

VILLAGE OF MUKWONAGO

Mukwonago, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the Year Ended December 31, 2017

VILLAGE OF MUKWONAGO

TABLE OF CONTENTS As of and for the Year Ended December 31, 2017

Independent Auditors' Report	1 – 2
Management's Discussion and Analysis (Required Supplementary Information)	3 – 12
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14 – 15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16 – 17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19 – 20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position – Proprietary Funds	22 – 23
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	25 – 26
Statement of Assets and Liabilities – Agency Fund	27
Index to Notes to Financial Statements	28
Notes to Financial Statements	29 – 69

VILLAGE OF MUKWONAGO

TABLE OF CONTENTS As of and for the Year Ended December 31, 2017

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund	70
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Fire and Ambulance Special Revenue Fund	71
Schedule of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions – Wisconsin Retirement System	72
Notes to Required Supplementary Information	73

Supplementary Information

Detailed Schedule of Revenues – Budget and Actual – General Fund	74 – 75
Detailed Schedule of Expenditures – Budget and Actual – General Fund	76 – 77
Combining Balance Sheet – Nonmajor Government Funds	78 – 79
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	80 – 81

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Mukwonago
Mukwonago, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mukwonago, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village of Mukwonago's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Mukwonago's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Village of Mukwonago's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Village Board
Village of Mukwonago

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mukwonago, Wisconsin, as of December 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Mukwonago's basic financial statements. The supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Veitchau Krause, LLP

Milwaukee, Wisconsin
May 8, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2017
(Unaudited)

The Village of Mukwonago's management offers this overview and analysis of the Village's financial activities for the fiscal year ended December 31, 2017. 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 \$9,902,306 at the close of 2017, an increase of \$465,994 in net position over the prior year.
- The Business-Type Activity reported \$26,303,633 for 2017, an increase of \$521,720 in net position over the prior year.
- The combined assets and deferred outflows of resources for the Governmental and Business-Type Activity of the Village of Mukwonago exceeded its liabilities and deferred inflows of resources at the close of 2017 by \$36,205,939 and its net position increased by \$987,714 for the same period.
- The Governmental Funds reported ending fund balances of \$7,745,279 which is a decrease of \$1,296,722 from 2016.
- \$1,349,160 (unassigned fund balance) of the Governmental Funds fund balances is available to spend at the Village Board's discretion. This is 18% of the total fund balances for Governmental Funds. Of the total unassigned amount, \$1,385,665 is unassigned in the General Fund which is 31% of the General Fund's 2018 budgeted expenditures.
- The Village issued \$1,400,000 in General Obligation Notes in 2017 to fund capital projects and capital equipment replacements for Public Works, the Village Hall and the Police Department.
- Through scheduled debt payments and payoffs, the Village paid down \$3,474,743 in General Obligation debt and \$626,052 in Revenue Bonds and \$150,000 in Bond Anticipation Notes (BANs) in 2017. The net effect of all 2017 debt activity including premium amortization is an overall debt decrease of \$2,923,655. The Village will pay down a total of \$2,777,946 in General Obligation debt and \$836,768 in Revenue Bonds and BANs in 2018.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2017
(Unaudited)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (cont.)

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-69 of this report.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2017
(Unaudited)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (cont.)

Supplementary information. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information along with detailed schedules of revenues and expenditures for the general fund. Combining statements and schedules can be found on pages 74-81 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position is a useful indicator of a government's financial position. The Village's combined total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$36,205,939 at the close of the most current fiscal year, as presented in the following table.

VILLAGE OF MUKWONAGO NET POSITION
As of December 31, 2017 and 2016

	Governmental Activities		Business-type Activities	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 16,510,959	\$ 18,143,079	\$ 6,525,439	\$ 6,991,130
Capital assets	<u>27,352,480</u>	<u>27,269,624</u>	<u>31,880,246</u>	<u>31,663,934</u>
Total assets	<u>43,863,439</u>	<u>45,412,703</u>	<u>38,405,685</u>	<u>38,655,064</u>
Deferred outflows of resources	<u>1,567,435</u>	<u>2,170,046</u>	<u>519,632</u>	<u>645,665</u>
Current and other liabilities	1,529,267	1,757,312	285,526	193,887
Long-term liabilities	<u>26,771,498</u>	<u>28,856,591</u>	<u>12,245,135</u>	<u>13,211,923</u>
Total liabilities	<u>28,300,765</u>	<u>30,613,903</u>	<u>12,530,661</u>	<u>13,405,810</u>
Deferred inflows of resources	<u>7,227,803</u>	<u>7,532,534</u>	<u>91,023</u>	<u>113,006</u>
Net position				
Net investment in capital assets	5,679,968	4,516,147	21,193,893	20,095,310
Restricted	1,747,519	1,218,295	1,490,333	1,288,025
Unrestricted	<u>2,474,819</u>	<u>3,701,870</u>	<u>3,619,407</u>	<u>4,398,578</u>
Total net position	<u>\$ 9,902,306</u>	<u>\$ 9,436,312</u>	<u>\$ 26,303,633</u>	<u>\$ 25,781,913</u>

Net position is comprised of three components:

- Net investment in capital assets reflects the Village's investment in capital assets (e.g. land, buildings, equipment and infrastructure) less any related debt used to acquire those assets. The Village uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's net investment of capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- Restricted represents resources that are subject to external restrictions on how they may be used.
- Unrestricted is the remaining amount available to spend at the Village Board's discretion.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2017
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

Governmental and Business-Type Activities. Governmental activities increased the Village's net position by \$465,994 and Business-Type activities increased the Village's net position by \$521,720. The net effect is an overall increase in the Village's total net position of \$987,714.

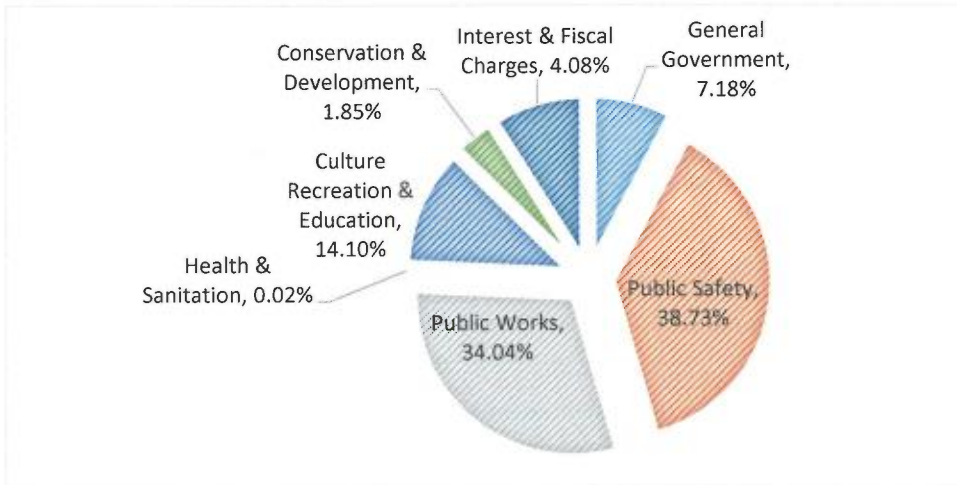
VILLAGE OF MUKWONAGO CHANGES IN NET POSITION
For the years ending December 31, 2017 and 2016

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Revenues				
Program revenues				
Charges for services	\$ 2,390,178	\$ 2,098,740	\$ 3,638,792	\$ 3,603,443
Operating grants and contributions	1,543,171	1,207,038	-	-
Capital grants and contributions	130,188	183,320	283,203	168,365
General revenues				
Property and other taxes	6,695,862	6,236,018	-	-
Intergovernmental revenues not restricted to specific programs	383,893	361,854	-	-
Investment income	100,666	99,937	58,851	21,288
Other	12,723	6,923	-	-
Total revenues	<u>11,256,681</u>	<u>10,193,830</u>	<u>3,980,846</u>	<u>3,793,096</u>
Expenses				
General government	802,588	873,502	-	-
Public safety	4,330,947	4,257,968	-	-
Public works	3,804,620	3,386,055	-	-
Health and sanitation	2,731	2,728	-	-
Culture, recreation and education	1,577,808	1,309,019	-	-
Conservation and development	206,980	409,280	-	-
Interest and fiscal charges	455,654	1,010,024	-	-
Water Utility	-	-	1,328,836	1,279,077
Sewer Utility	-	-	1,739,649	1,716,464
Total expenses	<u>11,181,328</u>	<u>11,248,576</u>	<u>3,068,485</u>	<u>2,995,541</u>
Transfers	<u>390,641</u>	<u>367,799</u>	<u>(390,641)</u>	<u>(367,799)</u>
Increase (decrease) in net position	465,994	(686,947)	521,720	429,756
Net position - January 1	9,436,312	10,123,259	25,781,913	25,352,157
Net position - December 31	<u>\$ 9,902,306</u>	<u>\$ 9,436,312</u>	<u>\$ 26,303,633</u>	<u>\$ 25,781,913</u>

Village of Mukwonago
 Management's Discussion and Analysis
 As of and for the Year Ended December 31, 2017
 (Unaudited)

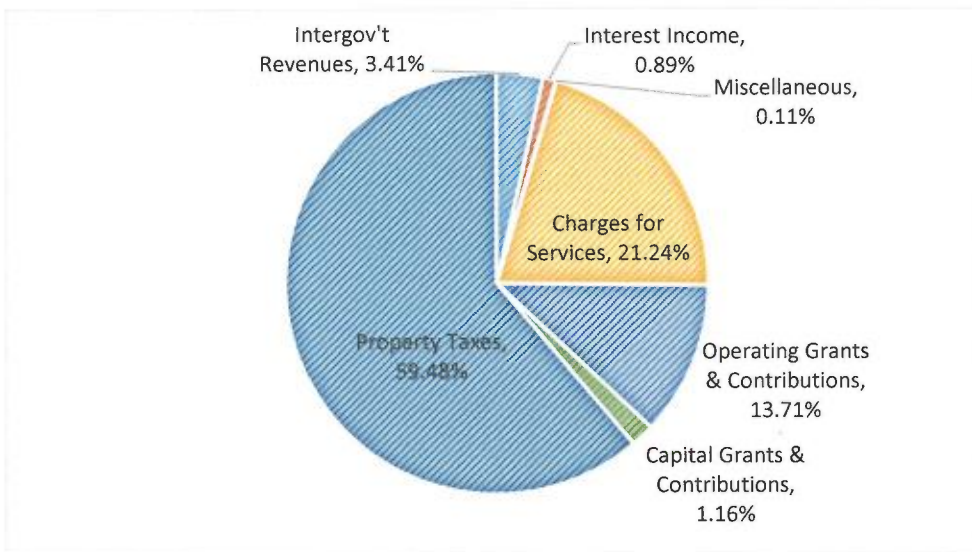
EXPENSES BY FUNCTION – GOVERNMENTAL ACTIVITIES

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



PROGRAM AND GENERAL REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

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



Business-type activities. Business-type activities increased the Village's net position by \$521,720. The operating income from business-type activities was \$986,548, with net non-operating expenses of \$357,390 and capital contributions and transfer activity of \$107,438. Operating revenue for the current fiscal year was \$3,628,029 with the operating expense of \$2,641,481.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2017
(Unaudited)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

The following chart shows each Governmental Fund's ending fund balance grouped by its fund balance categorization. For 2017, the percentage shown is of the total 2017 fund balance. There is also comparison to the prior year and an explanation of the change between the two years if significant. The fund balance categories shown in the chart are described as follows:

- Nonspendable – fund balances are not in a spendable form
 - Prepaid items – this exist for every operating fund at year end and represent the health insurance premium that is paid one month in advance
 - Advances to other funds – the General Fund advance to the TID No. 4
- Restricted – Constraints are placed on the use of funds by external factors, constitutional provisions, or enabling legislation
 - Special assessments, impact fees, tax increments and grants
- Committed – Constraints are placed on the use of funds for specific purposes via formal action by the Village Board
 - Capital improvements and equipment funds; Fire Dept, Library & Recycling operating funds
- Assigned – Constraints are placed on the use of funds for specific purposes by the Village Board but can be reallocated by a Village Board designee
 - Accrued sick leave, Fire Dept capital and Village designated use funds
- Unassigned – funds are available for spending at the Village Board's discretion, net of negative fund balances

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2017
(Unaudited)

Fund Balances as listed in the Balance Sheet for Governmental Funds	2017	% of Total	2016	Increase (Decrease) from Prior Year	% Change from Prior Year Increase (Decrease)	Explanation of Change
Nonspendable Fund Balances						
Stormwater	\$ -		\$ 10,000	\$ (10,000)	-100.0%	General Fund advance to Stormwater paid back in full
TID #4	36,323		-	36,323	0.0%	General Fund advance to TID #4 to cover TID plan creation expenses
Various - Prepaid	145,557		107,473	38,084	35.4%	Increase in prepaid health insurance costs
	<u>\$ 181,880</u>	<u>2%</u>	<u>\$ 117,473</u>	<u>\$ 64,407</u>	<u>54.8%</u>	
Restricted Fund Balances						
Debt Service	\$ 528,381		\$ 414,685	\$ 113,696	27.4%	Collection of special assessments
TID #3	1,037,998		970,843	67,155	6.9%	Increase in increment over prior year Building reserve for future pond dredging project
Stormwater	30,109		2,603	27,506	1056.7%	
Library	173,269		149,717	23,552	15.7%	Cost savings to replenish reserves
Revolving Loan	91,336		89,293	2,043	2.3%	Interest earnings
Impact Fees	195,031		208,579	(13,548)	-6.5%	Use of reserves for debt payments
	<u>\$ 2,056,124</u>	<u>27%</u>	<u>\$ 1,835,720</u>	<u>\$ 220,404</u>	<u>12.0%</u>	
Committed Fund Balances						
Fire Dept	\$ 79,061		\$ 29,657	\$ 49,404	166.6%	Reserves for future sick leave payouts
Recycling	84,373		76,515	7,858	10.3%	Interest Revenue
Parkland Site	262,832		223,898	38,934	17.4%	Development & Donation Revenue
Capital Projects	1,268,138		1,718,116	(449,978)	-26.2%	Use of reserves for projects
Community Development	1,178,134		2,848,133	(1,669,999)	-58.6%	Use of reserves for projects
Library Building	5,468		13,393	(7,925)	-59.2%	Transfer of reserves to Library Fund
Capital Equipment	457,822		169,740	288,082	169.7%	Planned expenditure deferred to 2018
	<u>\$ 3,335,828</u>	<u>43%</u>	<u>\$ 5,079,452</u>	<u>\$ (1,743,624)</u>	<u>-34.3%</u>	
Assigned Fund Balances						
GF - Accrued Sick Leave	\$ 282,772		\$ 175,784	\$ 106,988	60.9%	Reserves for future sick leave payout
GF - Ambulance Capital	101,558		219,529	(117,971)	-53.7%	Use of Reserves for Fire Station Remodel
GF - Village Designated Use	437,957		475,371	(37,414)	-7.9%	Use of Reserves for Fire Station Remodel
	<u>\$ 822,287</u>	<u>11%</u>	<u>\$ 870,684</u>	<u>\$ (48,397)</u>	<u>-5.6%</u>	
Unassigned Fund Balances						
General Fund	\$ 1,385,483		\$ 1,138,672	\$ 246,811	21.7%	
TID #4	(36,323)		-	(36,323)	0.0%	General Fund Advance to TID #4 to cover plan creation expenses
	<u>\$ 1,349,160</u>	<u>17%</u>	<u>\$ 1,138,672</u>	<u>\$ 210,488</u>	<u>18.5%</u>	
Total Governmental Funds Fund Balance	<u>\$ 7,745,279</u>	<u>100%</u>	<u>\$ 9,042,001</u>	<u>\$ (1,296,722)</u>	<u>-14.3%</u>	

General Fund budgetary highlights. The total appropriations, including those for transfers out, were \$4,782,752. Actual expenditures and transfers out were \$4,568,893, resulting in a \$213,859 favorable variance. Total revenues and other financing sources were \$4,827,341, \$36,947 more than the final budget. Details can be found in the required supplemental information at the back of this report.

Fire and Ambulance budgetary highlights. The total appropriations, including those for transfers out, were \$1,505,218. Actual expenditures and transfers out were \$1,453,482, resulting in a \$51,736 favorable variance. Total revenues and other financing sources were \$1,504,574, \$2,047 less than the final budget. Details can be found in the required supplemental information at the back of this report.

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

User charge rates for the Water Utility and Sewer Utility funds were implemented in November 2010 and January 2013, respectively. The Village conducted water and sewer rate studies in 2017 to determine whether an increase in rates was warranted. An increase has been implemented for sewer rates in 2018; the proposed increase for water rates is pending PSC review.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2017
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Village of Mukwonago's investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to \$59,232,723 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment, roads, storm sewers, library collection, and software.

VILLAGE OF MUKWONAGO'S CAPITAL ASSETS

(net of accumulated depreciation)
As of December 31, 2017 and 2016

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Land	\$ 1,909,628	\$ 1,909,628	\$ 658,079	\$ 572,364
Construction in progress	1,041,560	60,896	25,123	-
Land improvements	1,023,545	868,968	-	-
Buildings and improvements	8,475,841	8,689,303	30,358,372	30,166,978
Machinery and equipment	2,447,903	2,471,748	838,670	924,592
Roads	9,619,246	10,346,685	-	-
Storm sewers	2,395,143	2,454,909	-	-
Library collection	396,992	409,583	-	-
Intangible assets	42,622	57,904	-	-
Total	<u>\$ 27,352,480</u>	<u>\$ 27,269,624</u>	<u>\$ 31,880,246</u>	<u>\$ 31,663,934</u>

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

**Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2017
(Unaudited)**

CAPITAL ASSET AND DEBT ADMINISTRATION cont.)

Long-term obligations. At the end of the current fiscal year, the Village had total debt outstanding of \$39,016,633. Of this amount, \$25,465,869 comprises debt backed by the full faith and credit of the government, with related premiums balance of \$489,106. There is \$9,496,409 of revenue bonds outstanding and \$2,130,000 in Bond Anticipation Notes that are financed by user fees, with related premiums balance of \$408,421. The remainder of the Village's obligations represents accumulated sick pay benefits, net pension liabilities and amounts due to other governments.

VILLAGE OF MUKWONAGO'S LONG TERM OBLIGATIONS

December 31, 2017 and 2016

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
General obligation debt	\$ 25,341,357	\$ 27,294,791	\$ 124,512	\$ 245,821
Premiums	489,106	516,413	408,421	453,973
Compensated absences	627,255	552,359	60,930	55,970
Net Pension Liability (asset)	198,780	378,028	24,863	53,698
Due to other governments	115,000	115,000	-	-
Revenue bonds	-	-	9,496,409	10,122,461
Bond Anticipation Notes	-	-	2,130,000	2,280,000
Total	<u>\$ 26,771,498</u>	<u>\$ 28,856,591</u>	<u>\$ 12,245,135</u>	<u>\$ 13,211,923</u>

The net effect of all debt activity during the current year was total debt decreased by \$2,773,655.

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total equalized valuation of taxable property within the Village's jurisdiction. The current debt limitation for the Village is \$41,962,915. Total general obligation debt outstanding at year end was \$25,465,869. Additional information on the Village of Mukwonago's long-term debt can be found in Note III.F.

**Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2017
(Unaudited)**

ECONOMIC FACTORS AND OTHER BUDGET NOTES

The Village makes every attempt to balance annual operating budgets without using reserve funds. Departments are charged with keeping expenditures in line with conservative revenue forecasts and have been largely successful in staying within budget. Some departments were able to realize savings to use towards planned capital purchases, reducing the need to find other funding sources. In addition, the Village utilizes a five year capital plan to ensure equipment replacement and capital improvement projects remain on track for future funding consideration.

In the process of issuing debt in 2017, Standard & Poor's financial rating service evaluated the Village's financial information and assigned the following ratings for both the new debt as well as affirming the ratings for existing obligations:

- AA/Stable for the \$1.4 million General Obligation Promissory Note
- AA/Stable long-term rating affirmed

Factors that contributed to the ratings include:

- Very strong economy with access to a broad-and-diverse metropolitan statistical area (MSA).
- Very strong budgetary flexibility with available fund balances in fiscal 2016 of 46% of operating revenues.
- Very strong liquidity, with total government available cash at 61.5% of total governmental fund expenditures and 2x governmental debt service.
- Strong management with good financial policies and practices under S&P's Financial Management Assessment methodology:
 - Adopted policies related to fund balance and debt
 - Monthly reporting of budget-to-actual results and treasury balances to the Village board
 - A multi-year capital plan

Residential properties represent 68% of the tax base, commercial properties are 25%, manufacturing properties are 5% and agriculture, undeveloped and personal property tax combined are the final 2%. As part of its strategic plan, the Village is actively seeking business growth to better balance the residential tax revenues.

The Village is actively pursuing economic development initiatives and has sold the property purchased in 2014 on STH83 to a developer who is working with a health provider and a credit union. The Village is in negotiations with a developer to build multi-family residential buildings on the former Lynch site on Main St. which has become part of a TID #4 created in 2017. In early 2018, the Village created TID #5 and purchased property for a new industrial park near I-43. Infrastructure design and construction for the park's first tenant, Banker Wire, who will be relocating and expanding from the Village's original industrial park, is underway.

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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VILLAGE OF MUKWONAGO

STATEMENT OF NET POSITION As of December 31, 2017

	Governmental Activities	Business - type Activities	Totals
ASSETS			
Cash and investments	\$ 7,830,653	\$ 2,898,399	\$ 10,729,052
Receivables:			
Taxes	6,781,852	46,576	6,828,428
Accounts, net of allowance	280,908	886,297	1,167,205
Special assessments	356,062	8,156	364,218
Due from other governmental units	21,829	-	21,829
Internal balances	44,068	(44,068)	-
Inventories and prepaid items	145,557	33,803	179,360
Land held for resale	1,050,030	-	1,050,030
Restricted Assets:			
Cash and investments	-	2,696,276	2,696,276
Capital Assets:			
Land	1,909,628	572,364	2,481,992
Construction in progress	1,041,559	25,123	1,066,682
Intangible assets	-	85,715	85,715
Other capital assets, net of depreciation	24,401,293	31,197,044	55,598,337
Total Assets	43,863,439	38,405,685	82,269,124
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	293,554	293,554
Pension related items	1,567,435	226,078	1,793,513
Total Deferred Outflows of Resources	1,567,435	519,632	2,087,067
LIABILITIES			
Accounts payable and accrued liabilities	1,510,391	258,526	1,768,917
Deposits	18,876	27,000	45,876
Noncurrent Liabilities:			
Due within one year	2,846,939	1,016,983	3,863,922
Due in more than one year	23,924,559	11,228,152	35,152,711
Total Liabilities	28,300,765	12,530,661	40,831,426
DEFERRED INFLOWS OF RESOURCES			
Pension related items	619,801	91,023	710,824
Unearned revenue	6,608,002	-	6,608,002
Total Deferred Inflows of Resources	7,227,803	91,023	7,318,826
NET POSITION			
Net investment in capital assets	5,679,968	21,193,893	25,152,080
Restricted for			
Debt service	1,249,801	56,961	1,306,762
Library	181,100	-	181,100
Revolving loan	91,336	-	91,336
Stormwater	30,251	-	30,251
Impact fees	195,031	732,880	927,911
Equipment replacement	-	700,492	700,492
Unrestricted	2,474,819	3,619,407	7,816,007
TOTAL NET POSITION	\$ 9,902,306	\$ 26,303,633	\$ 36,205,939

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
General government	\$ 802,588	\$ 158,183	\$ 137,094	\$ -
Public safety	4,330,947	1,613,582	137,108	27,556
Public works	3,804,620	562,328	523,613	-
Health and sanitation	2,731	-	-	-
Culture, recreation and education	1,577,808	55,665	646,997	102,632
Conservation and development	206,980	420	98,359	-
Interest and fiscal charges	455,654	-	-	-
Total Governmental Activities	11,181,328	2,390,178	1,543,171	130,188
Business-type Activities				
Water Utility	1,328,836	1,899,011	-	125,264
Sewer Utility	1,739,649	1,739,781	-	157,939
Total Business-type Activities	3,068,485	3,638,792	-	283,203
Total	\$ 14,249,813	\$ 6,028,970	\$ 1,543,171	\$ 413,391

General revenues

Taxes

Property taxes levied for general purposes

Property taxes levied for debt service

Property taxes levied for TIF

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Total general revenues

Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business - type Activities	Totals
\$ (507,311)	\$ -	\$ (507,311)
(2,552,701)	-	(2,552,701)
(2,718,679)	-	(2,718,679)
(2,731)	-	(2,731)
(772,514)	-	(772,514)
(108,201)	-	(108,201)
(455,654)	-	(455,654)
<u>(7,117,791)</u>	<u>-</u>	<u>(7,117,791)</u>
-	695,439	695,439
-	158,071	158,071
-	853,510	853,510
<u>(7,117,791)</u>	<u>853,510</u>	<u>(6,264,281)</u>
3,502,689	-	3,502,689
2,127,127	-	2,127,127
1,059,399	-	1,059,399
6,647	-	6,647
383,893	-	383,893
100,666	58,851	159,517
12,723	-	12,723
<u>7,193,144</u>	<u>58,851</u>	<u>7,251,995</u>
<u>390,641</u>	<u>(390,641)</u>	<u>-</u>
465,994	521,720	987,714
<u>9,436,312</u>	<u>25,781,913</u>	<u>35,218,225</u>
<u>\$ 9,902,306</u>	<u>\$ 26,303,633</u>	<u>\$ 36,205,939</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2017

	General Fund	Fire and Ambulance Fund
ASSETS		
Cash and investments	\$ 2,281,601	\$ 205,372
Receivables:		
Taxes	2,579,074	214,200
Accounts, net of allowance	104,508	124,232
Special assessments	-	-
Due from other governments	-	21,829
Due from other funds	73,686	-
Advance to other fund	36,323	-
Prepaid items	129,095	7,877
Land held for resale	-	-
TOTAL ASSETS	\$ 5,204,287	\$ 573,510
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 137,311	\$ 44,259
Accrued liabilities	95,845	32,193
Deposits	18,876	-
Due to other funds	-	41,206
Due to other governments	3,895	33,727
Advances from other fund	-	-
Total Liabilities	255,927	151,385
Deferred Inflows of Resources		
Unavailable revenue	-	120,987
Unearned revenue	2,575,172	214,200
Total Deferred Inflows of Resources	2,575,172	335,187
Fund Balances		
Nonspendable	165,418	7,877
Restricted	-	-
Committed	-	79,061
Assigned	822,287	-
Unassigned (deficit)	1,385,483	-
Total Fund Balances	2,373,188	86,938
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 \$ 5,204,287	 \$ 573,510

See accompanying notes to the financial statements.

Debt Service Fund	Tax Incremental District No. 3 Fund	Capital Project Fund	Community Development Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 528,381	\$ 1,039,488	\$ 1,748,755	\$ 593,622	\$ 1,433,434	\$ 7,830,653
2,308,970	828,976	-	-	850,632	6,781,852
-	-	-	-	52,168	280,908
356,062	-	-	-	-	356,062
-	-	-	-	-	21,829
-	-	11,588	-	-	85,274
-	-	-	-	-	36,323
-	238	-	-	8,347	145,557
-	-	-	1,050,030	-	1,050,030
<u>\$ 3,193,413</u>	<u>\$ 1,868,702</u>	<u>\$ 1,760,343</u>	<u>\$ 1,643,652</u>	<u>\$ 2,344,581</u>	<u>\$ 16,588,488</u>
\$ -	\$ 478	\$ 492,205	\$ 465,518	\$ 52,340	\$ 1,192,111
-	1,012	-	-	20,311	149,361
-	-	-	-	-	18,876
-	-	-	-	-	41,206
-	-	-	-	115,000	152,622
-	-	-	-	36,323	36,323
-	1,490	492,205	465,518	223,974	1,590,499
523,721	-	-	-	-	644,708
2,141,311	828,976	-	-	848,343	6,608,002
<u>2,665,032</u>	<u>828,976</u>	<u>-</u>	<u>-</u>	<u>848,343</u>	<u>7,252,710</u>
-	238	-	-	8,347	181,880
528,381	1,037,998	-	-	489,745	2,056,124
-	-	1,268,138	1,178,134	810,495	3,335,828
-	-	-	-	-	822,287
-	-	-	-	(36,323)	1,349,160
<u>528,381</u>	<u>1,038,236</u>	<u>1,268,138</u>	<u>1,178,134</u>	<u>1,272,264</u>	<u>7,745,279</u>
<u>\$ 3,193,413</u>	<u>\$ 1,868,702</u>	<u>\$ 1,760,343</u>	<u>\$ 1,643,652</u>	<u>\$ 2,344,581</u>	<u>\$ 16,588,488</u>

See accompanying notes to the financial statements.

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VILLAGE OF MUKWONAGO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2017

Total Fund Balances - Governmental Funds	\$ 7,745,279
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Amounts reported for governmental activities in the statement of net position are different because different because:

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

Land	1,909,628
Construction in progress	1,041,559
Other capital assets	39,611,446
Less: Accumulated depreciation/amortization	(15,210,153)

Deferred outflows of resources related to pensions do not related to current financial resources and are not reported in the governmental funds.	1,567,435
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Deferred inflows of resources related to pensions do not related to current financial resources and are not reported in the governmental funds.	(619,801)
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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	644,708
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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	(25,830,463)
Compensated absences	(627,255)
Net pension liability	(198,780)
Accrued interest	<u>(131,297)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 9,902,306</u>
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VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2017

	General Fund	Fire and Ambulance Fund
REVENUES		
Taxes	\$ 2,511,046	\$ 210,000
Special assessments	-	-
Intergovernmental	858,369	10,705
Licenses and permits	493,701	-
Fines, forfeitures and penalties	207,524	-
Public charges for services	42,026	1,068,671
Intergovernmental charges for services	131,252	210,000
Investment income	29,422	480
Other revenues	162,699	4,715
Total Revenues	4,436,039	1,504,571
EXPENDITURES		
Current		
General government	692,131	-
Public safety	2,425,567	1,390,108
Public works	795,099	-
Health and human services	2,731	-
Culture, recreation and education	155,759	-
Conservation and development	186,756	-
Capital Outlay	35,850	63,374
Debt Service		
Principal	-	-
Interest and fees	-	-
Total Expenditures	4,293,893	1,453,482
Excess (deficiency) of revenues over expenditures	142,146	51,089
OTHER FINANCING SOURCES (USES)		
Transfers in	390,641	-
Transfers out	(275,000)	-
Debt issued	-	-
Premium on debt issued	-	-
Gain on sale of land held for resale	-	-
Proceeds from sale of capital assets	661	-
Total Other Financing Sources (Uses)	116,302	-
Net Change in Fund Balances	258,448	51,089
FUND BALANCES - Beginning of Year	2,114,740	35,849
FUND BALANCES - END OF YEAR	\$ 2,373,188	\$ 86,938

See accompanying notes to the financial statements.

Debt Service Fund	Tax Incremental District No. 3 Fund	Capital Project Fund	Community Development Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,127,127	\$ 1,059,399	\$ -	\$ -	\$ 830,161	\$ 6,737,733
198,562	18,954	-	-	-	217,516
-	7,626	52,266	-	513,561	1,442,527
-	-	-	-	130,188	623,889
-	-	-	-	-	207,524
-	-	-	-	231,353	1,342,050
-	-	-	-	-	341,252
55,599	8,629	14,212	8,166	12,852	129,360
-	-	-	-	160,600	328,014
<u>2,381,288</u>	<u>1,094,608</u>	<u>66,478</u>	<u>8,166</u>	<u>1,878,715</u>	<u>11,369,865</u>
-	44,117	-	7,094	18,384	761,726
-	-	-	-	-	3,815,675
-	17,123	-	-	497,186	1,309,408
-	-	-	-	-	2,731
-	-	-	-	967,366	1,123,125
-	284	-	2,515	12,496	202,051
-	-	1,706,456	1,018,524	447,104	3,271,308
2,623,929	729,505	-	-	-	3,353,434
502,054	236,414	48,433	-	8,035	794,936
<u>3,125,983</u>	<u>1,027,443</u>	<u>1,754,889</u>	<u>1,028,133</u>	<u>1,950,571</u>	<u>14,634,394</u>
<u>(744,695)</u>	<u>67,165</u>	<u>(1,688,411)</u>	<u>(1,019,967)</u>	<u>(71,856)</u>	<u>(3,264,529)</u>
858,391	-	-	-	283,000	1,532,032
-	-	-	(748,391)	(118,000)	(1,141,391)
-	-	1,190,000	-	210,000	1,400,000
-	-	48,433	-	8,035	56,468
-	-	-	98,359	-	98,359
-	-	-	-	21,678	22,339
<u>858,391</u>	<u>-</u>	<u>1,238,433</u>	<u>(650,032)</u>	<u>404,713</u>	<u>1,967,807</u>
113,696	67,165	(449,978)	(1,669,999)	332,857	(1,296,722)
414,685	971,071	1,718,116	2,848,133	939,407	9,042,001
<u>\$ 528,381</u>	<u>\$ 1,038,236</u>	<u>\$ 1,268,138</u>	<u>\$ 1,178,134</u>	<u>\$ 1,272,264</u>	<u>\$ 7,745,279</u>

See accompanying notes to the financial statements.

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VILLAGE OF MUKWONAGO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$ (1,296,722)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements, but is capitalized in the government-wide statements	3,271,308
Some items reported as outlay were not capitalized	(1,664,004)
Depreciation is reported in the government-wide statements	(1,388,370)
Net book value of assets retired	(110,513)
Some items previously capitalized as construction in progress were expensed	(25,565)

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	(233,882)
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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	(1,400,000)
Principal repaid	3,353,434

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

Compensated absences	(74,896)
Accrued interest on debt	255,507
Net pension liability	179,248
Deferred inflows/outflows of resources related to pensions	(426,858)

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	(56,468)
Amortization of debt premiums	83,775

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 465,994
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See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 528,883	\$ 2,369,516	\$ 2,898,399
Receivables:			
Accounts	458,252	428,045	886,297
Taxes	24,621	21,955	46,576
Inventories	25,497	-	25,497
Prepaid items	3,015	5,291	8,306
Restricted Asset:			
Cash and investments	37,854	45,616	83,470
Total Current Assets	1,078,122	2,870,423	3,948,545
Noncurrent Assets			
Restricted Asset:			
Cash and investments	739,204	1,873,602	2,612,806
Other Asset:			
Special assessments receivable	588	7,568	8,156
Capital Assets:			
Land	556,467	15,897	572,364
Construction in progress	25,123	-	25,123
Intangible assets	-	85,715	85,715
Other capital assets, net of depreciation	17,804,316	13,392,728	31,197,044
Total Noncurrent Assets	19,125,698	15,375,510	34,501,208
Total Assets	20,203,820	18,245,933	38,449,753
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	24,957	268,597	293,554
Pension related items	97,571	128,507	226,078
Total Deferred Outflows of Resources	122,528	397,104	519,632

See accompanying notes to the financial statements.

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 76,618	\$ 129,864	\$ 206,482
Accrued liabilities	10,170	8,058	18,228
Accrued interest payable	4,469	2,838	7,307
Deposits	27,000	-	27,000
Due to other funds	43,413	655	44,068
Current portion of bonds and notes payable	228,609	91,456	320,065
Current portion of compensated absences	9,280	870	10,150
Liabilities Payable From Restricted Assets:			
Accrued interest payable	10,209	16,300	26,509
Current portion of revenue bonds	335,528	351,240	686,768
Total Current Liabilities	<u>745,296</u>	<u>601,281</u>	<u>1,346,577</u>
Noncurrent Liabilities			
Long-Term Debt:			
Net pension liability	13,644	11,219	24,863
Bonds and notes payable	4,333,568	6,818,941	11,152,509
Compensated absences	46,431	4,349	50,780
Total Noncurrent Liabilities	<u>4,393,643</u>	<u>6,834,509</u>	<u>11,228,152</u>
Total Liabilities	<u>5,138,939</u>	<u>7,435,790</u>	<u>12,574,729</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	<u>39,600</u>	<u>51,423</u>	<u>91,023</u>
NET POSITION			
Net investment in capital assets	13,941,947	7,251,946	21,193,893
Restricted for			
Equipment replacement	-	700,492	700,492
Impact fees	310,417	422,463	732,880
Debt service	27,645	29,316	56,961
Unrestricted	867,800	2,751,607	3,619,407
TOTAL NET POSITION	<u>\$ 15,147,809</u>	<u>\$ 11,155,824</u>	<u>\$ 26,303,633</u>

See accompanying notes to the financial statements.

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VILLAGE OF MUKWONAGO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
OPERATING REVENUES	\$ 1,890,239	\$ 1,737,790	\$ 3,628,029
OPERATING EXPENSES			
Operation and maintenance	683,470	889,332	1,572,802
Depreciation	455,024	574,556	1,029,580
Taxes	22,151	16,948	39,099
Total Operating Expenses	1,160,645	1,480,836	2,641,481
Operating Income	729,594	256,954	986,548
NONOPERATING REVENUES (EXPENSES)			
Investment income	16,770	42,081	58,851
Miscellaneous income	8,772	1,991	10,763
Interest and fiscal charges	(168,191)	(258,813)	(427,004)
Total Nonoperating Revenues (Expense)	(142,649)	(214,741)	(357,390)
Income (Loss) Before Capital Contributions and Transfers	586,945	42,213	629,158
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital contributions	125,264	157,939	283,203
Transfers in	-	10,000	10,000
Transfers out	(392,108)	(8,533)	(400,641)
Total Capital Contributions and Transfers	(266,844)	159,406	(107,438)
Change in Net Position	320,101	201,619	521,720
NET POSITION - Beginning of Year	14,827,708	10,954,205	25,781,913
NET POSITION - END OF YEAR	\$ 15,147,809	\$ 11,155,824	\$ 26,303,633

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,885,539	\$ 1,653,615	\$ 3,539,154
Paid to suppliers for goods and services	(383,603)	(661,828)	(1,045,431)
Paid to employees for services	(245,907)	(198,977)	(444,884)
Net Cash Flows From Operating Activities	1,256,029	792,810	2,048,839
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	16,770	42,334	59,104
Net Cash Flows From Investing Activities	16,770	42,334	59,104
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(382,108)	(8,533)	(390,641)
Transfers in (out)	(10,000)	10,000	-
Net Cash Flows From Noncapital Financing Activities	(392,108)	1,467	(390,641)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(520,596)	(376,764)	(897,360)
Interest and fees paid	(184,504)	(239,322)	(423,826)
Special assessments received	7,678	3,311	10,989
Acquisition and construction of capital assets	(811,971)	(336,773)	(1,148,744)
Connection fees received	125,264	72,224	197,488
Net Cash Flows From Capital and Related Financing Activities	(1,384,129)	(877,324)	(2,261,453)
Net Change in Cash and Cash Investments	(503,438)	(40,713)	(544,151)
CASH AND CASH INVESTMENTS - Beginning of Year	1,809,379	4,329,447	6,138,826
CASH AND CASH INVESTMENTS - END OF YEAR	\$ 1,305,941	\$ 4,288,734	\$ 5,594,675

See accompanying notes to the financial statements.

Business-Type Activities - Enterprise Funds

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

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
Operating income	\$ 729,594	\$ 256,954	\$ 986,548
Miscellaneous nonoperating activities	8,772	1,991	10,763
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	455,024	574,556	1,029,580
Depreciation charged to other funds	29,535	(29,535)	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources			
Accounts receivable	(43,598)	(57,014)	(100,612)
Materials and supplies	(6,106)	-	(6,106)
Prepaid items	(995)	(2,539)	(3,534)
Due from municipality	591	383	974
Accounts payable	28,263	51,027	79,290
Due to municipality	27,140	(7,564)	19,576
Accrued liabilities	2,544	1,393	3,937
Compensated absences	3,859	1,101	4,960
Pension related deferrals and liabilities	21,406	2,057	23,463
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,256,029</u>	<u>\$ 792,810</u>	<u>\$ 2,048,839</u>

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

Cash and investments - statement of net position	\$ 528,883	\$ 2,369,516	\$ 2,898,399
Restricted cash and investments - statement of net position	<u>777,058</u>	<u>1,919,218</u>	<u>2,696,276</u>
CASH AND CASH EQUIVALENTS	<u>\$ 1,305,941</u>	<u>\$ 4,288,734</u>	<u>\$ 5,594,675</u>

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

Amortization of debt premium	<u>\$ 17,097</u>	<u>\$ 28,456</u>	
Amortization of loss on refunding	<u>\$ (2,627)</u>	<u>\$ (49,125)</u>	
Capital contributions	<u>\$ -</u>	<u>\$ 85,715</u>	

VILLAGE OF MUKWONAGO

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2017

	<u>Agency Fund</u> <u>Tax Escrow</u> <u>Fund</u>
ASSETS	
Cash and investments	\$ 7,653,963
Taxes receivable	929,138
Total Assets	<u>\$ 8,583,101</u>
LIABILITIES	
Accounts payable	\$ 41,788
Due to other governments	8,541,313
Total Liabilities	<u>\$ 8,583,101</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE	<u>Page</u>
I. Summary of Significant Accounting Policies	29
A. Reporting Entity	29
B. Government-Wide and Fund Financial Statements	29
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	32
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	33
1. Deposits and Investments	33
2. Receivables	35
3. Inventories and Prepaid Items	36
4. Restricted Assets	36
5. Capital Assets	36
6. Land Held for Resale	38
7. Deferred Outflows of Resources	38
8. Compensated Absences	38
9. Long-Term Obligations/Conduit Debt	39
10. Deferred Inflows of Resources	39
11. Basis for Existing Rates	39
12. Equity Classifications	40
13. Pension	41
II. Stewardship, Compliance, and Accountability	42
A. Excess Expenditures Over Appropriations	42
B. Limitations on the Village's Tax Levy	42
C. Deficit Balance	42
III. Detailed Notes on All Funds	43
A. Deposits and Investments	43
B. Receivables	45
C. Restricted Assets	46
D. Capital Assets	47
E. Interfund Receivables/Payables, Advances and Transfers	50
F. Long-Term Obligations	53
G. Net Position/Fund Balances	59
IV. Other Information	62
A. Employees' Retirement System	62
B. Risk Management	68
C. Commitments and Contingencies	68
D. Effect of New Accounting Standards on Current Period Financial Statements	69
E. Defined Contribution Pension Plan	69
F. Subsequent Event	69

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

Fund Financial Statements

Financial statements of the village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

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

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

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

The village reports the following major governmental funds:

General Fund – accounts for the village’s primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

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

Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to the expenditure for payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.

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

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

Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures approved in the Village’s capital project plan.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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

Fund Financial Statements (cont.)

The village reports the following major enterprise funds:

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

The village reports the following nonmajor governmental funds:

Special Revenue Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditure and capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Library	Recycling
Revolving Loan	Park Land Site
Impact Fee	Stormwater

Capital Projects Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets as budgeted or as outlined in the plan for TID No. 4

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

In addition, the village reports the following fund types:

Agency Fund – used to account for and report assets held by the village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Escrow Fund

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded 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 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, 2017, there were \$483,094 of anticipated future assessments. This is not reported as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

Fund Financial Statements (cont.)

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

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

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

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

1. Deposits and Investments (cont.)

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

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III. A. No investments are reported at amortized costs. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on comingled investments of municipal accounting funds is allocated on average balances. The difference between the bank statement and carrying value is due to outstanding checks and/or deposits in transit.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

1. Deposits and Investments (cont.)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2017, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

2. Receivables

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

Property tax calendar – 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	April 30, 2018
Third installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale – 2017 delinquent real estate taxes	October 2020

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term Interfund loans are reported as "due to and from other funds." Long-term Interfund loans (non-current portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

2. Receivables (cont.)

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government –Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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

5. Capital Assets (cont.)

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. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings	50	Years
Land Improvements	20-50	Years
Machinery and Equipment	3-25	Years
Utility System	3-77	Years
Infrastructure	20-50	Years
Intangible Assets	8-10	Years
Library Collection	5-10	Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

6. Land Held for Resale

In 2014, the Village purchased property owned by the Lynch dealership on Main Street in the village. The purchase allowed the dealership to buy land and construct a larger facility within the TID. The village intends to resell the original property for a mixed-use development at cost. The village's total investment in the property is recorded as an asset in the Community Development Fund at the lower of cost or estimated realizable value. As of December 31, 2017, the land is reported at \$1,050,030.

7. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

8. Compensated Absences

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

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2017, are determined on the basis of current salary rates and include salary related payments.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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

9. Long-Term Obligations/Conduit Debt

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

The village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRBs are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At year end, the principal amount for the 2001 series outstanding was \$461,925; the original issue amount was \$2,300,000.

10. Deferred Inflows of Resources

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

11. Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin on December 31, 2010.

Sewer Utility

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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

12. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net positions that do not meet the definitions of “restricted” or “net investment in capital assets.”

The net position section includes an adjustment for capital assets owned by the business-type activities column but financed by the debt of the governmental activities column. The amount is a reduction of “net investment in capital assets”, and an increase in “unrestricted” net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net Investment in capital assets	\$ 5,679,968	\$ 21,193,893	\$ (1,721,781)	\$ 25,152,080
Unrestricted	2,474,819	3,619,407	1,721,781	7,816,007

When both restricted and unrestricted resources are available for use, it is the village’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

12. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which is subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. Fund balance may be assigned through the following: 1) The village has adopted a financial policy authorizing the Village Administrator to assign amounts for specific purposes; 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Village has a formal minimum fund balance policy to maintain a minimum fund balance of 25% of the subsequent year's General Fund budgeted expenditures. As of December 31, 2017, the Village's unassigned fund balance was \$1,385,483, which exceeded the required fund balance of \$1,142,119.

See Note III. G. for further information.

13. Pension

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Community Development	\$ 1,699,919	\$ 1,776,525	\$ 76,606
Tax Increment District No. 4	36,300	36,323	23

The village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

B. LIMITATIONS ON THE VILLAGE TAX LEVY

Wisconsin law limits the village's future tax levies. Generally, the village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the village's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

C. DEFICIT BALANCE

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

As of December 31, 2017, the following individual fund held a deficit balance:

Fund	Amount	Reason
Tax Incremental District No. 4	\$ 36,323	TID No. 4 was created in 2017. Deficit due to legal expenditures to create the district.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balance	Associated Risks
Deposits	\$ 13,953,740	\$ 14,133,115	Custodial credit
LGIP	7,121,117	7,121,117	Credit
Repurchase agreements - US agencies	4,034	4,034	Interest rate; custodial credit
Petty Cash	400	-	N/A
Total Deposits and Investments	\$ 21,079,291	\$ 21,258,266	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investment	\$ 10,729,052		
Restricted cash and investment	2,696,276		
Per statement of assets and liabilities - agency fund			
	7,653,963		
Total Deposits and Investments	\$ 21,079,291		

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, 2017, the banks had pledged various government securities in the amount of \$4,316,121 to secure the village’s deposits.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

A. DEPOSITS AND INVESTMENTS (cont.)

The village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

> Market Value

Investment Type	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Repurchase agreements - US agencies	\$ 4,034	\$ -	\$ -	\$ 4,034

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.

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2017, the village's investments were as follows:

Investment Type	Maturity (In Years)			
	Fair Value	Less than 1	1-3	4-7
Repurchase agreements - US agencies	\$ 4,034	\$ 4,034	\$ -	\$ -

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

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for \$356,062 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:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 6,608,002	\$ -
Ambulance receivable	-	120,987
Special assessments not yet due	-	356,062
Special assessments principal and interest on tax roll	-	167,659
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 6,608,002	\$ 644,708

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

Redemption	Used to segregate resources accumulated for debt service payments over the next twelve months
Reserve	Used to report resources set aside to make up potential future deficiencies in 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.

Following is a list of restricted assets as of December 31, 2017:

	Restricted Assets
Water redemption - current	\$ 37,854
Water reserve	428,787
Water impact fee	310,417
Sewer redemption - current	45,616
Sewer reserve	750,647
Sewer impact fee	422,463
Equipment replacement	700,492
Total	<u>\$ 2,696,276</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance *	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,909,628	\$ -	\$ -	\$ 1,909,628
Construction in progress	60,896	1,006,228	25,565	1,041,559
Total Capital Assets Not Being Depreciated	<u>1,970,524</u>	<u>1,006,228</u>	<u>25,565</u>	<u>2,951,187</u>
Capital assets being depreciated/amortized				
Land improvements	1,213,067	140,309	-	1,353,376
Buildings	11,110,186	59,900	57,851	11,112,235
Machinery and equipment	4,882,440	316,367	190,958	5,007,849
Roads	18,235,977	-	-	18,235,977
Storm sewers	2,988,260	-	-	2,988,260
Library collection	811,187	84,500	96,432	799,255
Intangible assets	114,494	-	-	114,494
Total Capital Assets Being Depreciated/Amortized	<u>39,355,611</u>	<u>601,076</u>	<u>345,241</u>	<u>39,611,446</u>
Total Capital Assets	<u>41,326,135</u>	<u>1,607,304</u>	<u>370,806</u>	<u>42,562,633</u>
Less: Accumulated depreciation/amortization for				
Land improvements	(284,306)	(45,526)	-	(329,832)
Buildings	(2,420,883)	(223,030)	7,520	(2,636,393)
Machinery and equipment	(2,410,692)	(280,029)	130,776	(2,559,945)
Roads	(7,949,085)	(667,647)	-	(8,616,732)
Storm sewers	(533,351)	(59,765)	-	(593,116)
Library collection	(401,604)	(97,091)	96,432	(402,263)
Intangible assets	(56,590)	(15,282)	-	(71,872)
Total Accumulated Depreciation/Amortization	<u>(14,056,511)</u>	<u>(1,388,370)</u>	<u>234,728</u>	<u>(15,210,153)</u>
Net Capital Assets Being Depreciated/Amortized	<u>25,299,100</u>	<u>(787,294)</u>	<u>110,513</u>	<u>24,401,293</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 27,269,624</u>	<u>\$ 218,934</u>	<u>\$ 136,078</u>	<u>\$ 27,352,480</u>

* An adjustment was made to beginning balances for an asset that should have been reported as land improvement rather than roads in 2016.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 47,681
Public Safety	234,735
Public works, which includes depreciation of infrastructure	818,711
Culture, recreation and education	<u>287,243</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 1,388,370</u>

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land	\$ 15,897	\$ -	\$ -	\$ 15,897
Intangible assets	-	<u>85,715</u>	-	<u>85,715</u>
Total Capital Assets Not Being Depreciated	<u>15,897</u>	<u>85,715</u>	-	<u>101,612</u>
Capital Assets Being depreciated				
Buildings and improvements	21,458,113	396,522	46,379	21,808,256
Machinery and equipment	<u>1,854,468</u>	-	-	<u>1,854,468</u>
Total Capital Assets Being Depreciated	<u>23,312,581</u>	<u>396,522</u>	<u>46,379</u>	<u>23,662,724</u>
Total Capital Assets	<u>23,328,478</u>	<u>482,237</u>	<u>46,379</u>	<u>23,764,336</u>
Less: Accumulated Depreciation for				
Buildings and improvements	(8,151,885)	(489,052)	46,379	(8,594,558)
Machinery and equipment	<u>(1,619,469)</u>	<u>(55,969)</u>	-	<u>(1,675,438)</u>
Total Accumulated Depreciation	<u>(9,771,354)</u>	<u>(545,021)</u>	<u>46,379</u>	<u>(10,269,996)</u>
Net Capital Assets Being Depreciated	<u>13,541,227</u>	<u>(148,499)</u>	-	<u>13,392,728</u>
Net Sewer Capital Assets	<u>\$ 13,557,124</u>	<u>\$ (62,784)</u>	<u>\$ -</u>	<u>\$ 13,494,340</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated				
Land and land rights	\$ 556,467	\$ -	\$ -	\$ 556,467
Construction in progress	-	25,123	-	25,123
Total Capital Assets Not Being				
Depreciated	556,467	25,123	-	581,590
Capital assets being depreciated				
Buildings and improvements	21,230,263	668,099	114,956	21,783,406
Machinery and equipment	2,131,377	70,433	13,332	2,188,478
Total Capital Assets being				
Depreciated	23,361,640	738,532	128,288	23,971,884
Total Capital Assets	23,918,107	763,655	128,288	24,553,474
Less: accumulated depreciation for				
Buildings and improvements	(4,369,513)	(384,173)	114,956	(4,638,730)
Machinery and equipment	(1,441,784)	(100,386)	13,332	(1,528,838)
Total Accumulated Depreciation	(5,811,297)	(484,559)	128,288	(6,167,568)
Net Capital Assets Being				
Depreciated	17,550,343	253,973	-	17,804,316
Net Water Capital Assets	\$ 18,106,810	\$ 279,096	\$ -	\$ 18,385,906
Business-Type Activities				
Capital Assets, Net of				
Accumulated Depreciation	\$ 31,663,934	\$ 216,312	\$ -	\$ 31,880,246

Depreciation expense was charged to functions as follows:

Business-Type Activities	
Sewer	\$ 574,556
Water	455,024
Total Business-Type Activities Depreciation Expense	<u>\$ 1,029,580</u>

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General Fund	Water Utility	\$ 31,825
General Fund	Sewer Utility	655
General Fund	Fire and Ambulance Fund	41,206
Capital Projects	Water Utility	11,588
Total Fund Financial Statements		85,274
Less: Fund Eliminations		(41,206)
Total Internal Balances - Government-Wide Statement of Net Position		\$ 44,068
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 44,068
Business-type Activities	Governmental Activities	-
Total Government-Wide Financial Statements		\$ 44,068

All amounts are due within one year.

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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

Advances

The general fund is advancing funds to the Tax Increment District No. 4 fund. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources during the creation of the Tax Increment District. Repayment will occur when the district begins generating revenue.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Due Within One Year
General Fund	Tax Increment District No. 4	\$ 36,323	\$ 36,323
Total Fund Financial Statements		36,323	
Less: Fund Eliminations		(36,323)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ -	

The principal purpose of this advance was to charge the professional services costs of creating the district to the Tax Increment District Fund as they are TID eligible expenses.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Sewer Utility	\$ 8,533	Payment in lieu of taxes
General Fund	Water Utility	382,108	Payment in lieu of taxes
Debt Service Fund	Community Development Fund	748,391	Sale of Land Proceeds to pay off note
Debt Service Fund	Impact Fee Fund	110,000	To fund debt service
Capital Equipment Fund	General Fund	156,000	To fund equipment purchases and Fire Station Remodel
Capital Equipment Fund	General Fund	119,000	To fund Fire Station Remodel
Library	Library Building	8,000	Transfer for building purposes
Sewer Utility	Water Utility	10,000	To pay for rental cost of equipment
Total - Fund Financial Statements		\$ 1,542,032	
Less: Fund eliminations		(1,151,391)	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 390,641</u>	
Transfer In	Transfer Out	Amount	
Governmental Activities	Business-type Activities	\$ 390,641	
Business-type Activities	Governmental Activities	-	
Total Government-Wide Financial Statements		<u>\$ 390,641</u>	

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds & Notes Payable					
General obligation debt	\$ 27,294,791	\$ 1,400,000	\$ 3,353,434	\$ 25,341,357	\$ 2,653,434
Premiums	516,413	56,468	83,775	489,106	89,004
Total Bonds & Notes Payable	<u>27,811,204</u>	<u>1,456,468</u>	<u>3,437,209</u>	<u>25,830,463</u>	<u>2,742,438</u>
Other Liabilities					
Compensated absences	552,359	74,896	-	627,255	104,501
Net pension liability	378,028	-	179,248	198,780	-
Due to other governments	115,000	-	-	115,000	-
Total Other Liabilities	<u>1,045,387</u>	<u>74,896</u>	<u>179,248</u>	<u>941,035</u>	<u>104,501</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 28,856,591</u>	<u>\$ 1,531,364</u>	<u>\$ 3,616,457</u>	<u>\$ 26,771,498</u>	<u>\$ 2,846,939</u>
Business-Type Activities					
Bonds & Notes Payable					
General obligation debt	\$ 245,821	\$ -	\$ 121,309	\$ 124,512	\$ 124,512
Revenue bonds	10,122,461	-	626,052	9,496,409	686,768
Bond anticipation notes	2,280,000	-	150,000	2,130,000	150,000
Premiums	453,973	-	45,552	408,421	45,553
Total Bonds & Notes Payable	<u>13,102,255</u>	<u>-</u>	<u>942,913</u>	<u>12,159,342</u>	<u>1,006,833</u>
Other Liabilities					
Compensated absences	55,970	4,960	-	60,930	10,150
Net pension liability	53,698	-	28,835	24,863	-
Total Other Liabilities	<u>109,668</u>	<u>4,960</u>	<u>28,835</u>	<u>85,793</u>	<u>10,150</u>
Total Business Type Activities Long-Term Liabilities	<u>\$ 13,211,923</u>	<u>\$ 4,960</u>	<u>\$ 971,748</u>	<u>\$ 12,245,135</u>	<u>\$ 1,016,983</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, 2017, was \$41,962,915. Total general obligation debt outstanding at year end was \$25,465,869.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2017
Refunding Bonds	3/8/2010	12/21/2021	3.0-3.5%	\$ 3,240,000	\$ 2,740,000
Promissory Notes	3/1/2009	9/1/2019	2.75-3.875%	2,580,000	400,000
Promissory Notes	12/1/2010	12/1/2019	2.0-3.6%	4,550,000	3,350,000
Refunding Promissory Notes (TID #3)	11/1/2011	10/1/2021	1.0-3.0%	3,675,000	2,449,191
GO Refunding Bonds (TID #3)	11/1/2012	10/1/2026	1.0-2.5%	3,620,000	2,450,000
GO Refunding Bonds	11/20/2013	12/1/2022	1.0-2.65%	3,000,000	2,075,000
GO Note	11/30/2014	2/15/2022	0.00%	27,468	17,166
GO Taxable Note	9/17/2014	3/1/2019	1.87%	2,475,000	2,475,000
GO Promissory Note	4/1/2015	4/1/2025	1.0-3.0%	6,785,000	5,485,000
GO Promissory Note	7/6/2016	10/1/2026	2.00%	3,100,000	2,500,000
GO Promissory Note	11/1/2017	10/1/2026	2.0-3.0%	1,400,000	1,400,000
Total Government Activities - General Obligation Debt					<u>\$ 25,341,357</u>

Business-Type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2017
Water System Bonds	11/1/1999	5/1/2018	2.64%	\$1,886,442	<u>\$ 124,512</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 2,653,434	\$ 664,925	\$ 124,512	\$ 1,644
2019	6,278,434	572,644	-	-
2020	3,928,434	434,863	-	-
2021	3,842,625	314,888	-	-
2022	1,803,430	205,988	-	-
2023 - 2026	6,835,000	356,950	-	-
Totals	<u>\$ 25,341,357</u>	<u>\$ 2,550,258</u>	<u>\$ 124,512</u>	<u>\$ 1,644</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 2029. Annual principal and interest payments on the bonds are expected to require 47% of net revenues. The total principal and interest remaining to be paid on the bonds is \$11,671,455. Principal and interest paid for the current year and total customer revenues were \$962,749 and \$2,085,742 respectively.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2017, consists of the following:

Business-type Activities Revenue Debt

<u>Sewer Utility</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/2017</u>
Revenue Bonds	1/1/2008	12/1/2026	4.00-4.75%	\$ 2,281,280	\$ 1,568,380
Revenue Bonds	12/1/2010	12/1/2021	2.00-4.625%	1,376,948	934,423
Revenue Bonds	7/6/2016	12/1/2029	2.00-3.00%	3,596,423	<u>3,596,423</u>
				Total Sewer Utility	<u>6,099,226</u>
<u>Water Utility</u>					
Revenue Bonds	4/29/2002	5/1/2022	2.75%	\$ 627,355	\$ 141,409
Revenue Bonds	1/1/2008	12/1/2026	4.00-4.75%	918,720	631,620
Revenue Bonds	12/1/2010	12/1/2021	2.00-4.625%	1,543,052	775,577
Revenue Bonds	7/6/2016	12/1/2029	2.00-3.00%	1,848,577	<u>1,848,577</u>
				Total Water Utility	<u>3,397,183</u>
Total Business-type Activities – Revenue Debt					<u>\$ 9,496,409</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 686,768	\$ 313,846
2019	702,504	293,674
2020	708,261	271,908
2021	719,038	250,020
2022	709,838	227,223
2023-2027	4,145,000	736,625
2028-2029	1,825,000	81,750
Totals	\$ 9,496,409	\$ 2,175,046

Bond Anticipation Notes

Business-type Activities

<u>Bond Anticipation Notes</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/2017</u>
Sewer Revenue Note	12/21/2016	12/1/2021	3.75-4.00%	\$ 957,600	\$ 894,600
Water Revenue Note	12/21/2016	12/1/2021	3.75-4.00%	1,322,400	1,235,400
Total Business-type Activities					\$ 2,130,000

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 150,000	\$ 81,076
2019	150,000	75,076
2020	180,000	69,076
2021	1,650,000	61,872
Totals	\$ 2,130,000	\$ 287,100

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

G. NET POSITION/FUND BALANCES

Net position reported on the government-wide statement of net position at December 31, 2017, includes the following:

Governmental Activities

Net investment in capital assets	
Land	\$ 1,909,628
Construction in progress	1,041,559
Other capital assets, net of accumulated depreciation	24,401,293
Less: Long-term debt outstanding, including premiums	(25,830,463)
Plus: Unspent capital related debt proceeds	2,436,170
Plus: Non-capital debt outstanding	1,721,781
Total Net Investment in Capital Assets	<u>5,679,968</u>
Restricted for	
Debt service	1,249,801
Impact fees	195,031
Revolving loans	91,336
Stormwater	30,251
Library	181,100
Total Restricted	<u>1,747,519</u>
Unrestricted	<u>2,474,819</u>
Total Governmental Activities Net Position	<u>\$ 9,902,306</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

G. NET POSITION/FUND BALANCES (cont.)

GOVERNMENTAL FUNDS

Governmental fund balances reported on the fund financial statements at December 31, 2017, include the following:

Fund Balances	General Fund	Fire and Ambulance Fund	Debt Service Fund	Tax Incremental District No. 3 Fund	Capital Projects Fund	Community Development Fund	Nonmajor Funds	Totals
Nonspendable:								
Prepaid Items	\$ 129,095	\$ 7,877	\$ -	\$ 238	\$ -	\$ -	\$ 8,347	\$ 145,557
Advances	36,323	-	-	-	-	-	-	36,323
Restricted for:								
Debt Service	-	-	528,381	328,758	-	-	-	857,139
Capital Projects	-	-	-	709,240	-	-	-	709,240
Impact Fees	-	-	-	-	-	-	195,031	195,031
Revolving Loans	-	-	-	-	-	-	91,336	91,336
Stormwater	-	-	-	-	-	-	30,109	30,109
Library	-	-	-	-	-	-	173,269	173,269
Committed to:								
Fire & ambulance	-	79,061	-	-	-	-	-	79,061
Capital equipment	-	-	-	-	-	-	457,822	457,822
Recycling	-	-	-	-	-	-	84,373	84,373
Library Building	-	-	-	-	-	-	5,468	5,468
Parkland Site	-	-	-	-	-	-	262,832	262,832
Development	-	-	-	-	1,268,138	1,178,134	-	2,446,272
Assigned to:								
Accrued sick pay	282,772	-	-	-	-	-	-	282,772
Ambulance	101,558	-	-	-	-	-	-	101,558
Other	437,957	-	-	-	-	-	-	437,957
Unassigned (deficit)	<u>1,385,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,323)</u>	<u>1,349,160</u>
Total Fund Balances	<u>\$ 2,373,188</u>	<u>\$ 86,938</u>	<u>\$ 528,381</u>	<u>\$ 1,038,236</u>	<u>\$ 1,268,138</u>	<u>\$ 1,178,134</u>	<u>\$ 1,272,264</u>	<u>\$ 7,745,279</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

G. NET POSITION/FUND BALANCES (cont.)

BUSINESS-TYPE ACTIVITIES

Net investment in capital assets	
Land	\$ 572,364
Intangible assets	85,715
Construction work in progress	25,123
Capital assets, net of accumulated depreciation	31,197,044
Less: Long-term debt outstanding, including premiums	(12,159,342)
Plus: Noncapital debt proceeds	1,179,435
Plus: Deferred charge on refunding	293,554
Total Investment in Capital Assets	<u>21,193,893</u>
Restricted for	
Debt service	56,961
Equipment replacement	732,880
Impact Fees	700,492
Total Restricted	<u>1,490,333</u>
Unrestricted	<u>3,619,407</u>
Total Business-type Activities Net Position	<u>\$ 26,303,633</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

General Information about the Pension Plan

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

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

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

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

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution 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 \$266,629 in contributions from the village.

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2017, the village reported a liability of \$223,643 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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 liability was based on the village’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the village’s proportion was 0.027133260%, which was an increase of 0.0005652% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the village recognized pension expense of \$618,894.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2017, the village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 85,275	\$ 703,337
Changes in assumptions	233,827	-
Net differences between projected and actual earnings on pension plan investments	1,113,222	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,368	7,487
Employer contributions subsequent to the measurement date	347,821	-
Total	\$ 1,793,513	\$ 710,824

\$347,821 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 liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflow of Resources	Deferred Inflows of of Resources
2018	\$ 525,989	\$ 226,401
2019	525,987	226,401
2020	430,193	226,401
2021	(36,866)	31,534
2022	389	87

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012-2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

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

<u>Core Fund Asset Class</u>	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
US Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
Village's proportionate share of the net pension liability (asset)	<u>\$ 2,942,165</u>	<u>\$ 223,643</u>	<u>\$ (1,869,742)</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

At December 31, 2017, the village reported a payable to the pension plan of \$72,664 which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

Claims and judgements are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgements are only reported in government funds if it has matured. Claims and judgements are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the village's financial position or results of operations.

The village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

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

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

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 85, *Omnibus 2017*
- Statement No. 86, *Certain Debt Extinguishment Issues*
- Statement No. 87, *Leases*

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

E. DEFINED CONTRIBUTION PENSION PLAN

The village provides pension benefits for all of its eligible employees through a defined contribution plan known as the Village of Mukwonago Pension Trust through ICMA-RC who administers the plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate in the plan upon becoming eligible for the Wisconsin Retirement System (WRS). This plan is to give eligible full-time employees an additional two and one-half percentage towards retirements, above what the Village contributes to WRS. In addition, Village employees have an option to contribute to this plan from each payroll period. For the year ended December 31, 2017, the total amount contributed was \$73,713. Of this amount, \$42,206 was contributed by the employer and \$31,507 was contributed by the employee. Total contributions for the years ending December 31, 2016 and 2015 were \$70,459 and \$80,131 respectively. The employer's contribution each year was equal to the required amount.

F. SUBSEQUENT EVENT

On February 28, 2018 the Village approved Tax Incremental District No. 5 to create an industrial park. A Taxable Note Anticipation Note was issued on March 20, 2018 for \$4,225,000 with an interest rate of 3.875%, the proceeds of which will be used to close on the purchase of 115 acres of land for the industrial park and pay interest on the note until increment is generated. The property purchase occurred March 22, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,526,293	\$ 2,523,893	\$ 2,511,046	\$ (12,847)
Intergovernmental	840,666	855,166	858,369	3,203
Licenses and permits	349,336	487,336	493,701	6,365
Fines, forfeitures and penalties	147,000	208,000	207,524	(476)
Public charges for services	22,805	43,805	42,026	(1,779)
Interdepartmental charges for services	137,869	127,869	131,252	3,383
Investment income	5,400	22,925	29,422	6,497
Other revenues	144,300	161,400	162,699	1,299
Total Revenues	<u>4,173,669</u>	<u>4,430,394</u>	<u>4,436,039</u>	<u>5,645</u>
EXPENDITURES				
Current				
General government	850,999	850,999	692,131	158,868
Public safety	2,434,142	2,434,142	2,425,567	8,575
Public works	776,023	821,723	795,099	26,624
Health and sanitation	2,800	2,800	2,731	69
Culture, recreation and education	189,681	167,681	155,759	11,922
Conservation and development	146,727	193,227	186,756	6,471
Capital Outlay	17,980	37,180	35,850	1,330
Total Expenditures	<u>4,418,352</u>	<u>4,507,752</u>	<u>4,293,893</u>	<u>213,859</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(244,683)</u>	<u>(77,358)</u>	<u>142,146</u>	<u>219,504</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	360,000	360,000	390,641	30,641
Transfers out	(270,000)	(275,000)	(275,000)	-
Proceeds from sale of capital assets	-	-	661	661
Total Other Financing Sources (Uses)	<u>90,000</u>	<u>85,000</u>	<u>116,302</u>	<u>31,302</u>
Net Change in Fund Balance	<u>\$ (154,683)</u>	<u>\$ 7,642</u>	<u>258,448</u>	<u>\$ 250,806</u>
FUND BALANCE - Beginning of Year			<u>2,114,740</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,373,188</u>	

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - FIRE AND AMBULANCE SPECIAL REVENUE FUND For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 210,000	\$ 210,000	\$ 210,000	\$ -
Intergovernmental	5,900	10,200	10,705	505
Public charges for services	1,023,973	1,070,503	1,068,671	(1,832)
Intergovernmental charges for services	210,000	210,000	210,000	-
Investment income	200	200	480	280
Miscellaneous	-	4,715	4,715	-
Total Revenues	<u>1,450,073</u>	<u>1,505,618</u>	<u>1,504,571</u>	<u>(1,047)</u>
EXPENDITURES				
Current				
Public safety	1,444,962	1,395,467	1,390,108	5,359
Capital Outlay	<u>4,805</u>	<u>60,805</u>	<u>63,374</u>	<u>(2,569)</u>
Total Expenditures	<u>1,449,767</u>	<u>1,456,272</u>	<u>1,453,482</u>	<u>2,790</u>
Excess (deficiency) of revenues over (under) expenditures	<u>306</u>	<u>49,346</u>	<u>51,089</u>	<u>1,743</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Net Change in Fund Balance	<u>\$ 1,306</u>	<u>\$ 50,346</u>	<u>51,089</u>	<u>\$ 743</u>
FUND BALANCE - Beginning of Year			<u>35,849</u>	
FUND BALANCE - END OF YEAR			<u>\$ 86,938</u>	

VILLAGE OF MUKWONAGO

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2017

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2017

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

VILLAGE OF MUKWONAGO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
As of and for the Year Ended December 31, 2017

BUDGETARY INFORMATION

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

The budgeted amounts presented include any amendments made. The village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level of expenditure for the general fund and total expenditures for the fire and ambulance special revenue fund.

WISCONSIN RETIREMENT SYSTEM PENSION

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

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

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

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

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SUPPLEMENTARY INFORMATION

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF REVENUES - BUDGET TO ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
TAXES				
General property taxes	\$ 2,510,293	\$ 2,510,293	\$ 2,496,838	\$ (13,455)
Public accomodation (room) taxes	6,000	6,000	6,647	647
Interest and penalties on taxes	10,000	7,600	7,561	(39)
Total Taxes	<u>2,526,293</u>	<u>2,523,893</u>	<u>2,511,046</u>	<u>(12,847)</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	351,192	351,192	352,641	1,449
Exempt computer aid	8,400	12,100	12,163	63
State aid - law enforcement improvements	10,000	10,000	12,535	2,535
State aid - general transportation aids	442,874	442,874	441,916	(958)
Other state payments	28,200	39,000	39,114	114
Total Intergovernmental Revenues	<u>840,666</u>	<u>855,166</u>	<u>858,369</u>	<u>3,203</u>
LICENSES AND PERMITS				
Other regulatory permits and fees	560	560	560	-
Liquor and malt beverage	15,140	15,140	15,845	705
Operators' licenses	7,470	7,470	8,006	536
Cigarette licenses	1,300	1,300	1,300	-
Cable television franchise fees	94,000	94,000	91,289	(2,711)
Bicycle licenses	6	6	12	6
Dog and cat licenses	3,030	3,030	2,705	(325)
Nonbusiness licenses	2,850	2,850	2,810	(40)
Other permits	23,300	38,300	40,211	1,911
Building permits	83,080	130,080	130,968	888
Electrical permits	26,000	59,000	59,579	579
Plumbing permits	27,500	43,500	43,738	238
Occupancy permits	10,600	10,600	12,789	2,189
Zoning permits and fees	10,000	10,000	10,035	35
Plan review fees	24,000	24,000	26,332	2,332
Heating and air conditioning permits	20,500	47,500	47,522	22
Total Licenses and Permits	<u>349,336</u>	<u>487,336</u>	<u>493,701</u>	<u>6,365</u>

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF REVENUES - BUDGET TO ACTUAL - GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
FINES, FORFEITURES AND PENALTIES				
Court fines	\$ 131,000	\$ 192,000	\$ 192,879	\$ 879
Parking Violations	16,000	16,000	14,645	(1,355)
Total Fines, Forfeitures and Penalties	<u>147,000</u>	<u>208,000</u>	<u>207,524</u>	<u>(476)</u>
PUBLIC CHARGES FOR SERVICES				
Publication fees	500	500	538	38
Photocopies	3,000	8,000	5,028	(2,972)
Treasurer's fees	7,000	7,000	7,531	531
Law enforcement fees	8,100	8,100	8,416	316
Fire protection fees	2,855	18,855	19,115	260
Other public charges for services	1,350	1,350	1,398	48
Total Public Charges for Services	<u>22,805</u>	<u>43,805</u>	<u>42,026</u>	<u>(1,779)</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Local - law enforcement services	123,369	113,369	111,429	(1,940)
Local - ambulance services	8,000	8,000	9,174	1,174
Local - other services	6,500	6,500	10,649	4,149
Total Intergovernmental Charges for Services	<u>137,869</u>	<u>127,869</u>	<u>131,252</u>	<u>3,383</u>
INVESTMENT INCOME				
Investment Income	5,400	22,925	29,422	6,497
OTHER REVENUES				
Rent	18,000	18,000	18,729	729
Miscellaneous revenue	1,300	6,300	6,876	576
Donations	125,000	137,100	137,094	(6)
Total Other Revenues	<u>144,300</u>	<u>161,400</u>	<u>162,699</u>	<u>1,299</u>
TOTAL REVENUES	<u>\$ 4,173,669</u>	<u>\$ 4,430,394</u>	<u>\$ 4,436,039</u>	<u>\$ 5,645</u>

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CURRENT				
GENERAL GOVERNMENT				
Village board	\$ 51,215	\$ 51,215	\$ 47,935	\$ 3,280
Historical preservation comission	400	400	-	400
Municipal court	42,132	42,132	34,407	7,725
Village attorney	73,000	73,000	68,903	4,097
Village administrator	299,369	299,369	185,077	114,292
Village clerk/treasurer	167,597	167,597	159,476	8,121
Elections	14,200	14,200	5,883	8,317
Independent audit	12,000	12,000	11,925	75
Assessment of property	19,310	19,310	17,570	1,740
Risk and property insurance	131,998	131,998	120,811	11,187
Village hall	39,078	39,078	39,714	(636)
Board of appeals	700	700	430	270
Total General Government	<u>850,999</u>	<u>850,999</u>	<u>692,131</u>	<u>158,868</u>
PUBLIC SAFETY				
Police department	2,197,489	2,197,489	2,196,538	951
Building inspection	219,497	219,497	207,468	12,029
Emergency government	1,550	1,550	143	1,407
Fire Station	5,088	5,088	9,927	(4,839)
Dam	10,518	10,518	11,491	(973)
Total Public Safety	<u>2,434,142</u>	<u>2,434,142</u>	<u>2,425,567</u>	<u>8,575</u>
PUBLIC WORKS				
Engineering	50,000	64,300	64,260	40
Public Works Administration	252,331	253,531	252,958	573
Machinery operation and maintenance	92,918	121,318	107,846	13,472
Garage and sheds	45,729	58,229	58,265	(36)
Curb and gutter	959	959	2,967	(2,008)
Garbage Collection	4,241	4,241	4,478	(237)
Street signs	11,070	19,270	22,754	(3,484)
Bridges, culverts, and rivers	880	880	400	480
Street cleaning	7,272	7,272	5,978	1,294
Snow and ice control	120,485	98,985	81,918	17,067
Alleys and local purpose roads	32,899	32,899	35,394	(2,495)
Street lighting	145,100	145,100	145,684	(584)
Storm sewer maintenance	12,139	14,739	12,197	2,542
Total Public Works	<u>776,023</u>	<u>821,723</u>	<u>795,099</u>	<u>26,624</u>

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CURRENT (continued)				
HEALTH AND HUMAN SERVICES				
Public health services	\$ 2,800	\$ 2,800	\$ 2,731	\$ 69
CULTURE, RECREATION AND EDUCATION				
Museum	10,550	10,550	8,280	2,270
Parks	168,590	146,590	137,654	8,936
Celebration and entertainment	10,541	10,541	9,825	716
Total Culture, Recreation and Education	<u>189,681</u>	<u>167,681</u>	<u>155,759</u>	<u>11,922</u>
CONSERVATION AND DEVELOPMENT				
Forestry	16,689	29,689	30,087	(398)
Weed control	1,224	1,224	1,498	(274)
Planning commission	58,523	83,023	83,564	(541)
Economic development	55,291	55,291	48,027	7,264
Environmental protection	15,000	24,000	23,580	420
Total Conservation and Development	<u>146,727</u>	<u>193,227</u>	<u>186,756</u>	<u>6,471</u>
CAPITAL OUTLAY				
Capital expenditures	<u>17,980</u>	<u>37,180</u>	<u>35,850</u>	<u>1,330</u>
TOTAL EXPENDITURES	<u>\$ 4,418,352</u>	<u>\$ 4,507,752</u>	<u>\$ 4,293,893</u>	<u>\$ 213,859</u>

VILLAGE OF MUKWONAGO

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET As of December 31, 2017

	Special Revenue Funds			
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund
ASSETS				
Cash and investments	\$ 198,122	\$ 80,996	\$ 206,336	\$ 262,832
Receivables:				
Taxes	438,000	308,632	-	-
Accounts	-	40,528	-	-
Prepaid Items	7,831	374	-	-
Total Assets	\$ 643,953	\$ 430,530	\$ 206,336	\$ 262,832
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 5,772	\$ 38,478	\$ -	\$ -
Accrued liabilities	19,081	962	-	-
Due to other governments	-	-	115,000	-
Advance from other fund	-	-	-	-
Total Liabilities	24,853	39,440	115,000	-
Deferred Inflows of Resources				
Unearned revenue	438,000	306,343	-	-
Fund Balances (deficit)				
Nonspendable	7,831	374	-	-
Restricted	173,269	-	91,336	-
Committed	-	84,373	-	262,832
Unassigned (deficit)	-	-	-	-
Total Fund Balances (deficit)	181,100	84,747	91,336	262,832
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 643,953	\$ 430,530	\$ 206,336	\$ 262,832

Capital Projects Funds					
Stormwater Fund	Impact Fee Fund	Library Building Fund	Capital Equipment Fund	TID No. 4 Fund	Total Nonmajor Funds
\$ 18,764	\$ 195,031	\$ 5,468	\$ 465,885	\$ -	\$ 1,433,434
-	-	-	104,000	-	850,632
11,640	-	-	-	-	52,168
142	-	-	-	-	8,347
<u>\$ 30,546</u>	<u>\$ 195,031</u>	<u>\$ 5,468</u>	<u>\$ 569,885</u>	<u>\$ -</u>	<u>\$ 2,344,581</u>
\$ 27	\$ -	\$ -	\$ 8,063	\$ -	\$ 52,340
268	-	-	-	-	20,311
-	-	-	-	-	115,000
-	-	-	-	36,323	36,323
<u>295</u>	<u>-</u>	<u>-</u>	<u>8,063</u>	<u>36,323</u>	<u>223,974</u>
-	-	-	104,000	-	848,343
142	-	-	-	-	8,347
30,109	195,031	-	-	-	489,745
-	-	5,468	457,822	-	810,495
-	-	-	-	(36,323)	(36,323)
<u>30,251</u>	<u>195,031</u>	<u>5,468</u>	<u>457,822</u>	<u>(36,323)</u>	<u>1,272,264</u>
<u>\$ 30,546</u>	<u>\$ 195,031</u>	<u>\$ 5,468</u>	<u>\$ 569,885</u>	<u>\$ -</u>	<u>\$ 2,344,581</u>

VILLAGE OF MUKWONAGO

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the Year Ended December 31, 2017

	Special Revenue Funds			
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund
REVENUES				
Taxes	\$ 429,549	\$ 300,112	\$ -	\$ -
Intergovernmental	491,392	22,169	-	-
Licenses and permits	-	-	-	34,668
Public charges for services	33,637	159,337	-	-
Investment income	2,270	2,495	2,043	2,124
Other revenues	155,362	-	-	5,238
Total revenues	1,112,210	484,113	2,043	42,030
EXPENDITURES				
Current				
General government	-	-	-	-
Public works	-	476,240	-	3,096
Culture, recreation and education	967,366	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	126,635	-	-	-
Debt Service				
Interest and fees	-	-	-	-
Total expenditures	1,094,001	476,240	-	3,096
Excess (deficiency) of revenues over expenditures	18,209	7,873	2,043	38,934
OTHER FINANCING SOURCES (USES)				
Transfers in	8,000	-	-	-
Transfers out	-	-	-	-
Debt issued	-	-	-	-
Premium on debt issued	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	8,000	-	-	-
Net Changes in Fund Balances	26,209	7,873	2,043	38,934
FUND BALANCES - Beginning of Year	154,891	76,874	89,293	223,898
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 181,100	\$ 84,747	\$ 91,336	\$ 262,832

Capital Projects Funds					
Stormwater Fund	Impact Fee Fund	Library Building Fund	Capital Equipment Fund	TID No. 4 Fund	Total Nonmajor Funds
\$ -	\$ -	\$ -	\$ 100,500	\$ -	\$ 830,161
-	-	-	-	-	513,561
-	95,520	-	-	-	130,188
38,379	-	-	-	-	231,353
175	1,067	75	2,603	-	12,852
-	-	-	-	-	160,600
<u>38,554</u>	<u>96,587</u>	<u>75</u>	<u>103,103</u>	<u>-</u>	<u>1,878,715</u>
-	-	-	1,230	17,154	18,384
11,042	135	-	-	6,673	497,186
-	-	-	-	-	967,366
-	-	-	-	12,496	12,496
-	-	-	320,469	-	447,104
-	-	-	8,035	-	8,035
<u>11,042</u>	<u>135</u>	<u>-</u>	<u>329,734</u>	<u>36,323</u>	<u>1,950,571</u>
<u>27,512</u>	<u>96,452</u>	<u>75</u>	<u>(226,631)</u>	<u>(36,323)</u>	<u>(71,856)</u>
-	-	-	275,000	-	283,000
-	(110,000)	(8,000)	-	-	(118,000)
-	-	-	210,000	-	210,000
-	-	-	8,035	-	8,035
-	-	-	21,678	-	21,678
<u>-</u>	<u>(110,000)</u>	<u>(8,000)</u>	<u>514,713</u>	<u>-</u>	<u>404,713</u>
27,512	(13,548)	(7,925)	288,082	(36,323)	332,857
<u>2,739</u>	<u>208,579</u>	<u>13,393</u>	<u>169,740</u>	<u>-</u>	<u>939,407</u>
<u>\$ 30,251</u>	<u>\$ 195,031</u>	<u>\$ 5,468</u>	<u>\$ 457,822</u>	<u>\$ (36,323)</u>	<u>\$ 1,272,264</u>