

Village of Mukwonago

Financial Statements and
Supplementary Information

December 31, 2020

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, 2020, 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, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
June 4, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of Mukwonago

Management's Discussion and Analysis
(Unaudited)
December 31, 2020

The Village of Mukwonago's (Village) management offers this overview and analysis of the Village's financial activities for the fiscal year ended December 31, 2020. 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 \$3,704,456 at the close of 2020, a decrease of \$1,084,077 in net position over the prior year.
- The Business-Type Activity reported an ending net position of \$30,839,337 for 2020, an increase of \$537,177 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 2020 by \$34,543,793 and its net position decreased by \$546,900 for the same period.
- The Governmental Funds reported ending fund balances of \$12,851,339 which is an increase of \$721,667 from 2019.
- \$1,816,879 (unassigned fund balance) of the Governmental Funds fund balances is available to spend at the Village Board's discretion. This is 14 percent of the total fund balances for Governmental Funds. Of the total unassigned amount, \$1,816,879 is unassigned in the General Fund which is 36 percent of the General Fund's 2021 budgeted expenditures.
- In 2020, the Village issued \$4,590,000 in General Obligation Notes to fund capital projects and capital equipment replacements for Public Works, the Village Hall and the Police Department and \$1,240,000 in General Obligation Taxable Refunding Bonds to refinance a 2011 debt.
- Through scheduled debt payments and payoffs, the Village paid down \$4,703,434 in General Obligation debt and \$808,261 in Revenue Bonds and \$180,000 in Bond Anticipation Notes (BANs) in 2020. The net effect of all 2020 debt activity including premium amortization is an overall debt increase of \$310,690. The Village will pay down a total of \$2,878,434 in General Obligation debt and \$10,169,040 in Revenue Bonds and BANs in 2021.

Village of Mukwonago

Management's Discussion and Analysis

(Unaudited)

December 31, 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.

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

Village of Mukwonago

Management's Discussion and Analysis
(Unaudited)
December 31, 2020

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-59 of this report.

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 64-69 of this report.

Village of Mukwonago

Management's Discussion and Analysis

(Unaudited)

December 31, 2020

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 \$34,543,793 at the close of the most current fiscal year, as presented in the following table.

	Net Position			
	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Current and other assets	\$ 24,633,099	\$ 21,694,190	\$ 4,351,343	\$ 5,445,213
Capital assets	31,179,906	31,623,610	39,592,661	39,037,978
Total assets	55,813,005	53,317,800	43,944,004	44,483,191
Deferred outflows of resources	2,058,730	2,521,702	421,445	565,304
Current and other liabilities	1,835,125	1,378,819	313,609	517,271
Long-term liabilities	41,245,214	40,792,872	12,860,500	14,045,574
Total liabilities	43,080,339	42,171,691	13,174,109	14,562,845
Deferred inflows of resources	11,086,940	8,879,278	352,003	183,490
Net Position				
Net investment in capital assets	1,529,839	4,190,285	28,173,823	26,627,178
Restricted	4,602,409	3,865,675	1,588,500	1,170,559
Unrestricted (deficit)	(2,427,792)	(3,267,427)	1,077,014	2,504,423
Total net position	\$ 3,704,456	\$ 4,788,533	\$ 30,839,337	\$ 30,302,160

Net position is comprised of three components:

Net Investment in Capital Assets reflects the Village's investment in capital assets (e.g. land, buildings, equipment and infrastructure) less any related debt used to acquire those assets. The Village uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's net investment of capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted represents resources that are subject to external restrictions on how they may be used.

Unrestricted is the remaining amount available to spend at the Village Board's discretion.

Village of Mukwonago

Management's Discussion and Analysis

(Unaudited)

December 31, 2020

Governmental and Business-Type Activities

Governmental activities decreased the Village's net position by \$1,084,077 and Business-Type activities increased the Village's net position by \$537,177. The net effect is an overall decrease in the Village's total net position of \$546,900.

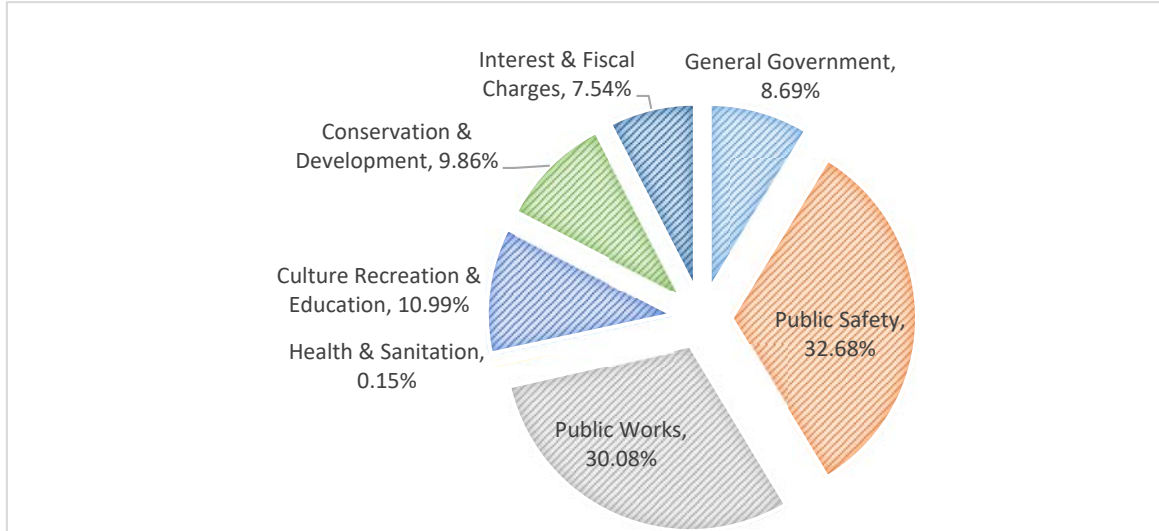
	Changes in Net Position			
	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Revenues:				
Program revenues:				
Charges for services	\$ 2,444,606	\$ 2,456,581	\$ 4,057,360	\$ 4,060,037
Operating grants and contributions	1,726,473	1,455,474	-	-
Capital grants and contributions	212,802	1,294,121	690,169	514,988
General revenues:				
Property and other taxes	7,329,869	6,684,860	-	-
Intergovernmental revenues not restricted to specific programs	535,718	429,787	-	-
Investment income	161,625	387,958	51,894	193,926
Gain on sale of land	-	1,047,788	-	-
Other	112,650	149,691	-	-
Total revenues	<u>12,523,743</u>	<u>13,906,260</u>	<u>4,799,423</u>	<u>4,768,951</u>
Expenses:				
General government	1,219,062	1,014,083	-	-
Public safety	4,585,187	4,611,656	-	-
Public works	4,221,156	2,856,895	-	-
Health and sanitation	21,195	2,746	-	-
Culture, recreation and education	1,542,440	1,502,479	-	-
Conservation and development	1,384,140	424,248	-	-
Interest and fiscal charges	1,057,974	1,165,341	-	-
Water utility	-	-	1,766,583	1,922,618
Sewer Utility	-	-	2,072,329	2,033,682
Total expenses	<u>14,031,154</u>	<u>11,577,448</u>	<u>3,838,912</u>	<u>3,956,300</u>
Transfers	<u>423,334</u>	<u>(24,440)</u>	<u>(423,334)</u>	<u>24,440</u>
Increase (decrease) in net position	(1,084,077)	2,304,372	537,177	837,091
Net position, January 1	<u>4,788,533</u>	<u>2,484,161</u>	<u>30,302,160</u>	<u>29,465,069</u>
Net position, December 31	<u>\$ 3,704,456</u>	<u>\$ 4,788,533</u>	<u>\$ 30,839,337</u>	<u>\$ 30,302,160</u>

Village of Mukwonago

Management's Discussion and Analysis
(Unaudited)
December 31, 2020

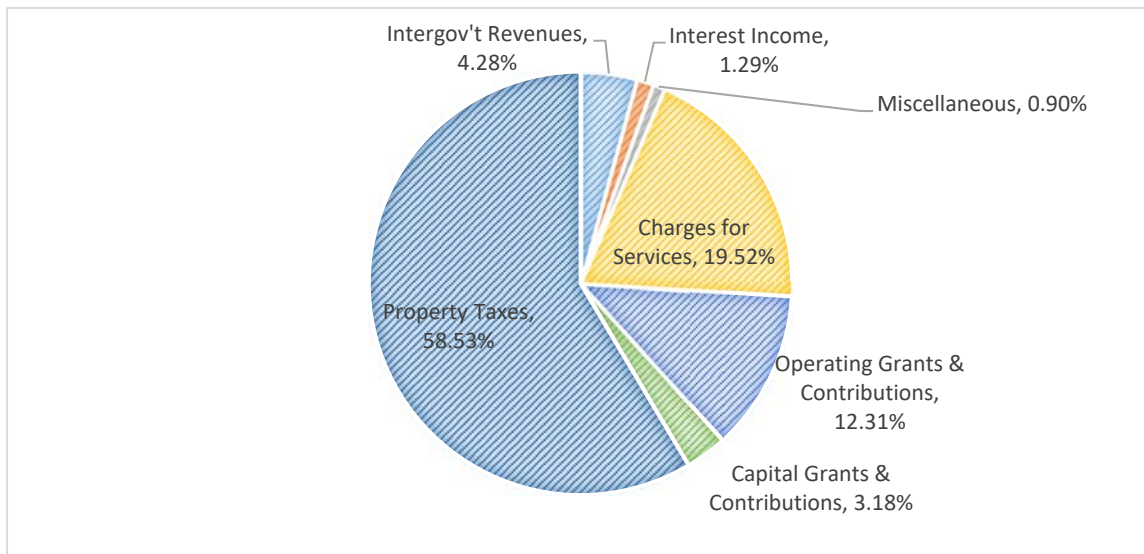
Expenses by Function - Governmental Activities

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 \$537,177. The operating income from business-type activities was \$645,302, with net non-operating expenses of \$374,960 and capital contributions and transfer activity of \$266,835. Operating revenue for the current fiscal year was \$4,055,799 with the operating expense of \$3,410,497.

Village of Mukwonago

Management's Discussion and Analysis
(Unaudited)
December 31, 2020

Financial Analysis of the Governments 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 2020, the percentage shown is of the total 2020 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 Department, Library and Recycling operating funds
- Assigned - Constraints are placed on the use of funds for specific purposes by the Village Board but can be reallocated by a Village Board designee
 - Accrued sick leave, Fire Dept capital and Village designated use funds
- Unassigned - funds are available for spending at the Village Board's discretion, net of negative fund balances

Village of Mukwonago

Management's Discussion and Analysis (Unaudited) December 31, 2020

Fund Balances as Listed in the Balance Sheet for Governmental Funds

	2020	Percent of Total	2019	Increase (Decrease) From Prior Year	Percent Change From Prior Year Increase (Decrease)	Explanation of Change
Nonspendable Fund Balances:						
General Fund	\$ -		\$ 39,323	(39,323)	(100) %	General Fund advance to TID #4 paid back in 2020
Various, prepaid	60,880		111,527	(50,647)	(45.4)	Year end payroll allocation decreased by 2 days over prior year
	<u>\$ 60,880</u>	<u>- %</u>	<u>\$ 150,850</u>	<u>(89,970)</u>	<u>(59.6) %</u>	
Restricted Fund Balance:						
Debt service TID #3	\$ 1,010,026		\$ 731,441	278,585	38.1	Collection of special assessments
TID #4	888,534		1,055,052	(166,518)	(15.8)	Use of reserves in debt refunding
TID #5	63,465		-	63,465		Reclassification of positive fund balance
Stormwater Community Development	3,306,204		3,674,654	(369,450)	(10.1)	Use of reserves to pay interest on debt
Library	79,435		58,349	21,086	36.1	Building reserve for future pond dredging project
Impact fees	1,000		-	1,000	100.0	Escrow for land purchase
	264,943		207,255	57,688	27.8	Cost savings to replenish reserves
	311,339		252,621	58,718	23.2	Development activity
	<u>\$ 5,923,946</u>	<u>46 %</u>	<u>\$ 5,979,372</u>	<u>(944,960)</u>	<u>(0.9) %</u>	
Committed Fund Balance:						
Fire Department	\$ 171,959		\$ 95,576	76,383	79.9	Building reserve for equipment replacement & potential revenue shortfall
Recycling	117,898		113,584	4,314	3.8	New development activity
Parkland site	235,450		321,151	(85,701)	(26.7)	Use of reserves for Park project
Capital projects	1,614,859		2,209,518	(594,659)	(26.9)	Use of reserves for capital projects
Community development	1,206,922		195,476	1,012,446	517.9	Reserve for capital project delayed
Revolving loan	185,118		209,361	(24,243)	(11.6)	Use of reserves for predevelopment site prep
Capital equipment	388,926		308,714	80,212	26.0	Reserves for future equipment
	<u>\$ 3,921,132</u>	<u>31 %</u>	<u>\$ 3,453,380</u>	<u>468,752</u>	<u>13.6 %</u>	
Assigned Fund Balance:						
GF, accrued sick leave	405,349		402,304	3,045	0.8	Interest earnings
GF, ambulance capital	287,124		256,093	1,487	0.6	Interest earnings
GF, Village designated use	436,029		312,077	123,952	39.7	Minimal use of reserves due to COVID
	<u>\$ 1,128,502</u>	<u>9 %</u>	<u>\$ 970,474</u>	<u>128,484</u>	<u>13.2 %</u>	
Unassigned Fund Balance						
General Fund	\$ 1,816,879		\$ 1,626,198	220,225	13.5	
TID #4	-		(50,602)	50,602	(100.0)	General Fund advance to TID #4
	<u>\$ 1,846,423</u>	<u>14 %</u>	<u>\$ 1,575,596</u>	<u>270,827</u>	<u>17.2 %</u>	
Total governmental funds:						
Fund balance	<u>\$ 12,851,339</u>	<u>100 %</u>	<u>\$ 12,129,672</u>	<u>(166,867)</u>	<u>5.9 %</u>	

Village of Mukwonago

Management's Discussion and Analysis
(Unaudited)
December 31, 2020

General Fund Budgetary Highlights

The total appropriations, including those for transfers out, were \$5,017,757. Actual expenditures and transfers out were \$4,985,445, resulting in a \$32,312 favorable variance. Total revenues and other financing sources were \$5,017,757, \$249,508 more than the final budget. Details can be found in the required supplemental information at the back of this report.

Fire and Ambulance budgetary highlights. The total appropriations, including those for transfers out, were \$1,774,759. Actual expenditures and transfers out were \$1,561,142, resulting in a \$213,617 favorable variance. Total revenues and other financing sources were \$1,615,769, \$158,990 less than the final budget. Details can be found in the required supplemental information at the back of this report.

Proprietary funds

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

User charge rates for the Water Utility and Sewer Utility funds were implemented in November 2018 and November 2019, respectively.

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, 2020 amounts to \$70,772,567 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment, roads, storm sewers, library collection, and software.

	Capital Assets (Net of Accumulated Depreciation)			
	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Land	\$ 1,909,628	\$ 1,909,628	\$ 601,764	\$ 601,764
Construction in progress	696,178	268,405	65,057	1,356,761
Land improvements	2,220,771	2,179,989	-	-
Buildings and improvements	8,593,154	8,709,836	37,157,893	35,802,092
Machinery and equipment	2,713,982	2,562,173	1,652,832	1,162,246
Roads	10,917,024	11,712,986	-	-
Storm sewers	3,697,023	3,787,172	-	-
Library collection	345,593	378,234	-	-
Intangible assets	86,553	115,187	115,115	115,115
Total	<u>\$ 31,179,906</u>	<u>\$ 31,623,610</u>	<u>\$ 39,592,661</u>	<u>\$ 39,037,978</u>

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

Village of Mukwonago

Management's Discussion and Analysis

(Unaudited)

December 31, 2020

Long-Term Obligations

At the end of the current fiscal year, the Village had total debt outstanding of \$54,105,714. Of this amount, \$27,671,864 comprises debt backed by the full faith and credit of the government, with related premiums balance of \$1,048,518. There is \$10,848,876 of revenue bonds outstanding and \$13,575,000 in Bond Anticipation Notes that are financed by user fees, with related premiums balance of \$348,163. The remainder of the Village's obligations represents accumulated sick pay benefits.

	Long-Term Obligations			
	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
General obligation debt	\$ 27,671,864	\$ 26,545,298	\$ -	\$ -
Premiums	1,048,518	804,384	348,163	419,912
Compensated absences	599,832	597,524	13,461	11,075
Net Pension Liability	-	920,666	-	127,451
Due to other governments	-	-	-	-
Revenue bonds	-	-	10,848,876	11,657,137
Bond Anticipation Notes	11,925,000	11,925,000	1,650,000	1,830,000
Total	<u>\$ 41,245,214</u>	<u>\$ 40,792,872</u>	<u>\$ 12,860,500</u>	<u>\$ 14,045,575</u>

The net effect of all debt activity during the current year was total debt decreased by \$732,735.

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 \$49,649,745. Total general obligation debt outstanding at year end was \$27,671,864. Additional information on the Village of Mukwonago's long-term debt can be found in Note 3.

Economic Factors and Other Budget Notes

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

In the process of issuing debt in 2020, Standard & Poor's financial rating service evaluated the Village's financial information and assigned the following ratings for the new debt obligations:

- AA/Stable for the new General Obligation Promissory Note
- AA/Stable for the taxable General Obligation Promissory Note

Village of Mukwonago

Management's Discussion and Analysis
(Unaudited)
December 31, 2020

Factors that contributed to the ratings include:

- Very strong budgetary flexibility with available fund balances in fiscal 2019 of 52 percent of operating expenditures.
- Very strong liquidity, with total government available cash at 91.3 percent of total governmental fund expenditures and 3.3x governmental debt service.
- Strong management with good financial policies and practices under S&P's Financial Management Assessment (FMA) methodology:
 - Adopted policies related to fund balance and debt
 - Monthly reporting of budget-to-actual results and treasury balances to the Village board
 - A multi-year capital plan
- Strong economy with access to a broad-and-diverse metropolitan statistical area (MSA).

Residential properties represent 66.95 percent of the tax base, commercial properties are 25.06 percent, manufacturing properties are 5.46 percent and agriculture, undeveloped and personal property tax combined are the final 2.53 percent. 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, six developments have been completed we expect it to be built out much sooner than originally projected.

Tax Increment District No. 4 is currently being developed. The Pointe Apartments, consisting of four buildings and 87 units, was completed in 2020. Three other development proposals have been presented to the Village Board for consideration.

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, Mukwonago, WI 53149.

BASIC FINANCIAL STATEMENTS

Village of Mukwonago

Statement of Net Position
December 31, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Assets			
Cash and investments	\$ 14,339,244	\$ 697,956	\$ 15,037,200
Receivables:			
Taxes	8,153,806	20,048	8,173,854
Accounts, net of allowance	321,815	938,418	1,260,233
Due from developer	500,000	-	500,000
Special assessments	91,202	1,689	92,891
Due from other governmental units	67,765	-	67,765
Internal balances	245,776	(245,776)	-
Inventories and prepaid items	60,880	28,742	89,622
Restricted assets:			
Cash and investments	-	2,786,292	2,786,292
Net pension asset	852,611	123,974	976,585
Capital assets:			
Land	1,909,628	601,764	2,511,392
Construction in progress	696,178	65,057	761,235
Intangible assets	-	115,115	115,115
Other capital assets, net of depreciation	28,574,100	38,810,725	67,384,825
Total assets	<u>55,813,005</u>	<u>43,944,004</u>	<u>99,757,009</u>
Deferred Outflows of Resources			
Deferred charges on refunding	-	138,298	138,298
Pension related items	2,058,730	283,147	2,341,877
Total deferred outflows of resources	<u>2,058,730</u>	<u>421,445</u>	<u>2,480,175</u>
Total assets and deferred outflows of resources	<u>57,871,735</u>	<u>44,365,449</u>	<u>102,237,184</u>
Liabilities			
Accounts payable and accrued liabilities	1,250,723	280,609	1,531,332
Deposits	584,402	33,000	617,402
Noncurrent liabilities:			
Due within one year	10,678,366	2,471,283	13,149,649
Due in more than one year	30,566,848	10,389,217	40,956,065
Total liabilities	<u>43,080,339</u>	<u>13,174,109</u>	<u>56,254,448</u>
Deferred Inflows of Resources			
Pension related items	2,582,889	352,003	2,934,892
Unearned revenue	8,504,051	-	8,504,051
Total deferred inflows of resources	<u>11,086,940</u>	<u>352,003</u>	<u>11,438,943</u>
Net Position			
Net investment in capital assets	1,529,839	28,173,823	25,078,246
Restricted for:			
Debt service	1,035,995	68,080	1,104,075
Tax incremental financing	2,052,570	-	2,052,570
Pension	852,611	123,974	976,585
Library	270,459	-	270,459
Stormwater	79,435	-	79,435
Impact fees	311,339	668,450	979,789
Equipment replacement	-	727,996	727,996
Unrestricted (deficit)	(2,427,792)	1,077,014	3,274,638
Total net position	<u>\$ 3,704,456</u>	<u>\$ 30,839,337</u>	<u>\$ 34,543,793</u>

See notes to financial statements

Village of Mukwonago

 Statement of Activities
 Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities							
General government	\$ 1,219,062	\$ 202,633	\$ 159,065	\$ -	\$ (857,364)	\$ -	\$ (857,364)
Public safety	4,585,187	1,664,434	344,599	54,648	(2,521,506)	-	(2,521,506)
Public works	4,221,156	539,143	634,903	79,811	(2,967,299)	-	(2,967,299)
Health and sanitation	21,195	-	-	-	(21,195)	-	(21,195)
Culture, recreation and education	1,542,440	38,206	587,906	78,343	(837,985)	-	(837,985)
Conservation and development	1,384,140	190	-	-	(1,383,950)	-	(1,383,950)
Interest and fiscal charges	1,057,974	-	-	-	(1,057,974)	-	(1,057,974)
Total governmental activities	14,031,154	2,444,606	1,726,473	212,802	(9,647,273)	-	(9,647,273)
Business-Type Activities							
Water utility	1,766,583	2,167,204	-	556,744	-	957,365	957,365
Sewer utility	2,072,329	1,890,156	-	133,425	-	(48,748)	(48,748)
Total business-type activities	3,838,912	4,057,360	-	690,169	-	908,617	908,617
Total	\$ 17,870,066	\$ 6,501,966	\$ 1,726,473	\$ 902,971	(9,647,273)	908,617	(8,738,656)
General Revenues							
Taxes							
Property taxes levied for general purposes					4,036,121	-	4,036,121
Property taxes levied for debt service					2,373,863	-	2,373,863
Property taxes levied for TIF					909,718	-	909,718
Other taxes					10,167	-	10,167
Intergovernmental revenues not restricted to specific programs					535,718	-	535,718
Investment income					161,625	51,894	213,519
Miscellaneous					112,650	-	112,650
Total general revenues					8,139,862	51,894	8,191,756
Transfers					423,334	(423,334)	-
Change in net position					(1,084,077)	537,177	(546,900)
Net Position, Beginning					4,788,533	30,302,160	35,090,693
Net Position, Ending					\$ 3,704,456	\$ 30,839,337	\$ 34,543,793

See notes to financial statements

Village of Mukwonago

Balance Sheet
 Governmental Funds
 December 31, 2020

	General Fund	Special Revenue Fund Fire and Ambulance Fund	Debt Service Fund	Capital Projects Fund Tax Incremental District No. 3 Fund	Capital Projects Fund Tax Incremental District No. 5 Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets								
Cash and investments	\$ 3,690,751	\$ 504,843	\$ 1,010,026	\$ 888,913	\$ 3,312,997	\$ 1,695,179	\$ 3,236,535	\$ 14,339,244
Receivables:								
Taxes	2,932,656	191,015	2,461,902	916,659	685,467	-	966,107	8,153,806
Accounts, net of allowance	107,082	149,602	-	-	-	1,310	63,821	321,815
Due from developer	-	-	-	-	500,000	-	-	500,000
Special assessments	-	-	91,202	-	-	-	-	91,202
Due from other governments	-	-	-	-	-	45,278	22,487	67,765
Due from other funds	53,906	-	-	-	-	-	-	53,906
Advance to other fund	-	-	-	-	245,776	-	-	245,776
Prepaid items	47,606	7,758	-	-	-	-	5,516	60,880
Restricted assets:								
Cash and investments	-	-	-	-	-	-	1,000	1,000
Total assets	\$ 6,832,001	\$ 853,218	\$ 3,563,130	\$ 1,805,572	\$ 4,744,240	\$ 1,741,767	\$ 4,295,466	\$ 23,835,394
Liabilities, deferred inflows of resources, and fund balances								
Liabilities								
Accounts payable	\$ 161,823	\$ 30,664	\$ -	\$ 379	\$ 7,793	\$ 126,908	\$ 449,329	\$ 776,896
Accrued liabilities	140,256	47,020	-	-	-	-	21,635	208,911
Deposits	584,402	-	-	-	-	-	-	584,402
Due to other funds	-	53,906	-	-	-	-	-	53,906
Due to other governments	7,370	53,865	-	-	-	-	-	61,235
Total liabilities	893,851	185,455	-	379	7,793	126,908	470,964	1,685,350
Deferred Inflows of Resources								
Unavailable revenue	-	147,031	147,623	-	500,000	-	-	794,654
Unearned revenue	2,945,163	341,015	2,405,481	916,659	931,243	-	964,490	8,504,051
Total deferred inflows of resources	2,945,163	488,046	2,553,104	916,659	1,431,243	-	964,490	9,298,705
Fund Balances								
Nonspendable	47,606	7,758	-	-	-	-	5,516	60,880
Restricted	-	-	1,010,026	888,534	3,305,204	-	720,182	5,923,946
Committed	-	171,959	-	-	-	1,614,859	2,134,314	3,921,132
Assigned	1,128,502	-	-	-	-	-	-	1,128,502
Unassigned	1,816,879	-	-	-	-	-	-	1,816,879
Total fund balances	2,992,987	179,717	1,010,026	888,534	3,305,204	1,614,859	2,860,012	12,851,339
Total liabilities, deferred inflows of resources and fund balances	\$ 6,832,001	\$ 853,218	\$ 3,563,130	\$ 1,805,572	\$ 4,744,240	\$ 1,741,767	\$ 4,295,466	\$ 23,835,394

See notes to financial statements

Village of Mukwonago

Reconciliation of the Balance Sheet of Governmental Funds

to the Statement of Net Position

December 31, 2020

Total Fund Balances - Governmental Funds \$ 12,851,339

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	696,178
Other capital assets	47,451,841
Less accumulated depreciation/amortization	(18,877,741)

The net pension asset does not relate to current financial resources and is not reported in the governmental funds. 852,611

Deferred outflows of resources related to pension do not related to current financial resources and are not reported in the governmental funds. 2,058,730

Deferred inflows of resources related to pension do not related to current financial resources and are not reported in the governmental funds. (2,582,889)

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. 794,654

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	(40,645,382)
Compensated absences	(599,832)
Accrued interest	(204,681)

Net position of governmental activities \$ 3,704,456

Village of Mukwonago

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2020

	General Fund	Special Revenue Fund Fire and Ambulance Fund	Debt Service Fund	Capital Projects Fund Tax Incremental District No. 3 Fund	Capital Projects Fund Tax Incremental District No. 5 Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues								
Taxes	\$ 2,723,923	\$ 222,854	\$ 2,373,863	\$ 909,718	\$ 245,776	\$ -	\$ 920,792	\$ 7,396,926
Special assessments	-	-	144,669	13,014	-	-	-	157,683
Intergovernmental	953,676	49,446	-	30,249	-	165,103	571,085	1,769,559
Licenses and permits	488,175	-	-	-	-	-	218,639	706,814
Fines, forfeitures and penalties	155,966	-	-	-	-	-	-	155,966
Public charges for services	35,745	1,083,138	-	-	-	-	241,239	1,360,122
Intergovernmental charges for services	178,005	222,854	-	-	-	1,310	184,980	587,149
Investment income	50,246	712	20,914	9,119	17,872	19,614	18,911	137,388
Other revenues	181,792	14,285	-	-	-	-	127,076	323,153
Total revenues	4,767,528	1,593,289	2,539,446	962,100	263,648	186,027	2,282,722	12,594,760
Expenditures								
Current:								
General government	967,668	-	-	7,010	40,299	4,056	21,405	1,040,438
Public safety	2,566,134	1,481,511	-	-	-	-	-	4,047,645
Public works	933,159	-	-	-	-	-	574,814	1,507,973
Health and human services	2,420	-	-	-	-	-	-	2,420
Culture, recreation and education	191,126	-	-	-	-	-	973,423	1,164,549
Conservation and development	217,280	-	-	-	-	-	1,158,100	1,375,380
Capital outlay	107,658	50,086	-	-	21,499	2,319,632	892,881	3,391,756
Debt service:								
Principal	-	-	2,054,306	2,577,767	66,036	-	5,325	4,703,434
Interest and fees	-	-	506,568	256,345	505,264	32,466	82,186	1,382,829
Total expenditures	4,985,445	1,531,597	2,560,874	2,841,122	633,098	2,356,154	3,708,134	18,616,424
Excess (deficiency) of revenues over expenditures	(217,917)	61,692	(21,428)	(1,879,022)	(369,450)	(2,170,127)	(1,425,412)	(6,021,664)
Other Financing Sources (Uses)								
Transfers in	498,879	-	76,000	-	-	93,002	-	667,881
Transfers out	-	(29,545)	-	-	-	-	(215,002)	(244,547)
Debt issued	-	-	-	1,630,594	-	1,411,559	2,787,847	5,830,000
Premium on debt issued	-	-	224,013	81,910	-	70,907	77,754	454,584
Proceeds from sale of capital assets	858	22,480	-	-	-	-	12,075	35,413
Total other financing sources (uses)	499,737	(7,065)	300,013	1,712,504	-	1,575,468	2,662,674	6,743,331
Net change in fund balances	281,820	54,627	278,585	(166,518)	(369,450)	(594,659)	1,237,262	721,667
Fund Balances, Beginning	2,711,167	125,090	731,441	1,055,052	3,674,654	2,209,518	1,622,750	12,129,672
Fund Balances, Ending	\$ 2,992,987	\$ 179,717	\$ 1,010,026	\$ 888,534	\$ 3,305,204	\$ 1,614,859	\$ 2,860,012	\$ 12,851,339

See notes to financial statements

Village of Mukwonago

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 721,667

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	3,311,945
Some items reported as outlay were not capitalized	(2,151,523)
Contributed capital assets	79,811
Depreciation is reported in the government-wide statements	(1,680,262)
Net book value of assets retired	(3,675)

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	(106,430)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(5,830,000)
Principal repaid	4,703,434

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

Compensated absences	(2,308)
Accrued interest on debt	114,405
Net pension asset	1,773,277
Deferred inflows/outflows of resources related to pension	(1,770,284)

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	(454,584)
Amortization of debt premiums	210,450

Change in net position of governmental activities	<u>\$ (1,084,077)</u>
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Village of Mukwonago

Statement of Net Position

Proprietary Funds

December 31, 2020

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
Assets			
Current Assets			
Cash and investments	\$ 328,529	\$ 369,427	\$ 697,956
Receivables:			
Accounts	515,014	423,404	938,418
Taxes	10,109	9,939	20,048
Inventories	20,253	-	20,253
Prepaid items	4,550	3,939	8,489
Restricted asset:			
Cash and investments	51,230	48,713	99,943
Total current assets	<u>929,685</u>	<u>855,422</u>	<u>1,785,107</u>
Noncurrent Assets			
Restricted assets:			
Cash and investments	584,130	2,102,219	2,686,349
Net pension asset	61,196	62,778	123,974
Other asset:			
Special assessments receivable	147	1,542	1,689
Capital assets:			
Land	585,867	15,897	601,764
Construction in progress	-	65,057	65,057
Intangible assets	-	115,115	115,115
Other capital assets, net of depreciation	21,943,299	16,867,426	38,810,725
Total noncurrent assets	<u>23,174,639</u>	<u>19,230,034</u>	<u>42,404,673</u>
Total assets	<u>24,104,324</u>	<u>20,085,456</u>	<u>44,189,780</u>
Deferred Outflows of Resources			
Deferred charges on refunding	17,076	121,222	138,298
Pension related items	132,822	150,325	283,147
Total deferred outflows of resources	<u>149,898</u>	<u>271,547</u>	<u>421,445</u>

See notes to financial statements

Village of Mukwonago

Statement of Net Position

Proprietary Funds

December 31, 2020

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
Liabilities			
Current Liabilities			
Accounts payable	\$ 96,419	\$ 121,304	\$ 217,723
Accrued liabilities	16,167	9,699	25,866
Accrued interest payable	2,991	2,166	5,157
Deposits	33,000	-	33,000
Advance due to other funds	245,776	-	245,776
Current portion of bonds and notes payable	957,000	693,000	1,650,000
Current portion of compensated absences	1,122	1,121	2,243
Liabilities payable from restricted assets:			
Accrued interest payable	14,293	17,570	31,863
Current portion of revenue bonds	445,292	373,748	819,040
Total current liabilities	<u>1,812,060</u>	<u>1,218,608</u>	<u>3,030,668</u>
Noncurrent Liabilities			
Long-term debt:			
Bonds and notes payable	4,468,803	5,909,196	10,377,999
Compensated absences	5,609	5,609	11,218
Total noncurrent liabilities	<u>4,474,412</u>	<u>5,914,805</u>	<u>10,389,217</u>
Total liabilities	<u>6,286,472</u>	<u>7,133,413</u>	<u>13,419,885</u>
Deferred Inflows of Resources			
Pension related items	<u>168,319</u>	<u>183,684</u>	<u>352,003</u>
Net Position			
Net investment in capital assets	17,257,800	10,916,023	28,173,823
Restricted for:			
Equipment replacement	-	727,996	727,996
Impact fees	1,477	666,973	668,450
Pensions	61,196	62,778	123,974
Debt service	36,937	31,143	68,080
Unrestricted	442,021	634,993	1,077,014
Total net position	<u>\$ 17,799,431</u>	<u>\$ 13,039,906</u>	<u>\$ 30,839,337</u>

See notes to financial statements

Village of Mukwonago

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
Operating Revenues	<u>\$ 2,166,879</u>	<u>\$ 1,888,920</u>	<u>\$ 4,055,799</u>
Operating Expenses			
Operation and maintenance	1,014,283	1,107,913	2,122,196
Depreciation	560,523	684,689	1,245,212
Taxes	24,132	18,957	43,089
	<u>1,598,938</u>	<u>1,811,559</u>	<u>3,410,497</u>
Total operating expenses			
Operating income	<u>567,941</u>	<u>77,361</u>	<u>645,302</u>
Nonoperating Revenues (Expenses)			
Investment income	14,391	37,503	51,894
Miscellaneous income (expense)	325	1,236	1,561
Gain (loss) on asset disposal	24,000	-	24,000
Interest and fiscal charges	(191,645)	(260,770)	(452,415)
	<u>(152,929)</u>	<u>(222,031)</u>	<u>(374,960)</u>
Total nonoperating revenues (expense)			
Income (loss) before capital contributions and transfers	<u>415,012</u>	<u>(144,670)</u>	<u>270,342</u>
Capital Contributions and Transfers			
Capital contributions	556,744	133,425	690,169
Transfers in	-	10,000	10,000
Transfers out	(424,313)	(9,021)	(433,334)
	<u>132,431</u>	<u>134,404</u>	<u>266,835</u>
Total capital contributions and transfers			
Change in net position	<u>547,443</u>	<u>(10,266)</u>	<u>537,177</u>
Net Position, Beginning	<u>17,251,988</u>	<u>13,050,172</u>	<u>30,302,160</u>
Net Position, Ending	<u>\$ 17,799,431</u>	<u>\$ 13,039,906</u>	<u>\$ 30,839,337</u>

See notes to financial statements

Village of Mukwonago

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
Cash Flows From Operating Activities			
Receipts from customers	\$ 2,155,335	\$ 1,817,565	\$ 3,972,900
Paid to suppliers for goods and services	(886,386)	(915,029)	(1,801,415)
Paid to employees for services	(280,695)	(250,144)	(530,839)
Net cash flows from operating activities	<u>988,254</u>	<u>652,392</u>	<u>1,640,646</u>
Cash Flows From Investing Activities			
Investment income	<u>14,399</u>	<u>37,558</u>	<u>51,957</u>
Net cash flows from investing activities	<u>14,399</u>	<u>37,558</u>	<u>51,957</u>
Cash Flows From Noncapital Financing Activities			
Paid to municipality for tax equivalent	(414,313)	(9,021)	(423,334)
Transfers in (out)	(10,000)	10,000	-
Net cash flows from noncapital financing activities	<u>(424,313)</u>	<u>979</u>	<u>(423,334)</u>
Cash Flows From Capital and Related Financing Activities			
Debt retired	(533,367)	(454,893)	(988,260)
Interest and fees paid	(226,260)	(248,974)	(475,234)
Special assessments received	147	87,916	88,063
Acquisition and construction of capital assets	(402,091)	(1,003,790)	(1,405,881)
Impact fees received	<u>145,699</u>	<u>133,425</u>	<u>279,124</u>
Net cash flows from capital and related financing activities	<u>(1,015,872)</u>	<u>(1,486,316)</u>	<u>(2,502,188)</u>
Net change in cash and cash investments	(437,532)	(795,387)	(1,232,919)
Cash and Cash Investments, Beginning	<u>1,401,421</u>	<u>3,315,746</u>	<u>4,717,167</u>
Cash and Cash Investments, Ending	<u>\$ 963,889</u>	<u>\$ 2,520,359</u>	<u>\$ 3,484,248</u>

See notes to financial statements

Village of Mukwonago

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
Reconciliation Of Operating Income			
to Net Cash Flows From Operating Activities			
Operating income	\$ 567,941	\$ 77,361	\$ 645,302
Miscellaneous nonoperating activities	325	1,236	1,561
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	560,523	684,689	1,245,212
Depreciation charged to other funds	30,087	(30,087)	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
Accounts receivable	(41,956)	(42,504)	(84,460)
Materials and supplies	1,617	-	1,617
Prepaid items	2,758	1,931	4,689
Due from municipality	-	-	-
Accounts payable	(123,917)	(48,431)	(172,348)
Due to municipality	(25,047)	-	(25,047)
Accrued liabilities	1,194	1,192	2,386
Compensated absences	7,573	1,967	9,540
Pension related deferrals and liabilities	4,156	5,038	9,194
Customer deposits	3,000	-	3,000
Net cash flows from operating activities	<u>\$ 988,254</u>	<u>\$ 652,392</u>	<u>\$ 1,640,646</u>
Reconciliation of Cash and Cash			
Equivalents to the Statement of			
Net Position - Proprietary Funds			
Cash and investments, statement of net position	\$ 328,529	\$ 369,427	\$ 697,956
Restricted cash and investments, statement of net position	635,360	2,150,932	2,786,292
Cash and cash equivalents	<u>\$ 963,889</u>	<u>\$ 2,520,359</u>	<u>\$ 3,484,248</u>
Noncash Capital and Related Financing Activities			
Capital contributions	<u>\$ 411,045</u>	<u>\$ -</u>	
Amortization of debt premium	<u>\$ 35,435</u>	<u>\$ 36,314</u>	
Amortization of loss on refunding	<u>\$ (2,628)</u>	<u>\$ (49,125)</u>	

See notes to financial statements

Village of Mukwonago

Statement of Fiduciary Net Position
December 31, 2020

	<u>Custodial Fund</u> <u>Tax Collection Fund</u>
Assets	
Cash and investments	\$ 7,186,681
Taxes receivable	<u>2,171,068</u>
Total assets	<u>9,357,749</u>
Liabilities	
Accounts payable	127,966
Due to other governments	<u>9,229,783</u>
Total liabilities	<u>9,357,749</u>
Net Position	<u>\$ -</u>

See notes to financial statements

Village of Mukwonago

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2020

	<u>Custodial Fund</u> <u>Tax Collection Fund</u>
Additions	
Tax collections	\$ 8,448,853
Total additions	<u>8,448,853</u>
Deductions	
Payments to overlying districts	8,448,853
Total deductions	<u>8,448,853</u>
Change in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u>\$ -</u>

See notes to financial statements

Village of Mukwonago

Notes to Financial Statements

December 31, 2020

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Village of Mukwonago

Notes to Financial Statements

December 31, 2020

1. 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).

Reporting Entity

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

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Village of Mukwonago

Notes to Financial Statements

December 31, 2020

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 percent 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 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

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

The Village reports the following major governmental funds:

General Fund

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

Fire and Ambulance Special Revenue Fund

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

Debt Service Fund

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

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

Tax Incremental District (TID) No 3 Capital Projects Fund

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

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

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

Capital Projects Fund

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

Enterprise Funds

The Village reports the following major enterprise funds:

Water Utility accounts for operations of the water system.

Sewer Utility accounts for operations of the sewer system.

The Village reports the following nonmajor governmental funds:

Special Revenue Funds

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

Library
Revolving Loan
Impact Fee

Recycling
Park Land Site
Stormwater

Capital Project Funds

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

Capital Equipment
Community Development

Tax Incremental District (TID) No. 4

In addition, the Village reports the following fund types:

Custodial Fund

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

Tax Collection Fund

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

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, 2020, 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.

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

Village of Mukwonago

Notes to Financial Statements

December 31, 2020

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

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

All Financial Statements

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

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

Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, Village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3 for further information.

Receivables

Property taxes are levied in December on assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for remitted to the state and county governments as well as the local school district, Phantom Lakes Management district, and 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 - 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale, 2020 delinquent real estate taxes	October 2023

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

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

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

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

Inventories and Prepaid Items

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

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

Restricted Assets

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

Capital Assets

Government-Wide Statements

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

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

Village of Mukwonago

Notes to Financial Statements

December 31, 2020

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

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

Fund Financial Statements

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

Deferred Outflows of Resources

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

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

Compensated Absences

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

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

The Village does not accrue accumulated vacation or sick leave, but rather expenses these costs as they are paid. Vacation time is not cumulative from year to year. Accumulated sick leave benefits are paid upon retirement or termination if the employee has at least 20 years of full-time service with the Village. Eligible employees who have attained 15 years of full-time service are eligible for a prorated payout. Employees may accumulate a maximum of 120 days of sick leave.

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, 2020, are determined on the basis of current salary rates and include salary related payments.

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

Long-Term Obligations/Conduit Debt

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

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

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

The Village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRBs are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2020, the principal amount for the 2001 series outstanding was \$115,481; 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, 2020 were \$0 and \$3,836,744 respectively.

Deferred Inflows of Resources

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

Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin on November 26, 2018. New water rates for 2021 water billings were approved by the Village Board on November 18, 2020.

Sewer Utility

Current sewer rates were approved by the Village Board on November 12, 2019. New sewer rates for 2021 sewer billings were approved by the Village Board on November 18, 2020.

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

Equity Classifications

Government-Wide Financial Statements

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

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

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Net investment in capital assets	\$ 1,529,839	\$ 28,173,823	\$ (4,625,416)	\$ 25,078,246
Unrestricted (deficit)	(2,427,792)	1,077,014	4,625,416	3,274,638

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

Fund Financial Statements

Governmental fund balances are displayed as follows:

- a. *Nonspendable* - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. *Restricted* - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which is subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

- 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 percent of the subsequent year's General Fund budgeted expenditures. As of December 31, 2020, the Village's unassigned fund balance was \$1,816,879 which exceeded the required fund balance of \$1,273,806.

See Note 3 for further information.

Pension

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

2. Stewardship, Compliance, and Accountability

Excess Expenditures Over Appropriations

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

Limitations on the Village Tax Levy

Wisconsin law limits the Village's future tax levies. Generally, the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Village's equalized value due to new construction or 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.

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

3. Detailed Notes on All Funds

Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balance</u>	<u>Associated Risks</u>
Deposits	\$ 6,125,339	\$ 6,138,774	Custodial credit
LGIP	18,884,434	18,884,434	Credit
Petty Cash	400		N/A
	<u> </u>	<u> </u>	
Total deposits and investments	<u>\$ 25,010,173</u>	<u>\$ 25,023,208</u>	
Reconciliation to financial statements:			
Per statement of net position:			
Unrestricted cash and investment	\$ 15,037,200		
Restricted cash and investment	2,786,292		
Per statement of assets and liabilities:			
Custodial fund	<u>7,186,681</u>		
	<u> </u>		
Total deposits and investments	<u>\$ 25,010,173</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, 2020, the banks had pledged various government securities in the amount of \$4,385,578 to secure the Village's deposits.

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

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 1 for further information on deposit and investment policies.

Receivables

All of the receivables on the balance sheet are expected to be collected within one year except for \$91,202 of special assessments.

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

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 8,095,861	\$ -
Educational reimbursement receivable	12,414	-
Ambulance receivable	-	147,031
Prohealth contribution to offset lost revenues	150,000	-
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	-	91,202
Special assessments principal and interest on tax roll	-	56,421
	<hr/>	<hr/>
Total unearned/unavailable revenue for governmental funds	\$ 8,504,051	\$ 794,654

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

Restricted Assets

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months

Reserve - Used to report resources set aside to make up potential future deficiencies in redemption account.

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Impact Fee Account

The Village has received impact fees which must be spent in accordance with the local ordinance and state statutes. Unspent funds after seven years from the date of receipt must be refunded to the current property owner.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets as of December 31, 2020:

	Restricted Assets
Water redemption, current	\$ 51,230
Water reserve	582,653
Water impact fee	1,477
Sewer redemption, current	48,713
Sewer reserve	707,250
Sewer impact fee	666,973
Equipment replacement	727,996
Net pension asset	976,585
	<hr/>
Total	\$ 3,762,877

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,909,628	\$ -	\$ -	\$ 1,909,628
Construction in progress	268,405	444,727	16,954	696,178
Total capital assets not being depreciated	<u>2,178,033</u>	<u>444,727</u>	<u>16,954</u>	<u>2,605,806</u>
Capital assets being depreciated/amortized:				
Land improvements	2,644,802	146,877	-	2,791,679
Buildings	11,819,162	128,491	-	11,947,653
Machinery and equipment	5,354,191	479,890	387,789	5,446,292
Roads	21,785,751	-	-	21,785,752
Storm sewers	4,507,414	-	-	4,507,413
Library collection	790,191	57,202	91,809	755,584
Intangible assets	217,468	-	-	217,468
Total capital assets being depreciated/amortized	<u>47,118,979</u>	<u>812,460</u>	<u>479,598</u>	<u>47,451,841</u>
Total capital assets	<u>49,297,012</u>	<u>1,257,187</u>	<u>496,552</u>	<u>50,057,647</u>
Less accumulated depreciation/amortization for:				
Land improvements	(464,813)	(106,095)	-	(570,908)
Buildings	(3,109,326)	(245,173)	-	(3,354,499)
Machinery and equipment	(2,792,018)	(324,406)	384,114	(2,732,310)
Roads	(10,072,765)	(795,963)	-	(10,868,728)
Storm sewers	(720,242)	(90,148)	-	(810,390)
Library collections	(411,957)	(89,843)	91,809	(409,991)
Intangible assets	(102,281)	(28,634)	-	(130,915)
Total accumulated depreciation/amortization	<u>(17,673,402)</u>	<u>(1,680,262)</u>	<u>476,293</u>	<u>(18,877,741)</u>
Net capital assets being depreciated/amortized	<u>29,445,577</u>	<u>(864,350)</u>	<u>3,675</u>	<u>28,574,100</u>
Total governmental activities capital assets, net of accumulated depreciation/amortization	<u>\$ 31,623,610</u>	<u>\$ (423,075)</u>	<u>\$ 20,629</u>	<u>\$ 31,179,906</u>

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 72,731
Public safety	262,681
Public works, which includes depreciation of infrastructure	1,033,011
Culture, recreation and education	<u>311,839</u>
Total governmental activities depreciation/ amortization expense	<u>\$ 1,680,262</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
<u>Sewer</u>				
Capital assets not being depreciated:				
Land	\$ 15,897	\$ -	\$ -	\$ 15,897
Intangible assets	115,115	-	-	115,115
Construction in progress	<u>51,326</u>	<u>893,507</u>	<u>879,776</u>	<u>65,057</u>
Total capital assets not being depreciated	<u>182,338</u>	<u>893,507</u>	<u>879,776</u>	<u>196,069</u>
Capital assets being depreciated:				
Buildings and improvements	25,120,343	979,297	20,175	26,079,465
Machinery and equipment	<u>2,009,452</u>	<u>17,631</u>	<u>-</u>	<u>2,027,083</u>
Total capital assets being depreciated	<u>27,129,795</u>	<u>996,928</u>	<u>20,175</u>	<u>28,106,548</u>
Total capital assets	<u>27,312,133</u>	<u>1,890,435</u>	<u>899,951</u>	<u>28,302,617</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,854,561)	(581,456)	20,175	(9,415,842)
Machinery and equipment	<u>(1,750,209)</u>	<u>(73,071)</u>	<u>-</u>	<u>(1,823,280)</u>
Total accumulated depreciation	<u>(10,604,770)</u>	<u>(654,527)</u>	<u>20,175</u>	<u>11,239,122</u>
Net capital assets being depreciated	<u>16,525,025</u>	<u>342,401</u>	<u>-</u>	<u>16,867,426</u>
Net sewer capital assets	<u>\$ 16,707,363</u>	<u>\$ 1,235,908</u>	<u>\$ 879,776</u>	<u>\$ 17,063,495</u>

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
<u>Water</u>				
Capital assets not being depreciated:				
Land	\$ 585,867	\$ -	\$ -	\$ 585,867
Construction in progress	1,305,435	-	1,305,435	-
Total capital assets not being depreciated	<u>1,891,302</u>	<u>-</u>	<u>1,305,435</u>	<u>585,867</u>
Capital assets being depreciated:				
Buildings and improvements	24,873,423	1,416,912	2,500	26,287,835
Machinery and equipment	2,605,389	677,759	45,572	3,237,576
Total capital assets being depreciated	<u>27,478,812</u>	<u>2,094,671</u>	<u>48,072</u>	<u>29,525,411</u>
Total capital assets	<u>29,370,114</u>	<u>2,094,671</u>	<u>1,353,507</u>	<u>30,111,278</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,337,113)	(458,952)	2,500	(5,793,565)
Machinery and equipment	(1,702,386)	(131,733)	45,572	(1,788,547)
Total accumulated depreciation	<u>(7,039,499)</u>	<u>(590,685)</u>	<u>48,072</u>	<u>(7,582,112)</u>
Net capital assets being depreciated	<u>20,439,313</u>	<u>1,503,986</u>	<u>-</u>	<u>21,943,299</u>
Net water capital assets	<u>\$ 22,330,615</u>	<u>\$ 1,503,986</u>	<u>\$ 1,305,435</u>	<u>\$ 22,529,166</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 39,037,978</u>	<u>\$ 2,739,894</u>	<u>\$ 2,185,211</u>	<u>\$ 39,592,661</u>

Depreciation expense was charged to functions as follows:

Business Type Activities:

Sewer	\$ 684,689
Water	<u>560,523</u>

Total business-type activities depreciation expense \$ 1,245,212

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

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

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	\$ 53,906
	Less fund eliminations	(53,906)
	Plus advances	245,776
	Total internal balances, government-wide statement of net position	<u>\$ 245,776</u>
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-Type Activities	\$ 245,776
Business-Type Activities	Governmental Activities	-
	Total government-wide financial statements	<u>\$ 245,776</u>

All amounts are due in more than one year.

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

Advances

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

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Due Within One Year
Capital Projects Fund, Tax Increment District No. 5	Water Utility	\$ 245,776	\$ -
	Total fund financial statements	245,776	
	Less fund eliminations	-	
	Total interfund advances, Government-wide statement of net position	<u>\$ 245,776</u>	

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Sewer Utility	\$ 9,021	Payment in lieu of taxes
General Fund	Water Utility	414,313	Payment in lieu of taxes
General Fund	Fire/Ambulance Fund	29,545	Year-end settlement
Debt Service Fund	Special Revenue Fund, Impact Fee Fund	76,000	To fund debt service
General Fund	Special Revenue Fund, Impact Fee Fund	46,000	Replenish reserve for fund used in fire station remodel
Capital Project Fund	Parkland Site Fund	93,002	Use of Reserves for park bathroom addition
Sewer Utility	Water Utility	<u>10,000</u>	To pay for rental cost of equipment
Total fund financial statements		677,881	
Less: Fund eliminations		<u>(254,547)</u>	
Total transfers, government-wide statement of activities		<u>\$ 423,334</u>	
<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	
Governmental Activities	Business-type activities	\$ 423,344	
Business-type Activities	Governmental Activities	-	
Total Government-Wide Financial Statements		<u>\$ 423,344</u>	

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

Village of Mukwonago

Notes to Financial Statements

December 31, 2020

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 26,545,298	\$ 5,830,000	\$ 4,703,434	\$ 27,671,864	\$ 2,878,434
Bond anticipation notes	11,925,000	-	-	11,925,000	7,700,000
Premiums	804,384	454,584	210,450	1,048,518	-
Total bonds and notes payable	<u>39,274,682</u>	<u>6,284,584</u>	<u>4,913,884</u>	<u>40,645,382</u>	<u>10,578,434</u>
Other liabilities:					
Compensated absences	597,524	2,308	-	599,832	99,932
Net pension liability	<u>920,666</u>	<u>-</u>	<u>920,666</u>	<u>-</u>	<u>-</u>
Total other liabilities	<u>1,518,190</u>	<u>2,308</u>	<u>920,666</u>	<u>599,832</u>	<u>99,932</u>
Total governmental activities long-term liabilities	<u>\$ 40,792,872</u>	<u>\$ 6,286,892</u>	<u>\$ 5,834,550</u>	<u>\$ 41,245,214</u>	<u>\$ 10,678,366</u>
Business-Type Activities					
Bonds and notes payable:					
Revenue bonds	\$ 11,657,137	\$ -	\$ 808,261	\$ 10,848,876	\$ 819,040
Bond anticipation note	1,830,000	-	180,000	1,650,000	1,650,000
Premiums	<u>419,912</u>	<u>-</u>	<u>71,749</u>	<u>348,163</u>	<u>-</u>
Total bonds and notes payable	<u>13,907,049</u>	<u>-</u>	<u>1,060,010</u>	<u>12,847,039</u>	<u>2,469,040</u>
Other liabilities:					
Compensated absences	11,075	2,384	-	13,461	2,243
Net pension liability	<u>127,451</u>	<u>-</u>	<u>127,451</u>	<u>-</u>	<u>-</u>
Total other liabilities	<u>138,526</u>	<u>2,384</u>	<u>127,451</u>	<u>13,461</u>	<u>2,243</u>
Total business-type activities long-term liabilities	<u>\$ 14,045,575</u>	<u>\$ 2,384</u>	<u>\$ 1,187,461</u>	<u>\$ 12,860,500</u>	<u>\$ 2,471,283</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5 percent of the equalized value of taxable property with the Village's jurisdiction. The debt limit as of December 31, 2020, was \$49,649,745. Total general obligation debt outstanding at year end was \$27,671,864.

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

General Obligation Debt

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

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/20
GO Refunding Bonds (TID #3)	11/1/2012	10/1/2026	1.0-2.5%	\$ 3,620,000	\$ 1,700,000
GO Refunding Bonds	11/20/2013	12/1/2022	1.0-2.65%	3,000,000	800,000
GO Note	11/30/2014	2/15/2022	0.00%	27,468	6,864
GO Promissory Note	4/1/2015	4/1/2025	1.0-3.0%	6,785,000	4,560,000
GO Promissory Note	7/6/2016	10/1/2026	2.00%	3,100,000	1,800,000
GO Promissory Note	11/1/2017	10/1/2026	2.0-3.0%	1,400,000	1,200,000
GO Promissory Note	6/1/2018	10/1/2026	3.0-3.25%	2,145,000	1,800,000
GO Refunding Bonds	9/5/2018	12/1/2026	2.0-3.5%	5,375,000	3,875,000
Go Taxable Refunding Bonds	2/20/2019	3/1/2026	3.0-4.0%	2,375,000	2,025,000
Go Promissory Note	2/20/2019	3/1/2028	2.0-3.5%	4,225,000	4,075,000
GO Taxable Note	6/17/2020	6/1/2030	1.25-2.2%	1,240,000	1,240,000
GO Promissory Note	6/17/2020	6/1/2030	1.0-3.0%	4,590,000	4,590,000
Total government activities general obligation debt					<u>\$ 27,671,864</u>

Debt service requirements to maturity are as follows:

Years:	Governmental Activities	
	Principal	Interest
2021	\$ 2,878,434	\$ 802,902
2022	3,303,430	664,514
2023	3,525,000	578,888
2024	3,750,000	482,776
2025	4,000,000	379,945
2026-2030	10,215,000	539,723
Total	<u>\$ 27,671,864</u>	<u>\$ 3,448,748</u>

Revenue Debt

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

The Village has pledged future revenues, net of specified operating expenses, to repay revenue bonds issued in various years. Proceeds from the bonds provided financing for the variety of water and sewer projects. The bonds are payable solely from water and sewer revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require 53 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$13,414,992. Principal and interest paid for the current year and total customer revenues were \$1,214,418 and \$1,967,969 respectively.

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

Revenue debt payable at December 31, 2020, consists of the following:

Business-Type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/20</u>
<u>Sewer Utility</u>					
Revenue Bonds	1/1/2008	12/1/2026	4.00-4.75%	\$ 2,281,280	\$ 1,354,510
Revenue Bonds	12/1/2021	12/1/2021	2.00-4.625%	1,376,948	689,398
Revenue Bonds	7/6/2016	12/1/2029	2.00-3.00%	3,596,423	2,998,670
Revenue Bonds	6/1/2018	12/1/2033	4.00%	1,095,000	<u>1,035,000</u>
				Total Sewer Utility	<u>6,077,578</u>
<u>Water Utility</u>					
Revenue Bonds	4/29/2002	5/1/2022	2.75%	627,355	58,876
Revenue Bonds	1/1/2008	12/1/2026	4.00-4.75%	918,720	545,490
Revenue Bonds	12/1/2010	12/1/2021	2.00-4.625%	1,543,052	210,602
Revenue Bonds	7/6/2016	12/1/2029	2.00-3.00%	1,848,577	1,541,330
Revenue Bonds	6/1/2018	12/1/2033	4.00%	2,555,000	<u>2,415,000</u>
				Total Water Utility	<u>4,771,298</u>
				Total Business-type Activities – Revenue Debt	<u>\$ 10,848,876</u>

Debt service requirements to maturity are as follows:

Years:	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 819,040	\$ 380,270
2022	809,836	353,473
2023	845,000	327,900
2024	910,000	299,025
2025	915,000	265,075
2026-2030	4,675,000	793,375
2031-2033	<u>1,875,000</u>	<u>147,000</u>
Total	<u>\$ 10,848,876</u>	<u>\$ 2,566,118</u>

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

Bond Anticipation Notes

Governmental Activities

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/20</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:

Years:	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 7,700,000	\$ 293,657
2022	<u>4,225,000</u>	<u>163,719</u>
Total	<u>\$ 11,925,000</u>	<u>\$ 457,376</u>

Business-Type Activities

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/20</u>
Sewer Note Anticipation Note	12/21/2016	12/1/2021	3.75-4.00%	\$ 957,600	\$ 693,000
Water Bond Anticipation Note	12/21/2016	12/1/2021	3.75-4.00%	1,322,400	<u>957,000</u>
Total business-type activities					<u>\$ 1,650,000</u>

Debt service requirements to maturity are as follows:

Years:	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	<u>\$ 1,650,000</u>	<u>\$ 61,872</u>

Other Debt Information

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

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

Current Refunding

On June 17, 2020, the Village issued \$4,590,000 in general obligation notes with an average coupon rate of 2.60 percent to refund \$1,675,000 of outstanding notes with an average coupon rate of 2.76 percent. A portion of 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 \$1,736,975 for 2020. The cash flow requirements on the 2020B G.O. refunding bonds is \$2,109,744 from 2021 through 2030. 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 \$9,706.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2020, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 1,909,628
Construction in progress	696,178
Other capital assets, net of accumulated depreciation	28,574,100
Less long-term debt outstanding, including premiums	(40,645,382)
Plus:	
Unspent capital related debt proceeds	3,073,703
Noncapital debt outstanding	<u>7,921,612</u>
Total net investment in capital assets	<u>1,529,839</u>
Restricted for:	
Debt service	1,035,995
Pension	852,611
TID #3	859,705
TID #4	38,322
TID #5	1,154,543
Impact fees	311,339
Stormwater	79,435
Library	<u>270,459</u>
Total restricted	<u>4,602,409</u>
Unrestricted (deficit)	<u>(2,427,792)</u>
Total governmental activities net position	<u>\$ 3,704,456</u>

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2020, include the following:

	Special Revenue Fund		Capital Projects Funds				Nonmajor Governmental Funds	Totals
	General Fund	Fire and Ambulance Fund	Debt Service Fund	Tax Incremental District No. 3 Fund	Tax Incremental District No. 5 Fund	Capital Projects Fund		
Fund Balances								
Nonspendable:								
Prepaid items	\$ 47,606	\$ 7,758	\$ -	\$ -	\$ -	\$ -	\$ 5,516	\$ 60,880
Restricted for:								
Debt services	-	-	1,010,026	888,534	-	-	63,465	1,962,025
Capital projects	-	-	-	-	3,305,204	-	-	3,305,204
Impact fees	-	-	-	-	-	-	311,339	311,339
Stormwater	-	-	-	-	-	-	79,435	79,435
Community development	-	-	-	-	-	-	1,000	1,000
Library	-	-	-	-	-	-	264,943	264,943
Committed to:								
Fire & ambulance	-	171,959	-	-	-	-	-	171,959
Revolving loan	-	-	-	-	-	-	185,118	185,118
Capital equipment	-	-	-	-	-	-	388,926	388,926
Recycling	-	-	-	-	-	-	117,898	117,898
Capital projects	-	-	-	-	-	1,614,859	-	1,614,859
Parkland site	-	-	-	-	-	-	235,450	235,450
Development	-	-	-	-	-	-	1,206,922	1,206,922
Assigned to:								
Accrued sick pay	405,349	-	-	-	-	-	-	405,349
Ambulance	287,124	-	-	-	-	-	-	287,124
Other	436,029	-	-	-	-	-	-	436,029
Unassigned	1,816,879	-	-	-	-	-	-	1,816,879
Total fund balance	\$ 2,992,987	\$ 179,717	\$ 1,010,026	\$ 888,534	\$ 3,305,204	\$ 1,614,859	\$ 2,860,012	\$ 12,851,339

Village of Mukwonago

Notes to Financial Statements

December 31, 2020

Business-Type Activities

Net investment in capital assets:	
Land and intangibles	\$ 716,879
Construction in progress	65,057
Other capital assets, net of accumulated depreciation	38,810,725
Less long-term debt outstanding, including premiums	(12,847,039)
Plus:	
Noncapital debt proceeds	1,289,903
Deferred charge on refunding	138,298
	<hr/>
Total net investment in capital assets	28,173,823
Restricted for:	
Debt service	68,080
Equipment replacement	727,996
Impact fees	668,450
Pension	123,974
	<hr/>
Total restricted	1,588,500
Unrestricted (deficit)	<hr/> 1,077,014
	<hr/>
Total business-type activities net position	\$ 30,839,337

4. Other Information

Employees' Retirement System

General Information about the Pension Plan

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report 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.

Village of Mukwonago

Notes to Financial Statements

December 31, 2020

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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
2019	0.0	(10)

Village of Mukwonago

Notes to Financial Statements

December 31, 2020

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 \$320,015 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.55 %	6.55 %
Protective with Social Security	6.55 %	10.55 %
Protective without Social Security	6.55 %	14.95 %

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

At December 31, 2020, the Village reported an asset of \$976,585 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Village's proportion was 0.03028683 percent, which was an increase of 0.00082618 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized pension expense of \$375,829.

At December 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,853,782	\$ 927,694
Changes in assumption	76,101	-
Net differences between projected and actual earnings on pension plan investments	-	1,966,488
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,370	10,710
Employer contributions subsequent to the measurement date	<u>409,624</u>	<u>-</u>
Total	<u>\$ 2,341,877</u>	<u>\$ 2,934,892</u>

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

\$409,624 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2021	\$ (299,710)
2022	(223,192)
2023	33,429
2024	(513,166)

Actuarial Assumptions

The total pension asset in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Asset for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

Village of Mukwonago

Notes to Financial Statements

December 31, 2020

Long-Term Expected Return on Plan Assets

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

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49%	8.1%	5.1%
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75 percent

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 percent was used to measure the total pension asset for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00 percent and a municipal bond rate of 2.75 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent 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 asset.

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

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

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's proportionate share of the net pension asset (liability)	\$ (2,514,882)	\$ 976,585	\$ 3,586,859

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2020, the Village reported a payable to the pension plan of \$58,122, which represents contractually required contributions outstanding as of the end of the year.

Risk Management

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

Commitments and contingencies

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

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

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

Village of Mukwonago

Notes to Financial Statements
December 31, 2020

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

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

Defined contribution pension plan

The Village provides pension benefits for all of its eligible employees through a defined contribution plan known as the Village of Mukwonago Pension Trust through ICMA-RC who administers the plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate in the plan upon becoming eligible for the Wisconsin Retirement System (WRS). This plan is to give eligible full-time employees an additional two and one-half percentage towards retirements, above what the Village contributes to WRS. In addition, Village employees have an option to contribute to this plan from each payroll period. For the year ended December 31, 2020, the total amount contributed was \$101,999. Of this amount, \$51,286 was contributed by the employer and \$50,713 was contributed by the employee. Total contributions for the years ending December 31, 2019 and 2018 were \$96,570 and \$77,083 respectively. The employer's contribution each year was equal to the required amount.

Subsequent Events

On May 19, 2021 the Village issued general obligation refunding bonds in the amount of \$7,165,000 with an average interest rate of 2.86 percent. This amount will be used to refund the 2018D revenue bond anticipation notes.

On May 19, 2021 the Village issued general obligation promissory notes in the amount of \$5,000,000 with an average interest rate of 2.33 percent. This amount will be used to for public purposes, including paying the cost of projects included in the Village's 2021 Capital Improvement Plan.

Relief through the American Rescue Plan Act

The federal government passed the American Rescue Plan Act on March 11, 2021 to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated for fiscal year 2021 to units of local government to mitigate the fiscal effects stemming from the public health emergency. The Village's estimated award is \$843,315, which will be used to combat the negative effects of the public health emergency in the local economy. The Village will receive 50% of the funds in June 2021, with the remaining expected a year later. The funds are to cover costs incurred by December 31, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Mukwonago

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual - General Fund
Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,695,895	\$ 2,695,895	\$ 2,723,923	\$ 28,028
Intergovernmental	861,478	946,748	953,676	6,928
Licenses and permits	431,283	431,283	488,175	56,892
Fines, forfeitures and penalties	165,000	165,000	155,966	(9,034)
Public charges for services	31,964	31,964	35,745	3,781
Interdepartmental charges for services	220,367	220,367	178,005	(42,362)
Investment income	89,500	86,500	50,246	(36,254)
Other revenues	147,000	47,000	181,792	134,792
Total revenues	<u>4,642,487</u>	<u>4,624,757</u>	<u>4,767,528</u>	<u>142,771</u>
Expenditures				
Current:				
General government	882,177	907,810	967,668	(59,858)
Public safety	2,657,889	2,689,023	2,566,134	122,889
Public works	917,155	926,124	933,159	(7,035)
Health and sanitation	2,750	2,750	2,420	330
Culture, recreation and education	188,991	190,185	191,126	(941)
Conservation and development	233,525	233,808	217,280	16,528
Capital outlay	35,000	50,000	107,658	(57,658)
Total expenditures	<u>4,917,487</u>	<u>4,999,700</u>	<u>4,985,445</u>	<u>14,255</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(275,000)</u>	<u>(374,943)</u>	<u>(217,917)</u>	<u>157,026</u>
Other Financing Sources (Uses)				
Transfers in	414,000	393,000	498,879	105,879
Transfers out	(139,000)	(18,057)	-	18,057
Proceeds from sale of capital assets	-	-	858	858
Total other financing sources (uses)	<u>275,000</u>	<u>374,943</u>	<u>499,737</u>	<u>124,794</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>281,820</u>	<u>\$ 281,820</u>
Fund Balance, Beginning			<u>2,711,167</u>	
Fund Balance, Ending			<u>\$ 2,992,987</u>	

See notes to required supplementary information

Village of Mukwonago

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual - Fire and Ambulance Special Revenue Fund
Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 222,854	\$ 222,854	\$ 222,854	\$ -
Intergovernmental	6,000	49,306	49,446	140
Public charges for services	1,035,794	1,242,075	1,083,138	(158,937)
Intergovernmental charges for services	222,854	222,854	222,854	-
Investment income	1,000	1,000	712	(288)
Miscellaneous	-	14,190	14,285	95
	<u>1,488,502</u>	<u>1,752,279</u>	<u>1,593,289</u>	<u>(158,990)</u>
Expenditures				
Current:				
Public safety	1,421,956	1,523,918	1,481,511	42,407
Capital outlay	34,000	50,350	50,086	264
	<u>1,455,956</u>	<u>1,574,268</u>	<u>1,531,597</u>	<u>42,671</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,546</u>	<u>178,011</u>	<u>61,692</u>	<u>(116,319)</u>
Other Financing Sources (Uses)				
Transfers out	(32,546)	(200,491)	(29,545)	170,946
Proceeds from sale of capital assets	-	22,480	22,480	-
	<u>(32,546)</u>	<u>(178,011)</u>	<u>(7,065)</u>	<u>170,946</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>54,627</u>	<u>\$ 54,627</u>
Fund Balance, Beginning			<u>125,090</u>	
Fund Balance, Ending			<u>\$ 179,717</u>	

See notes to required supplementary information

Village of Mukwonago

Schedule of Proportionate Share of the Net Pension Liability (Asset) -

Wisconsin Retirement System

Year Ended December 31, 2020

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
12/31/2014	0.02673391000 %	\$ (656,658)	\$ 3,077,565	21.34 %	102.74 %
12/31/2015	0.02656806000	431,726	3,289,656	13.12	98.20
12/31/2016	0.02713326000	223,643	3,387,425	6.60	99.12
12/31/2017	0.02857825000	(848,522)	3,605,474	23.53	102.93
12/31/2018	0.02946065000	1,048,117	3,617,138	28.98	96.45
12/31/2019	0.03028683000	(976,585)	3,877,945	25.18	102.96

Schedule of Employer Contributions

Wisconsin Retirement System

Year Ended December 31, 2020

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
12/31/2015	\$ 333,545	\$ 333,545	\$ -	\$ 3,289,656	10.14 %
12/31/2016	309,468	309,468	-	3,387,425	9.14
12/31/2017	347,820	347,820	-	3,605,475	9.65
12/31/2018	360,953	360,953	-	3,617,356	9.98
12/31/2019	369,628	369,628	-	3,877,945	9.53
12/31/2020	409,624	409,624	-	4,038,150	10.14

See notes to required supplementary information

Village of Mukwonago

Notes to Required Supplementary Information
Year Ended December 31, 2020

1. Budgetary Information

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

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

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

2. Wisconsin Retirement System Pension

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

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

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

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

SUPPLEMENTARY INFORMATION

Village of Mukwonago

Detailed Schedule of Revenues - Budget To Actual -

General Fund

Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Taxes				
General property taxes	\$ 2,671,895	\$ 2,671,895	\$ 2,684,904	\$ 13,009
Public accommodation (room) taxes	12,000	12,000	10,167	(1,833)
Interest and penalties on taxes	12,000	12,000	28,852	16,852
Total taxes	2,695,895	2,695,895	2,723,923	28,028
Intergovernmental Revenues				
State shared revenues	209,893	209,893	213,658	3,765
Exempt computer and personal property aid	31,203	31,203	42,921	11,718
State aid, law enforcement improvements	17,000	17,000	4,839	(12,161)
State aid, general transportation aids	567,429	567,429	567,429	-
Other state payments	35,953	121,223	124,829	3,606
Total intergovernmental revenues	861,478	946,748	953,676	6,928
Licenses and Permits				
Other regulatory permits and fees	580	580	810	230
Liquor and malt beverage	16,000	16,000	17,239	1,239
Operators' licenses	9,000	9,000	7,769	(1,231)
Cigarette licenses	1,400	1,400	1,500	100
Cable television franchise fees	98,000	98,000	90,291	(7,709)
Bicycle licenses	1	1	-	(1)
Dog and cat licenses	2,750	2,750	2,215	(535)
Nonbusiness licenses	3,010	3,010	2,800	(210)
Other permits	27,128	27,128	36,901	9,773
Building permits	127,414	127,414	147,506	20,092
Electrical permits	40,000	40,000	37,507	(2,493)
Plumbing permits	30,000	30,000	36,630	6,630
Occupancy permits	14,000	14,000	18,968	4,968
Zoning permits and fees	7,000	7,000	24,035	17,035
Plan review fees	30,000	30,000	19,439	(10,561)
Heating and air conditioning permits	25,000	25,000	44,565	19,565
Total licenses and permits	431,283	431,283	488,175	56,892

Village of Mukwonago

Detailed Schedule of Revenues - Budget to Actual -

General Fund

Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Fines, Forfeitures and Penalties				
Court fines	\$ 150,000	\$ 150,000	\$ 141,899	\$ (8,101)
Parking violations	15,000	15,000	14,067	(933)
Total fines, forfeitures and penalties	<u>165,000</u>	<u>165,000</u>	<u>155,966</u>	<u>(9,034)</u>
Public Charges for Services				
Publication fees	500	500	285	(215)
Photocopies	4,000	4,000	4,650	650
Treasurer's fees	8,000	8,000	7,883	(117)
Law enforcement fees	8,100	8,100	2,673	(5,427)
Fire protection fees	10,000	10,000	17,505	7,505
Other public charges for services	1,364	1,364	2,749	1,385
Total public charges for services	<u>31,964</u>	<u>31,964</u>	<u>35,745</u>	<u>3,781</u>
Intergovernmental Charges for Services				
Local, law enforcement services	195,000	195,000	152,498	(42,502)
Local, ambulance services	8,000	8,000	9,328	1,328
Local, other services	17,367	17,367	16,179	(1,188)
Total intergovernmental charges for services	<u>220,367</u>	<u>220,367</u>	<u>178,005</u>	<u>(42,362)</u>
Investment Income				
Investment income	89,500	86,500	50,246	(36,254)
Other Revenues				
Rent	17,000	17,000	16,257	(743)
Miscellaneous revenue	5,000	5,000	6,470	1,470
Donations	125,000	25,000	159,065	134,065
Total other revenues	<u>147,000</u>	<u>47,000</u>	<u>181,792</u>	<u>134,792</u>
Total revenues	<u>\$ 4,642,487</u>	<u>\$ 4,624,757</u>	<u>\$ 4,767,528</u>	<u>\$ 142,771</u>

Village of Mukwonago

Detailed Schedule of Expenditures - Budget to Actual -

General Fund

Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Current				
General government:				
Village board	\$ 54,829	\$ 57,987	\$ 86,682	\$ (28,695)
Historical preservation commission	290	290	-	290
Municipal court	44,630	44,731	39,970	4,761
Village attorney	78,780	80,270	104,500	(24,230)
Village administrator	233,369	210,201	210,102	99
Village clerk/treasurer	224,096	252,363	239,949	12,414
Elections	23,400	33,428	26,166	7,262
Independent audit	13,000	13,000	10,035	2,965
Assessment of property	19,850	19,850	21,420	(1,570)
Risk and property insurance	132,800	132,800	106,284	26,516
Village hall	56,133	61,890	54,396	7,494
Other	-	-	68,164	(68,164)
Board of appeals	1,000	1,000	-	1,000
	<u>882,177</u>	<u>907,810</u>	<u>967,668</u>	<u>(59,858)</u>
Total general government				
Public safety:				
Police department	2,407,831	2,438,965	2,336,108	102,857
Building inspection	231,858	231,858	214,375	17,483
Emergency government	2,350	2,350	946	1,404
Fire station	8,198	8,198	4,637	3,561
Dam	7,652	7,652	10,068	(2,416)
	<u>2,657,889</u>	<u>2,689,023</u>	<u>2,566,134</u>	<u>122,889</u>
Total public safety				
Public works:				
Engineering	50,000	50,000	83,662	(33,662)
Public works administration	332,956	359,002	350,418	8,584
Machinery operation and maintenance	87,848	89,454	88,287	1,167
Garage and sheds	49,502	59,810	59,648	162
Curb and gutter	25,526	25,526	24,142	1,384
Garbage collection	4,293	3,782	3,632	150
Street signs	10,776	17,750	17,750	-
Bridges, culverts, and rivers	5,033	33	-	33
Street cleaning	11,438	13,318	13,508	(190)
Snow and ice control	126,777	95,005	86,079	8,926
Alleys and local purpose roads	24,298	19,077	15,818	3,259
Street lighting	172,500	178,992	175,840	3,152
Storm sewer maintenance	16,208	14,375	14,375	-
	<u>917,155</u>	<u>926,124</u>	<u>933,159</u>	<u>(7,035)</u>
Total public works				

Village of Mukwonago

Detailed Schedule of Expenditures - Budget to Actual -

General Fund

Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Current (Continued)				
Health and human services:				
Public health services	<u>\$ 2,750</u>	<u>\$ 2,750</u>	<u>\$ 2,420</u>	<u>\$ 330</u>
Culture, recreation and education:				
Museum	11,000	11,000	10,000	1,000
Parks	173,872	175,066	176,624	(1,558)
Celebration and entertainment	<u>4,119</u>	<u>4,119</u>	<u>4,502</u>	<u>(383)</u>
Total culture, recreation and education	<u>188,991</u>	<u>190,185</u>	<u>191,126</u>	<u>(941)</u>
Conservation and development:				
Forestry	30,555	30,555	20,499	10,056
Weed control	1,618	1,618	56	1,562
Planning commission	123,658	123,784	113,527	10,257
Economic development	65,694	65,851	70,144	(4,293)
Environmental protection	<u>12,000</u>	<u>12,000</u>	<u>13,054</u>	<u>(1,054)</u>
Total conservation and development	<u>233,525</u>	<u>233,808</u>	<u>217,280</u>	<u>16,528</u>
Capital outlay:				
Capital expenditures	<u>35,000</u>	<u>50,000</u>	<u>107,658</u>	<u>(57,658)</u>
Total expenditures	<u>\$ 4,917,487</u>	<u>\$ 4,999,700</u>	<u>\$ 4,985,445</u>	<u>\$ 14,255</u>

Village of Mukwonago

Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2020

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds	
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund	Stormwater Fund	Impact Fee Fund	Capital Equipment Fund	Community Development Fund		Tax Incremental District No. 4 Fund
Assets										
Cash and investments	\$ 298,008	\$ 105,777	\$ 185,118	\$ 235,454	\$ 71,427	\$ 311,339	\$ 373,686	\$ 1,208,523	\$ 447,203	\$ 3,236,535
Receivables:										
Taxes	464,809	326,630	-	-	-	-	92,300	-	82,368	966,107
Accounts	-	55,737	-	-	8,084	-	-	-	-	63,821
Due from other governments	-	-	-	-	-	-	22,487	-	-	22,487
Prepaid Items	5,516	-	-	-	-	-	-	-	-	5,516
Restricted assets:										
Cash and investments	-	-	-	-	-	-	-	1,000	-	1,000
Total assets	\$ 768,333	\$ 488,144	\$ 185,118	\$ 235,454	\$ 79,511	\$ 311,339	\$ 488,473	\$ 1,209,523	\$ 529,571	\$ 4,295,466
Liabilities, Deferred Inflows of Resources and Fund Balance										
Liabilities										
Accounts payable	\$ 11,493	\$ 45,233	\$ -	\$ 4	\$ 13	\$ -	\$ 7,247	\$ 1,601	\$ 383,738	\$ 449,329
Accrued liabilities	21,572	-	-	-	63	-	-	-	-	21,635
Total liabilities	33,065	45,233	-	4	76	-	7,247	1,601	383,738	470,964
Deferred Inflows of Resources										
Unearned revenue	464,809	325,013	-	-	-	-	92,300	-	82,368	964,490
Total deferred inflows of resources	464,809	325,013	-	-	-	-	92,300	-	82,368	964,490
Fund Balances (Deficit)										
Nonspendable	5,516	-	-	-	-	-	-	-	-	5,516
Restricted	264,943	-	-	-	79,435	311,339	-	1,000	63,465	720,182
Committed	-	117,898	185,118	235,450	-	-	388,926	1,206,922	-	2,134,314
Total fund balances (deficit)	270,459	117,898	185,118	235,450	79,435	311,339	388,926	1,207,922	63,465	2,860,012
Total liabilities, deferred inflows of resources, and fund balances	\$ 768,333	\$ 488,144	\$ 185,118	\$ 235,454	\$ 79,511	\$ 311,339	\$ 488,473	\$ 1,209,523	\$ 529,571	\$ 4,295,466

Village of Mukwonago

Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Year Ended December 31, 2020

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds	
	Library Fund	Recycling Fund	Revolving Loan Fund	Park Land Site Fund	Stormwater Fund	Impact Fee Fund	Capital Equipment Fund	Community Development Fund		Tax Incremental District No. 4 Fund
Revenues										
Taxes	\$ 455,695	\$ 318,481	\$ -	\$ -	\$ -	\$ -	\$ 106,080	\$ -	\$ 40,536	\$ 920,792
Intergovernmental	533,013	22,196	-	-	-	-	15,876	-	-	571,085
Licenses and permits	-	-	-	5,920	33,448	179,271	-	-	-	218,639
Public charges for services	18,531	222,708	-	-	-	-	-	-	-	241,239
Intergovernmental charges for services	-	-	-	-	-	-	184,980	-	-	184,980
Investment income	2,679	2,071	7,457	1,381	396	1,578	800	1,974	575	18,911
Other revenues	77,803	-	-	50	-	-	-	-	49,223	127,076
Total revenues	1,087,721	565,456	7,457	7,351	33,844	180,849	307,736	1,974	90,334	2,282,722
Expenditures										
Current:										
General government	-	-	-	-	-	-	1,853	5,196	14,356	21,405
Public works	-	561,234	-	50	13,399	131	-	-	-	574,814
Culture, recreation and education	973,423	-	-	-	-	-	-	-	-	973,423
Conservation and development	-	-	-	-	-	-	-	8,100	1,150,000	1,158,100
Capital outlay	57,202	-	31,700	-	-	-	737,746	66,233	-	892,881
Debt service:										
Principal	-	-	-	-	-	-	-	-	5,325	5,325
Interest and fees	-	-	-	-	-	-	11,195	24,405	46,586	82,186
Total expenditures	1,030,625	561,234	31,700	50	13,399	131	750,794	103,934	1,216,267	3,708,134
Excess (deficiency) of revenues over expenditures	57,096	4,222	(24,243)	7,301	20,445	180,718	(443,058)	(101,960)	(1,125,933)	(1,425,412)
Other Financing Sources (Uses)										
Transfers out	-	-	-	(93,002)	-	(122,000)	-	-	-	(215,002)
Debt issued	-	-	-	-	-	-	486,744	1,061,103	1,240,000	2,787,847
Premium on debt issued	-	-	-	-	-	-	24,451	53,303	-	77,754
Proceeds from sale of capital assets	-	-	-	-	-	-	12,075	-	-	12,075
Total other financing sources (uses)	-	-	-	(93,002)	-	(122,000)	523,270	1,114,406	1,240,000	2,662,674
Net changes in fund balances	57,096	4,222	(24,243)	(85,701)	20,445	58,718	80,212	1,012,446	114,067	1,237,262
Fund Balances (Deficit), Beginning	213,363	113,676	209,361	321,151	58,990	252,621	308,714	195,476	(50,602)	1,622,750
Fund Balances (Deficit), Ending	\$ 270,459	\$ 117,898	\$ 185,118	\$ 235,450	\$ 79,435	\$ 311,339	\$ 388,926	\$ 1,207,922	\$ 63,465	\$ 2,860,012