>32,027,789</u>
<u>\$ 8,556,826</u>	<u>\$ 23,295,139</u>	<u>\$ 31,851,965</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2014

	General Fund	Fire and Ambulance Fund
ASSETS		
Cash and investments	\$ 1,677,487	\$ 241,902
Receivables (Net)		
Taxes	2,323,569	210,000
Accounts, net of allowance	116,740	124,674
Special assessments	-	-
Due from other governments	13,096	19,773
Due from other funds	126,722	19,000
Advance to other fund	46,500	-
Prepaid Items	58,881	5,572
Land held for resale	-	-
TOTAL ASSETS	\$ 4,362,995	\$ 620,921
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 108,161	\$ 29,837
Accrued liabilities	82,343	32,209
Due to other funds	36,396	97,299
Due to other governments	15,838	96,525
Advances from other fund	-	-
Total Liabilities	242,738	255,870
Deferred Inflows of Resources		
Unavailable revenue	-	124,674
Unearned revenue	2,323,240	210,000
Total Deferred Inflows of Resources	2,323,240	334,674
Fund Balances		
Nonspendable	105,381	5,572
Restricted	-	-
Committed	-	24,805
Assigned	640,552	-
Unassigned (deficit)	1,051,084	-
Total Fund Balances	1,797,017	30,377
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,362,995	\$ 620,921

See accompanying notes to the financial statements.

Debt Service Fund	Tax Incremental District No. 3 Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 162,854	\$ 244,674	\$ 2,537,623	\$ 4,864,540
2,145,317	736,299	813,828	6,229,013
-	-	75,883	317,297
993,969	-	-	993,969
-	-	15,961	48,830
107,835	-	27,550	281,107
-	-	-	46,500
-	439	5,701	70,593
-	-	1,050,030	1,050,030
<u>\$ 3,409,975</u>	<u>\$ 981,412</u>	<u>\$ 4,526,576</u>	<u>\$ 13,901,879</u>

\$ -	\$ 55,775	\$ 460,221	\$ 653,994
-	477	26,951	141,980
-	2,554	110,916	247,165
-	-	115,000	227,363
-	-	46,500	46,500
-	<u>58,806</u>	<u>759,588</u>	<u>1,317,002</u>

1,244,629	-	800	1,370,103
<u>1,894,657</u>	<u>736,299</u>	<u>812,691</u>	<u>5,976,887</u>
<u>3,139,286</u>	<u>736,299</u>	<u>813,491</u>	<u>7,346,990</u>

-	-	32	110,985
270,689	186,307	434,161	891,157
-	-	2,557,320	2,582,125
-	-	-	640,552
-	-	(38,016)	1,013,068
<u>270,689</u>	<u>186,307</u>	<u>2,953,497</u>	<u>5,237,887</u>

<u>\$ 3,409,975</u>	<u>\$ 981,412</u>	<u>\$ 4,526,576</u>	<u>\$ 13,901,879</u>
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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, 2014

Total Fund Balances - Governmental Funds	\$ 5,237,887
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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	1,909,628
Construction in progress	200,407
Other capital assets	36,533,647
Less: Accumulated depreciation/amortization	(12,071,669)

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

1,370,103

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	(23,768,004)
Compensated absences	(566,176)
Accrued interest	(139,098)
Capital lease obligation	(149,899)

NET POSITION OF GOVERNMENTAL ACTIVITIES

<u>\$ 8,556,826</u>

VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2014

	General Fund	Fire and Ambulance Fund
REVENUES		
Taxes	\$ 2,333,139	\$ 216,000
Special assessments	-	-
Intergovernmental	848,823	5,898
Licenses and permits	421,133	-
Fines, forfeitures and penalties	130,926	-
Public charges for services	26,433	655,150
Intergovernmental charges for services	138,365	216,000
Investment income	5,640	436
Other revenues	146,150	6,758
Total Revenues	4,050,609	1,100,242
EXPENDITURES		
Current		
General government	701,726	-
Public safety	2,367,498	1,046,610
Public works	771,751	-
Health and human services	2,722	-
Culture, recreation and education	159,467	-
Conservation and development	140,077	-
Capital Outlay	47,197	2,402
Debt Service		
Principal	-	-
Interest and fees	-	-
Total Expenditures	4,190,438	1,049,012
Excess (deficiency) of revenues over expenditures	(139,829)	51,230
OTHER FINANCING SOURCES (USES)		
Transfers in	431,326	19,000
Transfers out	(93,882)	(62,797)
Debt issued	27,468	-
Premium on debt issued	-	-
Sale of capital assets	140	300
Total Other Financing Sources (Uses)	365,052	(43,497)
Net Change in Fund Balances	225,223	7,733
FUND BALANCES - Beginning of Year	1,571,794	22,644
FUND BALANCES - END OF YEAR	\$ 1,797,017	\$ 30,377

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	\$ 844,669	\$ 740,918	\$ 5,804,156
299,408	-	39,200	338,608
-	9,295	481,957	1,345,973
-	-	187,017	608,150
-	-	-	130,926
-	-	313,939	995,522
-	-	15,961	370,326
84,317	2,114	6,947	99,454
-	-	23,251	176,159
<u>2,053,155</u>	<u>856,078</u>	<u>1,809,190</u>	<u>9,869,274</u>
-	61,203	-	762,929
-	-	-	3,414,108
-	149,577	611,561	1,532,889
-	-	-	2,722
-	-	811,820	971,287
-	8,263	-	148,340
-	1,999,992	878,793	2,928,384
1,562,914	431,860	-	1,994,774
578,947	158,118	30,715	767,780
<u>2,141,861</u>	<u>2,809,013</u>	<u>2,332,889</u>	<u>12,523,213</u>
<u>(88,706)</u>	<u>(1,952,935)</u>	<u>(523,699)</u>	<u>(2,653,939)</u>
106,388	-	156,992	713,706
-	(2,500)	(180,598)	(339,777)
-	1,200,000	1,275,000	2,502,468
-	21,624	22,976	44,600
-	-	100	540
<u>106,388</u>	<u>1,219,124</u>	<u>1,274,470</u>	<u>2,921,537</u>
17,682	(733,811)	750,771	267,598
<u>253,007</u>	<u>920,118</u>	<u>2,202,726</u>	<u>4,970,289</u>
<u>\$ 270,689</u>	<u>\$ 186,307</u>	<u>\$ 2,953,497</u>	<u>\$ 5,237,887</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, 2014

Net change in fund balances - total governmental funds	\$ 267,598
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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	2,928,384
Some items reported as outlay were not capitalized	(1,677,341)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	149,577
Depreciation is reported in the government-wide statements	(1,294,525)

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	(343,346)
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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	(2,502,468)
Principal repaid	1,994,774

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	11,564
Accrued interest on debt	(4,247)

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

Premium on new debt	(44,600)
Amortization of loss on refunding	(55,833)
Amortization of debt premiums	34,543

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (535,920)
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See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2014

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 590,399	\$ 906,930	\$ 1,497,329
Receivables:			
Accounts	412,272	362,166	774,438
Taxes	19,626	14,220	33,846
Due from other funds	47,649	1,299	48,948
Inventories	19,460	-	19,460
Prepaid items	2,418	4,909	7,327
Restricted Assets			
Cash and investments	37,662	45,705	83,367
Total Current Assets	1,129,486	1,335,229	2,464,715
Noncurrent Assets			
Restricted Assets			
Cash and investments	444,553	1,765,182	2,209,735
Other Assets			
Special assessments receivable	133,921	127,652	261,573
Capital Assets			
Land	556,467	15,897	572,364
Other capital assets, net of depreciation	16,168,824	13,273,912	29,442,736
Total Non-Current Assets	17,303,765	15,182,643	32,486,408
Total Assets	18,433,251	16,517,872	34,951,123
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	245,393	245,393

See accompanying notes to the financial statements.

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 42,857	\$ 31,596	\$ 74,453
Accrued liabilities	9,187	11,629	20,816
Accrued interest payable	4,468	7,891	12,359
Deposits	940	-	940
Due to other funds	25,692	57,198	82,890
Current portion of long-term debt	198,657	75,592	274,249
Current portion of compensated absences	7,671	1,595	9,266
Liabilities Payable From Restricted Assets			
Accrued interest payable	13,630	18,208	31,838
Current portion of revenue bonds	294,711	329,965	624,676
Total Current Liabilities	<u>597,813</u>	<u>533,674</u>	<u>1,131,487</u>
Noncurrent Liabilities			
Long-Term Debt			
Bonds and notes payable	4,381,148	6,342,393	10,723,541
Compensated absences	38,371	7,978	46,349
Total Non-Current Liabilities	<u>4,419,519</u>	<u>6,350,371</u>	<u>10,769,890</u>
Total Liabilities	<u>5,017,332</u>	<u>6,884,045</u>	<u>11,901,377</u>
NET POSITION			
Net investment in capital assets	12,295,330	7,537,726	19,833,056
Restricted for			
Equipment replacement	-	787,763	787,763
Impact fees	-	226,946	226,946
Debt service	24,032	27,497	51,529
Unrestricted	1,096,557	1,299,288	2,395,845
TOTAL NET POSITION	<u>\$ 13,415,919</u>	<u>\$ 9,879,220</u>	<u>\$ 23,295,139</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, 2014

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
OPERATING REVENUES	\$ 1,769,748	\$ 1,571,073	\$ 3,340,821
OPERATING EXPENSES			
Operation and maintenance	555,478	639,893	1,195,371
Depreciation	414,591	630,129	1,044,720
Taxes	18,493	17,781	36,274
Total Operating Expenses	988,562	1,287,803	2,276,365
Operating Income	781,186	283,270	1,064,456
NONOPERATING REVENUES (EXPENSES)			
Investment income	11,555	16,840	28,395
Miscellaneous	1,211	186	1,397
Interest and fiscal charges	(198,601)	(284,849)	(483,450)
Total Nonoperating Revenues (Expense)	(185,835)	(267,823)	(453,658)
Income Before Capital Contributions and Transfers	595,351	15,447	610,798
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital contribution	55,320	67,907	123,227
Transfers in	-	10,000	10,000
Transfers out	(371,075)	(12,854)	(383,929)
Total Transfers	(315,755)	65,053	(250,702)
Change in Net Position	279,596	80,500	360,096
NET POSITION - Beginning of Year	13,136,323	9,798,720	22,935,043
NET POSITION - END OF YEAR	\$ 13,415,919	\$ 9,879,220	\$ 23,295,139

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2014

	Business - type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,735,773	\$ 1,552,097	\$ 3,287,870
Paid to suppliers for goods and services	(369,749)	(420,192)	(789,941)
Paid to employees for services	(218,256)	(218,905)	(437,161)
Net Cash Flows From Operating Activities	1,147,768	913,000	2,060,768
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	12,267	18,188	30,455
Net Cash Flows From Investing Activities	12,267	18,188	30,455
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(356,075)	(7,854)	(363,929)
Transfers in (out)	(15,000)	5,000	(10,000)
Net Cash Flows From Noncapital Financing Activities	(371,075)	(2,854)	(373,929)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(478,894)	(382,408)	(861,302)
Interest paid	(203,337)	(258,966)	(462,303)
Special assessments received	21,571	19,651	41,222
Acquisition and construction of capital assets	(671,441)	-	(671,441)
Connection fees received	55,320	67,907	123,227
Net Cash Flows From Capital and Related Financing Activities	(1,276,781)	(553,816)	(1,830,597)
Net Change in Cash and Cash Equivalents	(487,821)	374,518	(113,303)
CASH AND CASH EQUIVALENTS - Beginning of Year	1,560,435	2,343,299	3,903,734
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,072,614	\$ 2,717,817	\$ 3,790,431

See accompanying notes to the financial statements.

	<u>Business - Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME			
TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 781,186	\$ 283,270	\$ 1,064,456
Miscellaneous nonoperating activities	1,211	186	1,397
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	414,591	630,129	1,044,720
Depreciation charged to other funds	26,546	(26,546)	-
Changes in assets and liabilities:			
Accounts receivable	(15,023)	7,494	(7,529)
Materials and supplies	(938)	-	(938)
Prepaid items	1,347	962	2,309
Due from municipality	(47,649)	(110)	(47,759)
Accounts payable	(14,686)	(39,131)	(53,817)
Due to municipality	(1,401)	54,178	52,777
Accrued liabilities	2,412	2,470	4,882
Other current liabilities	(768)	98	(670)
Customer deposits	940	-	940
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 1,147,768	\$ 913,000	\$ 2,060,768
RECONCILIATION OF CASH AND CASH			
EQUIVALENTS TO THE STATEMENT OF			
NET POSITION - PROPRIETARY FUNDS			
Cash and investments - statement of net position	\$ 590,399	\$ 906,930	\$ 1,497,329
Restricted cash and investments - statement of net position	482,215	1,810,887	2,293,102
CASH AND CASH EQUIVALENTS	\$ 1,072,614	\$ 2,717,817	\$ 3,790,431

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2014

	<u>Agency Fund</u> <u>Tax Escrow</u> <u>Fund</u>
ASSETS	
Cash and investments	\$ 7,712,480
Taxes receivable	<u>471,296</u>
Total Assets	<u>8,183,776</u>
LIABILITIES	
Accounts payable	58,212
Due to other governments	<u>8,125,564</u>
Total Liabilities	<u>8,183,776</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

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VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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.

Fund Financial Statements

Financial statements of the village 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 balance, revenues, and expenditures/expenses.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Fund Financial Statements (cont.)

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, 2014

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	2009 GO Bond
Library Building	Community Development
Capital Projects	

In addition, the village reports the following fund types:

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

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 deferred inflows. 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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Government-Wide Financial Statements (cont.)

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 deferred inflows. 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 requirements) 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, 2014, there were \$494,723 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.

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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

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

Fund Financial Statements (cont.)

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.
- 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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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.)

- 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.

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, 2014, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014.

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.)

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 assets and liabilities - agency fund.

Property tax calendar - 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale - 2014 delinquent real estate taxes	October 2017

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.

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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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.)

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 \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net 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:

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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.)

Buildings	50 Years
Land Improvements	20-50 Years
Machinery and Equipment	3-25 Years
Utility System	3-77 Years
Infrastructure	20-50 Years
Intangible Assets	8-10 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. Land Held for Resale

The Village purchased property owned by the Lynch dealership on Main Street in the Village. The purchase allowed the dealership to buy land and begin construction on a larger facility within the TID. The Village intends to resell the original property for a mixed-use development at market value. The Village's total investment in the property is recorded as an asset in the Community Development Fund at the lower of cost or estimated net realizable value. As of December 31, 2014, the investment is reported at \$1,050,030.

7. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance 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 the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the 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 financial statements.

8. Compensated Absences

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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.)

8. Compensated Absences (cont.)

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

The village does not accrue accumulated vacation or sick leave, but rather expenses these costs as paid. Vacation time is not cumulative from year to year. Accumulated sick leave benefits are paid upon retirement or termination if the employee has at least 20 years of service with the village. Employees may accumulate a maximum of 120 days of sick leave.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2014, are determined on the basis of current salary rates and include salary related payments.

9. 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. The balance at year end is shown as an increase or decrease in the liability section of 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

10. Deferred Inflows of Resources

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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.)

11. 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	\$ 4,529,471	\$ 19,833,056	\$ (913,057)	\$ 23,449,470
Unrestricted	2,201,565	2,395,845	913,057	5,510,467

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 balances are displayed as follows:

- 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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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.)

11. Equity Classifications (cont.)

Fund Statements (cont.)

- 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, 2014

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund	\$ 4,236,917	\$ 4,284,320	\$ 47,403
Capital Projects Fund	434,415	479,351	44,936
Library Fund	995,241	1,010,370	15,129
2009 GO Bond Fund	100,000	102,546	2,546

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, 2014, the following individual funds held a deficit balance:

Fund	Amount	Reason
Stormwater Fund	\$ 37,984	Upfront expenditures to get service started in the Village, will be funded by future revenues.

C. LIMITATIONS ON THE VILLAGE'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, 2014.

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	\$ 5,510,326	\$ 5,439,212	Custodial credit risk
LGIP	10,856,725	10,856,725	Credit risk
Petty cash	400	-	N/A
 Total Deposits and Investments	 \$ 16,367,451	 \$ 16,295,937	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 6,361,869		
Restricted cash and investments	2,293,102		
Per statement of assets and liabilities -			
agency fund			
Agency fund	7,712,480		
 Total Deposits and Investments	 \$ 16,367,451		

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.

The village maintains collateral agreement with its banks. At December 31, 2014, the banks had pledged various government securities in the amount of \$3,943,359 to secure the village's deposits.

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.

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments

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

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

Credit Risk

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

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

LGIP

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

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year and are reported net of an allowance for doubtful accounts of \$108,262.

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	\$ 5,976,887	\$ -
Ambulance receivable	-	124,674
Special assessments not yet due	-	993,969
Special assessments principal and interest on tax roll	-	<u>251,460</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 5,976,887</u>	<u>\$ 1,370,103</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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, 2014:

	<u>Restricted Assets</u>
Water redemption account - current	\$ 37,662
Water reserve account	444,553
Sewer redemption account - current	45,705
Sewer reserve account	750,473
Sewer impact fee account	226,946
Equipment replacement account	<u>787,763</u>
Total	<u>\$ 2,293,102</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 1,109,628	\$ 800,000	\$ -	\$ 1,909,628
Construction in progress	55,636	165,112	20,341	200,407
Total Capital Assets Not Being Depreciated/Amortized	<u>1,165,264</u>	<u>965,112</u>	<u>20,341</u>	<u>2,110,035</u>
Capital assets being depreciated/amortized				
Land improvements	1,152,054	-	-	1,152,054
Buildings	10,824,641	-	-	10,824,641
Machinery and equipment	4,251,701	157,924	-	4,409,625
Roads	16,965,754	-	-	16,965,754
Storm sewers	2,151,816	122,108	-	2,273,924
Library collection	762,225	112,494	81,564	793,155
Intangible assets	51,171	63,323	-	114,494
Total Capital Assets Being Depreciated/Amortized	<u>36,159,362</u>	<u>455,849</u>	<u>81,564</u>	<u>36,533,647</u>
Total Capital Assets	<u>37,324,626</u>	<u>1,420,961</u>	<u>101,905</u>	<u>38,643,682</u>
Less: Accumulated depreciation/amortization for				
Land improvements	(158,522)	(41,567)	-	(200,089)
Buildings	(1,776,305)	(216,493)	-	(1,992,798)
Machinery and equipment	(2,141,247)	(269,605)	-	(2,410,852)
Roads	(6,022,242)	(616,952)	-	(6,639,194)
Storm sewers	(380,949)	(43,647)	-	(424,596)
Library collection	(361,535)	(98,144)	81,564	(378,115)
Intangible assets	(17,908)	(8,117)	-	(26,025)
Total Accumulated Depreciation/Amortization	<u>(10,858,708)</u>	<u>(1,294,525)</u>	<u>81,564</u>	<u>(12,071,669)</u>
Net Capital Assets Being Depreciated/Amortized	<u>25,300,654</u>	<u>(838,676)</u>	<u>-</u>	<u>24,461,978</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 26,465,918</u>	<u>\$ 126,436</u>	<u>\$ 20,341</u>	<u>\$ 26,572,013</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 40,721
Public safety	260,996
Public works, which includes the depreciation of infrastructure	716,006
Culture, recreation and education	<u>276,802</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 1,294,525</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
Total Capital Assets Not Being Depreciated	<u>15,897</u>	<u>-</u>	<u>-</u>	<u>15,897</u>
Capital assets being depreciated				
Buildings and improvements	20,557,741	-	-	20,557,741
Machinery and equipment	<u>1,774,872</u>	<u>-</u>	<u>-</u>	<u>1,774,872</u>
Total Capital Assets Being Depreciated	<u>22,332,613</u>	<u>-</u>	<u>-</u>	<u>22,332,613</u>
Total Capital Assets	<u>22,348,510</u>	<u>-</u>	<u>-</u>	<u>22,348,510</u>
Less: Accumulated depreciation for				
Buildings and improvements	(7,279,389)	(456,621)	-	(7,736,010)
Machinery and equipment	<u>(1,175,729)</u>	<u>(146,962)</u>	<u>-</u>	<u>(1,322,691)</u>
Total Accumulated Depreciation	<u>(8,455,118)</u>	<u>(603,583)</u>	<u>-</u>	<u>(9,058,701)</u>
Net Capital Assets Being Depreciated	<u>13,877,495</u>	<u>(603,583)</u>	<u>-</u>	<u>13,273,912</u>
Net Sewer Capital Assets	<u>\$ 13,893,392</u>	<u>\$ (603,583)</u>	<u>\$ -</u>	<u>\$ 13,289,809</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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	1,550,444	107,960	1,658,404	-
Total Capital Assets Not Being Depreciated	2,106,911	107,960	1,658,404	556,467
Capital assets being depreciated				
Building and improvements	17,651,691	1,663,990	12,357	19,303,324
Machinery and equipment	2,003,653	44,826	10,053	2,038,426
Total Capital Assets Being Depreciated	19,655,344	1,708,816	22,410	21,341,750
Total Capital Assets	21,762,255	1,816,776	1,680,814	21,898,217
Less: Accumulated depreciation for				
Building and improvements	(3,551,306)	(326,168)	12,357	(3,865,117)
Machinery and equipment	(1,202,893)	(114,969)	10,053	(1,307,809)
Total Accumulated Depreciation	(4,754,199)	(441,137)	22,410	(5,172,926)
Net Capital Assets Being Depreciated	14,901,145	1,267,679	-	16,168,824
Net Water Capital Assets	\$ 17,008,056	\$ 1,375,639	\$ 1,658,404	\$ 16,725,291
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 30,901,448	\$ 772,056	\$ 1,658,404	\$ 30,015,100

Depreciation expense was charged to functions as follows:

Business-type Activities

Sewer	\$ 630,129
Water	414,591
 Total Business-type Activities Depreciation Expense	 \$ 1,044,720

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, 2014

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
Capital Equipment Fund	Water Utility	\$ 5,000
Capital Equipment Fund	Sewer Utility	5,000
Debt Service Fund	Tax Incremental District No. 3 Fund	2,500
Debt Service Fund	Capital Projects Fund	37,727
Debt Service Fund	Impact Fees	66,161
Debt Service Fund	Water Utility	1,447
Capital Equipment Fund	General Fund	17,250
General Fund	Tax Incremental District No. 3 Fund	54
General Fund	Recycling	3,555
General Fund	Library	523
General Fund	Stormwater	77
General Fund	Impact Fees	2,600
General Fund	Water Utility	18,065
General Fund	Sewer Utility	4,549
General Fund	Fire and Ambulance Fund	97,299
Recycling	Water Utility	27
Recycling	Library	273
Water Utility	Sewer Utility	47,649
Sewer Utility	General Fund	146
Fire and Ambulance Fund	General Fund	19,000
Sewer Utility	Water Utility	<u>1,153</u>
Total - Fund Financial Statements		330,055
Less: Fund eliminations		<u>(296,113)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 33,942</u></u>
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 34,088
Business-type Activities	Governmental Activities	<u>(146)</u>
Total Government-Wide Financial Statements		<u><u>\$ 33,942</u></u>

All amounts are due within one year.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Interfund Receivables/Payables (cont.)

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

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

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:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	Stormwater Fund	\$ 46,500	\$ 46,500
Total - Fund Financial Statements		46,500	
Less: Fund eliminations		(46,500)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ -	

The principal purpose of this advance is to 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, 2014

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	Sewer Utility	\$ 7,854	Payment in lieu of taxes
General Fund	Fire and Ambulance Fund	62,797	Transfer of year end settlement for future capital purchases
Library Fund	Library Building Fund	67,110	Transfer for library capital improvements
General Fund	Impact Fee Fund	2,600	Transfer for fire department building costs
General Fund	Revolving Loan Fund	2,000	Transfer for administrative costs
General Fund	Water Utility	356,075	Payment in lieu of taxes
Capital Equipment Fund	General Fund	74,882	Transfer for capital equipment
Capital Equipment Fund	Water Utility	5,000	Transfer for capital purchases
Capital Equipment Fund	Library Fund	5,000	Transfer for capital purchases
Capital Equipment Fund	Sewer Utility	5,000	Transfer for capital purchases
Debt Service Fund	Tax Incremental District No.3 Fund	2,500	Transfer for debt service
Sewer Utility	Water Utility	10,000	Transfer for rental cost of equipment
Debt Service Fund	Impact Fee Fund	66,161	Transfer for debt service
Debt Service Fund	Capital Projects Fund	37,727	Transfer for debt service
Fire and Ambulance Fund	General Fund	<u>19,000</u>	Transfer for capital purchases
Total - Fund Financial Statements		723,706	
Less: Fund eliminations		<u>(349,777)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 373,929</u>	
Fund Transferred To	Fund Transferred From	Amount	
Governmental Activities	Business-type Activities	\$ 373,929	
Business-type Activities	Governmental Activities	<u>-</u>	
Total Government-wide Financial Statements		<u>\$ 373,929</u>	

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Transfers (cont.)

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

For the statement of net position, interfund transfers which are owed 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, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 22,958,749	\$ 2,502,468	\$ 1,959,900	\$ 23,501,317	\$ 2,249,334
(Discounts)/Premiums	256,630	44,600	34,543	266,687	-
Sub-totals	<u>23,215,379</u>	<u>2,547,068</u>	<u>1,994,443</u>	<u>23,768,004</u>	<u>2,249,334</u>
Other Liabilities					
Capital leases	184,773	-	34,874	149,899	35,885
Compensated absences	577,740	32,766	44,330	566,176	94,325
Due to other governments	115,000	-	-	115,000	-
Total Other Liabilities	<u>877,513</u>	<u>32,766</u>	<u>79,204</u>	<u>831,075</u>	<u>130,210</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 24,092,892</u>	<u>\$ 2,579,834</u>	<u>\$ 2,073,647</u>	<u>\$ 24,599,079</u>	<u>\$ 2,379,544</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 2,736,787	\$ -	\$ 277,287	\$ 2,459,500	\$ 274,249
Revenue bonds	9,636,506	-	584,015	9,052,491	624,676
(Discounts)/Premiums	122,078	-	11,603	110,475	-
Sub-totals	<u>12,495,371</u>	<u>-</u>	<u>872,905</u>	<u>11,622,466</u>	<u>898,925</u>
Other Liabilities					
Compensated absences	50,733	4,882	-	55,615	9,266
Total Other Liabilities	<u>50,733</u>	<u>4,882</u>	<u>-</u>	<u>55,615</u>	<u>9,266</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 12,546,104</u>	<u>\$ 4,882</u>	<u>\$ 872,905</u>	<u>\$ 11,678,081</u>	<u>\$ 908,191</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, 2014, was \$35,956,280. Total general obligation debt outstanding at year end was \$25,960,817.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2014
Refunding bonds	2/1/2007	10/1/2018	4.0%	\$ 4,460,000	\$ 3,510,000
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	2,175,000
Promissory notes	3/1/2009	9/1/2019	2.75-3.875%	2,580,000	1,130,000
Promissory notes	12/1/2010	12/1/2019	2.0-3.6%	4,550,000	4,000,000
Refunding Promissory Notes (TID)	11/1/2011	10/1/2021	1.0-3.0%	2,074,543	1,735,849
GO Refunding Bonds (TID #3)	11/1/12	10/1/2026	1.0-2.5%	3,620,000	3,175,000
GO Refunding Bonds	11/20/13	12/1/2022	1.0-2.65	2,280,000	2,033,000
GO Taxable Note	9/17/2014	3/1/2019	1.87%	2,475,000	2,475,000
GO Bond	11/30/2014	2/15/2022	0.00%	27,468	<u>27,468</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 23,501,317</u>

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2014
Water system bonds	11/1/1999	5/1/2018	2.64%	\$ 1,886,442	\$ 479,158
Water Refunding Promissory notes	11/1/2011	10/1/2021	1.0-3.0%	211,449	176,372
Sewer Refunding Promissory Notes	11/1/2011	10/1/2021	1.0-3.0%	1,389,008	1,161,970
GO Refunding Bonds	11/20/13	12/1/2022	1.0-2.65	720,000	<u>642,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 2,459,500</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2015	\$ 2,249,334	\$ 703,885	\$ 274,249	\$ 61,414
2016	2,630,334	630,579	241,289	55,152
2017	3,219,447	540,666	255,297	49,529
2018	2,683,559	447,440	329,386	43,604
2019	5,586,559	331,753	216,875	37,591
2020-2024	6,532,084	407,827	1,142,404	61,760
2025-2026	600,000	22,125	-	-
Totals	<u>\$ 23,501,317</u>	<u>\$ 3,084,275</u>	<u>\$ 2,459,500</u>	<u>\$ 309,050</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 46% of net revenues. The total principal and interest remaining to be paid on the bonds is \$11,713,551. Principal and interest paid for the current year and total customer net revenues were \$978,933 and \$2,138,968, respectively.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2014, consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2014</u>
<u>Sewer Utility</u>					
Revenue Bonds	4/1/2007	12/1/2024	4.00-4.50%	\$ 3,527,875	\$ 2,519,913
Revenue Bonds	1/1/2008	12/1/2026	4.00-4.75%	2,281,280	1,782,250
Revenue Bonds	12/1/2010	12/1/2021	2.00-4.625%	1,376,948	<u>1,200,448</u>
				Total Sewer Utility	<u>5,502,611</u>
 <u>Water Utility</u>					
Revenue Bonds	4/29/2002	5/1/2022	2.75%	\$ 627,355	\$ 217,491
Revenue Bonds	4/1/2007	12/1/2024	4.00-4.50%	1,897,125	1,355,087
Revenue Bonds	1/1/2008	12/1/2026	4.00-4.75%	918,720	717,750
Revenue Bonds	12/1/2010	12/1/2021	2.00-4.625%	1,543,052	<u>1,259,552</u>
				Total Water Utility	<u>3,549,880</u>
				Total Business-type Activities - Revenue Debt	<u>\$ 9,052,491</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 624,676	\$ 375,668
2016	625,354	354,104
2017	626,052	331,897
2018	661,768	309,046
2019	702,504	283,874
2020-2024	4,762,135	930,476
2025-2026	<u>1,050,002</u>	<u>76,000</u>
Totals	<u>\$ 9,052,491</u>	<u>\$ 2,661,065</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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.

G. LEASE DISCLOSURES

Lessee - Capital Leases

In 2013 the 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, 2014, are as follows:

<u>Years</u>	Governmental Activities		
	Principal	Interest	Totals
2015	\$ 35,885	\$ 4,342	\$ 40,227
2016	36,924	3,303	40,227
2017	37,994	2,233	40,227
2018	39,096	1,131	40,227
Totals	\$ 149,899	\$ 11,009	\$ 160,908

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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, 2014, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 1,909,628
Construction in progress	200,407
Other capital assets, net of accumulated depreciation	24,461,978
Less: Long-term debt outstanding	(23,917,902)
Plus: Unspent capital related debt proceeds	962,303
Plus: Noncapital debt proceeds	913,057
Total Net Investment in Capital Assets	<u>4,529,471</u>
Restricted	
Debt service	1,562,527
Impact fees	153,735
Revolving loans	86,002
Library purposes	194,424
Total Restricted	<u>1,996,688</u>
Unrestricted	<u>2,030,667</u>
Total Governmental Activities Net Position	<u>\$ 8,556,826</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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, 2014, 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	\$ 58,881	\$ 5,572	\$ -	\$ -	\$ 32	\$ 64,485
Advance to other funds	46,500	-	-	-	-	46,500
Restricted for:						
Debt service	-	-	270,689	186,307	-	456,996
Library	-	-	-	-	194,424	194,424
Impact fees	-	-	-	-	153,735	153,735
Revolving loans	-	-	-	-	86,002	86,002
Committed to:						
Fire and ambulance	-	24,805	-	-	-	24,805
Projects	-	-	-	-	2,191,885	2,191,885
Recycling	-	-	-	-	49,276	49,276
Park Land Site	-	-	-	-	316,159	316,159
Assigned to:						
Funding accrued sick pay	208,213	-	-	-	-	208,213
Ambulance expenditures	169,631	-	-	-	-	169,631
Other expenditures	262,708	-	-	-	-	262,708
Unassigned (deficit):	<u>1,051,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,016)</u>	<u>1,013,068</u>
Total Fund Balances (Deficit)	<u>\$ 1,797,017</u>	<u>\$ 30,377</u>	<u>\$ 270,689</u>	<u>\$ 186,307</u>	<u>\$ 2,953,497</u>	<u>\$ 5,237,887</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 572,364
Other capital assets, net of accumulated depreciation	29,442,739
Less: Long-term debt outstanding	(11,622,466)
Plus: Noncapital debt proceeds	1,195,026
Plus: Deferred charges on refunding	245,393
Total Net Investment in Capital Assets	<u>19,833,056</u>
Restricted	
Debt service	51,529
Equipment replacement	787,763
Impact fees	226,946
Total Restricted	<u>1,066,238</u>
Unrestricted	<u>2,395,845</u>
Total Business-type Activities Net Position	<u>\$ 23,295,139</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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, 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.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General Employment category, 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, 2014 were:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Executives and Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for village employees covered by the WRS for the year ended December 31, 2014 was \$3,077,565; the employer's total payroll was \$3,333,176. The total required contribution for the year ended December 31, 2014 was \$476,072 or 15.5% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ended 2013 and 2012 were \$458,468 and \$424,808, 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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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, 2014 there was no pension related debt for the village.

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

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, 2014

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. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- Statement No. 71, *Pension - Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*

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, 2014 the total amount contributed was \$81,909. Of this amount, \$41,046 was contributed by the employer and \$40,863 was contributed by the employee. Total contributions for the years ending December 31, 2013 and 2012 were \$81,654 and \$85,538, respectively. The employer's contribution for each year was equal to the required amount.

F. SUBSEQUENT EVENT

On April 1, 2015, the Village issued \$6,785,000 of General Obligation Promissory Notes to be used for street improvement projects, acquisition of land and equipment and refunding a portion of the April 1, 2007 General Obligation Promissory Notes.

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,333,197	\$ 2,333,197	\$ 2,333,139	\$ (58)
Intergovernmental	825,093	825,093	848,823	23,730
Licenses and permits	292,716	431,880	421,133	(10,747)
Fines, forfeitures and penalties	146,160	146,160	130,926	(15,234)
Public charges for services	22,937	25,737	26,433	696
Interdepartmental charges for services	138,965	138,965	138,365	(600)
Investment income	4,222	4,222	5,640	1,418
Other revenues	66,550	146,516	146,150	(366)
Total Revenues	<u>3,829,840</u>	<u>4,051,770</u>	<u>4,050,609</u>	<u>(1,161)</u>
EXPENDITURES				
Current				
General government	654,769	659,414	701,726	(42,312)
Public safety	2,362,814	2,365,559	2,367,498	(1,939)
Public works	765,235	724,085	771,751	(47,666)
Health and sanitation	2,900	2,900	2,722	178
Culture, recreation and education	193,436	193,436	159,467	33,969
Conservation and development	157,484	183,634	140,077	43,557
Capital Outlay	2,200	14,007	47,197	(33,190)
Total Expenditures	<u>4,138,838</u>	<u>4,143,035</u>	<u>4,190,438</u>	<u>(47,403)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(308,998)</u>	<u>(91,265)</u>	<u>(139,829)</u>	<u>(48,564)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	362,000	427,091	431,326	4,235
Transfers out	(50,072)	(93,882)	(93,882)	-
Debt issued	-	-	27,468	27,468
Sale of capital assets	-	-	140	140
Total Other Financing Sources (Uses)	<u>311,928</u>	<u>333,209</u>	<u>365,052</u>	<u>31,843</u>
Net Change in Fund Balance	2,930	241,944	225,223	(16,721)
FUND BALANCE - Beginning of Year	<u>1,571,794</u>	<u>1,571,794</u>	<u>1,571,794</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,574,724</u>	<u>\$ 1,813,738</u>	<u>\$ 1,797,017</u>	<u>\$ (16,721)</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 216,000	\$ 216,000	\$ 216,000	\$ -
Intergovernmental	5,900	5,900	5,898	(2)
Public charges for services	648,550	648,550	655,150	6,600
Intergovernmental charges for services	216,000	216,000	216,000	-
Investment income	200	200	436	236
Miscellaneous	-	6,758	6,758	-
Total Revenues	<u>1,086,650</u>	<u>1,093,408</u>	<u>1,100,242</u>	<u>6,834</u>
EXPENDITURES				
Current				
Public safety	1,064,556	1,145,368	1,046,610	98,758
Capital Outlay	-	2,402	2,402	-
Total Expenditures	<u>1,064,556</u>	<u>1,147,770</u>	<u>1,049,012</u>	<u>98,758</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,094</u>	<u>(54,362)</u>	<u>51,230</u>	<u>105,592</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	19,000	19,000	-
Transfers out	(23,094)	(90,614)	(62,797)	27,817
Sale of capital assets	1,000	1,000	300	(700)
Total Other Financing Sources (Uses)	<u>(22,094)</u>	<u>(70,614)</u>	<u>(43,497)</u>	<u>27,117</u>
Net Change in Fund Balance	-	(124,976)	7,733	132,709
FUND BALANCE - Beginning of Year	<u>22,644</u>	<u>22,644</u>	<u>22,644</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 22,644</u>	<u>\$ (102,332)</u>	<u>\$ 30,377</u>	<u>\$ 132,709</u>

VILLAGE OF MUKWONAGO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
As of and for the Year Ended December 31, 2014

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
General property taxes	\$ 2,320,197	\$ 2,320,197	\$ 2,318,059	\$ (2,138)
Public accomodation (room) taxes	6,000	6,000	5,489	(511)
Interest and penalties on taxes	7,000	7,000	9,591	2,591
Total Taxes	<u>2,333,197</u>	<u>2,333,197</u>	<u>2,333,139</u>	<u>(58)</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	299,675	299,675	314,506	14,831
Exempt computer aid	8,200	8,200	9,166	966
State aid - law enforcement improvements	15,000	15,000	20,835	5,835
State aid - general transportation aids	475,068	475,068	475,068	-
Other state payments	27,150	27,150	29,248	2,098
Total Intergovernmental	<u>825,093</u>	<u>825,093</u>	<u>848,823</u>	<u>23,730</u>
LICENSES AND PERMITS				
Other regulatory permits and fees	480	480	810	330
Liquor and malt beverage	13,475	13,475	12,872	(603)
Operators' licenses	5,700	5,700	6,249	549
Cigarette licenses	1,200	1,200	1,200	-
Cable television franchise fees	106,000	106,000	96,522	(9,478)
Bicycle licenses	16	16	79	63
Dog and cat licenses	3,695	3,695	2,966	(729)
Nonbusiness licenses	3,450	3,450	2,835	(615)
Other permits	20,200	36,590	36,272	(318)
Building permits	67,000	102,660	102,714	54
Electrical permits	15,000	35,677	35,677	-
Plumbing permits	15,000	37,816	37,816	-
Occupancy permits	7,000	11,706	11,706	-
Zoning permits and fees	7,000	14,660	14,660	-
Plan review fees	15,000	27,804	27,804	-
Heating and air conditioning permits	12,500	30,951	30,951	-
Total Licenses and Permits	<u>292,716</u>	<u>431,880</u>	<u>421,133</u>	<u>(10,747)</u>

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF REVENUES - BUDGET TO ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
FINES, FORFEITURES AND PENALTIES				
Court fines	\$ 135,160	\$ 135,160	\$ 112,241	\$ (22,919)
Parking Violations	11,000	11,000	18,685	7,685
Total Fines, Forfeitures, and Penalties	<u>146,160</u>	<u>146,160</u>	<u>130,926</u>	<u>(15,234)</u>
PUBLIC CHARGES FOR SERVICES				
Publication fees	437	437	418	(19)
Photocopies	3,600	3,600	4,105	505
Treasurer's fees	6,500	6,500	6,779	279
Law enforcement fees	9,000	9,000	7,790	(1,210)
Fire protection fees	2,600	2,600	3,291	691
Other public charges for services	800	3,600	4,050	450
Total Public Charges for Services	<u>22,937</u>	<u>25,737</u>	<u>26,433</u>	<u>696</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Local - law enforcement services	120,438	120,438	123,948	3,510
Local - ambulance services	7,500	7,500	8,674	1,174
Local - other services	11,027	11,027	5,743	(5,284)
Total Intergovernmental Charges for Services	<u>138,965</u>	<u>138,965</u>	<u>138,365</u>	<u>(600)</u>
INVESTMENT INCOME				
Investment Income	<u>4,222</u>	<u>4,222</u>	<u>5,640</u>	<u>1,418</u>
MISCELLANEOUS				
Rent	14,800	14,800	15,110	310
Miscellaneous revenue	1,750	1,750	1,074	(676)
Donations	50,000	129,966	129,966	-
Total Miscellaneous	<u>66,550</u>	<u>146,516</u>	<u>146,150</u>	<u>(366)</u>
TOTAL REVENUES	<u>\$ 3,829,840</u>	<u>\$ 4,051,770</u>	<u>\$ 4,050,609</u>	<u>\$ (1,161)</u>

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL - GENERAL FUND

For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CURRENT				
GENERAL GOVERNMENT				
Village board	\$ 52,137	\$ 52,137	\$ 57,861	\$ (5,724)
Historical preservation comission	400	400	65	335
Municipal court	51,308	51,308	42,864	8,444
Village attorney	70,000	70,000	87,236	(17,236)
Village administrator	112,685	161,731	200,440	(38,709)
Village clerk/treasurer	172,052	127,651	120,981	6,670
Elections	19,399	19,399	15,299	4,100
Independent audit	11,970	11,970	10,888	1,082
Assessment of property	15,590	15,590	19,658	(4,068)
Risk and property insurance	119,383	119,383	95,345	24,038
Village hall	29,195	29,195	32,866	(3,671)
Uncollectible tax	-	-	1,377	(1,377)
Judgements and losses	-	-	16,408	(16,408)
Board of appeals	650	650	438	212
Total General Government	<u>654,769</u>	<u>659,414</u>	<u>701,726</u>	<u>(42,312)</u>
PUBLIC SAFETY				
Police department	2,199,555	2,197,655	2,217,699	(20,044)
Building inspection	140,555	145,200	137,335	7,865
Emergency government	650	650	616	34
Fire Station	3,000	3,000	5,958	(2,958)
Dam	19,054	19,054	5,890	13,164
Total Public Safety	<u>2,362,814</u>	<u>2,365,559</u>	<u>2,367,498</u>	<u>(1,939)</u>
PUBLIC WORKS				
Engineering	40,000	40,000	47,299	(7,299)
Public Works Administration	269,215	253,065	281,037	(27,972)
Machinery operation and maintenance	92,697	92,697	88,788	3,909
Garage and sheds	43,531	43,531	41,888	1,643
Curb and gutter	-	-	564	(564)
Tree and brush removal	2,241	2,241	5,698	(3,457)
Garbage Collection	3,690	3,690	3,552	138
Street signs	7,690	7,690	9,828	(2,138)
Bridges, culverts, and rivers	2,000	2,000	3,339	(1,339)
Street cleaning	6,799	6,799	6,166	633
Snow and ice control	103,284	103,284	117,383	(14,099)
Alleys and local purpose roads	58,962	33,962	28,867	5,095
Street lighting	123,800	123,800	130,920	(7,120)
Storm sewer maintenance	11,326	11,326	6,422	4,904
Total Public Works	<u>765,235</u>	<u>724,085</u>	<u>771,751</u>	<u>(47,666)</u>

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CURRENT (continued)				
HEALTH AND HUMAN SERVICES				
Public health services	\$ 2,900	\$ 2,900	\$ 2,722	\$ 178
CULTURE, RECREATION AND EDUCATION				
Museum	10,140	10,140	9,937	203
Parks	178,606	178,606	145,092	33,514
Celebration and entertainment	4,690	4,690	4,438	252
Total Culture, Recreation and Education	193,436	193,436	159,467	33,969
CONSERVATION AND DEVELOPMENT				
Forestry	3,200	13,200	866	12,334
Weed control	900	900	902	(2)
Planning commission	108,384	108,384	98,748	9,636
Economic development	30,000	46,150	39,561	6,589
Environmental protection	15,000	15,000	-	15,000
Total Conservation and Development	157,484	183,634	140,077	43,557
CAPITAL OUTLAY				
Capital expenditures	2,200	14,007	47,197	(33,190)
TOTAL EXPENDITURES	\$ 4,138,838	\$ 4,143,035	\$ 4,190,438	\$ (47,403)

VILLAGE OF MUKWONAGO

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
As of December 31, 2014

	Special Revenue Funds				
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund	Stormwater Fund
ASSETS					
Cash and investments	\$ 231,675	\$ 43,423	\$ 201,002	\$ 318,881	\$ 808
Receivables:					
Taxes	376,728	355,315	-	-	-
Accounts	-	62,187	-	-	7,799
Due from other governments	-	-	-	-	-
Due from other funds	-	300	-	-	-
Prepaid Items	5,345	324	-	-	32
Land held for resale	-	-	-	-	-
Total Assets	<u>\$ 613,748</u>	<u>\$ 461,549</u>	<u>\$ 201,002</u>	<u>\$ 318,881</u>	<u>\$ 8,639</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 15,343	\$ 53,292	\$ -	\$ 2,722	\$ -
Accrued liabilities	26,457	448	-	-	46
Due to other governments	-	-	115,000	-	-
Due to other funds	796	3,555	-	-	77
Advance from other fund	-	-	-	-	46,500
Total Liabilities	<u>42,596</u>	<u>57,295</u>	<u>115,000</u>	<u>2,722</u>	<u>46,623</u>
Deferred Inflows of Resources					
Unavailable revenue	-	-	-	-	-
Unearned revenue	<u>376,728</u>	<u>354,978</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>376,728</u>	<u>354,978</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit)					
Nonspendable	-	-	-	-	32
Restricted	194,424	-	86,002	-	-
Committed	-	49,276	-	316,159	-
Unassigned (deficit)	-	-	-	-	(38,016)
Total Fund Balances (Deficit)	<u>194,424</u>	<u>49,276</u>	<u>86,002</u>	<u>316,159</u>	<u>(37,984)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 613,748</u>	<u>\$ 461,549</u>	<u>\$ 201,002</u>	<u>\$ 318,881</u>	<u>\$ 8,639</u>

Capital Projects Funds

Impact Fee Fund	Capital Projects Fund	Community Development Fund	Library Building Fund	Capital Equipment Fund	2009 GO Bond Fund	Total Nonmajor Funds
\$ 222,496	\$ 855,334	\$ 217,336	\$ 21,005	\$ 135,760	\$ 289,903	\$ 2,537,623
-	800	-	-	80,985	-	813,828
-	-	-	-	-	5,897	75,883
-	-	-	-	15,961	-	15,961
-	-	-	-	27,250	-	27,550
-	-	-	-	-	-	5,701
-	-	1,050,030	-	-	-	1,050,030
<u>\$ 222,496</u>	<u>\$ 856,134</u>	<u>\$ 1,267,366</u>	<u>\$ 21,005</u>	<u>\$ 259,956</u>	<u>\$ 295,800</u>	<u>\$ 4,526,576</u>
-	336,475	-	-	46,492	5,897	460,221
-	-	-	-	-	-	26,951
-	-	-	-	-	-	115,000
68,761	37,727	-	-	-	-	110,916
-	-	-	-	-	-	46,500
<u>68,761</u>	<u>374,202</u>	<u>-</u>	<u>-</u>	<u>46,492</u>	<u>5,897</u>	<u>759,588</u>
-	800	-	-	-	-	800
-	-	-	-	80,985	-	812,691
-	800	-	-	80,985	-	813,491
-	-	-	-	-	-	32
153,735	-	-	-	-	-	434,161
-	481,132	1,267,366	21,005	132,479	289,903	2,557,320
-	-	-	-	-	-	(38,016)
<u>153,735</u>	<u>481,132</u>	<u>1,267,366</u>	<u>21,005</u>	<u>132,479</u>	<u>289,903</u>	<u>2,953,497</u>
<u>\$ 222,496</u>	<u>\$ 856,134</u>	<u>\$ 1,267,366</u>	<u>\$ 21,005</u>	<u>\$ 259,956</u>	<u>\$ 295,800</u>	<u>\$ 4,526,576</u>

VILLAGE OF MUKWONAGO

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Year Ended December 31, 2014

	Special Revenue Funds				
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund	Stormwater Fund
REVENUES					
Taxes	\$ 376,728	\$ 346,690	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	437,121	22,248	-	-	-
Licenses and permits	-	-	-	56,520	-
Public charges for services	36,776	245,948	-	-	31,215
Intergovernmental charges for services	-	-	-	-	-
Investment income	454	1,324	2,037	320	40
Other revenues	23,251	-	-	-	-
Total revenues	<u>874,330</u>	<u>616,210</u>	<u>2,037</u>	<u>56,840</u>	<u>31,255</u>
EXPENDITURES					
Current					
Public works	-	604,764	-	-	6,797
Culture, recreation and education	811,820	-	-	-	-
Capital Outlay	193,551	-	-	3,045	-
Debt Service					
Interest and fees	-	-	-	-	-
Total expenditures	<u>1,005,371</u>	<u>604,764</u>	<u>-</u>	<u>3,045</u>	<u>6,797</u>
Excess (deficiency) of revenues over expenditures	<u>(131,041)</u>	<u>11,446</u>	<u>2,037</u>	<u>53,795</u>	<u>24,458</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	67,110	-	-	-	-
Transfers out	(5,000)	-	(2,000)	-	-
Debt issued	-	-	-	-	-
Premium on debt issued	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>62,110</u>	<u>-</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	<u>(68,931)</u>	<u>11,446</u>	<u>37</u>	<u>53,795</u>	<u>24,458</u>
FUND BALANCES - Beginning of Year	<u>263,355</u>	<u>37,830</u>	<u>85,965</u>	<u>262,364</u>	<u>(62,442)</u>
FUND BALANCES (Deficit) - END OF YEAR	<u>\$ 194,424</u>	<u>\$ 49,276</u>	<u>\$ 86,002</u>	<u>\$ 316,159</u>	<u>\$ (37,984)</u>

Capital Projects Funds

Impact Fee Fund	Capital Projects Fund	Community Development Fund	Library Building Fund	Capital Equipment Fund	2009 GO Bond Fund	Total Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ 17,500	\$ -	\$ 740,918
-	39,200	-	-	-	-	39,200
-	22,588	-	-	-	-	481,957
130,497	-	-	-	-	-	187,017
-	-	-	-	-	-	313,939
-	-	-	-	15,961	-	15,961
256	1,602	105	330	146	333	6,947
-	-	-	-	-	-	23,251
<u>130,753</u>	<u>63,390</u>	<u>105</u>	<u>330</u>	<u>33,607</u>	<u>333</u>	<u>1,809,190</u>
-	-	-	-	-	-	611,561
-	-	-	-	-	-	811,820
1,251	441,624	-	-	136,776	102,546	878,793
-	-	30,715	-	-	-	30,715
<u>1,251</u>	<u>441,624</u>	<u>30,715</u>	<u>-</u>	<u>136,776</u>	<u>102,546</u>	<u>2,332,889</u>
<u>129,502</u>	<u>(378,234)</u>	<u>(30,610)</u>	<u>330</u>	<u>(103,169)</u>	<u>(102,213)</u>	<u>(523,699)</u>
-	-	-	-	89,882	-	156,992
(68,761)	(37,727)	-	(67,110)	-	-	(180,598)
-	-	1,275,000	-	-	-	1,275,000
-	-	22,976	-	-	-	22,976
-	-	-	-	100	-	100
<u>(68,761)</u>	<u>(37,727)</u>	<u>1,297,976</u>	<u>(67,110)</u>	<u>89,982</u>	<u>-</u>	<u>1,274,470</u>
60,741	(415,961)	1,267,366	(66,780)	(13,187)	(102,213)	750,771
<u>92,994</u>	<u>897,093</u>	<u>-</u>	<u>87,785</u>	<u>145,666</u>	<u>392,116</u>	<u>2,202,726</u>
<u>\$ 153,735</u>	<u>\$ 481,132</u>	<u>\$ 1,267,366</u>	<u>\$ 21,005</u>	<u>\$ 132,479</u>	<u>\$ 289,903</u>	<u>\$ 2,953,497</u>