

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

Enterprise Funds of the
Village of Union Grove, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2019 and 2018

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

Enterprise Funds of the Village of Union Grove, Wisconsin

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Village of Union Grove Water, Wastewater and Stormwater Utilities, enterprise funds of the Village of Union Grove, Wisconsin, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Village of Union Grove Water, Wastewater and Stormwater Utilities as of December 31, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Village of Union Grove Water, Wastewater and Stormwater Utilities enterprise funds and do not purport to, and do not, present fairly the financial position of the Village of Union Grove, Wisconsin, as of December 31, 2019 and 2018 and the respective changes in financial position, or cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Supplementary Information

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 29, 2020

WATER UTILITY

VILLAGE OF UNION GROVE WATER UTILITY

STATEMENTS OF NET POSITION As of December 31, 2019 and 2018

	ASSETS	<u>2019</u>	<u>2018</u>
CURRENT ASSETS			
Cash and investments		\$ 1,302,363	\$ 1,476,102
Restricted Assets			
Redemption account		209,113	207,944
Customer accounts receivable		156,392	164,861
Other accounts receivable		-	643
Materials and supplies		<u>28,962</u>	<u>28,962</u>
Total Current Assets		<u>1,696,830</u>	<u>1,878,512</u>
NONCURRENT ASSETS			
Restricted Assets			
Reserve account		224,911	224,911
Depreciation account		149,244	135,894
Net pension asset		-	25,865
Other Assets			
Preliminary survey and investigation		55,000	55,000
Property held for future use		12,713	12,713
Capital Assets			
Plant in service		11,286,733	11,129,061
Accumulated depreciation		<u>(3,997,177)</u>	<u>(3,729,963)</u>
Total Noncurrent Assets		<u>7,731,424</u>	<u>7,853,481</u>
Total Assets		<u>9,428,254</u>	<u>9,731,993</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension		<u>77,081</u>	<u>45,556</u>

LIABILITIES		<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES			
Accounts payable		\$ 20,329	\$ 51,285
Current Liabilities Payable from Restricted Assets			
Current portion of revenue bonds		288,020	284,594
Accrued interest		<u>17,099</u>	<u>18,216</u>
Total Current Liabilities		<u>325,448</u>	<u>354,095</u>
NONCURRENT LIABILITIES			
Revenue bonds		3,067,918	3,355,946
Unamortized debt discount		(6,275)	(6,700)
Accrued sick leave		23,760	35,641
Net pension liability		<u>30,425</u>	<u>-</u>
Total Noncurrent Liabilities		<u>3,115,828</u>	<u>3,384,887</u>
 Total Liabilities		 <u>3,441,276</u>	 <u>3,738,982</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension		37,614	53,995
Unearned revenues		<u>805,888</u>	<u>823,156</u>
 Total Deferred Inflows of Resources		 <u>843,502</u>	 <u>877,151</u>
NET POSITION			
Net investment in capital assets		3,939,893	3,765,258
Restricted for:			
Debt service		192,014	189,728
Reserve for debt service		224,911	224,911
Equipment renewal or replacement		149,244	135,894
Net pension asset		-	25,865
Unrestricted		<u>714,495</u>	<u>819,760</u>
 TOTAL NET POSITION		 <u><u>\$ 5,220,557</u></u>	 <u><u>\$ 5,161,416</u></u>

See accompanying notes to the financial statements.

VILLAGE OF UNION GROVE WATER UTILITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Sales of water	\$ 975,586	\$ 987,500
Other	34,432	21,210
Total Operating Revenues	1,010,018	1,008,710
OPERATING EXPENSES		
Operation and maintenance	503,555	399,338
Depreciation	273,970	272,181
Total Operating Expenses	777,525	671,519
OPERATING INCOME	232,493	337,191
NONOPERATING REVENUES (EXPENSES)		
Investment income	37,300	32,715
Miscellaneous income	77	441
Interest expense	(104,826)	(111,337)
Amortization of discount	(425)	(474)
Total Nonoperating Revenues (Expenses)	(67,874)	(78,655)
Income Before Transfers	164,619	258,536
CAPITAL CONTRIBUTIONS	89,815	-
TRANSFERS - TAX EQUIVALENT	(195,293)	(198,825)
CHANGE IN NET POSITION	59,141	59,711
NET POSITION - Beginning of Year	5,161,416	5,101,705
NET POSITION - END OF YEAR	\$ 5,220,557	\$ 5,161,416

See accompanying notes to the financial statements.

VILLAGE OF UNION GROVE WATER UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 695,293	\$ 680,183
Received from municipality for services	314,599	314,599
Paid to suppliers for goods and services	(343,508)	(237,684)
Paid to employees for operating payroll	(163,910)	(148,443)
Net Cash Flows From Operating Activities	<u>502,474</u>	<u>608,655</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Paid to municipality for tax equivalent	<u>(195,293)</u>	<u>(198,825)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(113,156)	(84,287)
Debt retired	(284,602)	(276,250)
Interest paid	(105,943)	(112,360)
Net Cash Flows From Capital and Related Financing Activities	<u>(503,701)</u>	<u>(472,897)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>37,300</u>	<u>32,715</u>
Net Change in Cash and Cash Equivalents	(159,220)	(30,352)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,044,851</u>	<u>2,075,203</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,885,631</u>	<u>\$ 2,044,851</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Developer financed additions to plant	<u>\$ 89,815</u>	<u>\$ -</u>

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 232,493	\$ 337,191
Nonoperating revenue (expense)	77	441
Noncash items in operating income		
Depreciation	273,970	272,181
Depreciation charged to clearing and other utilities	7,953	7,607
Changes in assets and liabilities		
Customer accounts receivable	8,469	(8,914)
Other accounts receivable	643	3,346
Due from other funds	-	861
Pension related deferrals and liabilities (assets)	8,384	4,643
Accounts payable	(366)	2,701
Accrued wages	-	(2,554)
Accrued sick leave	(11,881)	8,421
Unearned revenues	<u>(17,268)</u>	<u>(17,269)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 502,474</u>	<u>\$ 608,655</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION ACCOUNTS		
Cash and investments	\$ 1,302,363	\$ 1,476,102
Redemption account	209,113	207,944
Reserve account	224,911	224,911
Depreciation account	<u>149,244</u>	<u>135,894</u>
CASH AND CASH EQUIVALENTS	<u>\$ 1,885,631</u>	<u>\$ 2,044,851</u>

See accompanying notes to the financial statements.

WASTEWATER UTILITY

VILLAGE OF UNION GROVE WASTEWATER UTILITY

STATEMENTS OF NET POSITION As of December 31, 2019 and 2018

	ASSETS	<u>2019</u>	<u>2018</u>
CURRENT ASSETS			
Cash and investments		\$ 1,489,354	\$ 764,387
Restricted Assets			
Redemption account		283,802	277,933
Customer accounts receivable		203,210	206,713
Other accounts receivable		<u>118,484</u>	<u>191,606</u>
Total Current Assets		<u>2,094,850</u>	<u>1,440,639</u>
NONCURRENT ASSETS			
Restricted Assets			
Replacement account		1,088,779	992,775
Net pension asset		-	25,980
Other Assets			
Preliminary survey and investigation		14,000	14,000
Capital Assets			
Plant in service		15,416,103	15,416,103
Accumulated depreciation		<u>(9,106,424)</u>	<u>(8,600,636)</u>
Total Noncurrent Assets		<u>7,412,458</u>	<u>7,848,222</u>
Total Assets		<u>9,507,308</u>	<u>9,288,861</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension		<u>77,343</u>	<u>45,809</u>

LIABILITIES		<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES			
Accounts payable		\$ 62,333	\$ 40,130
Accrued interest		3,988	4,121
Current portion of general obligation debt		90,000	80,000
Current Liabilities Payable from Restricted Assets			
Current portion of revenue bonds		416,379	404,640
Accrued interest		<u>6,216</u>	<u>8,173</u>
Total Current Liabilities		<u>578,916</u>	<u>537,064</u>
NONCURRENT LIABILITIES			
General obligation debt		1,570,000	1,660,000
Revenue bonds		869,346	1,285,725
Unamortized debt discount		(7,010)	(7,546)
Accrued sick leave		22,994	20,331
Net pension liability		<u>30,117</u>	<u>-</u>
Total Noncurrent Liabilities		<u>2,485,447</u>	<u>2,958,510</u>
Total Liabilities		<u>3,064,363</u>	<u>3,495,574</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension		<u>37,845</u>	<u>53,948</u>
 NET POSITION			
Net investment in capital assets		3,370,964	3,392,648
Restricted for:			
Debt service		277,586	269,760
Equipment replacement		1,088,779	992,775
Net pension asset		-	25,980
Unrestricted		<u>1,745,114</u>	<u>1,103,985</u>
TOTAL NET POSITION		<u><u>\$ 6,482,443</u></u>	<u><u>\$ 5,785,148</u></u>

See accompanying notes to the financial statements.

VILLAGE OF UNION GROVE WASTEWATER UTILITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Treatment charges	\$ 1,519,853	\$ 1,479,614
Other	<u>3,092</u>	<u>26,951</u>
Total Operating Revenues	<u>1,522,945</u>	<u>1,506,565</u>
OPERATING EXPENSES		
Operation and maintenance	671,990	637,241
Depreciation	<u>513,741</u>	<u>510,878</u>
Total Operating Expenses	<u>1,185,731</u>	<u>1,148,119</u>
OPERATING INCOME	<u>337,214</u>	<u>358,446</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	25,709	22,262
Interest expense	(90,534)	(103,761)
Amortization of discount	<u>(536)</u>	<u>(597)</u>
Total Nonoperating Revenues (Expenses)	<u>(65,361)</u>	<u>(82,096)</u>
Income Before Contributions	271,853	276,350
CAPITAL CONTRIBUTIONS	<u>425,442</u>	<u>65,060</u>
CHANGE IN NET POSITION	697,295	341,410
NET POSITION - Beginning of Year	<u>5,785,148</u>	<u>5,443,738</u>
NET POSITION - END OF YEAR	<u><u>\$ 6,482,443</u></u>	<u><u>\$ 5,785,148</u></u>

See accompanying notes to the financial statements.

VILLAGE OF UNION GROVE WASTEWATER UTILITY

STATEMENTS OF CASH FLOWS Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 1,599,570	\$ 1,390,898
Paid to suppliers for goods and services	(477,120)	(467,919)
Paid to employees for operating payroll	(167,086)	(154,810)
Net Cash Flows From Operating Activities	955,364	768,169
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,411)	(115,738)
Connection fees received	425,442	65,060
Debt retired	(484,640)	(473,233)
Interest paid	(92,624)	(105,796)
Net Cash Flows From Capital and Related Financing Activities	(154,233)	(629,707)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	25,709	22,261
Net Change in Cash and Cash Equivalents	826,840	160,723
CASH AND CASH EQUIVALENTS - Beginning of Year	2,035,095	1,874,372
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,861,935	\$ 2,035,095

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 337,214	\$ 358,446
Noncash items in operating income		
Depreciation	513,741	510,878
Depreciation charged to clearing and other utilities	(7,953)	(7,608)
Changes in assets and liabilities		
Customer accounts receivable	3,503	(5,614)
Other accounts receivable	73,122	(111,129)
Due from other funds	-	1,076
Accounts payable	24,614	13,180
Pension related deferrals and liabilities (assets)	8,460	4,742
Accrued wages	-	(3,428)
Accrued sick leave	2,663	7,626
	<u>2,663</u>	<u>7,626</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 955,364</u>	<u>\$ 768,169</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET ASSETS ACCOUNTS		
Cash and investments	\$ 1,489,354	\$ 764,387
Redemption account	283,802	277,933
Replacement account	<u>1,088,779</u>	<u>992,775</u>
CASH AND CASH EQUIVALENTS	<u>\$ 2,861,935</u>	<u>\$ 2,035,095</u>

See accompanying notes to the financial statements.

STORMWATER UTILITY

VILLAGE OF UNION GROVE STORMWATER UTILITY

STATEMENTS OF NET POSITION
As of December 31, 2019 and 2018

	ASSETS	<u>2019</u>	<u>2018</u>
CURRENT ASSETS			
Cash and investments		\$ 593,990	\$ 501,030
Customer accounts receivable		<u>63,169</u>	<u>63,437</u>
Total Current Assets		<u>657,159</u>	<u>564,467</u>
NONCURRENT ASSETS			
Capital Assets			
Plant in service		3,318,195	3,219,965
Accumulated depreciation		<u>(2,007,496)</u>	<u>(1,888,233)</u>
Total Noncurrent Assets		<u>1,310,699</u>	<u>1,331,732</u>
Total Assets		<u>1,967,858</u>	<u>1,896,199</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable		<u>109,459</u>	<u>10,783</u>
NONCURRENT LIABILITIES			
Accrued sick leave		<u>6,669</u>	<u>5,523</u>
Total Liabilities		<u>116,128</u>	<u>16,306</u>
NET POSITION			
Net investment in capital assets		1,310,699	1,331,732
Unrestricted		<u>541,031</u>	<u>548,161</u>
TOTAL NET POSITION		<u><u>\$ 1,851,730</u></u>	<u><u>\$ 1,879,893</u></u>

See accompanying notes to the financial statements.

VILLAGE OF UNION GROVE STORMWATER UTILITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for services	\$ 252,822	\$ 251,370
Other	<u>470</u>	<u>452</u>
Total Operating Revenues	<u>253,292</u>	<u>251,822</u>
OPERATING EXPENSES		
Operation and maintenance	166,583	141,717
Depreciation	<u>125,411</u>	<u>121,511</u>
Total Operating Expenses	<u>291,994</u>	<u>263,228</u>
OPERATING LOSS	<u>(38,702)</u>	<u>(11,406)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	7,515	6,216
Insurance recovery	3,024	-
Interest expense	<u>-</u>	<u>(801)</u>
Total Nonoperating Revenues (Expenses)	<u>10,539</u>	<u>5,415</u>
CHANGE IN NET POSITION	(28,163)	(5,991)
NET POSITION - Beginning of Year	<u>1,879,893</u>	<u>1,885,884</u>
NET POSITION - END OF YEAR	<u>\$ 1,851,730</u>	<u>\$ 1,879,893</u>

See accompanying notes to the financial statements.

VILLAGE OF UNION GROVE STORMWATER UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 256,584	\$ 251,914
Paid to suppliers for goods and services	(84,143)	(68,680)
Paid to employees for operating payroll	(79,696)	(66,331)
Net Cash Flows From Operating Activities	92,745	116,903
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(7,300)	(39,239)
Capital lease payments	-	(57,989)
Interest paid	-	(1,603)
Net Cash Flows From Capital and Related Financing Activities	(7,300)	(98,831)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	7,515	6,216
Net Change in Cash and Cash Equivalents	92,960	24,288
CASH AND CASH EQUIVALENTS - Beginning of Year	501,030	476,742
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 593,990	\$ 501,030
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (38,702)	\$ (11,406)
Nonoperating revenue (expense)	3,024	-
Noncash items in operating loss		
Depreciation	125,411	121,511
Changes in assets and liabilities		
Customer accounts receivable	268	(326)
Due from other funds	-	418
Accounts payable	1,598	6,543
Accrued wages	-	(376)
Accrued sick leave	1,146	539
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 92,745	\$ 116,903
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION ACCOUNTS		
Cash and investments	\$ 593,990	\$ 501,030
CASH AND CASH EQUIVALENTS	\$ 593,990	\$ 501,030

See accompanying notes to the financial statements.

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

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

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Deposits and Investments

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

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

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

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair values may have changed significantly after year end.

Receivables/Payables

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

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

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

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

Materials and Supplies

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

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Preliminary Survey and Investigation

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

Property Held for Future Use

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

Capital Assets

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

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

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

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

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

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

Capital Assets (cont.)

	Years
Wastewater Plant	
Collecting system	40
Collecting system pumping	40
Treatment and disposal	10-40
General	5-40
Stormwater Plant	
Intangible	25
Stormwater Plant	20-60
General	10

Pensions

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

Deferred Outflow of Resources

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

Accrued Vacation and Sick Leave

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

Unearned Revenues

During 2016, the water utility entered into an agreement provided an easement, assignment of existing water tower lease contracts and the rights to future tower lease revenue. The utility received \$860,573 as a lump sum payment. The revenue will be recognized over a 50 year period with final recognition in 2066. The unearned revenue balance was \$805,888 and 823,156, respectively, in 2019 and 2018.

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

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

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

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

Long-Term Obligations

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

Deferred Inflows of Resources

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

REVENUES AND EXPENSES

The utilities distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the utility's principal ongoing operations. The principal operating revenues of the utilities are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Charges for Services

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

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

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

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

Capital Contributions

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

Connection Fee

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

Taxes

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

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

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB has approved GASB Statement No. 87, Leases, Statement No. 91, *Conduit Debt Obligations*, Statement No. 92, *Omnibus*, Statement No. 93, *Replacement of Interbank Offered Rates*, and Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. When they become effective, application of these standards may restate portions of these financial statements.

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, Postponement of Effective Dates of Certain Authoritative Guidance, with the exception of Statement No. 87 which was postponed by one and a half years.

COMPARATIVE DATA

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

NOTE 2 - DEPOSITS AND INVESTMENTS

	Carrying Value as of		Risks
	December 31,		
	<u>2019</u>	<u>2018</u>	
Checking and savings	\$ 1,745,132	\$ 1,114,201	Custodial credit
Certificates of deposit	-	27,836	Custodial credit
LGIP	<u>3,596,424</u>	<u>3,438,939</u>	Credit
Totals	<u>\$ 5,341,556</u>	<u>\$ 4,580,976</u>	

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

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000.

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (cont.)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019 and 2018, the fair value of the LGIP's assets were substantially equal to the utilities' share.

Custodial Credit Risk

Deposits

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

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

	2019		2018	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Community State Bank	\$ 2,259,819	\$ 1,745,132	\$ 1,464,474	\$ 1,142,037

Credit Risk

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

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

Investment Policy

The utilities' investment policy does not address these risks.

NOTE 3 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of transfer balances for the years ending December 31, 2019 and 2018:

To	From	2019		2018	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Water	\$ 195,293	Tax equivalent	\$ 198,825	Tax equivalent

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 4 - RESTRICTED ASSETS

Restricted Accounts

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

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

Replacement Account

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

At December 31, 2019, the depreciation and redemption accounts were underfunded. The reserve and replacement accounts were properly funded at December 31, 2019 and 2018

Net Pension Asset

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 4 - RESTRICTED ASSETS (cont.)

Restricted Net Position

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

	2019	2018
Restricted Assets		
Redemption account	\$ 209,113	\$ 207,944
Reserve account	224,911	224,911
Depreciation account	149,244	135,894
Net pension asset	-	25,865
Total Restricted Assets	583,268	594,614
Current Liabilities Payable From Restricted Assets	(17,099)	(18,216)
Total Restricted Net Position as Calculated	\$ 566,169	\$ 576,398

The purpose of the restricted net position is as follows:

	2019	2018
Debt service	\$ 192,014	\$ 189,728
Reserve for debt service	224,911	224,911
Equipment renewal or replacement	149,244	135,894
Net pension asset	-	25,865
Total Restricted Net Position	\$ 566,169	\$ 576,398

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 4 - RESTRICTED ASSETS (cont.)

Restricted Net Position (cont.)

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

	2019	2018
Restricted Assets		
Redemption account	\$ 283,802	\$ 277,933
Replacement account	1,088,779	992,775
Net pension asset	-	25,980
Total Restricted Assets	1,372,581	1,296,688
Current Liabilities Payable From Restricted Assets	(6,216)	(8,173)
Total Restricted Net Position as Calculated	\$ 1,366,365	\$ 1,288,515

The purpose of the restricted net position is as follows:

	2019	2018
Debt Service	\$ 277,586	\$ 269,760
Equipment Replacement	1,088,779	992,775
Net pension asset	-	25,980
Total Restricted Net Position	\$ 1,366,365	\$ 1,288,515

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 5 - CHANGES IN CAPITAL ASSETS

Water Utility

A summary of changes in water capital assets for 2019 follows:

	Balance 1/1/19	Increases	Decreases	Balance 12/31/19
Capital assets, not being depreciated				
Land and land rights	\$ 29,955	\$ -	\$ -	\$ 29,955
Intangible	61,679	-	-	61,679
Total Capital Assets Not Being Depreciated	<u>91,634</u>	<u>-</u>	<u>-</u>	<u>91,634</u>
Capital assets being depreciated				
Source of supply	318,730	-	-	318,730
Pumping	709,111	-	-	709,111
Water treatment	3,375,448	-	-	3,375,448
Transmission and distribution	6,331,762	166,881	14,709	6,483,934
General	302,376	5,500	-	307,876
Total Capital Assets Being Depreciated	<u>11,037,427</u>	<u>172,381</u>	<u>14,709</u>	<u>11,195,099</u>
Total Capital Assets	<u>11,129,061</u>	<u>172,381</u>	<u>14,709</u>	<u>11,286,733</u>
Less: Accumulated depreciation	<u>(3,729,963)</u>	<u>(281,923)</u>	<u>14,709</u>	<u>(3,997,177)</u>
Net Capital Assets	<u>\$ 7,399,098</u>			<u>\$ 7,289,556</u>

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 5 - CHANGES IN CAPITAL ASSETS (cont.)

Water Utility (cont.)

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

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 5 - CHANGES IN CAPITAL ASSETS (cont.)

Wastewater Utility

A summary of changes in wastewater capital assets for 2019 follows:

	Balance 1/1/19	Increases	Decreases	Balance 12/31/19
Capital assets, not being depreciated				
Land and land rights	\$ 440	\$ -	\$ -	\$ 440
Capital assets being depreciated				
Collecting system	3,469,501	-	-	3,469,501
Collecting system pumping	426,875	-	-	426,875
Treatment and disposal	10,789,524	-	-	10,789,524
General	729,763	-	-	729,763
Total Capital Assets Being Depreciated	<u>15,415,663</u>	<u>-</u>	<u>-</u>	<u>15,415,663</u>
Total Capital Assets	<u>15,416,103</u>	<u>-</u>	<u>-</u>	<u>15,416,103</u>
Less: Accumulated depreciation	<u>(8,600,636)</u>	<u>(505,788)</u>	<u>-</u>	<u>(9,106,424)</u>
Net Capital Assets	<u>\$ 6,815,467</u>			<u>\$ 6,309,679</u>

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

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 5 - CHANGES IN CAPITAL ASSETS (cont.)

Stormwater Utility

A summary of changes in stormwater capital assets for 2019 follows:

	Balance 1/1/19	Increases	Decreases	Balance 12/31/19
Capital assets, not being depreciated				
Land and land rights	\$ 100,883	\$ -	\$ -	\$ 100,883
Capital assets being depreciated				
Retention basin improvements	75,305	-	-	75,305
Storm mains	2,649,559	104,378	6,148	2,747,789
Equipment	394,218	-	-	394,218
Total Capital Assets Being Depreciated	<u>3,119,082</u>	<u>104,378</u>	<u>6,148</u>	<u>3,217,312</u>
Total Capital Assets	<u>3,219,965</u>	<u>104,378</u>	<u>6,148</u>	<u>3,318,195</u>
Less: Accumulated depreciation	<u>(1,888,233)</u>	<u>(125,411)</u>	<u>6,148</u>	<u>(2,007,496)</u>
Net Capital Assets	<u>\$ 1,331,732</u>			<u>\$ 1,310,699</u>

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

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

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 6 - LEASES

In 2016, the stormwater utility entered into a leasing agreement with Bruce Municipal Equipment for a street sweeper for \$299,673. This lease agreement qualifies as a capital lease for accounting purposes and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The asset acquired through a capital lease is as follows:

	December 31	
	2019	2018
Street sweeper	\$ 229,673	\$ 229,673
Less: Accumulated depreciation	80,387	57,419
Totals	\$ 149,286	\$ 172,254

The final lease payment was made in 2018.

NOTE 7 - LONG-TERM OBLIGATIONS

Revenue Debt - Water

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/19
2005	Waterworks System	2025	2.37%	\$ 1,486,390	\$ 523,608 *
2007	Waterworks System	2026	2.48	516,994	218,862 *
2009	Waterworks System	2029	2.67	652,175	358,476 *
2012	Waterworks System	2032	2-3.90	3,150,000	2,254,992

* The debt noted is directly placed with a third party.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Revenue Debt - Water (cont.)

Revenue bonds debt service requirements to maturity follows:

Year Ending December 31	Bonds		Direct Placement		Total
	Principal	Interest	Principal	Interest	
2020	\$ 145,000	\$ 73,423	\$ 143,020	\$ 25,609	\$ 387,052
2021	150,000	69,360	146,531	22,055	387,946
2022	155,000	64,785	150,128	18,414	388,327
2023	160,000	60,060	153,813	14,683	388,556
2024	165,000	55,103	157,589	10,861	388,553
2025-2029	870,000	191,955	349,865	15,756	1,427,576
2030-2032	<u>609,992</u>	<u>35,970</u>	-	-	<u>645,962</u>
Totals	<u>\$ 2,254,992</u>	<u>\$ 550,656</u>	<u>\$ 1,100,946</u>	<u>\$ 107,378</u>	<u>\$ 4,013,972</u>

The 2005, 2007, and 2009 Water Revenue Debt include provisions that the Department of Administration may collect all amounts due to the Safe Drinking Water Loan Program (SDWLP) by deducting those amounts from any state payments due to the Village, or add a special charge to the amount of taxes apportioned to and levied upon the county, have a receiver appointed for the SDWLP's benefit of the project and the Village's water system and of the earnings, income, rents, issues and profits thereof, the SDWLP may declare the principal amount of the obligations immediately due and payable, and SDWLP may increase the interest rate to the market interest rate as defined in the Act and Regulations in the event of default. The 2012 Water Revenue Debt includes provisions that certificate holders may take any actions that may be necessary and appropriate to cause the issuer to comply with its obligations under the resolution in an event of default.

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2019 and 2018 were \$390,545 and \$388,610, respectively. Total customer gross revenues as defined for the same periods were \$1,047,395 and \$1,041,866. Annual principal and interest payments are expected to require 57% and 49%, respectively, of gross revenues on average.

Revenue Debt - Wastewater

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/19
2002	Modifications to treatment facility	2022	2.901%	\$ 6,513,550	\$ 1,285,725 *

* The debt noted is directly placed with a third party.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Revenue Bonds - Wastewater (cont.)

Revenue bonds debt service requirements to maturity follows:

Year Ending December 31	Direct Placement		Total
	Principal	Interest	
2020	\$ 416,379	\$ 31,259	\$ 447,638
2021	428,458	19,005	447,463
2022	440,888	6,395	447,283
Totals	<u>\$ 1,285,725</u>	<u>\$ 56,659</u>	<u>\$ 1,342,384</u>

The 2002 Wastewater Revenue Debt includes provisions that the Department of Administration may collect all amounts due to the Safe Drinking Water Loan Program (SDWLP) by deducting those amounts from any state payments due to the Village, or add a special charge to the amount of taxes apportioned to and levied upon the county, have a receiver appointed for the SDWLP's benefit of the project and the Village's water system and of the earnings, income, rents, issues and profits thereof, the SDWLP may declare the principal amount of the obligations immediately due and payable, and SDWLP may increase the interest rate to the market interest rate as defined in the Act and Regulations in the event of default. The 2012 Water Revenue Debt includes provisions that certificate holders may take any actions that may be necessary and appropriate to cause the issuer to comply with its obligations under the resolution in an event of default.

All utility revenues are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2019 and 2018 were \$447,638 and \$447,974, respectively. Total customer gross revenues as defined for the same periods were \$1,548,654 and \$1,528,827. Annual principal and interest payments are expected to require 51% and 50%, respectively, of gross revenues on average.

General Obligation Debt - Wastewater

The following general obligation bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/19
2012	Collection system	2028	2.806%	\$ 1,995,000	\$ 1,660,000

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

General Obligation Debt - Wastewater (cont.)

General obligation bonds debt service requirements to maturity follows:

Year Ending December 31	Principal	Interest	Total
2020	\$ 90,000	\$ 47,855	\$ 137,855
2021	95,000	45,830	140,830
2022	100,000	43,693	143,693
2023	205,000	41,193	246,193
2024	215,000	35,350	250,350
2025-2028	<u>955,000</u>	<u>73,900</u>	<u>1,028,900</u>
Totals	<u>\$ 1,660,000</u>	<u>\$ 287,821</u>	<u>\$ 1,947,821</u>

The 2012 Sewer General Obligation Debt include provisions that certificate holders may take any actions that may be necessary and appropriate to cause the issuer to comply with its obligations under the resolution in an event of default.

Long-Term Obligations Summary - Water

Long-term obligation activity for the year ended December 31, 2019 is as follows:

	1/1/19 Balance	Additions	Reductions	12/31/19 Balance	Due Within One Year
Revenue bonds	\$ 3,640,540	\$ -	\$ 284,602	\$ 3,355,938	\$ 288,020
Unamortized debt discount	(6,700)	-	(425)	(6,275)	-
Accrued sick leave	<u>35,641</u>	<u>16,718</u>	<u>28,599</u>	<u>23,760</u>	-
Totals	<u>\$ 3,669,481</u>	<u>\$ 16,718</u>	<u>\$ 312,776</u>	<u>\$ 3,373,423</u>	<u>\$ 288,020</u>

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

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

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

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

Long-Term Obligations Summary - Wastewater

Long-term obligation activity for the year ended December 31, 2019 is as follows:

	<u>1/1/19 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/19 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 1,690,365	\$ -	\$ 404,640	\$ 1,285,725	\$ 416,379
General obligation debt	1,740,000	-	80,000	1,660,000	90,000
Unamortized debt discount	(7,546)	-	(536)	(7,010)	-
Accrued sick leave	<u>20,331</u>	<u>4,487</u>	<u>1,824</u>	<u>22,994</u>	<u>-</u>
Totals	<u>\$ 3,443,150</u>	<u>\$ 4,487</u>	<u>\$ 485,928</u>	<u>\$ 2,961,709</u>	<u>\$ 506,379</u>

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

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

Long-Term Obligations Summary - Stormwater

Long-term obligation activity for the year ended December 31, 2019 is as follows:

	<u>1/1/19 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/19 Balance</u>	<u>Due Within One Year</u>
Accrued sick leave	\$ <u>5,523</u>	\$ <u>2,683</u>	\$ <u>1,537</u>	\$ <u>6,669</u>	\$ <u>-</u>
Totals	<u>\$ 5,523</u>	<u>\$ 2,683</u>	<u>\$ 1,537</u>	<u>\$ 6,669</u>	<u>\$ -</u>

**VILLAGE OF UNION GROVE WATER, WASTEWATER AND
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NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Long-Term Obligations Summary - Stormwater (cont.)

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

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

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

Bond Covenant Disclosures

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

Insurance

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

The utilities are covered under the following insurance policies at December 31, 2019:

Type	Coverage	Expiration
General Liability	\$ 2,000,000	EMI Insurance Company 1/1/2020
Automobile	2,000,000	EMI Insurance Company 1/1/2020
Workers Compensation	500,000	EMI Insurance Company 1/1/2020
Property Insurance	27,830,240	EMI Insurance Company 1/1/2020

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NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

Debt Coverage - Water

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2019 and 2018 as follows:

	2019	2018
Operating revenues	\$ 1,010,018	\$ 1,008,710
Investment income	37,300	32,715
Miscellaneous nonoperating income	77	441
Less: Operation and maintenance expenses	(503,555)	(399,338)
Net Defined Earnings	\$ 543,840	\$ 642,528
Minimum Required Earnings per Resolution:		
Highest annual debt service	\$ 388,556	\$ 390,538
Coverage factor	1.25	1.25
Minimum Required Earnings	\$ 485,695	\$ 488,173
Actual Debt Coverage	1.40	1.65

Debt Coverage - Wastewater

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.10 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2019 and 2018 as follows:

	2019	2018
Operating revenues	\$ 1,522,945	\$ 1,506,565
Investment income	25,709	22,262
Less: Operation and maintenance expenses	(671,990)	(637,241)
Net Defined Earnings	\$ 876,664	\$ 891,586
Minimum Required Earnings per Resolution:		
Highest annual debt service	\$ 447,638	\$ 447,809
Coverage factor	1.10	1.10
Minimum Required Earnings	\$ 492,402	\$ 492,590
Actual Debt Coverage	1.96	1.99

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

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

Bond Covenant Disclosures (cont.)

Number of Customers and Billed Volumes - Water

The utility has the following number of customers and billed volumes for 2019 and 2018:

	Customers		Sales (000 gals)	
	2019	2018	2019	2018
Residential	1,321	1,320	56,780	59,226
Multifamily residential	47	43	14,461	15,728
Commercial	151	150	19,645	20,529
Industrial	15	15	11,963	15,183
Public authority	11	10	5,623	5,629
Totals	<u>1,545</u>	<u>1,538</u>	<u>108,472</u>	<u>116,295</u>

Number of Customers and Billed Volumes - Wastewater

The utility has the following number of customers and billed volumes for 2019 and 2018:

	Customers		Sales (000 gals)	
	2019	2018	2019	2018
Residential	1,318	1,317	56,274	58,350
Commercial	194	189	33,784	34,458
Industrial	14	14	3,377	2,919
Public authority	11	10	2,210	2,272
Totals	<u>1,537</u>	<u>1,530</u>	<u>95,645</u>	<u>97,999</u>

NOTE 8 - NET POSITION

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

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

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

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

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

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

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

	2019	2018
Plant in service	11,286,733	11,129,061
Accumulated depreciation	<u>(3,997,177)</u>	<u>(3,729,963)</u>
Sub-Totals	<u>7,289,556</u>	<u>7,399,098</u>
Less: Capital related debt		
Current portion of capital related long-term debt	288,020	284,594
Long-term portion of capital related long-term debt	3,067,918	3,355,946
Unamortized debt discount	<u>(6,275)</u>	<u>(6,700)</u>
Sub-Totals	<u>3,349,663</u>	<u>3,633,840</u>
Total Net Investment in Capital Assets	<u>\$ 3,939,893</u>	<u>\$ 3,765,258</u>

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

	2019	2018
Plant in service	15,416,103	15,416,103
Accumulated depreciation	<u>(9,106,424)</u>	<u>(8,600,636)</u>
Sub-Totals	<u>6,309,679</u>	<u>6,815,467</u>
Less: Capital related debt		
Current portion of capital related long-term debt	506,379	484,640
Long-term portion of capital related long-term debt	2,439,346	2,945,725
Unamortized debt discount	<u>(7,010)</u>	<u>(7,546)</u>
Sub-Totals	<u>2,938,715</u>	<u>3,422,819</u>
Total Net Investment in Capital Assets	<u>\$ 3,370,964</u>	<u>\$ 3,392,648</u>

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

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

	2019	2018
Plant in service	3,318,195	3,219,965
Accumulated depreciation	(2,007,496)	(1,888,233)
Total Net Investment in Capital Assets	\$ 1,310,699	\$ 1,331,732

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM

General Information About the Pension Plan

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 9 - 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:

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)%	(42)%
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4.0
2018	2.4	17.0

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

The WRS recognized \$16,906 and \$15,754 in contributions from the utilities during the current and prior reporting periods, respectively.

Contribution rates as of December 31, 2019 and December 31, 2018 are:

	2019		2018	
	Employee	Employer	Employee	Employer
General (including Executives and Elected Officials)	6.7%	6.7%	6.8%	6.8%
Protective with Social Security	6.7%	10.7%	6.8%	10.6%
Protective without Social Security	6.7%	14.9%	6.8%	14.9%

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

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

At December 31, 2019, the utilities reported a liability (asset) of \$60,542 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The utilities's proportion of the net pension liability (asset) was based on the utilities's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Village of Union Grove's proportion was 0.00545849%, which was a decrease of 0.00029476% from its proportion measured as of December 31, 2017.

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

For the years ended December 31, 2019 and 2018, the utilities recognized pension expense of \$33,752 and \$25,561, respectively.

At December 31, 2019, the utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Water Utility		Wastewater Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,119	\$ (37,614)	\$ 22,386	\$ (37,845)
Changes in assumption	3,709	-	3,873	-
Net differences between project and actual earnings on pension plan	38,855	-	38,573	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	634	-	648	-
Employer contributions subsequent to the measurement date	11,764	-	11,863	-
Total	\$ 77,081	\$ (37,614)	\$ 77,343	\$ (37,845)

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

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

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

<u>Year Ended December 31</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>
2020	\$ 10,100	\$ 10,075
2021	2,677	2,670
2022	4,389	4,378
2023	10,537	10,512
2024	-	-
Thereafter	<u>-</u>	<u>-</u>
Total	<u>\$ 27,703</u>	<u>\$ 27,635</u>

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

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

	2019	2018
Actuarial valuation date	December 31, 2017	December 31, 2016
Measurement date of net pension liability (asset)	December 31, 2018	December 31, 2017
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Fair Value	Fair Value
Long-term expected rate of return	7.0%	7.2%
Discount rate	7.0%	7.2%
Salary increases		
Inflation	3.0%	3.2%
Seniority/Merit	0.1% - 5.6%	0.2% - 5.6%
Mortality	Wisconsin 2018 Mortality Table	Wisconsin 2012 Mortality Table
Post-retirement adjustments *	1.9%	2.1%

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

Actuarial assumptions used in the December 31, 2017 actuarial valuation is based upon an experience study conducted in 2018 using experience from 2015 – 2017. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

Actuarial assumptions used in the December 31, 2016 actuarial valuation is 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 WATER, WASTEWATER AND STORMWATER UTILITIES

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

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2019 are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.45
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.47
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.5%.
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2018 are summarized in the following table:

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

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

Single discount rate. A single discount rate of 7.00% and 7.20% was used to measure the total pension liability as of December 31, 2019 and December 31, 2018, respectively. As of December 31, 2019, the single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.71%. As of December 31, 2018, the 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 7.00% (7.20% for 2018) expected rate of return implies that a dividend of approximately 1.9% (2.1% for 2018) will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

The sensitivity analysis as of December 31, 2019 follows:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Water Utility's proportionate share of the net position liability (asset)	\$ 121,243	\$ 30,425	\$ (36,960)
Wastewater Utility's proportionate share of the net position liability (asset)	120,008	30,117	(36,584)

The sensitivity analysis as of December 31, 2018 follows:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Water Utility's proportionate share of the net position liability (asset)	\$ 66,914	\$ (25,865)	\$ 96,375
Wastewater Utility's proportionate share of the net position liability (asset)	67,224	(25,980)	96,821

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

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Claims and Judgments

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

VILLAGE OF UNION GROVE WATER, WASTEWATER AND STORMWATER UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 11 - SIGNIFICANT CUSTOMERS

Wastewater Utility

The utility has one significant customer who was responsible for 47% and 44% of operating revenues in 2019 and 2018, respectively.

NOTE 12 - SUBSEQUENT EVENTS

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

Covid-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the utilities. As of the date above, the utilities' evaluation of the effects of these events is ongoing; however, based on experience to date we anticipate this situation could cause a decline in interest revenue and building permits and increased costs for new supplies and legal fees.

The extent of the impact of COVID-19 on the utilities' operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF UNION GROVE UTILITIES

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

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

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset) - City	Utilities' Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/19	0.00545849%	\$ 60,542	\$ 252,358	23.99%	96.45%
12/31/18	0.00575325%	(51,845)	231,676	22.38%	102.93%
12/31/17	0.00171155%	14,109	284,234	4.96%	99.12%
12/31/16	0.00166546%	27,063	283,470	9.55%	98.20%
12/31/15	0.00165375%	(40,614)	278,624	14.58%	102.74%

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

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/19	\$ 23,627	\$ 23,627	\$ -	\$ 360,718	6.55%
12/31/18	16,908	16,908	-	252,358	6.70%
12/31/17	15,754	15,754	-	231,676	6.80%
12/31/16	15,682	15,682	-	284,234	5.52%
12/31/15	15,831	15,831	-	283,470	5.58%

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

VILLAGE OF UNION GROVE UTILITIES

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

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

Changes of assumptions.

	2015 - 2018	2019
Long-term expected rate of	7.2%	7.0%
Discount rate	7.2%	7.0%
Salary increases		
Inflation	3.2%	3.0%
Seniority/Merit	0.2% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2018 Mortality Table
Post-retirement adjustments	2.10%	1.90%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

SUPPLEMENTAL INFORMATION

VILLAGE OF UNION GROVE WATER UTILITY

WATER UTILITY PLANT
As of and for the Year Ended December 31, 2019

	Balance 1/1/19	Additions	Retirements	Balance 12/31/19
INTANGIBLE				
Miscellaneous intangible plant	\$ 61,679	\$ -	\$ -	\$ 61,679
SOURCE OF SUPPLY				
Land and land rights	28,073	-	-	28,073
Wells and springs	312,980	-	-	312,980
Other water source plant	5,750	-	-	5,750
Total Source of Supply	<u>346,803</u>	<u>-</u>	<u>-</u>	<u>346,803</u>
PUMPING				
Structures and improvements	174,820	-	-	174,820
Other power production equipment	25,000	-	-	25,000
Electric pumping equipment	509,291	-	-	509,291
Total Pumping	<u>709,111</u>	<u>-</u>	<u>-</u>	<u>709,111</u>
WATER TREATMENT				
Structures and improvements	1,992,050	-	-	1,992,050
Water treatment equipment	1,383,398	-	-	1,383,398
Total Water Treatment	<u>3,375,448</u>	<u>-</u>	<u>-</u>	<u>3,375,448</u>
TRANSMISSION AND DISTRIBUTION				
Land and land rights	1,882	-	-	1,882
Distribution reservoirs and standpipes	345,649	-	-	345,649
Transmission and distribution mains	4,454,153	135,101	6,309	4,582,945
Services	693,844	8,145	-	701,989
Meters	291,183	3,466	7,400	287,249
Hydrants	546,131	20,169	1,000	565,300
Other transmission and distribution plant	802	-	-	802
Total Transmission and Distribution	<u>6,333,644</u>	<u>166,881</u>	<u>14,709</u>	<u>6,485,816</u>
GENERAL				
Office furniture and equipment	5,139	-	-	5,139
Computer equipment	23,083	-	-	23,083
Transportation equipment	113,585	-	-	113,585
Laboratory equipment	2,939	-	-	2,939
Communication equipment	4,258	-	-	4,258
SCADA equipment	32,154	5,500	-	37,654
Miscellaneous equipment	121,218	-	-	121,218
Total General	<u>302,376</u>	<u>5,500</u>	<u>-</u>	<u>307,876</u>
TOTAL WATER UTILITY PLANT	<u>\$ 11,129,061</u>	<u>\$ 172,381</u>	<u>\$ 14,709</u>	<u>\$ 11,286,733</u>

VILLAGE OF UNION GROVE WATER UTILITY

WATER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Sales of Water		
Unmetered	\$ 1,116	\$ -
Metered		
Residential	399,273	405,449
Multifamily residential	68,808	73,071
Commercial	102,795	103,725
Industrial	47,146	55,976
Public authorities	25,674	25,361
Total Metered Sales	643,696	663,582
Private fire protection	13,868	9,319
Public fire protection	316,906	314,599
Total Sales of Water	975,586	987,500
Other Operating Revenues		
Forfeited discounts	1,615	1,281
Miscellaneous service revenue	15,443	1,795
Rents from water property	17,269	17,269
Other	105	865
Total Operating Revenues	1,010,018	1,008,710
OPERATING EXPENSES		
Operation and Maintenance		
Source of Supply		
Operation labor	23,948	20,051
Operation supplies	13,871	3,849
Maintenance	158	338
Total Source of Supply	37,977	24,238
Pumping		
Operation labor	13,681	31,408
Fuel or power purchased for pumping	52,599	57,896
Maintenance	30,778	24,081
Total Pumping	97,058	113,385
Water Treatment		
Chemicals	59,635	56,501
Transmission and Distribution		
Operation labor	9,627	8,285
Maintenance		
Distribution reservoirs and standpipes	173	-
Mains	79,666	18,708
Services	12,114	20,098
Meters	14,296	14,189
Hydrants	11,005	3,619
Other	201	-
Total Transmission and Distribution	127,082	64,899
Customer Accounts		
Meter reading labor	7,421	9,353
Accounting and collecting labor	10,389	7,000
Supplies	10,316	8,807
Total Customer Accounts	28,126	25,160

VILLAGE OF UNION GROVE WATER UTILITY

WATER UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
OPERATING EXPENSES (cont.)		
Operation and Maintenance (cont.)		
Administrative and General		
Salaries	\$ 31,072	\$ 24,922
Office supplies	5,417	8,549
Outside services employed	27,733	8,698
Property insurance	8,945	8,484
Employee pensions and benefits	59,888	48,929
Miscellaneous	1,337	1,168
Transportation	<u>8,548</u>	<u>4,065</u>
Total Administrative and General	<u>142,940</u>	<u>104,815</u>
Taxes	<u>10,737</u>	<u>10,340</u>
Total Operation and Maintenance	503,555	399,338
Depreciation	<u>273,970</u>	<u>272,181</u>
Total Operating Expenses	<u>777,525</u>	<u>671,519</u>
 OPERATING INCOME	 <u>\$ 232,493</u>	 <u>\$ 337,191</u>

VILLAGE OF UNION GROVE WATER UTILITY

RATE OF RETURN - REGULATORY BASIS For the Years Ended December 31, 2019 and 2018

	Water	
	2019	2018
Utility Financed Plant in Service		
Beginning of year	\$ 7,976,080	\$ 7,908,665
End of year	<u>8,043,937</u>	<u>7,976,080</u>
Average	<u>8,010,009</u>	<u>7,942,373</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(2,545,385)	(2,365,860)
End of year	<u>(2,750,947)</u>	<u>(2,545,385)</u>
Average	<u>(2,648,166)</u>	<u>(2,455,623)</u>
Materials and Supplies		
Beginning of year	28,962	28,962
End of year	<u>28,962</u>	<u>28,962</u>
Average	<u>28,962</u>	<u>28,962</u>
Regulatory Liability		
Beginning of year	(106,778)	(128,133)
End of year	<u>(85,423)</u>	<u>(106,778)</u>
Average	<u>(96,101)</u>	<u>(117,456)</u>
 AVERAGE NET RATE BASE	 <u>\$ 5,294,704</u>	 <u>\$ 5,398,256</u>
 OPERATING INCOME - REGULATORY BASIS	 <u>\$ 107,236</u>	 <u>\$ 203,924</u>
 RATE OF RETURN (PERCENT)	 <u>2.03</u>	 <u>3.78</u>
 AUTHORIZED RATE OF RETURN (PERCENT)	 <u>4.00</u>	 <u>4.00</u>

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

VILLAGE OF UNION GROVE WASTEWATER UTILITY

WASTEWATER UTILITY PLANT
As of and for the Year Ended December 31, 2019

	Balance 1/1/19	Additions	Retirements	Balance 12/31/19
COLLECTING SYSTEM				
Service connections	\$ 653	\$ -	\$ -	\$ 653
Collecting mains	2,020,031	-	-	2,020,031
Interceptor mains	1,448,817	-	-	1,448,817
Total Collecting System	<u>3,469,501</u>	<u>-</u>	<u>-</u>	<u>3,469,501</u>
COLLECTING SYSTEM PUMPING				
Structures and improvements	115,239	-	-	115,239
Receiving wells	103,222	-	-	103,222
Electric pumping equipment	185,441	-	-	185,441
Other power pumping equipment	22,973	-	-	22,973
Total Collecting System Pumping	<u>426,875</u>	<u>-</u>	<u>-</u>	<u>426,875</u>
TREATMENT AND DISPOSAL				
Land and land rights	440	-	-	440
Structures and improvements	3,120,057	-	-	3,120,057
Preliminary treatment equipment	64,029	-	-	64,029
Primary treatment equipment	308,554	-	-	308,554
Secondary treatment equipment	2,425,082	-	-	2,425,082
Advanced treatment equipment	839,838	-	-	839,838
Chlorination equipment	19,135	-	-	19,135
Sludge treatment and disposal equipment	856,592	-	-	856,592
Plant site piping	5,273	-	-	5,273
Flow metering and monitoring equipment	28,384	-	-	28,384
Outfall sewer pipes	1,055	-	-	1,055
Other treatment and disposal equipment	3,121,525	-	-	3,121,525
Total Treatment and Disposal	<u>10,789,964</u>	<u>-</u>	<u>-</u>	<u>10,789,964</u>
GENERAL				
Structures and improvements	106,561	-	-	106,561
Office furniture and equipment	45,153	-	-	45,153
Transportation equipment	47,523	-	-	47,523
Communication equipment	184,131	-	-	184,131
Other general equipment	346,395	-	-	346,395
Total General	<u>729,763</u>	<u>-</u>	<u>-</u>	<u>729,763</u>
TOTAL WASTEWATER UTILITY PLANT	<u><u>\$15,416,103</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$15,416,103</u></u>

VILLAGE OF UNION GROVE WASTEWATER UTILITY

WASTEWATER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Wastewater Revenues		
Residential	\$ 465,502	\$ 479,936
Commercial	287,827	291,217
Industrial	28,706	24,718
Public authorities	18,576	18,850
Other	<u>719,242</u>	<u>664,893</u>
Total Wastewater Revenues	<u>1,519,853</u>	<u>1,479,614</u>
Other Operating Revenues		
Miscellaneous	<u>3,092</u>	<u>26,951</u>
Total Operating Revenues	<u>1,522,945</u>	<u>1,506,565</u>
 OPERATING EXPENSES		
Operation and Maintenance		
Operation		
Supervision and labor	144,929	135,873
Power and fuel for pumping	116,707	116,553
Other chemicals	26,253	12,977
Laboratory expenses	15,325	16,289
Other operating supplies	29,172	27,380
Transportation	7,806	2,698
Sludge hauling	<u>54,926</u>	<u>47,765</u>
Total Operation	<u>395,118</u>	<u>359,535</u>
Maintenance		
Collection system	475	3,429
General plant structures and equipment	<u>74,268</u>	<u>44,272</u>
Total Maintenance	<u>74,743</u>	<u>47,701</u>
Customer Accounts		
Meter reading	<u>22,020</u>	<u>22,207</u>
Administrative and General		
Salaries	22,158	19,750
Office supplies	5,208	8,500
Outside services employed	28,224	71,156
Insurance	16,165	15,199
Employees pensions and benefits	84,106	72,121
Drainage district payment	<u>12,035</u>	<u>10,025</u>
Total Administrative and General	<u>167,896</u>	<u>196,751</u>
Taxes	<u>12,213</u>	<u>11,047</u>
Total Operation and Maintenance	671,990	637,241
Depreciation	<u>513,741</u>	<u>510,878</u>
Total Operating Expenses	<u>1,185,731</u>	<u>1,148,119</u>
 OPERATING INCOME	 <u>\$ 337,214</u>	 <u>\$ 358,446</u>

VILLAGE OF UNION GROVE STORMWATER UTILITY

STORMWATER UTILITY PLANT
As of and for the Year Ended December 31, 2019

	Balance 1/1/19	Additions	Retirements	Balance 12/31/19
STORMWATER PLANT				
Land and land rights	\$ 100,883	\$ -	\$ -	\$ 100,883
Retention basins	75,305	-	-	75,305
Storm mains	2,649,559	104,378	6,148	2,747,789
Motorized equipment	<u>349,274</u>	<u>-</u>	<u>-</u>	<u>349,274</u>
Total Stormwater Plant	<u>3,175,021</u>	<u>104,378</u>	<u>6,148</u>	<u>3,273,251</u>
Computer equipment	6,330	-	-	6,330
Transportation equipment	36,129	-	-	36,129
Miscellaneous equipment	<u>2,485</u>	<u>-</u>	<u>-</u>	<u>2,485</u>
Total General	<u>44,944</u>	<u>-</u>	<u>-</u>	<u>44,944</u>
 TOTAL STORMWATER UTILITY PLANT	 <u>\$ 3,219,965</u>	 <u>\$ 104,378</u>	 <u>\$ 6,148</u>	 <u>\$ 3,318,195</u>

VILLAGE OF UNION GROVE STORMWATER UTILITY

STORMWATER OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Stormwater Revenues		
Charges for services	\$ 252,822	\$ 251,370
Other Operating Revenues		
Forfeited discounts	470	452
Total Operating Revenues	253,292	251,822
OPERATING EXPENSES		
Operation and Maintenance		
Miscellaneous	10,517	10,000
Maintenance		
Street cleaning	5,849	-
Maintenance of catch basins	10,500	10,231
Maintenance of curb and gutter	182	585
Maintenance of basins	9,767	5,939
Miscellaneous	8,188	14,189
Total Maintenance	34,486	30,944
Operations		
Salaries	19,303	12,172
Street sweeping	11,850	11,646
Equipment repair	12,220	5,346
Total Operations	43,373	29,164
Administrative and General		
Salaries	22,209	19,750
Office Supplies	5,552	8,502
Outside services employed	12,665	31,081
Property insurance	5,367	5,110
Injuries and damages	1,387	1,348
Employee pensions and benefits	25,191	1,380
Total Administrative and General	72,371	67,171
Taxes	5,836	4,438
Total Operation and Maintenance	166,583	141,717
Depreciation	125,411	121,511
Total Operating Expenses	291,994	263,228
 OPERATING LOSS	 \$ (38,702)	 \$ (11,406)