

**VILLAGE OF UNION GROVE WATER,
WASTEWATER AND STORMWATER UTILITIES**

Enterprise Funds of the
Village of Union Grove, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2018 and 2017

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

Enterprise Funds of the Village of Union Grove, Wisconsin

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VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

Enterprise Funds of the Village of Union Grove, Wisconsin

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INDEPENDENT AUDITORS' REPORT

To the Utility Commission
Village of Union Grove Water, Wastewater and Stormwater Utilities
Union Grove, Wisconsin

We have audited the accompanying financial statements of Village of Union Grove Water, Wastewater and Stormwater Utilities, enterprise funds of the Village of Union Grove, Wisconsin, as of and for the years ended December 31, 2018 and 2017, and the related notes to the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Union Grove Water, Wastewater and Stormwater Utilities' 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 Union Grove Water, Wastewater and Stormwater Utilities' 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Village of Union Grove Water, Wastewater and Stormwater Utilities as of December 31, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Village of Union Grove Water, Wastewater and Stormwater Utilities enterprise funds and do not purport to, and do not, present fairly the financial position of the Village of Union Grove, Wisconsin, as of December 31, 2018 and 2017 and the respective changes in financial position, or cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Village of Union Grove Water, Wastewater and Stormwater Utilities has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions on the financial statements are not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The supplemental information as listed in the table of contents are presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Baker Tilly Veitchau Krause, LLP

Madison, Wisconsin
July 8, 2019

WATER UTILITY

VILLAGE OF UNION GROVE WATER UTILITY

STATEMENTS OF NET POSITION As of December 31, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and investments	\$ 1,476,102	\$ 1,524,701
Restricted Assets		
Redemption account	207,944	203,047
Customer accounts receivable	164,861	155,947
Other accounts receivable	643	3,989
Due from municipality	-	861
Materials and supplies	<u>28,962</u>	<u>28,962</u>
Total Current Assets	<u>1,878,512</u>	<u>1,917,507</u>
NONCURRENT ASSETS		
Restricted Assets		
Reserve account	224,911	224,911
Depreciation account	135,894	122,544
Net pension asset	25,865	-
Other Assets		
Preliminary survey and investigation	55,000	55,000
Property held for future use	12,713	12,713
Capital Assets		
Plant in service	11,129,061	11,061,646
Accumulated depreciation	<u>(3,729,963)</u>	<u>(3,489,525)</u>
Total Noncurrent Assets	<u>7,853,481</u>	<u>7,987,289</u>
Total Assets	<u>9,731,993</u>	<u>9,904,796</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	<u>45,556</u>	<u>49,244</u>

LIABILITIES		<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES			
Accounts payable		\$ 51,285	\$ 26,106
Accrued wages		-	2,554
Current Liabilities Payable from Restricted Assets			
Current portion of revenue bonds		284,594	276,250
Accrued interest		<u>18,216</u>	<u>19,239</u>
Total Current Liabilities		<u>354,095</u>	<u>324,149</u>
NONCURRENT LIABILITIES			
Revenue bonds		3,355,946	3,640,540
Unamortized debt discount		(6,700)	(7,174)
Accrued sick leave		35,641	27,220
Net pension liability		<u>-</u>	<u>7,016</u>
Total Noncurrent Liabilities		<u>3,384,887</u>	<u>3,667,602</u>
Total Liabilities		<u>3,738,982</u>	<u>3,991,751</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension		53,995	20,159
Unearned revenues		<u>823,156</u>	<u>840,425</u>
Total Deferred Inflows of Resources		<u>877,151</u>	<u>860,584</u>
NET POSITION			
Net investment in capital assets		3,765,258	3,662,505
Restricted for:			
Debt service		189,728	183,808
Reserve for debt service		224,911	224,911
Equipment renewal or replacement		135,894	122,544
Net pension asset		25,865	-
Unrestricted		<u>819,760</u>	<u>907,937</u>
TOTAL NET POSITION		<u>\$ 5,161,416</u>	<u>\$ 5,101,705</u>

See accompanying notes to the financial statements.

VILLAGE OF UNION GROVE WATER UTILITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Sales of water	\$ 987,500	\$ 978,338
Other	<u>21,210</u>	<u>42,413</u>
Total Operating Revenues	<u>1,008,710</u>	<u>1,020,751</u>
OPERATING EXPENSES		
Operation and maintenance	399,338	619,584
Depreciation	<u>272,181</u>	<u>270,534</u>
Total Operating Expenses	<u>671,519</u>	<u>890,118</u>
OPERATING INCOME	<u>337,191</u>	<u>130,633</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	32,715	15,650
Miscellaneous income	441	3,247
Interest expense	(111,337)	(117,454)
Amortization of discount	<u>(474)</u>	<u>(527)</u>
Total Nonoperating Revenues (Expenses)	<u>(78,655)</u>	<u>(99,084)</u>
Income Before Transfers	258,536	31,549
TRANSFERS - TAX EQUIVALENT	<u>(198,825)</u>	<u>(188,753)</u>
CHANGE IN NET POSITION	59,711	(157,204)
NET POSITION - Beginning of Year	<u>5,101,705</u>	<u>5,258,909</u>
NET POSITION - END OF YEAR	<u>\$ 5,161,416</u>	<u>\$ 5,101,705</u>

See accompanying notes to the financial statements.

VILLAGE OF UNION GROVE WATER UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 680,183	\$ 707,527
Received from municipality for services	314,599	694,341
Paid to suppliers for goods and services	(237,684)	(689,382)
Paid to employees for operating payroll	(148,443)	(144,730)
Net Cash Flows From Operating Activities	<u>608,655</u>	<u>567,756</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Paid to municipality for tax equivalent	<u>(198,825)</u>	<u>(508,926)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(84,287)	(175,437)
Debt retired	(276,250)	(272,986)
Interest paid	(112,360)	(118,464)
Net Cash Flows From Capital and Related Financing Activities	<u>(472,897)</u>	<u>(566,887)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>32,715</u>	<u>15,650</u>
Net Change in Cash and Cash Equivalents	(30,352)	(492,407)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,075,203</u>	<u>2,567,610</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,044,851</u>	<u>\$ 2,075,203</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment in lieu of taxes due	<u>\$ -</u>	<u>\$ (14,773)</u>

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 337,191	\$ 130,633
Nonoperating revenue (expense)	441	3,247
Noncash items in operating income		
Depreciation	272,181	270,534
Depreciation charged to clearing and other utilities	7,607	6,798
Changes in assets and liabilities		
Customer accounts receivable	(8,914)	2,135
Other accounts receivable	3,346	(14)
Due from other funds	861	386,220
Materials and supplies	-	(735)
Pension related deferrals and liabilities (assets)	4,643	11,154
Accounts payable	2,701	10,872
Due to other funds	-	(238,547)
Accrued wages	(2,554)	501
Accrued sick leave	8,421	2,227
Unearned revenues	<u>(17,269)</u>	<u>(17,269)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 608,655</u>	<u>\$ 567,756</u>
 RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION ACCOUNTS		
Cash and investments	\$ 1,476,102	\$ 1,524,701
Redemption account	207,944	203,047
Reserve account	224,911	224,911
Depreciation account	<u>135,894</u>	<u>122,544</u>
CASH AND CASH EQUIVALENTS	<u>\$ 2,044,851</u>	<u>\$ 2,075,203</u>

See accompanying notes to the financial statements.

WASTEWATER UTILITY

VILLAGE OF UNION GROVE WASTEWATER UTILITY

STATEMENTS OF NET POSITION
As of December 31, 2018 and 2017

	<i>ASSETS</i>	<u>2018</u>	<u>2017</u>
CURRENT ASSETS			
Cash and investments		\$ 764,387	\$ 721,732
Restricted Assets			
Redemption account		277,933	269,669
Customer accounts receivable		206,713	201,099
Other accounts receivable		191,606	80,477
Due from municipality		-	1,076
Total Current Assets		<u>1,440,639</u>	<u>1,274,053</u>
NONCURRENT ASSETS			
Restricted Assets			
Replacement account		992,775	882,971
Net pension asset		25,980	-
Other Assets			
Preliminary survey and investigation		14,000	14,000
Capital Assets			
Plant in service		15,416,103	15,351,883
Accumulated depreciation		<u>(8,600,636)</u>	<u>(8,147,075)</u>
Total Noncurrent Assets		<u>7,848,222</u>	<u>8,101,779</u>
Total Assets		<u>9,288,861</u>	<u>9,375,832</u>
<i>DEFERRED OUTFLOWS OF RESOURCES</i>			
Deferred outflows related to pension		<u>45,809</u>	<u>50,366</u>

LIABILITIES		<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES			
Accounts payable		\$ 40,130	\$ 28,759
Accrued wages		-	3,428
Accrued interest		4,121	4,255
Current portion of general obligation debt		80,000	80,000
Current Liabilities Payable from Restricted Assets			
Current portion of revenue bonds		404,640	393,233
Accrued interest		<u>8,173</u>	<u>10,074</u>
Total Current Liabilities		<u>537,064</u>	<u>519,749</u>
NONCURRENT LIABILITIES			
General obligation debt		1,660,000	1,740,000
Revenue bonds		1,285,725	1,690,365
Unamortized debt discount		(7,546)	(8,142)
Accrued sick leave		20,331	12,705
Net pension liability		<u>-</u>	<u>7,093</u>
Total Noncurrent Liabilities		<u>2,958,510</u>	<u>3,442,021</u>
Total Liabilities		<u>3,495,574</u>	<u>3,961,770</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension		<u>53,948</u>	<u>20,690</u>
NET POSITION			
Net investment in capital assets		3,392,648	3,309,352
Restricted for:			
Debt service		269,760	259,595
Equipment replacement		992,775	882,971
Net pension asset		25,980	-
Unrestricted		<u>1,103,985</u>	<u>991,820</u>
TOTAL NET POSITION		<u><u>\$ 5,785,148</u></u>	<u><u>\$ 5,443,738</u></u>

See accompanying notes to the financial statements.

VILLAGE OF UNION GROVE WASTEWATER UTILITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Treatment charges	\$ 1,479,614	\$ 1,452,504
Other	<u>26,951</u>	<u>94,087</u>
Total Operating Revenues	<u>1,506,565</u>	<u>1,546,591</u>
OPERATING EXPENSES		
Operation and maintenance	637,241	596,867
Depreciation	<u>510,878</u>	<u>503,894</u>
Total Operating Expenses	<u>1,148,119</u>	<u>1,100,761</u>
OPERATING INCOME	<u>358,446</u>	<u>445,830</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	22,262	8,680
Interest expense	(103,761)	(116,479)
Amortization of discount	<u>(597)</u>	<u>(663)</u>
Total Nonoperating Revenues (Expenses)	<u>(82,096)</u>	<u>(108,462)</u>
Income Before Contributions	276,350	337,368
CAPITAL CONTRIBUTIONS	<u>65,060</u>	<u>15,000</u>
CHANGE IN NET POSITION	341,410	352,368
NET POSITION - Beginning of Year	<u>5,443,738</u>	<u>5,091,370</u>
NET POSITION - END OF YEAR	<u><u>\$ 5,785,148</u></u>	<u><u>\$ 5,443,738</u></u>

See accompanying notes to the financial statements.

VILLAGE OF UNION GROVE WASTEWATER UTILITY

STATEMENTS OF CASH FLOWS Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 1,390,898	\$ 1,744,961
Paid to suppliers for goods and services	(467,919)	(567,652)
Paid to employees for operating payroll	(154,810)	(148,251)
Net Cash Flows From Operating Activities	768,169	1,029,058
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Debt paid on behalf of TID #3	-	8,050
Debt paid on behalf of TID #4	-	38,808
Net Cash Flows From Noncapital Financing Activities	-	46,858
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(115,738)	(24,773)
Connection fees received	65,060	15,000
Paid to TID for prior year debt service	-	(251,367)
Debt retired	(473,233)	(452,147)
Interest paid	(105,796)	(118,442)
Net Cash Flows From Capital and Related Financing Activities	(629,707)	(831,729)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	22,261	8,680
Net Change in Cash and Cash Equivalents	160,723	252,867
CASH AND CASH EQUIVALENTS - Beginning of Year	1,874,372	1,621,505
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,035,095	\$ 1,874,372

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 358,446	\$ 445,830
Noncash items in operating income		
Depreciation	510,878	503,894
Depreciation charged to clearing and other utilities	(7,608)	(6,798)
Changes in assets and liabilities		
Customer accounts receivable	(5,614)	(968)
Other accounts receivable	(111,129)	(24,713)
Due from other funds	1,076	230,849
Accounts payable	13,180	22,219
Due to other funds	-	(154,372)
Pension related deferrals and liabilities (assets)	4,742	11,183
Accrued wages	(3,428)	779
Accrued sick leave	7,626	1,155
	<u>768,169</u>	<u>1,029,058</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 768,169</u>	<u>\$ 1,029,058</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET ASSETS ACCOUNTS		
Cash and investments	\$ 764,387	\$ 721,732
Redemption account	277,933	269,669
Replacement account	992,775	882,971
	<u>2,035,095</u>	<u>1,874,372</u>
CASH AND CASH EQUIVALENTS	<u>\$ 2,035,095</u>	<u>\$ 1,874,372</u>

See accompanying notes to the financial statements.

STORMWATER UTILITY

VILLAGE OF UNION GROVE STORMWATER UTILITY

STATEMENTS OF NET POSITION
As of December 31, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and investments	\$ 501,030	\$ 476,742
Customer accounts receivable	63,437	63,111
Due from municipality	-	418
Total Current Assets	<u>564,467</u>	<u>540,271</u>
NONCURRENT ASSETS		
Capital Assets		
Plant in service	3,219,965	3,182,836
Accumulated depreciation	<u>(1,888,233)</u>	<u>(1,766,722)</u>
Total Noncurrent Assets	<u>1,331,732</u>	<u>1,416,114</u>
Total Assets	<u>1,896,199</u>	<u>1,956,385</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	10,783	6,350
Accrued wages	-	376
Accrued interest	-	802
Current portion of lease obligation	-	57,989
Total Current Liabilities	<u>10,783</u>	<u>65,517</u>
NONCURRENT LIABILITIES		
Accrued sick leave	<u>5,523</u>	<u>4,984</u>
Total Liabilities	<u>16,306</u>	<u>70,501</u>
NET POSITION		
Net investment in capital assets	1,331,732	1,358,125
Unrestricted	<u>548,161</u>	<u>527,759</u>
TOTAL NET POSITION	<u><u>\$ 1,879,893</u></u>	<u><u>\$ 1,885,884</u></u>

See accompanying notes to the financial statements.

VILLAGE OF UNION GROVE STORMWATER UTILITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Charges for services	\$ 251,370	\$ 250,907
Other	<u>452</u>	<u>424</u>
Total Operating Revenues	<u>251,822</u>	<u>251,331</u>
OPERATING EXPENSES		
Operation and maintenance	141,717	138,779
Depreciation	<u>121,511</u>	<u>119,046</u>
Total Operating Expenses	<u>263,228</u>	<u>257,825</u>
OPERATING LOSS	<u>(11,406)</u>	<u>(6,494)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	6,216	2,748
Interest expense	<u>(801)</u>	<u>(2,383)</u>
Total Nonoperating Revenues (Expenses)	<u>5,415</u>	<u>365</u>
CHANGE IN NET POSITION	(5,991)	(6,129)
NET POSITION - Beginning of Year	<u>1,885,884</u>	<u>1,892,013</u>
NET POSITION - END OF YEAR	<u>\$ 1,879,893</u>	<u>\$ 1,885,884</u>

See accompanying notes to the financial statements.

VILLAGE OF UNION GROVE STORMWATER UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 251,914	\$ 280,771
Paid to suppliers for goods and services	(68,680)	(87,554)
Paid to employees for operating payroll	(66,331)	(60,028)
Net Cash Flows From Operating Activities	116,903	133,189
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(39,239)	(4,120)
Capital lease payments	(57,989)	(56,430)
Interest paid	(1,603)	(3,162)
Net Cash Flows From Capital and Related Financing Activities	(98,831)	(63,712)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	6,216	2,748
Net Change in Cash and Cash Equivalents	24,288	72,225
CASH AND CASH EQUIVALENTS - Beginning of Year	476,742	404,517
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 501,030	\$ 476,742
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (11,406)	\$ (6,494)
Noncash items in operating loss		
Depreciation	121,511	119,046
Changes in assets and liabilities		
Customer accounts receivable	(326)	(232)
Due from other funds	418	29,672
Accounts payable	6,543	1,229
Due to other funds	-	(10,216)
Accrued wages	(376)	376
Accrued sick leave	539	(192)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 116,903	\$ 133,189
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION ACCOUNTS		
Cash and investments	\$ 501,030	\$ 476,742
CASH AND CASH EQUIVALENTS	\$ 501,030	\$ 476,742

See accompanying notes to the financial statements.

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Village of Union Grove Water, Wastewater and Stormwater Utilities (utilities) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the utilities are described below.

REPORTING ENTITY

The utilities are separate enterprise funds of the Village of Union Grove (municipality). The utilities are managed by a utility commission. The utilities provide water, wastewater, and stormwater service to properties within the municipality.

The water utility operates under service rules and rates established by the Public Service Commission of Wisconsin (PSCW). The wastewater and stormwater utilities operate under rules and rates established by the Utility Commission.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The utilities are presented as enterprise funds of the municipality. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

The financial statements 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 when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In June 2018, the GASB issued Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement establishes requirements for interest cost incurred before the end of a construction period. The utilities adopted this statement effective January 1, 2018.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and 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

Deposits and Investments

For purposes of the statement of cash flows, cash, and cash equivalents have original maturities of three months or less from the date of acquisition.

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Deposits and Investments (cont.)

Investment of the utilities' funds are restricted by state statutes. Investments are limited to:

- > Time deposits in any credit union, bank, savings bank or trust company.
- > 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, local professional baseball park district, local professional football stadium district, local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- > Bonds or securities issued or guaranteed by the federal government.
- > The local government investment pool.
- > Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- > Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- > Repurchase agreements with public depositories, with certain conditions.

The utilities have adopted an investment policy. That policy follows the state statute for allowable investments.

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 cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair values may have changed significantly after year end.

Receivables/Payables

Transactions between the utilities and other funds of the municipality that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from other funds. All other outstanding balances between the utilities and other funds of the municipality are reported as due to/from other funds.

The utilities have the right under Wisconsin statutes to place delinquent water, wastewater and stormwater bills on the tax roll for collection. As such, no allowance for uncollectible customer accounts is considered necessary.

Receivable from TID

In 2012, the water utility took on debt issued by TID. At the time of issuance, a deposit was made to the Debt Service Reserve Fund to be used for future payments. The utility funded the reserve account with its own cash and recorded a receivable from TID for this amount. In 2017, the receivable was paid through the commingled cash account.

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Materials and Supplies

Materials and supplies are generally used for construction, operation, and maintenance work, not for resale. They are valued at the lower of cost or market utilizing the average cost method and charged to construction or expense when used.

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.

Preliminary Survey and Investigation

The balance represents initial project engineering costs related to utility plant construction. The balance will be capitalized upon commencement of the project.

Property Held for Future Use

The balance represents building and structures on a future well site.

Capital Assets

Capital assets are generally defined by the utilities as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year.

Capital assets of the utilities are recorded at cost or the estimated acquisition value at the time of contribution to the utilities. Major outlays for utility plant are capitalized as projects are constructed. Capital assets in service are depreciated or amortized using the straight-line method over the following useful lives:

	Years
Water Plant	
Source of supply	22 -34
Pumping	23 -31
Water treatment	30 -31
Transmission and distribution	18 -77
General	4 -17

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Capital Assets (cont.)

	Years
Wastewater Plant	
Collecting system	40
Collecting system pumping	40
Treatment and disposal	10 - 40
General	5 - 40
Stormwater Plant	
Retention basin improvements	25
Storm mains	20 - 60
Equipment	10

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pension, 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.

Deferred Outflow of Resources

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

Accrued Vacation and Sick Leave

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Vested vacation and sick leave pay is accrued when earned in the financial statements. The liability is liquidated from general operating revenues of the utilities.

Unearned Revenues

During 2016 the water utility entered into an agreement provided an easement, assignment of existing water tower lease contracts and the rights to future tower lease revenue. The utility received \$860,573 as a lump sum payment.

Existing contracts had remaining terms of three to six years. Annual revenue under these agreement was approximately \$60,000. Future revenues cannot be determined due to changing conditions in the telecommunications industry.

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Long-Term Obligations

Long-term debt and other obligations are reported as utility liabilities. Bond premiums and discounts, are amortized over the life of the bonds using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow in the statement of net position.

Deferred Inflows of Resources

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

REVENUES AND EXPENSES

The utilities 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 the utility's principal ongoing operations. The principal operating revenues of the utilities are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Charges for Services

Billings are rendered and recorded quarterly based on metered usage. The utilities do not accrue revenues beyond billing dates.

Current water rates were approved by the PSCW effective March 1, 2018.

Current wastewater rates were approved by the utility commission effective January 1, 2010.

Current stormwater rates were approved by the utility commission effective January 1, 2011.

Capital Contributions

Cash and capital assets are contributed to the utilities from customers, the municipality, or external parties. The value of property contributed to the utilities are reported as revenue on the statements of revenues, expenses, and changes in net position.

Connection Fee

The wastewater utility charges new customers a hook-up fee to connect to the system. Fees collected are recorded as capital contributions on the statements of revenues, expenses, and changes in net position.

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

REVENUES AND EXPENSES (cont.)

Taxes

Taxes included in the financial statements include the utilities social security taxes. Municipal utilities are exempt from income taxes and, therefore, no income tax liability is recorded by the utilities.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB has approved GASB Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 87, *Leases*, Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, and Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. When they become effective, application of these standards may restate portions of these financial statements.

COMPARATIVE DATA

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 - DEPOSITS AND INVESTMENTS

	Carrying Value as of December 31,		Risks
	<u>2018</u>	<u>2017</u>	
Checking and savings	\$ 1,114,201	\$ 841,286	Custodial credit
Certificates of deposit	27,836	27,836	Custodial credit
LGIP	<u>3,438,939</u>	<u>3,557,195</u>	Credit
Totals	<u>\$ 4,580,976</u>	<u>\$ 4,426,317</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 further 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 (SDGF) in the amount of \$400,000.

The utilities may also maintain separate cash and investment accounts at the same financial institutions utilized by the municipality. Federal depository insurance and the SDGF apply to all municipal accounts, and accordingly, the amount of insured funds is not determinable for the utilities alone. Therefore, coverage for the utilities may be reduced. Investment income on commingled investments of the entire municipality is allocated based on average investment balances.

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (cont.)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018 and 2017, the fair value of the LGIP's assets were substantially equal to the utilities' share.

Custodial Credit Risk

Deposits

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

The utilities maintain certain deposits in the same institutions as the municipality. The following is a summary of the utilities' total deposit balances at these institutions.

	2018		2017	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Community State Bank	\$ 1,464,474	\$ 1,142,037	\$ 869,129	\$ 869,122

Credit Risk

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

The utilities held investments in the Local Government Investment Pool which is an external pool that is not rated.

Investment Policy

The utilities' investment policy does not address these risks.

NOTE 3 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund balances for the years ending December 31, 2018 and 2017:

Due To	Due From	2018		2017	
		Amount	Principal Purpose	Amount	Principal Purpose
Water	Municipality	\$ -		\$ 861	Tax roll
Wastewater	Municipality	-		1,076	Tax roll
Stormwater	Municipality	-		418	Tax roll

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 3 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

The following is a schedule of transfer balances for the years ending December 31, 2018 and 2017:

To	From	2018		2017	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Water	\$ 198,825	Tax equivalent	\$ 188,753	Tax equivalent

NOTE 4 - RESTRICTED ASSETS

Restricted Accounts

Certain proceeds of the utilities' debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited. The following accounts are reported as restricted assets:

- 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 the redemption account.
- Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

Replacement Account

As a condition of receiving state and federal funds for wastewater plant construction, the utilities have established an account for replacement of certain mechanical equipment.

At December 31, 2018, the replacement and redemption accounts were underfunded. The reserve and depreciation accounts were properly funded at December 31, 2018 and 2017.

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.

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 4 - RESTRICTED ASSETS (cont.)

Restricted Net Position

The following calculation supports the amount of water restricted net position:

	2018	2017
Restricted Assets		
Redemption account	\$ 207,944	\$ 203,047
Reserve account	224,911	224,911
Depreciation account	135,894	122,544
Net pension asset	25,865	-
Total Restricted Assets	594,614	550,502
Current Liabilities Payable From Restricted Assets	(18,216)	(19,239)
Total Restricted Net Position as Calculated	\$ 576,398	\$ 531,263

The purpose of the restricted net position is as follows:

	2018	2017
Debt service	\$ 189,728	\$ 183,808
Reserve for debt service	224,911	224,911
Equipment renewal or replacement	135,894	122,544
Net pension asset	25,865	-
Total Restricted Net Position	\$ 576,398	\$ 531,263

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 4 - RESTRICTED ASSETS (cont.)

Restricted Net Position (cont.)

The following calculation supports the amount of wastewater restricted net position:

	2018	2017
Restricted Assets		
Redemption account	\$ 277,933	\$ 269,669
Replacement account	992,775	882,971
Net pension asset	25,980	-
Total Restricted Assets	1,296,688	1,152,640
Current Liabilities Payable From Restricted Assets	(8,173)	(10,074)
Total Restricted Net Position as Calculated	\$ 1,288,515	\$ 1,142,566

The purpose of the restricted net position is as follows:

	2018	2017
Debt service	\$ 269,760	\$ 259,595
Equipment replacement	992,775	882,971
Net pension asset	25,980	-
Total Restricted Net Position	\$ 1,288,515	\$ 1,142,566

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 5 - CHANGES IN CAPITAL ASSETS

Water Utility

A summary of changes in water capital assets for 2018 follows:

	Balance 1/1/18	Increases	Decreases	Balance 12/31/18
Capital assets, not being depreciated				
Land and land rights	\$ 29,955	\$ -	\$ -	\$ 29,955
Intangible	61,679	-	-	61,679
Total Capital Assets Not Being Depreciated	<u>91,634</u>	-	-	<u>91,634</u>
Capital assets being depreciated				
Source of supply	318,730	-	-	318,730
Pumping	709,111	-	-	709,111
Water treatment	3,375,448	-	-	3,375,448
Transmission and distribution	6,302,600	51,342	22,180	6,331,762
General	264,123	66,173	27,920	302,376
Total Capital Assets Being Depreciated	<u>10,970,012</u>	<u>117,515</u>	<u>50,100</u>	<u>11,037,427</u>
Total Capital Assets	<u>11,061,646</u>	<u>117,515</u>	<u>50,100</u>	<u>11,129,061</u>
Less: Accumulated depreciation	<u>(3,489,525)</u>	<u>(290,538)</u>	<u>50,100</u>	<u>(3,729,963)</u>
Net Capital Assets	<u>\$ 7,572,121</u>			<u>\$ 7,399,098</u>

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 5 - CHANGES IN CAPITAL ASSETS (cont.)

Water Utility (cont.)

A summary of changes in water capital assets for 2017 follows:

	Balance 1/1/17	Increases	Decreases	Balance 12/31/17
Capital assets, not being depreciated				
Land and land rights	\$ 29,955	\$ -	\$ -	\$ 29,955
Intangible	61,679	-	-	61,679
Total Capital Assets Not Being Depreciated	91,634	-	-	91,634
Capital assets being depreciated				
Source of supply	318,730	-	-	318,730
Pumping	676,593	118,505	85,987	709,111
Water treatment	3,375,448	-	-	3,375,448
Transmission and distribution	6,272,966	53,499	23,865	6,302,600
General	263,844	3,105	2,826	264,123
Total Capital Assets Being Depreciated	10,907,581	175,109	112,678	10,970,012
Total Capital Assets	10,999,215	175,109	112,678	11,061,646
Less: Accumulated depreciation	(3,324,871)	(277,332)	112,678	(3,489,525)
Net Capital Assets	\$ 7,674,344			\$ 7,572,121

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 5 - CHANGES IN CAPITAL ASSETS (cont.)

Wastewater Utility

A summary of changes in wastewater capital assets for 2018 follows:

	Balance 1/1/18	Increases	Decreases	Balance 12/31/18
Capital assets, not being depreciated				
Land and land rights	\$ 440	\$ -	\$ -	\$ 440
Capital assets being depreciated				
Collecting system	3,469,501	-	-	3,469,501
Collecting system pumping	424,817	5,875	3,817	426,875
Treatment and disposal	10,782,749	14,554	7,779	10,789,524
General	674,376	104,250	48,863	729,763
Total Capital Assets Being Depreciated	<u>15,351,443</u>	<u>124,679</u>	<u>60,459</u>	<u>15,415,663</u>
Total Capital Assets	<u>15,351,883</u>	<u>124,679</u>	<u>60,459</u>	<u>15,416,103</u>
Less: Accumulated depreciation	<u>(8,147,075)</u>	<u>(514,020)</u>	<u>60,459</u>	<u>(8,600,636)</u>
Net Capital Assets	<u>\$ 7,204,808</u>			<u>\$ 6,815,467</u>

A summary of changes in wastewater capital assets for 2017 follows:

	Balance 1/1/17	Increases	Decreases	Balance 12/31/17
Capital assets, not being depreciated				
Land and land rights	\$ 440	\$ -	\$ -	\$ 440
Capital assets being depreciated				
Collecting system	3,469,501	-	-	3,469,501
Collecting system pumping	424,817	-	-	424,817
Treatment and disposal	10,778,287	13,373	8,911	10,782,749
General	670,372	7,180	3,176	674,376
Total Capital Assets Being Depreciated	<u>15,342,977</u>	<u>20,553</u>	<u>12,087</u>	<u>15,351,443</u>
Total Capital Assets	<u>15,343,417</u>	<u>20,553</u>	<u>12,087</u>	<u>15,351,883</u>
Less: Accumulated depreciation	<u>(7,662,066)</u>	<u>(497,096)</u>	<u>12,087</u>	<u>(8,147,075)</u>
Net Capital Assets	<u>\$ 7,681,351</u>			<u>\$ 7,204,808</u>

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 5 - CHANGES IN CAPITAL ASSETS (cont.)

Stormwater Utility

A summary of changes in stormwater capital assets for 2018 follows:

	Balance 1/1/18	Increases	Decreases	Balance 12/31/18
Capital assets, not being depreciated				
Land and land rights	\$ 100,883	\$ -	\$ -	\$ 100,883
Capital assets being depreciated				
Retention basin improvements	75,305	-	-	75,305
Storm mains	2,649,559	-	-	2,649,559
Equipment	357,089	37,129	-	394,218
Total Capital Assets Being Depreciated	<u>3,081,953</u>	<u>37,129</u>	<u>-</u>	<u>3,119,082</u>
Total Capital Assets	<u>3,182,836</u>	<u>37,129</u>	<u>-</u>	<u>3,219,965</u>
Less: Accumulated depreciation	<u>(1,766,722)</u>	<u>(121,511)</u>	<u>-</u>	<u>(1,888,233)</u>
Net Capital Assets	<u>\$ 1,416,114</u>			<u>\$ 1,331,732</u>

A summary of changes in stormwater capital assets for 2017 follows:

	Balance 1/1/17	Increases	Decreases	Balance 12/31/17
Capital assets, not being depreciated				
Land and land rights	\$ 100,883	\$ -	\$ -	\$ 100,883
Capital assets being depreciated				
Retention basin improvements	75,305	-	-	75,305
Storm mains	2,649,559	-	-	2,649,559
Equipment	355,604	1,485	-	357,089
	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets Being Depreciated	<u>3,080,468</u>	<u>1,485</u>	<u>-</u>	<u>3,081,953</u>
Total Capital Assets	<u>3,181,351</u>	<u>1,485</u>	<u>-</u>	<u>3,182,836</u>
Less: Accumulated depreciation	<u>(1,647,676)</u>	<u>(119,046)</u>	<u>-</u>	<u>(1,766,722)</u>
Net Capital Assets	<u>\$ 1,533,675</u>			<u>\$ 1,416,114</u>

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 6 - LEASES

In 2016, the stormwater utility entered into a leasing agreement with Bruce Municipal Equipment for a street sweeper for \$229,673. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The asset acquired through a capital lease is as follows:

	December 31	
	2018	2017
Street sweeper	\$ 229,673	\$ 229,673
Less: Accumulated depreciation	57,419	34,451
Totals	\$ 172,254	\$ 195,222

The final lease payment was made in 2018.

NOTE 7 - LONG-TERM OBLIGATIONS

Revenue Bonds - Water

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/18
2005	Waterworks System	2025	2.37%	\$ 1,486,390	\$ 603,956
2007	Waterworks System	2026	2.48	516,994	247,181
2009	Waterworks System	2029	2.67	652,175	389,403
2012	Waterworks System	2032	2-3.90	3,150,000	2,400,000

Revenue bonds debt service requirements to maturity follows:

Year Ending December 31	Principal	Interest	Total
2019	\$ 284,594	\$ 105,944	\$ 390,538
2020	288,020	99,032	387,052
2021	296,531	91,415	387,946
2022	305,128	83,199	388,327
2023	313,813	74,743	388,556
2024 - 2028	1,322,211	246,697	1,568,908
2029 - 2032	830,243	62,947	893,190
Totals	\$ 3,640,540	\$ 763,977	\$ 4,404,517

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Revenue Bonds - Water (cont.)

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2018 and 2017 were \$388,610 and \$391,450, respectively. Total customer net revenues as defined for the same periods were \$642,528 and \$420,064. Annual principal and interest payments are expected to require 49% of net revenues on average.

Revenue Bonds - Wastewater

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/18
2002	Modifications to treatment facility	2022	2.901%	\$ 6,513,550	\$ 1,690,365

Revenue bonds debt service requirements to maturity follows:

Year Ending December 31	Principal	Interest	Total
2019	\$ 404,640	\$ 43,168	\$ 447,808
2020	416,379	31,259	447,638
2021	428,458	19,005	447,463
2022	440,888	6,395	447,283
Totals	<u>\$ 1,690,365</u>	<u>\$ 99,827</u>	<u>\$ 1,790,192</u>

All utility revenues are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2018 and 2017 were \$447,974 and \$448,135, respectively. Total customer net revenues as defined for the same periods were \$891,586 and \$958,404. Annual principal and interest payments are expected to require 50% of net revenues on average.

General Obligation Debt - Wastewater

The following general obligation bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/18
2012	Collection system	2028	2.806%	\$ 1,995,000	\$ 1,740,000

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt - Wastewater (cont.)

General obligation bonds debt service requirements to maturity follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 80,000	\$ 49,455	\$ 129,455
2020	90,000	47,855	137,855
2021	95,000	45,830	140,830
2022	100,000	43,693	143,693
2023	205,000	41,193	246,193
2024-2028	<u>1,170,000</u>	<u>109,250</u>	<u>1,279,250</u>
Totals	<u>\$ 1,740,000</u>	<u>\$ 337,276</u>	<u>\$ 2,077,276</u>

Long-Term Obligations Summary - Water

Long-term obligation activity for the year ended December 31, 2018 is as follows:

	<u>1/1/18 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/18 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 3,916,790	\$ -	\$ 276,250	\$ 3,640,540	\$ 284,594
Unamortized debt discount	(7,174)	-	(474)	(6,700)	-
Accrued sick leave	<u>27,220</u>	<u>10,260</u>	<u>1,839</u>	<u>35,641</u>	<u>-</u>
Totals	<u>\$ 3,936,836</u>	<u>\$ 10,260</u>	<u>\$ 277,615</u>	<u>\$ 3,669,481</u>	<u>\$ 284,594</u>

Long-term obligation activity for the year ended December 31, 2017 is as follows:

	<u>1/1/17 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/17 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 4,189,776	\$ -	\$ 272,986	\$ 3,916,790	\$ 276,250
Unamortized debt discount	(7,701)	-	(527)	(7,174)	-
Accrued sick leave	<u>24,993</u>	<u>3,488</u>	<u>1,261</u>	<u>27,220</u>	<u>-</u>
Totals	<u>\$ 4,207,068</u>	<u>\$ 3,488</u>	<u>\$ 273,720</u>	<u>\$ 3,936,836</u>	<u>\$ 276,250</u>

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STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Long-Term Obligations Summary - Wastewater

Long-term obligation activity for the year ended December 31, 2018 is as follows:

	<u>1/1/18 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/18 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 2,083,598	\$ -	\$ 393,233	\$ 1,690,365	\$ 404,640
General obligation debt	1,820,000	-	80,000	1,740,000	80,000
Unamortized debt discount	(8,142)	-	(596)	(7,546)	-
Accrued sick leave	<u>12,705</u>	<u>8,920</u>	<u>1,294</u>	<u>20,331</u>	<u>-</u>
Totals	<u>\$ 3,908,161</u>	<u>\$ 8,920</u>	<u>\$ 473,931</u>	<u>\$ 3,443,150</u>	<u>\$ 484,640</u>

Long-term obligation activity for the year ended December 31, 2017 is as follows:

	<u>1/1/17 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/17 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 2,465,745	\$ -	\$ 382,147	\$ 2,083,598	\$ 393,233
General obligation debt	1,890,000	-	70,000	1,820,000	80,000
Unamortized debt discount	(8,806)	-	(664)	(8,142)	-
Accrued sick leave	<u>11,550</u>	<u>3,082</u>	<u>1,927</u>	<u>12,705</u>	<u>-</u>
Totals	<u>\$ 4,358,489</u>	<u>\$ 3,082</u>	<u>\$ 453,410</u>	<u>\$ 3,908,161</u>	<u>\$ 473,233</u>

Long-Term Obligations Summary - Stormwater

Long-term obligation activity for the year ended December 31, 2018 is as follows:

	<u>1/1/18 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/18 Balance</u>	<u>Due Within One Year</u>
Lease obligation	\$ 57,989	\$ -	\$ 57,989	\$ -	\$ -
Accrued sick leave	<u>4,984</u>	<u>1,185</u>	<u>646</u>	<u>5,523</u>	<u>-</u>
Totals	<u>\$ 62,973</u>	<u>\$ 1,185</u>	<u>\$ 58,635</u>	<u>\$ 5,523</u>	<u>\$ -</u>

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
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NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Long-Term Obligations Summary - Stormwater (cont.)

Long-term obligation activity for the year ended December 31, 2017 is as follows:

	<u>1/1/17</u> Balance	<u>Additions</u>	<u>Reductions</u>	<u>12/31/17</u> Balance	<u>Due Within</u> <u>One Year</u>
Lease obligation	\$ 114,419	\$ -	\$ 56,430	\$ 57,989	\$ 57,989
Accrued sick leave	<u>5,176</u>	<u>1,696</u>	<u>1,888</u>	<u>4,984</u>	<u>-</u>
Totals	<u>\$ 119,595</u>	<u>\$ 1,696</u>	<u>\$ 58,318</u>	<u>\$ 62,973</u>	<u>\$ 57,989</u>

In addition to the liabilities above, information on the net pension liability (asset) for the water, wastewater, and stormwater utilities is provided in Note 9.

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the revenue bonds:

Insurance

The utilities are 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. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

The utilities are covered under the following insurance policies at December 31, 2018:

<u>Type</u>	<u>Coverage</u>	<u>Expiration</u>
General Liability	\$ 2,000,000 EMI Insurance Company	1/1/2019
Automobile	2,000,000 EMI Insurance Company	1/1/2019
Workers Compensation	500,000 EMI Insurance Company	1/1/2019
Property Insurance	26,112,920 EMI Insurance Company	1/1/2019

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

Debt Coverage - Water

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2018 and not met in 2017 as follows:

	2018	2017
Operating revenues	\$ 1,008,710	\$ 1,020,751
Investment income	32,715	15,650
Miscellaneous nonoperating income	441	3,247
Less: Operation and maintenance expenses	(399,338)	(619,584)
Net Defined Earnings	\$ 642,528	\$ 420,064
Minimum Required Earnings per Resolution:		
Highest annual debt service	\$ 390,538	\$ 390,538
Coverage factor	1.25	1.25
Minimum Required Earnings	\$ 488,173	\$ 488,173
Actual Debt Coverage	1.65	1.08

Debt Coverage - Wastewater

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.10 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2018 as well as 2017 as follows:

	2018	2017
Operating revenues	\$ 1,506,565	\$ 1,546,591
Investment income	22,262	8,680
Less: Operation and maintenance expenses	(637,241)	(596,867)
Net Defined Earnings	\$ 891,586	\$ 958,404
Minimum Required Earnings per Resolution:		
Highest annual debt service	\$ 447,809	\$ 447,974
Coverage factor	1.10	1.10
Minimum Required Earnings	\$ 492,590	\$ 492,771
Actual Debt Coverage	1.99	2.14

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

Number of Customers and Billed Volumes - Water

The utility has the following number of customers and billed volumes for 2018 and 2017:

	Customers		Sales (000 gals)	
	2018	2017	2018	2017
Residential	1,320	1,359	59,226	60,466
Multifamily residential	43	40	15,728	14,911
Commercial	150	156	20,529	19,181
Industrial	15	20	15,183	15,570
Public authority	10	18	5,629	6,524
Totals	<u>1,538</u>	<u>1,593</u>	<u>116,295</u>	<u>116,652</u>

Number of Customers and Billed Volumes - Wastewater

The utility has the following number of customers and billed volumes for 2018 and 2017:

	Customers		Sales (000 gals)	
	2018	2017	2018	2017
Residential	1,317	1,352	58,350	59,424
Commercial	189	191	34,458	32,664
Industrial	14	18	2,919	2,761
Public authority	10	14	2,272	2,062
Totals	<u>1,530</u>	<u>1,575</u>	<u>97,999</u>	<u>96,911</u>

NOTE 8 - NET POSITION

GASB No. 34 requires the classification of net position into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
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NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - NET POSITION (cont.)

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets."

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

The following calculation supports the water net investment in capital assets:

	2018	2017
Plant in service	\$ 11,129,061	\$ 11,061,646
Accumulated depreciation	<u>(3,729,963)</u>	<u>(3,489,525)</u>
Sub-Totals	<u>7,399,098</u>	<u>7,572,121</u>
Less: Capital related debt		
Current portion of capital related long-term debt	284,594	276,250
Long-term portion of capital related long-term debt	3,355,946	3,640,540
Unamortized debt discount	<u>(6,700)</u>	<u>(7,174)</u>
Sub-Totals	<u>3,633,840</u>	<u>3,909,616</u>
Net Investment in Capital Assets	<u>\$ 3,765,258</u>	<u>\$ 3,662,505</u>

The following calculation supports the wastewater net investment in capital assets:

	2018	2017
Plant in service	\$ 15,416,103	\$ 15,351,883
Accumulated depreciation	<u>(8,600,636)</u>	<u>(8,147,075)</u>
Sub-Totals	<u>6,815,467</u>	<u>7,204,808</u>
Less: Capital related debt		
Current portion of capital related long-term debt	484,640	473,233
Long-term portion of capital related long-term debt	2,945,725	3,430,365
Unamortized debt discount	<u>(7,546)</u>	<u>(8,142)</u>
Sub-Totals	<u>3,422,819</u>	<u>3,895,456</u>
Net Investment in Capital Assets	<u>\$ 3,392,648</u>	<u>\$ 3,309,352</u>

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 8 - NET POSITION (cont.)

The following calculation supports the wastewater net investment in capital assets:

	2018	2017
Plant in service	\$ 3,219,965	\$ 3,182,836
Accumulated depreciation	<u>(1,888,233)</u>	<u>(1,766,722)</u>
Sub-Totals	<u>1,331,732</u>	<u>1,416,114</u>
Less: Capital related debt		
Long-term portion of capital related long-term debt	<u>-</u>	<u>57,989</u>
Net Investment in Capital Assets	<u>\$ 1,331,732</u>	<u>\$ 1,358,125</u>

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM

General Information About the Pension Plan

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

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

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

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

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
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NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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:

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4.0

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 rate for general category employees, including teachers, and Executives and Elected Officials. Starting 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.

The WRS recognized \$16,175 and \$15,754 in contributions from the utilities during the current and prior reporting periods, respectively.

Contribution rates as of December 31, 2018 and December 31, 2017 are:

	2018		2017	
	Employee	Employer	Employee	Employer
General (including Executives and Elected Officials)	6.7%	6.7%	6.8%	6.8%
Protective with Social Security	6.7%	10.7%	6.8%	10.6%
Protective without Social Security	6.7%	14.9%	6.8%	14.9%

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

At December 31, 2018, the utilities reported a liability (asset) of \$(51,845) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The utilities's proportion of the net pension liability (asset) was based on the utilities's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Village of Union Grove's proportion was 0.00575325%, which was a decrease of 0.00033552% from its proportion measured as of December 31, 2016.

At December 31, 2017, the utilities reported a liability (asset) of \$14,109 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The utilities's proportion of the net pension liability (asset) was based on the utilities's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the Village of Union Grove's proportion was 0.00608877%, which was a decrease of 0.00020153% from its proportion measured as of December 31, 2015.

For the years ended December 31, 2018 and 2017, the utilities recognized pension expense of \$25,561 and \$36,835, respectively.

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

	Water Utility		Wastewater Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,426	\$ (11,633)	\$ 32,588	\$ (12,126)
Changes in assumption	3,868	-	4,031	-
Net differences between project and actual earnings on pension plan	-	(42,362)	-	(41,822)
Changes in proportion and differences between employer contributions and proportionate share of contributions	766	-	778	-
Employer contributions subsequent to the measurement date	8,496	-	8,412	-
Total	<u>\$ 45,556</u>	<u>\$ (53,995)</u>	<u>\$ 45,809</u>	<u>\$ (53,948)</u>

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
STORMWATER UTILITIES**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

	<u>Water Utility</u>		<u>Wastewater Utility</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,461	\$ 20,159	\$ 2,490	\$ 20,690
Changes in assumption	6,703	-	6,878	-
Net differences between project and actual earnings on pension plan	31,013	-	31,879	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	998	-	1,012	-
Employer contributions subsequent to the measurement date	<u>8,069</u>	<u>-</u>	<u>8,107</u>	<u>-</u>
Total	<u>\$ 49,244</u>	<u>\$ 20,159</u>	<u>\$ 50,366</u>	<u>\$ 20,690</u>

Deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date reported in the tables above will be recognized as a reduction of the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>
2019	\$ 4,513	\$ 4,411
2020	108	105
2021	(12,252)	(11,976)
2022	(9,391)	(9,178)
2023	87	87
Thereafter	<u>-</u>	<u>-</u>
Total	<u>\$ (16,935)</u>	<u>\$ (16,551)</u>

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
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NOTES TO FINANCIAL STATEMENTS
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NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the actuarial valuation used in the current and prior year was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2018	2017
Actuarial valuation date	December 31, 2016	December 31, 2015
Measurement date of net pension liability (asset)	December 31, 2017	December 31, 2016
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Fair Value	Fair Value
Long-term expected rate of return	7.2%	7.2%
Discount rate	7.2%	7.2%
Salary increases		
Inflation	3.2%	3.2%
Seniority/Merit	0.2% - 5.6%	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2012 Mortality Table
Post-retirement adjustments	2.1%	2.1%

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

Actuarial assumptions used in the December 31, 2016 and 2015 actuarial valuations are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 and 2016 are based upon a roll-forward of the liability calculated from the December 31, 2016 and 2015 actuarial valuation, respectively.

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2018 are summarized in the following table:

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

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

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2017 are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.3%	5.4%
Fixed Income	24.5	4.24	1.4
Inflation Sensitive Assets	15.5	4.3	1.5
Real Estate	8	6.5	3.6
Private Equity/Debt	7	9.4	6.5
Multi-Asset	4	6.6	3.7
Total Core Fund	110	7.4	4.5
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.6	4.7
International Equities	30	8.5	5.6
Total Variable Fund	100	7.9	5.0

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

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability as of December 31, 2018 and December 31, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.31% in 2018 and 3.78% in 2017. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

The sensitivity analysis as of December 31, 2018 follows:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
Water Utility's proportionate share of the net position liability (asset)	\$ 66,914	\$ (25,863)	\$ (96,375)
Wastewater Utility's proportionate share of the net position liability (asset)	67,224	(25,982)	(96,821)

The sensitivity analysis as of December 31, 2017 follows:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
Water Utility's proportionate share of the net position liability (asset)	\$ 92,300	\$ 7,016	\$ (58,657)
Wastewater Utility's proportionate share of the net position liability (asset)	93,290	7,093	(59,286)

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

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Claims and Judgments

From time to time, the utilities are 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 utilities' legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the utilities' financial position or results of operations.

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 11 - SIGNIFICANT CUSTOMERS

Wastewater Utility

The utility has one significant customer who was responsible for 44% and 42% of operating revenues in 2018 and 2017, respectively.

NOTE 12 - SUBSEQUENT EVENTS

The utilities evaluated subsequent events through the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

The 10th Ave and State Street infrastructure improvements project was approved by the Water, Wastewater, Storm Water and Streets Committee, and a construction contract was awarded to Wilkomm Excavating & Grading in the amount of \$624,216.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF UNION GROVE UTILITIES

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

The required supplementary information presented below represents the proportionate information for the enterprise funds included in this report.

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset) - City	Utilities' 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 (Asset)
12/31/18	0.00575325%	\$ (51,845)	\$ 231,676	22.38%	102.93%
12/31/17	0.00171155%	14,109	284,234	4.96%	99.12%
12/31/16	0.00166546%	27,063	283,470	9.55%	98.20%
12/31/15	0.00165375%	(40,614)	278,624	14.58%	102.74%

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

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 16,175	\$ 16,175	\$ -	241,418	6.70%
12/31/17	15,754	15,754	-	231,676	6.80%
12/31/16	15,682	15,682	-	284,234	5.52%
12/31/15	15,831	15,831	-	283,470	5.58%

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

VILLAGE OF UNION GROVE UTILITIES

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

WISCONSIN RETIREMENT SYSTEM

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

The Utilities' are 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 in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. There were no changes in assumptions.

SUPPLEMENTAL INFORMATION

VILLAGE OF UNION GROVE WATER UTILITY

WATER UTILITY PLANT
As of and for the Year Ended December 31, 2018

	Balance 1/1/18	Additions	Retirements	Balance 12/31/18
INTANGIBLE				
Miscellaneous intangible plant	\$ 61,679	\$ -	\$ -	\$ 61,679
SOURCE OF SUPPLY				
Land and land rights	28,073	-	-	28,073
Wells and springs	312,980	-	-	312,980
Other water source plant	5,750	-	-	5,750
Total Source of Supply	<u>346,803</u>	<u>-</u>	<u>-</u>	<u>346,803</u>
PUMPING				
Structures and improvements	174,820	-	-	174,820
Other power production equipment	25,000	-	-	25,000
Electric pumping equipment	509,291	-	-	509,291
Total Pumping	<u>709,111</u>	<u>-</u>	<u>-</u>	<u>709,111</u>
WATER TREATMENT				
Structures and improvements	1,992,050	-	-	1,992,050
Water treatment equipment	1,383,398	-	-	1,383,398
Total Water Treatment	<u>3,375,448</u>	<u>-</u>	<u>-</u>	<u>3,375,448</u>
TRANSMISSION AND DISTRIBUTION				
Land and land rights	1,882	-	-	1,882
Distribution reservoirs and standpipes	345,649	-	-	345,649
Transmission and distribution mains	4,454,153	-	-	4,454,153
Services	693,844	-	-	693,844
Meters	262,021	51,342	22,180	291,183
Hydrants	546,131	-	-	546,131
Other transmission and distribution plant	802	-	-	802
Total Transmission and Distribution	<u>6,304,482</u>	<u>51,342</u>	<u>22,180</u>	<u>6,333,644</u>
GENERAL				
Office furniture and equipment	5,139	-	-	5,139
Computer equipment	40,767	-	17,684	23,083
Transportation equipment	90,802	33,019	10,236	113,585
Laboratory equipment	2,939	-	-	2,939
Communication equipment	4,258	-	-	4,258
SCADA equipment	-	32,154	-	32,154
Miscellaneous equipment	120,218	1,000	-	121,218
Total General	<u>264,123</u>	<u>66,173</u>	<u>27,920</u>	<u>302,376</u>
TOTAL WATER UTILITY PLANT	<u>\$ 11,061,646</u>	<u>\$ 117,515</u>	<u>\$ 50,100</u>	<u>\$ 11,129,061</u>

VILLAGE OF UNION GROVE WATER UTILITY

WATER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Sales of Water		
Unmetered	\$ -	\$ 938
Metered		
Residential	405,449	400,682
Multifamily residential	73,071	68,335
Commercial	103,725	103,907
Industrial	55,976	55,693
Public authorities	25,361	28,727
Total Metered Sales	663,582	657,344
Private fire protection	9,319	11,935
Public fire protection	314,599	308,121
Total Sales of Water	987,500	978,338
Other Operating Revenues		
Forfeited discounts	1,281	1,320
Miscellaneous service revenue	1,795	2,020
Rents from water property	17,269	38,371
Other	865	702
Total Operating Revenues	1,008,710	1,020,751
OPERATING EXPENSES		
Operation and Maintenance		
Source of Supply		
Operation labor	20,051	26,314
Operation supplies	3,849	8,598
Maintenance	338	130
Total Source of Supply	24,238	35,042
Pumping		
Operation labor	31,408	33,983
Fuel or power purchased for pumping	57,896	57,284
Maintenance	24,081	52,061
Total Pumping	113,385	143,328
Water Treatment		
Chemicals	56,501	43,032
Transmission and Distribution		
Operation labor	8,285	7,612
Maintenance		
Distribution reservoirs and standpipes	-	36,500
Mains	18,708	134,256
Services	20,098	9,366
Meters	14,189	11,082
Hydrants	3,619	10,033
Total Transmission and Distribution	64,899	208,849
Customer Accounts		
Meter reading labor	9,353	8,165
Accounting and collecting labor	7,000	7,000
Supplies	8,807	16,058
Total Customer Accounts	25,160	31,223

VILLAGE OF UNION GROVE WATER UTILITY

WATER UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
OPERATING EXPENSES (cont.)		
Operation and Maintenance (cont.)		
Administrative and General		
Salaries	\$ 24,922	\$ 21,687
Office supplies	8,549	8,500
Outside services employed	8,698	37,633
Property insurance	8,484	7,445
Employee pensions and benefits	48,929	69,966
Miscellaneous	1,168	200
Transportation	4,065	3,114
Total Administrative and General	<u>104,815</u>	<u>148,545</u>
Taxes	<u>10,340</u>	<u>9,565</u>
Total Operation and Maintenance	399,338	619,584
Depreciation	<u>272,181</u>	<u>270,534</u>
Total Operating Expenses	<u>671,519</u>	<u>890,118</u>
 OPERATING INCOME	 <u>\$ 337,191</u>	 <u>\$ 130,633</u>

VILLAGE OF UNION GROVE WATER UTILITY

RATE OF RETURN - REGULATORY BASIS
For the Years Ended December 31, 2018 and 2017

	Water	
	2018	2017
Utility Financed Plant in Service		
Beginning of year	\$ 7,908,665	\$ 7,846,234
End of year	<u>7,976,080</u>	<u>7,908,665</u>
Average	<u>7,942,373</u>	<u>7,877,450</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(2,365,860)	(2,262,119)
End of year	<u>(2,545,385)</u>	<u>(2,365,860)</u>
Average	<u>(2,455,623)</u>	<u>(2,313,990)</u>
Materials and Supplies		
Beginning of year	28,962	28,227
End of year	<u>28,962</u>	<u>28,962</u>
Average	<u>28,962</u>	<u>28,595</u>
Regulatory Liability		
Beginning of year	(128,133)	(149,488)
End of year	<u>(106,778)</u>	<u>(128,133)</u>
Average	<u>(117,456)</u>	<u>(138,811)</u>
AVERAGE NET RATE BASE	<u>\$ 5,398,256</u>	<u>\$ 5,453,244</u>
OPERATING INCOME - REGULATORY BASIS	<u>\$ 203,924</u>	<u>\$ 11,003</u>
RATE OF RETURN (PERCENT)	<u>3.78</u>	<u>0.20</u>
AUTHORIZED RATE OF RETURN (PERCENT)	<u>4.00</u>	<u>4.00</u>

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States of America due to GASB No. 34 as well as PSC order 05-US-105.

VILLAGE OF UNION GROVE WASTEWATER UTILITY

WASTEWATER UTILITY PLANT
As of and for the Year Ended December 31, 2018

	Balance 1/1/18	Additions	Retirements	Balance 12/31/18
COLLECTING SYSTEM				
Service connections	\$ 653	\$ -	\$ -	\$ 653
Collecting mains	2,020,031	-	-	2,020,031
Interceptor mains	1,448,817	-	-	1,448,817
Total Collecting System	<u>3,469,501</u>	<u>-</u>	<u>-</u>	<u>3,469,501</u>
COLLECTING SYSTEM PUMPING				
Structures and improvements	115,239	-	-	115,239
Receiving wells	103,222	-	-	103,222
Electric pumping equipment	183,383	5,875	3,817	185,441
Other power pumping equipment	22,973	-	-	22,973
Total Collecting System Pumping	<u>424,817</u>	<u>5,875</u>	<u>3,817</u>	<u>426,875</u>
TREATMENT AND DISPOSAL				
Land and land rights	440	-	-	440
Structures and improvements	3,120,057	-	-	3,120,057
Preliminary treatment equipment	57,254	14,554	7,779	64,029
Primary treatment equipment	308,554	-	-	308,554
Secondary treatment equipment	2,425,082	-	-	2,425,082
Advanced treatment equipment	839,838	-	-	839,838
Chlorination equipment	19,135	-	-	19,135
Sludge treatment and disposal equipment	856,592	-	-	856,592
Plant site piping	5,273	-	-	5,273
Flow metering and monitoring equipment	28,384	-	-	28,384
Outfall sewer pipes	1,055	-	-	1,055
Other treatment and disposal equipment	3,121,525	-	-	3,121,525
Total Treatment and Disposal	<u>10,783,189</u>	<u>14,554</u>	<u>7,779</u>	<u>10,789,964</u>
GENERAL				
Structures and improvements	106,561	-	-	106,561
Office furniture and equipment	45,153	-	-	45,153
Transportation equipment	24,740	33,019	10,236	47,523
Communication equipment	152,527	70,231	38,627	184,131
Other general equipment	345,395	1,000	-	346,395
Total General	<u>674,376</u>	<u>104,250</u>	<u>48,863</u>	<u>729,763</u>
TOTAL WASTEWATER UTILITY PLANT	<u>\$15,351,883</u>	<u>\$ 124,679</u>	<u>\$ 60,459</u>	<u>\$15,416,103</u>

VILLAGE OF UNION GROVE WASTEWATER UTILITY

WASTEWATER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Wastewater Revenues		
Residential	\$ 479,936	\$ 484,673
Commercial	291,217	282,414
Industrial	24,718	23,536
Public authorities	18,850	18,311
Other	664,893	643,570
Total Wastewater Revenues	1,479,614	1,452,504
Other Operating Revenues		
Miscellaneous	26,951	94,087
Total Operating Revenues	1,506,565	1,546,591
OPERATING EXPENSES		
Operation and Maintenance		
Operation		
Supervision and labor	135,873	140,608
Power and fuel for pumping	116,553	125,225
Other chemicals	12,977	17,514
Laboratory expenses	16,289	15,350
Other operating supplies	27,380	35,062
Transportation	2,698	2,895
Sludge hauling	47,765	28,768
Total Operation	359,535	365,422
Maintenance		
Collection system	3,429	647
General plant structures and equipment	44,272	40,888
Total Maintenance	47,701	41,535
Customer Accounts		
Meter reading	22,207	18,397
Administrative and General		
Salaries	19,750	8,962
Office supplies	8,500	8,500
Outside services employed	71,156	45,873
Insurance	15,199	14,761
Employees pensions and benefits	72,121	83,161
Drainage district payment	10,025	-
Total Administrative and General	196,751	161,257
Taxes	11,047	10,256
Total Operation and Maintenance	637,241	596,867
Depreciation	510,878	503,894
Total Operating Expenses	1,148,119	1,100,761
 OPERATING INCOME	 \$ 358,446	 \$ 445,830

VILLAGE OF UNION GROVE STORMWATER UTILITY

STORMWATER UTILITY PLANT
As of and for the Year Ended December 31, 2018

	Balance 1/1/18	Additions	Retirements	Balance 12/31/18
STORMWATER PLANT				
Land and land rights	\$ 100,883	\$ -	\$ -	\$ 100,883
Retention basins	75,305	-	-	75,305
Storm mains	2,649,559	-	-	2,649,559
Motorized equipment	<u>349,274</u>	-	-	<u>349,274</u>
Total Stormwater Plant	<u>3,175,021</u>	-	-	<u>3,175,021</u>
Computer equipment	6,330	-	-	6,330
Transportation equipment	-	36,129	-	36,129
Miscellaneous equipment	<u>1,485</u>	<u>1,000</u>	-	<u>2,485</u>
Total General	<u>7,815</u>	<u>37,129</u>	-	<u>44,944</u>
 TOTAL STORMWATER UTILITY PLANT	 <u>\$ 3,182,836</u>	 <u>\$ 37,129</u>	 <u>\$ -</u>	 <u>\$ 3,219,965</u>

VILLAGE OF UNION GROVE STORMWATER UTILITY

STORMWATER OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Stormwater Revenues		
Charges for services	\$ 251,370	\$ 250,907
Other Operating Revenues		
Forfeited discounts	452	424
Total Operating Revenues	251,822	251,331
OPERATING EXPENSES		
Operation and Maintenance		
Drainage district payment	10,000	-
Maintenance		
Maintenance of catch basins	10,231	6,555
Maintenance of curb and gutter	585	-
Maintenance of basins	5,939	15,675
Maintenance of detention ponds	-	11,960
Miscellaneous	14,189	3,429
Total Maintenance	30,944	37,619
Operations		
Salaries	12,172	19,725
Street sweeping	11,646	8,822
Equipment repair	5,346	13,520
Total Operations	29,164	42,067
Administrative and General		
Salaries	19,750	8,962
Office supplies	8,502	9,076
Administrative expenses transferred	-	111
Outside services employed	31,081	14,920
Property insurance	5,110	4,119
Injuries and damages	1,348	1,057
Employee pensions and benefits	1,380	16,993
Total Administrative and General	67,171	55,238
Taxes	4,438	3,855
Total Operation and Maintenance	141,717	138,779
Depreciation	121,511	119,046
Total Operating Expenses	263,228	257,825
 OPERATING LOSS	 \$ (11,406)	 \$ (6,494)