

VILLAGE OF MUKWONAGO

Mukwonago, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

VILLAGE OF MUKWONAGO

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INDEPENDENT AUDITORS' REPORT

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, 2019, 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, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note I, Village of Mukwonago adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

As discussed in Note I, Village of Mukwonago adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
May 19, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2019
(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, 2019. Readers are encouraged to consider the information presented here in conjunction with the information provided in the audited Financial Statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The information in this discussion and analysis is intended to serve as an introduction to the Village of Mukwonago's basic financial statements, which are comprised of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The Governmental Activities reported an ending net position of \$4,788,533 at the close of 2019, an increase of \$2,304,372 in net position over the prior year.
- The Business-Type Activity reported \$30,302,160 for 2019, an increase of \$837,091 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 2019 by \$35,090,693 and its net position increased by \$3,141,463 for the same period.
- The Governmental Funds reported ending fund balances of \$12,129,672 which is an increase of \$3,021,113 from 2018.
- \$1,575,596 (unassigned fund balance) of the Governmental Funds fund balances is available to spend at the Village Board's discretion. This is 13% of the total fund balances for Governmental Funds. Of the total unassigned amount, \$1,626,198 is unassigned in the General Fund which is 32% of the General Fund's 2020 budgeted expenditures.
- In 2019, the Village issued \$4,225,000 in General Obligation Notes to fund capital projects and capital equipment replacements for Public Works, the Village Hall and the Police Department and \$2,375,000 in General Obligation Taxable Refunding Bonds to refinance a 2014 debt.
- Through scheduled debt payments and payoffs, the Village paid down \$4,897,625 in General Obligation debt and \$802,504 in Revenue Bonds and \$150,000 in Bond Anticipation Notes (BANs) in 2019. The net effect of all 2019 debt activity including premium amortization is an overall debt increase of \$726,812. The Village will pay down a total of \$3,028,434 in General Obligation debt and \$988,261 in Revenue Bonds and BANs in 2020.

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, 2019
(Unaudited)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (cont.)

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

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

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

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

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

The Village maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Fire and Ambulance fund, Debt Service fund, Tax Incremental District No. 3 fund, Tax Incremental District No. 5 fund and Community Development fund which are all considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non- major government funds is provided in the form of *combining statements* elsewhere in this report.

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Village's own programs. The Village maintains a Tax Collection fund which is a fiduciary 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 29-69 of this report.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2019
(Unaudited)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (cont.)

Supplementary information. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information along with detailed schedules of revenues and expenditures for the general fund. Combining statements and schedules can be found on pages 73-81 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 \$35,090,693 at the close of the most current fiscal year, as presented in the following table.

**VILLAGE OF MUKWONAGO NET POSITION
As of December 31, 2019 and 2018**

	Governmental Activities		Business-type Activities	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 21,694,190	\$ 19,649,090	\$ 5,445,213	\$ 8,124,172
Capital assets	<u>31,623,610</u>	<u>30,541,956</u>	<u>39,037,978</u>	<u>36,604,044</u>
Total assets	<u>53,317,800</u>	<u>50,191,046</u>	<u>44,483,191</u>	<u>44,728,216</u>
Deferred outflows of resources	<u>2,521,702</u>	<u>1,424,779</u>	<u>565,304</u>	<u>432,191</u>
Current and other liabilities	1,378,819	1,838,697	517,271	572,003
Long-term liabilities	<u>40,792,872</u>	<u>38,197,180</u>	<u>14,045,574</u>	<u>14,939,623</u>
Total liabilities	<u>42,171,691</u>	<u>40,035,877</u>	<u>14,562,845</u>	<u>15,511,626</u>
Deferred inflows of resources	<u>8,879,278</u>	<u>9,095,787</u>	<u>183,490</u>	<u>183,712</u>
Net position				
Net investment in capital assets	4,190,285	2,263,796	26,627,178	23,236,532
Restricted	3,865,675	1,647,127	1,170,559	1,752,981
Unrestricted (deficit)	<u>(3,267,427)</u>	<u>(1,426,762)</u>	<u>2,504,423</u>	<u>4,475,556</u>
Total net position	<u>\$ 4,788,533</u>	<u>\$ 2,484,161</u>	<u>\$ 30,302,160</u>	<u>\$ 29,465,069</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, 2019
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

Governmental and Business-Type Activities. Governmental activities increased the Village's net position by \$2,304,372 and Business-Type activities increased the Village's net position by \$837,091. The net effect is an overall increase in the Village's total net position of \$3,141,463.

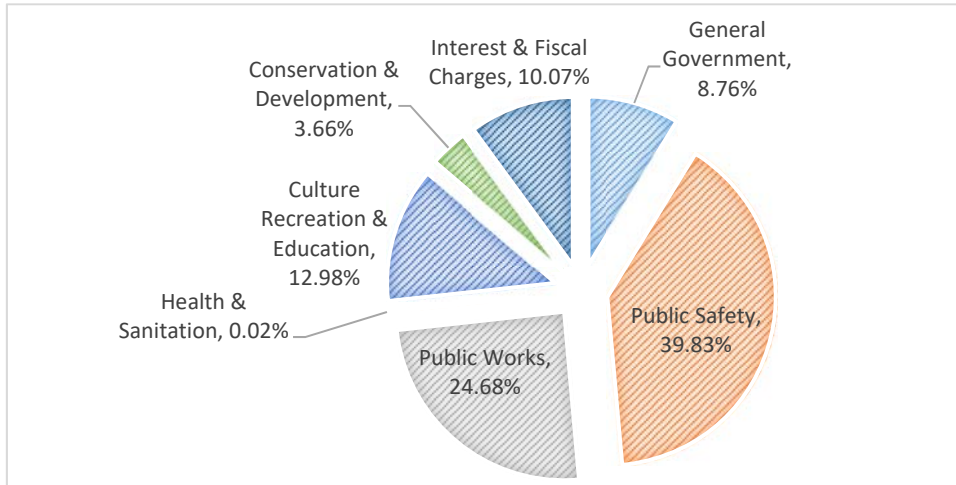
VILLAGE OF MUKWONAGO CHANGES IN NET POSITION
For the years ending December 31, 2019 and 2018

	Governmental		Business-type	
	Activities		Activities	
	2019	2018	2019	2018
Revenues				
Program revenues				
Charges for services	\$ 2,456,581	\$ 2,334,385	\$ 4,060,037	\$ 3,819,263
Operating grants and contributions	1,455,474	1,404,848	-	-
Capital grants and contributions	1,294,121	159,327	514,988	2,871,388
General revenues				
Property and other taxes	6,684,860	6,566,506	-	-
Intergovernmental revenues not restricted to specific programs	429,787	376,249	-	-
Investment income	387,958	339,280	193,926	144,148
Gain on sale of land	1,047,788			
Other	149,691	62,526	-	-
Total revenues	<u>13,906,260</u>	<u>11,243,121</u>	<u>4,768,951</u>	<u>6,834,799</u>
Expenses				
General government	1,014,083	909,291	-	-
Public safety	4,611,656	4,227,246	-	-
Public works	2,856,895	6,489,479	-	-
Health and sanitation	2,746	2,680	-	-
Culture, recreation and education	1,502,479	1,502,608	-	-
Conservation and development	424,248	4,537,561	-	-
Interest and fiscal charges	1,165,341	1,203,998	-	-
Water Utility	-	-	1,922,618	1,643,909
Sewer Utility	-	-	2,033,682	1,817,857
Total expenses	<u>11,577,448</u>	<u>18,872,863</u>	<u>3,956,300</u>	<u>3,461,766</u>
Transfers	(24,440)	211,597	24,440	(211,597)
Increase (decrease) in net position	2,304,372	(7,418,145)	837,091	3,161,436
Net position - January 1	2,484,161	9,902,306	29,465,069	26,303,633
Net position - December 31	<u>\$ 4,788,533</u>	<u>\$ 2,484,161</u>	<u>\$ 30,302,160</u>	<u>\$ 29,465,069</u>

Village of Mukwonago
 Management's Discussion and Analysis
 As of and for the Year Ended December 31, 2019
 (Unaudited)

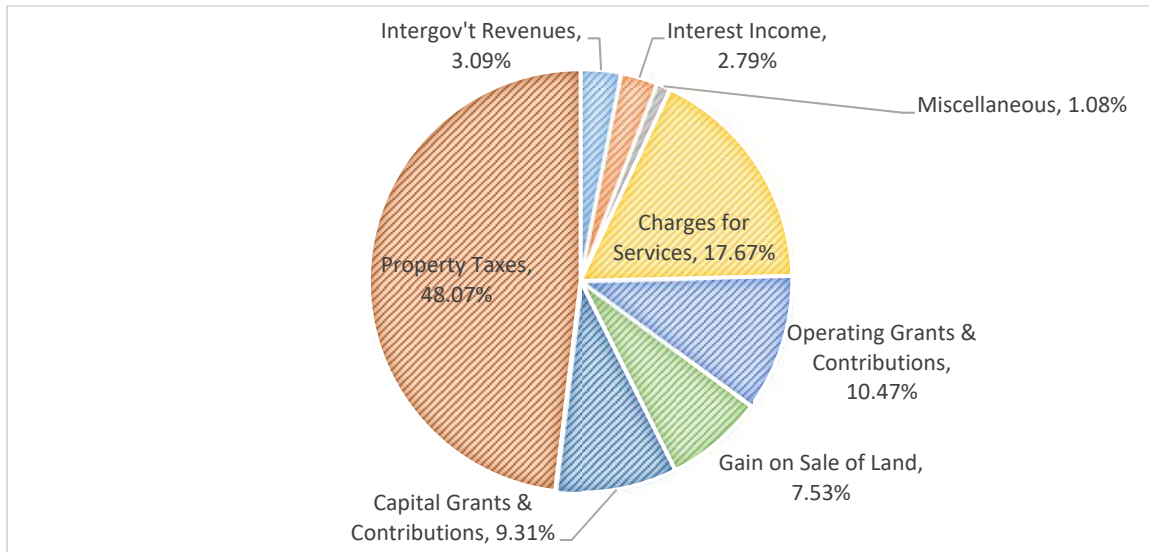
EXPENSES BY FUNCTION – GOVERNMENTAL ACTIVITIES

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 \$837,091. The operating income from business-type activities was \$619,300, with net non-operating expenses of \$321,637 and capital contributions and transfer activity of \$539,428. Operating revenue for the current fiscal year was \$4,059,178 with the operating expense of \$3,439,878.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2019
(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 2019, the percentage shown is of the total 2019 fund balance. There is also comparison to the prior year and an explanation of the change between the two years if significant. The fund balance categories shown in the chart are described as follows:

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

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2019
(Unaudited)

Fund Balances as listed in the Balance Sheet for Governmental Funds	2019	% of Total	2018	Increase (Decrease) from Prior Year	% Change from Prior Year Increase (Decrease)	Explanation of Change
Nonspendable Fund Balances						
General Fund	\$ 39,323		\$ 39,323	\$ -	0.0%	General Fund advance to TID #4
Various - Prepaid	111,527		57,451	54,076	94.1%	Increase in prepaid health insurance and risk insurance costs
	\$ 150,850	1%	\$ 96,774	\$ 54,076	55.9%	
Restricted Fund Balances						
Debt Service	\$ 731,441		\$ 620,291	\$ 111,150	17.9%	Collection of special assessments
TID #3	1,055,052		892,581	162,471	18.2%	Increase in increment over prior year
TID #5	3,674,654		2,585,257	1,089,397	42.1%	Sale of property in TID 5
Stormwater	58,349		46,585	11,764	25.3%	Building reserve for future pond dredging project
Library	207,255		174,895	32,360	18.5%	Cost savings to replenish reserves
Impact Fees	252,621		139,019	113,602	81.7%	Development activity
	\$ 5,979,372	49%	\$ 4,458,628	\$ 1,520,744	34.1%	
Committed Fund Balances						
Fire Dept	\$ 95,576		\$ 111,638	\$ (16,062)	-14.4%	Use of reserves for equipment
Recycling	113,584		99,011	14,573	14.7%	New Development activity
Parkland Site	321,151		245,997	75,154	30.6%	New Development activity
Capital Projects	2,209,518		1,403,317	806,201	57.4%	Reserves for future project
Community Development	195,476		6,691	188,785	2821.5%	Transfer in of General Fund reserves
Revolving Loan	209,361		94,361	115,000	121.9%	Defederalization of CDBG grant
Capital Equipment	308,714		196,663	112,051	57.0%	Reserves for future equipment
	\$ 3,453,380	28%	\$ 2,157,678	\$ 1,295,702	60.1%	
Assigned Fund Balances						
GF - Accrued Sick Leave	\$ 402,304		\$ 393,302	\$ 9,002	2.3%	Use of reserves for payouts
GF - Ambulance Capital	256,093		233,122	22,971	9.9%	Restored Prior Year use of Reserves
GF - Village Designated Use	312,077		175,915	136,162	77.4%	Restored Prior Year use of Reserves
	\$ 970,474	8%	\$ 802,339	\$ 168,135	21.0%	
Unassigned Fund Balances						
General Fund	\$ 1,626,198		\$ 1,632,102	\$ (5,904)	-0.4%	
TID #4	(50,602)		(38,962)	(11,640)	29.9%	General Fund Advance to TID #4
	\$ 1,575,596	13%	\$ 1,593,140	\$ (17,544)	-1.1%	
Total Governmental Funds Fund Balance	\$ 12,129,672	100%	\$ 9,108,559	\$ 3,021,113	33.2%	

General Fund budgetary highlights. The total appropriations, including those for transfers out, were \$5,426,026. Actual expenditures and transfers out were \$5,033,555, resulting in a \$392,471 favorable variance. Total revenues and other financing sources were \$5,226,529, \$199,497 less than the final budget. Details can be found in the required supplemental information at the back of this report.

Fire and Ambulance budgetary highlights. The total appropriations, including those for transfers out, were \$1,400,518. Actual expenditures and transfers out were \$1,411,504, resulting in a \$10,986 unfavorable variance. Total revenues and other financing sources were \$1,418,285, \$24,429 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 December 2018 and January 2019, respectively.

Village of Mukwonago
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2019
(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, 2019 amounts to \$70,661,588 (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, 2019 and 2018

	Governmental Activities		Business-type Activities	
	2019	2018	2019	2018
Land	\$ 1,909,628	\$ 1,909,628	\$ 601,764	\$ 601,764
Construction in progress	268,405	2,426,020	1,356,761	4,649,705
Land improvements	2,179,989	1,450,537	-	-
Buildings and improvements	8,709,836	8,898,799	35,802,092	30,181,442
Machinery and equipment	2,562,173	2,475,408	1,162,246	1,056,018
Roads	11,712,986	10,630,819	-	-
Storm sewers	3,787,172	2,335,379	-	-
Library collection	378,234	388,027	-	-
Intangible assets	115,187	27,339	115,115	115,115
Total	<u>\$ 31,623,610</u>	<u>\$ 30,541,956</u>	<u>\$ 39,037,978</u>	<u>\$ 36,604,046</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, 2019
(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 \$54,838,447. Of this amount, \$26,545,298 comprises debt backed by the full faith and credit of the government, with related premiums balance of \$804,384. There is \$11,657,137 of revenue bonds outstanding and \$13,755,000 in Bond Anticipation Notes that are financed by user fees, with related premiums balance of \$419,912. 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, 2019 and 2018

	Governmental Activities		Business-type Activities	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation debt	\$ 26,545,298	\$ 24,842,923	\$ -	\$ -
Premiums	804,384	755,695	419,912	491,660
Compensated absences	597,524	558,562	11,075	8,322
Net Pension Liability (asset)	920,666	-	127,451	-
Due to other governments	-	115,000	-	-
Revenue bonds	-	-	11,657,137	12,459,641
Bond Anticipation Notes	11,925,000	11,925,000	1,830,000	1,980,000
Total	<u>\$ 40,792,872</u>	<u>\$ 38,197,180</u>	<u>\$ 14,045,575</u>	<u>\$ 14,939,623</u>

The net effect of all debt activity during the current year was total debt increased by \$726,812.

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 \$46,306,875. Total general obligation debt outstanding at year end was \$26,545,298. 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, 2019
(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 2019, Standard & Poor's financial rating service evaluated the Village's financial information and assigned the following ratings for both the new debt and affirmed the rating for existing obligations:

- AA/Stable for the new General Obligation Promissory Note
- AA/Stable for the taxable General Obligation Refunding Bond
- AA/Stable long-term rating affirmed for General Obligation Debt

Factors that contributed to the ratings include:

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

Residential properties represent 69.4% of the tax base, commercial properties are 24.0%, manufacturing properties are 4.6% and agriculture, undeveloped and personal property tax combined are the final 2.0%. As part of its strategic plan, the Village continues to actively seek business growth to better balance the residential tax revenues.

In early 2019, the Village completed the infrastructure projects in Tax Increment District No. 5 which was created in the prior year. To date, three developments have been completed and the district has begun generating tax increment. Interest in the industrial park remains high and we expect it to be built out much sooner than originally projected.

Tax Increment District No. 4 is currently being developed with anticipated completion of four apartment buildings by the end of 2019.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

VILLAGE OF MUKWONAGO

STATEMENT OF NET POSITION As of December 31, 2019

	Governmental Activities	Business - type Activities	Totals
ASSETS			
Cash and investments	\$ 12,851,649	\$ 2,206,325	\$ 15,057,974
Receivables:			
Taxes	7,428,586	5,140	7,433,726
Accounts, net of allowance	287,450	868,752	1,156,202
Due from developer	500,000	-	500,000
Special assessments	225,948	89,929	315,877
Due from other governmental units	18,207	-	18,207
Internal balances	270,823	(270,823)	-
Inventories and prepaid items	111,527	35,048	146,575
Restricted Assets:			
Cash and investments	-	2,510,842	2,510,842
Capital Assets:			
Land	1,909,628	601,764	2,511,392
Construction in progress	268,405	1,356,761	1,625,166
Intangible assets	-	115,115	115,115
Other capital assets, net of depreciation	<u>29,445,577</u>	<u>36,964,338</u>	<u>66,409,915</u>
Total Assets	<u>53,317,800</u>	<u>44,483,191</u>	<u>97,800,991</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	190,051	190,051
Pension related items	<u>2,521,702</u>	<u>375,253</u>	<u>2,896,955</u>
Total Deferred Outflows of Resources	<u>2,521,702</u>	<u>565,304</u>	<u>3,087,006</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>55,839,502</u>	<u>45,048,495</u>	<u>100,887,997</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,336,828	487,271	1,824,099
Deposits	41,991	30,000	71,991
Noncurrent Liabilities:			
Due within one year	3,127,981	990,106	4,118,087
Due in more than one year	<u>37,664,891</u>	<u>13,055,468</u>	<u>50,720,359</u>
Total Liabilities	<u>42,171,691</u>	<u>14,562,845</u>	<u>56,734,536</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	1,275,577	183,490	1,459,067
Unearned revenue	<u>7,603,701</u>	-	<u>7,603,701</u>
Total Deferred Inflows of Resources	<u>8,879,278</u>	<u>183,490</u>	<u>9,062,768</u>
NET POSITION			
Net investment in capital assets	4,190,285	26,627,178	25,818,587
Restricted for			
Debt service	790,261	67,116	857,377
Tax incremental financing	2,550,440	-	2,550,440
Library	213,363	-	213,363
Stormwater	58,990	-	58,990
Impact fees	252,621	635,878	888,499
Equipment replacement	-	467,565	467,565
Unrestricted (deficit)	<u>(3,267,427)</u>	<u>2,504,423</u>	<u>4,235,872</u>
TOTAL NET POSITION	<u>\$ 4,788,533</u>	<u>\$ 30,302,160</u>	<u>\$ 35,090,693</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

<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	\$ 1,014,083	\$ 167,370	\$ 133,868	\$ -
Public safety	4,611,656	1,542,171	133,337	238,781
Public works	2,856,895	694,202	540,344	897,595
Health and sanitation	2,746	-	-	-
Culture, recreation and education	1,502,479	52,293	647,925	157,745
Conservation and development	424,248	545	-	-
Interest and fiscal charges	1,165,341	-	-	-
Total Governmental Activities	<u>11,577,448</u>	<u>2,456,581</u>	<u>1,455,474</u>	<u>1,294,121</u>
Business-type Activities				
Water Utility	1,922,618	2,100,977	-	244,381
Sewer Utility	2,033,682	1,959,060	-	270,607
Total Business-type Activities	<u>3,956,300</u>	<u>4,060,037</u>	<u>-</u>	<u>514,988</u>
Total	<u>\$ 15,533,748</u>	<u>\$ 6,516,618</u>	<u>\$ 1,455,474</u>	<u>\$ 1,809,109</u>

General revenues

 Taxes

 Property taxes levied for general purposes

 Property taxes levied for debt service

 Property taxes levied for TIF

 Other taxes

 Intergovernmental revenues not restricted to specific programs

 Investment income

 Gain on sale of land

 Miscellaneous

 Total general revenues

Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to the financial statements.

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business - type Activities	Totals
\$ (712,845)	\$ -	\$ (712,845)
(2,697,367)	-	(2,697,367)
(724,754)	-	(724,754)
(2,746)	-	(2,746)
(644,516)	-	(644,516)
(423,703)	-	(423,703)
(1,165,341)	-	(1,165,341)
(6,371,272)	-	(6,371,272)
-	422,740	422,740
-	195,985	195,985
-	618,725	618,725
(6,371,272)	618,725	(5,752,547)
3,685,330	-	3,685,330
2,194,034	-	2,194,034
792,039	-	792,039
13,457	-	13,457
429,787	-	429,787
387,958	193,926	581,884
1,047,788	-	1,047,788
149,691	-	149,691
8,700,084	193,926	8,894,010
(24,440)	24,440	-
2,304,372	837,091	3,141,463
2,484,161	29,465,069	31,949,230
\$ 4,788,533	\$ 30,302,160	\$ 35,090,693

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2019

	General Fund	Special Revenue Fund Fire and Ambulance Fund
ASSETS		
Cash and investments	\$ 2,727,665	\$ 171,214
Receivables:		
Taxes	2,671,895	222,854
Accounts, net of allowance	106,097	113,305
Due from developer	-	-
Special assessments	-	-
Due from other governments	-	18,207
Due from other funds	60,672	-
Advance to other fund	39,323	-
Prepaid items	75,172	29,514
TOTAL ASSETS	\$ 5,680,824	\$ 555,094
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 132,265	\$ 20,778
Accrued liabilities	117,429	33,135
Deposits	41,991	-
Due to other funds	-	24,346
Due to other governments	6,077	24,320
Advances from other fund	-	-
Total Liabilities	297,762	102,579
Deferred Inflows of Resources		
Unavailable revenue	-	104,571
Unearned revenue	2,671,895	222,854
Total Deferred Inflows of Resources	2,671,895	327,425
Fund Balances		
Nonspendable	114,495	29,514
Restricted	-	-
Committed	-	95,576
Assigned	970,474	-
Unassigned (deficit)	1,626,198	-
Total Fund Balances	2,711,167	125,090
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,680,824	\$ 555,094

See accompanying notes to the financial statements.

<u>Debt Service Fund</u>	<u>Capital Projects Fund Tax Incremental District No. 3 Fund</u>	<u>Capital Projects Fund Tax Incremental District No. 5 Fund</u>	<u>Capital Projects Fund Community Development Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 731,441	\$ 1,055,052	\$ 4,021,156	\$ 209,851	\$ 3,935,270	\$ 12,851,649
2,457,442	909,717	245,776	-	920,902	7,428,586
-	-	10,613	-	57,435	287,450
-	-	500,000	-	-	500,000
212,934	13,014	-	-	-	225,948
-	-	-	-	-	18,207
-	-	-	-	-	60,672
-	-	245,776	-	-	285,099
-	-	-	-	6,841	111,527
<u>\$ 3,401,817</u>	<u>\$ 1,977,783</u>	<u>\$ 5,023,321</u>	<u>\$ 209,851</u>	<u>\$ 4,920,448</u>	<u>\$ 21,769,138</u>
\$ -	\$ -	\$ 357,115	\$ 14,375	\$ 291,808	\$ 816,341
-	-	-	-	20,440	171,004
-	-	-	-	-	41,991
-	-	-	-	11,279	35,625
-	-	-	-	-	30,397
-	-	-	-	39,323	39,323
-	-	357,115	14,375	362,850	1,134,681
296,513	-	500,000	-	-	901,084
<u>2,373,863</u>	<u>922,731</u>	<u>491,552</u>	<u>-</u>	<u>920,806</u>	<u>7,603,701</u>
<u>2,670,376</u>	<u>922,731</u>	<u>991,552</u>	<u>-</u>	<u>920,806</u>	<u>8,504,785</u>
-	-	-	-	6,841	150,850
731,441	1,055,052	3,674,654	-	518,225	5,979,372
-	-	-	195,476	3,162,328	3,453,380
-	-	-	-	-	970,474
-	-	-	-	(50,602)	1,575,596
<u>731,441</u>	<u>1,055,052</u>	<u>3,674,654</u>	<u>195,476</u>	<u>3,636,792</u>	<u>12,129,672</u>
<u>\$ 3,401,817</u>	<u>\$ 1,977,783</u>	<u>\$ 5,023,321</u>	<u>\$ 209,851</u>	<u>\$ 4,920,448</u>	<u>\$ 21,769,138</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2019

Total Fund Balances - Governmental Funds	\$ 12,129,672
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	268,405
Other capital assets	47,118,979
Less: Accumulated depreciation/amortization	(17,673,402)
Deferred outflows of resources related to pension do not related to current financial resources and are not reported in the governmental funds.	2,521,702
Deferred inflows of resources related to pension do not related to current financial resources and are not reported in the governmental funds.	(1,275,577)
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.	901,084
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	(39,274,682)
Compensated absences	(597,524)
Net pension liability	(920,666)
Accrued interest	(319,086)
	<hr/>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 4,788,533</u></u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

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

For the Year Ended December 31, 2019

	<u>General Fund</u>	<u>Special Revenue Fund Fire and Ambulance Fund</u>
REVENUES		
Taxes	\$ 2,622,943	\$ 218,484
Special assessments	-	-
Intergovernmental	834,756	9,790
Licenses and permits	637,685	-
Fines, forfeitures and penalties	179,023	-
Public charges for services	36,309	934,513
Intergovernmental charges for services	197,904	227,892
Investment income	122,302	1,772
Other revenues	154,021	6,777
Total Revenues	<u>4,784,943</u>	<u>1,399,228</u>
EXPENDITURES		
Current		
General government	771,287	-
Public safety	2,475,218	1,372,079
Public works	842,931	-
Health and human services	2,746	-
Culture, recreation and education	171,459	-
Conservation and development	211,051	-
Capital Outlay	49,456	39,425
Debt Service		
Principal	-	-
Interest and fees	-	-
Total Expenditures	<u>4,524,148</u>	<u>1,411,504</u>
Excess (deficiency) of revenues over expenditures	<u>260,795</u>	<u>(12,276)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	438,051	9,407
Transfers out	(509,407)	-
Debt issued	-	-
Premium on debt issued	-	-
Proceeds from sale of land	-	-
Proceeds from sale of capital assets	3,535	9,650
Total Other Financing Sources (Uses)	<u>(67,821)</u>	<u>19,057</u>
Net Change in Fund Balances	192,974	6,781
FUND BALANCES - Beginning of Year	<u>2,518,193</u>	<u>118,309</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,711,167</u>	<u>\$ 125,090</u>

See accompanying notes to the financial statements.

Debt Service Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	Tax Incremental District No. 3 Fund	Tax Incremental District No. 5 Fund	Community Development Fund		
\$ 2,194,034	\$ 792,039	\$ -	\$ -	\$ 900,264	\$ 6,727,764
107,595	23,321	-	-	-	130,916
-	20,521	-	-	549,482	1,414,549
-	-	790,000	-	321,786	1,749,471
-	-	-	-	-	179,023
-	-	-	-	231,317	1,202,139
-	-	-	-	107,529	533,325
56,410	28,009	80,483	693	99,682	389,351
-	39,825	57,008	-	266,836	524,467
<u>2,358,039</u>	<u>903,715</u>	<u>927,491</u>	<u>693</u>	<u>2,476,896</u>	<u>12,851,005</u>
-	9,624	40,958	2,303	85,883	910,055
-	-	-	-	-	3,847,297
-	-	-	-	576,700	1,419,631
-	-	-	-	-	2,746
-	-	-	-	982,911	1,154,370
-	-	-	6,455	336	217,842
-	-	1,818,558	194,305	1,866,856	3,968,600
3,051,090	1,846,535	-	-	-	4,897,625
484,246	228,089	465,444	-	53,213	1,230,992
<u>3,535,336</u>	<u>2,084,248</u>	<u>2,324,960</u>	<u>203,063</u>	<u>3,565,899</u>	<u>17,649,158</u>
<u>(1,177,297)</u>	<u>(1,180,533)</u>	<u>(1,397,469)</u>	<u>(202,370)</u>	<u>(1,089,003)</u>	<u>(4,798,153)</u>
80,000	108,845	-	438,800	-	1,075,103
-	-	-	(47,645)	(125,000)	(682,052)
1,175,000	1,200,000	1,860,000	-	2,365,000	6,600,000
33,447	34,159	79,078	-	100,548	247,232
-	-	547,788	-	-	547,788
-	-	-	-	18,010	31,195
<u>1,288,447</u>	<u>1,343,004</u>	<u>2,486,866</u>	<u>391,155</u>	<u>2,358,558</u>	<u>7,819,266</u>
111,150	162,471	1,089,397	188,785	1,269,555	3,021,113
<u>620,291</u>	<u>892,581</u>	<u>2,585,257</u>	<u>6,691</u>	<u>2,367,237</u>	<u>9,108,559</u>
<u>\$ 731,441</u>	<u>\$ 1,055,052</u>	<u>\$ 3,674,654</u>	<u>\$ 195,476</u>	<u>\$ 3,636,792</u>	<u>\$ 12,129,672</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds	\$	3,021,113
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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		3,968,600
Some items reported as outlay were not capitalized		(1,260,292)
Depreciation is reported in the government-wide statements		(1,587,422)
Net book value of assets retired		(39,232)

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

Special assessments and ambulance bills		(23,728)
Developer receivable		500,000

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		(6,600,000)
Principal repaid		4,897,625

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		(38,962)
Accrued interest on debt		(132,892)
Net pension liability		(1,672,485)
Deferred inflows/outflows of resources related to pension		1,320,736

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		(247,232)
Amortization of debt premiums		198,543

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	2,304,372
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See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2019

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 751,456	\$ 1,454,869	\$ 2,206,325
Receivables:			
Accounts	480,521	388,231	868,752
Taxes	2,654	2,486	5,140
Inventories	21,870	-	21,870
Prepaid items	7,308	5,870	13,178
Restricted Asset:			
Cash and investments	51,264	49,938	101,202
Total Current Assets	1,315,073	1,901,394	3,216,467
Noncurrent Assets			
Restricted Assets:			
Cash and investments	598,701	1,810,939	2,409,640
Other Asset:			
Special assessments receivable	294	89,635	89,929
Capital Assets:			
Land	585,867	15,897	601,764
Construction in progress	1,305,435	51,326	1,356,761
Intangible assets	-	115,115	115,115
Other capital assets, net of depreciation	20,439,313	16,525,025	36,964,338
Total Noncurrent Assets	22,929,610	18,607,937	41,537,547
Total Assets	24,244,683	20,509,331	44,754,014
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	19,704	170,347	190,051
Pension related items	181,535	193,718	375,253
Total Deferred Outflows of Resources	201,239	364,065	565,304

See accompanying notes to the financial statements.

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 268,311	\$ 162,791	\$ 431,102
Accrued liabilities	8,594	7,732	16,326
Accrued interest payable	3,339	2,418	5,757
Deposits	30,000	-	30,000
Advance due to other funds	245,776	-	245,776
Due to other funds	25,047	-	25,047
Current portion of bonds and notes payable	104,400	75,600	180,000
Current portion of compensated absences	922	923	1,845
Liabilities Payable From Restricted Assets:			
Accrued interest payable	15,753	18,333	34,086
Current portion of revenue bonds	<u>428,968</u>	<u>379,293</u>	<u>808,261</u>
Total Current Liabilities	<u>1,131,110</u>	<u>647,090</u>	<u>1,778,200</u>
Noncurrent Liabilities			
Long-Term Debt:			
Net pension liability	64,350	63,101	127,451
Bonds and notes payable	5,906,529	7,012,258	12,918,787
Compensated absences	<u>4,615</u>	<u>4,615</u>	<u>9,230</u>
Total Noncurrent Liabilities	<u>5,975,494</u>	<u>7,079,974</u>	<u>13,055,468</u>
Total Liabilities	<u>7,106,604</u>	<u>7,727,064</u>	<u>14,833,668</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	<u>87,330</u>	<u>96,160</u>	<u>183,490</u>
NET POSITION			
Net investment in capital assets	16,506,382	10,120,796	26,627,178
Restricted for			
Equipment replacement	-	467,565	467,565
Impact fees	2,741	633,137	635,878
Debt service	35,511	31,605	67,116
Unrestricted	<u>707,354</u>	<u>1,797,069</u>	<u>2,504,423</u>
TOTAL NET POSITION	<u>\$ 17,251,988</u>	<u>\$ 13,050,172</u>	<u>\$ 30,302,160</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
OPERATING REVENUES	\$ 2,100,852	\$ 1,958,326	\$ 4,059,178
OPERATING EXPENSES			
Operation and maintenance	1,151,071	1,004,642	2,155,713
Depreciation	525,402	716,794	1,242,196
Taxes	22,745	19,224	41,969
Total Operating Expenses	1,699,218	1,740,660	3,439,878
Operating Income	401,634	217,666	619,300
NONOPERATING REVENUES (EXPENSES)			
Investment income	92,735	101,191	193,926
Miscellaneous income (expense)	125	734	859
Gain (loss) on asset disposal	(12,001)	(20,126)	(32,127)
Interest and fiscal charges	(211,399)	(272,896)	(484,295)
Total Nonoperating Revenues (Expense)	(130,540)	(191,097)	(321,637)
Income Before Capital Contributions and Transfers	271,094	26,569	297,663
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital contributions	441,606	490,873	932,479
Transfers in	-	10,000	10,000
Transfers out	(394,552)	(8,499)	(403,051)
Total Capital Contributions and Transfers	47,054	492,374	539,428
Change in Net Position	318,148	518,943	837,091
NET POSITION - Beginning of Year	16,933,840	12,531,229	29,465,069
NET POSITION - END OF YEAR	\$ 17,251,988	\$ 13,050,172	\$ 30,302,160

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,163,552	\$ 2,000,490	\$ 4,164,042
Paid to suppliers for goods and services	(896,112)	(668,717)	(1,564,829)
Paid to employees for services	(270,218)	(252,283)	(522,501)
Net Cash Flows From Operating Activities	997,222	1,079,490	2,076,712
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	92,743	101,309	194,052
Net Cash Flows From Investing Activities	92,743	101,309	194,052
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(384,552)	(8,499)	(393,051)
Transfers in (out)	(10,000)	10,000	-
Net Cash Flows From Noncapital Financing Activities	(394,552)	1,501	(393,051)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(503,389)	(449,115)	(952,504)
Interest and fees paid	(245,905)	(261,094)	(506,999)
Advance from other funds	(790,000)	-	(790,000)
Special assessments received	32,737	33,410	66,147
Acquisition and construction of capital assets	(1,320,641)	(1,951,971)	(3,272,612)
Impact fees received	211,791	145,171	356,962
Net Cash Flows From Capital and Related Financing Activities	(2,615,407)	(2,483,599)	(5,099,006)
Net Change in Cash and Cash Investments	(1,919,994)	(1,301,299)	(3,221,293)
CASH AND CASH INVESTMENTS - Beginning of Year	3,321,415	4,617,045	7,938,460
CASH AND CASH INVESTMENTS - END OF YEAR	\$ 1,401,421	\$ 3,315,746	\$ 4,717,167

See accompanying notes to the financial statements.

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME			
TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 401,634	\$ 217,666	\$ 619,300
Miscellaneous nonoperating activities	125	734	859
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	525,402	716,794	1,242,196
Depreciation charged to other funds	29,180	(29,180)	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources			
Accounts receivable	771	70,610	71,381
Materials and supplies	3,614	-	3,614
Prepaid items	(5,016)	(2,403)	(7,419)
Due from municipality	32,624	-	32,624
Accounts payable	6,656	79,090	85,746
Due to municipality	(17,344)	-	(17,344)
Accrued liabilities	1,373	1,377	2,750
Compensated absences	1,513	1,424	2,937
Pension related deferrals and liabilities	15,690	23,378	39,068
Customer deposits	1,000	-	1,000
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 997,222</u>	<u>\$ 1,079,490</u>	<u>\$ 2,076,712</u>
RECONCILIATION OF CASH AND CASH			
EQUIVALENTS TO THE STATEMENT OF			
NET POSITION - PROPRIETARY FUNDS			
Cash and investments - statement of net position	\$ 751,456	\$ 1,454,869	\$ 2,206,325
Restricted cash and investments - statement of net position	649,965	1,860,877	2,510,842
CASH AND CASH EQUIVALENTS	<u>\$ 1,401,421</u>	<u>\$ 3,315,746</u>	<u>\$ 4,717,167</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	<u>\$ 197,225</u>	<u>\$ 220,266</u>	
Special assessments levied	<u>\$ 32,590</u>	<u>\$ 397,392</u>	
Capital assets financed through accounts payable	<u>\$ 144,394</u>	<u>\$ 36,730</u>	
Amortization of debt premium	<u>\$ 35,434</u>	<u>\$ 36,313</u>	
Amortization of loss on refunding	<u>\$ (2,626)</u>	<u>\$ (49,125)</u>	
Advance from other funds	<u>\$ 159,860</u>	<u>\$ -</u>	

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND As of December 31, 2019

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
ASSETS	
Cash and investments	\$ 8,454,608
Taxes receivable	<u>185,835</u>
Total Assets	<u>8,640,443</u>
LIABILITIES	
Accounts payable	20,806
Due to other governments	<u>8,619,637</u>
Total Liabilities	<u>8,640,443</u>
NET POSITION	<u>\$ -</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND

For the Year Ended December 31, 2019

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
ADDITIONS	
Tax collections	\$ 8,376,277
Total Additions	<u>8,376,277</u>
DEDUCTIONS	
Payments to overlying districts	<u>8,376,277</u>
Total Deductions	<u>8,376,277</u>
Change in Fiduciary Net Position	-
NET POSITION - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ -</u>

See accompanying notes to the financial statements.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

In January 2017, the GASB issued statement No. 84 - Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

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, 2019

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

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

Fund Financial Statements

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

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

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

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

The village reports the following major governmental funds:

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

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

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

Tax Incremental District (TID) No. 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.

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

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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
Capital Project Fund	

In addition, the village reports the following fund types:

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

Tax Collection Fund

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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 utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2019, there were \$396,160 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, 2019

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

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

Fund Financial Statements (cont.)

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

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

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

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

1. Deposits and Investments (cont.)

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

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

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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, 2019, 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 – 2019 tax roll:

Table with 2 columns: Description and Date. Rows include: Lien date and levy date (December 2019), Tax bills mailed (December 2019), Payment in full, or First installment due (January 31, 2020), Second installment due (April 30, 2020), Third installment due (July 31, 2020), Personal property taxes in full (January 31, 2020), Tax sale – 2019 delinquent real estate taxes (October 2022).

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, 2019

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, 2019

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. 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, 2019

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. 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.

7. 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, 2019, 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, 2019

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.)

8. Long-Term Obligations/Conduit Debt

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

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

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

The village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRBs are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2019, the principal amount for the 2001 series outstanding was \$230,962; the original issue amount was \$2,300,000. In 2018, the village issued two new industrial revenue bonds. The original issue amounts were \$8,000,000 and \$3,836,755; the principal balances for the 2018 series bonds at December 31, 2019 were \$7,858,352 and \$3,836,755 respectively.

9. 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.

10. Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin on November 26, 2018.

Sewer Utility

Current sewer rates were approved by the Village Board on December 17, 2013. New sewer rates for 2020 sewer billings were approved by the Village Board on November 12, 2019.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

11. Equity Classifications

Government–Wide Statements

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

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

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net Investment in capital assets	\$ 4,190,285	\$ 26,627,178	\$ (4,998,876)	\$ 25,818,587
Unrestricted (deficit)	(2,267,427)	2,504,423	4,998,876	5,235,872

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, 2019

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

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

11. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through 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, 2019, the village's unassigned fund balance was \$1,626,198 which exceeded the required fund balance of \$1,220,622.

See Note III. G. for further information.

12. 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, 2019

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

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

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, 2019, the following individual fund held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Capital Projects Fund - Tax Incremental District No. 4	\$ 50,602	Tax increment generated in 2019 was not enough to cover expenses incurred in 2019 to prepare the site for development.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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	\$ 8,077,020	\$ 8,128,353	Custodial credit
LGIP	17,946,004	17,946,004	Credit
Petty Cash	400	-	N/A
Total Deposits and Investments	<u>\$ 26,023,424</u>	<u>\$ 26,074,357</u>	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investment	\$ 15,057,974		
Restricted cash and investment	2,510,842		
Per statement of assets and liabilities - agency fund			
	8,454,608		
Total Deposits and Investments	<u>\$ 26,023,424</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing the custodial risk.

The village maintains collateral agreements with its banks. At December 31, 2019, the banks had pledged various government securities in the amount of \$4,521,695 to secure the village’s deposits.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

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

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

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

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for \$212,934 of special assessments.

Governmental funds report unavailable or unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period.

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 7,357,925	\$ -
Ambulance receivable	-	104,571
Water impact fees for TID No. 5 Project	245,776	-
Amount due from TID No. 5 Developer Letter of Credit	-	500,000
Special assessments not yet due	-	212,934
Special assessments principal and interest on tax roll	-	<u>83,579</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 7,603,701</u>	<u>\$ 901,084</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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, 2019:

	Restricted Assets
Water redemption - current	\$ 51,264
Water reserve	595,960
Water impact fee	2,741
Sewer redemption - current	49,938
Sewer reserve	710,237
Sewer impact fee	633,137
Equipment replacement	467,565
	<hr/>
Total	\$ 2,510,842

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 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	2,426,020	210,752	2,368,367	268,405
Total Capital Assets Not Being Depreciated	4,335,648	210,752	2,368,367	2,178,033
Capital assets being depreciated/amortized				
Land improvements	1,831,573	813,229	-	2,644,802
Buildings	11,767,145	52,017	-	11,819,162
Machinery and equipment	5,231,417	437,357	314,583	5,354,191
Roads	19,937,509	1,848,242	-	21,785,751
Storm sewers	2,988,260	1,519,154	-	4,507,414
Library collection	799,130	84,179	93,118	790,191
Intangible assets	114,494	111,745	8,771	217,468
Total Capital Assets Being Depreciated/Amortized	42,669,528	4,865,923	416,472	47,118,979
Total Capital Assets	47,005,176	5,076,675	2,784,839	49,297,012
Less: Accumulated depreciation/amortization for				
Land improvements	(381,036)	(83,777)	-	(464,813)
Buildings	(2,868,346)	(240,980)	-	(3,109,326)
Machinery and equipment	(2,756,009)	(311,800)	275,791	(2,792,018)
Roads	(9,306,690)	(766,075)	-	(10,072,765)
Storm sewers	(652,881)	(67,361)	-	(720,242)
Library collection	(411,103)	(93,972)	93,118	(411,957)
Intangible assets	(87,155)	(23,457)	8,331	(102,281)
Total Accumulated Depreciation/Amortization	(16,463,220)	(1,587,422)	377,240	(17,673,402)
Net Capital Assets Being Depreciated/Amortized	26,206,308	3,278,501	39,232	29,445,577
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 30,541,956	\$ 3,489,253	\$ 2,407,599	\$ 31,623,610

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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	\$ 63,486
Public Safety	261,130
Public works, which includes depreciation of infrastructure	960,438
Culture, recreation and education	<u>302,368</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 1,587,422</u>

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Sewer				
Capital assets not being depreciated				
Land	\$ 15,897	\$ -	\$ -	\$ 15,897
Intangible assets	115,115	-	-	115,115
Construction in progress	<u>2,222,648</u>	-	<u>2,171,322</u>	<u>51,326</u>
Total Capital Assets Not Being Depreciated	<u>2,353,660</u>	-	<u>2,171,322</u>	<u>182,338</u>
Capital Assets Being depreciated				
Buildings and improvements	21,979,460	3,973,764	832,881	25,120,343
Machinery and equipment	<u>1,930,053</u>	<u>139,473</u>	<u>60,074</u>	<u>2,009,452</u>
Total Capital Assets Being Depreciated	<u>23,909,513</u>	<u>4,113,237</u>	<u>892,955</u>	<u>27,129,795</u>
Total Capital Assets	<u>26,263,173</u>	<u>4,113,237</u>	<u>3,064,277</u>	<u>27,312,133</u>
Less: Accumulated Depreciation for				
Buildings and improvements	(9,060,310)	(627,131)	832,880	(8,854,561)
Machinery and equipment	<u>(1,729,675)</u>	<u>(60,483)</u>	<u>39,949</u>	<u>(1,750,209)</u>
Total Accumulated Depreciation	<u>(10,789,985)</u>	<u>(687,614)</u>	<u>872,829</u>	<u>(10,604,770)</u>
Net Capital Assets Being Depreciated	<u>13,119,528</u>	<u>3,425,623</u>	<u>20,126</u>	<u>16,525,025</u>
Net Sewer Capital Assets	<u>\$ 15,473,188</u>	<u>\$ 3,425,623</u>	<u>\$ 2,191,448</u>	<u>\$ 16,707,363</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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	\$ 585,867	\$ -	\$ -	\$ 585,867
Construction in progress	<u>2,427,057</u>	<u>-</u>	<u>1,121,622</u>	<u>1,305,435</u>
Total Capital Assets Not Being Depreciated	<u>3,012,924</u>	<u>-</u>	<u>1,121,622</u>	<u>1,891,302</u>
Capital assets being depreciated				
Buildings and improvements	22,175,339	2,702,378	4,294	24,873,423
Machinery and equipment	<u>2,536,505</u>	<u>190,585</u>	<u>121,701</u>	<u>2,605,389</u>
Total Capital Assets being Depreciated	<u>24,711,844</u>	<u>2,892,963</u>	<u>125,995</u>	<u>27,478,812</u>
Total Capital Assets	<u>27,724,768</u>	<u>2,892,963</u>	<u>1,247,617</u>	<u>29,370,114</u>
Less: accumulated depreciation for				
Buildings and improvements	(4,913,047)	(428,360)	4,294	(5,337,113)
Machinery and equipment	<u>(1,680,865)</u>	<u>(126,221)</u>	<u>104,700</u>	<u>(1,702,386)</u>
Total Accumulated Depreciation	<u>(6,593,912)</u>	<u>(554,581)</u>	<u>108,994</u>	<u>(7,039,499)</u>
Net Capital Assets Being Depreciated	<u>18,117,932</u>	<u>2,338,382</u>	<u>17,001</u>	<u>20,439,313</u>
Net Water Capital Assets	<u>\$ 21,130,856</u>	<u>\$ 2,338,382</u>	<u>\$ 1,138,623</u>	<u>\$ 22,330,615</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 36,604,044</u>	<u>\$ 5,764,005</u>	<u>\$ 3,330,071</u>	<u>\$ 39,037,978</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities	
Sewer	\$ 716,794
Water	<u>525,402</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 1,242,196</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, 2019

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	Special Revenue Fund - Fire and Ambulance Fund	\$ 24,346
General Fund	Water Utility	25,047
General Fund	Capital Projects Fund - TID No.	11,279
Total Fund Financial Statements		60,672
Less: Fund Eliminations		(35,625)
Plus: Advances		245,776
Total Internal Balances - Government-Wide Statement of Net Position		\$ 270,823
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 270,823
Business-type Activities	Governmental Activities	-
Total Government-Wide Financial Statements		\$ 270,823

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, 2019

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

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

Advances

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

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

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Due Within One Year
General Fund	Capital Projects Fund - Tax Increment District No. 4	\$ 39,323	\$ 39,323
Capital Projects Fund - Tax Increment District No. 5	Water Utility	<u>245,776</u>	245,776
Total Fund Financial Statements		285,099	
Less: Fund Eliminations		<u>(39,323)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Position			<u>\$ 245,776</u>

Capital Projects Fund – Tax Incremental District No. 4 recorded its first increment in 2019 and the advance will be repaid from the revenues once a sufficient amount has been recognized.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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	\$ 8,499	Payment in lieu of taxes
General Fund	Water Utility	384,552	Payment in lieu of taxes
Debt Service Fund	Special Revenue Fund - Impact Fee Fund	80,000	To fund debt service
General Fund	Special Revenue Fund - Impact Fee Fund	45,000	Replenish reserve for funds used in fire station remodel
Capital Projects Fund - Community Development Fund	Capital Projects Fund - Tax Incremental District No. 3 Fund	47,645	Refund prior year engineering costs
Capital Projects Fund - Community Development Fund	General Fund	438,800	Reallocate funds for projects
Special Revenue Fund - Fire and Ambulance Fund	General Fund	9,407	Settlement with the Town
Capital Projects Fund - Tax Incremental District No. 3 Fund	General Fund	61,200	Transfer for building purposes
Sewer Utility	Water Utility	<u>10,000</u>	To pay for rental cost of equipment
Total - Fund Financial Statements		\$ 1,085,103	
Less: Fund eliminations		(692,052)	
Less: Capital assets contributed to Enterprise Funds		<u>(417,491)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ (24,440)</u>	
Transfer In	Transfer Out	Amount	
Governmental Activities	Business-type Activities	\$ 393,051	
Business-type Activities	Governmental Activities	<u>(417,491)</u>	
Total Government-Wide Financial Statements		<u>\$ (24,440)</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend then, (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, 2019

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds & Notes Payable					
General obligation debt	\$ 24,842,923	\$ 6,600,000	\$ 4,897,625	\$ 26,545,298	\$ 3,028,434
Bond anticipation notes	11,925,000	-	-	11,925,000	-
Premiums	755,695	247,232	198,543	804,384	-
Total Bonds & Notes Payable	37,523,618	6,847,232	5,096,168	39,274,682	3,028,434
Other Liabilities					
Compensated absences	558,562	38,962	-	597,524	99,547
Net pension liability	-	920,666	-	920,666	-
Due to other governments	115,000	-	115,000	-	-
Total Other Liabilities	673,562	959,628	115,000	1,518,190	99,547
Total Governmental Activities Long-Term Liabilities	\$ 38,197,180	\$ 7,806,860	\$ 5,211,168	\$ 40,792,872	\$ 3,127,981
Business-Type Activities					
Bonds & Notes Payable					
Revenue bonds	\$ 12,459,641	\$ -	\$ 802,504	\$ 11,657,137	\$ 808,261
Bond anticipation notes	1,980,000	-	150,000	1,830,000	180,000
Premiums	491,660	-	71,748	419,912	-
Total Bonds & Notes Payable	14,931,301	-	1,024,252	13,907,049	988,261
Other Liabilities					
Compensated absences	8,322	2,753	-	11,075	1,845
Net pension liability	-	127,451	-	127,451	-
Total Other Liabilities	8,322	130,204	-	138,526	1,845
Total Business Type Activities Long-Term Liabilities	\$ 14,939,623	\$ 130,204	\$ 1,024,252	\$ 14,045,575	\$ 990,106

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, 2019, was \$46,306,875. Total general obligation debt outstanding at year end was \$26,545,298.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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 12/31/2019
Refunding Promissory Notes (TID #3)	11/1/2011	10/1/2021	1.0-3.0%	\$ 3,675,000	\$ 1,950,000
GO Refunding Bonds (TID #3)	11/1/2012	10/1/2026	1.0-2.5%	3,620,000	1,950,000
GO Refunding Bonds	11/20/2013	12/1/2022	1.0-2.65%	3,000,000	1,225,000
GO Note	11/30/2014	2/15/2022	0.00%	27,468	10,298
GO Promissory Note	4/1/2015	4/1/2025	1.0-3.0%	6,785,000	4,935,000
GO Promissory Note	7/6/2016	10/1/2026	2.00%	3,100,000	1,900,000
GO Promissory Note	11/1/2017	10/1/2026	2.0-3.0%	1,400,000	1,300,000
GO Promissory Note	6/1/2018	10/1/2026	3.0-3.25%	2,145,000	2,000,000
GO Refunding Bonds	9/5/2018	12/1/2026	2.0-3.5%	5,375,000	4,675,000
GO Taxable Refunding Bonds	2/20/2019	3/1/2026	3.0-4.0%	2,375,000	2,375,000
GO Promissory Note	2/20/2019	3/1/2028	2.0-3.5%	4,225,000	<u>4,225,000</u>
Total Government Activities - General Obligation Debt					<u>\$ 26,545,298</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities	
	Principal	Interest
2020	\$ 3,028,434	\$ 827,316
2021	4,553,434	645,925
2022	3,178,430	522,925
2023	3,300,000	439,456
2024	3,510,000	346,806
2025-2028	<u>8,975,000</u>	<u>501,656</u>
Totals	<u>\$ 26,545,298</u>	<u>\$ 3,284,084</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

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

The village has pledged future revenues, net of specified operating expenses, to repay revenue bonds issued in various years. Proceeds from the bonds provided financing for the variety of water and sewer projects. The bonds are payable solely from water and sewer revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require 51% of net revenues. The total principal and interest remaining to be paid on the bonds is \$14,629,413. Principal and interest paid for the current year and total customer revenues were \$1,234,428 and \$2,056,281 respectively.

Revenue debt payable at December 31, 2019, 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 12/31/2019</u>
Revenue Bonds	1/1/2008	12/1/2026	4.00-4.75%	\$ 2,281,280	\$ 1,425,800
Revenue Bonds	12/1/2010	12/1/2021	2.00-4.625%	1,376,948	765,948
Revenue Bonds	7/6/2016	12/1/2029	2.00-3.00%	3,596,423	3,200,123
Revenue Bonds	6/1/2018	12/1/2033	4.00%	1,095,000	<u>1,065,000</u>
				Total Sewer Utility	<u>6,456,871</u>
<u>Water Utility</u>					
Revenue Bonds	4/29/2002	5/1/2022	2.75%	627,355	87,137
Revenue Bonds	1/1/2008	12/1/2026	4.00-4.75%	918,720	574,200
Revenue Bonds	12/1/2010	12/1/2021	2.00-4.625%	1,543,052	409,052
Revenue Bonds	7/6/2016	12/1/2029	2.00-3.00%	1,848,577	1,644,877
Revenue Bonds	6/1/2018	12/1/2033	4.00%	2,555,000	<u>2,485,000</u>
				Total Water Utility	<u>5,200,266</u>
Total Business-type Activities – Revenue Debt					<u>\$ 11,657,137</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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>
2020	\$ 808,261	\$ 406,158
2021	819,038	380,270
2022	809,838	353,473
2023	845,000	327,900
2024	910,000	299,025
2025-2029	4,915,000	963,200
2030-2033	<u>2,550,000</u>	<u>242,250</u>
Totals	<u>\$ 11,657,137</u>	<u>\$ 2,972,276</u>

Bond Anticipation Notes

Governmental Activities

<u>Bond Anticipation Notes</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/2019</u>
Taxable Note Anticipation Note	3/20/2018	12/1/2022	3.875%	\$ 4,225,000	\$ 4,225,000
Revenue Bond Anticipation Note	6/1/2018	6/1/2021	3.375%	7,700,000	<u>7,700,000</u>
Total Business-type Activities					<u>\$ 11,925,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ -	\$ 423,594
2021	7,700,000	293,657
2022	<u>4,225,000</u>	<u>163,719</u>
Totals	<u>\$ 11,925,000</u>	<u>\$ 880,970</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

Business-type Activities

Bond Anticipation Notes	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2019
Sewer bond anticipation notes	12/21/2016	12/1/2021	3.75-4.00%	\$ 957,600	\$ 768,600
Water bond anticipation notes	12/21/2016	12/1/2021	3.75-4.00%	1,322,400	<u>1,061,400</u>
Total Business-type Activities					<u>\$ 1,830,000</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities	
	Principal	Interest
2020	\$ 180,000	\$ 69,076
2021	<u>1,650,000</u>	<u>61,872</u>
Totals	<u>\$ 1,830,000</u>	<u>\$ 130,948</u>

Other Debt Information

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

Current Refunding

On February 20, 2019, the village issued \$2,375,000 in general obligation notes with an average coupon rate of 3.89% along with \$100,000 of existing funds to refund \$2,475,000 of outstanding notes with an average coupon rate of 2.50%. The proceeds of the debt were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$2,505,937 for 2019. The cash flow requirements on the 2019A G.O. refunding bonds is \$2,738,189 from 2019 through 2026. The current refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$70,022.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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, 2019, includes the following:

Governmental Activities

Net investment in capital assets	
Land	\$ 1,909,628
Construction in progress	268,405
Other capital assets, net of accumulated depreciation	29,445,577
Less: Long-term debt outstanding, including premiums	(39,274,682)
Plus: Unspent capital related debt proceeds	3,546,285
Plus: Non-capital debt outstanding	<u>8,295,072</u>
Total Net Investment in Capital Assets	<u>4,190,285</u>
Restricted for	
Debt service	790,261
TID #3	1,008,958
TID #5	1,541,482
Impact fees	252,621
Stormwater	58,989
Library	<u>213,364</u>
Total Restricted	<u>3,865,675</u>
Unrestricted (deficit)	<u>(3,267,427)</u>
Total Governmental Activities Net Position	<u>\$ 4,788,533</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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, 2019, include the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Funds			Nonmajor Governmental Funds	Totals
		Fire and Ambulance Fund		Tax Incremental District No. 3 Fund	Tax Incremental District No. 5 Fund	Community Development Fund		
Fund Balances								
Nonspendable:								
Prepaid Items	\$ 75,172	\$ 29,514	\$ -	\$ -	\$ -	\$ -	\$ 6,841	\$ 111,527
Advances	39,323	-	-	-	-	-	-	39,323
Restricted for:								
Debt Service	-	-	731,441	1,055,052	-	-	-	1,786,493
Capital Projects	-	-	-	-	3,674,654	-	-	3,674,654
Impact Fees	-	-	-	-	-	-	252,621	252,621
Stormwater	-	-	-	-	-	-	58,349	58,349
Library	-	-	-	-	-	-	207,255	207,255
Committed to:								
Fire & ambulance	-	95,576	-	-	-	-	-	95,576
Revolving Loan	-	-	-	-	-	-	209,361	209,361
Capital equipment	-	-	-	-	-	-	308,714	308,714
Recycling	-	-	-	-	-	-	113,584	113,584
Capital Projects	-	-	-	-	-	-	2,209,518	2,209,518
Parkland Site Development	-	-	-	-	-	-	321,151	321,151
						195,476	-	195,476
Assigned to:								
Accrued sick pay	402,304	-	-	-	-	-	-	402,304
Ambulance	256,093	-	-	-	-	-	-	256,093
Other	312,077	-	-	-	-	-	-	312,077
Unassigned (deficit)	<u>1,626,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,602)</u>	<u>1,575,596</u>
Total Fund Balances	<u>\$ 2,711,167</u>	<u>\$ 125,090</u>	<u>\$ 731,441</u>	<u>\$ 1,055,052</u>	<u>\$ 3,674,654</u>	<u>\$ 195,476</u>	<u>\$ 3,636,792</u>	<u>\$ 12,129,672</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

G. NET POSITION/FUND BALANCES (cont.)

BUSINESS-TYPE ACTIVITIES

Net investment in capital assets	
Land	\$ 716,879
Construction work in progress	1,356,761
Capital assets, net of accumulated depreciation	36,964,338
Less: Long-term debt outstanding, including premiums	(13,907,048)
Plus: Noncapital debt proceeds	1,306,197
Plus: Deferred charge on refunding	190,051
Total Investment in Capital Assets	<u>26,627,178</u>
Restricted for	
Debt service	67,116
Equipment replacement	467,565
Impact Fees	635,878
Total Restricted	<u>1,170,559</u>
Unrestricted	<u>2,504,423</u>
Total Business-type Activities Net Position	<u>\$ 30,302,160</u>

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

ETF issues a standalone 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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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>
2009	(2.1)%	(42)%
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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 \$307,171 in contributions from the village.

Contribution rates for the plan year reported as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.70%	6.70%
Protective with Social Security	6.70%	10.70%
Protective without Social Security	6.70%	14.90%

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

At December 31, 2019, the village reported a liability of \$1,048,117 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, the village's proportion was 0.02946065%, which was an increase of 0.00088240% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the village recognized pension expense of \$751,770.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2019, 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	\$ 816,324	\$ 1,442,968
Changes in assumptions	176,674	-
Net differences between projected and actual earnings on pension plan investments	1,530,704	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,625	16,099
Employer contributions subsequent to the measurement date	369,628	-
Total	\$ 2,896,955	\$ 1,459,067

\$369,628 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflow of Resources and Deferred Inflow of Resources (net)
2020	\$ 388,875
2021	93,590
2022	168,061
2023	417,734

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

**No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

VILLAGE OF MUKWONAGO

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
<u>Variable Fund Asset Class</u>			
US Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

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

Single discount rate. A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond 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, 2019

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 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
Village's proportionate share of the net pension liability (asset)	<u>\$ 4,165,329</u>	<u>\$ 1,048,117</u>	<u>\$ (1,269,770)</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, 2019, the village reported a payable to the pension plan of \$70,540 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, 2019

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. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of Construction Period*
- Statement No. 91, *Conduit Debt Obligations*

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, 2019, the total amount contributed was \$96,570. Of this amount, \$49,743 was contributed by the employer and \$46,827 was contributed by the employee. Total contributions for the years ending December 31, 2018 and 2017 were \$77,083 and \$73,713 respectively. The employer's contribution each year was equal to the required amount.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,619,167	\$ 2,619,167	\$ 2,622,943	\$ 3,776
Intergovernmental	778,785	796,090	834,756	38,666
Licenses and permits	423,963	423,963	637,685	213,722
Fines, forfeitures and penalties	156,000	156,000	179,023	23,023
Public charges for services	32,044	32,044	36,309	4,265
Interdepartmental charges for services	203,526	203,526	197,904	(5,622)
Investment income	49,500	49,500	122,302	72,802
Other revenues	147,685	156,555	154,021	(2,534)
Total Revenues	<u>4,410,670</u>	<u>4,436,845</u>	<u>4,784,943</u>	<u>348,098</u>
EXPENDITURES				
Current				
General government	814,437	814,437	771,287	43,150
Public safety	2,579,397	2,579,397	2,475,218	104,179
Public works	883,671	883,671	842,931	40,740
Health and sanitation	2,800	2,800	2,746	54
Culture, recreation and education	185,372	185,372	171,459	13,913
Conservation and development	259,139	259,139	211,051	48,088
Capital Outlay	<u>25,000</u>	<u>46,500</u>	<u>49,456</u>	<u>(2,956)</u>
Total Expenditures	<u>4,749,816</u>	<u>4,771,316</u>	<u>4,524,148</u>	<u>247,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(339,146)</u>	<u>(334,471)</u>	<u>260,795</u>	<u>595,266</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	485,646	985,646	438,051	(547,595)
Transfers out	(146,500)	(654,710)	(509,407)	145,303
Proceeds from sale of capital assets	<u>-</u>	<u>3,535</u>	<u>3,535</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>339,146</u>	<u>334,471</u>	<u>(67,821)</u>	<u>(402,292)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>192,974</u>	<u>\$ 192,974</u>
FUND BALANCE - Beginning of Year			<u>2,518,193</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,711,167</u>	

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

VILLAGE OF MUKWONAGO

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - FIRE AND AMBULANCE SPECIAL REVENUE FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 218,484	\$ 218,484	\$ 218,484	\$ -
Intergovernmental	6,000	6,000	9,790	3,790
Public charges for services	989,396	989,396	934,513	(54,883)
Intergovernmental charges for services	218,484	218,484	227,892	9,408
Investment income	700	700	1,772	1,072
Miscellaneous	-	-	6,777	6,777
Total Revenues	1,433,064	1,433,064	1,399,228	(33,836)
EXPENDITURES				
Current				
Public safety	1,364,518	1,364,518	1,372,079	(7,561)
Capital Outlay	36,000	36,000	39,425	(3,425)
Total Expenditures	1,400,518	1,400,518	1,411,504	(10,986)
Excess (deficiency) of revenues over (under) expenditures	32,546	32,546	(12,276)	(44,822)
OTHER FINANCING USES				
Transfers In	-	-	9,407	9,407
Proceeds from sale of capital assets	-	-	9,650	9,650
Total Other Financing Sources (Uses)	-	-	19,057	19,057
Net Change in Fund Balance	\$ 32,546	\$ 32,546	6,781	\$ (25,765)
FUND BALANCE - Beginning of Year			118,309	
FUND BALANCE - END OF YEAR			\$ 125,090	

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

VILLAGE OF MUKWONAGO

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2019

WRS Fiscal Year End	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.026733910%	\$ (656,658)	\$ 3,077,565	21.34%	102.74%
12/31/15	0.026568060%	431,726	3,289,656	13.12%	98.20%
12/31/16	0.027133260%	223,643	3,387,425	6.60%	99.12%
12/31/17	0.028578250%	(848,522)	3,605,474	23.53%	102.93%
12/31/18	0.029460650%	1,048,117	3,617,138	28.98%	96.45%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2019

Village Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 333,545	\$ 333,545	\$ -	\$ 3,289,656	10.14%
12/31/16	309,468	309,468	-	3,387,425	9.14%
12/31/17	347,820	347,820	-	3,605,475	9.65%
12/31/18	360,953	360,953	-	3,617,356	9.98%
12/31/19	369,628	369,628	-	3,877,945	9.53%

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

VILLAGE OF MUKWONAGO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
As of and for the Year Ended December 31, 2019

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 WRS.

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

SUPPLEMENTARY INFORMATION

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF REVENUES - BUDGET TO ACTUAL - GENERAL FUND For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
TAXES				
General property taxes	\$ 2,604,077	\$ 2,604,077	\$ 2,604,139	\$ 62
Public accomodation (room) taxes	6,000	6,000	13,457	7,457
Interest and penalties on taxes	9,090	9,090	5,347	(3,743)
Total Taxes	<u>2,619,167</u>	<u>2,619,167</u>	<u>2,622,943</u>	<u>3,776</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	209,893	209,893	210,553	660
Exempt computer aid	31,203	31,203	31,538	335
State aid - law enforcement improvements	8,080	25,385	35,399	10,014
State aid - general transportation aids	493,643	493,643	493,416	(227)
Other state payments	35,966	35,966	63,850	27,884
Total Intergovernmental Revenues	<u>778,785</u>	<u>796,090</u>	<u>834,756</u>	<u>38,666</u>
LICENSES AND PERMITS				
Other regulatory permits and fees	560	560	660	100
Liquor and malt beverage	16,500	16,500	16,342	(158)
Operators' licenses	8,200	8,200	10,269	2,069
Cigarette licenses	1,400	1,400	1,633	233
Cable television franchise fees	94,940	94,940	100,219	5,279
Bicycle licenses	12	12	1	(11)
Dog and cat licenses	2,868	2,868	2,432	(436)
Nonbusiness licenses	2,851	2,851	3,010	159
Other permits	29,218	29,218	40,488	11,270
Building permits	121,414	121,414	241,826	120,412
Electrical permits	40,000	40,000	58,763	18,763
Plumbing permits	30,000	30,000	40,587	10,587
Occupancy permits	14,000	14,000	33,723	19,723
Zoning permits and fees	7,000	7,000	14,342	7,342
Plan review fees	30,000	30,000	29,887	(113)
Heating and air conditioning permits	25,000	25,000	43,503	18,503
Total Licenses and Permits	<u>423,963</u>	<u>423,963</u>	<u>637,685</u>	<u>213,722</u>

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF REVENUES - BUDGET TO ACTUAL - GENERAL FUND For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
FINES, FORFEITURES AND PENALTIES				
Court fines	\$ 140,000	\$ 140,000	\$ 164,364	\$ 24,364
Parking Violations	16,000	16,000	14,659	(1,341)
Total Fines, Forfeitures and Penalties	<u>156,000</u>	<u>156,000</u>	<u>179,023</u>	<u>23,023</u>
PUBLIC CHARGES FOR SERVICES				
Publication fees	540	540	561	21
Photocopies	4,040	4,040	3,441	(599)
Treasurer's fees	8,000	8,000	8,680	680
Law enforcement fees	8,100	8,100	5,367	(2,733)
Fire protection fees	10,000	10,000	15,611	5,611
Other public charges for services	1,364	1,364	2,649	1,285
Total Public Charges for Services	<u>32,044</u>	<u>32,044</u>	<u>36,309</u>	<u>4,265</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Local - law enforcement services	188,476	188,476	177,803	(10,673)
Local - ambulance services	8,000	8,000	8,052	52
Local - other services	7,050	7,050	12,049	4,999
Total Intergovernmental Charges for Services	<u>203,526</u>	<u>203,526</u>	<u>197,904</u>	<u>(5,622)</u>
INVESTMENT INCOME				
Investment Income	<u>49,500</u>	<u>49,500</u>	<u>122,302</u>	<u>72,802</u>
OTHER REVENUES				
Rent	18,685	18,685	14,554	(4,131)
Miscellaneous revenue	4,000	4,000	5,599	1,599
Donations	125,000	133,870	133,868	(2)
Total Other Revenues	<u>147,685</u>	<u>156,555</u>	<u>154,021</u>	<u>(2,534)</u>
TOTAL REVENUES	<u>\$ 4,410,670</u>	<u>\$ 4,436,845</u>	<u>\$ 4,784,943</u>	<u>\$ 348,098</u>

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CURRENT				
GENERAL GOVERNMENT				
Village board	\$ 54,829	\$ 54,829	\$ 78,078	\$ (23,249)
Historical preservation comission	400	400	154	246
Municipal court	43,727	43,727	41,420	2,307
Village attorney	78,780	78,780	94,435	(15,655)
Village administrator	202,999	202,999	169,857	33,142
Village clerk/treasurer	202,128	213,928	209,205	4,723
Elections	22,800	11,000	5,212	5,788
Independent audit	13,000	13,000	11,606	1,394
Assessment of property	19,850	19,850	19,318	532
Risk and property insurance	132,800	132,800	95,364	37,436
Village hall	42,324	42,324	39,429	2,895
Other	-	-	5,797	(5,797)
Board of appeals	800	800	1,412	(612)
Total General Government	<u>814,437</u>	<u>814,437</u>	<u>771,287</u>	<u>43,150</u>
PUBLIC SAFETY				
Police department	2,330,277	2,330,277	2,238,402	91,875
Building inspection	231,025	231,025	215,219	15,806
Emergency government	2,350	2,350	-	2,350
Fire Station	5,803	5,803	14,479	(8,676)
Dam	9,942	9,942	7,118	2,824
Total Public Safety	<u>2,579,397</u>	<u>2,579,397</u>	<u>2,475,218</u>	<u>104,179</u>
PUBLIC WORKS				
Engineering	50,000	50,000	65,214	(15,214)
Public Works Administration	312,951	312,951	283,129	29,822
Machinery operation and maintenance	96,031	96,031	86,706	9,325
Garage and sheds	51,509	51,509	49,093	2,416
Curb and gutter	25,550	25,550	24,043	1,507
Garbage Collection	5,081	5,081	4,252	829
Street signs	14,574	14,574	11,262	3,312
Bridges, culverts, and rivers	5,455	5,455	22	5,433
Street cleaning	16,915	16,915	13,188	3,727
Snow and ice control	117,083	117,083	110,472	6,611
Alleys and local purpose roads	14,465	14,465	14,342	123
Street lighting	159,800	159,800	163,751	(3,951)
Storm sewer maintenance	14,257	14,257	17,457	(3,200)
Total Public Works	<u>883,671</u>	<u>883,671</u>	<u>842,931</u>	<u>40,740</u>

VILLAGE OF MUKWONAGO

DETAILED SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CURRENT (continued)				
HEALTH AND HUMAN SERVICES				
Public health services	\$ 2,800	\$ 2,800	\$ 2,746	\$ 54
CULTURE, RECREATION AND EDUCATION				
Museum	10,700	10,700	7,517	3,183
Parks	167,790	167,790	158,047	9,743
Celebration and entertainment	6,882	6,882	5,895	987
Total Culture, Recreation and Education	<u>185,372</u>	<u>185,372</u>	<u>171,459</u>	<u>13,913</u>
CONSERVATION AND DEVELOPMENT				
Forestry	46,600	46,600	58,833	(12,233)
Weed control	1,427	1,427	1,006	421
Planning commission	138,186	138,186	95,261	42,925
Economic development	59,926	59,926	44,130	15,796
Environmental protection	13,000	13,000	11,821	1,179
Total Conservation and Development	<u>259,139</u>	<u>259,139</u>	<u>211,051</u>	<u>48,088</u>
CAPITAL OUTLAY				
Capital expenditures	<u>25,000</u>	<u>46,500</u>	<u>49,456</u>	<u>(2,956)</u>
TOTAL EXPENDITURES	<u>\$ 4,749,816</u>	<u>\$ 4,771,316</u>	<u>\$ 4,524,148</u>	<u>\$ 247,168</u>

VILLAGE OF MUKWONAGO

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET As of December 31, 2019

	Special Revenue Funds			
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund
ASSETS				
Cash and investments	\$ 236,784	\$ 106,097	\$ 209,361	\$ 321,151
Receivables:				
Taxes	455,695	318,591	-	-
Accounts	-	49,467	-	-
Prepaid Items	6,108	92	-	-
Total Assets	\$ 698,587	\$ 474,247	\$ 209,361	\$ 321,151
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 9,252	\$ 42,076	\$ -	\$ -
Accrued liabilities	20,277	-	-	-
Due to other funds	-	-	-	-
Advance from other fund	-	-	-	-
Total Liabilities	29,529	42,076	-	-
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Unearned revenue	455,695	318,495	-	-
Total Deferred Inflows of Resources	455,695	318,495	-	-
Fund Balances (deficit)				
Nonspendable	6,108	92	-	-
Restricted	207,255	-	-	-
Committed	-	113,584	209,361	321,151
Unassigned (deficit)	-	-	-	-
Total Fund Balances (deficit)	213,363	113,676	209,361	321,151
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
	\$ 698,587	\$ 474,247	\$ 209,361	\$ 321,151

Capital Projects Funds					
Stormwater Fund	Impact Fee Fund	Capital Equipment Fund	Capital Project Fund	Tax Incremental District No. 4 Fund	Total Nonmajor Governmental Funds
\$ 50,789	\$ 252,621	\$ 355,602	\$ 2,402,865	\$ -	\$ 3,935,270
-	-	106,080	-	40,536	920,902
7,968	-	-	-	-	57,435
641	-	-	-	-	6,841
<u>\$ 59,398</u>	<u>\$ 252,621</u>	<u>\$ 461,682</u>	<u>\$ 2,402,865</u>	<u>\$ 40,536</u>	<u>\$ 4,920,448</u>
\$ 245	\$ -	\$ 46,888	\$ 193,347	\$ -	\$ 291,808
163	-	-	-	-	20,440
-	-	-	-	11,279	11,279
-	-	-	-	39,323	39,323
<u>408</u>	<u>-</u>	<u>46,888</u>	<u>193,347</u>	<u>50,602</u>	<u>362,850</u>
-	-	-	-	-	-
-	-	106,080	-	40,536	920,806
-	-	106,080	-	40,536	920,806
641	-	-	-	-	6,841
58,349	252,621	-	-	-	518,225
-	-	308,714	2,209,518	-	3,162,328
-	-	-	-	(50,602)	(50,602)
<u>58,990</u>	<u>252,621</u>	<u>308,714</u>	<u>2,209,518</u>	<u>(50,602)</u>	<u>3,636,792</u>
<u>\$ 59,398</u>	<u>\$ 252,621</u>	<u>\$ 461,682</u>	<u>\$ 2,402,865</u>	<u>\$ 40,536</u>	<u>\$ 4,920,448</u>

VILLAGE OF MUKWONAGO

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the Year Ended December 31, 2019

	Special Revenue Funds			
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund
REVENUES				
Taxes	\$ 446,760	\$ 312,236	\$ -	\$ -
Special assessments	-	-	-	-
Intergovernmental	502,554	22,198	-	-
Licenses and permits	-	-	-	54,663
Public charges for services	33,846	197,471	-	-
Intergovernmental charges for services	-	-	-	-
Investment income	7,541	6,066	-	6,284
Other revenues	131,836	-	115,000	20,000
Total revenues	1,122,537	537,971	115,000	80,947
EXPENDITURES				
Current				
General government	-	-	-	-
Public works	-	523,306	-	2,293
Culture, recreation and education	982,911	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	107,509	-	-	3,500
Debt Service				
Interest and fees	-	-	-	-
Total expenditures	1,090,420	523,306	-	5,793
Excess (deficiency) of revenues over expenditures	32,117	14,665	115,000	75,154
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Debt issued	-	-	-	-
Premium on debt issued	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Changes in Fund Balances	32,117	14,665	115,000	75,154
FUND BALANCES (DEFICIT) - Beginning of Year	181,246	99,011	94,361	245,997
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 213,363	\$ 113,676	\$ 209,361	\$ 321,151

Capital Projects Funds					
Stormwater Fund	Impact Fee Fund	Capital Equipment Fund	Capital Project Fund	Tax Incremental District No. 4 Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 104,000	\$ -	\$ 37,268	\$ 900,264
-	-	-	-	-	-
-	-	-	24,730	-	549,482
32,789	234,334	-	-	-	321,786
-	-	-	-	-	231,317
-	-	107,529	-	-	107,529
1,058	4,440	8,579	63,885	1,829	99,682
-	-	-	-	-	266,836
<u>33,847</u>	<u>238,774</u>	<u>220,108</u>	<u>88,615</u>	<u>39,097</u>	<u>2,476,896</u>
-	-	1,829	320	83,734	85,883
21,442	172	-	-	29,487	576,700
-	-	-	-	-	982,911
-	-	-	-	336	336
-	-	675,046	990,619	90,182	1,866,856
-	-	12,150	37,688	3,375	53,213
<u>21,442</u>	<u>172</u>	<u>689,025</u>	<u>1,028,627</u>	<u>207,114</u>	<u>3,565,899</u>
<u>12,405</u>	<u>238,602</u>	<u>(468,917)</u>	<u>(940,012)</u>	<u>(168,017)</u>	<u>(1,089,003)</u>
-	-	-	-	-	-
-	(125,000)	-	-	-	(125,000)
-	-	540,000	1,675,000	150,000	2,365,000
-	-	22,958	71,213	6,377	100,548
-	-	18,010	-	-	18,010
-	(125,000)	580,968	1,746,213	156,377	2,358,558
12,405	113,602	112,051	806,201	(11,640)	1,269,555
<u>46,585</u>	<u>139,019</u>	<u>196,663</u>	<u>1,403,317</u>	<u>(38,962)</u>	<u>2,367,237</u>
<u>\$ 58,990</u>	<u>\$ 252,621</u>	<u>\$ 308,714</u>	<u>\$ 2,209,518</u>	<u>\$ (50,602)</u>	<u>\$ 3,636,792</u>