

VILLAGE OF MUKWONAGO

Mukwonago, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the Year Ended December 31, 2015

VILLAGE OF MUKWONAGO

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VILLAGE OF MUKWONAGO

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Mukwonago
Mukwonago, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mukwonago, Wisconsin, as of and for the year ended December 31, 2015, 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, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the Village of Mukwonago adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information 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.

To the Village Board
Village of Mukwonago

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Mukwonago's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
May 19, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2015
(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, 2015. 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 statements, 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

- In June 2012, the GASB issued statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. These standards were implemented January 1, 2015. Therefore, the Village has restated beginning net position related to the implementation. The Village's 2014 comparative data as presented in this Management's Discussion and Analysis does not reflect the restatement.
- The Governmental Activities reported an ending net position of \$10,123,259 at the close of 2015, an increase of \$297,337 in net position over the prior year.
- The Business-Type Activity reported \$25,352,157 for 2015, an increase of \$1,887,727 in net position over the prior year.
- The combined assets and deferred outflows of resources for the Governmental and Business-Type Activity of the Village of Mukwonago exceeded its liabilities and deferred inflows of resources at the close of 2015 by \$35,475,416 and its net position increased by \$2,185,064 for the same period. The driving factor in this increase was the business park expansion in TID #3 and developer infrastructure contributions of roads and utilities elsewhere in the Village.
- The Governmental Funds reported ending fund balances of \$7,826,785 which is an increase of \$2,588,898 over 2014.
- \$1,069,421 (unassigned fund balance) of the Governmental Funds fund balances is available to spend at the Village Board's discretion. This is 14% of the total fund balances for Governmental Funds and 25% of the General Fund's 2015 expenditures.
- The Village issued \$6,785,000 in General Obligation Notes in 2015 to fund the business park expansion in TID #3, road projects elsewhere in the Village and capital equipment replacements for Public Works, Police Department and Fire Department. The borrowing included a refunding of \$1,575,000 of outstanding notes. The Village also issued a \$675,000 Taxable General Obligation Note to purchase six acres of property on STH 83 with the intention of reselling it to a commercial developer.
- The Village paid down \$4,098,584 in General Obligation debt and \$624,676 in Revenue Bonds in 2015. The net effect of all debt activity including premium amortization is a debt increase of \$2,779,921. The Village will pay down a total of \$2,921,623 in General Obligation debt and \$625,354 in Revenue Bonds in 2016.

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.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2015
(Unaudited)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (cont.)

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).

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, Tax Incremental District No. 3 fund, and Community Development 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 30-68 of this report.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2015
(Unaudited)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (cont.)

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 77-80 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position is a useful indicator of a government's financial position. The Village's combined total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,475,416 at the close of the most current fiscal year, as presented in the following table.

**VILLAGE OF MUKWONAGO NET POSITION
As of December 31, 2015 and 2014**

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
Current and other assets	\$ 17,574,775	\$ 13,608,214	\$ 4,919,217	\$ 4,853,133
Capital assets	28,258,258	26,572,013	31,031,920	30,015,100
Total assets	<u>45,833,033</u>	<u>40,180,227</u>	<u>35,951,137</u>	<u>34,868,233</u>
Deferred outflows of resources	<u>666,412</u>	<u>-</u>	<u>301,337</u>	<u>245,393</u>
Current and other liabilities	1,850,967	1,047,435	136,393	140,406
Long-term liabilities	28,293,157	24,599,079	10,763,924	11,678,081
Total liabilities	<u>30,144,124</u>	<u>25,646,514</u>	<u>10,900,317</u>	<u>11,818,487</u>
Deferred inflows of resources	<u>6,232,062</u>	<u>5,976,887</u>	<u>-</u>	<u>-</u>
Net position				
Net investment in capital assets	4,438,025	4,529,471	21,723,223	19,833,056
Restricted	3,271,205	1,996,688	1,191,569	1,066,238
Unrestricted	2,414,029	2,030,667	2,437,365	2,395,845
Total net position	<u>\$ 10,123,259</u>	<u>\$ 8,556,826</u>	<u>\$ 25,352,157</u>	<u>\$ 23,295,139</u>

Net position is comprised of three components:

- Net investment in capital assets reflects the Village's investment in capital assets (e.g. land, buildings, equipment and infrastructure) less any related debt used to acquire those assets. 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 debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- Restricted represents resources that are subject to external restrictions on how they may be used.
- Unrestricted is the remaining amount available to spend at the Village Board's discretion.

Net position was restated due to GASB Statement No. 68 and GASB No. 71 issued in June 2012 and November 2013, respectively. GASB Statement NO. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pensions. GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The restatement of net position resulted in an increase of Governmental Activities' Net position at January 1, 2015 of \$1,269,096 and an increase of Business-Type Activities' Net Position at January 1, 2015 of \$169,291.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2015
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

Governmental and Business-Type Activities. Governmental activities increased the Village's net position by \$297,337 whereas Business-Type activities increased the Village's net position by \$1,887,727. The net effect is an overall increase in the Village's total net position of \$2,185,064.

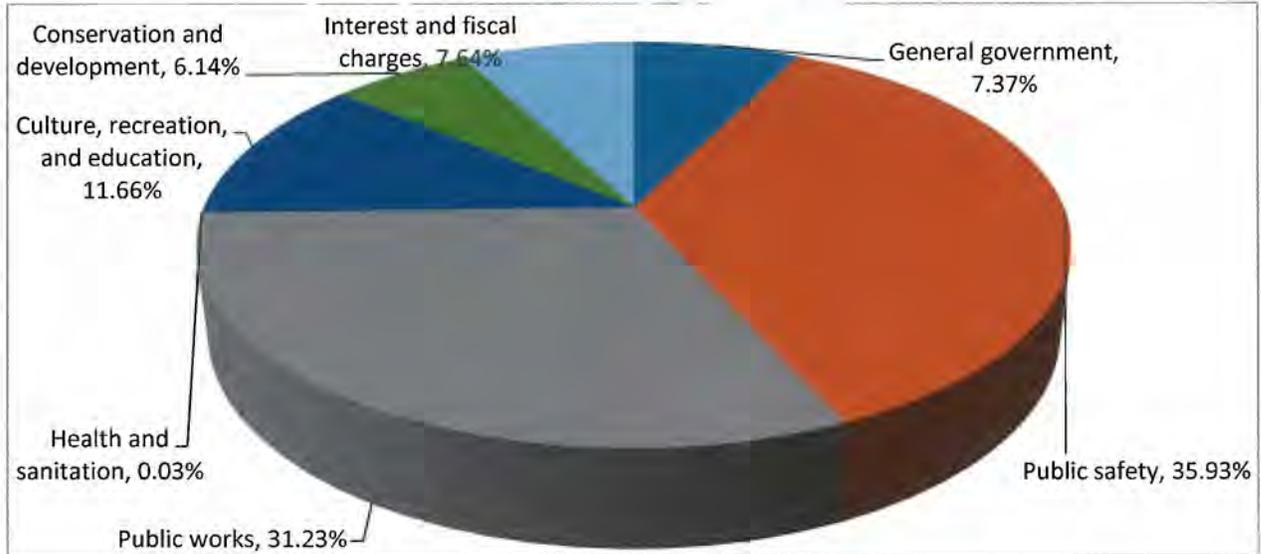
VILLAGE OF MUKWONAGO CHANGES IN NET POSITION
For the years ending December 31, 2015 and 2014

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
Revenues				
Program revenues				
Charges for services	\$ 2,363,960	\$ 1,919,533	\$ 3,575,800	\$ 3,340,821
Operating grants and contributions	1,357,012	1,159,563	-	-
Capital grants and contributions	860,672	202,978	1,845,250	123,227
General revenues				
Property and other taxes	5,982,468	5,794,566	-	-
Intergovernmental revenues not restricted to specific programs	364,657	340,664	-	-
Investment income	93,170	103,399	20,319	28,395
Other	37,572	5,772	622	186
Total revenues	<u>11,059,511</u>	<u>9,526,475</u>	<u>5,441,991</u>	<u>3,492,629</u>
Expenses				
General government	837,670	1,982,421	-	-
Public safety	4,082,966	3,697,122	-	-
Public works	3,549,663	2,603,020	-	-
Health and sanitation	2,865	2,721	-	-
Culture, recreation and education	1,325,719	1,217,439	-	-
Conservation and development	698,227	140,077	-	-
Interest and fiscal charges	867,866	793,524	-	-
Water Utility	-	-	1,194,627	1,185,952
Sewer Utility	-	-	1,756,835	1,572,652
Total expenses	<u>11,364,976</u>	<u>10,436,324</u>	<u>2,951,462</u>	<u>2,758,604</u>
Transfers	<u>602,802</u>	<u>373,929</u>	<u>(602,802)</u>	<u>(373,929)</u>
Increase (decrease) in net position	297,337	(535,920)	1,887,727	360,096
Net position - January 1 (as restated)	<u>9,825,922</u>	<u>9,092,746</u>	<u>23,464,430</u>	<u>22,935,043</u>
Net position - December 31	<u>\$ 10,123,259</u>	<u>\$ 8,556,826</u>	<u>\$ 25,352,157</u>	<u>\$ 23,295,139</u>

Village of Mukwonago
 Management's Discussion and Analysis
 As of and for the Year Ended December 31, 2015
 (Unaudited)

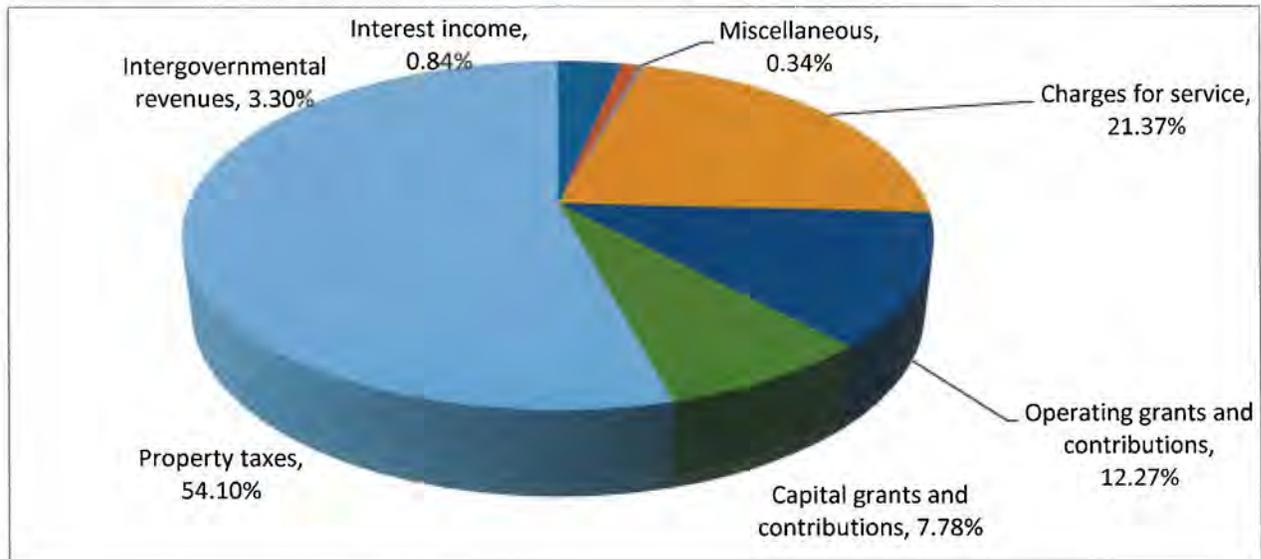
EXPENSES BY FUNCTION – GOVERNMENTAL ACTIVITIES

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 \$1,887,727. The operating income of the business-type activities was \$1,130,667, with the net non-operating expenses of \$485,388 and capital contributions and transfer activity of \$1,242,448. Operating revenue for the current fiscal year was at \$3,542,549 with the operating expense at \$2,411,882.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2015
(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 2015 the percentage shown is of the total 2015 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 in the chart 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 Dept, Library & Recycling operating funds
- Assigned – Constraints are placed on the use of funds for specific purposes by the Village Board but can be reallocated by a Village Board designee
 - Accrued sick leave, Fire Dept capital and Village designated use funds
- Unassigned – funds are available for spending at the Village Board's discretion, net of negative fund balances

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2015
(Unaudited)

Fund Balances as listed in the Balance Sheet for Governmental Funds	2015	% of Total	2014	Increase (Decrease) from Prior Year	% Change from Prior Year Increase (Decrease)	Explanation of Change
Nonspendable Fund Balances						
Stormwater	\$ 26,500		\$ 46,500	\$ (20,000)	-43.0%	Partial payback of General Fund advance to Stormwater
Various - Prepaid	128,581		64,485	64,096	99.4%	Additional costs incurred for potential TIDs & employee
	<u>\$ 155,081</u>	<u>2%</u>	<u>\$ 110,985</u>	<u>\$ 44,096</u>	<u>39.7%</u>	
Restricted Fund Balances						
Debt Service	\$ 352,399		\$ 270,689	\$ 81,710	30.2%	Installment plans paid in full
						Loan proceeds to replenish fund for 2014 purchase of ROW;
TID #3	1,418,566		186,307	1,232,259	661.4%	developer proceeds received to offset project costs
Library	84,882		194,424	(109,542)	-56.3%	Use of reserves in budget;
Revolving Loan	87,271		86,002	1,269	1.5%	unanticipated legal costs
Impact Fees	184,087		153,735	30,352	19.7%	Revenues from new development
	<u>\$ 2,127,205</u>	<u>27%</u>	<u>\$ 891,157</u>	<u>\$ 1,236,048</u>	<u>138.7%</u>	
Committed Fund Balances						
Fire Dept	\$ 32,594		\$ 24,805	\$ 7,789	31.4%	Limited use of grants & donations received in 2015
Recycling	63,373		49,276	14,097	28.6%	Revenues from new residential development
Parkland Site	165,716		316,153	(150,437)	-47.6%	Use of reserves to reconstruct bathroom damaged in fire
Capital Projects	565,108		771,041	(205,933)	-26.7%	Use of reserves for road infrastructure projects
Community Development	2,685,154		1,267,366	1,417,788	111.9%	Purchase of 2nd property for resale & debt proceeds to fund road project related to that
Library Building	21,203		21,005	198	0.9%	
Capital Equipment	168,661		132,479	36,182	27.3%	Unspent debt proceeds from planned purchases
	<u>\$ 3,701,809</u>	<u>47%</u>	<u>\$ 2,582,125</u>	<u>\$ 1,119,684</u>	<u>43.4%</u>	
Assigned Fund Balances						
GF - Accrued Sick Leave	\$ 208,489		\$ 208,213	\$ 276	0.1%	
GF - Fire Dept Capital	218,641		169,631	49,010	28.9%	Village share of savings from operating budget
GF - Village Designated	346,139		262,708	83,431	31.8%	Prohealth donation
	<u>\$ 773,269</u>	<u>10%</u>	<u>\$ 640,552</u>	<u>\$ 132,717</u>	<u>20.7%</u>	
Unassigned Fund Balances						
General Fund	\$ 1,085,828		\$ 1,051,084	\$ 34,744	3.3%	Unanticipated revenues from development
Stormwater	(16,407)		(38,016)	21,609	-56.8%	Partial payback of General Fund advance to Stormwater
	<u>\$ 1,069,421</u>	<u>14%</u>	<u>\$ 1,013,068</u>	<u>\$ 56,353</u>	<u>5.6%</u>	
Total Governmental Funds Fund Balance	<u>\$ 7,826,785</u>	<u>100%</u>	<u>\$ 5,237,887</u>	<u>\$ 2,588,898</u>	<u>49.4%</u>	

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2015
(Unaudited)

General Fund budgetary highlights. The total appropriations, including those for transfers out, were \$4,638,105. Actual expenditures and transfers out were \$4,439,013, resulting in a \$199,092 favorable variance. Total revenues and other financing sources were \$4,643,748, \$5,643 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.

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, 2015 amounts to \$59,290,178 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment, roads, storm sewers, library collection, and software.

VILLAGE OF MUKWONAGO'S CAPITAL ASSETS
(net of accumulated depreciation)
December 31, 2015 and 2014

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
Land	\$ 1,909,628	\$ 1,909,628	\$ 572,364	\$ 572,364
Construction in progress	84,346	200,407	181,971	-
Land improvements	910,398	951,965	-	-
Buildings and improvements	8,872,521	8,831,843	29,483,730	28,259,938
Machinery and equipment	2,524,179	1,998,773	793,855	1,182,798
Roads	10,954,540	10,326,560	-	-
Storm sewers	2,510,634	1,849,328	-	-
Library collection	418,826	415,040	-	-
Software	73,186	88,469	-	-
Total	<u>\$ 28,258,258</u>	<u>\$ 26,572,013</u>	<u>\$ 31,031,920</u>	<u>\$ 30,015,100</u>

Additional information on the Village's capital assets can be found in Note III.D.

Long-term debt. At the end of the current fiscal year, the Village had total debt outstanding of \$39,057,081. Of this amount, \$29,322,233 comprises debt backed by the full faith and credit of the government, with related premiums balance of \$575,255. There is \$8,427,815 of revenue bonds outstanding that are financed by user fees. The remainder of the Village's obligations represents accumulated sick pay benefits, and due to other governments.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2015
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION (cont.)

VILLAGE OF MUKWONAGO'S OUTSTANDING DEBT

December 31, 2015 and 2014

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
General obligation debt	\$27,136,983	\$23,501,317	\$ 2,185,250	\$ 2,459,500
Premiums	476,383	266,687	98,872	110,475
Capital leases	-	149,899	-	-
Compensated absences	564,791	566,176	51,987	55,615
Due to other governments	115,000	115,000	-	-
Revenue bonds	-	-	8,427,815	9,052,491
Total	<u>\$28,293,157</u>	<u>\$24,599,079</u>	<u>\$10,763,924</u>	<u>\$11,678,081</u>

The net effect of all debt activity during the current year was total debt increased by \$2,779,921.

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 \$37,237,785. Total general obligation debt outstanding at year end was \$29,322,233.

Additional information on the Village of Mukwonago's long-term debt can be found in Note III.F.

ECONOMIC FACTORS AND OTHER BUDGET NOTES

The Village uses a biennial budget process to balance operating budgets without using reserve funds. Departments are charged with keeping expenditures in line with the conservative revenues forecasted for the two year period and have been largely successful in staying within budget. 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 utilizes 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 which yielded 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.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2015
(Unaudited)

ECONOMIC FACTORS AND OTHER BUDGET NOTES (cont.)

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 \$225,223 surplus in the General Fund for 2014 and a \$204,735 surplus in 2015, due in part to departmental control over operating expenditures and an improving economy that resulted in unforeseen development-related revenues in both years/ 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 3.5% in fiscal 2015 to \$745 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 had three major projects completed as part of the business park expansion in TID #3: Gearbox Express, Lynch and Aldi. These three projects are estimated to add \$17million in developed value to the TID. ProHealth expanded to add an emergency department, which has resulted in increased ambulance revenues from inter-facility transports. Kwik-Trip came into the Village on Hwy 83 with an estimated value of just under \$1.5 million. The Village is in negotiations with a developer on the Village-owned property purchased across from the Kwik-Trip and is actively working to market and develop the former Lynch Property. The Village is considering the potential for a new industrial park and private-party negotiations are occurring on property near I-43 that could lead to significant commercial development. Lastly, Premier Woods is a multi-phased residential development currently being constructed.

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.

BASIC FINANCIAL STATEMENTS

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VILLAGE OF MUKWONAGO

STATEMENT OF NET POSITION As of December 31, 2015

	Governmental Activities	Business - type Activities	Totals
ASSETS			
Cash and investments	\$ 7,462,927	\$ 1,601,672	\$ 9,064,599
Receivables:			
Taxes	6,455,867	18,755	6,474,622
Accounts, net of allowance	457,874	815,322	1,273,196
Special assessments	766,008	46,349	812,357
Due from other governmental units	23,113	-	23,113
Internal balances	671	(671)	-
Inventories and prepaid items	128,880	22,911	151,791
Land held for resale	1,700,062	-	1,700,062
Restricted Assets			
Cash and investments	-	2,337,594	2,337,594
Net pension asset	579,373	77,285	656,658
Capital Assets			
Land	1,909,628	572,364	2,481,992
Construction in progress	84,346	181,971	266,317
Other capital assets, net of depreciation	26,264,284	30,277,585	56,541,869
 Total Assets	 <u>45,833,033</u>	 <u>35,951,137</u>	 <u>81,784,170</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	209,915	209,915
Deferred outflows related to pensions	666,412	91,422	757,834
 Total Deferred Outflows of Resources	 <u>666,412</u>	 <u>301,337</u>	 <u>967,749</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,850,967	125,833	1,976,800
Deposits	-	10,560	10,560
Noncurrent Liabilities			
Due within one year	2,774,428	875,304	3,649,732
Due in more than one year	25,518,729	9,888,620	35,407,349
 Total Liabilities	 <u>30,144,124</u>	 <u>10,900,317</u>	 <u>41,044,441</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	6,232,062	-	6,232,062
NET POSITION			
Net investment in capital assets	4,438,025	21,723,223	25,307,577
Restricted for			
Debt service	2,329,227	51,636	2,380,863
Library	91,247	-	91,247
Revolving loan	87,271	-	87,271
Impact fees	184,087	372,537	556,624
Equipment replacement	-	690,111	690,111
Pensions	579,373	77,285	656,658
Unrestricted	2,414,029	2,437,365	5,705,065
 TOTAL NET POSITION	 <u>\$ 10,123,259</u>	 <u>\$ 25,352,157</u>	 <u>\$ 35,475,416</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

<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	\$ 837,670	\$ 163,045	\$ 247,207	\$ 7,200
Public safety	4,082,966	1,472,295	67,869	121,453
Public works	3,549,663	674,003	556,813	577,653
Health and sanitation	2,865	-	-	-
Culture, recreation and education	1,325,719	54,317	485,123	154,366
Conservation and development	698,227	300	-	-
Interest and fiscal charges	867,866	-	-	-
Total Governmental Activities	<u>11,364,976</u>	<u>2,363,960</u>	<u>1,357,012</u>	<u>860,672</u>
Business-type Activities				
Water Utility	1,194,627	1,831,669	-	789,967
Sewer Utility	1,756,835	1,744,131	-	1,055,283
Total Business-type Activities	<u>2,951,462</u>	<u>3,575,800</u>	<u>-</u>	<u>1,845,250</u>
Total	<u>\$ 14,316,438</u>	<u>\$ 5,939,760</u>	<u>\$ 1,357,012</u>	<u>\$ 2,705,922</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 (as restated)

NET POSITION - END OF YEAR

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business - type Activities	Totals
\$ (420,218)	\$ -	\$ (420,218)
(2,421,349)	-	(2,421,349)
(1,741,194)	-	(1,741,194)
(2,865)	-	(2,865)
(631,913)	-	(631,913)
(697,927)	-	(697,927)
(867,866)	-	(867,866)
<u>(6,783,332)</u>	<u>-</u>	<u>(6,783,332)</u>
-	1,427,009	1,427,009
-	<u>1,042,579</u>	<u>1,042,579</u>
-	2,469,588	2,469,588
<u>(6,783,332)</u>	<u>2,469,588</u>	<u>(4,313,744)</u>
3,345,146	-	3,345,146
1,894,657	-	1,894,657
736,299	-	736,299
6,366	-	6,366
364,657	-	364,657
93,170	20,319	113,489
37,572	622	38,194
<u>6,477,867</u>	<u>20,941</u>	<u>6,498,808</u>
<u>602,802</u>	<u>(602,802)</u>	<u>-</u>
297,337	1,887,727	2,185,064
<u>9,825,922</u>	<u>23,464,430</u>	<u>33,290,352</u>
<u>\$ 10,123,259</u>	<u>\$ 25,352,157</u>	<u>\$ 35,475,416</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2015

	General Fund	Fire and Ambulance Fund
ASSETS		
Cash and investments	\$ 1,925,057	\$ 241,766
Receivables:		
Taxes	2,342,378	210,000
Accounts, net of allowance	121,755	152,350
Special assessments	-	-
Due from other governments	-	23,113
Due from other funds	88,928	1,606
Advance to other fund	26,500	-
Prepaid items	116,155	5,589
Land held for resale	-	-
TOTAL ASSETS	\$ 4,620,773	\$ 634,424
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 166,564	\$ 65,542
Accrued liabilities	79,686	22,309
Due to other funds	3,946	83,223
Due to other governments	25,654	82,452
Advances from other fund	-	-
Total Liabilities	275,850	253,526
Deferred Inflows of Resources		
Unavailable revenue	1,387	132,715
Unearned revenue	2,341,784	210,000
Total Deferred Inflows of Resources	2,343,171	342,715
Fund Balances		
Nonspendable	142,655	5,589
Restricted	-	-
Committed	-	32,594
Assigned	773,269	-
Unassigned (deficit)	1,085,828	-
Total Fund Balances	2,001,752	38,183
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,620,773	\$ 634,424

See accompanying notes to the financial statements.

Debt Service Fund	Tax Incremental District No. 3 Fund	Community Development Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 352,400	\$ 2,141,737	\$ 990,120	\$ 1,811,847	\$ 7,462,927
2,322,301	738,025	-	843,163	6,455,867
-	86,400	6,619	90,750	457,874
766,008	-	-	-	766,008
-	-	-	-	23,113
-	-	-	627	91,161
-	-	-	-	26,500
-	299	-	6,837	128,880
-	-	1,700,062	-	1,700,062
<u>\$ 3,440,709</u>	<u>\$ 2,966,461</u>	<u>\$ 2,696,801</u>	<u>\$ 2,753,224</u>	<u>\$ 17,112,392</u>
\$ -	\$ 722,351	\$ 11,647	\$ 416,748	\$ 1,382,852
-	1,066	-	18,653	121,714
-	53	-	3,268	90,490
-	-	-	115,000	223,106
-	-	-	26,500	26,500
-	<u>723,470</u>	<u>11,647</u>	<u>580,169</u>	<u>1,844,662</u>
988,381	86,400	-	-	1,208,883
2,099,929	738,025	-	842,324	6,232,062
<u>3,088,310</u>	<u>824,425</u>	<u>-</u>	<u>842,324</u>	<u>7,440,945</u>
-	-	-	6,837	155,081
352,399	1,418,566	-	356,240	2,127,205
-	-	2,685,154	984,061	3,701,809
-	-	-	-	773,269
-	-	-	(16,407)	1,069,421
<u>352,399</u>	<u>1,418,566</u>	<u>2,685,154</u>	<u>1,330,731</u>	<u>7,826,785</u>
<u>\$ 3,440,709</u>	<u>\$ 2,966,461</u>	<u>\$ 2,696,801</u>	<u>\$ 2,753,224</u>	<u>\$ 17,112,392</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2015

Total Fund Balances - Governmental Funds	\$ 7,826,785
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	84,346
Other capital assets	39,353,202
Less: Accumulated depreciation/amortization	(13,088,918)
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	579,373
Deferred outflows of resources related to pensions do not related to current financial resources and are not reported in the governmental funds.	666,412
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	1,208,883
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds and notes payable	(27,613,366)
Compensated absences	(564,791)
Accrued interest	(238,295)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 10,123,259</u>

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VILLAGE OF MUKWONAGO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2015

	General Fund	Fire and Ambulance Fund
REVENUES		
Taxes	\$ 2,339,681	\$ 210,000
Special assessments	-	-
Intergovernmental	862,687	10,282
Licenses and permits	529,163	-
Fines, forfeitures and penalties	158,099	-
Public charges for services	29,720	929,192
Intergovernmental charges for services	128,772	210,000
Investment income	6,674	361
Other revenues	171,212	9,025
Total Revenues	4,226,008	1,368,860
EXPENDITURES		
Current		
General government	689,688	-
Public safety	2,402,431	1,179,290
Public works	678,347	-
Health and human services	2,865	-
Culture, recreation and education	188,008	-
Conservation and development	173,540	-
Capital Outlay	30,370	9,411
Debt Service		
Principal	-	-
Interest and fees	-	-
Total Expenditures	4,165,249	1,188,701
Excess (deficiency) of revenues over expenditures	60,759	180,159
OTHER FINANCING SOURCES (USES)		
Transfers in	404,778	-
Transfers out	(273,764)	(189,119)
Debt issued	-	-
Premium on debt issued	-	-
Sale of capital assets	12,962	16,766
Total Other Financing Sources (Uses)	143,976	(172,353)
Net Change in Fund Balances	204,735	7,806
FUND BALANCES - Beginning of Year	1,797,017	30,377
FUND BALANCES - END OF YEAR	\$ 2,001,752	\$ 38,183

See accompanying notes to the financial statements.

Debt Service Fund	Tax Incremental District No. 3 Fund	Community Development Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,894,657	\$ 736,299	\$ -	\$ 813,028	\$ 5,993,665
241,733	-	-	800	242,533
-	5,735	-	471,594	1,350,298
-	-	-	238,245	767,408
-	-	-	-	158,099
-	-	-	321,498	1,280,410
-	-	-	37,574	376,346
69,959	3,619	1,273	5,985	87,871
-	-	-	169,282	349,519
<u>2,206,349</u>	<u>745,653</u>	<u>1,273</u>	<u>2,058,006</u>	<u>10,606,149</u>
-	84,465	2,755	-	776,908
-	-	-	-	3,581,721
-	160,771	57,696	629,490	1,526,304
-	-	-	-	2,865
-	-	-	870,936	1,058,944
-	511,883	15,518	-	700,941
-	1,829,680	-	2,059,886	3,929,347
3,295,207	679,026	-	-	3,974,233
562,575	220,327	16,713	21,619	821,234
<u>3,857,782</u>	<u>3,486,152</u>	<u>92,682</u>	<u>3,581,931</u>	<u>16,372,497</u>
<u>(1,651,433)</u>	<u>(2,740,499)</u>	<u>(91,409)</u>	<u>(1,523,925)</u>	<u>(5,766,348)</u>
374,769	196,748	-	529,211	1,505,506
-	-	-	(439,821)	(902,704)
1,307,738	3,635,253	1,478,101	1,038,908	7,460,000
50,636	140,757	31,096	40,227	262,716
-	-	-	-	29,728
<u>1,733,143</u>	<u>3,972,758</u>	<u>1,509,197</u>	<u>1,168,525</u>	<u>8,355,246</u>
81,710	1,232,259	1,417,788	(355,400)	2,588,898
<u>270,689</u>	<u>186,307</u>	<u>1,267,366</u>	<u>1,686,131</u>	<u>5,237,887</u>
<u>\$ 352,399</u>	<u>\$ 1,418,566</u>	<u>\$ 2,685,154</u>	<u>\$ 1,330,731</u>	<u>\$ 7,826,785</u>

See accompanying notes to the financial statements.

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, 2015

Net change in fund balances - total governmental funds	\$ 2,588,898
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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</p>	
Capital outlay is reported as an expenditure in the fund financial statements, but is capitalized in the government-wide statements	3,929,347
Some items reported as outlay were not capitalized	(1,456,180)
Contributed capital assets	584,853
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	163,128
Depreciation is reported in the government-wide statements	(1,380,518)
Net book value of assets retired	(154,385)
<p>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.</p>	
Special assessments	(247,620)
Developer receivable	86,400
<p>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.</p>	
Debt issued	(7,460,000)
Principal refunded	1,575,000
Principal repaid	2,399,233
<p>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.</p>	
Compensated absences	1,385
Accrued interest on debt	(99,197)
Net pension asset	(365,662)
Deferred outflows of resources related to pensions	342,351
<p>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 additions 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</p>	
Premium on new debt	(262,716)
Amortization of debt premiums	53,020
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 297,337

See accompanying notes to the financial statements.

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VILLAGE OF MUKWONAGO

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2015

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and investments	\$ 883,407	\$ 718,265	\$ 1,601,672
Receivables:			
Accounts	432,994	382,328	815,322
Taxes	12,065	6,690	18,755
Due from other funds	3,946	-	3,946
Inventories	18,937	-	18,937
Prepaid items	1,732	2,242	3,974
Restricted Assets			
Cash and investments	37,175	44,446	81,621
Total Current Assets	<u>1,390,256</u>	<u>1,153,971</u>	<u>2,544,227</u>
Noncurrent Assets			
Restricted Assets			
Cash and investments	521,284	1,734,689	2,255,973
Net pension asset	37,636	39,649	77,285
Other Assets			
Special assessments receivable	30,324	16,025	46,349
Capital Assets			
Land	556,467	15,897	572,364
Construction in progress	-	181,971	181,971
Other capital assets, net of depreciation	<u>16,347,875</u>	<u>13,929,710</u>	<u>30,277,585</u>
Total Noncurrent Assets	<u>17,493,586</u>	<u>15,917,941</u>	<u>33,411,527</u>
Total Assets	<u>18,883,842</u>	<u>17,071,912</u>	<u>35,955,754</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	209,915	209,915
Deferred outflows related to pensions	<u>43,283</u>	<u>48,139</u>	<u>91,422</u>
Total Deferred Outflows of Resources	<u>43,283</u>	<u>258,054</u>	<u>301,337</u>

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	\$ 17,643	\$ 54,083	\$ 71,726
Accrued liabilities	7,012	5,813	12,825
Accrued interest payable	3,784	7,513	11,297
Deposits	10,560	-	10,560
Due to other funds	2,357	2,260	4,617
Current portion of long-term debt	165,689	75,600	241,289
Current portion of compensated absences	8,301	360	8,661
Liabilities Payable From Restricted Assets			
Accrued interest payable	12,527	17,458	29,985
Current portion of revenue bonds	301,464	323,890	625,354
Total Current Liabilities	<u>529,337</u>	<u>486,977</u>	<u>1,016,314</u>
Noncurrent Liabilities			
Long-Term Debt			
Bonds and notes payable	3,910,998	5,934,296	9,845,294
Compensated absences	41,526	1,800	43,326
Total Noncurrent Liabilities	<u>3,952,524</u>	<u>5,936,096</u>	<u>9,888,620</u>
Total Liabilities	<u>4,481,861</u>	<u>6,423,073</u>	<u>10,904,934</u>
NET POSITION			
Net investment in capital assets	12,963,207	8,760,016	21,723,223
Restricted for			
Equipment replacement	-	690,111	690,111
Impact fees	84,268	288,269	372,537
Debt service	24,648	26,988	51,636
Pensions	37,636	39,649	77,285
Unrestricted	1,335,505	1,101,860	2,437,365
TOTAL NET POSITION	<u>\$ 14,445,264</u>	<u>\$ 10,906,893</u>	<u>\$ 25,352,157</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
OPERATING REVENUES	\$ 1,814,419	\$ 1,728,130	\$ 3,542,549
OPERATING EXPENSES			
Operation and maintenance	567,779	717,127	1,284,906
Depreciation	426,796	663,500	1,090,296
Taxes	17,786	18,894	36,680
Total Operating Expenses	1,012,361	1,399,521	2,411,882
Operating Income	802,058	328,609	1,130,667
NONOPERATING REVENUES (EXPENSES)			
Investment income	8,903	11,416	20,319
Miscellaneous	17,250	16,623	33,873
Interest and fiscal charges	(182,266)	(275,775)	(458,041)
Loss on abandonment	-	(81,539)	(81,539)
Total Nonoperating Revenues (Expense)	(156,113)	(329,275)	(485,388)
Income (Loss) Before Capital Contributions and Transfers	645,945	(666)	645,279
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital contribution	789,967	1,055,283	1,845,250
Transfers in	-	10,000	10,000
Transfers out	(489,008)	(123,794)	(612,802)
Total Capital Contributions and Transfers	300,959	941,489	1,242,448
Change in Net Position	946,904	940,823	1,887,727
NET POSITION - Beginning of Year (as restated)	13,498,360	9,966,070	23,464,430
NET POSITION - END OF YEAR	\$ 14,445,264	\$ 10,906,893	\$ 25,352,157

See accompanying notes to the financial statements.

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VILLAGE OF MUKWONAGO

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2015

	Business - type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,893,269	\$ 1,699,567	\$ 3,592,836
Paid to suppliers for goods and services	(430,375)	(577,106)	(1,007,481)
Paid to employees for services	(206,871)	(242,991)	(449,862)
Net Cash Flows From Operating Activities	1,256,023	879,470	2,135,493
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	14,892	17,842	32,734
Net Cash Flows From Investing Activities	14,892	17,842	32,734
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(348,166)	(7,888)	(356,054)
Transfers in (out)	(140,842)	(105,906)	(246,748)
Net Cash Flows From Noncapital Financing Activities	(489,008)	(113,794)	(602,802)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(493,360)	(405,565)	(898,925)
Interest paid	(187,058)	(250,023)	(437,081)
Special assessments received	103,597	111,627	215,224
Acquisition and construction of capital assets	(50,825)	(586,820)	(637,645)
Connection fees received	214,991	126,846	341,837
Net Cash Flows From Capital and Related Financing Activities	(412,655)	(1,003,935)	(1,416,590)
Net Change in Cash and Cash Equivalents	369,252	(220,417)	148,835
CASH AND CASH EQUIVALENTS - Beginning of Year	1,072,614	2,717,817	3,790,431
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,441,866	\$ 2,497,400	\$ 3,939,266

See accompanying notes to the financial statements.

Business - Type Activities - Enterprise Funds

**RECONCILIATION OF OPERATING INCOME
TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
Operating income	\$ 802,058	\$ 328,609	\$ 1,130,667
Miscellaneous nonoperating activities	17,250	16,623	33,873
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	426,796	663,500	1,090,296
Depreciation charged to other funds	27,426	(27,426)	-
Changes in assets and liabilities:			
Accounts receivable	(19,149)	(19,059)	(38,208)
Materials and supplies	523	-	523
Prepaid items	686	2,667	3,353
Due from municipality	43,703	1,299	45,002
Accounts payable	(32,685)	(17,641)	(50,326)
Due to municipality	(23,335)	(54,937)	(78,272)
Accrued liabilities	3,785	(7,412)	(3,627)
Other current liabilities	(2,175)	(5,816)	(7,991)
Pension related deferrals and assets	1,522	(937)	585
Customer deposits	9,618	-	9,618
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,256,023</u>	<u>\$ 879,470</u>	<u>\$ 2,135,493</u>

**RECONCILIATION OF CASH AND CASH
EQUIVALENTS TO THE STATEMENT OF
NET POSITION - PROPRIETARY FUNDS**

Cash and investments - statement of net position	\$ 883,407	\$ 718,265	\$ 1,601,672
Restricted cash and investments - statement of net position	<u>558,459</u>	<u>1,779,135</u>	<u>2,337,594</u>
CASH AND CASH EQUIVALENTS	<u>\$ 1,441,866</u>	<u>\$ 2,497,400</u>	<u>\$ 3,939,266</u>

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

Capital contributions	<u>\$ 574,976</u>	<u>\$ 928,437</u>
Amortization of debt premium	<u>\$ 3,006</u>	<u>\$ 8,598</u>
Amortization of loss on refunding	<u>\$ -</u>	<u>\$ 35,479</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2015

	<u>Agency Fund</u> <u>Tax Escrow</u> <u>Fund</u>
ASSETS	
Cash and investments	\$ 7,388,048
Taxes receivable	752,437
Total Assets	<u>8,140,485</u>
LIABILITIES	
Accounts payable	30,734
Due to other governments	<u>8,109,751</u>
Total Liabilities	<u>8,140,485</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, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The village has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2012, the GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

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.

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.
- Community Development Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned for the acquisition of land, equipment and/or major capital projects related to community development.
- 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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements (cont.)

The village reports the following major enterprise funds:

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

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	
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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Government-Wide Financial Statements

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

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, 2015, 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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements (cont.)

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

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

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

1. Deposits and Investments

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

Investment of village funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

1. Deposits and Investments (cont.)

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

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

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

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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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.)

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, 2015, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the village, taxes are collected for and remitted to the state and county governments as well as the local school district, Phantom Lake 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 - 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale - 2015 delinquent real estate taxes	October 2018

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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

2. Receivables (cont.)

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

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or operation and maintenance expense when used.

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	50 Years
Land Improvements	20-50 Years
Machinery and Equipment	3-25 Years
Utility System	3-77 Years
Infrastructure	20-50 Years
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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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.)

6. Land Held for Resale

In 2014, 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 cost. 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, 2015, the land is reported at \$1,050,030.

In 2015, the Village purchased 6 acres of property on STH 83 across from Kwik-Trip in Mukwonago with the intention of selling it to a commercial developer. The Village's investment in the property is \$650,032 and is recorded as an asset in the Community Development Fund at the lower of cost or estimated net realizable value. As of December 31, 2015 the land is reported at \$650,032.

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.

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, 2015, are determined on the basis of current salary rates and include salary related payments.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

9. 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, 2015

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	\$ 4,438,025	\$ 21,723,223	\$ (853,671)	\$ 25,307,577
Unrestricted	2,414,029	2,437,365	853,671	5,705,065

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, 2015

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 do not meet the criteria to be classified as 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 to maintain a minimum fund balance of 25% of the subsequent year's General Fund budgeted expenditures. As of December 31, 2015, this amount is \$1,063,939 and is included within the unassigned fund balance category.

See Note III. G. for further information.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Library Fund	\$ 953,897	\$ 979,917	\$ 26,020
2009 GO Bond Fund	284,821	290,238	5,417

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, 2015, the following individual funds held a deficit balance:

Fund	Amount	Reason
Stormwater Fund	\$ 16,294	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, 2015

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	\$ 4,963,379	\$ 5,013,027	Custodial credit risk
LGIP	13,826,461	13,826,461	Credit risk
Petty cash	401	-	N/A
 Total Deposits and Investments	 \$ 18,790,241	 \$ 18,839,488	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 9,064,599		
Restricted cash and investments	2,337,594		
Per statement of assets and liabilities -			
agency fund			
Agency fund	7,388,048		
 Total Deposits and Investments	 \$ 18,790,241		

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 agreements with its banks. At December 31, 2015, the banks had pledged various government securities in the amount of \$4,307,524 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, 2015

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 except for \$766,008 of special assessments.

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	\$ 6,232,062	\$ -
Ambulance receivable	-	132,715
Special assessments not yet due	-	767,396
Special assessments principal and interest on tax roll	-	222,372
Developer payment receivable	-	86,400
	<u> </u>	<u> </u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 6,232,062</u>	<u>\$ 1,208,883</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2015:

	<u>Restricted Assets</u>
Water redemption account - current	\$ 37,175
Water reserve account	437,016
Water impact fee account	84,268
Sewer redemption account - current	44,446
Sewer reserve account	756,308
Sewer impact fee account	288,270
Equipment replacement account	690,111
Net pension asset	<u>656,658</u>
 Total	 <u>\$ 2,994,252</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,909,628	\$ -	\$ -	\$ 1,909,628
Construction in progress	<u>200,407</u>	<u>33,516</u>	<u>149,577</u>	<u>84,346</u>
Total Capital Assets Not Being Depreciated	<u>2,110,035</u>	<u>33,516</u>	<u>149,577</u>	<u>1,993,974</u>
Capital assets being depreciated/amortized				
Land improvements	1,152,054	-	-	1,152,054
Buildings	10,824,641	259,768	-	11,084,409
Machinery and equipment	4,409,625	838,324	280,437	4,967,512
Roads	16,965,754	1,270,223	-	18,235,977
Storm sewers	2,273,924	710,336	-	2,984,260
Library collection	793,155	108,981	87,640	814,496
Intangible assets	<u>114,494</u>	<u>-</u>	<u>-</u>	<u>114,494</u>
Total Capital Assets Being Depreciated/Amortized	<u>36,533,647</u>	<u>3,187,632</u>	<u>368,077</u>	<u>39,353,202</u>
Total Capital Assets	<u>38,643,682</u>	<u>3,221,148</u>	<u>517,654</u>	<u>41,347,176</u>
Less: Accumulated depreciation/amortization for				
Land improvements	(200,089)	(41,567)	-	(241,656)
Buildings	(1,992,798)	(219,090)	-	(2,211,888)
Machinery and equipment	(2,410,852)	(308,110)	275,629	(2,443,333)
Roads	(6,639,194)	(642,243)	-	(7,281,437)
Storm sewers	(424,596)	(49,030)	-	(473,626)
Library collection	(378,115)	(105,195)	87,640	(395,670)
Intangible assets	<u>(26,025)</u>	<u>(15,283)</u>	<u>-</u>	<u>(41,308)</u>
Total Accumulated Depreciation/Amortization	<u>(12,071,669)</u>	<u>(1,380,518)</u>	<u>363,269</u>	<u>(13,088,918)</u>
Net Capital Assets Being Depreciated/Amortized	<u>24,461,978</u>	<u>1,807,114</u>	<u>4,808</u>	<u>26,264,284</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 26,572,013</u>	<u>\$ 1,840,630</u>	<u>\$ 154,385</u>	<u>\$ 28,258,258</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 45,121
Public safety	280,440
Public works, which includes the depreciation of infrastructure	765,287
Culture, recreation and education	<u>289,670</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 1,380,518</u>

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 15,897	\$ -	\$ -	\$ 15,897
Construction in progress	<u>-</u>	<u>181,971</u>	<u>-</u>	<u>181,971</u>
Total Capital Assets Not Being Depreciated	<u>15,897</u>	<u>181,971</u>	<u>-</u>	<u>197,868</u>
Capital assets being depreciated				
Buildings and improvements	20,557,741	1,204,791	395,084	21,367,448
Machinery and equipment	<u>1,774,872</u>	<u>87,080</u>	<u>33,999</u>	<u>1,827,953</u>
Total Capital Assets Being Depreciated	<u>22,332,613</u>	<u>1,291,871</u>	<u>429,083</u>	<u>23,195,401</u>
Total Capital Assets	<u>22,348,510</u>	<u>1,473,842</u>	<u>429,083</u>	<u>23,393,269</u>
Less: Accumulated depreciation for				
Buildings and improvements	(7,736,010)	(467,465)	395,084	(7,808,391)
Machinery and equipment	<u>(1,322,691)</u>	<u>(168,608)</u>	<u>33,999</u>	<u>(1,457,300)</u>
Total Accumulated Depreciation	<u>(9,058,701)</u>	<u>(636,073)</u>	<u>429,083</u>	<u>(9,265,691)</u>
Net Capital Assets Being Depreciated	<u>13,273,912</u>	<u>655,798</u>	<u>-</u>	<u>13,929,710</u>
Net Sewer Capital Assets	<u>\$ 13,289,809</u>	<u>\$ 837,769</u>	<u>\$ -</u>	<u>\$ 14,127,578</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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
Total Capital Assets Not Being Depreciated	556,467	-	-	556,467
Capital assets being depreciated				
Building and improvements	19,303,324	574,976	-	19,878,300
Machinery and equipment	2,038,426	58,297	43,252	2,053,471
Total Capital Assets Being Depreciated	21,341,750	633,273	43,252	21,931,771
Total Capital Assets	21,898,217	633,273	43,252	22,488,238
Less: Accumulated depreciation for				
Building and improvements	(3,865,117)	(131,762)	43,252	(3,953,627)
Machinery and equipment	(1,307,809)	(322,460)	-	(1,630,269)
Total Accumulated Depreciation	(5,172,926)	(454,222)	43,252	(5,583,896)
Net Capital Assets Being Depreciated	16,168,824	179,051	-	16,347,875
Net Water Capital Assets	\$ 16,725,291	\$ 179,051	\$ -	\$ 16,904,342
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 30,015,100	\$ 1,016,820	\$ -	\$ 31,031,920

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities

Sewer	\$ 663,500
Water	426,796
Total Business-type Activities Depreciation Expense	\$ 1,090,296

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, 2015

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
Water Utility	General Fund	\$ 3,946
Fire and Ambulance	Capital Equipment	1,606
General Fund	TID No. 3	53
General Fund	Recycling	797
General Fund	Stormwater	52
General Fund	Water Utility	2,357
General Fund	Sewer Utility	2,260
General Fund	Fire and Ambulance Fund	83,141
Recycling	Fire and Ambulance Fund	82
Recycling	Library	545
General Fund	Library	268
Total - Fund Financial Statements		95,107
Less: Fund eliminations		(94,436)
Total Internal Balances - Government-Wide Statement of Net Position		\$ 671
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 4,617
Business-type Activities	Governmental Activities	(3,946)
Total Government-Wide Financial Statements		\$ 671

All amounts are due within one year.

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

Advances

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

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	Stormwater Fund	\$ 26,500	\$ 26,500
Total - Fund Financial Statements		26,500	
Less: Fund eliminations		<u>(26,500)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Position		<u>\$ -</u>	

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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	\$ 7,888	Payment in lieu of taxes
Capital Equipment Fund	Fire and Ambulance Fund	140,395	Transfer to pay for ambulance equipment
General Fund	Fire and Ambulance Fund	48,724	Transfer for capital purchases
Tax Incremental District No. 3 Fund	Water Utility	130,842	Transfer Impact Fee Cash to TID to fund projects
Tax Incremental District No. 3 Fund	Sewer Utility	65,906	Transfer Impact Fee Cash to TID to fund projects
General Fund	Water Utility	348,166	Payment in lieu of taxes
Capital Equipment Fund	General Fund	53,995	Transfer for capital equipment and projects
Capital Projects Fund	2009 GO Note Fund	284,821	Transfer to consolidate capital improvement funds
Capital Equipment Fund	Sewer Utility	50,000	Transfer for capital purchases
Sewer Utility	Water Utility	10,000	Transfer for rental cost of equipment
Debt Service Fund	Impact Fee Fund	155,000	Transfer for debt service
Debt Service Fund	General Fund	<u>219,769</u>	Transfer for debt service
Total - Fund Financial Statements		1,515,506	
Less: Fund eliminations		<u>(912,704)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 602,802</u>	
Fund Transferred To	Fund Transferred From	Amount	
Governmental Activities	Business-type Activities	\$ 602,802	
Business-type Activities	Governmental Activities	<u>-</u>	
Total Government-wide Financial Statements		<u>\$ 602,802</u>	

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 23,501,317	\$ 7,460,000	\$ 3,824,334	\$ 27,136,983	\$ 2,680,334
(Discounts)/Premiums	266,687	262,716	53,020	476,383	-
Sub-totals	<u>23,768,004</u>	<u>7,722,716</u>	<u>3,877,354</u>	<u>27,613,366</u>	<u>2,680,334</u>
Other Liabilities					
Capital leases	149,899	-	149,899	-	-
Compensated absences	566,176	62,459	63,844	564,791	94,094
Due to other governments	115,000	-	-	115,000	-
Total Other Liabilities	<u>831,075</u>	<u>62,459</u>	<u>213,743</u>	<u>679,791</u>	<u>94,094</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 24,599,079</u>	<u>\$ 7,785,175</u>	<u>\$ 4,091,097</u>	<u>\$ 28,293,157</u>	<u>\$ 2,774,428</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 2,459,500	\$ -	\$ 274,250	\$ 2,185,250	\$ 241,289
Revenue bonds	9,052,491	-	624,676	8,427,815	625,354
(Discounts)/Premiums	110,475	-	11,603	98,872	-
Sub-totals	<u>11,622,466</u>	<u>-</u>	<u>910,529</u>	<u>10,711,937</u>	<u>866,643</u>
Other Liabilities					
Compensated absences	55,615	3,784	7,412	51,987	8,661
Total Business-type Activities Long-Term Liabilities	<u>\$ 11,678,081</u>	<u>\$ 3,784</u>	<u>\$ 917,941</u>	<u>\$ 10,763,924</u>	<u>\$ 875,304</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, 2015, was \$37,237,785. Total general obligation debt outstanding at year end was \$29,322,233.

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.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
Refunding bonds	2/1/2007	10/1/2018	4.0%	\$ 4,460,000	\$ 2,860,000
Refunding bonds	3/8/2010	12/1/2021	3.0-3.5%	3,240,000	3,240,000
Promissory notes	3/1/2009	9/1/2019	2.75-3.875%	2,580,000	900,000
Promissory notes	12/1/2010	12/1/2019	2.0-3.6%	4,550,000	3,800,000
Refunding Promissory Notes (TID)	11/1/2011	10/1/2021	1.0-3.0%	2,074,543	1,622,949
GO Refunding Bonds (TID #3)	11/1/2012	10/1/2026	1.0-2.5%	3,620,000	2,950,000
GO Refunding Bonds	11/20/2013	12/1/2022	1.0-2.65	2,280,000	1,805,000
GO Note	11/30/2014	2/15/2022	0.00%	27,468	24,034
GO Taxable Note	9/17/2014	3/1/2019	1.87%	2,475,000	2,475,000
GO Taxable Note	5/4/2015	5/4/2019	3.0%	675,000	675,000
GO Promissory Note	4/1/2015	4/1/2025	1.0-3.0%	6,785,000	<u>6,785,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 27,136,983</u>

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
Water system bonds	11/1/1999	5/1/2018	2.64%	\$ 1,886,442	\$ 364,008
Water Refunding Promissory notes	11/1/2011	10/1/2021	1.0-3.0%	211,449	164,872
Sewer Refunding Promissory Notes	11/1/2011	10/1/2021	1.0-3.0%	1,389,008	1,086,370
GO Refunding Bonds	11/20/2013	12/1/2022	1.0-2.65%	720,000	<u>570,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 2,185,250</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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
2016	\$ 2,680,334	\$ 831,404	\$ 241,289	\$ 55,152
2017	2,894,447	686,716	255,297	49,529
2018	2,958,559	601,990	329,386	43,604
2019	6,536,559	480,803	216,875	37,591
2020	3,506,672	331,926	221,763	32,437
2021-2025	8,260,412	574,001	920,640	29,324
2026	300,000	7,500	-	-
Totals	<u>\$ 27,136,983</u>	<u>\$ 3,514,340</u>	<u>\$ 2,185,250</u>	<u>\$ 247,637</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 43.00% of net revenues. The total principal and interest remaining to be paid on the bonds is \$10,713,211. Principal and interest paid for the current year and total customer net revenues were \$1,000,344 and \$2,275,155, respectively.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2015, 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, 2015</u>
<u>Sewer Utility</u>					
Revenue Bonds	4/1/2007	12/1/2024	4.00-4.50%	\$ 3,527,875	\$ 2,357,338
Revenue Bonds	1/1/2008	12/1/2026	4.00-4.75%	2,281,280	1,710,960
Revenue Bonds	12/1/2010	12/1/2021	2.00-4.625%	1,376,948	<u>1,104,347</u>
				Total Sewer Utility	<u>5,172,645</u>
<u>Water Utility</u>					
Revenue Bonds	4/29/2002	5/1/2022	2.75%	\$ 627,355	\$ 192,815
Revenue Bonds	4/1/2007	12/1/2024	4.00-4.50%	1,897,125	1,267,663
Revenue Bonds	1/1/2008	12/1/2026	4.00-4.75%	918,720	689,040
Revenue Bonds	12/1/2010	12/1/2021	2.00-4.625%	1,543,052	<u>1,105,652</u>
				Total Water Utility	<u>3,255,170</u>
				Total Business-type Activities - Revenue Debt	<u>\$ 8,427,815</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>
2016	\$ 625,354	\$ 354,104
2017	626,052	331,897
2018	661,768	309,046
2019	702,504	283,874
2020	703,260	256,107
2026-2024	4,558,877	724,243
2026	<u>550,000</u>	<u>26,125</u>
Totals	<u>\$ 8,427,815</u>	<u>\$ 2,285,396</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

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

Current Refunding

On April 01, 2015, the village issued \$6,785,000 in general obligation notes with an average coupon rate of 1.68% of which \$1,578,325 was used to refund \$1,575,000 of outstanding notes with an average coupon rate of 4.00%. That portion of proceeds along with existing funds of the village were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$1,670,000 from 2015 through 2017. The cash flow requirements on the refunding notes are \$1,618,750 from 2015 through 2017. The current refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$51,250.

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2015, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 1,909,628
Construction in progress	84,346
Other capital assets, net of accumulated depreciation	26,264,284
Less: Long-term debt outstanding	(27,613,366)
Plus: Unspent capital related debt proceeds	2,939,462
Plus: Noncapital debt proceeds	853,671
Total Net Investment in Capital Assets	<u>4,438,025</u>
Restricted	
Debt service	2,329,227
Impact fees	184,087
Revolving loans	87,271
Library purposes	91,247
Pensions	579,373
Total Restricted	<u>3,271,205</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

G. NET POSITION/FUND BALANCES (cont.)
Governmental Activities (cont.)

Unrestricted	2,414,029
Total Governmental Activities Net Position	\$ 10,123,259

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2015, include the following:

	General Fund	Fire and Ambulance Fund	Debt Service Fund	Tax Incremental District No. 3 Fund	Community Development Fund	Nonmajor Funds	Totals
Fund Balances							
Nonspendable:							
Prepaid items	\$ 116,155	\$ 5,589	\$ -	\$ -	\$ -	\$ 6,837	\$ 128,581
Advance to other funds	26,500	-	-	-	-	-	26,500
Restricted for:							
Debt service	-	-	352,399	1,418,566	-	-	1,770,965
Impact fees	-	-	-	-	-	184,087	184,087
Revolving loans	-	-	-	-	-	87,271	87,271
Library	-	-	-	-	-	84,882	84,882
Committed to:							
Fire and ambulance	-	32,594	-	-	-	-	32,594
Projects	-	-	-	-	-	754,972	754,972
Recycling	-	-	-	-	-	63,373	63,373
Park Land Site	-	-	-	-	-	165,716	165,716
Community Development	-	-	-	-	2,685,154	-	2,685,154
Assigned to:							
Funding accrued sick pay	208,489	-	-	-	-	-	208,489
Ambulance expenditures	218,641	-	-	-	-	-	218,641
Other expenditures	346,139	-	-	-	-	-	346,139
Unassigned (deficit):	1,085,828	-	-	-	-	(16,407)	1,069,421
Total Fund Balances	\$ 2,001,752	\$ 38,183	\$ 352,399	\$ 1,418,566	\$ 2,685,154	\$ 1,330,731	\$ 7,826,785

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 572,364
Construction in progress	181,971
Other capital assets, net of accumulated depreciation	30,277,585
Less: Long-term debt outstanding	(10,711,937)
Plus: Noncapital debt proceeds	1,193,325
Plus: Deferred charges on refunding	<u>209,915</u>
Total Net Investment in Capital Assets	<u>21,723,223</u>
Restricted	
Debt service	51,636
Equipment replacement	690,111
Impact fees	372,537
Pensions	<u>77,285</u>
Total Restricted	<u>1,191,569</u>
Unrestricted	<u>2,437,365</u>
Total Business-type Activities Net Position	<u>\$ 25,352,157</u>

H. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	Governmental Activities	Business-type Activities	Water Utility	Sewer Utility
Net Position - December 31, 2014 (as reported)	\$ 8,556,826	\$ 23,295,139	\$ 13,415,919	\$ 9,879,220
Add: Net pension asset	945,035	126,063	61,390	64,673
Add: Deferred outflows related to pensions	<u>324,061</u>	<u>43,228</u>	<u>21,051</u>	<u>22,177</u>
Net position - December 31, 2014 (as restated)	<u>\$ 9,825,922</u>	<u>\$ 23,464,430</u>	<u>\$ 13,498,360</u>	<u>\$ 9,966,070</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Summary of Significant Accounting Policies

Pension. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information About the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 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.

Vesting. 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.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective employees are the same rate 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.

During the reporting period, the WRS recognized \$257,737 in contributions from the village.

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

Pension Assets, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the village reported an asset of \$656,658 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The village's proportion of the net pension asset was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the village's proportion was 0.02673391%, which was a decrease of 0.00043408% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the village recognized pension expense of \$391,184.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2015, the village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 95,195
Net differences between projected and actual earnings on pension plan investments	317,986
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,108
Employer contributions subsequent to the measurement date	<u>333,545</u>
Totals	<u>\$ 757,834</u>

\$333,545 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>
2016	\$ 103,732
2017	103,732
2018	103,732
2019	103,730
2020	9,363

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the village's proportionate share of the net pension asset to changes in the discount rate. The following presents the village's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the village's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension asset (liability)	\$(1,852,545)	\$656,658	\$2,638,325

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, the village reported a payable to the pension plan of \$59,034 which represents contractually required contributions outstanding as of the end of the year.

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, 2015

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Contingent Liability

In 2015, the Village entered into an agreement with a developer to reimburse construction costs. These costs are payable from future tax increments collected from these improvements. As of December 31, 2015, the Village had a contingent liability of \$135,000.

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

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

- Statement No. 72, *Fair Value Measurement and Application*
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- Statement No. 77, *Tax Abatement Disclosures*
- Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

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, 2015 the total amount contributed was \$80,131. Of this amount, \$41,402 was contributed by the employer and \$38,729 was contributed by the employee. Total contributions for the years ending December 31, 2014 and 2013 were \$81,909 and \$81,654, respectively. The employer's contribution for each year was equal to the required amount.

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,336,240	\$ 2,336,240	\$ 2,339,681	\$ 3,441
Intergovernmental	838,676	858,867	862,687	3,820
Licenses and permits	323,816	331,816	529,163	197,347
Fines, forfeitures and penalties	152,160	152,160	158,099	5,939
Public charges for services	36,837	29,317	29,720	403
Interdepartmental charges for services	132,438	131,958	128,772	(3,186)
Investment income	4,240	4,240	6,674	2,434
Other revenues	143,990	168,351	171,212	2,861
Total Revenues	<u>3,968,397</u>	<u>4,012,949</u>	<u>4,226,008</u>	<u>213,059</u>
EXPENDITURES				
Current				
General government	655,771	665,385	689,688	(24,303)
Public safety	2,305,183	2,334,497	2,402,431	(67,934)
Public works	721,348	724,314	678,347	45,967
Health and sanitation	2,900	2,900	2,865	35
Culture, recreation and education	206,600	206,600	188,008	18,592
Conservation and development	183,007	186,914	173,540	13,374
Capital Outlay	31,411	35,308	30,370	4,938
Total Expenditures	<u>4,106,220</u>	<u>4,155,918</u>	<u>4,165,249</u>	<u>(9,331)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(137,823)</u>	<u>(142,969)</u>	<u>60,759</u>	<u>203,728</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	362,000	612,194	404,778	(207,416)
Transfers out	(224,177)	(482,187)	(273,764)	208,423
Sale of capital assets	-	12,962	12,962	-
Total Other Financing Sources (Uses)	<u>137,823</u>	<u>142,969</u>	<u>143,976</u>	<u>1,007</u>
Net Change in Fund Balance	-	-	204,735	204,735
FUND BALANCE - Beginning of Year	<u>1,797,017</u>	<u>1,797,017</u>	<u>1,797,017</u>	<u>(16,721)</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,797,017</u>	<u>\$ 1,797,017</u>	<u>\$ 2,001,752</u>	<u>\$ 204,735</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 210,000	\$ 210,000	\$ 210,000	\$ -
Intergovernmental	5,900	10,280	10,282	2
Public charges for services	658,550	900,779	929,192	28,413
Intergovernmental charges for services	210,000	210,000	210,000	-
Investment income	200	200	361	161
Miscellaneous	-	9,025	9,025	-
Total Revenues	<u>1,084,650</u>	<u>1,340,284</u>	<u>1,368,860</u>	<u>28,576</u>
EXPENDITURES				
Current				
Public safety	1,079,750	1,294,051	1,179,290	114,761
Capital Outlay	-	9,411	9,411	-
Total Expenditures	<u>1,079,750</u>	<u>1,303,462</u>	<u>1,188,701</u>	<u>114,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,900</u>	<u>36,822</u>	<u>180,159</u>	<u>143,337</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(180,907)	(189,119)	(8,212)
Sale of capital assets	1,000	16,766	16,766	-
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>(164,141)</u>	<u>(172,353)</u>	<u>(8,212)</u>
Net Change in Fund Balance	5,900	(127,319)	7,806	135,125
FUND BALANCE - Beginning of Year	<u>30,377</u>	<u>30,377</u>	<u>30,377</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 36,277</u>	<u>\$ (96,942)</u>	<u>\$ 38,183</u>	<u>\$ 135,125</u>

VILLAGE OF MUKWONAGO

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending Date</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	0.026733910%	\$ 656,658	\$ 3,077,565	21.34%	102.74%

VILLAGE OF MUKWONAGO

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending Date</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 333,545	\$ 333,545	\$ -	\$ 3,291,495	10.13%

VILLAGE OF MUKWONAGO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2015

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.

WISCONSIN RETIREMENT SYSTEM PENSION

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The village is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes of benefit terms. There were no changes of benefit terms for any participating employer in Wisconsin Retirement System.

Change of assumptions. There were no changes in the assumptions.

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SUPPLEMENTARY INFORMATION

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF REVENUES - BUDGET TO ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
General property taxes	\$ 2,323,240	\$ 2,323,240	\$ 2,322,118	\$ (1,122)
Public accomodation (room) taxes	6,000	6,000	6,366	366
Interest and penalties on taxes	7,000	7,000	11,197	4,197
Total Taxes	<u>2,336,240</u>	<u>2,336,240</u>	<u>2,339,681</u>	<u>3,441</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	339,040	339,040	338,274	(766)
Exempt computer aid	8,447	8,447	8,448	1
State aid - law enforcement improvements	15,000	35,191	35,191	-
State aid - general transportation aids	449,039	449,039	448,170	(869)
Other state payments	27,150	27,150	32,604	5,454
Total Intergovernmental	<u>838,676</u>	<u>858,867</u>	<u>862,687</u>	<u>3,820</u>
LICENSES AND PERMITS				
Other regulatory permits and fees	480	480	580	100
Liquor and malt beverage	13,475	13,475	15,617	2,142
Operators' licenses	5,700	5,700	7,988	2,288
Cigarette licenses	1,200	1,200	1,400	200
Cable television franchise fees	106,000	106,000	93,995	(12,005)
Bicycle licenses	16	16	6	(10)
Dog and cat licenses	3,695	3,695	3,019	(676)
Nonbusiness licenses	3,450	3,450	3,395	(55)
Other permits	19,900	27,900	44,035	16,135
Building permits	77,400	77,400	173,496	96,096
Electrical permits	22,500	22,500	46,150	23,650
Plumbing permits	25,000	25,000	38,487	13,487
Occupancy permits	7,000	7,000	21,346	14,346
Zoning permits and fees	8,000	8,000	14,680	6,680
Plan review fees	16,000	16,000	32,822	16,822
Heating and air conditioning permits	14,000	14,000	32,147	18,147
Total Licenses and Permits	<u>323,816</u>	<u>331,816</u>	<u>529,163</u>	<u>197,347</u>

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF REVENUES - BUDGET TO ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
FINES, FORFEITURES AND PENALTIES				
Court fines	\$ 140,660	\$ 140,660	\$ 135,494	\$ (5,166)
Parking Violations	11,500	11,500	22,605	11,105
Total Fines, Forfeitures, and Penalties	<u>152,160</u>	<u>152,160</u>	<u>158,099</u>	<u>5,939</u>
PUBLIC CHARGES FOR SERVICES				
Publication fees	437	437	513	76
Photocopies	3,600	3,600	4,356	756
Treasurer's fees	6,500	6,500	7,013	513
Law enforcement fees	9,500	9,500	8,756	(744)
Fire protection fees	16,000	8,000	7,702	(298)
Other public charges for services	800	1,280	1,380	100
Total Public Charges for Services	<u>36,837</u>	<u>29,317</u>	<u>29,720</u>	<u>403</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Local - law enforcement services	122,938	115,572	114,757	(815)
Local - ambulance services	-	8,459	8,459	-
Local - other services	9,500	7,927	5,556	(2,371)
Total Intergovernmental Charges for Services	<u>132,438</u>	<u>131,958</u>	<u>128,772</u>	<u>(3,186)</u>
INVESTMENT INCOME				
Investment Income	4,240	4,240	6,674	2,434
MISCELLANEOUS				
Rent	17,240	17,240	20,050	2,810
Miscellaneous revenue	1,750	1,750	1,801	51
Donations	125,000	149,361	149,361	-
Total Miscellaneous	<u>143,990</u>	<u>168,351</u>	<u>171,212</u>	<u>2,861</u>
TOTAL REVENUES	<u>\$ 3,968,397</u>	<u>\$ 4,012,949</u>	<u>\$ 4,226,008</u>	<u>\$ 213,059</u>

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL - GENERAL FUND

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CURRENT				
GENERAL GOVERNMENT				
Village board	\$ 52,137	\$ 52,137	\$ 61,109	\$ (8,972)
Historical preservation comission	400	400	65	335
Municipal court	34,002	34,002	35,143	(1,141)
Village attorney	73,000	73,000	76,200	(3,200)
Village administrator	163,772	172,404	169,919	2,485
Village clerk/treasurer	130,717	131,699	131,062	637
Elections	19,608	19,608	9,621	9,987
Independent audit	11,970	11,970	11,482	488
Assessment of property	18,890	18,890	14,999	3,891
Risk and property insurance	121,233	121,233	122,269	(1,036)
Village hall	29,392	29,392	36,037	(6,645)
Uncollectible tax	-	-	11,827	(11,827)
Judgements and losses	-	-	585	(585)
Board of appeals	650	650	9,370	(8,720)
Total General Government	<u>655,771</u>	<u>665,385</u>	<u>689,688</u>	<u>(24,303)</u>
PUBLIC SAFETY				
Police department	2,135,944	2,162,017	2,230,378	(68,361)
Building inspection	149,514	152,755	147,135	5,620
Emergency government	650	650	2,791	(2,141)
Fire Station	5,000	5,000	12,794	(7,794)
Dam	14,075	14,075	9,333	4,742
Total Public Safety	<u>2,305,183</u>	<u>2,334,497</u>	<u>2,402,431</u>	<u>(67,934)</u>
PUBLIC WORKS				
Engineering	40,000	40,000	48,229	(8,229)
Public Works Administration	218,629	221,777	247,740	(25,963)
Machinery operation and maintenance	94,880	94,880	75,251	19,629
Garage and sheds	43,906	43,906	47,491	(3,585)
Curb and gutter	500	500	982	(482)
Tree and brush removal	2,600	2,337	51	2,286
Garbage Collection	3,700	3,700	4,124	(424)
Street signs	9,500	9,500	11,284	(1,784)
Bridges, culverts, and rivers	2,250	2,250	52	2,198
Street cleaning	7,000	7,000	7,336	(336)
Snow and ice control	126,375	126,375	76,832	49,543
Alleys and local purpose roads	35,000	35,054	31,677	3,377
Street lighting	127,508	127,508	120,506	7,002
Storm sewer maintenance	9,500	9,527	6,792	2,735
Total Public Works	<u>721,348</u>	<u>724,314</u>	<u>678,347</u>	<u>45,967</u>

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CURRENT (continued)				
HEALTH AND HUMAN SERVICES				
Public health services	\$ 2,900	\$ 2,900	\$ 2,865	\$ 35
CULTURE, RECREATION AND EDUCATION				
Museum	10,250	10,250	8,056	2,194
Parks	191,350	191,350	171,335	20,015
Celebration and entertainment	5,000	5,000	8,617	(3,617)
Total Culture, Recreation and Education	<u>206,600</u>	<u>206,600</u>	<u>188,008</u>	<u>18,592</u>
CONSERVATION AND DEVELOPMENT				
Forestry	13,500	13,500	13,909	(409)
Weed control	1,400	1,400	1,647	(247)
Planning commission	106,957	110,864	118,564	(7,700)
Economic development	46,150	46,150	39,420	6,730
Environmental protection	15,000	15,000	-	15,000
Total Conservation and Development	<u>183,007</u>	<u>186,914</u>	<u>173,540</u>	<u>13,374</u>
CAPITAL OUTLAY				
Capital expenditures	<u>31,411</u>	<u>35,308</u>	<u>30,370</u>	<u>4,938</u>
TOTAL EXPENDITURES	<u>\$ 4,106,220</u>	<u>\$ 4,155,918</u>	<u>\$ 4,165,249</u>	<u>\$ (9,331)</u>

VILLAGE OF MUKWONAGO

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET As of December 31, 2015

	Special Revenue Funds			
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund
ASSETS				
Cash and investments	\$ 114,090	\$ 51,693	\$ 202,271	\$ 165,716
Receivables:				
Taxes	429,549	300,614	-	-
Accounts	-	64,395	-	-
Due from other funds	-	627	-	-
Prepaid Items	6,365	359	-	-
Total Assets	\$ 550,004	\$ 417,688	\$ 202,271	\$ 165,716
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 10,761	\$ 52,566	\$ -	\$ -
Accrued liabilities	17,634	818	-	-
Due to other governments	-	-	115,000	-
Due to other funds	813	797	-	-
Advance from other fund	-	-	-	-
Total Liabilities	29,208	54,181	115,000	-
Deferred Inflows of Resources				
Unearned revenue	429,549	299,775	-	-
Fund Balances (Deficit)				
Nonspendable	6,365	359	-	-
Restricted	84,882	-	87,271	-
Committed	-	63,373	-	165,716
Unassigned (deficit)	-	-	-	-
Total Fund Balances (Deficit)	91,247	63,732	87,271	165,716
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 550,004	\$ 417,688	\$ 202,271	\$ 165,716

Capital Projects Funds

Stormwater Fund	Impact Fee Fund	Capital Projects Fund	Library Building Fund	Capital Equipment Fund	2009 GO Bond Fund	Total Nonmajor Funds
\$ 2,083	\$ 184,087	\$ 893,923	\$ 21,203	\$ 176,781	\$ -	\$ 1,811,847
-	-	-	-	113,000	-	843,163
8,265	-	-	-	18,090	-	90,750
-	-	-	-	-	-	627
113	-	-	-	-	-	6,837
<u>\$ 10,461</u>	<u>\$ 184,087</u>	<u>\$ 893,923</u>	<u>\$ 21,203</u>	<u>\$ 307,871</u>	<u>\$ -</u>	<u>\$ 2,753,224</u>
\$ 2	\$ -	\$ 328,815	\$ -	\$ 24,604	\$ -	\$ 416,748
201	-	-	-	-	-	18,653
-	-	-	-	-	-	115,000
52	-	-	-	1,606	-	3,268
26,500	-	-	-	-	-	26,500
<u>26,755</u>	<u>-</u>	<u>328,815</u>	<u>-</u>	<u>26,210</u>	<u>-</u>	<u>580,169</u>
-	-	-	-	113,000	-	842,324
113	-	-	-	-	-	6,837
-	184,087	-	-	-	-	356,240
-	-	565,108	21,203	168,661	-	984,061
(16,407)	-	-	-	-	-	(16,407)
<u>(16,294)</u>	<u>184,087</u>	<u>565,108</u>	<u>21,203</u>	<u>168,661</u>	<u>-</u>	<u>1,330,731</u>
<u>\$ 10,461</u>	<u>\$ 184,087</u>	<u>\$ 893,923</u>	<u>\$ 21,203</u>	<u>\$ 307,871</u>	<u>\$ -</u>	<u>\$ 2,753,224</u>

VILLAGE OF MUKWONAGO

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 For the Year Ended December 31, 2015

	Special Revenue Funds			
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund
REVENUES				
Taxes	\$ 376,728	\$ 355,315	\$ -	\$ -
Special assessments	-	-	-	-
Intergovernmental	449,351	22,243	-	-
Licenses and permits	-	-	-	53,106
Public charges for services	35,472	253,878	-	-
Intergovernmental charges for services	-	-	-	-
Investment income	496	1,138	1,269	347
Other revenues	14,693	-	-	56,743
Total revenues	<u>876,740</u>	<u>632,574</u>	<u>1,269</u>	<u>110,196</u>
EXPENDITURES				
Current				
Public works	-	618,118	-	871
Culture, recreation and education	870,936	-	-	-
Capital Outlay	108,981	-	-	259,768
Debt Service				
Interest and fees	-	-	-	-
Total expenditures	<u>979,917</u>	<u>618,118</u>	<u>-</u>	<u>260,639</u>
Excess (deficiency) of revenues over expenditures	<u>(103,177)</u>	<u>14,456</u>	<u>1,269</u>	<u>(150,443)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Debt issued	-	-	-	-
Premium on debt issued	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	(103,177)	14,456	1,269	(150,443)
FUND BALANCES (Deficit) - Beginning of Year	<u>194,424</u>	<u>49,276</u>	<u>86,002</u>	<u>316,159</u>
FUND BALANCES (Deficit) - END OF YEAR	<u>\$ 91,247</u>	<u>\$ 63,732</u>	<u>\$ 87,271</u>	<u>\$ 165,716</u>

Capital Projects Funds						
Stormwater Fund	Impact Fee Fund	Capital Projects Fund	Library Building Fund	Capital Equipment Fund	2009 GO Bond Fund	Total Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ 80,985	\$ -	\$ 813,028
-	-	800	-	-	-	800
-	-	-	-	-	-	471,594
-	185,139	-	-	-	-	238,245
32,148	-	-	-	-	-	321,498
-	-	-	-	37,574	-	37,574
43	361	1,229	198	569	335	5,985
-	-	97,846	-	-	-	169,282
<u>32,191</u>	<u>185,500</u>	<u>99,875</u>	<u>198</u>	<u>119,128</u>	<u>335</u>	<u>2,058,006</u>
10,501	-	-	-	-	-	629,490
-	-	-	-	-	-	870,936
-	148	704,721	-	980,851	5,417	2,059,886
-	-	8,259	-	13,360	-	21,619
<u>10,501</u>	<u>148</u>	<u>712,980</u>	<u>-</u>	<u>994,211</u>	<u>5,417</u>	<u>3,581,931</u>
<u>21,690</u>	<u>185,352</u>	<u>(613,105)</u>	<u>198</u>	<u>(875,083)</u>	<u>(5,082)</u>	<u>(1,523,925)</u>
-	-	284,821	-	244,390	-	529,211
-	(155,000)	-	-	-	(284,821)	(439,821)
-	-	396,892	-	642,016	-	1,038,908
-	-	15,368	-	24,859	-	40,227
-	<u>(155,000)</u>	<u>697,081</u>	<u>-</u>	<u>911,265</u>	<u>(284,821)</u>	<u>1,168,525</u>
21,690	30,352	83,976	198	36,182	(289,903)	(355,400)
<u>(37,984)</u>	<u>153,735</u>	<u>481,132</u>	<u>21,005</u>	<u>132,479</u>	<u>289,903</u>	<u>1,686,131</u>
<u>\$ (16,294)</u>	<u>\$ 184,087</u>	<u>\$ 565,108</u>	<u>\$ 21,203</u>	<u>\$ 168,661</u>	<u>\$ -</u>	<u>\$ 1,330,731</u>