

# **VILLAGE OF MUKWONAGO**

Mukwonago, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditor's Report

As of and for the Year Ended December 31, 2018

# VILLAGE OF MUKWONAGO

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As of and for the Year Ended December 31, 2018

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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, 2018, 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, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*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 10, 2019



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of Mukwonago  
Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2018  
(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, 2018. 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**

- The Governmental Activities reported an ending net position of \$2,484,161 at the close of 2018, a decrease of \$7,418,145 in net position over the prior year.
- The Business-Type Activity reported \$29,465,069 for 2018, an increase of \$3,161,436 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 2018 by \$31,949,230 and its net position decreased by \$4,256,709 for the same period.
- The Governmental Funds reported ending fund balances of \$9,108,559 which is an increase of \$1,363,280 from 2017.
- \$1,593,140 (unassigned fund balance) of the Governmental Funds fund balances is available to spend at the Village Board's discretion. This is 18% of the total fund balances for Governmental Funds. Of the total unassigned amount, \$1,632,102 is unassigned in the General Fund which is 34% of the General Fund's 2019 budgeted expenditures.
- In 2018, the Village issued \$2,145,000 in General Obligation Notes to fund capital projects and capital equipment replacements for Public Works, the Village Hall and the Police Department and \$5,375,000 in General Obligation Refunding Bonds to refinance two 2010 debts. The Village also issued \$3,650,000 in Revenue Bonds to fund capital projects in the Water and Sewer Utilities. \$7,700,000 in Revenue Bond Anticipation Notes and \$4,225,000 in Taxable Note Anticipation Notes were also issued to fund infrastructure projects and land acquisition for the Village's new industrial park.
- Through scheduled debt payments and payoffs, the Village paid down \$8,142,946 in General Obligation debt and \$686,768 in Revenue Bonds and \$150,000 in Bond Anticipation Notes (BANs) in 2018. The net effect of all 2018 debt activity including premium amortization is an overall debt increase of \$14,465,114. The Village will pay down a total of \$4,898,434 in General Obligation debt and \$952,504 in Revenue Bonds and BANs in 2019.

**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, 2018  
(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 sixteen 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. 5 fund and Community Development fund which are all considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major government funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-68 of this report.

Village of Mukwonago  
Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2018  
(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 along with detailed schedules of revenues and expenditures for the general fund. Combining statements and schedules can be found on pages 73-80 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 \$31,949,230 at the close of the most current fiscal year, as presented in the following table.

**VILLAGE OF MUKWONAGO NET POSITION  
As of December 31, 2018 and 2017**

	Governmental Activities		Business-type Activities	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 19,649,090	\$ 16,510,959	\$ 8,124,172	\$ 6,525,439
Capital assets	<u>30,541,956</u>	<u>27,352,480</u>	<u>36,604,044</u>	<u>31,880,246</u>
Total assets	<u>50,191,046</u>	<u>43,863,439</u>	<u>44,728,216</u>	<u>38,405,685</u>
Deferred outflows of resources	<u>1,424,779</u>	<u>1,567,435</u>	<u>432,191</u>	<u>519,632</u>
Current and other liabilities	1,838,697	1,529,267	572,003	285,526
Long-term liabilities	<u>38,197,180</u>	<u>26,771,498</u>	<u>14,939,623</u>	<u>12,245,135</u>
Total liabilities	<u>40,035,877</u>	<u>28,300,765</u>	<u>15,511,626</u>	<u>12,530,661</u>
Deferred inflows of resources	<u>9,095,787</u>	<u>7,227,803</u>	<u>183,712</u>	<u>91,023</u>
Net position				
Net investment in capital assets	2,263,796	5,679,968	23,236,532	21,193,893
Restricted	1,647,127	1,747,519	1,752,981	1,490,333
Unrestricted (deficit)	<u>(1,426,762)</u>	<u>2,474,819</u>	<u>4,475,556</u>	<u>3,619,407</u>
Total net position	<u>\$ 2,484,161</u>	<u>\$ 9,902,306</u>	<u>\$ 29,465,069</u>	<u>\$ 26,303,633</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.

Village of Mukwonago  
Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2018  
(Unaudited)

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)**

**Governmental and Business-Type Activities.** Governmental activities decreased the Village's net position by \$7,418,145 and Business-Type activities increased the Village's net position by \$3,161,436. The net effect is an overall decrease in the Village's total net position of \$4,256,709.

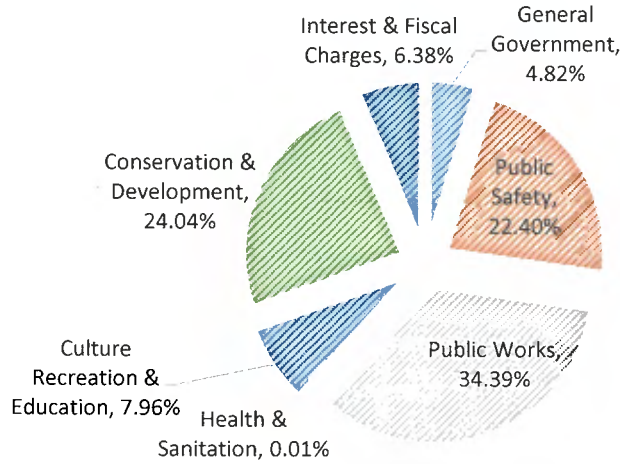
**VILLAGE OF MUKWONAGO CHANGES IN NET POSITION**  
For the years ending December 31, 2018 and 2017

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 2,334,385	\$ 2,390,178	\$ 3,819,263	\$ 3,638,792
Operating grants and contributions	1,404,848	1,543,171	-	-
Capital grants and contributions	159,327	130,188	2,871,388	283,203
General revenues				
Property and other taxes	6,566,506	6,695,862	-	-
Intergovernmental revenues not restricted to specific programs	376,249	383,893	-	-
Investment income	339,280	100,666	144,148	58,851
Other	62,526	12,723	-	-
Total revenues	<u>11,243,121</u>	<u>11,256,681</u>	<u>6,834,799</u>	<u>3,980,846</u>
<b>Expenses</b>				
General government	909,291	802,588	-	-
Public safety	4,227,246	4,330,947	-	-
Public works	6,489,479	3,804,620	-	-
Health and sanitation	2,680	2,731	-	-
Culture, recreation and education	1,502,608	1,577,808	-	-
Conservation and development	4,537,561	206,980	-	-
Interest and fiscal charges	1,203,998	455,654	-	-
Water Utility	-	-	1,643,909	1,328,836
Sewer Utility	-	-	1,817,857	1,739,649
Total expenses	<u>18,872,863</u>	<u>11,181,328</u>	<u>3,461,766</u>	<u>3,068,485</u>
Transfers	<u>211,597</u>	<u>390,641</u>	<u>(211,597)</u>	<u>(390,641)</u>
Increase (decrease) in net position	(7,418,145)	465,994	3,161,436	521,720
Net position - January 1	9,902,306	9,436,312	26,303,633	25,781,913
Net position - December 31	<u>\$ 2,484,161</u>	<u>\$ 9,902,306</u>	<u>\$ 29,465,069</u>	<u>\$ 26,303,633</u>

Village of Mukwonago  
 Management's Discussion and Analysis  
 As of and for the Year Ended December 31, 2018  
 (Unaudited)

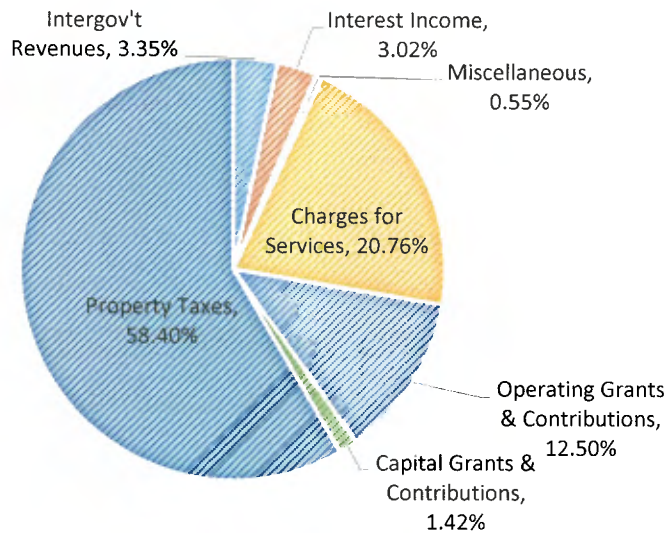
**EXPENSES BY FUNCTION – GOVERNMENTAL ACTIVITIES**

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 \$3,161,436. The operating income from business-type activities was \$894,639, with net non-operating expenses of \$392,994 and capital contributions and transfer activity of \$2,659,791. Operating revenue for the current fiscal year was \$3,787,696 with the operating expense of \$2,893,057.

Village of Mukwonago  
Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2018  
(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 2018, the percentage shown is of the total 2018 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 – these 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 TID No. 4
- 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, 2018  
(Unaudited)

Fund Balances as listed in the Balance Sheet for Governmental Funds	2018	% of Total	2017	Increase (Decrease) from Prior Year	% Change from Prior Year Increase (Decrease)	Explanation of Change
<b>Nonspendable Fund Balances</b>						
TID #4	\$ 39,323		\$ 36,323	\$ 3,000	8.3%	General Fund advance to TID #4 Decrease in prepaid health insurance costs
Various - Prepaid	57,451		145,557	(88,106)	-60.5%	
	<u>\$ 96,774</u>	<u>1%</u>	<u>\$ 181,880</u>	<u>\$ (85,106)</u>	<u>-46.8%</u>	
<b>Restricted Fund Balances</b>						
Debt Service	\$ 620,291		\$ 528,381	\$ 91,910	17.4%	Collection of special assessments
TID #3	892,581		1,037,998	(145,417)	-14.0%	Decrease in increment over prior year
TID #5	2,585,257		-	2,585,257	0.0%	Creation of TID #5 in 2018
Stormwater	46,585		30,109	16,476	54.7%	Building reserve for future pond dredging project
Library	174,895		173,269	1,626	0.9%	Cost savings to replenish reserves
Revolving Loan	94,361		91,336	3,025	3.3%	Interest earnings
Impact Fees	139,019		195,031	(56,012)	-28.7%	Use of reserves for debt payments
	<u>\$ 4,552,989</u>	<u>50%</u>	<u>\$ 2,056,124</u>	<u>\$ 2,496,865</u>	<u>121.4%</u>	
<b>Committed Fund Balances</b>						
Fire Dept	\$ 111,638		\$ 79,061	\$ 32,577	41.2%	Reserves for future ambulance purchase
Recycling	99,011		84,373	14,638	17.3%	New Development
Parkland Site	245,997		262,832	(16,835)	-6.4%	Use of reserves for projects
Capital Projects	1,403,317		1,268,138	135,179	10.7%	Reserves for future project
Community Development	6,691		1,178,134	(1,171,443)	-99.4%	Prior year land purchase expensed
Library Building	-		5,468	(5,468)	-100.0%	Transfer of reserves to Library Fund
Capital Equipment	196,663		457,822	(261,159)	-57.0%	Use of reserves for fire station project
	<u>\$ 2,063,317</u>	<u>23%</u>	<u>\$ 3,335,828</u>	<u>\$ (1,272,511)</u>	<u>-38.1%</u>	
<b>Assigned Fund Balances</b>						
GF - Accrued Sick Leave	\$ 393,302		\$ 282,772	\$ 110,530	39.1%	Reserves for future sick leave payout
GF - Ambulance Capital	233,122		101,558	131,564	129.5%	Restored Prior Year use of Reserves
GF - Village Designated Use	175,915		437,957	(262,042)	-59.8%	Use of reserves for fire station project
	<u>\$ 802,339</u>	<u>9%</u>	<u>\$ 822,287</u>	<u>\$ (19,948)</u>	<u>-2.4%</u>	
<b>Unassigned Fund Balances</b>						
General Fund	\$ 1,632,102		\$ 1,385,483	\$ 246,619	17.8%	
TID #4	(38,962)		(36,323)	(2,639)	7.3%	General Fund Advance to TID #4
	<u>\$ 1,593,140</u>	<u>17%</u>	<u>\$ 1,349,160</u>	<u>\$ 243,980</u>	<u>18.1%</u>	
<b>Total Governmental Funds Fund Balance</b>	<b>\$ 9,108,559</b>	<b>100%</b>	<b>\$ 7,745,279</b>	<b>\$ 1,363,280</b>	<b>17.6%</b>	

*General Fund budgetary highlights.* The total appropriations, including those for transfers out, were \$5,029,795. Actual expenditures and transfers out were \$4,887,725, resulting in a \$142,070 favorable variance. Total revenues and other financing sources were \$5,032,730, \$276,119 more than the final budget. Details can be found in the required supplemental information at the back of this report.

*Fire and Ambulance budgetary highlights.* The total appropriations, including those for transfers out, were \$1,409,404. Actual expenditures and transfers out were \$1,412,896, resulting in a \$3,492 unfavorable variance. Total revenues and other financing sources were \$1,444,267, \$1,573 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 2018, respectively. In 2018, the PSC approved a water rate increase for implementation in December 2018.



Village of Mukwonago  
Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2018  
(Unaudited)

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets.* The Village of Mukwonago's investment in capital assets for its governmental and business-type activities as of December 31, 2018 amounts to \$67,146,000 (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)  
As of December 31, 2018 and 2017

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Land	\$ 1,909,628	\$ 1,909,628	\$ 716,879	\$ 658,079
Construction in progress	2,426,020	1,041,560	4,649,705	25,123
Land improvements	1,450,537	1,023,545	-	-
Buildings and improvements	8,898,799	8,475,841	30,181,442	30,358,372
Machinery and equipment	2,475,408	2,447,903	1,056,018	838,670
Roads	10,630,819	9,619,246	-	-
Storm sewers	2,335,379	2,395,143	-	-
Library collection	388,027	396,992	-	-
Intangible assets	27,339	42,622	-	-
Total	<u>\$ 30,541,956</u>	<u>\$ 27,352,480</u>	<u>\$ 36,604,044</u>	<u>\$ 31,880,246</u>

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

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(Unaudited)

**CAPITAL ASSET AND DEBT ADMINISTRATION cont.)**

*Long-term obligations.* At the end of the current fiscal year, the Village had total debt outstanding of \$53,136,803. Of this amount, \$24,842,923 comprises debt backed by the full faith and credit of the government, with related premiums balance of \$755,695. There is \$12,459,641 of revenue bonds outstanding and \$13,905,000 in Bond Anticipation Notes that are financed by user fees, with related premiums balance of \$491,660. The remainder of the Village's obligations represents accumulated sick pay benefits, net pension liabilities and amounts due to other governments.

**VILLAGE OF MUKWONAGO'S LONG TERM OBLIGATIONS**

December 31, 2018 and 2017

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
General obligation debt	\$ 24,842,923	\$ 25,341,357	\$ -	\$ 124,512
Premiums	755,695	489,106	491,660	408,421
Compensated absences	558,562	627,255	8,322	60,930
Net Pension Liability (asset)	-	198,780	-	24,863
Due to other governments	115,000	115,000	-	-
Revenue bonds	-	-	12,459,641	9,496,409
Bond Anticipation Notes	11,925,000	-	1,980,000	2,130,000
Total	<u>\$ 38,197,180</u>	<u>\$ 26,771,498</u>	<u>\$ 14,939,623</u>	<u>\$ 12,245,135</u>

The net effect of all debt activity during the current year was total debt increased by \$14,465,114.

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 \$43,870,115. Total general obligation debt outstanding at year end was \$24,842,923. Additional information on the Village of Mukwonago's long-term debt can be found in Note III.F.

Village of Mukwonago  
Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2018  
(Unaudited)

**ECONOMIC FACTORS AND OTHER BUDGET NOTES**

The Village makes every attempt to balance annual operating budgets without using reserve funds. Departments are charged with keeping expenditures in line with conservative revenue forecasts 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.

In the process of issuing debt in 2018, Standard & Poor's financial rating service evaluated the Village's financial information and assigned the following ratings for both the new debt as well as affirming the ratings for existing obligations:

- AA/Stable for the new General Obligation Promissory Note
- AA/Stable long-term rating affirmed for General Obligation Debt
- AA-/Stable for the new Revenue Bonds
- A+/Stable for the Revenue Bond Anticipation Notes
- AA-/Stable long-term rating affirmed for Revenue Bonds
- SP-1+ short-term rating for the new Bond Anticipation Notes and Taxable Note Anticipate Notes

Factors that contributed to the ratings include:

- Very strong budgetary flexibility with available fund balances in fiscal 2017 of 48% of operating expenditures.
- Very strong liquidity, with total government available cash at 84.0% of total governmental fund expenditures and 2.3x governmental debt service.
- Strong management with good financial policies and practices under S&P's Financial Management Assessment methodology:
  - 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
- Strong budgetary performance with an operating surplus in the general fund and a slight operating surplus at the total government fund level in fiscal 2017.
- Strong economy with access to a broad-and-diverse metropolitan statistical area (MSA).

Residential properties represent 69.5% of the tax base, commercial properties are 23.4%, manufacturing properties are 4.7% and agriculture, undeveloped and personal property tax combined are the final 2.4%. As part of its strategic plan, the Village is actively seeking business growth to better balance the residential tax revenues.

In early 2018, the Village created TID #5 and purchased property for a new industrial park near I-43. Infrastructure design and construction for the park's first tenant, Banker Wire, has been completed and phase 2 of the project plan is underway. Other businesses including Triple Crown and Super Products, have begun projects in 2019. Interest in the industrial park is high and we expect it to be built out much sooner than originally projected.

The Village is in new negotiations with a developer to build multi-family residential buildings on the former Lynch site on Main St. which has become part of a TID #4 created in 2017.

**REQUESTS FOR INFORMATION**

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

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## BASIC FINANCIAL STATEMENTS

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VILLAGE OF MUKWONAGO

STATEMENT OF NET POSITION  
As of December 31, 2018

	Governmental Activities	Business - type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 10,509,715	\$ 4,923,902	\$ 15,433,617
Receivables:			
Taxes	6,822,662	47,936	6,870,598
Accounts, net of allowance	377,964	897,659	1,275,623
Special assessments	235,481	5,655	241,136
Due from other governmental units	514	-	514
Internal balances	893,484	(893,484)	-
Inventories and prepaid items	57,451	31,243	88,694
Restricted Assets:			
Cash and investments	-	3,014,558	3,014,558
Net pension asset	751,819	96,703	848,522
Capital Assets:			
Land	1,909,628	601,764	2,511,392
Construction in progress	2,426,020	4,649,705	7,075,725
Intangible assets	-	115,115	115,115
Other capital assets, net of depreciation	26,206,308	31,237,460	57,443,768
Total Assets	<u>50,191,046</u>	<u>44,728,216</u>	<u>94,919,262</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refunding	-	241,802	241,802
Pension related items	1,424,779	190,389	1,615,168
Total Deferred Outflows of Resources	<u>1,424,779</u>	<u>432,191</u>	<u>1,856,970</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1,838,697	543,003	2,381,700
Deposits	-	29,000	29,000
Noncurrent Liabilities:			
Due within one year	4,991,490	953,890	5,945,380
Due in more than one year	33,205,690	13,985,733	47,191,423
Total Liabilities	<u>40,035,877</u>	<u>15,511,626</u>	<u>55,547,503</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	1,499,390	183,712	1,683,102
Unearned revenue	7,596,397	-	7,596,397
Total Deferred Inflows of Resources	<u>9,095,787</u>	<u>183,712</u>	<u>9,279,499</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,263,796	23,236,532	20,787,870
Restricted for			
Debt service	434,097	66,575	500,672
Pension	751,819	96,703	848,522
Library	181,246	-	181,246
Revolving loan	94,361	-	94,361
Stormwater	46,585	-	46,585
Impact fees	139,019	878,653	1,017,672
Equipment replacement	-	711,050	711,050
Unrestricted (deficit)	<u>(1,426,762)</u>	<u>4,475,556</u>	<u>7,761,252</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,484,161</u>	<u>\$ 29,465,069</u>	<u>\$ 31,949,230</u>

See accompanying notes to the financial statements.

## VILLAGE OF MUKWONAGO

### STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

<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>
<b>Governmental Activities</b>				
General government	\$ 909,291	\$ 168,910	\$ 132,777	\$ -
Public safety	4,227,246	1,551,488	119,742	98,949
Public works	6,489,479	558,333	505,179	-
Health and sanitation	2,680	-	-	-
Culture, recreation and education	1,502,608	55,194	647,150	60,378
Conservation and development	4,537,561	460	-	-
Interest and fiscal charges	1,203,998	-	-	-
Total Governmental Activities	<u>18,872,863</u>	<u>2,334,385</u>	<u>1,404,848</u>	<u>159,327</u>
<b>Business-type Activities</b>				
Water Utility	1,643,909	1,937,436	-	1,653,110
Sewer Utility	1,817,857	1,881,827	-	1,218,278
Total Business-type Activities	<u>3,461,766</u>	<u>3,819,263</u>	<u>-</u>	<u>2,871,388</u>
Total	<u>\$ 22,334,629</u>	<u>\$ 6,153,648</u>	<u>\$ 1,404,848</u>	<u>\$ 3,030,715</u>

**General revenues**

**Taxes**

Property taxes levied for general purposes

Property taxes levied for debt service

Property taxes levied for TIF

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Total general revenues

**Transfers**

**Change in net position**

**NET POSITION - Beginning of Year**

**NET POSITION - END OF YEAR**

See accompanying notes to the financial statements.



Net (Expenses) Revenues and  
Changes in Net Position

<u>Governmental Activities</u>	<u>Business - type Activities</u>	<u>Totals</u>
\$ (607,604)	\$ -	\$ (607,604)
(2,457,067)	-	(2,457,067)
(5,425,967)	-	(5,425,967)
(2,680)	-	(2,680)
(739,886)	-	(739,886)
(4,537,101)	-	(4,537,101)
(1,203,998)	-	(1,203,998)
<u>(14,974,303)</u>	<u>-</u>	<u>(14,974,303)</u>
-	1,946,637	1,946,637
-	1,282,248	1,282,248
-	3,228,885	3,228,885
<u>(14,974,303)</u>	<u>3,228,885</u>	<u>(11,745,418)</u>
3,592,446	-	3,592,446
2,141,311	-	2,141,311
828,976	-	828,976
3,773	-	3,773
376,249	-	376,249
339,280	144,148	483,428
62,526	-	62,526
<u>7,344,561</u>	<u>144,148</u>	<u>7,488,709</u>
<u>211,597</u>	<u>(211,597)</u>	<u>-</u>
(7,418,145)	3,161,436	(4,256,709)
<u>9,902,306</u>	<u>26,303,633</u>	<u>36,205,939</u>
<u>\$ 2,484,161</u>	<u>\$ 29,465,069</u>	<u>\$ 31,949,230</u>

See accompanying notes to the financial statements.

# VILLAGE OF MUKWONAGO

## BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2018

	General Fund	Special Revenue Fund Fire and Ambulance Fund
<b>ASSETS</b>		
Cash and investments	\$ 2,448,914	\$ 304,902
Receivables:		
Taxes	2,607,663	218,484
Accounts, net of allowance	185,929	88,559
Special assessments	-	-
Due from other governments	-	514
Due from other funds	117,231	275
Advance to other fund	39,323	-
Prepaid items	44,429	6,671
<b>TOTAL ASSETS</b>	<b>\$ 5,443,489</b>	<b>\$ 619,405</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
Liabilities		
Accounts payable	\$ 183,613	\$ 39,484
Accrued liabilities	101,754	34,449
Due to other funds	32,899	65,853
Due to other governments	2,953	61,406
Advances from other fund	-	-
Total Liabilities	321,219	201,192
Deferred Inflows of Resources		
Unavailable revenue	-	81,420
Unearned revenue	2,604,077	218,484
Total Deferred Inflows of Resources	2,604,077	299,904
Fund Balances		
Nonspendable	83,752	6,671
Restricted	-	-
Committed	-	111,638
Assigned	802,339	-
Unassigned (deficit)	1,632,102	-
Total Fund Balances	2,518,193	118,309
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 5,443,489</b>	<b>\$ 619,405</b>

See accompanying notes to the financial statements.

Debt Service Fund	Capital Projects Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	Tax Incremental District No. 5 Fund	Community Development Fund		
\$ 620,291	\$ 3,345,044	\$ 165,920	\$ 3,624,644	\$ 10,509,715
2,301,945	-	-	1,694,570	6,822,662
-	23,942	-	79,534	377,964
235,481	-	-	-	235,481
-	-	-	-	514
-	-	-	-	117,506
-	875,916	-	-	915,239
-	-	-	6,351	57,451
<u>\$ 3,157,717</u>	<u>\$ 4,244,902</u>	<u>\$ 165,920</u>	<u>\$ 5,405,099</u>	<u>\$ 19,036,532</u>
\$ -	\$ 783,729	\$ 159,229	\$ 266,419	\$ 1,432,474
-	-	-	19,467	155,670
-	-	-	1,186	99,938
-	-	-	115,000	179,359
-	-	-	39,323	39,323
-	783,729	159,229	441,395	1,906,764
343,392	-	-	-	424,812
2,194,034	875,916	-	1,703,886	7,596,397
<u>2,537,426</u>	<u>875,916</u>	<u>-</u>	<u>1,703,886</u>	<u>8,021,209</u>
-	-	-	6,351	96,774
620,291	2,585,257	-	1,347,441	4,552,989
-	-	6,691	1,944,988	2,063,317
-	-	-	-	802,339
-	-	-	(38,962)	1,593,140
<u>620,291</u>	<u>2,585,257</u>	<u>6,691</u>	<u>3,259,818</u>	<u>9,108,559</u>
<u>\$ 3,157,717</u>	<u>\$ 4,244,902</u>	<u>\$ 165,920</u>	<u>\$ 5,405,099</u>	<u>\$ 19,036,532</u>

See accompanying notes to the financial statements.

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## VILLAGE OF MUKWONAGO

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2018

---

Total Fund Balances - Governmental Funds	\$ 9,108,559
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	2,426,020
Other capital assets	42,669,527
Less: Accumulated depreciation/amortization	(16,463,219)
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	
	751,819
Deferred outflows of resources related to pension do not related to current financial resources and are not reported in the governmental funds.	
	1,424,779
Deferred inflows of resources related to pension do not related to current financial resources and are not reported in the governmental funds.	
	(1,499,390)
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.	
	424,812
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	(37,523,618)
Compensated absences	(558,562)
Accrued interest	(186,194)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 2,484,161</b>

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, 2018

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Total Fund Balances - Governmental Funds	\$ 9,108,559
--	--------------

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	2,426,020
Other capital assets	42,669,527
Less: Accumulated depreciation/amortization	(16,463,219)

The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	751,819
---	---------

Deferred outflows of resources related to pension do not related to current financial resources and are not reported in the governmental funds.	1,424,779
---	-----------

Deferred inflows of resources related to pension do not related to current financial resources and are not reported in the governmental funds.	(1,499,390)
--	-------------

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.	424,812
--	---------

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	(37,523,618)
Compensated absences	(558,562)
Accrued interest	(186,194)

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 2,484,161</u></b>
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See accompanying notes to the financial statements.

## VILLAGE OF MUKWONAGO

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	<u>General Fund</u>	<u>Special Revenue Fund Fire and Ambulance Fund</u>
<b>REVENUES</b>		
Taxes	\$ 2,578,027	\$ 214,200
Special assessments	-	-
Intergovernmental	892,813	5,910
Licenses and permits	515,695	-
Fines, forfeitures and penalties	201,146	-
Public charges for services	39,479	999,904
Intergovernmental charges for services	172,165	214,200
Investment income	73,924	1,856
Other revenues	162,986	8,197
Total Revenues	<u>4,636,235</u>	<u>1,444,267</u>
<b>EXPENDITURES</b>		
Current		
General government	804,714	-
Public safety	2,493,210	1,335,018
Public works	791,778	-
Health and human services	2,680	-
Culture, recreation and education	159,762	-
Conservation and development	163,557	-
Capital Outlay	30,665	50,199
Debt Service		
Principal	-	-
Interest and fees	-	-
Total Expenditures	<u>4,446,366</u>	<u>1,385,217</u>
Excess (deficiency) of revenues over expenditures	<u>189,869</u>	<u>59,050</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	396,495	-
Transfers out	(441,359)	(27,679)
Debt issued	-	-
Premium on debt issued	-	-
Proceeds from sale of capital assets	-	-
Total Other Financing Sources (Uses)	<u>(44,864)</u>	<u>(27,679)</u>
<b>Net Change in Fund Balances</b>	145,005	31,371
<b>FUND BALANCES - Beginning of Year</b>	<u>2,373,188</u>	<u>86,938</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 2,518,193</u>	<u>\$ 118,309</u>

See accompanying notes to the financial statements.

Debt Service Fund	Capital Projects Fund Tax Incremental District No. 5 Fund	Capital Projects Fund Community Development Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,141,311	\$ -	\$ -	\$ 1,677,090	\$ 6,610,628
-	-	-	18,298	18,298
171,118	-	-	544,856	1,614,697
-	-	-	173,030	688,725
-	-	-	-	201,146
-	-	-	193,636	1,233,019
-	-	-	-	386,365
80,472	77,559	3,514	93,136	330,461
-	23,943	-	168,300	363,426
<u>2,392,901</u>	<u>101,502</u>	<u>3,514</u>	<u>2,868,346</u>	<u>11,446,765</u>
-	27,427	2,765	107,100	942,006
-	-	-	-	3,828,228
-	-	-	497,649	1,289,427
-	-	-	-	2,680
-	-	-	1,031,892	1,191,654
-	24,655	1,054,816	25	1,243,053
-	9,185,260	177,376	2,914,840	12,358,340
7,371,089	-	-	647,345	8,018,434
557,355	476,145	-	291,091	1,324,591
<u>7,928,444</u>	<u>9,713,487</u>	<u>1,234,957</u>	<u>5,489,942</u>	<u>30,198,413</u>
<u>(5,535,543)</u>	<u>(9,611,985)</u>	<u>(1,231,443)</u>	<u>(2,621,596)</u>	<u>(18,751,648)</u>
146,000	-	60,000	321,674	924,169
-	-	-	(243,534)	(712,572)
5,375,000	11,925,000	-	2,145,000	19,445,000
106,453	272,242	-	63,385	442,080
-	-	-	16,251	16,251
<u>5,627,453</u>	<u>12,197,242</u>	<u>60,000</u>	<u>2,302,776</u>	<u>20,114,928</u>
91,910	2,585,257	(1,171,443)	(318,820)	1,363,280
528,381	-	1,178,134	3,578,638	7,745,279
<u>\$ 620,291</u>	<u>\$ 2,585,257</u>	<u>\$ 6,691</u>	<u>\$ 3,259,818</u>	<u>\$ 9,108,559</u>

See accompanying notes to the financial statements.



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## VILLAGE OF MUKWONAGO

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

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Net change in fund balances - total governmental funds	\$ 1,363,280
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements, but is capitalized in the government-wide statements	12,358,340
Some items reported as outlay were not capitalized	(6,704,001)
Depreciation is reported in the government-wide statements	(1,445,399)
Net book value of assets retired	(16,748)
Some items previously capitalized as construction in progress were expensed	(1,002,716)

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	(219,895)
---------------------	-----------

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

Debt issued	(19,445,000)
Principal repaid	8,018,434

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	68,693
Accrued interest on debt	(54,898)
Net pension asset	950,599
Deferred inflows/outflows of resources related to pension	(1,022,245)

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

Premium on new debt	(442,080)
Amortization of debt premiums	175,491

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ (7,418,145)</b>
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See accompanying notes to the financial statements.

# VILLAGE OF MUKWONAGO

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2018

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 2,252,288	\$ 2,671,614	\$ 4,923,902
Receivables:			
Accounts	457,859	439,800	897,659
Taxes	26,095	21,841	47,936
Due from other funds	32,624	-	32,624
Inventories	25,484	-	25,484
Prepaid items	2,292	3,467	5,759
Restricted Asset:			
Cash and investments	51,563	51,306	102,869
Total Current Assets	2,848,205	3,188,028	6,036,233
Noncurrent Assets			
Restricted Assets:			
Cash and investments	1,017,564	1,894,125	2,911,689
Net pension asset	44,260	52,443	96,703
Other Asset:			
Special assessments receivable	441	5,214	5,655
Capital Assets:			
Land	585,867	15,897	601,764
Construction in progress	2,427,057	2,222,648	4,649,705
Intangible assets	-	115,115	115,115
Other capital assets, net of depreciation	18,117,932	13,119,528	31,237,460
Total Noncurrent Assets	22,193,121	17,424,970	39,618,091
Total Assets	25,041,326	20,612,998	45,654,324
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refunding	22,330	219,472	241,802
Pension related items	88,940	101,449	190,389
Total Deferred Outflows of Resources	111,270	320,921	432,191

See accompanying notes to the financial statements.

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 173,040	\$ 314,023	\$ 487,063
Accrued liabilities	7,081	6,308	13,389
Accrued interest payable	3,629	2,628	6,257
Deposits	29,000	-	29,000
Advance due to other funds	875,916		875,916
Due to other funds	42,391	7,801	50,192
Current portion of bonds and notes payable	87,000	63,000	150,000
Current portion of compensated absenses	693	693	1,386
Liabilities Payable From Restricted Assets:			
Accrued interest payable	17,161	19,133	36,294
Current portion of revenue bonds	416,389	386,115	802,504
<b>Total Current Liabilities</b>	<u>1,652,300</u>	<u>799,701</u>	<u>2,452,001</u>
Noncurrent Liabilities			
Long-Term Debt:			
Bonds and notes payable	6,475,333	7,503,464	13,978,797
Compensated absences	3,468	3,468	6,936
<b>Total Noncurrent Liabilities</b>	<u>6,478,801</u>	<u>7,506,932</u>	<u>13,985,733</u>
<b>Total Liabilities</b>	<u>8,131,101</u>	<u>8,306,633</u>	<u>16,437,734</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	<u>87,655</u>	<u>96,057</u>	<u>183,712</u>
<b>NET POSITION</b>			
Net investment in capital assets	14,782,256	8,454,276	23,236,532
Restricted for			
Equipment replacement	-	711,050	711,050
Impact fees	409,772	468,881	878,653
Pensions	44,260	52,443	96,703
Debt service	34,402	32,173	66,575
Unrestricted	<u>1,663,150</u>	<u>2,812,406</u>	<u>4,475,556</u>
<b>TOTAL NET POSITION</b>	<u>\$ 16,933,840</u>	<u>\$ 12,531,229</u>	<u>\$ 29,465,069</u>

See accompanying notes to the financial statements.

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## VILLAGE OF MUKWONAGO

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
<b>OPERATING REVENUES</b>	<u>\$ 1,936,654</u>	<u>\$ 1,851,042</u>	<u>\$ 3,787,696</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	849,823	916,104	1,765,927
Depreciation	498,451	582,868	1,081,319
Taxes	27,026	18,785	45,811
<b>Total Operating Expenses</b>	<u>1,375,300</u>	<u>1,517,757</u>	<u>2,893,057</u>
<b>Operating Income</b>	<u>561,354</u>	<u>333,285</u>	<u>894,639</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	52,914	91,234	144,148
Miscellaneous income	782	30,785	31,567
Interest and fiscal charges	(268,609)	(300,100)	(568,709)
<b>Total Nonoperating Revenues (Expense)</b>	<u>(214,913)</u>	<u>(178,081)</u>	<u>(392,994)</u>
<b>Income Before Capital Contributions and Transfers</b>	<u>346,441</u>	<u>155,204</u>	<u>501,645</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	1,653,110	1,218,278	2,871,388
Transfers in	125,219	10,000	135,219
Transfers out	(338,739)	(8,077)	(346,816)
<b>Total Capital Contributions and Transfers</b>	<u>1,439,590</u>	<u>1,220,201</u>	<u>2,659,791</u>
<b>Change in Net Position</b>	<u>1,786,031</u>	<u>1,375,405</u>	<u>3,161,436</u>
<b>NET POSITION - Beginning of Year</b>	<u>15,147,809</u>	<u>11,155,824</u>	<u>26,303,633</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 16,933,840</u>	<u>\$ 12,531,229</u>	<u>\$ 29,465,069</u>

See accompanying notes to the financial statements.

## VILLAGE OF MUKWONAGO

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,932,171	\$ 1,838,189	\$ 3,770,360
Paid to suppliers for goods and services	(617,377)	(700,945)	(1,318,322)
Paid to employees for services	(248,701)	(243,780)	(492,481)
Net Cash Flows From Operating Activities	1,066,093	893,464	1,959,557
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	52,914	91,425	144,339
Net Cash Flows From Investing Activities	52,914	91,425	144,339
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Paid to municipality for tax equivalent	(328,739)	(8,077)	(336,816)
Transfers in (out)	115,219	10,000	125,219
Net Cash Flows From Noncapital Financing Activities	(213,520)	1,923	(211,597)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	(547,040)	(414,240)	(961,280)
Interest and fees paid	(215,305)	(281,392)	(496,697)
Debt issued	2,555,000	1,095,000	3,650,000
Debt premium net of issuance costs	28,491	43,221	71,712
Special assessments received	2,231	3,636	5,867
Acquisition and construction of capital assets	(807,316)	(1,151,420)	(1,958,736)
Impact fees received	93,926	46,694	140,620
Net Cash Flows From Capital and Related Financing Activities	1,109,987	(658,501)	451,486
Net Change in Cash and Cash Investments	2,015,474	328,311	2,343,785
CASH AND CASH INVESTMENTS - Beginning of Year	1,305,941	4,288,734	5,594,675
<b>CASH AND CASH INVESTMENTS - END OF YEAR</b>	<b>\$ 3,321,415</b>	<b>\$ 4,617,045</b>	<b>\$ 7,938,460</b>

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	\$ 561,354	\$ 333,285	\$ 894,639
Miscellaneous nonoperating activities	782	30,785	31,567
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	498,451	582,868	1,081,319
Depreciation charged to other funds	30,524	(30,524)	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources			
Accounts receivable	(3,165)	(13,114)	(16,279)
Materials and supplies	13	-	13
Prepaid items	723	1,824	2,547
Due from municipality	(32,624)	-	(32,624)
Accounts payable	64,912	(16,228)	48,684
Due to municipality	(1,022)	(655)	(1,677)
Accrued liabilities	(3,089)	(1,750)	(4,839)
Compensated absences	(51,548)	(1,057)	(52,605)
Pension related deferrals and liabilities	(1,218)	8,030	6,812
Customer deposits	2,000	-	2,000
	<u>\$ 1,066,093</u>	<u>\$ 893,464</u>	<u>\$ 1,959,557</u>

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

Cash and investments - statement of net position	\$ 2,252,288	\$ 2,671,614	\$ 4,923,902
Restricted cash and investments - statement of net position	1,069,127	1,945,431	3,014,558
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 3,321,415</u>	<u>\$ 4,617,045</u>	<u>\$ 7,938,460</u>

**NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital contributions	<u>\$ 1,559,184</u>	<u>\$ 1,179,385</u>
Amortization of debt premium	<u>\$ 27,794</u>	<u>\$ 33,039</u>
Amortization of loss on refunding	<u>\$ (2,627)</u>	<u>\$ (13,646)</u>
Advance from other funds	<u>\$ 875,916</u>	<u>\$ -</u>

See accompanying notes to the financial statements.



# VILLAGE OF MUKWONAGO

## STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2018

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	<u>Agency Fund</u>
	<u>Tax Escrow</u>
	<u>Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 8,006,954
Taxes receivable	600,028
Total Assets	<u>\$ 8,606,982</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 33,087
Due to other governments	8,573,895
Total Liabilities	<u>\$ 8,606,982</u>

See accompanying notes to the financial statements.

# VILLAGE OF MUKWONAGO

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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## VILLAGE OF MUKWONAGO

### NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2018

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#### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies of the Village of Mukwonago (“village”), 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 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 government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity’s financial statements to be misleading. The village has not identified any organizations that meet this criteria.

##### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

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

## VILLAGE OF MUKWONAGO

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

#### 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 government 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 the expenditure for payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.

Tax Incremental District (TID) No. 5 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.

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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**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 financial resources that are restricted, committed, or assigned to expenditure and capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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 outlay, including the acquisition or construction of capital facilities and other capital assets as budgeted or as outlined in the plan for TID No. 4

Capital Equipment	Tax Incremental District (TID) No. 3
Capital Project Fund	Tax Incremental District (TID) No. 4
Library Building	

In addition, the village reports the following fund types:

Agency Fund – 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, 2018

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

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##### **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 with the liability is incurred or economic asset is 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 utilities 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, 2018, there were \$483,094 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, 2018

---

#### 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 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 of 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.
- 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, 2018

---

#### 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.

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. Bank 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 the principal and interest with promissory notes from borrowers of depository institutions that maintain a rating from Standard and 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 of 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. No investments are reported at amortized costs. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on comingled investments of municipal accounting funds is allocated on average balances. The difference between the bank statement 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, 2018

---

### 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, 2018, 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 assessed value as of the prior January 1. In addition to property taxes for the village, taxes are collected for remitted to the state and county governments as well as the local school district, Phantom Lakes Management district, and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities – agency fund.

Property tax calendar – 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	April 30, 2019
Third installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale – 2018 delinquent real estate taxes	October 2021

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 (non-current 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, 2018

---

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

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#### ***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, committed or assigned fund balance account, if the funds will ultimately be restricted, committed or assigned 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 or 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 acquisition value at the date of donation.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

***5. Capital Assets (cont.)***

Additions to and replacements of capital assets of business-type activities are reported at original cost, which includes material, labor, overhead, and allowance for the cost of funds used during construction when significant. 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, 2018

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

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#### *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 construct a larger facility within TID No.3. The village's total investment in the property was originally recorded as an asset in the Community Development Fund at the lower of cost or estimated realizable value of \$1,050,030. In 2018, this amount was expensed in the Special Revenue Fund - Community Development Fund and it is no longer shown as an asset in the Fund as of December 31, 2018.

##### *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 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 various 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 they are 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 full-time 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, 2018, 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, 2018

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#### 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, accrued compensated absences and the net pension liability.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt (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. IRBs 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 December 31, 2018, the principal amount for the 2001 series outstanding was \$346,443; the original issue amount was \$2,300,000. In 2018, the village issued two new industrial revenue bonds. The original issue amounts were \$8,000,000 and \$3,836,755; the principal balances for the 2018 series bonds at December 31, 2018 were the same as the original issue amounts.

**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 the future time.

**11. Basis for Existing Rates**

**Water Utility**

Current water rates were approved by the Public Service Commission of Wisconsin on December 31, 2010. New water rates effective December 1, 2018 were approved as of November 26, 2018.

**Sewer Utility**

Current sewer rates were approved by the Village Board on December 17, 2013.

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**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.)**

**12. 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	\$ 2,263,796	\$ 23,236,532	\$ (4,712,458)	\$ 20,787,870
Unrestricted (deficit)	(1,426,762)	4,475,556	4,712,458	7,761,252

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, 2018

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

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

##### **12. 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 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 is 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 specific purposes; 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 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 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, 2018, the village's unassigned fund balance was \$1,632,102 which exceeded the required fund balance of \$1,181,204.

See Note III. G. for further information.

##### **13. Pension**

For purposes of measuring the net pension 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.

**VILLAGE OF MUKWONAGO**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2018

**NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. EXCESS EXPENDITURES OVER APPROPRIATIONS**

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Special Revenue Funds:			
Library	\$ 1,117,823	\$ 1,118,537	\$ 714
Fire & Ambulance	1,409,404	1,412,896	3,492

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. LIMITATIONS ON THE VILLAGE 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.

**C. DEFICIT BALANCE**

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

As of December 31, 2018, the following individual fund held a deficit balance:

Fund	Amount	Reason
Capital Projects Fund - Tax Incremental District No. 4	\$ 38,962	TID No. 4 was created in 2017. Deficit is due to legal expenditures to create the district. 2019 is the first year tax increment revenue will be generated for the fund.



**VILLAGE OF MUKWONAGO**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2018

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

**A. DEPOSITS AND INVESTMENTS**

Cash equivalents and investments as shown on the village’s Statement of Net Position are subject to the following risks:

	Carrying Value	Statement Balance	Associated Risks
Deposits	\$ 9,642,877	\$ 9,773,268	Custodial credit
LGIP	16,811,852	16,811,852	Credit
Petty Cash	400	-	N/A
Total Deposits and Investments	\$ 26,455,129	\$ 26,585,121	

Reconciliation to financial statements

Per statement of net position	
Unrestricted cash and investment	\$ 15,433,617
Restricted cash and investment	3,014,558
Per statement of assets and liabilities - agency fund	
	8,006,954
Total Deposits and Investments	\$ 26,455,129

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 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 the custodial risk.

The village maintains collateral agreements with its banks. At December 31, 2018, the banks had pledged various government securities in the amount of \$4,606,501 to secure the village’s deposits.

**VILLAGE OF MUKWONAGO**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2018

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

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

***Custodial Credit Risk***

**Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the village's deposits may not be returned to the village.

As of December 31, 2018, \$266,600 of the village's total bank balance was exposed to custodial credit risk. The balance was uninsured and uncollateralized.

**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 risk.

***Credit Risk***

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

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

LGIP

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

**VILLAGE OF MUKWONAGO**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2018

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

**B. RECEIVABLES**

All of the receivables on the balance sheet are expected to be collected within one year except for \$235,481 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	\$ 6,720,481	\$ -
Ambulance receivable	-	81,421
Water impact fees for TID No. 5 Project	875,916	-
Special assessments not yet due	-	235,481
Special assessments principal and interest on tax roll	-	107,910
	<u>\$ 7,596,397</u>	<u>\$ 424,812</u>
Total Unearned/Unavailable Revenue for Governmental Funds		

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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**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 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. Unspent funds after seven years from the date of receipt 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 as of December 31, 2018:

	<u>Restricted Assets</u>
Water redemption - current	\$ 51,563
Water reserve	607,792
Water impact fee	409,772
Sewer redemption - current	51,306
Sewer reserve	714,194
Sewer impact fee	468,881
Equipment replacement	711,050
Net pension asset	<u>848,522</u>
Total	<u><u>\$ 3,863,080</u></u>

**VILLAGE OF MUKWONAGO**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2018

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

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 1,909,628	\$ -	\$ -	\$ 1,909,628
Construction in progress	1,041,559	2,387,177	1,002,716	2,426,020
Total Capital Assets Not Being Depreciated	<u>2,951,187</u>	<u>2,387,177</u>	<u>1,002,716</u>	<u>4,335,648</u>
Capital assets being depreciated/amortized				
Land improvements	1,353,376	483,697	5,500	1,831,573
Buildings	11,112,235	654,910	-	11,767,145
Machinery and equipment	5,007,849	328,418	104,850	5,231,417
Roads	18,235,977	1,713,491	11,959	19,937,509
Storm sewers	2,988,260	-	-	2,988,260
Library collection	799,255	86,646	86,771	799,130
Intangible assets	114,494	-	-	114,494
Total Capital Assets Being Depreciated/Amortized	<u>39,611,446</u>	<u>3,267,162</u>	<u>209,080</u>	<u>42,669,528</u>
Total Capital Assets	<u>42,562,633</u>	<u>5,654,339</u>	<u>1,211,796</u>	<u>47,005,176</u>
Less: Accumulated depreciation/amortization for				
Land improvements	(329,832)	(56,704)	5,500	(381,036)
Buildings	(2,636,393)	(231,953)	-	(2,868,346)
Machinery and equipment	(2,559,945)	(284,166)	88,102	(2,756,009)
Roads	(8,616,732)	(701,917)	11,959	(9,306,690)
Storm sewers	(593,116)	(59,765)	-	(652,881)
Library collection	(402,263)	(95,611)	86,771	(411,103)
Intangible assets	(71,872)	(15,283)	-	(87,155)
Total Accumulated Depreciation/Amortization	<u>(15,210,153)</u>	<u>(1,445,399)</u>	<u>192,332</u>	<u>(16,463,220)</u>
Net Capital Assets Being Depreciated/Amortized	<u>24,401,293</u>	<u>1,821,763</u>	<u>16,748</u>	<u>26,206,308</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 27,352,480</u>	<u>\$ 4,208,940</u>	<u>\$ 1,019,464</u>	<u>\$ 30,541,956</u>

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

Depreciation/amortization expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 50,279
Public Safety	241,677
Public works, which includes depreciation of infrastructure	866,233
Culture, recreation and education	287,210
Total Governmental Activities Depreciation/Amortization Expense	\$ 1,445,399

**Business-type Activities**

	Beginning Balance	Additions	Deletions	Ending Balance
<b><u>Sewer</u></b>				
Capital assets not being depreciated				
Land	\$ 15,897	\$ -	\$ -	\$ 15,897
Intangible assets	85,715	29,400	-	115,115
Construction in progress	-	2,222,648	-	2,222,648
Total Capital Assets Not Being Depreciated	101,612	2,252,048	-	2,353,660
Capital Assets Being depreciated				
Buildings and improvements	21,808,256	195,321	24,117	21,979,460
Machinery and equipment	1,854,468	83,822	8,237	1,930,053
Total Capital Assets Being Depreciated	23,662,724	279,143	32,354	23,909,513
Total Capital Assets	23,764,336	2,531,191	32,354	26,263,173
Less: Accumulated Depreciation for				
Buildings and improvements	(8,594,558)	(489,869)	24,117	(9,060,310)
Machinery and equipment	(1,675,438)	(62,474)	8,237	(1,729,675)
Total Accumulated Depreciation	(10,269,996)	(552,343)	32,354	(10,789,985)
Net Capital Assets Being Depreciated	13,392,728	(273,200)	-	13,119,528
Net Sewer Capital Assets	\$ 13,494,340	\$ 1,978,848	\$ -	\$ 15,473,188

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

**Business-type Activities (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Water</b>				
Capital assets not being depreciated				
Land and land rights	\$ 556,467	\$ 29,400	\$ -	\$ 585,867
Construction in progress	25,123	2,427,057	25,123	2,427,057
Total Capital Assets Not Being Depreciated	<u>581,590</u>	<u>2,456,457</u>	<u>25,123</u>	<u>3,012,924</u>
Capital assets being depreciated				
Buildings and improvements	21,783,406	453,040	61,107	22,175,339
Machinery and equipment	2,188,478	391,830	43,803	2,536,505
Total Capital Assets being Depreciated	<u>23,971,884</u>	<u>844,870</u>	<u>104,910</u>	<u>24,711,844</u>
Total Capital Assets	<u>24,553,474</u>	<u>3,301,327</u>	<u>130,033</u>	<u>27,724,768</u>
Less: accumulated depreciation for				
Buildings and improvements	(4,638,730)	(335,424)	61,107	(4,913,047)
Machinery and equipment	(1,528,838)	(195,830)	43,803	(1,680,865)
Total Accumulated Depreciation	<u>(6,167,568)</u>	<u>(531,254)</u>	<u>104,910</u>	<u>(6,593,912)</u>
Net Capital Assets Being Depreciated	<u>17,804,316</u>	<u>313,616</u>	<u>-</u>	<u>18,117,932</u>
Net Water Capital Assets	<u>\$ 18,385,906</u>	<u>\$ 2,770,073</u>	<u>\$ 25,123</u>	<u>\$ 21,130,856</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 31,880,246</u>	<u>\$ 4,748,921</u>	<u>\$ 25,123</u>	<u>\$ 36,604,044</u>

Depreciation expense was charged to functions as follows:

<b>Business-Type Activities</b>	
Sewer	\$ 582,868
Water	<u>498,451</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 1,081,319</u>

Depreciation expense does not agree to the increases in accumulated depreciation due to joint metering, salvage and cost of removal.

**VILLAGE OF MUKWONAGO**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2018

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

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***E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS***

***Interfund Receivables/Payables***

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General Fund	Water Utility	\$ 42,391
General Fund	Sewer Utility	7,801
General Fund	Special Revenue Fund - Fire and Ambulance Fund	65,853
Water Utility	General Fund	32,624
General Fund	Special Revenue Fund - Recycling	1,176
General Fund	Special Revenue Fund - Library	10
Special Revenue Fund - Fire and Ambulance Fund	General Fund	275
Total Fund Financial Statements		150,130
Less: Fund Eliminations		(67,314)
Less: Government-wide Eliminations		(65,248)
Total Internal Balances - Government-Wide Statement of Net Position		\$ 17,568

Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 50,192
Business-type Activities	Governmental Activities	(32,624)
Total Government-Wide Financial Statements		\$ 17,568

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, 2018

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

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

***Advances***

The General Fund advanced funds to the Capital Projects Fund - Tax Increment District No. 4 fund to cover the deficiency of revenues over expenditures and other financing sources during the creation of the Tax Increment District. Repayment will occur as the district begins generating revenue.

The Capital Projects Fund - Tax Increment District No. 5 Fund advanced funds to the Water Utility Fund for the installation of a booster pump the cost of which will be recovered through current and future impact fees.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Due Within One Year
General Fund	Capital Projects Fund - Tax Increment District No. 4	\$ 39,323	\$ 39,323
Tax Increment District No. 5	Water Utility	875,916	409,000
Total Fund Financial Statements		915,239	
Less: Fund Eliminations		(39,323)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ 875,916	

Special Revenue Fund – Tax Incremental District No. 4 will be recording its first increment in 2019 and the advance will be repaid from the revenue.

**VILLAGE OF MUKWONAGO**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2018

**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	\$ 8,077	Payment in lieu of taxes
General Fund	Water Utility	328,739	Payment in lieu of taxes
General Fund	Special Revenue Fund - Fire/Ambulance Fund	27,679	Year end settlement
Debt Service Fund	Special Revenue Fund - Impact Fee Fund	146,000	To fund debt service
General Fund	Special Revenue Fund - Impact Fee Fund	32,000	Replenish reserve for funds used in fire station remodel
Capital Projects Fund - Capital Equipment Fund	General Fund	316,140	To fund equipment purchases and fire station remodel
Capital Projects Fund - Community Development Fund	Capital Projects Fund	60,000	Reallocate funds for projects
Water Utility	General Fund	125,219	To correct prior year payment in lieu of taxes calculation error
Special Revenue Fund - Library Fund	Library Building	5,534	Transfer for building purposes
Sewer Utility	Water Utility	<u>10,000</u>	To pay for rental cost of equipment
Total - Fund Financial Statements		\$ 1,059,388	
Less: Fund eliminations		<u>(847,791)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 211,597</u>	
Transfer In	Transfer Out	Amount	
Governmental Activities	Business-type Activities	\$ 336,816	
Business-type Activities	Governmental Activities	<u>(125,219)</u>	
Total Government-Wide Financial Statements		<u>\$ 211,597</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, 2018

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

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
<b>Bonds &amp; Notes Payable</b>					
General obligation debt	\$ 25,341,357	\$ 7,520,000	\$ 8,018,434	\$ 24,842,923	\$ 4,898,434
Bond anticipation notes	-	11,925,000	-	11,925,000	-
Premiums	489,106	442,080	175,491	755,695	-
<b>Total Bonds &amp; Notes Payable</b>	<u>25,830,463</u>	<u>19,887,080</u>	<u>8,193,925</u>	<u>37,523,618</u>	<u>4,898,434</u>
<b>Other Liabilities</b>					
Compensated absences	627,255	-	68,693	558,562	93,056
Net pension liability	198,780	-	198,780	-	-
Due to other governments	115,000	-	-	115,000	-
<b>Total Other Liabilities</b>	<u>941,035</u>	<u>-</u>	<u>267,473</u>	<u>673,562</u>	<u>93,056</u>
<b>Total Governmental Activities Long-Term Liabilities</b>	<u>\$ 26,771,498</u>	<u>\$ 19,887,080</u>	<u>\$ 8,461,398</u>	<u>\$ 38,197,180</u>	<u>\$ 4,991,490</u>
<b>Business-Type Activities</b>					
<b>Bonds &amp; Notes Payable</b>					
General obligation debt	\$ 124,512	\$ -	\$ 124,512	\$ -	\$ -
Revenue bonds	9,496,409	3,650,000	686,768	12,459,641	802,504
Bond anticipation notes	2,130,000	-	150,000	1,980,000	150,000
Premiums	408,421	144,072	60,833	491,660	-
<b>Total Bonds &amp; Notes Payable</b>	<u>12,159,342</u>	<u>3,794,072</u>	<u>1,022,113</u>	<u>14,931,301</u>	<u>952,504</u>
<b>Other Liabilities</b>					
Compensated absences	60,930	-	52,608	8,322	1,386
Net pension liability	24,863	-	24,863	-	-
<b>Total Other Liabilities</b>	<u>85,793</u>	<u>-</u>	<u>77,471</u>	<u>8,322</u>	<u>1,386</u>
<b>Total Business Type Activities Long-Term Liabilities</b>	<u>\$ 12,245,135</u>	<u>\$ 3,794,072</u>	<u>\$ 1,099,584</u>	<u>\$ 14,939,623</u>	<u>\$ 953,890</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property with the village's jurisdiction. The debt limit as of December 31, 2018, was \$43,870,115. Total general obligation debt outstanding at year end was \$24,842,923.

**VILLAGE OF MUKWONAGO**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2018

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

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

**General Obligation Debt**

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

**Governmental Activities**

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2018
Promissory Notes	3/1/2009	9/1/2019	2.75-3.875%	\$ 2,580,000	\$ 150,000
Refunding Promissory Notes (TID #3)	11/1/2011	10/1/2021	1.0-3.0%	3,675,000	2,199,191
GO Refunding Bonds (TID #3)	11/1/2012	10/1/2026	1.0-2.5%	3,620,000	2,200,000
GO Refunding Bonds	11/20/2013	12/1/2022	1.0-2.65%	3,000,000	1,675,000
GO Note	11/30/2014	2/15/2022	0.00%	27,468	13,732
GO Taxable Note	9/17/2014	3/1/2019	1.87%	2,475,000	2,475,000
GO Promissory Note	4/1/2015	4/1/2025	1.0-3.0%	6,785,000	5,210,000
GO Promissory Note	7/6/2016	10/1/2026	2.00%	3,100,000	2,000,000
GO Promissory Note	11/1/2017	10/1/2026	2.0-3.0%	1,400,000	1,400,000
GO Promissory Note	6/1/2018	10/1/2026	3.0-3.25%	2,145,000	2,145,000
GO Refunding Bonds	9/5/2018	12/1/2026	2.0-3.5%	5,375,000	<u>5,375,000</u>

Total Government Activities - General Obligation Debt \$ 24,842,923

Debt service requirements to maturity are as follows:

Years	Governmental Activities	
	Principal	Interest
2019	\$ 4,898,434	\$ 651,248
2020	2,528,434	512,363
2021	4,053,434	455,988
2022	2,678,430	348,238
2023	2,800,000	281,769
2024-2026	<u>7,884,191</u>	<u>396,431</u>
Totals	<u>\$ 24,842,923</u>	<u>\$ 2,646,037</u>

**VILLAGE OF MUKWONAGO**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2018

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

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

***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 2033. Annual principal and interest payments on the bonds are expected to require 49% of net revenues. The total principal and interest remaining to be paid on the bonds is \$15,863,841. Principal and interest paid for the current year and total customer revenues were \$1,447,140 and \$2,151,673 respectively.

Revenue debt payable at December 31, 2018, consists of the following:

***Business-type Activities Revenue Debt***

<u>Sewer Utility</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/2018</u>
Revenue Bonds	1/1/2008	12/1/2026	4.00-4.75%	\$ 2,281,280	\$ 1,497,090
Revenue Bonds	12/1/2010	12/1/2021	2.00-4.625%	1,376,948	852,623
Revenue Bonds	7/6/2016	12/1/2029	2.00-3.00%	3,596,423	3,398,273
Revenue Bonds	6/1/2018	12/1/2033	4.00%	1,095,000	<u>1,095,000</u>
				<b>Total Sewer Utility</b>	<b><u>6,842,986</u></b>
<u>Water Utility</u>					
Revenue Bonds	4/29/2002	5/1/2022	2.75%	627,355	114,641
Revenue Bonds	1/1/2008	12/1/2026	4.00-4.75%	918,720	602,910
Revenue Bonds	12/1/2010	12/1/2021	2.00-4.625%	1,543,052	597,377
Revenue Bonds	7/6/2016	12/1/2029	2.00-3.00%	1,848,577	1,746,727
Revenue Bonds	6/1/2018	12/1/2033	4.00%	2,555,000	<u>2,555,000</u>
				<b>Total Water Utility</b>	<b><u>5,616,655</u></b>
<b>Total Business-type Activities – Revenue Debt</b>					<b><u>\$ 12,459,641</u></b>

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

**Revenue Debt (cont.)**

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 802,504	\$ 431,924
2020	808,261	406,158
2021	819,038	380,270
2022	809,838	353,473
2023	845,000	327,900
2024-2028	4,825,000	1,136,975
2029-2033	<u>3,550,000</u>	<u>367,500</u>
Totals	<u>\$ 12,459,641</u>	<u>\$ 3,404,200</u>

**Bond Anticipation Notes**

**Governmental Activities**

<u>Bond Anticipation Notes</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/2018</u>
Taxable Note Anticipation Note	3/20/2018	12/1/2022	3.875%	\$ 4,225,000	\$ 4,225,000
Revenue Bond Anticipation Note	6/1/2018	6/1/2021	3.375%	7,700,000	<u>7,700,000</u>
Total Business-type Activities					<u>\$ 11,925,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ -	\$ 423,594
2020	-	423,594
2021	7,700,000	293,657
2022	<u>4,225,000</u>	<u>163,719</u>
Totals	<u>\$ 11,925,000</u>	<u>\$ 1,304,564</u>

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

**Business-type Activities**

Bond Anticipation Notes	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2018
Sewer bond anticipation notes	12/21/2016	12/1/2021	3.75-4.00%	\$ 957,600	\$ 831,600
Water bond anticipation notes	12/21/2016	12/1/2021	3.75-4.00%	1,322,400	1,148,400
<b>Total Business-type Activities</b>					<b>\$ 1,980,000</b>

Debt service requirements to maturity are as follows:

Years	Business-type Activities	
	Principal	Interest
2019	\$ 150,000	\$ 75,076
2020	180,000	69,076
2021	1,650,000	61,872
<b>Totals</b>	<b>\$ 1,980,000</b>	<b>\$ 206,024</b>

**Other Debt Information**

Estimated payments of compensated absences and net pension liability are not included in the debt service requirement schedules. The liabilities are attributable to both governmental and business-type activities will be liquidated primarily by the general fund and utilities.

**Current Refunding**

On September 5, 2018, the village issued \$5,375,000 in general obligation notes with an average coupon rate of 2.81% to refund \$5,365,000 of outstanding notes with an average coupon rate of 3.48%. The proceeds of the debt were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$5,687,088 from 2020 through 2022. The cash flow requirements on the 2018E G.O. refunding bonds is \$6,051,825 from 2020 through 2027. 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 \$50,680.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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**G. NET POSITION/FUND BALANCES**

Net position reported on the government-wide statement of net position at December 31, 2018, includes the following:

**Governmental Activities**

Net investment in capital assets	
Land	\$ 1,909,628
Construction in progress	2,426,020
Other capital assets, net of accumulated depreciation	26,206,308
Less: Long-term debt outstanding, including premiums	(37,523,618)
Plus: Unspent capital related debt proceeds	4,532,999
Plus: Non-capital debt outstanding	<u>4,712,459</u>
Total Net Investment in Capital Assets	<u>2,263,796</u>
Restricted for	
Debt service	434,097
Pension	751,819
Impact fees	139,019
Revolving loans	94,361
Stormwater	46,585
Library	<u>181,246</u>
Total Restricted	<u>1,647,127</u>
Unrestricted (deficit)	<u>(1,426,762)</u>
Total Governmental Activities Net Position	<u>\$ 2,484,161</u>



VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

G. NET POSITION/FUND BALANCES (cont.)

GOVERNMENTAL FUNDS

Governmental fund balances reported on the fund financial statements at December 31, 2018, include the following:

Fund Balances	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Nonmajor Funds	Totals
		Fire and Ambulance Fund		Tax	Incremental District No. 5 Fund		
<b>Nonspendable:</b>							
Prepaid Items	\$ 44,429	\$ 6,671	\$ -	\$ -	\$ -	\$ 6,351	\$ 57,451
Advances	39,323	-	-	-	-	-	39,323
<b>Restricted for:</b>							
Debt Service	-	-	620,291	-	-	892,581	1,512,872
Capital Projects	-	-	-	2,585,257	-	-	2,585,257
Impact Fees	-	-	-	-	-	139,019	139,019
Revolving Loans	-	-	-	-	-	94,361	94,361
Stormwater	-	-	-	-	-	46,585	46,585
Library	-	-	-	-	-	174,895	174,895
<b>Committed to:</b>							
Fire & ambulance	-	111,638	-	-	-	-	111,638
Capital equipment	-	-	-	-	-	196,663	196,663
Recycling	-	-	-	-	-	99,011	99,011
Capital Projects	-	-	-	-	-	1,403,317	1,403,317
Parkland Site Development	-	-	-	-	-	245,997	245,997
	-	-	-	-	6,691	-	6,691
<b>Assigned to:</b>							
Accrued sick pay	393,302	-	-	-	-	-	393,302
Ambulance	233,122	-	-	-	-	-	233,122
Other	175,915	-	-	-	-	-	175,915
<b>Unassigned (deficit)</b>	<u>1,632,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,962)</u>	<u>1,593,140</u>
<b>Total Fund Balances</b>	<u>\$ 2,518,193</u>	<u>\$ 118,309</u>	<u>\$ 620,291</u>	<u>\$ 2,585,257</u>	<u>\$ 6,691</u>	<u>\$ 3,259,818</u>	<u>\$ 9,108,559</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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G. NET POSITION/FUND BALANCES (cont.)

*BUSINESS-TYPE ACTIVITIES*

Net investment in capital assets	
Land	\$ 716,879
Construction work in progress	4,649,705
Capital assets, net of accumulated depreciation	31,237,460
Less: Long-term debt outstanding, including premiums	(14,931,300)
Plus: Noncapital debt proceeds	1,321,986
Plus: Deferred charge on refunding	241,802
Total Investment in Capital Assets	<u>23,236,532</u>
Restricted for	
Debt service	66,575
Equipment replacement	711,050
Impact Fees	878,653
Pensions	96,703
Total Restricted	<u>1,752,981</u>
Unrestricted	<u>4,475,556</u>
Total Business-type Activities Net Position	<u>\$ 29,465,069</u>

## VILLAGE OF MUKWONAGO

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE IV – OTHER INFORMATION

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

###### ***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 WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR) which can be found at <http://etf.wi.gov/publications/cafr.htm>.

***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 services, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earning. 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, 2018

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NOTE IV – OTHER INFORMATION (cont.)

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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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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
2015	2.9	2
2016	0.5	(5)
2017	2.0	4

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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**NOTE IV – OTHER INFORMATION (cont.)**

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**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 rates for General category employees and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. 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 \$308,239 in contributions from the village.

Contribution rates as of December 31, 2018 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2018, the village reported an asset of \$848,522 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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, 2017, the village’s proportion was 0.02857825%, which was an increase of 0.00144499% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the village recognized pension expense of \$439,412.

**VILLAGE OF MUKWONAGO**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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**NOTE IV – OTHER INFORMATION (cont.)**

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**A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

At December 31, 2018, the village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,078,068	\$ 504,284
Changes in assumptions	167,651	-
Net differences between projected and actual earnings on pension plan investments	-	1,166,214
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,496	12,604
Employer contributions subsequent to the measurement date	360,953	-
Total	\$ 1,615,168	\$ 1,683,102

\$360,953 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflow of Resources and Deferred Inflow of Resources (net)
2019	\$ 93,078
2020	(7,736)
2021	(294,268)
2022	(221,984)
2023	2,023

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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NOTE IV – OTHER INFORMATION (cont.)

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A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Actuarial assumptions.** The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
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 2015 using experience from 2012-2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

## VILLAGE OF MUKWONAGO

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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##### 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 estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
<u>Variable Fund Asset Class</u>			
US Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

**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 3.31%. 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, 2018

**NOTE V – OTHER INFORMATION (cont.)**

**A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

**Sensitivity of the village's proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents the village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the village's proportionate share of the net pension liability (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 liability (asset)	<u>\$ 2,195,416</u>	<u>\$ (848,522)</u>	<u>\$ (3,162,009)</u>

**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://etf.wi.gov/publications/cafr.htm>.

At December 31, 2018, the village reported a payable to the pension plan of \$66,891 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 judgements are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgements are only reported in government funds if it has matured. Claims and judgements 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, 2018

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

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

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

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of Construction Period*
- Statement No. 89, *Majority Equity Interests* – an amendment of GASB Statements No. 14 and No. 61

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

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

The village provides pension benefits for all of its eligible employees through a defined contribution plan known as the Village of Mukwonago Pension Trust through ICMA-RC who administers the plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate in the plan upon becoming eligible for the Wisconsin Retirement System (WRS). This plan is to give eligible full-time 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, 2018, the total amount contributed was \$77,083. Of this amount, \$43,021 was contributed by the employer and \$34,062 was contributed by the employee. Total contributions for the years ending December 31, 2017 and 2016 were \$73,713 and \$70,459 respectively. The employer's contribution each year was equal to the required amount.

##### ***F. SUBSEQUENT EVENT***

On February 20, 2019 the Village issued a General Obligation Promissory note in the amount of \$4,225,000 with interest rates of 2.0 to 3.75%, the proceeds of which will be used to fund capital projects in the Village. The Village also issued a Taxable General Obligation Refunding Bond in the amount of \$2,375,000 with interest rates of 3.0 to 4.0% to refund a large principal payment due on March 1, 2019.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**VILLAGE OF MUKWONAGO**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,590,579	\$ 2,590,579	\$ 2,578,027	\$ (12,552)
Intergovernmental	890,156	890,156	892,813	2,657
Licenses and permits	376,122	376,122	515,695	139,573
Fines, forfeitures and penalties	147,000	147,000	201,146	54,146
Public charges for services	28,450	28,450	39,479	11,029
Interdepartmental charges for services	130,669	130,669	172,165	41,496
Investment income	16,600	18,885	73,924	55,039
Other revenues	146,500	146,500	162,986	16,486
Total Revenues	<u>4,326,076</u>	<u>4,328,361</u>	<u>4,636,235</u>	<u>307,874</u>
<b>EXPENDITURES</b>				
Current				
General government	829,691	830,891	804,714	26,177
Public safety	2,545,987	2,548,687	2,493,210	55,477
Public works	814,800	821,400	791,778	29,622
Health and sanitation	2,800	2,800	2,680	120
Culture, recreation and education	183,440	164,440	159,762	4,678
Conservation and development	166,758	175,258	163,557	11,701
Capital Outlay	35,200	35,200	30,665	4,535
Total Expenditures	<u>4,578,676</u>	<u>4,578,676</u>	<u>4,446,366</u>	<u>132,310</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(252,600)</u>	<u>(250,315)</u>	<u>189,869</u>	<u>440,184</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	400,000	428,250	396,495	(31,755)
Transfers out	(184,000)	(451,119)	(441,359)	9,760
Total Other Financing Sources (Uses)	<u>216,000</u>	<u>(22,869)</u>	<u>(44,864)</u>	<u>(21,995)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (36,600)</u>	<u>\$ (273,184)</u>	<u>145,005</u>	<u>\$ 418,189</u>
FUND BALANCE - Beginning of Year			<u>2,373,188</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 2,518,193</u>	

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

## VILLAGE OF MUKWONAGO

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - FIRE AND AMBULANCE SPECIAL REVENUE FUND For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 214,200	\$ 214,200	\$ 214,200	\$ -
Intergovernmental	6,000	6,000	5,910	(90)
Public charges for services	933,494	997,594	999,904	2,310
Intergovernmental charges for services	214,200	214,200	214,200	-
Investment income	200	1,800	1,856	56
Miscellaneous	1,000	8,900	8,197	(703)
Total Revenues	<u>1,369,094</u>	<u>1,442,694</u>	<u>1,444,267</u>	<u>1,573</u>
<b>EXPENDITURES</b>				
Current				
Public safety	1,304,094	1,304,094	1,335,018	(30,924)
Capital Outlay	35,000	48,810	50,199	(1,389)
Total Expenditures	<u>1,339,094</u>	<u>1,352,904</u>	<u>1,385,217</u>	<u>(32,313)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,000</u>	<u>89,790</u>	<u>59,050</u>	<u>(30,740)</u>
<b>OTHER FINANCING USES</b>				
Transfers Out	<u>-</u>	<u>(56,500)</u>	<u>(27,679)</u>	<u>28,821</u>
<b>Net Change in Fund Balance</b>	<u>\$ 30,000</u>	<u>\$ 33,290</u>	31,371	<u>\$ (1,919)</u>
FUND BALANCE - Beginning of Year			<u>86,938</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 118,309</u>	

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

## VILLAGE OF MUKWONAGO

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2018

WRS Fiscal Year End	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.026733910%	\$ (656,658)	\$ 3,077,565	21.34%	102.74%
12/31/15	0.026568060%	431,726	3,289,656	13.12%	98.20%
12/31/16	0.027133260%	223,643	3,387,425	6.60%	99.12%
12/31/17	0.028578250%	(848,522)	3,605,474	23.53%	102.93%

### SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2018

Village Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 333,545	\$ 333,545	\$ -	\$ 3,289,656	10.14%
12/31/16	309,468	309,468	-	3,387,425	9.14%
12/31/17	347,820	347,820	-	3,605,475	9.65%
12/31/18	360,953	360,953	-	3,617,356	9.98%

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



VILLAGE OF MUKWONAGO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
As of and for the Year Ended December 31, 2018

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*BUDGETARY INFORMATION*

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

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.

## SUPPLEMENTARY INFORMATION

**VILLAGE OF MUKWONAGO**

DETAILED SCHEDULE OF REVENUES - BUDGET TO ACTUAL -  
GENERAL FUND  
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>TAXES</b>				
General property taxes	\$ 2,575,079	\$ 2,575,079	\$ 2,564,318	\$ (10,761)
Public accomodation (room) taxes	6,500	6,500	3,773	(2,727)
Interest and penalties on taxes	9,000	9,000	9,936	936
Total Taxes	<u>2,590,579</u>	<u>2,590,579</u>	<u>2,578,027</u>	<u>(12,552)</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
State shared revenues	350,837	350,837	346,167	(4,670)
Exempt computer aid	12,306	12,306	12,342	36
State aid - law enforcement improvements	8,000	8,000	15,790	7,790
State aid - general transportation aids	483,403	483,403	483,020	(383)
Other state payments	35,610	35,610	35,494	(116)
Total Intergovernmental Revenues	<u>890,156</u>	<u>890,156</u>	<u>892,813</u>	<u>2,657</u>
<b>LICENSES AND PERMITS</b>				
Other regulatory permits and fees	560	560	560	-
Liquor and malt beverage	15,300	15,300	16,915	1,615
Operators' licenses	7,470	7,470	11,016	3,546
Cigarette licenses	1,300	1,300	1,500	200
Cable television franchise fees	94,000	94,000	102,576	8,576
Bicycle licenses	12	12	-	(12)
Dog and cat licenses	2,830	2,830	2,512	(318)
Nonbusiness licenses	2,850	2,850	2,810	(40)
Other permits	27,300	27,300	31,148	3,848
Building permits	91,400	91,400	169,694	78,294
Electrical permits	30,000	30,000	45,209	15,209
Plumbing permits	33,500	33,500	32,287	(1,213)
Occupancy permits	10,600	10,600	24,100	13,500
Zoning permits and fees	10,000	10,000	6,980	(3,020)
Plan review fees	24,000	24,000	39,198	15,198
Heating and air conditioning permits	25,000	25,000	29,190	4,190
Total Licenses and Permits	<u>376,122</u>	<u>376,122</u>	<u>515,695</u>	<u>139,573</u>

## VILLAGE OF MUKWONAGO

### DETAILED SCHEDULE OF REVENUES - BUDGET TO ACTUAL - GENERAL FUND For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>FINES, FORFEITURES AND PENALTIES</b>				
Court fines	\$ 131,000	\$ 131,000	\$ 186,811	\$ 55,811
Parking Violations	16,000	16,000	14,335	(1,665)
Total Fines, Forfeitures and Penalties	<u>147,000</u>	<u>147,000</u>	<u>201,146</u>	<u>54,146</u>
<b>PUBLIC CHARGES FOR SERVICES</b>				
Publication fees	500	500	557	57
Photocopies	4,000	4,000	3,481	(519)
Treasurer's fees	8,000	8,000	7,941	(59)
Law enforcement fees	8,100	8,100	9,550	1,450
Fire protection fees	6,500	6,500	17,142	10,642
Other public charges for services	1,350	1,350	808	(542)
Total Public Charges for Services	<u>28,450</u>	<u>28,450</u>	<u>39,479</u>	<u>11,029</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Local - law enforcement services	115,669	115,669	154,408	38,739
Local - ambulance services	8,000	8,000	7,811	(189)
Local - other services	7,000	7,000	9,946	2,946
Total Intergovernmental Charges for Services	<u>130,669</u>	<u>130,669</u>	<u>172,165</u>	<u>41,496</u>
<b>INVESTMENT INCOME</b>				
Investment Income	<u>16,600</u>	<u>18,885</u>	<u>73,924</u>	<u>55,039</u>
<b>OTHER REVENUES</b>				
Rent	18,500	18,500	18,078	(422)
Miscellaneous revenue	3,000	3,000	12,038	9,038
Donations	125,000	125,000	132,870	7,870
Total Other Revenues	<u>146,500</u>	<u>146,500</u>	<u>162,986</u>	<u>16,486</u>
<b>TOTAL REVENUES</b>	<u>\$ 4,326,076</u>	<u>\$ 4,328,361</u>	<u>\$ 4,636,235</u>	<u>\$ 307,874</u>

## VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>CURRENT</b>				
<b>GENERAL GOVERNMENT</b>				
Village board	\$ 60,265	\$ 60,265	\$ 55,630	\$ 4,635
Historical preservation comission	400	400	-	400
Municipal court	45,799	45,799	45,562	237
Village attorney	78,000	78,000	73,012	4,988
Village administrator	244,879	244,879	208,088	36,791
Village clerk/treasurer	170,628	170,628	192,776	(22,148)
Elections	23,400	23,400	21,404	1,996
Independent audit	13,000	13,000	11,399	1,601
Assessment of property	24,950	24,950	42,322	(17,372)
Risk and property insurance	128,700	128,700	112,684	16,016
Village hall	38,870	40,070	41,835	(1,765)
Board of appeals	800	800	2	798
Total General Government	<u>829,691</u>	<u>830,891</u>	<u>804,714</u>	<u>26,177</u>
<b>PUBLIC SAFETY</b>				
Police department	2,301,677	2,301,677	2,258,607	43,070
Building inspection	229,050	229,050	215,964	13,086
Emergency government	1,550	1,550	674	876
Fire Station	5,111	4,411	6,226	(1,815)
Dam	8,599	11,999	11,739	260
Total Public Safety	<u>2,545,987</u>	<u>2,548,687</u>	<u>2,493,210</u>	<u>55,477</u>
<b>PUBLIC WORKS</b>				
Engineering	50,000	50,000	61,067	(11,067)
Public Works Administration	270,725	277,575	249,858	27,717
Machinery operation and maintenance	89,234	88,684	95,454	(6,770)
Garage and sheds	55,454	53,079	55,338	(2,259)
Curb and gutter	3,469	4,769	1,898	2,871
Garbage Collection	4,331	4,906	4,888	18
Street signs	12,677	11,927	9,781	2,146
Bridges, culverts, and rivers	1,388	1,188	855	333
Street cleaning	15,894	15,894	11,047	4,847
Snow and ice control	114,102	108,827	91,580	17,247
Alleys and local purpose roads	33,067	36,617	30,415	6,202
Street lighting	152,200	152,200	163,354	(11,154)
Storm sewer maintenance	12,259	15,734	16,243	(509)
Total Public Works	<u>814,800</u>	<u>821,400</u>	<u>791,778</u>	<u>29,622</u>

**VILLAGE OF MUKWONAGO**

DETAILED SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL -  
GENERAL FUND  
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>CURRENT (continued)</b>				
<b>HEALTH AND HUMAN SERVICES</b>				
Public health services	\$ 2,800	\$ 2,800	\$ 2,680	\$ 120
<b>CULTURE, RECREATION AND EDUCATION</b>				
Museum	10,700	10,700	9,472	1,228
Parks	166,613	146,913	143,533	3,380
Celebration and entertainment	6,127	6,827	6,757	70
Total Culture, Recreation and Education	<u>183,440</u>	<u>164,440</u>	<u>159,762</u>	<u>4,678</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Forestry	17,458	25,958	27,133	(1,175)
Weed control	1,246	1,246	439	807
Planning commission	76,615	76,615	74,202	2,413
Economic development	56,439	56,439	51,400	5,039
Environmental protection	15,000	15,000	10,383	4,617
Total Conservation and Development	<u>166,758</u>	<u>175,258</u>	<u>163,557</u>	<u>11,701</u>
<b>CAPITAL OUTLAY</b>				
Capital expenditures	<u>35,200</u>	<u>35,200</u>	<u>30,665</u>	<u>4,535</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,578,676</u>	<u>\$ 4,578,676</u>	<u>\$ 4,446,366</u>	<u>\$ 132,310</u>

VILLAGE OF MUKWONAGO

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 As of December 31, 2018

	Special Revenue Funds			
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund
<b>ASSETS</b>				
Cash and investments	\$ 199,560	\$ 135,781	\$ 209,361	\$ 245,997
Receivables:				
Taxes	446,760	314,504	-	-
Accounts	-	40,895	-	-
Prepaid Items	6,351	-	-	-
Total Assets	<u>\$ 652,671</u>	<u>\$ 491,180</u>	<u>\$ 209,361</u>	<u>\$ 245,997</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
Liabilities				
Accounts payable	\$ 5,188	\$ 78,551	\$ -	\$ -
Accrued liabilities	19,467	-	-	-
Due to other governments	-	-	115,000	-
Due to other funds	10	1,176	-	-
Advance from other fund	-	-	-	-
Total Liabilities	<u>24,665</u>	<u>79,727</u>	<u>115,000</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenue	<u>446,760</u>	<u>312,442</u>	<u>-</u>	<u>-</u>
Fund Balances (deficit)				
Nonspendable	6,351	-	-	-
Restricted	174,895	-	94,361	-
Committed	-	99,011	-	245,997
Unassigned (deficit)	-	-	-	-
Total Fund Balances (deficit)	<u>181,246</u>	<u>99,011</u>	<u>94,361</u>	<u>245,997</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 652,671</u>	<u>\$ 491,180</u>	<u>\$ 209,361</u>	<u>\$ 245,997</u>

Capital Projects Funds

Stormwater Fund	Impact Fee Fund	Library Building Fund	Capital Equipment Fund	Capital Project Fund	TID No. 3 Fund	TID No. 4 Fund	Total Nonmajor Funds
\$ 39,863	\$ 139,019	\$ -	\$ 268,976	\$ 1,477,965	\$ 907,376	\$ 746	\$ 3,624,644
-	-	-	104,000	-	792,038	37,268	1,694,570
8,218	-	-	19,043	-	11,378	-	79,534
-	-	-	-	-	-	-	6,351
<u>\$ 48,081</u>	<u>\$ 139,019</u>	<u>\$ -</u>	<u>\$ 392,019</u>	<u>\$ 1,477,965</u>	<u>\$ 1,710,792</u>	<u>\$ 38,014</u>	<u>\$ 5,405,099</u>
\$ 1,496	\$ -	\$ -	\$ 91,356	\$ 74,648	\$ 14,795	\$ 385	\$ 266,419
-	-	-	-	-	-	-	19,467
-	-	-	-	-	-	-	115,000
-	-	-	-	-	-	-	1,186
-	-	-	-	-	-	39,323	39,323
<u>1,496</u>	<u>-</u>	<u>-</u>	<u>91,356</u>	<u>74,648</u>	<u>14,795</u>	<u>39,708</u>	<u>441,395</u>
-	-	-	104,000	-	803,416	37,268	1,703,886
-	-	-	-	-	-	-	6,351
46,585	139,019	-	-	-	892,581	-	1,347,441
-	-	-	196,663	1,403,317	-	-	1,944,988
-	-	-	-	-	-	(38,962)	(38,962)
<u>46,585</u>	<u>139,019</u>	<u>-</u>	<u>196,663</u>	<u>1,403,317</u>	<u>892,581</u>	<u>(38,962)</u>	<u>3,259,818</u>
<u>\$ 48,081</u>	<u>\$ 139,019</u>	<u>\$ -</u>	<u>\$ 392,019</u>	<u>\$ 1,477,965</u>	<u>\$ 1,710,792</u>	<u>\$ 38,014</u>	<u>\$ 5,405,099</u>



**VILLAGE OF MUKWONAGO**

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 For the Year Ended December 31, 2018

	Special Revenue Funds			
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund
<b>REVENUES</b>				
Taxes	\$ 438,000	\$ 306,114	\$ -	\$ -
Special assessments				
Intergovernmental	495,915	22,160	-	-
Licenses and permits	-	-	-	21,372
Public charges for services	33,106	160,530	-	-
Investment income	6,405	5,435	3,025	4,650
Other revenues	139,723	-	-	17,550
<b>Total revenues</b>	<u>1,113,149</u>	<u>494,239</u>	<u>3,025</u>	<u>43,572</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public works	-	479,975	-	105
Culture, recreation and education	1,031,892	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	86,645	-	-	60,302
Debt Service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
<b>Total expenditures</b>	<u>1,118,537</u>	<u>479,975</u>	<u>-</u>	<u>60,407</u>
Excess (deficiency) of revenues over expenditures	<u>(5,388)</u>	<u>14,264</u>	<u>3,025</u>	<u>(16,835)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,534	-	-	-
Transfers out	-	-	-	-
Debt issued	-	-	-	-
Premium on debt issued	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>5,534</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Changes in Fund Balances</b>	146	14,264	3,025	(16,835)
<b>FUND BALANCES (DEFICIT) - Beginning of Year</b>	<u>181,100</u>	<u>84,747</u>	<u>91,336</u>	<u>262,832</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 181,246</u>	<u>\$ 99,011</u>	<u>\$ 94,361</u>	<u>\$ 245,997</u>

Capital Projects Funds

Stormwater Fund	Impact Fee Fund	Library Building Fund	Capital Equipment Fund	Capital Project Fund	TID No. 3 Fund	TID No. 4 Fund	Total Nonmajor Funds
\$ -	\$ -	\$ -	\$ 104,000	\$ -	\$ 828,976	\$ -	\$ 1,677,090
-	-	-	19,043	-	18,298	-	18,298
32,747	118,911	-	-	-	7,738	-	544,856
-	-	-	-	-	-	-	173,030
788	3,195	66	7,707	40,180	21,685	-	193,636
-	-	-	11,027	-	-	-	93,136
<u>33,535</u>	<u>122,106</u>	<u>66</u>	<u>141,777</u>	<u>40,180</u>	<u>876,697</u>	<u>-</u>	<u>2,868,346</u>
-	-	-	1,697	447	102,592	2,364	107,100
17,201	118	-	-	-	-	250	497,649
-	-	-	-	-	-	-	1,031,892
-	-	-	-	-	-	25	25
-	-	-	973,471	1,746,152	48,270	-	2,914,840
-	-	-	-	-	647,345	-	647,345
-	-	-	7,498	59,448	224,145	-	291,091
<u>17,201</u>	<u>118</u>	<u>-</u>	<u>982,666</u>	<u>1,806,047</u>	<u>1,022,352</u>	<u>2,639</u>	<u>5,489,942</u>
<u>16,334</u>	<u>121,988</u>	<u>66</u>	<u>(840,889)</u>	<u>(1,765,867)</u>	<u>(145,655)</u>	<u>(2,639)</u>	<u>(2,621,596)</u>
-	-	-	316,140	-	-	-	321,674
-	(178,000)	(5,534)	-	(60,000)	-	-	(243,534)
-	-	-	240,240	1,904,760	-	-	2,145,000
-	-	-	7,099	56,286	-	-	63,385
-	-	-	16,251	-	-	-	16,251
-	<u>(178,000)</u>	<u>(5,534)</u>	<u>579,730</u>	<u>1,901,046</u>	<u>-</u>	<u>-</u>	<u>2,302,776</u>
16,334	(56,012)	(5,468)	(261,159)	135,179	(145,655)	(2,639)	(318,820)
<u>30,251</u>	<u>195,031</u>	<u>5,468</u>	<u>457,822</u>	<u>1,268,138</u>	<u>1,038,236</u>	<u>(36,323)</u>	<u>3,578,638</u>
<u>\$ 46,585</u>	<u>\$ 139,019</u>	<u>\$ -</u>	<u>\$ 196,663</u>	<u>\$ 1,403,317</u>	<u>\$ 892,581</u>	<u>\$ (38,962)</u>	<u>\$ 3,259,818</u>