

# **Village of Mukwonago**

Financial Statements and  
Supplementary Information

December 31, 2021

# Village of Mukwonago

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December 31, 2021

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# Village of Mukwonago

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## **INDEPENDENT AUDITORS' REPORT**

## **Independent Auditors' Report**

To the Village Board of  
Village of Mukwonago

### **Opinions**

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 (the Village), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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, as of December 31, 2021, 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.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

#### **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 is the responsibility of management and, 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'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 US, LLP*

Milwaukee, Wisconsin  
June 9, 2022

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# Village of Mukwonago

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Management's Discussion and Analysis  
(Unaudited)  
December 31, 2021

The Village of Mukwonago's (the Village) management offers this overview and analysis of the Village's financial activities for the fiscal year ended December 31, 2021. 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 \$4,260,786 at the close of 2021, an increase of \$556,330 in net position over the prior year.
- The Business-Type Activity reported an ending net position of \$32,386,770 for 2021, an increase of \$1,547,433 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 exceeded its liabilities and deferred inflows of resources at the close of 2021 by \$36,647,556 and its net position increased by \$2,103,763 for the same period.
- The Governmental Funds reported ending fund balances of \$15,176,420 which is an increase of \$2,325,081 from 2020.
- \$2,201,255 (unassigned fund balance) of the Governmental Funds fund balances is available to spend at the Village Board's discretion. This is 15% of the total fund balances for Governmental Funds. Of the total unassigned amount, \$2,201,255 is unassigned in the General Fund which is 41% of the General Fund's 2022 budgeted expenditures.
- In 2021, the Village issued \$5,000,000 in General Obligation Notes to fund capital projects and capital equipment replacements for Public Works, and the Fire and Police Departments; and \$7,165,000 in General Obligation Refunding Bonds to refinance a 2018 bond anticipation note. The Village also issued \$4,975,000 in Revenue Bonds to refund debt, including a bond anticipation note in the Water and Sewer Utilities and to fund a capital project for the Sewer Utility.
- Through scheduled debt payments and payoffs, the Village paid down \$3,278,434 in General Obligation debt; \$3,244,038 in Revenue Bonds; and \$9,350,000 in Bond Anticipation Notes (BANs) in 2021. The net effect of all 2021 debt activity including premium amortization is an overall debt increase of \$2,395,594. The Village will pay down a total of \$3,578,430 in General Obligation debt and \$4,984,836 in Revenue Bonds and BANs in 2022.



# Village of Mukwonago

Management's Discussion and Analysis  
(Unaudited)  
December 31, 2021

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## Government-Wide Financial Statements

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

The *statement of net position* presents information on all of the Village's assets, deferred outflows of resources, liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

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 17 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 Capital Projects 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 nonmajor government funds is provided in the form of *combining statements* elsewhere in this report.

# **Village of Mukwonago**

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Management's Discussion and Analysis  
(Unaudited)  
December 31, 2021

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.

## **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 27-59 of this report.

## **Supplementary information**

The combining statements referred to earlier in connection with nonmajor 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 64-69 of this report.

## Village of Mukwonago

Management's Discussion and Analysis  
(Unaudited)  
December 31, 2021

### 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 \$36,647,556 at the close of the most current fiscal year, as presented in the following table.

	Net Position			
	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Current and other assets	\$ 28,434,845	\$ 24,633,099	\$ 6,250,066	\$ 4,351,343
Capital assets	31,396,674	31,179,906	39,846,495	39,592,661
Total assets	59,831,519	55,813,005	46,096,561	43,944,004
Deferred outflows of resources	2,854,435	2,058,730	480,805	421,445
Current and other liabilities	3,088,299	1,835,125	378,482	313,609
Long-term liabilities	43,177,001	41,245,214	13,307,065	12,860,500
Total liabilities	46,265,300	43,080,339	13,685,547	13,174,109
Deferred inflows of resources	12,159,868	11,086,940	505,049	352,003
Net Position				
Net investment in capital assets	3,518,290	1,529,839	28,006,479	28,173,823
Restricted	4,748,270	4,602,409	1,714,110	1,588,500
Unrestricted (deficit)	(4,005,774)	(2,427,792)	2,666,181	1,077,014
Total net position	\$ 4,260,786	\$ 3,704,456	\$ 32,386,770	\$ 30,839,337

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  
(Unaudited)  
December 31, 2021

### Governmental and Business-Type Activities

Governmental activities increased the Village's net position by \$556,330 and Business-Type activities increased the Village's net position by \$1,547,433. The net effect is an overall increase in the Village's total net position of \$2,103,763.

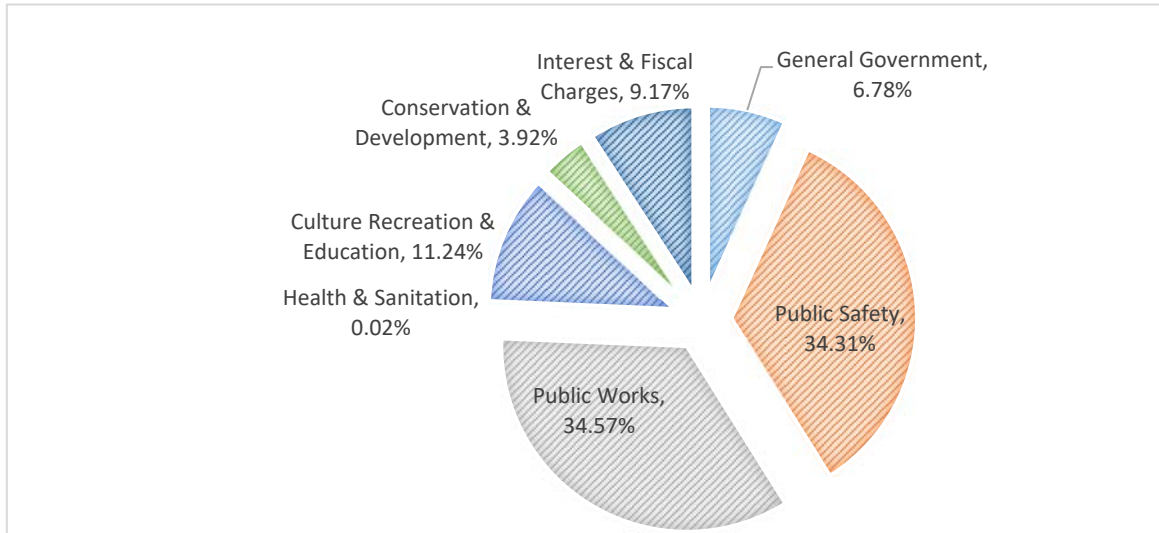
	Changes in Net Position			
	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Revenues:				
Program revenues:				
Charges for services	\$ 2,740,401	\$ 2,444,606	\$ 4,197,525	\$ 4,057,360
Operating grants and contributions	1,524,460	1,726,473	-	-
Capital grants and contributions	417,456	212,802	1,491,377	690,169
General revenues:				
Property and other taxes	8,119,139	7,329,869	-	-
Intergovernmental revenues not restricted to specific programs	474,308	535,718	-	-
Investment income	26,255	161,625	10,656	51,894
Gain on sale of land	-	-	-	-
Other	88,699	112,650	-	-
Total revenues	<u>13,390,718</u>	<u>12,523,743</u>	<u>5,699,558</u>	<u>4,799,423</u>
Expenses:				
General government	898,605	1,219,062	-	-
Public safety	4,549,499	4,585,187	-	-
Public works	4,584,254	4,221,156	-	-
Health and sanitation	2,420	21,195	-	-
Culture, recreation and education	1,489,798	1,542,440	-	-
Conservation and development	519,410	1,384,140	-	-
Interest and fiscal charges	1,215,299	1,057,974	-	-
Water utility	-	-	1,623,571	1,766,583
Sewer Utility	-	-	2,103,657	2,072,329
Total expenses	<u>13,259,285</u>	<u>14,031,154</u>	<u>3,727,228</u>	<u>3,838,912</u>
Transfers	<u>424,897</u>	<u>423,334</u>	<u>(424,897)</u>	<u>(423,334)</u>
Increase (decrease) in net position	556,330	(1,084,077)	1,547,433	537,177
Net position, January 1	<u>3,704,456</u>	<u>4,788,533</u>	<u>30,839,337</u>	<u>30,302,160</u>
Net position, December 31	<u>\$ 4,260,786</u>	<u>\$ 3,704,456</u>	<u>\$ 32,386,770</u>	<u>\$ 30,839,337</u>

# Village of Mukwonago

Management's Discussion and Analysis  
(Unaudited)  
December 31, 2021

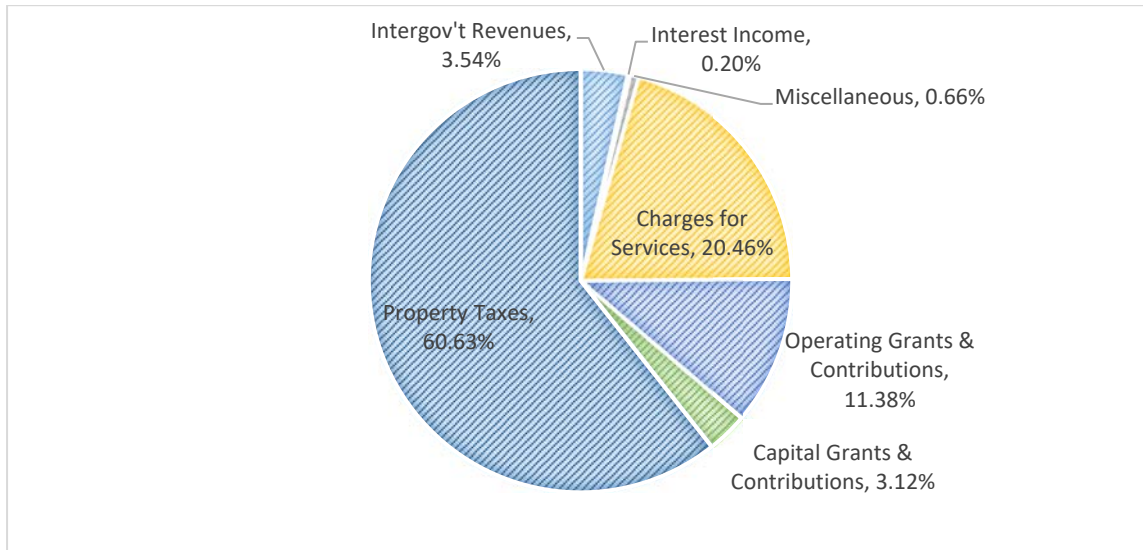
## Expenses by Function - Governmental Activities

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



## Program and General Revenues by Source - Governmental Activities

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



## Business-Type Activities

Business-type activities increased the Village's net position by \$1,547,433. The operating income from business-type activities was \$1,001,518, with net nonoperating expenses of \$520,565 and capital contributions and transfer activity of \$1,066,480. Operating revenue for the current fiscal year was \$4,195,619 with the operating expense of \$3,194,101.

# Village of Mukwonago

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Management's Discussion and Analysis  
(Unaudited)  
December 31, 2021

## Financial Analysis of the Governments Funds

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

### Government Funds

The focus of the Village'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 2021, the percentage shown is of the total 2021 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
- **Restricted** - Constraints are placed on the use of funds by external factors, constitutional provisions, or enabling legislation
  - Special assessments, impact fees, tax increments and grants
- **Committed** - Constraints are placed on the use of funds for specific purposes via formal action by the Village Board
  - Capital improvements and equipment funds; Fire Department, Library and 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 (Unaudited) December 31, 2021

### Fund Balances as Listed in the Balance Sheet for Governmental Funds

	2021	Percent of Total	2020	Increase (Decrease) From Prior Year	Percent Change From Prior Year Increase (Decrease)	Explanation of Change
<b>Nonspendable Fund Balances:</b>						
Various, prepaid	\$ 56,067	- %	\$ 60,880	\$ (4,813)	(7.9) %	Year-end payroll allocation decreased by 1 day over prior year
	<u>\$ 56,067</u>	<u>- %</u>	<u>\$ 60,880</u>	<u>\$ (4,813)</u>	<u>(7.9) %</u>	
<b>Restricted Fund Balance:</b>						
Debt service TID #3	\$ 617,572	- %	\$ 1,010,026	\$ (392,454)	(38.9) %	Early call option exercised on debt
TID #4	909,486	-	888,534	20,952	2.4	Increment exceeded debt payment
TID #5	89,459	-	63,465	25,994	41.0	Increment exceeded debt payment
Stormwater	3,112,884	-	3,306,204	(192,320)	(5.8)	Use of reserves to pay interest on debt
American Rescue Community Development	29,175	-	79,435	(50,260)	(63.3)	Use of reserves for pond maintenance
Library	158	-	-	158		
Impact fees	-	-	1,000	(1,000)	(100.0)	Use of reserves for pond maintenance
	266,334	-	264,943	1,391	0.5	Cost savings to replenish reserves
	381,357	-	311,339	70,018	22.5	Development activity
	<u>\$ 5,406,425</u>	<u>36 %</u>	<u>\$ 5,923,946</u>	<u>\$ (517,521)</u>	<u>(8.7) %</u>	
<b>Committed Fund Balance:</b>						
Fire Department	\$ 135,673	- %	\$ 171,959	\$ (36,286)	(21.1) %	Use of reserves to cover operational expenses
Recycling	128,066	-	117,898	10,168	8.6	New development activity
Parkland site	218,126	-	235,450	(17,324)	(7.4)	Use of reserves for outdoor performance stage
Capital projects	3,501,593	-	1,614,859	1,886,734	116.8	Capital projects delayed
Community development	1,585,915	-	1,206,922	378,993	31.4	Capital project delayed
Revolving loan	138,234	-	185,118	(46,884)	(25.3)	Use of reserves for predevelopment site prep
Capital equipment	545,958	-	388,926	157,032	40.4	Reserves for future equipment
	<u>\$ 6,253,565</u>	<u>41 %</u>	<u>\$ 3,921,132</u>	<u>\$ 2,332,433</u>	<u>59.5 %</u>	
<b>Assigned Fund Balance:</b>						
GF, accrued sick leave	\$ 406,143	- %	\$ 405,349	\$ 794	0.2 %	Interest earnings
GF, ambulance capital	304,602	-	287,124	17,478	6.1	Village portion of settlement in reserves for future purchase
GF, Village designated	548,363	-	436,029	112,334	25.8	Donations placed in reserves
	<u>\$ 1,259,108</u>	<u>8 %</u>	<u>\$ 1,128,502</u>	<u>\$ 130,606</u>	<u>11.6 %</u>	
<b>Unassigned Fund Balance</b>						
General Fund	\$ 2,201,255	15 %	\$ 1,816,879	\$ 384,376	21.2 %	Overall expenditures under budget
<b>Total governmental funds:</b>						
Fund balance	<u>\$ 15,176,420</u>	<u>100 %</u>	<u>\$ 12,851,339</u>	<u>\$ 2,325,081</u>	<u>18.1 %</u>	

# Village of Mukwonago

Management's Discussion and Analysis  
(Unaudited)  
December 31, 2021

## General Fund Budgetary Highlights

The total appropriations, including those for transfers out, were \$5,263,025. Actual expenditures and transfers out were \$4,746,859, resulting in a \$516,166 favorable variance. Total revenues and other financing sources were \$5,257,888 which is \$5,137 less 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 \$1,622,843. Actual expenditures and transfers out were \$1,593,132, resulting in a \$29,711 favorable variance. Total revenues and other financing sources were \$1,556,211, \$39,906 less than the final budget. Details can be found in the required supplemental information at the back of this report.

## Proprietary Funds

The Village'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 2020.

## Capital Asset and Debt Administration

### Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of December 31, 2021 amounts to \$71,243,169 (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.

	Capital Assets (Net of Accumulated Depreciation)			
	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Land	\$ 1,909,628	\$ 1,909,628	\$ 601,764	\$ 601,764
Construction in progress	1,222,227	696,178	91,384	65,057
Land improvements	2,171,923	2,220,771	-	-
Buildings and improvements	9,098,268	8,593,154	37,426,787	37,157,893
Machinery and equipment	2,854,699	2,713,982	1,611,445	1,652,832
Roads	10,121,829	10,917,024	-	-
Storm sewers	3,606,875	3,697,023	-	-
Library collection	344,128	345,593	-	-
Intangible assets	67,097	86,553	115,115	115,115
Total	<u>\$ 31,396,674</u>	<u>\$ 31,179,906</u>	<u>\$ 39,846,495</u>	<u>\$ 39,592,661</u>

Additional information on the Village's capital assets can be found in Note 3.



## Village of Mukwonago

Management's Discussion and Analysis  
(Unaudited)  
December 31, 2021

### Long-Term Obligations

At the end of the current fiscal year, the Village had total debt outstanding of \$56,484,065. Of this amount, \$36,558,430 comprises debt backed by the full faith and credit of the government, with related premiums balance of \$1,815,066. There is \$12,579,838 of revenue bonds outstanding and \$4,225,000 in Bond Anticipation Notes that are financed by tax increments. The remainder of the Village's obligations represents accumulated sick pay benefits.

	Long-Term Obligations			
	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
General obligation debt	\$ 36,558,430	\$ 27,671,864	\$ -	\$ -
Premiums	1,815,066	1,048,518	709,682	348,163
Compensated absences	578,505	599,832	17,544	13,461
Net Pension Liability	-	-	-	-
Revenue bonds	-	-	12,579,839	10,848,876
Bond Anticipation Notes	4,225,000	11,925,000	-	1,650,000
Total	<u>\$ 43,177,001</u>	<u>\$ 41,245,214</u>	<u>\$ 13,307,065</u>	<u>\$ 12,860,500</u>

The net effect of all debt activity during the current year was total debt increased by \$2,378,351.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation of taxable property within the Village's jurisdiction. The current debt limitation for the Village is \$51,893,755. Total general obligation debt outstanding at year-end was \$36,558,430. Additional information on the Village's long-term debt can be found in Note 3.

### 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 2022, Standard & Poor's financial rating service evaluated the Village's financial information and assigned the following ratings for the new debt obligations:

- AA/Stable for the new General Obligation Promissory Note
- AA/Stable for the General Obligation Refunding Bond
- AA-/Stable for the Waterworks System and Sewerage System Revenue Bonds

## Village of Mukwonago

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Management's Discussion and Analysis  
(Unaudited)  
December 31, 2021

Factors that contributed to the ratings include:

- Very strong budgetary flexibility with available fund balances in fiscal 2019 of 52% of operating expenditures.
- Very strong liquidity, with total government available cash at 110.3% of total governmental fund expenditures and 4.0x governmental debt service.
- Strong management with good financial policies and practices under S&P's Financial Management Assessment (FMA) 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 economy with access to a broad-and-diverse metropolitan statistical area (MSA).
- Weak debt and contingent liability profile with government fund debt service of 27.5% of total governmental fund expenditures. A positive credit factor is that 87.4% of the debt is scheduled to be repaid within 10 years.

Residential properties represent 65.93% of the tax base, commercial properties are 25.09%, manufacturing properties are 6.84% and agriculture, undeveloped and personal property tax combined are the final 2.14%. As part of its strategic plan, the Village continues to actively seek business growth to better balance the residential tax revenues.

### Requests for Information

This financial report is designed to provide a general overview of the Village'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, Mukwonago, WI 53149.

## **BASIC FINANCIAL STATEMENTS**

**Village of Mukwonago**

Statement of Net Position

December 31, 2021

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 17,972,356	\$ 2,191,853	\$ 20,164,209
Receivables:			
Taxes	8,238,462	14,636	8,253,098
Accounts, net of allowance	341,707	965,508	1,307,215
Special assessments	36,812	-	36,812
Internal balances	99,776	(99,776)	-
Inventories and prepaid items	56,067	38,892	94,959
Restricted assets:			
Cash and investments	-	2,908,320	2,908,320
Net pension asset	1,689,665	230,633	1,920,298
Capital assets:			
Land	1,909,628	601,764	2,511,392
Construction in progress	1,222,226	91,384	1,313,610
Intangible assets	-	115,115	115,115
Other capital assets, net of depreciation	28,264,820	39,038,232	67,303,052
Total assets	<u>59,831,519</u>	<u>46,096,561</u>	<u>105,928,080</u>
<b>Deferred Outflows of Resources</b>			
Deferred charges on refunding	-	89,504	89,504
Pension related items	2,854,435	391,301	3,245,736
Total deferred outflows of resources	<u>2,854,435</u>	<u>480,805</u>	<u>3,335,240</u>
Total assets and deferred outflows of resources	<u>62,685,954</u>	<u>46,577,366</u>	<u>109,263,320</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	2,007,142	350,482	2,357,624
Deposits	659,500	28,000	687,500
Unearned revenue	421,657	-	421,657
Noncurrent liabilities:			
Due within one year	7,899,809	762,758	8,662,567
Due in more than one year	35,277,192	12,544,307	47,821,499
Total liabilities	<u>46,265,300</u>	<u>13,685,547</u>	<u>59,950,847</u>
<b>Deferred Inflows of Resources</b>			
Pension related items	3,704,125	505,049	4,209,174
Unearned revenue	8,455,743	-	8,455,743
Total deferred inflows of resources	<u>12,159,868</u>	<u>505,049</u>	<u>12,664,917</u>
<b>Net Position</b>			
Net investment in capital assets	3,518,290	28,006,479	26,899,353
Restricted for:			
Debt service	474,920	32,753	507,673
Tax incremental financing	1,901,528	-	1,901,528
Pension	1,689,665	230,633	1,920,298
Library	271,625	-	271,625
Stormwater	29,175	-	29,175
Impact fees	381,357	722,125	1,103,482
Equipment replacement	-	728,599	728,599
Unrestricted (deficit)	(4,005,774)	2,666,181	3,285,823
Total net position	<u>\$ 4,260,786</u>	<u>\$ 32,386,770</u>	<u>\$ 36,647,556</u>

See notes to financial statements

**Village of Mukwonago**

Statement of Activities

Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 898,605	\$ 142,543	\$ 138,453	\$ -	\$ (617,609)	\$ -	\$ (617,609)
Public safety	4,549,499	1,600,109	88,032	68,691	(2,792,667)	-	(2,792,667)
Public works	4,584,254	950,942	708,053	222,768	(2,702,491)	-	(2,702,491)
Health and sanitation	2,420	-	-	-	(2,420)	-	(2,420)
Culture, recreation and education	1,489,798	46,457	589,922	125,997	(727,422)	-	(727,422)
Conservation and development	519,410	350	-	-	(519,060)	-	(519,060)
Interest and fiscal charges	1,215,299	-	-	-	(1,215,299)	-	(1,215,299)
Total governmental activities	13,259,285	2,740,401	1,524,460	417,456	(8,576,968)	-	(8,576,968)
<b>Business-Type Activities</b>							
Water utility	1,623,571	2,296,081	-	762,969	-	1,435,479	1,435,479
Sewer utility	2,103,657	1,901,444	-	728,408	-	526,195	526,195
Total business-type activities	3,727,228	4,197,525	-	1,491,377	-	1,961,674	1,961,674
Total	\$ 16,986,513	\$ 6,937,926	\$ 1,524,460	\$ 1,908,833	(8,576,968)	1,961,674	(6,615,294)
<b>General Revenues</b>							
Taxes							
Property taxes levied for general purposes					4,012,857	-	4,012,857
Property taxes levied for debt service					2,405,481	-	2,405,481
Property taxes levied for TIF					1,684,494	-	1,684,494
Other taxes					16,307	-	16,307
Intergovernmental revenues not restricted to specific programs					474,308	-	474,308
Investment income					26,255	10,656	36,911
Miscellaneous					88,699	-	88,699
Total general revenues					8,708,401	10,656	8,719,057
Transfers					424,897	(424,897)	-
Change in net position					556,330	1,547,433	2,103,763
<b>Net Position, Beginning</b>					3,704,456	30,839,337	34,543,793
<b>Net Position, Ending</b>					\$ 4,260,786	\$ 32,386,770	\$ 36,647,556

See notes to financial statements

**Village of Mukwonago**

Balance Sheet  
 Governmental Funds  
 December 31, 2021

	General Fund	Special Revenue Fund Fire and Ambulance Fund	Debt Service Fund	Capital Projects Fund Tax Incremental District No. 5 Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and investments	\$ 4,400,571	\$ 417,723	\$ 617,572	\$ 3,117,640	\$ 3,706,282	\$ 5,712,568	\$ 17,972,356
Receivables:							
Taxes	3,006,389	194,835	2,570,597	425,570	-	2,041,071	8,238,462
Accounts, net of allowance	55,599	223,560	-	-	-	62,548	341,707
Special assessments	-	-	36,812	-	-	-	36,812
Due from other funds	24,320	-	-	-	-	-	24,320
Advance to other fund	-	-	-	99,776	-	-	99,776
Prepaid items	43,653	7,123	-	-	-	5,291	56,067
Total assets	<u>\$ 7,530,532</u>	<u>\$ 843,241</u>	<u>\$ 3,224,981</u>	<u>\$ 3,642,986</u>	<u>\$ 3,706,282</u>	<u>\$ 7,821,478</u>	<u>\$ 26,769,500</u>
Liabilities, deferred inflows of resources and fund balances							
<b>Liabilities</b>							
Accounts payable	\$ 182,316	\$ 74,254	\$ -	\$ 4,756	\$ 204,689	\$ 1,034,737	\$ 1,500,752
Accrued liabilities	154,172	49,457	-	-	-	27,525	231,154
Deposits	659,500	-	-	-	-	-	659,500
Due to other funds	-	24,320	-	-	-	-	24,320
Due to other governments	6,331	40,208	-	-	-	-	46,539
Unearned revenue	-	-	-	-	-	421,657	421,657
Total liabilities	<u>1,002,319</u>	<u>188,239</u>	<u>-</u>	<u>4,756</u>	<u>204,689</u>	<u>1,483,919</u>	<u>2,883,922</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	-	167,371	86,044	-	-	-	253,415
Unearned revenue	3,024,197	344,835	2,521,365	525,346	-	2,040,000	8,455,743
Total deferred inflows of resources	<u>3,024,197</u>	<u>512,206</u>	<u>2,607,409</u>	<u>525,346</u>	<u>-</u>	<u>2,040,000</u>	<u>8,709,158</u>
<b>Fund Balances</b>							
Nonspendable	43,653	7,123	-	-	-	5,291	56,067
Restricted	-	-	617,572	3,112,884	-	1,675,969	5,406,425
Committed	-	135,673	-	-	3,501,593	2,616,299	6,253,565
Assigned	1,259,108	-	-	-	-	-	1,259,108
Unassigned	2,201,255	-	-	-	-	-	2,201,255
Total fund balances	<u>3,504,016</u>	<u>142,796</u>	<u>617,572</u>	<u>3,112,884</u>	<u>3,501,593</u>	<u>4,297,559</u>	<u>15,176,420</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,530,532</u>	<u>\$ 843,241</u>	<u>\$ 3,224,981</u>	<u>\$ 3,642,986</u>	<u>\$ 3,706,282</u>	<u>\$ 7,821,478</u>	<u>\$ 26,769,500</u>

See notes to financial statements

## Village of Mukwonago

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
December 31, 2021

**Total Fund Balances, Governmental Funds** \$ 15,176,420

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	1,222,226
Other capital assets	48,488,701
Less accumulated depreciation/amortization	(20,223,881)

The net pension asset does not relate to current financial resources and is not reported in the governmental funds. 1,689,665

Deferred outflows of resources related to pension do not related to current financial resources and are not reported in the governmental funds. 2,854,435

Deferred inflows of resources related to pension do not related to current financial resources and are not reported in the governmental funds. (3,704,125)

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. 253,415

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	(42,598,496)
Compensated absences	(578,505)
Accrued interest	(228,697)

**Net Position of Governmental Activities** \$ 4,260,786

**Village of Mukwonago**

Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Governmental Funds  
 Year Ended December 31, 2021

	General Fund	Special Revenue Fund Fire and Ambulance Fund	Debt Service Fund	Capital Projects Fund Tax Incremental District No. 5 Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 2,956,294	\$ 191,015	\$ 2,405,480	\$ 685,467	\$ -	\$ 1,880,987	\$ 8,119,243
Special assessments	-	-	58,417	-	-	18,351	76,768
Intergovernmental	810,730	53,562	-	-	278,581	591,469	1,734,342
Licenses and permits	505,028	-	-	-	-	202,940	707,968
Fines, forfeitures and penalties	159,347	-	-	-	-	-	159,347
Public charges for services	29,946	1,042,117	-	-	3,264	249,053	1,324,380
Intergovernmental charges for services	177,630	228,003	-	-	25,358	391,626	822,617
Investment income	11,608	282	9,065	2,012	2,274	4,781	30,022
Other revenues	165,093	3,109	-	146,000	-	63,159	377,361
<b>Total revenues</b>	<b>4,815,676</b>	<b>1,518,088</b>	<b>2,472,962</b>	<b>833,479</b>	<b>309,477</b>	<b>3,402,366</b>	<b>13,352,048</b>
<b>Expenditures</b>							
Current:							
General government	764,162	-	-	51,887	4,171	30,327	850,547
Public safety	2,681,059	1,505,034	-	-	-	-	4,186,093
Public works	905,353	-	-	210,566	-	712,463	1,828,382
Health and human services	2,420	-	-	-	-	-	2,420
Culture, recreation and education	179,477	-	-	-	-	994,936	1,174,413
Conservation and development	184,026	-	-	245,000	37,506	41,100	507,632
Capital outlay	30,362	70,783	-	1,770	1,494,610	2,146,592	3,744,117
Debt service:							
Principal	-	-	2,460,541	7,766,035	-	751,858	10,978,434
Interest and fees	-	-	504,875	606,355	59,920	277,297	1,448,447
<b>Total expenditures</b>	<b>4,746,859</b>	<b>1,575,817</b>	<b>2,965,416</b>	<b>8,881,613</b>	<b>1,596,207</b>	<b>4,954,573</b>	<b>24,720,485</b>
Excess (deficiency) of revenues over expenditures	68,817	(57,729)	(492,454)	(8,048,134)	(1,286,730)	(1,552,207)	(11,368,437)
<b>Other Financing Sources (Uses)</b>							
Transfers in	442,212	-	100,000	-	17,455	-	559,667
Transfers out	-	(17,315)	-	-	-	(117,455)	(134,770)
Debt issued	-	-	-	7,165,000	2,959,000	2,041,000	12,165,000
Premium on debt issued	-	-	-	690,814	197,009	135,888	1,023,711
Proceeds from sale of capital assets	-	38,123	-	-	-	41,787	79,910
<b>Total other financing sources (uses)</b>	<b>442,212</b>	<b>20,808</b>	<b>100,000</b>	<b>7,855,814</b>	<b>3,173,464</b>	<b>2,101,220</b>	<b>13,693,518</b>
<b>Net change in fund balances</b>	<b>511,029</b>	<b>(36,921)</b>	<b>(392,454)</b>	<b>(192,320)</b>	<b>1,886,734</b>	<b>549,013</b>	<b>2,325,081</b>
<b>Fund Balances, Beginning</b>	<b>2,992,987</b>	<b>179,717</b>	<b>1,010,026</b>	<b>3,305,204</b>	<b>1,614,859</b>	<b>3,748,546</b>	<b>12,851,339</b>
<b>Fund Balances, Ending</b>	<b>\$ 3,504,016</b>	<b>\$ 142,796</b>	<b>\$ 617,572</b>	<b>\$ 3,112,884</b>	<b>\$ 3,501,593</b>	<b>\$ 4,297,559</b>	<b>\$ 15,176,420</b>

See notes to financial statements



## Village of Mukwonago

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended December 31, 2021

**Net Change in Fund Balances, Total Governmental Funds** \$ 2,325,081

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	3,744,117
Some items reported as outlay were not capitalized	(1,460,696)
Depreciation is reported in the government-wide statements	(1,721,974)
Net book value of assets retired	(36,723)
Some items previously capitalized as construction in progress were expensed	(307,956)

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 and ambulance bills	(41,239)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(12,165,000)
Principal repaid	2,878,434
Principal refunded	8,100,000

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	21,327
Accrued interest on debt	(24,016)
Net pension asset	837,054
Deferred inflows/outflows of resources related to pension	(325,531)
Developer expense	(500,000)

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	(1,023,711)
Amortization of debt premiums	257,163

**Change in Net Position of Governmental Activities** \$ 556,330

## Village of Mukwonago

Statement of Net Position

Proprietary Funds

December 31, 2021

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and investments	\$ 726,295	\$ 1,465,558	\$ 2,191,853
Receivables:			
Accounts	531,812	433,696	965,508
Taxes	7,288	7,348	14,636
Inventories	30,768	-	30,768
Prepaid items	3,541	4,583	8,124
Restricted asset:			
Cash and investments	39,683	57,913	97,596
Total current assets	1,339,387	1,969,098	3,308,485
<b>Noncurrent Assets</b>			
Restricted assets:			
Cash and investments	526,856	2,283,868	2,810,724
Net pension asset	108,892	121,741	230,633
Capital assets:			
Land	585,867	15,897	601,764
Construction in progress	-	91,384	91,384
Intangible assets	-	115,115	115,115
Other capital assets, net of depreciation	22,073,550	16,964,682	39,038,232
Total noncurrent assets	23,295,165	19,592,687	42,887,852
Total assets	24,634,552	21,561,785	46,196,337
<b>Deferred Outflows of Resources</b>			
Deferred charges on refunding	14,449	75,055	89,504
Pension related items	185,346	205,955	391,301
Total deferred outflows of resources	199,795	281,010	480,805

See notes to financial statements

## Village of Mukwonago

Statement of Net Position

Proprietary Funds

December 31, 2021

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 115,844	\$ 144,327	\$ 260,171
Accrued liabilities	14,586	10,882	25,468
Deposits	28,000	-	28,000
Advance due to other funds	99,776	-	99,776
Current portion of compensated absences	1,461	1,461	2,922
Liabilities payable from restricted assets:			
Accrued interest payable	23,716	41,127	64,843
Current portion of revenue bonds	298,961	460,875	759,836
Total current liabilities	582,344	658,672	1,241,016
<b>Noncurrent Liabilities</b>			
Long-term debt:			
Bonds and notes payable	5,191,507	7,338,178	12,529,685
Compensated absences	7,311	7,311	14,622
Total noncurrent liabilities	5,198,818	7,345,489	12,544,307
Total liabilities	5,781,162	8,004,161	13,785,323
<b>Deferred Inflows of Resources</b>			
Pension related items	240,579	264,470	505,049
<b>Net Position</b>			
Net investment in capital assets	17,709,272	10,297,207	28,006,479
Restricted for:			
Equipment replacement	-	728,599	728,599
Impact fees	982	721,143	722,125
Pensions	108,892	121,741	230,633
Debt service	15,967	16,786	32,753
Unrestricted	977,493	1,688,688	2,666,181
Total net position	\$ 18,812,606	\$ 13,574,164	\$ 32,386,770

See notes to financial statements

## Village of Mukwonago

### Statement of Revenues, Expenses and Changes in Fund Net Position

#### Proprietary Funds

Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Total
<b>Operating Revenues</b>	<u>\$ 2,295,142</u>	<u>\$ 1,900,477</u>	<u>\$ 4,195,619</u>
<b>Operating Expenses</b>			
Operation and maintenance	793,746	1,081,111	1,874,857
Depreciation	602,759	674,786	1,277,545
Taxes	21,248	20,451	41,699
	<u>1,417,753</u>	<u>1,776,348</u>	<u>3,194,101</u>
Total operating expenses			
Operating income	<u>877,389</u>	<u>124,129</u>	<u>1,001,518</u>
<b>Nonoperating Revenues (Expenses)</b>			
Investment income	3,669	6,987	10,656
Miscellaneous income (expense)	939	967	1,906
Interest and fiscal charges	(205,818)	(327,309)	(533,127)
	<u>(201,210)</u>	<u>(319,355)</u>	<u>(520,565)</u>
Total nonoperating revenues (expense)			
Income (loss) before capital contributions and transfers	<u>676,179</u>	<u>(195,226)</u>	<u>480,953</u>
<b>Capital Contributions and Transfers</b>			
Capital contributions	762,969	728,408	1,491,377
Transfers in	-	10,000	10,000
Transfers out	(425,973)	(8,924)	(434,897)
	<u>336,996</u>	<u>729,484</u>	<u>1,066,480</u>
Total capital contributions and transfers			
Change in net position	<u>1,013,175</u>	<u>534,258</u>	<u>1,547,433</u>
<b>Net Position, Beginning</b>	<u>17,799,431</u>	<u>13,039,906</u>	<u>30,839,337</u>
<b>Net Position, Ending</b>	<u>\$ 18,812,606</u>	<u>\$ 13,574,164</u>	<u>\$ 32,386,770</u>

See notes to financial statements

**Village of Mukwonago**

## Statement of Cash Flows

## Proprietary Funds

Year Ended December 31, 2021

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 2,313,199	\$ 1,860,772	\$ 4,173,971
Paid to suppliers for goods and services	(526,712)	(800,646)	(1,327,358)
Paid to employees for services	(266,353)	(265,444)	(531,797)
Net cash flows from operating activities	1,520,134	794,682	2,314,816
<b>Cash Flows From Investing Activities</b>			
Investment income	3,685	7,156	10,841
Net cash flows from investing activities	3,685	7,156	10,841
<b>Cash Flows From Noncapital Financing Activities</b>			
Paid to municipality for tax equivalent	(415,973)	(8,924)	(424,897)
Transfers in (out)	(10,000)	10,000	-
Net cash flows from noncapital financing activities	(425,973)	1,076	(424,897)
<b>Cash Flows From Capital and Related Financing Activities</b>			
Debt retired	(205,980)	(238,057)	(444,037)
Payments to escrow during refunding	(1,713,092)	(2,736,908)	(4,450,000)
Interest and fees paid	(201,070)	(232,606)	(433,676)
Debt issued	1,444,423	3,530,577	4,975,000
Debt premium net of issuance costs	98,331	240,353	338,684
Special assessments received	147	1,542	1,689
Advance from other funds	(146,000)	-	(146,000)
Acquisition and construction of capital assets	(191,123)	(131,132)	(322,255)
Impact fees received	145,463	50,297	195,760
Net cash flows from capital and related financing activities	(768,901)	484,066	(284,835)
Net change in cash and cash investments	328,945	1,286,980	1,615,925
<b>Cash and Cash Investments, Beginning</b>	963,889	2,520,359	3,484,248
<b>Cash and Cash Investments, Ending</b>	<u>\$ 1,292,834</u>	<u>\$ 3,807,339</u>	<u>\$ 5,100,173</u>

See notes to financial statements

**Village of Mukwonago**

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2021

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Total</b>
<b>Reconciliation of Operating Income</b>			
<b>to Net Cash Flows From Operating Activities</b>			
Operating income	\$ 877,389	\$ 124,129	\$ 1,001,518
Miscellaneous nonoperating activities	939	967	1,906
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	602,759	674,786	1,277,545
Depreciation charged to other funds	31,258	(31,258)	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
Accounts receivable	(14,140)	(9,413)	(23,553)
Materials and supplies	(10,515)	-	(10,515)
Prepaid items	1,009	(644)	365
Accounts payable	63,935	66,698	130,633
Accrued liabilities	2,041	2,042	4,083
Compensated absences	(1,581)	1,183	(398)
Pension related deferrals and liabilities	(27,960)	(33,807)	(61,767)
Customer deposits	(5,000)	-	(5,000)
Net cash flows from operating activities	<u>\$ 1,520,134</u>	<u>\$ 794,683</u>	<u>\$ 2,314,817</u>
<b>Reconciliation of Cash and Cash</b>			
<b>Equivalents to the Statement of</b>			
<b>Net Position, Proprietary Funds</b>			
Cash and investments, statement of net position	\$ 726,295	\$ 1,465,558	\$ 2,191,853
Restricted cash and investments, statement of net position	<u>566,539</u>	<u>2,341,781</u>	<u>2,908,320</u>
Cash and cash equivalents	<u>\$ 1,292,834</u>	<u>\$ 3,807,339</u>	<u>\$ 5,100,173</u>
<b>Noncash Capital and Related Financing Activities</b>			
Capital contributions	<u>\$ 617,507</u>	<u>\$ 678,111</u>	
Capital assets financed through accounts payable	<u>\$ 50,702</u>	<u>\$ -</u>	
Amortization of debt premium	<u>\$ 43,630</u>	<u>\$ 68,956</u>	
Amortization of loss on refunding	<u>\$ (2,627)</u>	<u>\$ (46,167)</u>	

See notes to financial statements

# Village of Mukwonago

Statement of Fiduciary Net Position  
December 31, 2021

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	<u>Custodial Fund</u>
	<u>Tax Collection Fund</u>
<b>Assets</b>	
Cash and investments	\$ 6,708,036
Taxes receivable	<u>2,325,527</u>
Total assets	<u>9,033,563</u>
<b>Liabilities</b>	
Accounts payable	26,924
Due to other governments	<u>9,006,639</u>
Total liabilities	<u>9,033,563</u>
Net position	<u><u>\$ -</u></u>

## Village of Mukwonago

Statement of Changes in Fiduciary Net Position  
Year Ended December 31, 2021

	<u>Custodial Fund</u> <u>Tax Collection Fund</u>
<b>Additions</b>	
Tax collections	\$ 7,333,571
<b>Deductions</b>	
Payments to overlying districts	<u>7,333,571</u>
Change in fiduciary net position	-
<b>Net Position, Beginning</b>	<u>-</u>
<b>Net Position, Ending</b>	<u><u>\$ -</u></u>

See notes to financial statements



# Village of Mukwonago

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December 31, 2021

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# Village of Mukwonago

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Notes to Financial Statements

December 31, 2021

## 1. Summary of Significant Accounting Policies

The accounting policies of the Village of Mukwonago, Wisconsin (Village), 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).

### 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.

### 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 program revenues.

# Village of Mukwonago

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Notes to Financial Statements  
December 31, 2021

## **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**

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**

Fire and Ambulance Special Revenue Fund accounts for resources legally restricted or committed to supporting expenditures for fire and ambulance services.

### **Debt Service Fund**

Debt Service Fund is 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.

# Village of Mukwonago

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Notes to Financial Statements  
December 31, 2021

## Tax Incremental District (TID) No. 5 Capital Projects Fund

Tax Incremental District (TID) No. 5 Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

## Capital Projects Fund

Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned for the acquisition of land and/or major capital projects.

## Enterprise Funds

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

Special Revenue Funds are 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
American Rescue Plan Act	

## Capital Project Funds

Capital Projects Funds are 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
Community Development	Tax Incremental District (TID) No. 4

In addition, the Village reports the following fund types:

## Custodial Fund

Custodial Fund is used to account for and report assets controlled and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Collection Fund

# Village of Mukwonago

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Notes to Financial Statements  
December 31, 2021

## 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, 2021, there were \$1,330,061 of anticipated future assessments. These are not reported as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

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

## Village of Mukwonago

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Notes to Financial Statements  
December 31, 2021

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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.

### Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

#### 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.
- 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.

## Village of Mukwonago

Notes to Financial Statements  
December 31, 2021

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.

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, 2021, 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 3 for further information.

### 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 the 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 fiduciary net position.

Property tax calendar - 2021 tax roll:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
Payment in full, or	January 31, 2022
First installment due	January 31, 2022
Second installment due	July 31, 2022
Personal property taxes in full	January 31, 2022
Tax sale, 2021 delinquent real estate taxes	October 2024

# Village of Mukwonago

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Notes to Financial Statements  
December 31, 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.

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.

## **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.

## **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.

## **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.

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. 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.



# Village of Mukwonago

Notes to Financial Statements  
December 31, 2021

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:

	<u>Years</u>
Buildings	50
Land improvements	20-50
Machinery and equipment	3-25
Utility system	3-77
Infrastructure	20-50
Intangible assets	8-10
Library collection	5-10

## **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.

## **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.

## **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. Eligible employees who have attained 15 years of full-time service are eligible for a prorated payout. Employees may accumulate a maximum of 120 days of sick leave. The accumulated sick leave benefit is only available to full time employees who started prior to January 1, 2014. Employees hired on or after that date do not get a payout.

## Village of Mukwonago

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Notes to Financial Statements  
December 31, 2021

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, 2021, are determined on the basis of current salary rates and include salary related payments.

### **Long-Term Obligations/Conduit Debt**

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of 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. In 2018, the Village issued an industrial revenue bond in the amount of \$3,836,755; the principal balances at December 31, 2021 was \$3,836,755.

### **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.

### **Basis for Existing Rates**

#### **Water Utility**

Current water rates were approved by the Public Service Commission of Wisconsin on November 9, 2020. New water rates for 2022 water billings were approved by the Public Service Commission on November 30, 2021.

#### **Sewer Utility**

Current sewer rates were approved by the Village Board on November 18, 2020. New sewer rates for 2022 sewer billings were approved by the Village Board on November 17, 2021.

# Village of Mukwonago

Notes to Financial Statements  
December 31, 2021

## Equity Classifications

### Government-Wide Financial 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:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Adjustment</b>	<b>Total</b>
Net investment in capital assets	\$ 3,518,290	\$ 28,006,479	\$ (4,625,416)	\$ 26,899,353
Unrestricted (deficit)	(4,005,774)	2,666,181	4,625,416	3,285,823

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 Financial 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.
- 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.

## Village of Mukwonago

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Notes to Financial Statements  
December 31, 2021

- 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, 2021, the Village's unassigned fund balance was \$2,201,255 which exceeded the required fund balance of \$1,328,495.

See Note 3 for further information.

### 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.

## 2. Stewardship, Compliance, and Accountability

### Excess Expenditures Over Appropriations

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.

### 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 0%. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

## Village of Mukwonago

Notes to Financial Statements  
December 31, 2021

### 3. Detailed Notes on All Funds

#### Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balance</u>	<u>Associated Risks</u>
Deposits	\$ 6,564,980	\$ 6,528,082	Custodial credit
LGIP	23,215,184	23,215,184	Credit
Petty cash	401		N/A
Total deposits and investments	<u>\$ 29,780,565</u>	<u>\$ 29,743,266</u>	
Reconciliation to financial statements:			
Per statement of net position:			
Unrestricted cash and investment	\$ 20,164,209		
Restricted cash and investment	2,908,320		
Per statement of assets and liabilities:			
Custodial fund	<u>6,708,036</u>		
Total deposits and investments	<u>\$ 29,780,565</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are 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, 2021, the banks had pledged various government securities in the amount of \$4,607,996 to secure the Village's deposits.

#### Custodial Credit Risk

##### Deposits

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

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

# Village of Mukwonago

Notes to Financial Statements  
December 31, 2021

## 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 1 for further information on deposit and investment policies.

## Receivables

All of the receivables on the balance sheet are expected to be collected within one year except for \$36,812 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	\$ 8,188,159	\$ -
Educational reimbursement receivable	17,808	-
Grant drawdowns prior to meeting all eligibility requirements	421,657	-
Ambulance receivable	-	167,371
ProHealth contribution to offset lost revenues	150,000	-
Water impact fees for TID No. 5 Project	99,776	-
Special assessments not yet due	-	36,812
Special assessments principal and interest on tax roll	-	49,232
	<u>                    </u>	<u>                    </u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 8,877,400</u>	<u>\$ 253,415</u>
Unearned revenue included in liabilities	\$ 421,657	
Unearned revenue included in deferred inflows	<u>8,455,743</u>	
Total unearned revenue for governmental funds	<u>\$ 8,877,400</u>	

# Village of Mukwonago

Notes to Financial Statements  
December 31, 2021

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## 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, 2021:

	<b>Restricted Assets</b>
Water redemption, current	\$ 39,683
Water reserve	525,874
Water impact fee	982
Sewer redemption, current	57,913
Sewer reserve	834,126
Sewer impact fee	721,143
Equipment replacement	728,599
Net pension asset	<u>1,920,298</u>
 Total	 <u><u>\$ 4,828,618</u></u>

# Village of Mukwonago

Notes to Financial Statements  
December 31, 2021

## Capital Assets

Capital asset activity for the year ended December 31, 2021 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	696,178	990,506	464,457	1,222,227
<b>Total capital assets not being depreciated</b>	<b>2,605,806</b>	<b>990,506</b>	<b>464,457</b>	<b>3,131,855</b>
Capital assets being depreciated/amortized:				
Land improvements	2,791,679	62,481	-	2,854,160
Buildings	11,947,653	772,492	-	12,720,145
Machinery and equipment	5,446,292	522,211	285,003	5,683,500
Roads	21,785,752	-	-	21,785,752
Storm sewers	4,507,413	-	-	4,507,413
Library collection	755,584	84,389	97,554	742,419
Intangible assets	217,468	7,843	30,000	195,311
<b>Total capital assets being depreciated/amortized</b>	<b>47,451,841</b>	<b>1,449,416</b>	<b>412,557</b>	<b>48,488,700</b>
<b>Total capital assets</b>	<b>50,057,647</b>	<b>2,439,922</b>	<b>877,014</b>	<b>51,620,555</b>
Less accumulated depreciation/amortization for:				
Land improvements	(570,908)	(111,329)	-	(682,237)
Buildings	(3,354,499)	(267,378)	-	(3,621,877)
Machinery and equipment	(2,732,310)	(344,772)	248,281	(2,828,801)
Roads	(10,868,728)	(795,195)	-	(11,663,923)
Storm sewers	(810,390)	(90,148)	-	(900,538)
Library collections	(409,991)	(85,853)	97,553	(398,291)
Intangible assets	(130,915)	(27,299)	30,000	(128,214)
<b>Total accumulated depreciation/amortization</b>	<b>(18,877,741)</b>	<b>(1,721,974)</b>	<b>375,834</b>	<b>(20,223,881)</b>
<b>Net capital assets being depreciated/amortized</b>	<b>28,574,100</b>	<b>(272,558)</b>	<b>36,723</b>	<b>28,264,819</b>
<b>Total governmental activities capital assets, net of accumulated depreciation/amortization</b>	<b>\$ 31,179,906</b>	<b>\$ 717,948</b>	<b>\$ 501,180</b>	<b>\$ 31,396,674</b>



## Village of Mukwonago

Notes to Financial Statements  
December 31, 2021

Depreciation/amortization expense was charged to functions as follows:

### Governmental Activities

General government	\$ 74,455
Public safety	276,507
Public works, which includes depreciation of infrastructure	1,041,801
Culture, recreation, and education	<u>329,211</u>
Total governmental activities depreciation/ amortization expense	<u>\$ 1,721,974</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
<b>Sewer</b>				
Capital assets not being depreciated:				
Land	\$ 15,897	\$ -	\$ -	\$ 15,897
Intangible assets	115,115	-	-	115,115
Construction in progress	<u>65,057</u>	<u>26,327</u>	<u>-</u>	<u>91,384</u>
Total capital assets not being depreciated	<u>196,069</u>	<u>26,327</u>	<u>-</u>	<u>222,396</u>
Capital assets being depreciated:				
Buildings and improvements	26,079,465	684,974	4,422	26,760,017
Machinery and equipment	<u>2,027,083</u>	<u>55,809</u>	<u>23,598</u>	<u>2,059,294</u>
Total capital assets being depreciated	<u>28,106,548</u>	<u>740,783</u>	<u>28,020</u>	<u>28,819,311</u>
Total capital assets	<u>28,302,617</u>	<u>767,110</u>	<u>28,020</u>	<u>29,041,707</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,415,842)	(567,310)	4,422	9,978,730
Machinery and equipment	<u>(1,823,280)</u>	<u>(76,217)</u>	<u>23,598</u>	<u>1,875,899</u>
Total accumulated depreciation	<u>(11,239,122)</u>	<u>(643,527)</u>	<u>28,020</u>	<u>11,854,629</u>
Net capital assets being depreciated	<u>16,867,426</u>	<u>97,256</u>	<u>-</u>	<u>16,964,682</u>
Net sewer capital assets	<u>\$ 17,063,495</u>	<u>\$ 123,583</u>	<u>\$ -</u>	<u>\$ 17,187,078</u>

## Village of Mukwonago

Notes to Financial Statements  
December 31, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
<b>Water</b>				
Capital assets not being depreciated:				
Land	\$ 585,867	\$ -	\$ -	\$ 585,867
Capital assets being depreciated:				
Buildings and improvements	26,287,835	643,833	5,442	26,926,226
Machinery and equipment	3,237,576	120,435	24,133	3,333,878
Total capital assets being depreciated	<u>29,525,411</u>	<u>764,268</u>	<u>29,575</u>	<u>30,260,104</u>
Total capital assets	<u>30,111,278</u>	<u>764,268</u>	<u>29,575</u>	<u>30,845,971</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,793,565)	(492,603)	5,442	(6,280,726)
Machinery and equipment	(1,788,547)	(141,414)	24,133	(1,905,828)
Total accumulated depreciation	<u>(7,582,112)</u>	<u>(634,017)</u>	<u>29,575</u>	<u>(8,186,554)</u>
Net capital assets being depreciated	<u>21,943,299</u>	<u>130,251</u>	<u>-</u>	<u>22,073,550</u>
Net water capital assets	<u>\$ 22,529,166</u>	<u>\$ 130,251</u>	<u>\$ -</u>	<u>\$ 22,659,417</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 39,592,661</u>	<u>\$ 253,834</u>	<u>\$ -</u>	<u>\$ 39,846,494</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities:

Sewer	\$ 674,786
Water	<u>602,759</u>

Total business-type activities depreciation expense \$ 1,277,545

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  
December 31, 2021

## 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	Special Revenue Fund, Fire and Ambulance Fund	\$ 24,320
	Less fund eliminations	(24,320)
	Plus advances	99,776
Total internal balances, government-wide statement of net position		<u>\$ 99,776</u>
Receivable Fund	Payable Fund	Amount
Governmental activities	Business-type activities	\$ 99,776
Business-type activities	Governmental activities	-
Total government-wide financial statements		<u>\$ 99,776</u>

All amounts are due in more than 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.

### Advances

The Capital Projects Fund - Tax Increment District No. 5 Fund advanced funds to the Water Utility Fund for the installation of a booster pump and water main oversizing, 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
Capital Projects Fund, Tax Increment District No. 5	Water Utility	\$ 99,776	\$ -
Total fund financial statements		99,776	
Less fund eliminations		-	
Total interfund advances, government-wide statement of net position		<u>\$ 99,776</u>	

# Village of Mukwonago

Notes to Financial Statements  
December 31, 2021

## Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Sewer Utility	\$ 8,924	Payment in lieu of taxes
General Fund	Water Utility	415,973	Payment in lieu of taxes
General Fund	Fire/Ambulance Fund	17,315	Year-end settlement
Debt Service Fund	Special Revenue Fund, Impact Fee Fund	100,000	To fund debt service
Capital Project Fund	Parkland Site Fund	17,455	Use of reserves for outdoor performance stage
Sewer Utility	Water Utility	10,000	To pay for rental cost of equipment
Total fund financial statements		569,667	
Less fund eliminations		144,770	
Total transfers, government-wide statement of activities		<u>\$ 424,897</u>	
<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	
Governmental activities	Business-type activities	\$ 424,897	
Business-type activities	Governmental activities	-	
Total government-wide financial statements		<u>\$ 424,897</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  
December 31, 2021

### Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 27,671,864	\$ 12,165,000	\$ 3,278,434	\$ 36,558,430	\$ 3,578,430
Bond anticipation notes	11,925,000	-	7,700,000	4,225,000	4,225,000
Premiums	1,048,518	1,023,711	257,163	1,815,066	-
Total bonds and notes payable	<u>40,645,382</u>	<u>13,188,711</u>	<u>11,235,597</u>	<u>42,598,496</u>	<u>7,803,430</u>
Other liabilities:					
Compensated absences	<u>599,832</u>	<u>-</u>	<u>21,327</u>	<u>578,505</u>	<u>96,379</u>
Total governmental activities long-term liabilities	<u>\$ 41,245,214</u>	<u>\$ 13,188,711</u>	<u>\$ 11,256,924</u>	<u>\$ 43,177,001</u>	<u>\$ 7,899,809</u>
<b>Business-Type Activities</b>					
Bonds and notes payable:					
Revenue bonds	\$ 10,848,876	\$ 4,975,000	\$ 3,244,037	\$ 12,579,839	\$ 759,836
Bond anticipation note	1,650,000	-	1,650,000	-	-
Premiums	348,163	474,105	112,586	709,682	-
Total bonds and notes payable	<u>12,847,039</u>	<u>5,449,105</u>	<u>5,006,624</u>	<u>13,289,521</u>	<u>759,836</u>
Other liabilities:					
Compensated absences	<u>13,461</u>	<u>4,083</u>	<u>-</u>	<u>17,544</u>	<u>2,922</u>
Total business-type activities long-term liabilities	<u>\$ 12,860,500</u>	<u>\$ 5,453,188</u>	<u>\$ 5,006,623</u>	<u>\$ 13,307,065</u>	<u>\$ 762,758</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, 2021, was \$51,893,755. Total general obligation debt outstanding at year-end was \$36,558,430.

# Village of Mukwonago

Notes to Financial Statements  
December 31, 2021

## 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.

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/21
GO Refunding Bonds (TID #3)	11/1/2012	10/1/2026	1.0-2.5%	\$ 3,620,000	\$ 1,425,000
GO Note	11/30/2014	2/15/2022	0.00	27,468	3,430
GO Promissory Note	4/1/2015	4/1/2025	1.0-3.0	6,785,000	4,010,000
GO Promissory Note	7/6/2016	10/1/2026	2.00	3,100,000	1,700,000
GO Promissory Note	11/1/2017	10/1/2026	2.0-3.0	1,400,000	1,100,000
GO Promissory Note	6/1/2018	10/1/2026	3.0-3.25	2,145,000	1,600,000
GO Refunding Bonds	9/5/2018	12/1/2026	2.0-3.5	5,375,000	3,125,000
GO Taxable Refunding Bonds	2/20/2019	3/1/2026	3.0-4.0	2,375,000	1,675,000
GO Promissory Note	2/20/2019	3/1/2028	2.0-3.5	4,225,000	3,925,000
GO Taxable Note	6/17/2020	6/1/2030	1.25-2.2	1,240,000	1,240,000
GO Promissory Note	6/17/2020	6/1/2030	1.0-3.0	4,590,000	4,590,000
GO Refunding Note (TID #5)	5/19/2021	6/1/2037	2.0-4.0	7,165,000	7,165,000
GO Promissory Note	5/19/2021	4/1/2031	2.0-4.0	5,000,000	5,000,000
Total government activities general obligation debt					<u>\$ 36,558,430</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities	
	Principal	Interest
2022	\$ 3,578,430	\$ 1,019,056
2023	4,300,000	876,713
2024	4,250,000	761,476
2025	4,500,000	643,645
2026	3,970,000	522,935
2027-2031	12,960,000	1,113,663
2032-2036	2,475,000	263,500
2037	525,000	7,875
Total	<u>\$ 36,558,430</u>	<u>\$ 5,208,863</u>

## Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water and sanitary sewer utilities.

The Village has pledged future revenues, net of specified operating expenses, to repay revenue bonds issued in various years. Proceeds from the bonds provided financing for the variety of water and sewer projects. The bonds are payable solely from water and sewer revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require 56% of net revenues. The total principal and interest remaining to be paid on the bonds is \$15,416,300. Principal and interest paid for the current year and total customer revenues were \$1,196,800 and \$2,291,625 respectively.

# Village of Mukwonago

Notes to Financial Statements  
December 31, 2021

Revenue debt payable at December 31, 2021, consists of the following:

## Business-Type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/21</u>
<b>Sewer Utility</b>					
Revenue Bonds	7/6/2016	12/1/2029	2.00-3.00%	\$ 3,596,423	\$ 2,790,613
Revenue Bonds	6/1/2018	12/1/2033	4.00%	1,095,000	1,005,000
Revenue Bonds	9/2/2021	12/1/2033	1.50-3.00%	3,530,577	3,530,577
				Total Sewer Utility	<u>7,326,190</u>
<b>Water Utility</b>					
Revenue Bonds	4/29/2002	05/1/2022	2.75%	627,355	29,838
Revenue Bonds	7/6/2016	12/1/2029	2.00-3.00%	1,848,577	1,434,388
Revenue Bonds	6/1/2018	12/1/2033	4.00%	2,555,000	2,345,000
Revenue Bonds	9/2/2021	12/1/2033	1.50-3.00%	1,444,423	1,444,423
				Total Water Utility	<u>5,253,469</u>
Total business-type activities, revenue debt					<u>\$ 12,579,839</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 759,836	\$ 411,314
2023	845,000	358,300
2024	835,000	335,150
2025	915,000	311,200
2026	975,000	290,250
2027-2031	5,750,000	999,750
2032-2033	2,500,003	130,500
Total	<u>\$ 12,579,839</u>	<u>\$ 2,836,464</u>

# Village of Mukwonago

Notes to Financial Statements  
December 31, 2021

## Bond Anticipation Notes

### Governmental Activities

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/21</u>
Taxable Note Anticipation Note	3/20/2018	12/1/2022	3.875%	\$ 4,225,000	\$ 4,225,000
Total business-type activities					<u>\$ 4,225,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 4,225,000	\$ 163,719
Total	<u>\$ 4,225,000</u>	<u>\$ 163,719</u>

### Other Debt Information

Estimated payments of compensated absences 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 May 19, 2021, the Village issued \$7,165,000 in general obligation bonds with an average coupon rate of 2.86% to refund \$7,700,000 of outstanding bond anticipation notes with an average coupon rate of 3.38%. 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 \$7,829,938 for 2021. The cash flow requirement of the 2021A G.O. refunding bonds is \$9,008,757 from 2021 through 2037. 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 \$334,755.

On September 2, 2021, the Village issued \$4,975,000 in revenue bonds with an average coupon rate of 2.79% to refund \$4,175,000 of outstanding bonds with an average coupon rate of 4.35%. A portion of the proceeds were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$4,901,625. The cash flow requirement of the 2021C revenue bonds is \$5,980,004 from 2021 through 2033. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$36,976.



## Village of Mukwonago

Notes to Financial Statements  
December 31, 2021

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### Net Position/Fund Balances

Net position reported on the government-wide statement of net position on December 31, 2021 includes the following:

#### Governmental Activities

Net investment in capital assets:

Land	\$	1,909,628
Construction in progress		1,222,226
Other capital assets, net of accumulated depreciation		28,264,820
Less long-term debt outstanding, including premiums		(42,598,496)
Plus:		
Unspent capital related debt proceeds		2,573,500
Noncapital debt outstanding		12,146,612
		<hr/>
Total net investment in capital assets		3,518,290

Restricted for:

Debt service		474,920
Pension		1,689,665
TID #3		871,839
TID #4		62,512
TID #5		967,177
Impact fees		381,357
Stormwater		29,175
Library		271,625
		<hr/>

        Total restricted 

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 4,748,270

Unrestricted (deficit) 

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 (4,005,774)

        Total governmental activities net position 

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 \$ 4,260,786

# Village of Mukwonago

Notes to Financial Statements  
December 31, 2021

## Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2021 include the following:

	Special Revenue Fund		Capital Project Funds			Nonmajor Governmental Funds	Total
	General Fund	Fire and Ambulance Fund	Debt Service Fund	Tax Incremental District No. 5 Fund	Capital Projects Fund		
<b>Fund Balances</b>							
Nonspendable:							
Prepaid items	\$ 43,653	\$ 7,123	\$ -	\$ -	\$ -	\$ 5,291	\$ 56,067
Restricted for:							
Debt services	-	-	617,572	-	-	998,945	1,616,517
Capital projects	-	-	-	3,112,884	-	-	3,112,884
Impact fees	-	-	-	-	-	381,357	381,357
Stormwater	-	-	-	-	-	29,175	29,175
Library	-	-	-	-	-	266,334	266,334
American Rescue Plan Act	-	-	-	-	-	158	158
Committed to:							
Fire & ambulance	-	135,673	-	-	-	-	135,673
Revolving loan	-	-	-	-	-	138,234	138,234
Capital equipment	-	-	-	-	-	545,958	545,958
Recycling	-	-	-	-	-	128,066	128,066
Capital projects	-	-	-	-	3,501,593	-	3,501,593
Parkland site	-	-	-	-	-	218,126	218,126
Development	-	-	-	-	-	1,585,915	1,585,915
Assigned to:							
Accrued sick pay	406,143	-	-	-	-	-	406,143
Ambulance	304,602	-	-	-	-	-	304,602
Other	548,363	-	-	-	-	-	548,363
Unassigned	2,201,255	-	-	-	-	-	2,201,255
Total fund balance	<u>\$ 3,504,016</u>	<u>\$ 142,796</u>	<u>\$ 617,572</u>	<u>\$ 3,112,884</u>	<u>\$ 3,501,593</u>	<u>\$ 4,297,559</u>	<u>\$ 15,176,420</u>

# Village of Mukwonago

Notes to Financial Statements  
December 31, 2021

## Business-Type Activities

Net investment in capital assets:	
Land and intangibles	\$ 716,879
Construction in progress	91,384
Other capital assets, net of accumulated depreciation	39,038,232
Less long-term debt outstanding, including premiums	(13,289,521)
Plus:	
Noncapital debt proceeds	1,360,000
Deferred charge on refunding	89,504
	<hr/>
Total net investment in capital assets	28,006,479
Restricted for:	
Debt service	32,753
Equipment replacement	728,599
Impact fees	722,125
Pension	230,633
	<hr/>
Total restricted	1,714,110
Unrestricted	<hr/>
	2,666,181
	<hr/>
Total business-type activities net position	\$ 32,386,770

## 4. Other Information

### 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, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR) which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

##### 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.

# Village of Mukwonago

Notes to Financial Statements

December 31, 2021

## Benefits Provided

Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

## 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>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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
2018	2.4	17
2019	0.0	(10)
2020	1.7	21

## Village of Mukwonago

Notes to Financial Statements

December 31, 2021

### 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 \$358,855 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.65 %
Protective without Social Security	6.75 %	16.25 %

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

At December 31, 2021, the Village reported an asset of \$1,920,298 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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, 2020, the Village's proportion was 0.03075855%, which was an increase of 0.00047172% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Village recognized pension expense of \$(163,666).

At December 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,779,262	\$ 598,648
Changes in assumption	43,556	-
Net differences between projected and actual earnings on pension plan investments	-	3,605,205
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,217	5,321
Employer contributions subsequent to the measurement date	412,701	-
Total	<u>\$ 3,245,736</u>	<u>\$ 4,209,174</u>

## Village of Mukwonago

Notes to Financial Statements

December 31, 2021

\$412,701 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Years Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2022	\$ (355,757)
2023	(95,169)
2024	(650,298)
2025	(274,915)

### Actuarial Assumptions

The total pension asset in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Asset	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*:	1.9%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Asset for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

## Village of Mukwonago

Notes to Financial Statements

December 31, 2021

### Long-Term Expected Return on Plan Assets

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

<b>Core Fund Asset Class</b>	<b>Current Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %</b>
Global Equities	51%	7.2%	4.7%
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
<b>Variable Fund Asset Class</b>			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

### Single Discount Rate

A single discount rate of 7.00% was used to measure the total pension asset for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's *20-year Municipal GO AA Index* as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 investment 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  
December 31, 2021

### Sensitivity of the Village's Proportionate Share of the Net Pension Asset (Liability) to Changes in the Discount Rate

The following presents the Village's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.0%, as well as what the Village's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
Village's proportionate share of the net pension asset (liability)	<u>\$ (1,827,858)</u>	<u>\$ 1,920,298</u>	<u>\$ 4,673,292</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/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2021, the Village reported a payable to the pension plan of \$59,840, which represents contractually required contributions outstanding as of the end of the year.

### 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.

### 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

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Notes to Financial Statements  
December 31, 2021

### Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

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

### 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, 2021, the total amount contributed was \$106,316. Of this amount, \$49,076 was contributed by the employer and \$57,240 was contributed by the employee. Total contributions for the years ending December 31, 2020 and 2019 were \$101,999 and \$96,570 respectively. The employer's contribution each year was equal to the required amount.

### Subsequent Events

#### Relief Through the American Rescue Plan Act

The federal government passed the American Rescue Plan Act on March 11, 2021 to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated for fiscal year 2021 to units of local government to mitigate the fiscal effects stemming from the public health emergency. The Village's estimated award is \$843,315, which will be used to combat the negative effects of the public health emergency in the local economy. The Village received \$421,657 in June 2021, with the remaining expected in June 2022. The funds are to cover costs incurred by December 31, 2024.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Village of Mukwonago**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget to Actual - General Fund  
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 2,952,156	\$ 2,952,156	\$ 2,956,294	\$ 4,138
Intergovernmental	828,668	828,668	810,730	(17,938)
Licenses and permits	436,460	436,460	505,028	68,568
Fines, forfeitures and penalties	165,000	165,000	159,347	(5,653)
Public charges for services	32,000	32,000	29,946	(2,054)
Interdepartmental charges for services	211,000	211,000	177,630	(33,370)
Investment income	44,711	44,711	11,608	(33,103)
Other revenues	147,000	160,187	165,093	4,906
Total revenues	4,816,995	4,830,182	4,815,676	(14,506)
<b>Expenditures</b>				
Current:				
General government	919,852	868,829	764,162	104,667
Public safety	2,762,304	2,794,304	2,681,059	113,245
Public works	992,755	992,755	905,353	87,402
Health and sanitation	2,470	2,470	2,420	50
Culture, recreation and education	194,911	195,801	179,477	16,324
Conservation and development	197,931	216,954	184,026	32,928
Capital outlay	-	30,363	30,362	1
Total expenditures	5,070,223	5,101,476	4,746,859	354,617
Excess (deficiency) of revenues over (under) expenditures	(253,228)	(271,294)	68,817	340,111
<b>Other Financing Sources (Uses)</b>				
Transfers in	404,728	432,843	442,212	9,369
Transfers out	(151,500)	(161,549)	-	161,549
Total other financing sources (uses)	253,228	271,294	442,212	170,918
Net change in fund balance	\$ -	\$ -	511,029	\$ 511,029
<b>Fund Balance, Beginning</b>			2,992,987	
<b>Fund Balance, Ending</b>			<u>\$ 3,504,016</u>	

See 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  
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 191,015	\$ 191,015	\$ 191,015	\$ -
Intergovernmental	42,296	47,621	53,562	5,941
Public charges for services	1,088,149	1,088,149	1,042,117	(46,032)
Intergovernmental charges for services	227,311	227,311	228,003	692
Investment income	1,000	1,000	282	(718)
Miscellaneous	-	2,899	3,109	210
Total revenues	<u>1,549,771</u>	<u>1,557,995</u>	<u>1,518,088</u>	<u>(39,907)</u>
<b>Expenditures</b>				
Current:				
Public safety	1,484,936	1,502,252	1,505,034	(2,782)
Capital outlay	<u>34,835</u>	<u>73,275</u>	<u>70,783</u>	<u>2,492</u>
Total expenditures	<u>1,519,771</u>	<u>1,575,527</u>	<u>1,575,817</u>	<u>(290)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,000</u>	<u>(17,532)</u>	<u>(57,729)</u>	<u>(40,197)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(30,000)	(47,316)	(17,315)	30,001
Proceeds from sale of capital assets	<u>-</u>	<u>38,122</u>	<u>38,123</u>	<u>1</u>
Total other financing sources (uses)	<u>(30,000)</u>	<u>(9,194)</u>	<u>20,808</u>	<u>30,002</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (26,726)</u>	<u>(36,921)</u>	<u>\$ (10,195)</u>
<b>Fund Balance, Beginning</b>			<u>179,717</u>	
<b>Fund Balance, Ending</b>			<u>\$ 142,796</u>	

See notes to required supplementary information

## Village of Mukwonago

Schedule of Proportionate Share of the Net Pension Liability (Asset) -  
 Wisconsin Retirement System  
 Year Ended December 31, 2021

<b>WRS Fiscal Year End</b>	<b>Proportion of the Net Pension Liability (Asset)</b>	<b>Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
12/31/2014	0.02673391000 %	\$ (656,658)	\$ 3,077,565	21.34 %	102.74 %
12/31/2015	0.02656806000	431,726	3,289,656	13.12	98.20
12/31/2016	0.02713326000	223,643	3,387,425	6.60	99.12
12/31/2017	0.02857825000	(848,522)	3,605,474	23.53	102.93
12/31/2018	0.02946065000	1,048,117	3,617,138	28.98	96.45
12/31/2019	0.03028683000	(976,585)	3,877,945	25.18	102.96
12/31/2020	0.03075855000	(1,920,298)	4,038,150	47.55	105.26

Schedule of Employer Contributions  
 Wisconsin Retirement System  
 Year Ended December 31, 2021

<b>Village Fiscal Year End</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
12/31/2015	\$ 333,545	\$ 333,545	\$ -	\$ 3,289,656	10.14 %
12/31/2016	309,468	309,468	-	3,387,425	9.14
12/31/2017	347,820	347,820	-	3,605,475	9.65
12/31/2018	360,953	360,953	-	3,617,356	9.98
12/31/2019	369,628	369,628	-	3,877,945	9.53
12/31/2020	409,624	409,624	-	4,038,150	10.14
12/31/2021	412,701	412,701	-	4,038,001	10.22

See notes to required supplementary information

## Village of Mukwonago

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Notes to Required Supplementary Information  
Year Ended December 31, 2021

### 1. 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.

### 2. 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 WRS.

*Changes of assumptions.* No significant change in assumptions were noted from the prior year.

## **SUPPLEMENTARY INFORMATION**

## Village of Mukwonago

Detailed Schedule of Revenues - Budget to Actual -

General Fund

Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Taxes</b>				
General property taxes	\$ 2,932,656	\$ 2,932,656	\$ 2,939,882	\$ 7,226
Public accommodation (room) taxes	7,500	7,500	16,307	8,807
Interest and penalties on taxes	12,000	12,000	105	(11,895)
Total taxes	<u>2,952,156</u>	<u>2,952,156</u>	<u>2,956,294</u>	<u>4,138</u>
<b>Intergovernmental Revenues</b>				
State shared revenues	209,893	209,893	212,271	2,378
Exempt computer and personal property aid	44,046	44,046	53,832	9,786
State aid, law enforcement improvements	6,000	6,000	2,560	(3,440)
State aid, general transportation aids	567,429	567,429	535,776	(31,653)
Other state payments	1,300	1,300	6,291	4,991
Total intergovernmental revenues	<u>828,668</u>	<u>828,668</u>	<u>810,730</u>	<u>(17,938)</u>
<b>Licenses and Permits</b>				
Other regulatory permits and fees	500	500	755	255
Liquor and malt beverage	16,400	16,400	26,180	9,780
Operators' licenses	9,000	9,000	8,253	(747)
Cigarette licenses	1,500	1,500	1,500	-
Cable television franchise fees	85,000	85,000	77,247	(7,753)
Bicycle licenses	-	-	9	9
Dog and cat licenses	2,150	2,150	1,669	(481)
Nonbusiness licenses	3,010	3,010	2,715	(295)
Other permits	32,100	32,100	32,270	170
Building permits	127,800	127,800	173,075	45,275
Electrical permits	40,000	40,000	40,605	605
Plumbing permits	30,000	30,000	31,012	1,012
Occupancy permits	14,000	14,000	17,387	3,387
Zoning permits and fees	15,000	15,000	32,826	17,826
Plan review fees	30,000	30,000	28,940	(1,060)
Heating and air conditioning permits	30,000	30,000	30,585	585
Total licenses and permits	<u>436,460</u>	<u>436,460</u>	<u>505,028</u>	<u>68,568</u>



## Village of Mukwonago

Detailed Schedule of Revenues - Budget to Actual -

General Fund

Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Fines, Forfeitures and Penalties</b>				
Court fines	\$ 150,000	\$ 150,000	\$ 149,902	\$ (98)
Parking violations	15,000	15,000	9,445	(5,555)
Total fines, forfeitures and penalties	<u>165,000</u>	<u>165,000</u>	<u>159,347</u>	<u>(5,653)</u>
<b>Public Charges for Services</b>				
Publication fees	500	500	669	169
Photocopies	3,500	3,500	5,508	2,008
Treasurer's fees	8,000	8,000	7,557	(443)
Law enforcement fees	5,000	5,000	3,486	(1,514)
Fire protection fees	15,000	15,000	4,699	(10,301)
Other public charges for services	-	-	8,027	8,027
Total public charges for services	<u>32,000</u>	<u>32,000</u>	<u>29,946</u>	<u>(2,054)</u>
<b>Intergovernmental Charges for Services</b>				
Local, law enforcement services	195,000	195,000	168,398	(26,602)
Local, other services	16,000	16,000	9,232	(6,768)
Total intergovernmental charges for services	<u>211,000</u>	<u>211,000</u>	<u>177,630</u>	<u>(33,370)</u>
<b>Investment Income</b>				
Investment income	<u>44,711</u>	<u>44,711</u>	<u>11,608</u>	<u>(33,103)</u>
<b>Other Revenues</b>				
Rent	17,000	17,000	20,428	3,428
Miscellaneous revenue	5,000	5,000	6,212	1,212
Donations	125,000	138,187	138,453	266
Total other revenues	<u>147,000</u>	<u>160,187</u>	<u>165,093</u>	<u>4,906</u>
Total revenues	<u>\$ 4,816,995</u>	<u>\$ 4,830,182</u>	<u>\$ 4,815,676</u>	<u>\$ (14,506)</u>

## Village of Mukwonago

Detailed Schedule of Expenditures - Budget to Actual -

General Fund

Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Current</b>				
General government:				
Village board	\$ 62,063	\$ 62,063	\$ 71,532	\$ (9,469)
Historical preservation commission	290	290	337	(47)
Municipal court	45,321	45,321	38,255	7,066
Village attorney	95,000	95,000	104,505	(9,505)
Village administrator	234,708	183,685	128,380	55,305
Village clerk/treasurer	236,130	236,130	227,696	8,434
Elections	26,900	26,900	13,451	13,449
Independent audit	13,000	13,000	7,437	5,563
Assessment of property	20,550	20,550	17,657	2,893
Risk and property insurance	133,103	133,103	105,343	27,760
Village hall	51,737	51,737	38,275	13,462
Other	-	-	11,196	(11,196)
Board of appeals	1,050	1,050	98	952
	<u>919,852</u>	<u>868,829</u>	<u>764,162</u>	<u>104,667</u>
Total general government				
Public safety:				
Police department	2,504,594	2,532,978	2,432,030	100,948
Building inspection	238,460	242,076	219,654	22,422
Emergency government	2,350	2,350	826	1,524
Fire station	8,215	8,215	16,305	(8,090)
Dam	8,685	8,685	12,244	(3,559)
	<u>2,762,304</u>	<u>2,794,304</u>	<u>2,681,059</u>	<u>113,245</u>
Total public safety				
Public works:				
Engineering	75,000	75,000	53,163	21,837
Public works administration	347,938	347,938	332,492	15,446
Machinery operation and maintenance	101,009	101,009	95,930	5,079
Garage and sheds	62,624	62,624	53,062	9,562
Curb and gutter	25,135	25,135	25,723	(588)
Garbage collection	2,897	2,897	3,149	(252)
Street signs	15,834	15,834	17,958	(2,124)
Bridges, culverts and rivers	-	-	27	(27)
Street cleaning	9,304	9,304	15,472	(6,168)
Snow and ice control	120,211	120,211	102,135	18,076
Alleys and local purpose roads	46,406	46,406	21,105	25,301
Street lighting	170,500	170,500	178,112	(7,612)
Storm sewer maintenance	15,897	15,897	7,025	8,872
	<u>992,755</u>	<u>992,755</u>	<u>905,353</u>	<u>87,402</u>
Total public works				

## Village of Mukwonago

Detailed Schedule of Expenditures - Budget to Actual -

General Fund

Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Health and human services:				
Public health services	\$ 2,470	\$ 2,470	\$ 2,420	\$ 50
Culture, recreation and education:				
Museum	11,100	11,100	11,988	(888)
Parks	175,823	176,713	157,362	19,351
Celebration and entertainment	7,988	7,988	10,127	(2,139)
Total culture, recreation and education	194,911	195,801	179,477	16,324
Conservation and development:				
Forestry	19,476	19,476	21,609	(2,133)
Weed control	200	200	69	131
Planning commission	124,593	124,593	103,028	21,565
Economic development	43,162	62,185	50,654	11,531
Environmental protection	10,500	10,500	8,666	1,834
Total conservation and development	197,931	216,954	184,026	32,928
Capital outlay:				
Capital expenditures	-	30,363	30,362	1
Total expenditures	\$ 5,070,223	\$ 5,101,476	\$ 4,746,859	\$ 354,617

**Village of Mukwonago**

Nonmajor Governmental Funds  
 Combining Balance Sheet  
 December 31, 2021

	Special Revenue Funds						Capital Projects Funds				Total Nonmajor Governmental Funds	
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund	American Rescue Plan Act Fund	Stormwater Fund	Impact Fee Fund	Capital Equipment Fund	Community Development Fund	Tax Incremental District No. 3 Fund		Tax Incremental District No. 4 Fund
<b>Assets</b>												
Cash and investments	\$ 336,544	\$ 118,213	\$ 138,234	\$ 218,126	\$ 421,815	\$ 86,757	\$ 381,357	\$ 606,365	\$ 2,406,212	\$ 909,486	\$ 89,459	\$ 5,712,568
Receivables:												
Taxes	474,105	332,540	-	-	-	-	-	94,146	-	863,477	276,803	2,041,071
Accounts	-	54,978	-	-	-	7,570	-	-	-	-	-	62,548
Prepaid Items	5,291	-	-	-	-	-	-	-	-	-	-	5,291
Total assets	<u>\$ 815,940</u>	<u>\$ 505,731</u>	<u>\$ 138,234</u>	<u>\$ 218,126</u>	<u>\$ 421,815</u>	<u>\$ 94,327</u>	<u>\$ 381,357</u>	<u>\$ 700,511</u>	<u>\$ 2,406,212</u>	<u>\$ 1,772,963</u>	<u>\$ 366,262</u>	<u>\$ 7,821,478</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>												
<b>Liabilities</b>												
Accounts payable	\$ 42,690	\$ 46,196	\$ -	\$ -	\$ -	\$ 65,147	\$ -	\$ 60,407	\$ 820,297	\$ -	\$ -	\$ 1,034,737
Accrued liabilities	27,520	-	-	-	-	5	-	-	-	-	-	27,525
Unearned revenue	-	-	-	-	421,657	-	-	-	-	-	-	421,657
Total liabilities	<u>70,210</u>	<u>46,196</u>	<u>-</u>	<u>-</u>	<u>421,657</u>	<u>65,152</u>	<u>-</u>	<u>60,407</u>	<u>820,297</u>	<u>-</u>	<u>-</u>	<u>1,483,919</u>
<b>Deferred Inflows of Resources</b>												
Unearned revenue	474,105	331,469	-	-	-	-	-	94,146	-	863,477	276,803	2,040,000
Total deferred inflows of resources	<u>474,105</u>	<u>331,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,146</u>	<u>-</u>	<u>863,477</u>	<u>276,803</u>	<u>2,040,000</u>
<b>Fund Balances</b>												
Nonspendable	5,291	-	-	-	-	-	-	-	-	-	-	5,291
Restricted	266,334	-	-	-	158	29,175	381,357	-	-	909,486	89,459	1,675,969
Committed	-	128,066	138,234	218,126	-	-	-	545,958	1,585,915	-	-	2,616,299
Total fund balances	<u>271,625</u>	<u>128,066</u>	<u>138,234</u>	<u>218,126</u>	<u>158</u>	<u>29,175</u>	<u>381,357</u>	<u>545,958</u>	<u>1,585,915</u>	<u>909,486</u>	<u>89,459</u>	<u>4,297,559</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 815,940</u>	<u>\$ 505,731</u>	<u>\$ 138,234</u>	<u>\$ 218,126</u>	<u>\$ 421,815</u>	<u>\$ 94,327</u>	<u>\$ 381,357</u>	<u>\$ 700,511</u>	<u>\$ 2,406,212</u>	<u>\$ 1,772,963</u>	<u>\$ 366,262</u>	<u>\$ 7,821,478</u>

**Village of Mukwonago**

Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 Year Ended December 31, 2021

	Special Revenue Funds						Capital Projects Funds				Total Nonmajor Governmental Funds	
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund	American Rescue Plan Act Fund	Stormwater Fund	Impact Fee Fund	Capital Equipment Fund	Community Development Fund	Tax Incremental District No. 3 Fund		Tax Incremental District No. 4 Fund
<b>Revenues</b>												
Taxes	\$ 464,809	\$ 324,851	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,300	\$ -	\$ 916,659	\$ 82,368	\$ 1,880,987
Special assessments	-	-	-	-	-	-	-	-	-	18,351	-	18,351
Intergovernmental	529,214	22,277	-	-	-	-	-	-	-	39,978	-	591,469
Licenses and permits	-	-	-	-	-	33,142	169,798	-	-	-	-	202,940
Public charges for services	22,857	226,196	-	-	-	-	-	-	-	-	-	249,053
Intergovernmental charges for services	-	-	-	-	-	-	-	391,626	-	-	-	391,626
Investment income	452	1,144	104	169	158	60	220	337	1,264	791	82	4,781
Other revenues	63,159	-	-	-	-	-	-	-	-	-	-	63,159
<b>Total revenues</b>	<b>1,080,491</b>	<b>574,468</b>	<b>104</b>	<b>169</b>	<b>158</b>	<b>33,202</b>	<b>170,018</b>	<b>484,263</b>	<b>1,264</b>	<b>975,779</b>	<b>82,450</b>	<b>3,402,366</b>
<b>Expenditures</b>												
Current:												
General government	-	-	-	-	-	-	-	1,221	5,647	8,631	14,828	30,327
Public works	-	564,300	-	38	-	83,462	-	-	64,663	-	-	712,463
Culture, recreation and education	994,936	-	-	-	-	-	-	-	-	-	-	994,936
Conservation and development	-	-	1,000	-	-	-	-	-	40,100	-	-	41,100
Capital outlay	84,389	-	45,988	-	-	-	-	1,047,910	968,305	-	-	2,146,592
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	746,532	5,326	751,858
Interest and fees	-	-	-	-	-	-	-	13,163	28,168	199,664	36,302	277,297
<b>Total expenditures</b>	<b>1,079,325</b>	<b>564,300</b>	<b>46,988</b>	<b>38</b>	<b>-</b>	<b>83,462</b>	<b>-</b>	<b>1,062,294</b>	<b>1,106,883</b>	<b>954,827</b>	<b>56,456</b>	<b>4,954,573</b>
Excess (deficiency) of revenues over expenditures	1,166	10,168	(46,884)	131	158	(50,260)	170,018	(578,031)	(1,105,619)	20,952	25,994	(1,552,207)
<b>Other Financing Sources (Uses)</b>												
Transfers out	-	-	-	(17,455)	-	-	(100,000)	-	-	-	-	(117,455)
Debt issued	-	-	-	-	-	-	-	650,000	1,391,000	-	-	2,041,000
Premium on debt issued	-	-	-	-	-	-	-	43,276	92,612	-	-	135,888
Proceeds from sale of capital assets	-	-	-	-	-	-	-	41,787	-	-	-	41,787
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,455)</b>	<b>-</b>	<b>-</b>	<b>(100,000)</b>	<b>735,063</b>	<b>1,483,612</b>	<b>-</b>	<b>-</b>	<b>2,101,220</b>
<b>Net changes in fund balances</b>	<b>1,166</b>	<b>10,168</b>	<b>(46,884)</b>	<b>(17,324)</b>	<b>158</b>	<b>(50,260)</b>	<b>70,018</b>	<b>157,032</b>	<b>377,993</b>	<b>20,952</b>	<b>25,994</b>	<b>549,013</b>
<b>Fund Balances, Beginning</b>	<b>270,459</b>	<b>117,898</b>	<b>185,118</b>	<b>235,450</b>	<b>-</b>	<b>79,435</b>	<b>311,339</b>	<b>388,926</b>	<b>1,207,922</b>	<b>888,534</b>	<b>63,465</b>	<b>3,748,546</b>
<b>Fund Balances, Ending</b>	<b>\$ 271,625</b>	<b>\$ 128,066</b>	<b>\$ 138,234</b>	<b>\$ 218,126</b>	<b>\$ 158</b>	<b>\$ 29,175</b>	<b>\$ 381,357</b>	<b>\$ 545,958</b>	<b>\$ 1,585,915</b>	<b>\$ 909,486</b>	<b>\$ 89,459</b>	<b>\$ 4,297,559</b>