

VILLAGE OF UNION GROVE

Union Grove, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

VILLAGE OF UNION GROVE

TABLE OF CONTENTS As of and for the Year Ended December 31, 2018

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	3
Statement of Activities	4 - 5
Fund Financial Statements	
Balance Sheet - Governmental Funds	6 - 7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	9 - 10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Net Position - Proprietary Funds	12 - 13
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	14
Statement of Cash Flows - Proprietary Funds	15 - 16
Statement of Assets and Liabilities - Agency Funds	17
Index to Notes to Financial Statements	18
Notes to Financial Statements	19 - 63
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	64
Schedule of Proportionate Share of Net Pension Liability (Asset) - Wisconsin Retirement System	65
Schedule of Employer Contributions - Wisconsin Retirement System	65
Notes to Required Supplementary Information	66
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	67 - 68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	69 - 70
Statement of Cash Flows - Component Unit	71
Combining Statement of Assets and Liabilities - Agency Funds	72

INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Union Grove
Union Grove, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Union Grove, Wisconsin, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village of Union Grove's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Union Grove, Wisconsin, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 8, 2019

VILLAGE OF UNION GROVE

STATEMENT OF NET POSITION As of December 31, 2018

	Governmental Activities	Business-type Activities	Totals	Community Development Authority
ASSETS				
Cash and investments	\$ 2,951,495	\$ 2,741,519	\$ 5,693,014	\$ -
Receivables				
Taxes receivable	2,382,372	-	2,382,372	-
Accounts	56,678	627,260	683,938	-
Special assessments	859	-	859	-
Loans	127,851	-	127,851	-
Due from component unit	15,594	-	15,594	-
Inventories and prepaid items	24,142	28,962	53,104	-
Property held for resale	-	81,713	81,713	42,000
Restricted Assets				
Cash and investments	36,824	1,839,457	1,876,281	-
Net pension asset	118,975	51,845	170,820	-
Capital Assets				
Land	627,253	131,278	758,531	-
Construction in progress	13,182	-	13,182	-
Capital assets, being depreciated	6,234,939	15,415,019	21,649,958	-
Total Assets	<u>12,590,164</u>	<u>20,917,053</u>	<u>33,507,217</u>	<u>42,000</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	219,726	91,365	311,091	-
Total Deferred Outflows of Resources	<u>219,726</u>	<u>91,365</u>	<u>311,091</u>	<u>-</u>
LIABILITIES				
Accounts payable	136,194	102,198	238,392	-
Accrued liabilities and deposits	78,606	30,510	109,116	-
Due to primary government	-	-	-	15,594
Due to other governments	36,568	-	36,568	-
Noncurrent Liabilities				
Due within one year	718,992	769,234	1,488,226	-
Due in more than one year	5,343,956	6,348,920	11,692,876	-
Total Liabilities	<u>6,314,316</u>	<u>7,250,862</u>	<u>13,565,178</u>	<u>15,594</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	2,389,677	823,156	3,212,833	-
Deferred inflows related to pension	228,355	107,943	336,298	-
Total Deferred Inflows of Resources	<u>2,618,032</u>	<u>931,099</u>	<u>3,549,131</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	1,728,901	8,489,638	10,218,539	-
Restricted for				
Debt service	-	684,399	684,399	-
Equipment replacement	-	1,128,669	1,128,669	-
Impact fees	36,824	-	36,824	-
Revolving loan fund	401,849	-	401,849	-
Library	208,890	-	208,890	-
TIF	952,165	-	952,165	-
Pension	118,975	51,845	170,820	-
Unrestricted	<u>429,938</u>	<u>2,471,906</u>	<u>2,901,844</u>	<u>26,406</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ 3,877,542</u>	<u>\$ 12,826,457</u>	<u>\$ 16,703,999</u>	<u>\$ 26,406</u>

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 761,331	\$ 65,187	\$ -	\$ -
Public safety	943,708	202,818	13,480	-
Public works	1,206,552	2,080	267,151	37,812
Health and human services	41,757	-	-	-
Culture, education and recreation	339,639	63,698	135,449	-
Conservation and development	2,194,199	-	-	-
Interest and fiscal charges	171,648	-	-	-
Total Governmental Activities	<u>5,658,834</u>	<u>333,783</u>	<u>416,080</u>	<u>37,812</u>
Business-type Activities				
Water Utility	783,330	1,008,710	-	-
Sewer Utility	1,252,477	1,506,565	-	65,060
Stormwater Utility	264,029	251,822	-	-
Total Business-type Activities	<u>2,299,836</u>	<u>2,767,097</u>	<u>-</u>	<u>65,060</u>
Total Primary Government	<u>\$ 7,958,670</u>	<u>\$ 3,100,880</u>	<u>\$ 416,080</u>	<u>\$ 102,872</u>
Component Unit				
Community Development Authority	<u>\$ 36,408</u>	<u>\$ -</u>	<u>\$ 193,042</u>	<u>\$ -</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Public gifts and grants

Investment income

Sale of capital assets

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Community Development Authority
\$ (696,144)	\$ -	\$ (696,144)	\$ -
(727,410)	-	(727,410)	-
(899,509)	-	(899,509)	-
(41,757)	-	(41,757)	-
(140,492)	-	(140,492)	-
(2,194,199)	-	(2,194,199)	-
(171,648)	-	(171,648)	-
<u>(4,871,159)</u>	<u>-</u>	<u>(4,871,159)</u>	<u>-</u>
-	225,380	225,380	-
-	319,148	319,148	-
-	(12,207)	(12,207)	-
-	<u>532,321</u>	<u>532,321</u>	<u>-</u>
<u>(4,871,159)</u>	<u>532,321</u>	<u>(4,338,838)</u>	<u>-</u>
-	-	-	156,634
1,285,658	-	1,285,658	-
481,501	-	481,501	-
495,947	-	495,947	-
68,572	-	68,572	-
437,820	-	437,820	-
886	-	886	-
69,561	61,193	130,754	1,746
1,216,153	-	1,216,153	-
44,361	441	44,802	-
<u>4,100,459</u>	<u>61,634</u>	<u>4,162,093</u>	<u>1,746</u>
<u>198,825</u>	<u>(198,825)</u>	<u>-</u>	<u>-</u>
<u>4,299,284</u>	<u>(137,191)</u>	<u>4,162,093</u>	<u>1,746</u>
(571,875)	395,130	(176,745)	158,380
<u>4,449,417</u>	<u>12,431,327</u>	<u>16,880,744</u>	<u>(131,974)</u>
<u>\$ 3,877,542</u>	<u>\$ 12,826,457</u>	<u>\$ 16,703,999</u>	<u>\$ 26,406</u>

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2018

	General Fund	General Debt Service Fund	TID No. 4 Debt Service Fund	TID No. 4 Capital Projects Fund
ASSETS				
Cash and investments	\$ 1,094,746	\$ 17,800	\$ -	\$ 79,339
Receivables				
Ensuing year levy	1,323,233	489,514	170,023	-
Customer accounts receivable	28,256	-	-	28,422
Special assessments	859	-	-	-
Loans	-	-	-	-
Due from component units	-	-	-	15,594
Due from other funds	-	-	-	844,948
Restricted cash and investments	-	-	-	-
Prepaid items	24,142	-	-	-
	\$ 2,471,236	\$ 507,314	\$ 170,023	\$ 968,303
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)				
Liabilities				
Accounts payable	\$ 124,895	\$ -	\$ -	\$ 480
Accrued liabilities	43,429	-	-	-
Due to other governments	19,317	17,251	-	-
Due to other funds	-	-	-	-
Total Liabilities	187,641	17,251	-	480
Deferred Inflows of Resources				
Unearned revenues	1,315,538	489,514	170,023	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	1,315,538	489,514	170,023	-
Fund Balances (Deficit)				
Nonspendable	26,767	-	-	-
Restricted	-	549	-	967,823
Assigned	198,825	-	-	-
Unassigned (deficit)	742,465	-	-	-
Total Fund Balances (Deficit)	968,057	549	-	967,823
	\$ 2,471,236	\$ 507,314	\$ 170,023	\$ 968,303

See accompanying notes to financial statements.

TID No. 5 Capital Projects Fund	Nonmajor Governmental Funds	Totals
\$ -	\$ 1,759,610	\$ 2,951,495
-	399,602	2,382,372
-	-	56,678
-	-	859
-	127,851	127,851
-	-	15,594
-	-	844,948
-	36,824	36,824
-	-	24,142
<u>\$ -</u>	<u>\$ 2,323,887</u>	<u>\$ 6,440,763</u>
\$ 10,435	\$ 384	\$ 136,194
-	-	43,429
-	-	36,568
<u>844,948</u>	<u>-</u>	<u>844,948</u>
<u>855,383</u>	<u>384</u>	<u>1,061,139</u>
-	414,602	2,389,677
-	<u>127,851</u>	<u>127,851</u>
-	<u>542,453</u>	<u>2,517,528</u>
-	-	26,767
-	1,237,113	2,205,485
-	543,937	742,762
<u>(855,383)</u>	<u>-</u>	<u>(112,918)</u>
<u>(855,383)</u>	<u>1,781,050</u>	<u>2,862,096</u>
<u>\$ -</u>	<u>\$ 2,323,887</u>	<u>\$ 6,440,763</u>

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2018

Total Fund Balances - Governmental Funds	\$ 2,862,096
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note IV. D.	6,875,374
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	127,851
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	118,975
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	219,726
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(228,355)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II. A.	<u>(6,098,125)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 3,877,542</u></u>

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

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

For the Year Ended December 31, 2018

	General Fund	General Debt Service Fund	TID No. 4 Debt Service Fund	TID No. 4 Capital Projects Fund
REVENUES				
Taxes	\$ 1,302,909	\$ 481,501	\$ 139,998	\$ -
Intergovernmental	711,109	-	-	5,566
Licenses and permits	189,026	-	-	-
Fines, forfeitures and penalties	77,724	-	-	-
Public charges for services	54,871	-	-	-
Special assessments	-	-	-	13,005
Investment income	26,565	-	-	34,874
Miscellaneous revenues	68,214	-	-	-
Total Revenues	2,430,418	481,501	139,998	53,445
EXPENDITURES				
Current				
General government	608,963	-	-	-
Public safety	929,928	-	-	-
Public works	763,641	-	-	-
Health and human services	41,757	-	-	-
Culture, recreation and education	52,309	-	-	-
Conservation and development	247,179	-	-	18,909
Capital Outlay	-	-	-	3,402
Debt Service				
Principal	-	387,933	150,000	-
Interest and fiscal charges	-	93,019	72,615	-
Total Expenditures	2,643,777	480,952	222,615	22,311
Excess (deficiency) of revenues over expenditures	(213,359)	549	(82,617)	31,134
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfers in	198,825	86,959	82,617	-
Transfers out	(308,176)	-	-	(82,617)
Total Other Financing Sources (Uses)	(109,351)	86,959	82,617	(82,617)
Net Change in Fund Balances	(322,710)	87,508	-	(51,483)
FUND BALANCES (DEFICIT) - Beginning of Year	1,290,767	(86,959)	-	1,019,306
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 968,057	\$ 549	\$ -	\$ 967,823

See accompanying notes to financial statements.

TID No. 5 Capital Projects Fund	Nonmajor Governmental Funds	Totals
\$ -	\$ 407,270	\$ 2,331,678
-	175,037	891,712
-	1,255	190,281
-	-	77,724
-	14,316	69,187
-	-	13,005
-	4,713	66,152
-	<u>38,125</u>	<u>106,339</u>
-	<u>640,716</u>	<u>3,746,078</u>
-	2,000	610,963
-	-	929,928
-	-	763,641
-	-	41,757
-	262,685	314,994
331,519	45,471	643,078
1,547,719	146,988	1,698,109
-	125,000	662,933
-	<u>11,500</u>	<u>177,134</u>
<u>1,879,238</u>	<u>593,644</u>	<u>5,842,537</u>
<u>(1,879,238)</u>	<u>47,072</u>	<u>(2,096,459)</u>
1,197,566	18,587	1,216,153
-	221,217	589,618
-	-	(390,793)
<u>1,197,566</u>	<u>239,804</u>	<u>1,414,978</u>
(681,672)	286,876	(681,481)
<u>(173,711)</u>	<u>1,494,174</u>	<u>3,543,577</u>
<u>\$ (855,383)</u>	<u>\$ 1,781,050</u>	<u>\$ 2,862,096</u>

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds	\$ (681,481)
--	--------------

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	1,698,109
Less: Some items reported as capital outlay were not capitalized	(1,643,803)
Depreciation is reported in the government-wide financial statements	(566,300)
Net effect of miscellaneous transaction involving capital assets	(1,118)

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

Special assessments	(13,005)
Revolving loans	(7,092)

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

Principal repaid	662,933
------------------	---------

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

Compensated absences	(6,293)
Accrued interest on debt	5,486
Net pension asset	155,052
Deferred outflows of resources related to pensions	(62,989)
Deferred inflows of resources related to pensions	(111,374)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (571,875)</u>
--	----------------------------

VILLAGE OF UNION GROVE

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2018

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 1,476,102	\$ 764,387	\$ 501,030	\$ 2,741,519
Receivables				
Customers	164,861	206,713	63,437	435,011
Other	643	191,606	-	192,249
Materials and supplies	28,962	-	-	28,962
Restricted Assets				
Cash and investments	<u>207,944</u>	<u>277,933</u>	<u>-</u>	<u>485,877</u>
Total Current Assets	<u>1,878,512</u>	<u>1,440,639</u>	<u>564,467</u>	<u>3,883,618</u>
Noncurrent Assets				
Restricted Assets				
Cash and investments	360,805	992,775	-	1,353,580
Net pension asset	25,865	25,980	-	51,845
Capital Assets				
Land	29,955	440	100,883	131,278
Other capital assets	11,099,106	15,415,663	3,119,082	29,633,851
Less: Accumulated depreciation	(3,729,963)	(8,600,636)	(1,888,233)	(14,218,832)
Other Assets				
Property held for future use	12,713	-	-	12,713
Preliminary survey and investigation	<u>55,000</u>	<u>14,000</u>	<u>-</u>	<u>69,000</u>
Total Noncurrent Assets	<u>7,853,481</u>	<u>7,848,222</u>	<u>1,331,732</u>	<u>17,033,435</u>
Total Assets	<u>9,731,993</u>	<u>9,288,861</u>	<u>1,896,199</u>	<u>20,917,053</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	<u>45,556</u>	<u>45,809</u>	<u>-</u>	<u>91,365</u>
Total Deferred Outflows of Resources	<u>45,556</u>	<u>45,809</u>	<u>-</u>	<u>91,365</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 51,285	\$ 40,130	\$ 10,783	\$ 102,198
Accrued liabilities	-	4,121	-	4,121
Current portion of general obligation debt	-	80,000	-	80,000
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	284,594	404,640	-	689,234
Accrued interest payable	18,216	8,173	-	26,389
Total Current Liabilities	<u>354,095</u>	<u>537,064</u>	<u>10,783</u>	<u>901,942</u>
Noncurrent Liabilities				
Long-Term Debt				
Revenue bonds	3,355,946	1,285,725	-	4,641,671
General obligation bonds	-	1,660,000	-	1,660,000
Compensated absences	35,641	20,331	5,523	61,495
Unamortized debt discount	(6,700)	(7,546)	-	(14,246)
Total Noncurrent Liabilities	<u>3,384,887</u>	<u>2,958,510</u>	<u>5,523</u>	<u>6,348,920</u>
Total Liabilities	<u>3,738,982</u>	<u>3,495,574</u>	<u>16,306</u>	<u>7,250,862</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	53,995	53,948	-	107,943
Unearned revenue	823,156	-	-	823,156
Total Deferred Inflows of Resources	<u>877,151</u>	<u>53,948</u>	<u>-</u>	<u>931,099</u>
NET POSITION				
Net investment in capital assets	3,765,258	3,392,648	1,331,732	8,489,638
Restricted for				
Debt service	414,639	269,760	-	684,399
Equipment replacement	135,894	992,775	-	1,128,669
Pension	25,865	25,980	-	51,845
Unrestricted	819,760	1,103,985	548,161	2,471,906
TOTAL NET POSITION	<u>\$ 5,161,416</u>	<u>\$ 5,785,148</u>	<u>\$ 1,879,893</u>	<u>\$ 12,826,457</u>

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Stormwater Utility	
OPERATING REVENUES	<u>\$ 1,008,710</u>	<u>\$ 1,506,565</u>	<u>\$ 251,822</u>	<u>\$ 2,767,097</u>
OPERATING EXPENSES				
Operation and maintenance	399,338	637,241	141,717	1,178,296
Depreciation	<u>272,181</u>	<u>510,878</u>	<u>121,511</u>	<u>904,570</u>
Total Operating Expenses	<u>671,519</u>	<u>1,148,119</u>	<u>263,228</u>	<u>2,082,866</u>
Operating Income (Loss)	<u>337,191</u>	<u>358,446</u>	<u>(11,406)</u>	<u>684,231</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	32,715	22,262	6,216	61,193
Miscellaneous income	441	-	-	441
Interest expense	(111,337)	(103,761)	(801)	(215,899)
Amortization of debt discount	<u>(474)</u>	<u>(597)</u>	<u>-</u>	<u>(1,071)</u>
Total Nonoperating Revenues (Expenses)	<u>(78,655)</u>	<u>(82,096)</u>	<u>5,415</u>	<u>(155,336)</u>
Income (Loss) Before Contributions and Transfers	<u>258,536</u>	<u>276,350</u>	<u>(5,991)</u>	<u>528,895</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	-	65,060	-	65,060
Transfers out	<u>(198,825)</u>	<u>-</u>	<u>-</u>	<u>(198,825)</u>
Total Contributions and Transfers	<u>(198,825)</u>	<u>65,060</u>	<u>-</u>	<u>(133,765)</u>
Change in Net Position	59,711	341,410	(5,991)	395,130
NET POSITION - Beginning of Year	<u>5,101,705</u>	<u>5,443,738</u>	<u>1,885,884</u>	<u>12,431,327</u>
NET POSITION - END OF YEAR	<u><u>\$ 5,161,416</u></u>	<u><u>\$ 5,785,148</u></u>	<u><u>\$ 1,879,893</u></u>	<u><u>\$ 12,826,457</u></u>

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 680,183	\$ 1,390,898	\$ 251,914	\$ 2,322,995
Received from municipality for services	314,599	-	-	314,599
Paid to suppliers for goods and services	(237,684)	(467,919)	(68,680)	(774,283)
Paid to employees for services	(148,443)	(154,810)	(66,331)	(369,584)
Net Cash Flows From Operating Activities	<u>608,655</u>	<u>768,169</u>	<u>116,903</u>	<u>1,493,727</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	32,715	22,261	6,216	61,192
Net Cash Flows From Investing Activities	<u>32,715</u>	<u>22,261</u>	<u>6,216</u>	<u>61,192</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(198,825)	-	-	(198,825)
Net Cash Flows From Noncapital Financing Activities	<u>(198,825)</u>	<u>-</u>	<u>-</u>	<u>(198,825)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(276,250)	(473,233)	-	(749,483)
Interest paid	(112,360)	(105,796)	(1,603)	(219,759)
Acquisition and construction of capital assets	(84,287)	(115,738)	(39,239)	(239,264)
Hook-up fees received	-	65,060	-	65,060
Capital lease payments	-	-	(57,989)	(57,989)
Net Cash Flows From Capital and Related Financing Activities	<u>(472,897)</u>	<u>(629,707)</u>	<u>(98,831)</u>	<u>(1,201,435)</u>
Net Change in Cash and Cash Equivalents	(30,352)	160,723	24,288	154,659
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,075,203</u>	<u>1,874,372</u>	<u>476,742</u>	<u>4,426,317</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,044,851</u>	<u>\$ 2,035,095</u>	<u>\$ 501,030</u>	<u>\$ 4,580,976</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 337,191	\$ 358,446	\$ (11,406)	\$ 684,231
Nonoperating revenue	441	-	-	441
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	272,181	510,878	121,511	904,570
Depreciation charged to other funds	7,607	(7,608)	-	(1)
Changes in assets, deferred outflows, liabilities, and deferred inflows				
Customer accounts receivable	(8,914)	(5,614)	(326)	(14,854)
Other accounts receivable	3,346	(111,129)	-	(107,783)
Due from other funds	861	1,076	418	2,355
Accounts payable	2,701	13,180	6,543	22,424
Accrued wages	(2,554)	(3,428)	(376)	(6,358)
Accrued sick	8,421	7,626	539	16,586
Unearned revenues	(17,269)	-	-	(17,269)
Pension related deferrals and assets	4,643	4,742	-	9,385
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 608,655</u>	<u>\$ 768,169</u>	<u>\$ 116,903</u>	<u>\$ 1,493,727</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 1,476,102	\$ 764,387	\$ 501,030	\$ 2,741,519
Restricted cash and investments	568,749	1,270,708	-	1,839,457
CASH AND CASH EQUIVALENTS	<u>\$ 2,044,851</u>	<u>\$ 2,035,095</u>	<u>\$ 501,030</u>	<u>\$ 4,580,976</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None				

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 3,994,195
Tax roll receivable	<u>1,248,429</u>
TOTAL ASSETS	<u>\$ 5,242,624</u>
LIABILITIES	
Accounts payable	\$ 19,462
Due to other governments	<u>5,223,162</u>
TOTAL LIABILITIES	<u>\$ 5,242,624</u>

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE	Page
I Summary of Significant Accounting Policies	19
A. Reporting Entity	19
B. Government-Wide and Fund Financial Statements	20
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	22
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	24
1. Deposits and Investments	24
2. Receivables	25
3. Inventories and Prepaid Items	26
4. Restricted Assets	26
5. Capital Assets	26
6. Deferred Outflows of Resources	27
7. Compensated Absences	27
8. Long-Term Obligations	28
9. Deferred Inflows of Resources	28
10. Unearned Revenue	28
11. Equity Classifications	29
12. Pension	30
13. Basis for Existing Rates	31
II Reconciliation of Government-Wide and Fund Financial Statements	31
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	31
III Stewardship, Compliance, and Accountability	31
A. Budgetary Information	31
B. Excess Expenditures and Other Financing Uses Over Appropriations	32
C. Deficit Balances	32
D. Limitations on the Village's Tax Levy	33
IV Detailed Notes on All Funds	33
A. Deposits and Investments	33
B. Receivables	34
C. Restricted Assets	35
D. Capital Assets	36
E. Interfund Receivables/Payables and Transfers	41
F. Long-Term Obligations	42
G. Net Position/Fund Balances	49
H. Component Unit	51
V Other Information	52
A. Employees' Retirement System	52
B. Risk Management	58
C. Commitments and Contingencies	58
D. Joint Ventures	60
E. Subsequent Events	60
F. Economic Dependency	60
G. Tax Abatement	61
H. Effect of New Accounting Standards on Current-Period Financial Statements	63

VILLAGE OF UNION GROVE

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Discretely Presented Component Unit

Union Grove Community Development Authority

The government-wide financial statements include the Union Grove Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the village board. Wisconsin Statutes provide for circumstances whereby the village can impose its will on the CDA, and also create a potential financial benefit to or burden on the village. See Note IV.H. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2018. The CDA does not issue separate financial statements.

VILLAGE OF UNION GROVE

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements

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

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

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

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

VILLAGE OF UNION GROVE

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

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

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

Fund Financial Statements (cont.)

The village reports the following major governmental funds:

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

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

Tax Incremental District (TID) No. 4 Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of TID general long-term debt principal, interest, and related costs.

Tax Incremental District (TID) No. 4 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of TID general long-term debt principal, interest, and related costs.

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

The village reports the following major enterprise funds:

Water Utility - accounts for operations of the water system.

Sewer Utility - accounts for operations of the sewer system.

Stormwater Utility - accounts for operations of the stormwater system.

The village reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Revolving Loan Fund
Library

Impact Fee Fund

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

Tax Incremental District (TID) No. 3
Tax Incremental District (TID) No. 5

VILLAGE OF UNION GROVE

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

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

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

Fund Financial Statements (cont.)

The village reports the following nonmajor governmental and enterprise funds: (cont.)

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

Tax Incremental District (TID) No. 3
Capital Improvement Fund

In addition, the village reports the following fund types:

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

Tax Collection Fund

Municipal Court Fund

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

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded 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. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the village's water and sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

VILLAGE OF UNION GROVE

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

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

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

Fund Financial Statements

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

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

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general fund.

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

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

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

VILLAGE OF UNION GROVE

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

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

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

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

The village has adopted an investment policy. That policy follows the state statute for allowable investments and collateralization. The policy does not address the other risks described by GASB No. 40. The policy requires collateralization on two types of investments: certificates of deposit and time deposits. The village is not in compliance with this requirement, as it has not collateralized all of its 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. Investment income on commingled investments of municipal accounting funds is allocated to the general fund. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

VILLAGE OF UNION GROVE

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

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

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

1. Deposits and Investments (cont.)

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

See Note IV. A. for further information.

2. Receivables

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

Property tax calendar - 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale - 2018 delinquent real estate taxes	October 2021

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll.

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

VILLAGE OF UNION GROVE

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

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

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

2. Receivables (cont.)

The village has received federal grant funds for economic development loan programs to various businesses and individuals. The village records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development loans receivable has not been reduced by an allowance for uncollectible accounts.

It is the village's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale.

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

VILLAGE OF UNION GROVE

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

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings	15-75 Years
Land improvements	15-75 Years
Machinery and equipment	3-20 Years
Utility system	4-77 Years
Infrastructure	25-60 Years

Fund Financial Statements

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

6. Deferred Outflows of Resources

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

7. Compensated Absences

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.

VILLAGE OF UNION GROVE

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

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

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

7. Compensated Absences (cont.)

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2018, are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations

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

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

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

9. Deferred Inflows of Resources

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

10. Unearned Revenues

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

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

VILLAGE OF UNION GROVE

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

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

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

11. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

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

VILLAGE OF UNION GROVE

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

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

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

11. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board has, by resolution, adopted a financial policy authorizing the Clerk-Treasurer to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

The village has a formal fund balance policy. That policy is to maintain unassigned general fund balance of 25% of current general fund expenditures. The village as at 28% as of December 31, 2018. Unassigned general fund balance that exceeds this range shall be used to clear other fund deficits and the remainder is to be transferred to capital improvement funds.

See Note IV. G. for further information.

12. Pension

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

VILLAGE OF UNION GROVE

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

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

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

13. Basis for Existing Rates

Charges for Services

Billings are rendered and recorded quarterly based on metered usage for water and sewer and Equivalent Runoff Units (ERUs) for stormwater; the utilities do not accrue revenues beyond billing dates.

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

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

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

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

Long-term liabilities applicable to the village's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

Bonds and notes payable	\$	5,905,988
Compensated absences		156,960
Accrued interest		<u>35,177</u>
Combined Adjustment for Long-Term Liabilities	\$	<u><u>6,098,125</u></u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

VILLAGE OF UNION GROVE

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

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

A. BUDGETARY INFORMATION (cont.)

A budget has been adopted for all funds with the exception of the Impact Fee Special Revenue Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

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

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level of expenditure.

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Revolving Loan Fund	\$ 1,538	\$ 1,719	\$ 181
TID No. 4 Capital Projects Fund	19,150	104,928	85,778
TID No. 5 Capital Projects Fund	1,809,450	1,879,238	69,788

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

C. DEFICIT BALANCES

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

As of December 31, 2018, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Tax Incremental Financing District No. 5 Capital Projects Fund	\$ 855,383	Expenditures exceeded revenues

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Other fund deficits are anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

VILLAGE OF UNION GROVE

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

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

D. LIMITATIONS ON THE VILLAGE'S TAX LEVY

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

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The village's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 5,157,279	\$ 3,328,223	Custodial credit
LGIP	6,405,211	6,405,212	Credit
Petty cash	1,000	-	N/A
 Total Deposits and Investments	 \$ 11,563,490	 \$ 9,733,435	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 5,693,014		
Restricted cash and investments	1,876,281		
Per statement of assets and liabilities			
Agency Funds	3,994,195		
 Total Deposits and Investments	 \$ 11,563,490		

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 in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

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

As of December 31, 2018, \$2,828,223 of the village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>2,828,223</u>
Total	\$ <u><u>2,828,223</u></u>

Credit Risk

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

The village had investments in the external Wisconsin Local Government Investment Pool which is not rated.

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

B. RECEIVABLES

Receivables as of year end for the government's individual major funds, nonmajor funds and agency funds in the aggregate, including the applicable allowances for uncollectible accounts, are detailed on the governmental funds balance sheet, proprietary funds statement of net position and the agency funds statement of net position. All amounts are expected to be collected within one year except for \$859 of special assessment receivables, \$15,594 due from the Community Development Authority, \$1,766 of delinquent personal property taxes, and \$120,666 of loan receivables.

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 2,374,677	\$ -
Loans	-	127,851
Grant revenues received but not yet earned	<u>15,000</u>	<u>-</u>
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u><u>\$ 2,389,677</u></u>	 <u><u>\$ 127,851</u></u>

For economic development loans, the village is limited by the Wisconsin Department of Administration to the amount of program income from economic development loans that it may retain to be loaned to other businesses and/or the amount of time for which funds may be held without use. Program income includes the principal and interest received from economic development loans repayments.

At December 31, 2018, the village has not exceeded the maximum amount of program income that it may retain or the amount of time for which funds may be held without use. When it does, a liability to the state will be recorded.

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Equipment Replacement Account

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

Impact Fee Account

The village has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

Net Pension Asset

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

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS (cont.)

Bond Redemption Account

Used to segregate resources accumulated for debt service payments over the next twelve months. This account was underfunded as of December 31, 2018.

Depreciation Account

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

Bond Reserve Account

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

Following is a list of restricted assets at December 31, 2018:

	Restricted Assets
Bond redemption account	\$ 485,877
Bond reserve account	224,911
Equipment replacement account	992,775
Depreciation account	135,894
Impact fee account	36,824
Net pension asset	170,820
Total	\$ 2,047,101

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 627,253	\$ -	\$ -	\$ 627,253
Construction in progress	13,182	-	-	13,182
Total Capital Assets Not Being Depreciated	640,435	-	-	640,435

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated				
Buildings and improvements	\$ 2,179,494	\$ -	\$ -	\$ 2,179,494
Machinery and equipment	1,621,478	54,306	13,901	1,661,883
Roads	13,179,802	-	-	13,179,802
Total Capital Assets Being Depreciated	16,980,774	54,306	13,901	17,021,179
Total Capital Assets	17,621,209	54,306	13,901	17,661,614
Less: Accumulated depreciation for				
Buildings and improvements	(653,811)	(51,488)	-	(705,299)
Machinery and equipment	(1,166,250)	(59,403)	12,783	(1,212,870)
Roads	(8,412,662)	(455,409)	-	(8,868,071)
Total Accumulated Depreciation	(10,232,723)	(566,300)	12,783	(10,786,240)
Net Capital Assets Being Depreciated	6,748,051	(511,994)	1,118	6,234,939
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 7,388,486	\$ (511,994)	\$ 1,118	\$ 6,875,374

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 13,949
Public safety	13,780
Public works, which includes the depreciation of infrastructure	514,447
Leisure activities	24,124
Total Governmental Activities Depreciation Expense	\$ 566,300

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated/amortized				
Land and land rights	\$ 29,955	\$ -	\$ -	\$ 29,955
Intangible	61,679	-	-	61,679
Total Capital Assets Not Being Depreciated/Amortized	91,634	-	-	91,634
Capital assets being depreciated				
Buildings and improvements	1,615,788	-	-	1,615,788
Machinery and equipment	1,636,942	66,173	27,920	1,675,195
Infrastructure	7,717,282	51,342	22,180	7,746,444
Total Capital Assets Being Depreciated/Amortized	10,970,012	117,515	50,100	11,037,427
Total Capital Assets	11,061,646	117,515	50,100	11,129,061
Less: Accumulated depreciation for water capital assets	(3,489,525)	(290,538)	50,100	(3,729,963)
Total Accumulated Depreciation	(3,489,525)	(290,538)	50,100	(3,729,963)
Net Capital Assets Being Depreciated	7,480,487	(173,023)	-	7,307,464
Net Water Capital Assets	\$ 7,572,121	\$ (173,023)	\$ -	\$ 7,399,098

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 440	\$ -	\$ -	\$ 440
Total Capital Assets Not Being Depreciated	440	-	-	440
Capital assets being depreciated				
Buildings and improvements	3,371,334	-	-	3,371,334
Machinery and equipment	8,361,541	124,679	60,459	8,425,761
Infrastructure	3,618,568	-	-	3,618,568
Total Capital Assets Being Depreciated	15,351,443	124,679	60,459	15,415,663
Total Capital Assets	15,351,883	124,679	60,459	15,416,103
Less: Accumulated depreciation for sewer capital assets	(8,147,075)	(514,020)	60,459	(8,600,636)
Total Accumulated Depreciation	(8,147,075)	(514,020)	60,459	(8,600,636)
Net Capital Assets Being Depreciated	7,204,368	(389,341)	-	6,815,027
Net Sewer Capital Assets	\$ 7,204,808	\$ (389,341)	\$ -	\$ 6,815,467

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital assets not being depreciated				
Land and land rights	\$ 100,883	\$ -	\$ -	\$ 100,883
Total Capital Assets Not Being Depreciated	100,883	-	-	100,883
Capital assets being depreciated				
Land improvements	75,305	-	-	75,305
Machinery and equipment	357,089	37,129	-	394,218
Stormsewer mains	2,649,559	-	-	2,649,559
Total Capital Assets Being Depreciated	3,081,953	37,129	-	3,119,082
Total Capital Assets	3,182,836	37,129	-	3,219,965
Less: Accumulated depreciation for stormwater capital assets	(1,766,722)	(121,511)	-	(1,888,233)
Total Accumulated Depreciation	(1,766,722)	(121,511)	-	(1,888,233)
Net Capital Assets Being Depreciated	1,315,231	(84,382)	-	1,230,849
Net Stormwater Capital Assets	\$ 1,416,114	\$ (84,382)	\$ -	\$ 1,331,732
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 16,193,043	\$ (646,746)	\$ -	\$ 15,546,297

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 272,181
Sewer	510,878
Storm	121,511
Total Business-type Activities Depreciation Expense	\$ 904,570

Depreciation expense is different from additions because of joint metering, salvage cost of removal, internal allocations, and cost associated with the disposal of assets.

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
TID No. 4 Capital Projects Fund	TID No. 5 Capital Projects Fund	\$ 844,948	\$ -
Total - Fund Financial Statements		844,948	
Less: Fund eliminations		(844,948)	
Total Internal Balances - Government-Wide Statement of Net Position		\$ -	

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. TID No. 5 will repay this interfund with 2019 bond proceeds. See Note V.E.

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Water Utility	\$ 198,825	Payment in lieu of taxes
Special Revenue Fund - Library Fund	General Fund	143,000	Operating levy
General Debt Service Fund	General Fund	86,959	To clear fund deficit To transfer excess fund balance
Capital Improvement Fund	General Fund	78,217	
TID No. 4 - Debt Service Fund	TID No. 4 - Capital Projects Fund	82,617	Address deficit in the TID debt service fund
Total - Fund Financial Statements		589,618	
Less: Fund eliminations		(390,793)	
Total Transfers - Government-Wide Statement of Activities		\$ 198,825	

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

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

Transfers (cont.)

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 6,520,127	\$ -	\$ 647,146	\$ 5,872,981	\$ 700,977
Notes payable	48,794	-	15,787	33,007	16,260
Sub-totals	<u>6,568,921</u>	<u>-</u>	<u>662,933</u>	<u>5,905,988</u>	<u>717,237</u>
Other Liabilities					
Vested compensated absences	150,667	60,166	53,873	156,960	1,755
Total Governmental Activities Long-Term Liabilities	<u>\$ 6,719,588</u>	<u>\$ 60,166</u>	<u>\$ 716,806</u>	<u>\$ 6,062,948</u>	<u>\$ 718,992</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 1,820,000	\$ -	\$ 80,000	\$ 1,740,000	\$ 80,000
Revenue bonds	6,000,388	-	669,483	5,330,905	689,234
Less: Unamortized debt discount	(15,316)	-	(1,070)	(14,246)	-
Sub-totals	<u>7,805,072</u>	<u>-</u>	<u>748,413</u>	<u>7,056,659</u>	<u>769,234</u>
Other Liabilities					
Vested compensated absences	44,909	20,365	3,779	61,495	-
Capital leases	57,989	-	57,989	-	-
Total Other Liabilities	<u>102,898</u>	<u>20,365</u>	<u>61,768</u>	<u>61,495</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 7,907,970</u>	<u>\$ 20,365</u>	<u>\$ 810,181</u>	<u>\$ 7,118,154</u>	<u>\$ 769,234</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2018, was \$16,541,420. Total general obligation debt outstanding at year end was \$7,612,981.

In addition to the liabilities above, information on the net pension liability (asset) is provided in Note V. A.

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2018</u>
General Obligation Street Improvement Bonds	3/1/06	3/1/21	3.85-4.00%	\$ 1,500,000	\$ 420,000
State Trust Fund Loan	2/16/11	3/15/20	3.75%	540,000	136,290
State Trust Fund Loan	4/29/11	3/15/21	3.75%	360,000	121,691
General Obligation Refunding Bonds	3/29/12	12/1/28	2.00-3.10%	4,065,000	2,945,000
General Obligation Refunding Bonds	6/24/15	4/1/30	.55-3.4%	2,645,000	<u>2,250,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 5,872,981</u>

Business-type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2018</u>
General Obligation Refunding Bonds	3/29/12	12/1/28	2.00-3.10%	\$ 1,995,000	<u>\$ 1,740,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 1,740,000</u>

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2019	\$ 700,977	\$ 158,999	\$ 80,000	\$ 49,455
2020	749,935	141,148	90,000	47,855
2021	722,069	120,920	95,000	45,830
2022	425,000	104,906	100,000	43,693
2023	455,000	94,725	205,000	41,193
2024-2028	2,520,000	269,133	1,170,000	109,250
2029-2030	300,000	6,630	-	-
Totals	<u>\$ 5,872,981</u>	<u>\$ 896,461</u>	<u>\$ 1,740,000</u>	<u>\$ 337,276</u>

Revenue Debt

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

The water utility has pledged future water revenues to repay revenue bonds issued in the current and prior years. Proceeds from the bonds provided financing for the waterworks system. The bonds are payable solely from water utility revenues and are payable through 2032. Annual principal and interest payments on the bonds are expected to require 49% of net revenues on average. The total principal and interest remaining to be paid on the bonds is \$4,404,517. Principal and interest paid for the current year and total customer gross revenues were \$388,610 and \$642,528, respectively.

The sewer utility has pledged future sewer revenues to repay revenue bonds issued in prior years. Proceeds from the bonds provided financing for the modifications to the treatment facility. The bonds are payable solely from sewer utility revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require 50% of net revenues on average. The total principal and interest remaining to be paid on the bonds is \$1,790,192. Principal and interest paid for the current year and total customer gross revenues were \$447,974 and \$1,528,827, respectively.

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2018, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
<u>Water Utility</u>					
Waterworks System	11/9/05	5/1/25	2.37%	\$ 1,486,390	\$ 603,956
Waterworks System	4/25/07	5/1/26	2.48%	516,994	247,181
Waterworks System	12/9/09	5/1/29	2.67%	652,175	389,403
Waterworks System	3/12/12	5/1/32	2 - 3.96%	3,150,000	<u>2,400,000</u>
				Total Water Utility	<u>3,640,540</u>
<u>Sewer Utility</u>					
Sewer System	6/12/02	5/1/22	2.90%	\$ 6,513,550	<u>1,690,365</u>
				Total Sewer Utility	<u>1,690,365</u>
				Total Business-type Activities - Revenue Debt	<u>\$ 5,330,905</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 689,234	\$ 149,112
2020	704,399	130,291
2021	724,989	110,420
2022	746,016	89,594
2023	313,813	74,743
2024-2028	1,322,211	246,697
2029-2032	<u>830,243</u>	<u>62,947</u>
Totals	<u>\$ 5,330,905</u>	<u>\$ 863,804</u>

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Notes Payable

Notes Payable at December 31, 2018 consist of the following:

Governmental Activities	Date of	Final	Interest	Original	Balance
<u>Notes Payable</u>	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>December 31,</u>
					<u>2018</u>
Fire Truck Agreement with Yorkville	8/24/15	3/15/20	3%	\$ 80,030	<u>\$ 33,007</u>
Total Governmental Activities Notes Payable					<u><u>\$ 33,007</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u> <u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 16,260	\$ 990
2020	<u>16,747</u>	<u>504</u>
Totals	<u><u>\$ 33,007</u></u>	<u><u>\$ 1,494</u></u>

Other Debt Information

Estimated payments of vested compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund.

Bond Covenant Disclosures

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.

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

Insurance (cont.)

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

Type	Coverage	Expiration
General Liability	\$ 2,000,000 EMI Insurance Co.	1/1/2019
Automobile	2,000,000 EMI Insurance Co.	1/1/2019
Workers Compensation	500,000 EMI Insurance Co.	1/1/2019
Property Insurance	26,112,920 EMI Insurance Co.	1/1/2019

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 as follows:

Operating revenues	\$ 1,008,710
Investment income	32,715
Miscellaneous nonoperating income	441
Less: Operation and maintenance expenses	<u>(399,338)</u>
Net Defined Earnings	<u>\$ 642,528</u>
Minimum Required Earnings per Resolution:	
Highest annual debt service	\$ 390,538
Coverage factor	<u>1.25</u>
Minimum Required Earnings	<u>\$ 488,173</u>
Actual Debt Coverage	<u>1.65</u>

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Debt Coverage - Sewer

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 follows:

Operating revenues	\$ 1,506,565
Investment income	22,262
Less: Operation and maintenance expenses	<u>(637,241)</u>
Net Defined Earnings	<u>\$ 891,586</u>
Minimum Required Earnings per Resolution:	
Highest annual debt service	\$ 447,809
Coverage factor	<u>1.10</u>
Minimum Required Earnings	<u>\$ 492,590</u>
Actual Debt Coverage	<u><u>1.99</u></u>

Number of Customers and Billed Volumes - Water

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

	Customers	Sales (000 gals)
Residential	1,320	59,226
Commercial	150	20,529
Industrial	15	15,183
Public authority	10	5,629
Multi-family residential	<u>43</u>	<u>15,728</u>
Totals	<u><u>1,538</u></u>	<u><u>116,295</u></u>

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Number of Customers and Billed Volumes - Sewer

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

	<u>Customers</u>	<u>Sales (000 gals)</u>
Residential	1,317	58,350
Commercial	189	34,458
Industrial	14	2,919
Public authority	<u>10</u>	<u>2,272</u>
Totals	<u><u>1,530</u></u>	<u><u>97,999</u></u>

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2018, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 627,253
Construction in progress	13,182
Other capital assets, net of accumulated depreciation	6,234,939
Less: Long-term debt outstanding	(5,872,981)
Plus: Unspent capital related debt proceeds	<u>726,508</u>
Total Net Investment in Capital Assets	<u><u>1,728,901</u></u>
Restricted	
Impact fees	36,824
Loan programs	401,849
Library	208,890
TIF	952,165
Pension	<u>118,975</u>
Total Restricted	<u><u>1,718,703</u></u>
Unrestricted	<u>429,938</u>
Total Governmental Activities Net Position	<u><u>\$ 3,877,542</u></u>

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2018, include the following:

	General Fund	General Debt Service Fund	TID No. 4 Capital Projects Fund	TID No. 5 Capital Projects Fund	Nonmajor Funds	Totals
Fund Balances						
Nonspendable:						
Prepays	\$ 24,142	\$ -	\$ -	\$ -	\$ -	\$ 24,142
Delinquent taxes	2,625	-	-	-	-	2,625
Sub-total	26,767	-	-	-	-	26,767
Restricted for:						
TID activities	-	-	967,823	-	717,401	1,685,224
Revolving loans	-	-	-	-	273,998	273,998
Impact fees	-	-	-	-	36,824	36,824
Library activities	-	-	-	-	208,890	208,890
Debt service	-	549	-	-	-	549
Sub-total	-	-	967,823	-	1,237,113	2,205,485
Assigned to:						
Payment in lieu of taxes	198,825	-	-	-	-	198,825
Capital projects	-	-	-	-	543,937	543,937
Sub-total	198,825	-	-	-	543,937	742,762
Unassigned (deficit):	742,465	-	-	(855,383)	-	(112,918)
Total Fund Balances (Deficit)	\$ 968,057	\$ 549	\$ 967,823	\$ (855,383)	\$ 1,781,050	\$ 2,862,096

Business-type Activities

Net Investment in Capital Assets

Land	\$ 131,278
Other capital assets, net of accumulated depreciation	15,415,019
Less: Long-term debt outstanding	(7,070,905)
Plus: Unamortized debt discount	14,246
Total Net Investment in Capital Assets	8,489,638

VILLAGE OF UNION GROVE

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities (cont.)

Restricted	
Debt Service	\$ 684,399
Replacement	1,128,669
Pension	<u>51,845</u>
Total Restricted	<u>1,864,913</u>
Unrestricted	<u>2,471,906</u>
Total Business-type Activities Net Position	<u>\$ 12,826,457</u>

H. COMPONENT UNIT

UNION GROVE COMMUNITY DEVELOPMENT AUTHORITY

This report contains the Union Grove Community Development Authority (CDA), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The CDA follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

At year end, the carrying amount of the CDA's deposits was zero.

c. Due to Primary Government

The CDA owes TID No. 4 capital projects \$15,594 for projects that took place in prior years. The CDA does not have sufficient cash to pay this to the TID.

d. Other Assets

To further its objectives, the CDA may hold property for resale. The property is reported as an asset and is valued at the lower of cost or estimated net realizable value.

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$53,296 in contributions from the village.

Contribution rates for the plan year reported as of December 31, 2018 are:

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

Pension Liability/(asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the village reported a liability/(asset) of \$(170,820) 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 village's proportion of the net pension liability/(asset) was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the village's proportion was 0.00575325%, which was a decrease of 0.00033552% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the village recognized pension expense of \$81,993.

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 217,032	\$ 101,520
Changes in assumptions	33,750	-
Net differences between projected and actual earnings on pension plan investments	-	234,778
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,075	-
Employer contributions subsequent to the measurement date	54,234	-
Totals	\$ 311,091	\$ 336,298

\$54,234 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2019	\$ 21,171
2020	507
2021	(57,477)
2022	(44,053)
2023	411

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

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

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	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 US CPI (Inflation) Forecast: 2.75%

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

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. 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

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

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension liability/(asset)	\$441,971	\$(170,820)	\$(636,562)

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

At December 31, 2018, the village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

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

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

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

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

TIF Reimbursable Expenditures

In 2012, the village issued \$3,150,000 Waterworks System Revenue Bonds, Series 2012A (2012A Bonds). The 2012A Bonds were issued to pay-off a portion of the 2007 Bond Anticipation Notes (2007 BANS) in 2012. A portion of the original proceeds from the 2007 BANS were recorded in TIF No. 4 and were used to finance TIF eligible water projects. Due to the uncertainty of TIF No. 4 being able to pay the principal and interest payments on the 2012A Bonds, the 2012A Bonds were recorded in the water utility. The water utility is making the principal and interest payments on the 2012A Bonds. However, if future tax increments in TIF No. 4 are sufficient, TIF No. 4 will reimburse the water utility for the principal and interest payments that have been made on the 2012A Bonds as well as any issuance costs. As of December 31, 2018, the total reimbursable expenditures are:

	Year End 2018	Cumulative
Principal	\$ 140,000	\$ 750,000
Interest	79,898	574,745
Issuance costs	-	49,551
Totals	\$ 219,898	\$ 1,374,296

In 2012, the village also issued \$6,060,000 General Obligations Refunding Bonds, Series 2012B (2012B Bonds). The 2012B bonds were issued to pay-off a portion of the 2007 BANS through a current refunding in 2012. A portion of the original proceeds from the 2007 BANS were recorded in TIF No. 4 and were used to finance TIF eligible sewer projects. Due to the uncertainty of TIF No. 4 being able to pay the principal and interest payments on the 2012B Bonds related to sewer projects, the sewer portion of the 2012B bonds were recorded in the sewer utility. The sewer utility is making the principal and interest payments. However, if future tax increments in TIF No. 4 are sufficient, TIF No. 4 will reimburse the sewer utility for the principal and interest payments that have been made on the 2012B Bonds as well as any issuance costs. As of December 31, 2018, the total reimbursable expenditures are:

	Year End 2018	Cumulative
Principal	\$ 80,000	\$ 255,000
Interest	51,055	357,503
Issuance costs	-	30,439
Totals	\$ 131,055	\$ 642,942

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

D. JOINT VENTURES

Fire Commission Joint Venture

The Village of Union Grove and Town of Yorkville jointly operate the fire commission, which is called the Union Grove - Yorkville Fire Commission (fire commission) and provides fire protection and rescue service. The communities share in the operation of the district based on a percentage of total equalized value.

The governing body is made up of citizens from each community. Local representatives are appointed by the Village Board. The governing body has authority to adopt its own budget and control the financial affairs of the fire commission. The village is obligated by the joint venture agreement to remit an amount annually to the fire commission. The village made a payment to the fire commission of \$113,305 in 2018.

Financial information of the fire commission as of December 31, 2018 is available directly from the fire commission's office.

Debt is being repaid with resources of the fire commission and is secured by the taxing power of the participants. The transactions of the fire commission are not reflected in these financial statements.

The village does not have an equity interest in the fire commission.

E. SUBSEQUENT EVENTS

On April 22, 2019 the Village Board authorized the issuance of series 2019A general obligation community development bonds in the amount of \$1,080,000.

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.

F. ECONOMIC DEPENDENCY

Sewer Utility

The Sewer Utility has one significant customer who was responsible for 44% of operating revenues in 2018.

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

G. TAX ABATEMENT

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

"Pay-As-You-Go" Municipal Revenue Obligations

Over the years, the Village has authorized the issuance of Municipal Revenue Obligations (MRO's) for the purpose of encouraging development. The MRO's are non-interest bearing and are paid solely from the tax increments on the respective properties of the tax incremental districts. In conjunction with authorization of these debt issues, the village entered into developer agreements with local businesses to provide development incentives to assist in undertaking the projects. The details related to the debt issues are:

TIF No. 3

Dated April 14, 2014

Payments to the Company will be made in years 2015 through 2024. However, the first payment occurred in 2016. The village paid \$42,620 in 2018. Total payments made to-date are \$137,863.

The Village and Company will share the Property Tax Increment on a 60/40 basis with the Company receiving 60% and the Village receiving 40% assuming that the property meets or exceeds the Guaranteed Minimum Assessed Value of \$3,624,100.

Dated November 3, 2015

Payments to the Company will be made in years 2018 through 2024. However, no payment was made in 2018.

The Village and Company will share the Property Tax Increment on an 80/20 basis with the Company receiving 80% and the Village receiving 20% assuming that the property meets or exceeds the Guaranteed Minimum Assessed Value of \$3,436,662.

Dated May 1, 2017

Payments to the Company are scheduled to be made in years 2019 through 2024. The maximum payout will be \$229,000.

The Village and Company will share the Property Tax Increment on a 90/10 basis with the Company receiving 90% and the Village receiving 10% assuming that the property meets or exceeds the Guaranteed Minimum Assessed Value of \$4,063,900.

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

G. TAX ABATEMENT (cont.)

"Pay-As-You-Go" Municipal Revenue Obligations (cont.)

TIF No. 4

Dated February 19, 2013

Payments to the Company will be made in years 2014 through 2027. However, the first payment occurred in 2015. The village paid \$16,610 in 2018. Total payments made to-date were \$68,218.

The Village and Company will share the Property Tax Increment on a 50/50 basis with the Company receiving 50% and the Village receiving 50% assuming that the property meets or exceeds the Guaranteed Minimum Assessed Value of \$2,025,000.

The bonds do not constitute indebtedness of the Village. The Bond Payments are payable solely from Property Tax Increments received by the Village with respect to the Tax Incremental Districts. The bonds are not considered a general obligation of the Village.

TIF No. 5

Dated August 8, 2018

Two separate one-time payments of \$1,200,000 and \$200,000 were paid to the company by the village in 2018 upon the company meeting previously agreed-upon terms and conditions.

Subject to further terms and conditions, the village is to pay five equal payments of \$193,333. None of these payments have been made.

The village and the company will share the Property Tax Increment on a 75/25 basis with the village receiving 75% and the company receiving 25% assuming that the property meets or exceeds the Guaranteed Minimum Assessed Value of \$10,000,000.

The village is disclosing all abatement agreements individually.

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

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

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

- > 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*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > 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.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF UNION GROVE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,303,383	\$ 1,302,909	\$ (474)
Intergovernmental	681,212	711,109	29,897
Licenses and permits	115,000	189,026	74,026
Fines, forfeitures and penalties	55,000	77,724	22,724
Public charges for services	64,115	54,871	(9,244)
Investment income	7,500	26,565	19,065
Miscellaneous revenues	<u>70,000</u>	<u>68,214</u>	<u>(1,786)</u>
Total Revenues	<u>2,296,210</u>	<u>2,430,418</u>	<u>134,208</u>
EXPENDITURES			
Current			
General government	636,709	608,963	27,746
Public safety	888,510	929,928	(41,418)
Public works	713,958	763,641	(49,683)
Health and human services	42,712	41,757	955
Culture, recreation and education	74,630	52,309	22,321
Conservation and development	-	247,179	(247,179)
Total Expenditures	<u>2,356,519</u>	<u>2,643,777</u>	<u>(287,258)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,309)</u>	<u>(213,359)</u>	<u>(153,050)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	203,309	198,825	(4,484)
Transfers out	<u>(143,000)</u>	<u>(308,176)</u>	<u>(165,176)</u>
Total Other Financing Sources (Uses)	<u>60,309</u>	<u>(109,351)</u>	<u>(169,660)</u>
Net Change in Fund Balance	-	(322,710)	(322,710)
FUND BALANCE - Beginning of Year	<u>1,290,767</u>	<u>1,290,767</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 1,290,767</u>	<u>\$ 968,057</u>	<u>\$ (322,710)</u>

See accompanying notes to required supplementary information.

VILLAGE OF UNION GROVE

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

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/18	0.00575325%	\$ (170,820)	\$ 783,779	21.79%	102.93%
12/31/17	0.00608877%	50,186	849,123	5.91%	99.12%
12/31/16	0.00629030%	102,216	871,037	11.73%	98.20%
12/31/15	0.00640198%	(157,250)	875,648	17.96%	102.74%

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

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/18	\$ 54,234	\$ 54,234	\$ -	\$ 807,255	6.72%
12/31/17	53,297	53,297	-	783,780	6.80%
12/31/16	56,029	56,029	-	849,123	6.60%
12/31/15	61,295	61,295	-	874,037	7.04%

See accompanying notes to the required supplementary information.

VILLAGE OF UNION GROVE

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

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

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

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level of expenditure.

WISCONSIN RETIREMENT SYSTEM

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

The village is required to present the last ten 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.

SUPPLEMENTARY INFORMATION

VILLAGE OF UNION GROVE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2018

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>
	<u>Revolving Loan Fund</u>	<u>Impact Fee Fund</u>	<u>Library</u>	<u>TID No. 3 Debt Service Fund</u>
ASSETS				
Cash and investments	\$ 274,382	\$ -	\$ 208,890	\$ 598,849
Receivables				
Taxes	-	-	-	388,768
Loans	127,851	-	-	-
Restricted cash and investments	-	36,824	-	-
TOTAL ASSETS	<u>\$ 402,233</u>	<u>\$ 36,824</u>	<u>\$ 208,890</u>	<u>\$ 987,617</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 384	\$ -	\$ -	\$ -
Total Liabilities	<u>384</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	388,768
Unavailable revenues	127,851	-	-	-
Total Deferred Inflows of Resources	<u>127,851</u>	<u>-</u>	<u>-</u>	<u>388,768</u>
Fund Balances				
Restricted	273,998	36,824	208,890	598,849
Assigned	-	-	-	-
Total Fund Balances	<u>273,998</u>	<u>36,824</u>	<u>208,890</u>	<u>598,849</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 402,233</u>	<u>\$ 36,824</u>	<u>\$ 208,890</u>	<u>\$ 987,617</u>

Debt Service Fund	Capital Project Funds			
TID No. 5 Debt Service Fund	TID No. 3 Capital Projects Fund	Capital Improvement Fund	Total Nonmajor Governmental Funds	
\$ 36	\$ 118,516	\$ 558,937	\$ 1,759,610	
967	-	9,867	399,602	
-	-	-	127,851	
-	-	-	36,824	
<u>\$ 1,003</u>	<u>\$ 118,516</u>	<u>\$ 568,804</u>	<u>\$ 2,323,887</u>	
\$ -	\$ -	\$ -	\$ 384	
-	-	-	384	
967	-	24,867	414,602	
-	-	-	127,851	
<u>967</u>	<u>-</u>	<u>24,867</u>	<u>542,453</u>	
36	118,516	-	1,237,113	
-	-	543,937	543,937	
<u>36</u>	<u>118,516</u>	<u>543,937</u>	<u>1,781,050</u>	
<u>\$ 1,003</u>	<u>\$ 118,516</u>	<u>\$ 568,804</u>	<u>\$ 2,323,887</u>	

VILLAGE OF UNION GROVE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Special Revenue Funds			Debt Service Fund
	Revolving Loan Fund	Impact Fee Fund	Library	TID No. 3 Debt Service Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 355,913
Intergovernmental	-	-	135,449	-
Public charges for services	-	-	10,907	-
Licenses and permits	-	1,255	-	-
Investment income	1,679	752	2,282	-
Miscellaneous	7,092	-	4,760	-
Total Revenues	8,771	2,007	153,398	355,913
EXPENDITURES				
Current				
General government	-	-	-	-
Culture, recreation and education	-	-	262,685	-
Conservation and development	1,719	-	-	-
Capital Outlay	-	-	131	-
Debt Service				
Principal	-	-	-	125,000
Interest and fiscal charges	-	-	-	11,500
Total Expenditures	1,719	-	262,816	136,500
Excess (deficiency) of revenues over expenditures	7,052	2,007	(109,418)	219,413
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	-	-
Transfers in	-	-	143,000	-
Total Other Financing Sources	-	-	143,000	-
Net Change in Fund Balances	7,052	2,007	33,582	219,413
FUND BALANCES - Beginning of Year	266,946	34,817	175,308	379,436
FUND BALANCES - END OF YEAR	\$ 273,998	\$ 36,824	\$ 208,890	\$ 598,849

<u>Debt Service Fund</u>		<u>Capital Projects Funds</u>		
<u>TID No. 5 Debt Service Fund</u>	<u>TID No. 3 Capital Projects Fund</u>	<u>Capital Improvement Fund</u>	<u>Total Nonmajor Governmental Funds</u>	
\$ 36	\$ -	\$ 51,321	\$ 407,270	
-	1,776	37,812	175,037	
-	3,409	-	14,316	
-	-	-	1,255	
-	-	-	4,713	
-	-	26,273	38,125	
<u>36</u>	<u>5,185</u>	<u>115,406</u>	<u>640,716</u>	
-	-	2,000	2,000	
-	-	-	262,685	
-	43,752	-	45,471	
-	-	146,857	146,988	
-	-	-	125,000	
-	-	-	11,500	
-	<u>43,752</u>	<u>148,857</u>	<u>593,644</u>	
<u>36</u>	<u>(38,567)</u>	<u>(33,451)</u>	<u>47,072</u>	
-	-	18,587	18,587	
-	-	78,217	221,217	
-	-	96,804	239,804	
36	(38,567)	63,353	286,876	
-	<u>157,083</u>	<u>480,584</u>	<u>1,494,174</u>	
<u>\$ 36</u>	<u>\$ 118,516</u>	<u>\$ 543,937</u>	<u>\$ 1,781,050</u>	

VILLAGE OF UNION GROVE

STATEMENT OF CASH FLOWS
COMPONENT UNIT
For the Year Ended December 31, 2018

	Community Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Paid to suppliers for goods and services	\$ (194,788)
Net Cash Flows from Operating Activities	<u>(194,788)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Contribution from primary government	193,042
Net Cash Flows from Noncapital Financing Activities	<u>193,042</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	1,746
Net Cash Flows from Operating Activities	<u>1,746</u>
Net Change in Cash and Cash Equivalents	-
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (36,408)
Changes in assets and liabilities	
Accounts payable	(932)
Due to primary government	<u>(157,448)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ (194,788)</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
None.	

VILLAGE OF UNION GROVE

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2018

	Agency Funds		
	Tax Collection Fund	Municipal Court Fund	Totals
ASSETS			
Cash and investments	\$ 3,974,733	\$ 19,462	\$ 3,994,195
Taxes receivable	<u>1,248,429</u>	<u>-</u>	<u>1,248,429</u>
TOTAL ASSETS	<u>\$ 5,223,162</u>	<u>\$ 19,462</u>	<u>\$ 5,242,624</u>
LIABILITIES			
Accounts payable	\$ -	\$ 19,462	\$ 19,462
Due to other governments	<u>5,223,162</u>	<u>-</u>	<u>5,223,162</u>
TOTAL LIABILITIES	<u>\$ 5,223,162</u>	<u>\$ 19,462</u>	<u>\$ 5,242,624</u>