

VILLAGE OF MUKWONAGO
Mukwonago, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2011

VILLAGE OF MUKWONAGO

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INDEPENDENT AUDITORS' REPORT

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Baker Tilly Virchow Krause, LLP
115 S 84th St, Ste 400
Milwaukee, WI 53214-1475
tel 414 777 5500
fax 414 777 5555
bakertilly.com

INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Mukwonago
Mukwonago, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mukwonago, Wisconsin, as of and for the year ended December 31, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Mukwonago's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mukwonago, Wisconsin, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I, the Village of Mukwonago adopted the provisions of Government Accounting Standard Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011.

To the Village Board
Village of Mukwonago

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, 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. The Village of Mukwonago, Wisconsin, has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing 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 Detailed Schedule of Revenues – Budget and Actual - General Fund, the Detailed Schedule of Expenditures – Budget and Actual – General Fund, Combining Balance Sheet – Nonmajor Governmental Funds, and the Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
June 1, 2012

BASIC FINANCIAL STATEMENTS

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VILLAGE OF MUKWONAGO

STATEMENT OF NET ASSETS As of December 31, 2011

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 9,299,378	\$ 855,332	\$ 10,154,710
Receivables (net)			
Taxes receivable	5,693,363	85,894	5,779,257
Accounts	141,117	683,611	824,728
Special assessments	1,457,728	362,064	1,819,792
Other	89	-	89
Due from other governmental units	26,952	-	26,952
Accrued interest	2,969	1,465	4,434
Internal balances	(172,614)	172,614	-
Inventories and prepaid items	88,522	29,380	117,902
Unamortized debt issuance expense	448,305	283,985	732,290
Restricted assets			
Cash and investments	1,444,012	2,293,437	3,737,449
Capital assets			
Land	1,109,628	572,364	1,681,992
Construction in progress	73,568	1,053,645	1,127,213
Other capital assets, net of depreciation/amortization	<u>26,250,368</u>	<u>29,698,170</u>	<u>55,948,538</u>
Total Assets	<u>45,863,385</u>	<u>36,091,961</u>	<u>81,955,346</u>
LIABILITIES			
Accounts payable and accrued expenses	1,472,940	350,766	1,823,706
Unearned revenue	5,688,930	-	5,688,930
Noncurrent liabilities			
Due within one year	6,399,354	853,791	7,253,145
Due in more than one year	<u>23,164,968</u>	<u>13,499,552</u>	<u>36,664,520</u>
Total Liabilities	<u>36,726,192</u>	<u>14,704,109</u>	<u>51,430,301</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,376,377	18,533,385	20,818,552
Restricted for			
Debt service	2,620,241	44,004	2,664,245
TID purposes	704,187	-	704,187
Equipment replacement	-	1,012,469	1,012,469
Impact fees	1,440,794	-	1,440,794
Revolving loans	85,681	-	85,681
Library purposes	256,518	-	256,518
Unrestricted	<u>653,395</u>	<u>1,797,994</u>	<u>3,542,599</u>
TOTAL NET ASSETS	<u>\$ 9,137,193</u>	<u>\$ 21,387,852</u>	<u>\$ 30,525,045</u>

See accompanying notes to financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 818,660	\$ 144,432	\$ 51,600	\$ -
Public safety	3,837,175	1,363,273	54,961	40,692
Public works	2,290,186	304,854	673,892	151,812
Health and human services	2,620	-	-	-
Culture, education and recreation	939,318	40,019	437,212	1,063,812
Conservation and development	99,611	-	-	-
Interest and fiscal charges	<u>1,280,143</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>9,267,713</u>	<u>1,852,578</u>	<u>1,217,665</u>	<u>1,256,316</u>
Business-type Activities				
Water Utility	1,259,441	1,718,365	-	-
Sanitary Sewer Utility	<u>1,690,685</u>	<u>1,264,386</u>	<u>-</u>	<u>309,376</u>
Total Business-type Activities	<u>2,950,126</u>	<u>2,982,751</u>	<u>-</u>	<u>309,376</u>
Total	<u>\$ 12,217,839</u>	<u>\$ 4,835,329</u>	<u>\$ 1,217,665</u>	<u>\$ 1,565,692</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on disposal of assets

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in net assets

NET ASSETS - Beginning of Year

NET ASSETS - END OF YEAR

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (622,628)	\$ -	\$ (622,628)
(2,378,249)	-	(2,378,249)
(1,159,628)	-	(1,159,628)
(2,620)	-	(2,620)
601,725	-	601,725
(99,611)	-	(99,611)
<u>(1,280,143)</u>	<u>-</u>	<u>(1,280,143)</u>
<u>(4,941,154)</u>	<u>-</u>	<u>(4,941,154)</u>
-	458,924	458,924
-	<u>(116,923)</u>	<u>(116,923)</u>
-	<u>342,001</u>	<u>342,001</u>
<u>(4,941,154)</u>	<u>342,001</u>	<u>(4,599,153)</u>
3,081,562	-	3,081,562
1,669,430	-	1,669,430
575,471	-	575,471
6,159	-	6,159
408,752	-	408,752
192,366	55,769	248,135
10,900	-	10,900
15,948	2,965	18,913
<u>(231,126)</u>	<u>231,126</u>	<u>-</u>
<u>5,729,462</u>	<u>289,860</u>	<u>6,019,322</u>
788,308	631,861	1,420,169
<u>8,348,885</u>	<u>20,755,991</u>	<u>29,104,876</u>
<u>\$ 9,137,193</u>	<u>\$ 21,387,852</u>	<u>\$ 30,525,045</u>

See accompanying notes to financial statements.

VILLAGE OF MUKWONAGO

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2011

	General Fund	Fire and Ambulance Fund	Debt Service Fund	Tax Incremental District No. 3 Fund
ASSETS				
Cash and investments	\$ 2,240,206	\$ 35,651	\$ 524,485	\$ 2,096,650
Receivables				
Taxes	2,124,072	93,430	1,911,447	657,369
Accounts	99,685	29,846	-	-
Special assessments	4,967	-	1,452,761	-
Other	89	-	-	-
Due from other governments	6,619	20,333	-	-
Accrued interest	-	-	2,969	-
Due from other funds	79,614	79,117	-	-
Prepaid items	65,289	10,510	-	-
Restricted cash and investments	-	-	-	-
TOTAL ASSETS	<u>\$ 4,620,541</u>	<u>\$ 268,887</u>	<u>\$ 3,891,662</u>	<u>\$ 2,754,019</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 153,772	\$ 30,616	\$ -	\$ 4,221
Accrued liabilities	74,305	38,234	-	-
Due to other funds	78,997	33	202	574,589
Deferred revenues	2,128,763	93,430	3,411,809	657,369
Due to other governments	84	89,169	-	-
Deposits	19,625	-	-	-
Total Liabilities	<u>2,455,546</u>	<u>251,482</u>	<u>3,412,011</u>	<u>1,236,179</u>
Fund Balances				
Nonspendable	65,289	10,510	-	-
Restricted	-	-	479,651	1,517,840
Committed	-	6,895	-	-
Assigned	784,606	-	-	-
Unassigned	1,315,100	-	-	-
Total Fund Balances	<u>2,164,995</u>	<u>17,405</u>	<u>479,651</u>	<u>1,517,840</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,620,541</u>	<u>\$ 268,887</u>	<u>\$ 3,891,662</u>	<u>\$ 2,754,019</u>

See accompanying notes to financial statements.

2010 GO Note Fund	Nonmajor Governmental Funds	Totals
\$ 1,720,653	\$ 2,681,733	\$ 9,299,378
-	907,045	5,693,363
-	11,586	141,117
-	-	1,457,728
-	-	89
-	-	26,952
-	-	2,969
1,070	323,633	483,434
-	12,723	88,522
-	1,444,012	1,444,012
<u>\$ 1,721,723</u>	<u>\$ 5,380,732</u>	<u>\$ 18,637,564</u>
\$ 662,180	\$ 197,616	\$ 1,048,405
-	24,673	137,212
444	1,783	656,048
-	902,941	7,194,312
-	115,000	204,253
-	-	19,625
662,624	1,242,013	9,259,855
-	12,723	88,522
-	1,782,993	3,780,484
1,059,099	2,343,003	3,408,997
-	-	784,606
-	-	1,315,100
1,059,099	4,138,719	9,377,709
<u>\$ 1,721,723</u>	<u>\$ 5,380,732</u>	<u>\$ 18,637,564</u>

See accompanying notes to financial statements.

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VILLAGE OF MUKWONAGO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS As of December 31, 2011

Total Fund Balances - Governmental Funds	\$ 9,377,709
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.

Land	1,109,628
Construction in progress	73,568
Other capital assets	35,052,418
Less: Accumulated depreciation/amortization	(8,802,050)

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

1,505,382

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	(28,852,676)
Compensated absences	(596,646)
Accrued interest	(178,445)
Unamortized debt discount and issue costs	<u>448,305</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 9,137,193

VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2011

	General Fund	Fire and Ambulance Fund	Debt Service Fund	Tax Incremental District No. 3 Fund
REVENUES				
Taxes	\$ 2,146,310	\$ 57,236	\$ 1,669,430	\$ 575,471
Special assessments	86	-	230,029	-
Intergovernmental	1,087,235	31,784	-	6,482
Licenses and permits	322,041	-	-	-
Fines, forfeitures and penalties	142,004	-	-	-
Public charges for services	20,214	593,306	-	-
Intergovernmental charges for services	121,924	483,919	-	-
Investment income	11,053	538	133,837	12,294
Miscellaneous	102,217	15,689	-	-
Total Revenues	3,953,084	1,182,472	2,033,296	594,247
EXPENDITURES				
Current				
General government	784,788	-	-	10,525
Public safety	2,301,329	1,258,694	-	-
Public works	772,055	-	-	-
Health and human services	8,851	-	-	-
Culture, recreation and education	113,685	-	-	-
Conservation and development	98,548	-	-	-
Capital Outlay	17,840	4,100	-	27,892
Debt Service				
Principal	-	-	3,036,075	2,429,460
Interest and fiscal charges	-	-	884,678	328,372
Total Expenditures	4,097,096	1,262,794	3,920,753	2,796,249
Excess (deficiency) of revenues over expenditures	(144,012)	(80,322)	(1,887,457)	(2,202,002)
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	2,074,543
Premium on debt issued	-	-	-	31,535
Transfers in	343,463	127,793	2,038,175	-
Transfers out	(127,793)	-	-	(594,589)
Sales of fixed assets	10,900	-	-	-
Total Other Financing Sources (Uses)	226,570	127,793	2,038,175	1,511,489
Net Change in Fund Balances	82,558	47,471	150,718	(690,513)
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	2,082,437	(30,066)	328,933	2,208,353
FUND BALANCES - END OF YEAR	\$ 2,164,995	\$ 17,405	\$ 479,651	\$ 1,517,840

See accompanying notes to financial statements.

2010 GO Note Fund	Nonmajor Governmental Funds	Totals
\$ -	\$ 891,556	\$ 5,340,003
-	-	230,115
-	439,607	1,565,108
-	133,952	455,993
-	-	142,004
-	146,916	760,436
-	22,784	628,627
7,840	19,423	184,985
<u>1,044,946</u>	<u>343,176</u>	<u>1,506,028</u>
<u>1,052,786</u>	<u>1,997,414</u>	<u>10,813,299</u>
-	-	795,313
-	-	3,560,023
-	653,398	1,425,453
-	-	8,851
-	672,109	785,794
-	1,063	99,611
4,530,070	934,495	5,514,397
-	-	5,465,535
-	-	1,213,050
<u>4,530,070</u>	<u>2,261,065</u>	<u>18,868,027</u>
<u>(3,477,284)</u>	<u>(263,651)</u>	<u>(8,054,728)</u>
-	-	2,074,543
-	-	31,535
-	20,000	2,529,431
-	(2,038,175)	(2,760,557)
-	-	10,900
<u>-</u>	<u>(2,018,175)</u>	<u>1,885,852</u>
(3,477,284)	(2,281,826)	(6,168,876)
<u>4,536,383</u>	<u>6,420,545</u>	<u>15,546,585</u>
<u>\$ 1,059,099</u>	<u>\$ 4,138,719</u>	<u>\$ 9,377,709</u>

See accompanying notes to financial statements.

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VILLAGE OF MUKWONAGO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2011

Net change in fund balances - total governmental funds	\$ (6,168,876)
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Amounts reported for governmental activities in the statement of net assets are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	5,514,397
Some items reported as capital outlay were not capitalized	(588,485)
Depreciation/amortization is reported in the government-wide financial statements	(1,100,752)
Net book value of assets retired	(21,900)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Special assessments	(182,392)
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Debt issued provides current financial resources to governmental funds and issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds and the repayment reduces long-term liabilities in the statement of net assets.

Debt issued	(2,074,543)
Principal repaid	5,465,535

Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. In the statement of net assets, they are deferred and reported as other assets or deductions from long-term debt. They are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Debt issuance costs capitalized	45,225
Debt premium capitalized	(31,535)
Amortization of loss on refunding	(65,888)
Amortization of debt issuance costs	(120,832)
Amortization of debt premiums	61,676

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

Compensated absences	43,952
Accrued interest on debt	12,726

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 788,308</u>
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VILLAGE OF MUKWONAGO

STATEMENT OF NET ASSETS PROPRIETARY FUNDS As of December 31, 2011

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 597,928	\$ 257,404	\$ 855,332
Receivables			
Accounts	385,254	298,357	683,611
Special assessments	45,861	40,033	85,894
Accrued interest	938	527	1,465
Due from other funds	203,086	434,851	637,937
Inventories	16,368	-	16,368
Prepaid items	4,095	8,917	13,012
Restricted Assets			
Cash and investments	<u>38,349</u>	<u>42,743</u>	<u>81,092</u>
Total Current Assets	<u>1,291,879</u>	<u>1,082,832</u>	<u>2,374,711</u>
Noncurrent Assets			
Restricted Assets			
Cash and investments	465,352	1,746,993	2,212,345
Capital Assets			
Land	556,467	15,897	572,364
Construction in progress	510,752	542,893	1,053,645
Capital assets being depreciated	19,567,946	21,890,809	41,458,755
Less: Accumulated depreciation	(4,106,228)	(7,654,357)	(11,760,585)
Other Assets			
Special assessments	176,287	185,777	362,064
Unamortized debt issuance expenses	<u>77,699</u>	<u>206,286</u>	<u>283,985</u>
Total Noncurrent Assets	<u>17,248,275</u>	<u>16,934,298</u>	<u>34,182,573</u>
Total Assets	<u>18,540,154</u>	<u>18,017,130</u>	<u>36,557,284</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
		Sanitary	
	Water Utility	Sewer Utility	Totals
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 98,257	\$ 172,905	\$ 271,162
Accrued liabilities	11,610	16,456	28,066
Accrued interest payable	7,118	7,332	14,450
Due to other funds	272,030	193,293	465,323
Current portion of long-term debt	165,603	102,331	267,934
Current portion of compensated absences	7,093	6,016	13,109
Liabilities Payable from Restricted Assets			
Accrued interest payable	16,616	20,472	37,088
Current portion of revenue bonds payable from restricted	261,765	310,983	572,748
Total Current Liabilities	<u>840,092</u>	<u>829,788</u>	<u>1,669,880</u>
Noncurrent Liabilities			
Long-Term Debt			
Bonds and notes payable	5,803,690	7,630,283	13,433,973
Compensated absences	35,485	30,094	65,579
Total Noncurrent Liabilities	<u>5,839,175</u>	<u>7,660,377</u>	<u>13,499,552</u>
Total Liabilities	<u>6,679,267</u>	<u>8,490,165</u>	<u>15,169,432</u>
NET ASSETS			
Invested in capital assets, net of related debt	10,840,930	7,692,455	18,533,385
Restricted for			
Equipment replacement	-	1,012,469	1,012,469
Debt service	21,733	22,271	44,004
Unrestricted	998,224	799,770	1,797,994
TOTAL NET ASSETS	<u>\$ 11,860,887</u>	<u>\$ 9,526,965</u>	<u>\$ 21,387,852</u>

See accompanying notes to financial statements.

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VILLAGE OF MUKWONAGO

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
OPERATING REVENUES	<u>\$ 1,717,672</u>	<u>\$ 1,264,386</u>	<u>\$ 2,982,058</u>
OPERATING EXPENSES			
Operation and maintenance	567,028	698,472	1,265,500
Depreciation	392,597	590,949	983,546
Taxes	<u>16,104</u>	<u>21,067</u>	<u>37,171</u>
Total Operating Expenses	<u>975,729</u>	<u>1,310,488</u>	<u>2,286,217</u>
Operating Income (Loss)	<u>741,943</u>	<u>(46,102)</u>	<u>695,841</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	26,062	29,707	55,769
Miscellaneous	693	2,149	2,842
Interest and fiscal charges	(283,712)	(380,197)	(663,909)
Gain on disposal of capital asset	<u>-</u>	<u>816</u>	<u>816</u>
Total Nonoperating Revenues (Expenses)	<u>(256,957)</u>	<u>(347,525)</u>	<u>(604,482)</u>
Income (Loss) Before Contributions and Transfers	<u>484,986</u>	<u>(393,627)</u>	<u>91,359</u>
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	-	309,376	309,376
Transfers in	145,545	429,044	574,589
Transfers out - tax equivalent	<u>(338,610)</u>	<u>(4,853)</u>	<u>(343,463)</u>
Total Contributions and Transfers	<u>(193,065)</u>	<u>733,567</u>	<u>540,502</u>
Change in Net Assets	291,921	339,940	631,861
NET ASSETS - Beginning of Year	<u>11,568,966</u>	<u>9,187,025</u>	<u>20,755,991</u>
NET ASSETS - END OF YEAR	<u>\$ 11,860,887</u>	<u>\$ 9,526,965</u>	<u>\$ 21,387,852</u>

See accompanying notes to financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 1,667,760	\$ 1,249,320	\$ 2,917,080
Paid to suppliers for goods and services	(129,051)	(150,560)	(279,611)
Paid to employees for services	(188,234)	(278,670)	(466,904)
Net Cash Flows From Operating Activities	1,350,475	820,090	2,170,565
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	26,079	29,723	55,802
Net Cash Flows From Investing Activities	26,079	29,723	55,802
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(338,610)	(4,853)	(343,463)
Net Cash Flows From Noncapital Financing Activities	(338,610)	(4,853)	(343,463)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	211,449	1,389,008	1,600,457
Debt retired	(611,845)	(1,813,510)	(2,425,355)
Interest paid	(264,473)	(336,979)	(601,452)
Debt issuance costs paid	(4,610)	(30,280)	(34,890)
Special assessments received	22,207	22,578	44,785
Acquisition and construction of capital assets	(626,522)	(710,140)	(1,336,662)
Salvage on retirement of plant	5,603	-	5,603
Sale of plant	-	816	816
Premium on debt received	3,215	21,115	24,330
Net Cash Flows From Capital and Related Financing Activities	(1,264,976)	(1,457,392)	(2,722,368)
Net Change in Cash and Cash Equivalents	(227,032)	(612,432)	(839,464)
CASH AND CASH EQUIVALENTS - Beginning of Year	1,328,661	2,659,572	3,988,233
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,101,629	\$ 2,047,140	\$ 3,148,769

See accompanying notes to financial statements.

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sanitary Sewer Utility</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 741,943	\$ (46,102)	\$ 695,841
Nonoperating revenue	693	2,149	2,842
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	392,597	590,949	983,546
Depreciation charged to other funds	20,129	(20,129)	-
Changes in assets and liabilities			
Accounts receivable	(42,092)	(7,124)	(49,216)
Materials and supplies	(894)	-	(894)
Prepaid items	(1,182)	(2,964)	(4,146)
Due from municipality	(28,642)	10,038	(18,604)
Accounts payable	75,369	143,626	218,995
Due to municipality	185,525	114,796	300,321
Accrued liabilities	10,255	9,444	19,699
Other current liabilities	(3,226)	(3,235)	(6,461)
Due to water utility	-	28,642	28,642
	<u>-</u>	<u>28,642</u>	<u>28,642</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,350,475</u>	<u>\$ 820,090</u>	<u>\$ 2,170,565</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS			
Cash and investments - statement of net assets	\$ 597,928	\$ 257,404	\$ 855,332
Restricted cash and investments - statement of net assets	<u>503,701</u>	<u>1,789,736</u>	<u>2,293,437</u>
CASH AND CASH EQUIVALENTS	<u>\$ 1,101,629</u>	<u>\$ 2,047,140</u>	<u>\$ 3,148,769</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Special assessments levied	<u>\$ 496</u>	<u>\$ 569</u>	
Utility plant additions financed by developer	<u>\$ -</u>	<u>\$ 309,376</u>	

See accompanying notes to financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
As of December 31, 2011

	<u>Private Purpose Trust Library Trust Fund</u>	<u>Agency Fund Tax Escrow Fund</u>
ASSETS		
Cash and investments	\$ 31,142	\$ 7,048,432
Taxes receivable	-	1,911,453
Total Assets	<u>31,142</u>	<u>8,959,885</u>
LIABILITIES		
Accounts payable	-	40,586
Due to other taxing units	-	8,916,015
Total Liabilities	<u>-</u>	<u>8,956,601</u>
NET ASSETS		
Held in trust	<u>31,142</u>	<u>-</u>
TOTAL NET ASSETS	<u>\$ 31,142</u>	<u>\$ -</u>

See accompanying notes to financial statements.

VILLAGE OF MUKWONAGO

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

For the Year Ended December 31, 2011

	Private Purpose Trust Library Trust Fund
ADDITIONS	
Investment income	\$ 499
Change in Net Assets	499
NET ASSETS - Beginning of Year	<u>30,643</u>
NET ASSETS - END OF YEAR	<u>\$ 31,142</u>

See accompanying notes to 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, 2011

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

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. This report does not contain any component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In February 2009, the GASB issued statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The village made the decision to implement this standard effective January 1, 2011.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Fund Financial Statements (cont.)

The village reports the following major governmental funds:

General Fund - accounts for the village's primary operating activities. It is used to account for 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.

2010 GO Note Fund - used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the projects listed in the Capital Improvement Plan.

Tax Incremental District (TID) No. 3 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

The village reports the following major enterprise funds:

Water Utility - accounts for operations of the water system

Sanitary Sewer Utility - accounts for operations of the sanitary 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

Revolving Loan

Impact Fee

Recycling

Park Land Site

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

Library Building

Capital Projects Fund

2001 GO Bond

2009 GO Bond

2010 Taxable GO Note (BAB)

