

VILLAGE OF UNION GROVE, WISCONSIN

Annual Financial Report

December 31, 2021

VILLAGE OF UNION GROVE, WISCONSIN

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Independent Auditors' Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Union Grove, Wisconsin, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Village of Union Grove, Wisconsin's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Union Grove, Wisconsin, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Village of Union Grove, Wisconsin, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Village of Union Grove, Wisconsin's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Village Board
Village of Union Grove

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village of Union Grove, Wisconsin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Village of Union Grove, Wisconsin's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, schedules of employer's proportionate share of the net OPEB liability and employer contributions – other post-employment benefits other than pensions, and schedule of budgetary comparison – general fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Village Board
Village of Union Grove

Required Supplementary Information (Continued)

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Union Grove, Wisconsin’s basic financial statements. The combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures, and changes in fund balance (deficit) – nonmajor governmental funds, and schedules of water, wastewater, and stormwater utilities operating revenues and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures, and changes in fund balance (deficit) – nonmajor governmental funds, and schedules of water, wastewater, and stormwater utilities operating revenues and expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

KerberRose SC

KerberRose SC
Shawano, Wisconsin
Certified Public Accountants
September 26, 2022

BASIC FINANCIAL STATEMENTS

VILLAGE OF UNION GROVE, WISCONSIN

Statement of Net Position

As of December 31, 2021

	Governmental Activities	Business - Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 2,865,509	\$ 3,672,476	\$ 6,537,985
Accounts Receivable	230,686	481,857	712,543
Taxes Receivable	2,572,137	-	2,572,137
Loans Receivable	721,321	-	721,321
Prepays	24,142	-	24,142
Inventories	-	28,222	28,222
Total Current Assets	<u>6,413,795</u>	<u>4,251,218</u>	<u>10,665,013</u>
Noncurrent Assets			
Restricted Cash and Investments	-	1,448,086	1,448,086
Net Pension Asset	177,147	163,525	340,672
Land Held for Future Use	-	12,713	12,713
Preliminary Survey and Investigation	-	69,000	69,000
Capital Assets - Nondepreciable	139,388	226,204	365,592
Capital Assets - Depreciable, Net	5,651,660	16,669,364	22,321,024
Total Noncurrent Assets	<u>5,968,195</u>	<u>18,588,892</u>	<u>24,557,087</u>
TOTAL ASSETS	<u>12,381,990</u>	<u>22,840,110</u>	<u>35,222,100</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pension	294,590	271,940	566,530
Related to Other Post-Employment Benefits	24,481	23,223	47,704
Related to Loss on Refunding	-	11,553	11,553
Total Deferred Outflows of Resources	<u>319,071</u>	<u>306,716</u>	<u>625,787</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	149,810	61,177	210,987
Accrued and Other Current Liabilities	144,561	12,482	157,043
Accrued Interest Payable	64,639	18,768	83,407
Current Portion of Long-Term Obligations	757,841	871,456	1,629,297
Unearned Revenue	267,481	771,350	1,038,831
Total Current Liabilities	<u>1,384,332</u>	<u>1,735,233</u>	<u>3,119,565</u>
Noncurrent Liabilities			
Net OPEB Liability	56,766	53,849	110,615
Noncurrent Portion of Long-Term Obligations	10,772,067	3,898,806	14,670,873
Total NonCurrent Liabilities	<u>10,828,833</u>	<u>3,952,655</u>	<u>14,781,488</u>
TOTAL LIABILITIES	<u>12,213,165</u>	<u>5,687,888</u>	<u>17,901,053</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes Levied for Subsequent Period	2,588,058	-	2,588,058
Related to Pension	387,804	357,985	745,789
Related to Other Post-Employment Benefits	11,333	10,749	22,082
Total Deferred Inflows of Resources	<u>2,987,195</u>	<u>368,734</u>	<u>3,355,929</u>
NET POSITION			
Net Investment in Capital Assets	2,442,649	13,052,008	15,494,657
Restricted	91,125	1,525,566	1,616,691
Unrestricted (Deficit)	(5,033,073)	2,512,630	(2,520,443)
TOTAL NET POSITION	<u>\$ (2,499,299)</u>	<u>\$ 17,090,204</u>	<u>\$ 14,590,905</u>

See Accompanying Notes

VILLAGE OF UNION GROVE, WISCONSIN

Statement of Activities

For the Year Ended December 31, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES				
General Government	\$ 647,494	\$ 245,673	\$ -	\$ -
Public Safety	1,208,643	65,401	23,165	-
Public Works	3,748,677	1,876	284,829	18,165
Health and Human Services	48,970	-	-	-
Culture, Recreation and Education	606,154	103,256	158,833	-
Conservation and Development	192,148	-	-	-
Interest and Fiscal Charges	313,347	-	-	-
Total Governmental Activities	<u>6,765,433</u>	<u>416,206</u>	<u>466,827</u>	<u>18,165</u>
BUSINESS-TYPE ACTIVITIES				
Water Utility	943,945	1,096,722	-	903,390
Wastewater Utility	1,384,191	1,299,142	-	538,733
Stormwater Utility	346,441	272,063	-	726,067
Total Business-Type Activities	<u>2,674,577</u>	<u>2,667,927</u>	<u>-</u>	<u>2,168,190</u>
 TOTAL VILLAGE OF UNION GROVE	 <u>\$ 9,440,010</u>	 <u>\$ 3,084,133</u>	 <u>\$ 466,827</u>	 <u>\$ 2,186,355</u>

GENERAL REVENUES:

Taxes:

- Property Taxes, Levied for General Purposes
- Property Taxes, Levied for Public Ways and Facilities
- Property Taxes, Levied for Debt Service
- Property Taxes, Levied for Tax Incremental Districts
- Other Taxes

State and Federal Aids not Restricted to Specific Functions

- Gain on Sale of Capital Assets
- Interest and Investment Earnings
- Miscellaneous

Total General Revenues

TRANSFERS

CHANGE IN NET POSITION

NET POSITION - BEGINNING OF YEAR

NET POSITION - END OF YEAR

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (401,821)	\$ -	\$ (401,821)
(1,120,077)	-	(1,120,077)
(3,443,807)	-	(3,443,807)
(48,970)	-	(48,970)
(344,065)	-	(344,065)
(192,148)	-	(192,148)
(313,347)	-	(313,347)
<u>(5,864,235)</u>	<u>-</u>	<u>(5,864,235)</u>
-	1,056,167	1,056,167
-	453,684	453,684
-	651,689	651,689
<u>-</u>	<u>2,161,540</u>	<u>2,161,540</u>
<u>(5,864,235)</u>	<u>2,161,540</u>	<u>(3,702,695)</u>
1,332,310	-	1,332,310
102,909	-	102,909
475,422	-	475,422
571,250	-	571,250
15,141	-	15,141
518,847	-	518,847
9,800	-	9,800
4,707	2,341	7,048
127,424	7,086	134,510
<u>3,157,810</u>	<u>9,427</u>	<u>3,167,237</u>
<u>168,132</u>	<u>(168,132)</u>	<u>-</u>
<u>(2,538,293)</u>	<u>2,002,835</u>	<u>(535,458)</u>
<u>38,994</u>	<u>15,087,369</u>	<u>15,126,363</u>
<u>\$ (2,499,299)</u>	<u>\$ 17,090,204</u>	<u>\$ 14,590,905</u>

VILLAGE OF UNION GROVE, WISCONSIN

Balance Sheet
 Governmental Funds
 As of December 31, 2021

	General	Debt Service Fund	Capital Projects	TID No. 5	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 482,130	\$ 7,192	\$ 923,900	\$ -	\$ 1,452,287	\$ 2,865,509
Accounts Receivable	200,859	-	1,255	-	28,572	230,686
Property Taxes Levied for Subsequent Year	1,436,662	467,885	53,120	191,090	423,380	2,572,137
Loans Receivable	529,050	-	-	-	192,271	721,321
Due from Other Funds	-	-	-	-	226,763	226,763
Prepaid Items	24,142	-	-	-	-	24,142
TOTAL ASSETS	\$ 2,672,843	\$ 475,077	978,275	191,090	\$ 2,323,273	\$ 6,640,558
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)						
Liabilities						
Accounts Payable	\$ 122,924	\$ -	\$ 21,803	\$ -	\$ 5,083	\$ 149,810
Accrued Liabilities	138,036	-	-	-	6,525	144,561
Due to Other Funds	-	-	-	210,218	16,545	226,763
Unearned Revenues	-	-	-	-	267,481	267,481
Total Liabilities	260,960	-	21,803	210,218	295,634	788,615
DEFERRED INFLOWS OF RESOURCES						
Taxes Levied for Subsequent Period	1,437,583	467,885	68,120	191,090	423,380	2,588,058
Loans Receivable	-	-	-	-	111,972	111,972
Total Deferred Inflows of Resources	1,437,583	467,885	68,120	191,090	535,352	2,700,030
FUND BALANCES (DEFICIT)						
Nonspendable	553,192	-	-	-	-	553,192
Restricted	-	7,192	888,352	-	1,224,311	2,119,855
Assigned	-	-	-	-	284,521	284,521
Unassigned (Deficits)	421,108	-	-	(210,218)	(16,545)	194,345
Total Fund Balances (Deficit)	974,300	7,192	888,352	(210,218)	1,492,287	3,151,913
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	\$ 2,672,843	\$ 475,077	\$ 978,275	\$ 191,090	\$ 2,323,273	\$ 6,640,558

VILLAGE OF UNION GROVE, WISCONSIN
 Reconciliation of the Balance Sheet
 Governmental Funds to the Statement of Net Position
 As of December 31, 2021

Total Fund Balances - Governmental Funds		\$ 3,151,913
 <i>Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental funds fund balance because:</i>		
 Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:		
Governmental Capital Assets	19,666,482	
Governmental Accumulated Depreciation	<u>(13,875,434)</u>	5,791,048
 Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements, but are recognized as revenue when earned in the government-wide financial statements.		
Loans Receivable		111,972
 The Village's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements.		
Net Pension Asset	177,147	
Deferred Outflows Related to Pension	294,590	
Deferred Inflows Related to Pension	<u>(387,804)</u>	83,933
 The Village's proportionate share of the other post-employment benefits insurance plan is not an available financial resource; therefore, it is not		
Deferred Outflows Related to Other Post-Employment Benefits	24,481	
Deferred Inflows Related to Other Post-Employment Benefits	<u>(11,333)</u>	13,148
 Noncurrent liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Noncurrent liabilities reported in the statement of net position that are not reported in the funds balance sheet		
Net OPEB Liability		(56,766)
General Debt		(11,350,000)
Premium on Debt Issued		(106,391)
Accrued Interest on General Obligation Debt		(64,639)
Vested Employee Benefits		<u>(73,517)</u>
 Total Net Position - Governmental Activities		 <u><u>\$ (2,499,299)</u></u>

VILLAGE OF UNION GROVE, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Governmental Funds
For the Year Ended December 31, 2021

	General	Debt Service Fund	Capital Projects	TID No. 5	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 1,347,451	\$ 475,422	\$ 102,909	\$ 239,733	\$ 331,517	\$ 2,497,032
Intergovernmental	663,656	-	18,165	-	237,932	919,753
Licenses and Permits	245,673	-	-	-	82,005	327,678
Fines, Forfeitures and Penalties	65,401	-	-	-	-	65,401
Public Charges for Services	-	-	-	-	74,091	74,091
Investment Income	2,781	-	-	-	1,929	4,710
Miscellaneous	99,365	-	38,347	-	35,000	172,712
Total Revenues	<u>2,424,327</u>	<u>475,422</u>	<u>159,421</u>	<u>239,733</u>	<u>762,474</u>	<u>4,061,377</u>
EXPENDITURES						
Current:						
General Government	572,539	-	1,000	-	-	573,539
Public Safety	1,187,954	-	-	-	-	1,187,954
Public Works	780,999	-	-	-	-	780,999
Health and Human Services	48,970	-	-	-	-	48,970
Culture, Recreation and Education	-	-	-	-	388,008	388,008
Conservation and Development	4,893	-	-	70,379	69,778	145,050
Debt Service:						
Principal Retirement	-	500,877	-	25,000	225,000	750,877
Interest and Fiscal Charges	-	116,120	-	75,588	102,965	294,673
Capital Outlay	-	-	2,712,117	-	110,969	2,823,086
Total Expenditures	<u>2,595,355</u>	<u>616,997</u>	<u>2,713,117</u>	<u>170,967</u>	<u>896,720</u>	<u>6,993,156</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(171,028)</u>	<u>(141,575)</u>	<u>(2,553,696)</u>	<u>68,766</u>	<u>(134,246)</u>	<u>(2,931,779)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	168,132	-	150,000	-	192,143	510,275
Transfers Out	(342,143)	-	-	-	-	(342,143)
Total Other Financing Sources (Uses)	<u>(174,011)</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>192,143</u>	<u>168,132</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	<u>(345,039)</u>	<u>(141,575)</u>	<u>(2,403,696)</u>	<u>68,766</u>	<u>57,897</u>	<u>(2,763,647)</u>
FUND BALANCES (DEFICIT) - BEGINNING	<u>1,319,339</u>	<u>148,767</u>	<u>3,292,048</u>	<u>(278,984)</u>	<u>1,434,390</u>	<u>5,915,560</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 974,300</u>	<u>\$ 7,192</u>	<u>\$ 888,352</u>	<u>\$ (210,218)</u>	<u>\$ 1,492,287</u>	<u>\$ 3,151,913</u>

VILLAGE OF UNION GROVE, WISCONSIN

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021

Net Change in Fund Balances (Deficit) - Total Governmental Funds	\$ (2,763,647)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay reported in governmental fund statements	1,568,900
Depreciation expense reported in the statement of activities	<u>(2,124,030)</u>
Amount by which capital outlays are less than depreciation in the current period.	(555,130)
Amounts related to the pension plan that affect the statement of activities but do not affect the fund financial statements.	50,255
Amounts related to the other post-employment benefit that are not current financial resources and therefore, are not reported in the fund financial statements.	(1,513)
Amounts related to the net OPEB liability that are not due in the current period and therefore, are not reported in the fund financial statements.	(2,421)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Repayments on Long-Term Loans	(2,364)
Vested employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits was less than the amount paid.	4,323
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:	750,877
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.	(24,817)
Debt premium, discount and amortization are allocated over the period the debt is outstanding and is reported as part of interest expense in the statement of activities. The activity for the current year is as follows:	
Amortization	<u>6,144</u>
Change in Net Position - Governmental Activities	<u>\$ (2,538,293)</u>

VILLAGE OF UNION GROVE, WISCONSIN

Statement of Net Position

Proprietary Funds

As of December 31, 2021

	Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Totals
ASSETS				
Current Assets:				
Cash and Investments	\$ 1,136,562	\$ 2,117,785	\$ 418,129	\$ 3,672,476
Accounts Receivable	176,631	226,218	79,008	481,857
Inventories	28,222	-	-	28,222
Other Accounts Receivable	-	68,663	-	68,663
Total Current Assets	<u>1,341,415</u>	<u>2,412,666</u>	<u>497,137</u>	<u>4,251,218</u>
Noncurrent Assets:				
Restricted Assets	404,268	1,043,818	-	1,448,086
Net Pension Asset	66,999	68,168	28,358	163,525
Property Held for Future Use	12,713	-	-	12,713
Preliminary Survey and Investigation	55,000	14,000	-	69,000
Land	124,315	440	100,883	225,638
Plant in Service	12,695,821	16,019,368	3,956,162	32,671,351
Accumulated Depreciation	(4,165,879)	(9,897,932)	(1,938,176)	(16,001,987)
Construction Work in Progress	-	-	566	566
Total Noncurrent Assets	<u>9,193,237</u>	<u>7,247,862</u>	<u>2,147,793</u>	<u>18,588,892</u>
TOTAL ASSETS	<u>10,534,652</u>	<u>9,660,528</u>	<u>2,644,930</u>	<u>22,840,110</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pension	111,419	113,362	47,159	271,940
Related to Other Post-Employment Benefits	9,032	8,620	5,571	23,223
Related to Loss on Refunding	5,509	6,044	-	11,553
Total Deferred Outflows of Resources	<u>125,960</u>	<u>128,026</u>	<u>52,730</u>	<u>306,716</u>
CURRENT LIABILITIES				
Accounts and Claims Payable	28,021	19,580	13,576	61,177
Accrued and Other Current Liabilities	5,332	5,426	1,724	12,482
Accrued Interest	14,253	4,515	-	18,768
Unearned Revenue	771,350	-	-	771,350
Current Portion of Long-Term Obligations	315,350	551,120	4,986	871,456
Total Current Liabilities	<u>1,134,306</u>	<u>580,641</u>	<u>20,286</u>	<u>1,735,233</u>
NONCURRENT LIABILITIES				
Net Other Post-Employment Benefits Liability	20,942	19,987	12,920	53,849
Noncurrent Portion of Long-Term Obligations	2,488,604	1,399,652	10,550	3,898,806
Total Noncurrent Liabilities	<u>2,509,546</u>	<u>1,419,639</u>	<u>23,470</u>	<u>3,952,655</u>
TOTAL LIABILITIES	<u>3,643,852</u>	<u>2,000,280</u>	<u>43,756</u>	<u>5,687,888</u>
DEFERRED INFLOWS OF RESOURCES				
Related to Pension	146,673	149,231	62,081	357,985
Related to Other Post-Employment Benefits	4,181	3,990	2,578	10,749
Total Deferred Inflows of Resources	<u>150,854</u>	<u>153,221</u>	<u>64,659</u>	<u>368,734</u>
NET POSITION				
Net Investment in Capital Assets	7,095,066	4,970,757	986,185	13,052,008
Restricted	436,013	1,076,117	13,436	1,525,566
Unrestricted	(665,173)	1,588,179	1,589,624	2,512,630
TOTAL NET POSITION	<u>\$ 6,865,906</u>	<u>\$ 7,635,053</u>	<u>\$ 2,589,245</u>	<u>\$ 17,090,204</u>

VILLAGE OF UNION GROVE, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Enterprise Funds			
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Stormwater Utility</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for Service:	\$ 1,096,722	\$ 1,299,142	\$ 272,063	\$ 2,667,927
OPERATING EXPENSES				
Operation and Maintenance	521,672	814,482	237,467	1,573,621
Depreciation	331,832	506,077	108,974	946,883
Total Operating Expenses	<u>853,504</u>	<u>1,320,559</u>	<u>346,441</u>	<u>2,520,504</u>
OPERATING INCOME (LOSS)	<u>243,218</u>	<u>(21,417)</u>	<u>(74,378)</u>	<u>147,423</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	964	1,183	194	2,341
Interest Expense	(90,441)	(63,632)	-	(154,073)
Miscellaneous	600	-	6,486	7,086
Total Nonoperating Revenues (Expenses)	<u>(88,877)</u>	<u>(62,449)</u>	<u>6,680</u>	<u>(144,646)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	154,341	(83,866)	(67,698)	2,777
TRANSFERS OUT	(166,083)	(2,049)	-	(168,132)
CAPITAL CONTRIBUTIONS	903,390	538,733	726,067	2,168,190
CHANGE IN NET POSITION	891,648	452,818	658,369	2,002,835
NET POSITION - BEGINNING	<u>5,974,258</u>	<u>7,182,235</u>	<u>1,930,876</u>	<u>15,087,369</u>
NET POSITION - ENDING	<u>\$ 6,865,906</u>	<u>\$ 7,635,053</u>	<u>\$ 2,589,245</u>	<u>\$ 17,090,204</u>

VILLAGE OF UNION GROVE, WISCONSIN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2021

	Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from User Charges	\$ 1,083,224	\$ 1,347,787	\$ 259,937	\$ 2,690,948
Paid to Suppliers for Goods and Services	(395,985)	(637,553)	(138,015)	(1,171,553)
Paid to Employees for Operating Payroll	(150,513)	(218,197)	(90,512)	(459,222)
Other Receipts	600	-	-	600
Net Cash Flows From Operating Activities	<u>537,326</u>	<u>492,037</u>	<u>31,410</u>	<u>1,060,773</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Merchandising, Jobbing, and Other Nonoperating Income	-	-	6,486	6,486
Transfer to Other Funds	(166,083)	(2,049)	-	(168,132)
Net Cash Flows From Noncapital Financing Activities	<u>(166,083)</u>	<u>(2,049)</u>	<u>6,486</u>	<u>(161,646)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(112,236)	-	(134,384)	(246,620)
Capital Contributions - Connection Fees	-	90,389	-	90,389
Principal Payments on Long-Term Debt	(296,914)	(523,940)	-	(820,854)
Interest and Fiscal Charges	(91,414)	(64,837)	-	(156,251)
Net Cash Flows From Capital and Related Financing Activities	<u>(500,564)</u>	<u>(498,388)</u>	<u>(134,384)</u>	<u>(1,133,336)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	964	1,183	194	2,341
CHANGE IN CASH AND INVESTMENTS	<u>(128,357)</u>	<u>(7,217)</u>	<u>(96,294)</u>	<u>(231,868)</u>
CASH AND INVESTMENTS - BEGINNING	<u>1,669,187</u>	<u>3,168,820</u>	<u>514,423</u>	<u>5,352,430</u>
CASH AND INVESTMENTS - ENDING	<u>\$ 1,540,830</u>	<u>\$ 3,161,603</u>	<u>\$ 418,129</u>	<u>\$ 5,120,562</u>
RECONCILIATION OF CASH ACCOUNTS				
Cash and Investments	\$ 1,136,562	\$ 2,117,785	\$ 418,129	\$ 3,672,476
Restricted Cash	404,268	1,043,818	-	1,448,086
Total Reconciliation of Cash Accounts	<u>\$ 1,540,830</u>	<u>\$ 3,161,603</u>	<u>\$ 418,129</u>	<u>\$ 5,120,562</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Tax Incremental District Financed Additions to Plant	<u>\$ 903,390</u>	<u>\$ 448,344</u>	<u>\$ 726,067</u>	<u>\$ 2,077,801</u>

VILLAGE OF UNION GROVE, WISCONSIN

Statement of Cash Flows (Continued)

Proprietary Funds

For the Year Ended December 31, 2021

	Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Total
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 243,218	\$ (21,417)	\$ (74,378)	\$ 147,423
Nonoperating Income	600	-	-	600
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:				
Depreciation	331,832	506,077	108,974	946,883
Meter Depreciation Charged to Sewer	8,153	(8,153)	-	-
Changes in Assets and Liabilities:				
Customer Accounts Receivable	3,771	(64)	(12,126)	(8,419)
Other Receivables	-	48,709	-	48,709
Materials and Supplies	(2,001)	-	-	(2,001)
Net Pension Asset	(36,687)	(33,581)	(11,074)	(81,342)
Deferred Outflows Related to Pension	(39,829)	(31,674)	(6,337)	(77,840)
Deferred Outflows Related to OPEB	(2,728)	(994)	(274)	(3,996)
Related to Loss on Refunding	383	483	-	866
Accounts and Claims Payable	(20,808)	(24,232)	12,883	(32,157)
Accrued Liabilities	5,332	5,426	1,724	12,482
Unearned Cell Tower Lease	(17,269)	-	-	(17,269)
Accrued Compensated Absences	(529)	2,555	598	2,624
Net OPEB Liability	6,095	2,025	445	8,565
Deferred Inflows Related to Pension	55,910	45,667	10,328	111,905
Deferred Inflows Related to OPEB	1,883	1,210	647	3,740
Net Cash Flows From Operating Activities	\$ 537,326	\$ 492,037	\$ 31,410	\$ 1,060,773

VILLAGE OF UNION GROVE, WISCONSIN

Statement of Net Position

Fiduciary Fund

As of December 31, 2021

	Custodial Tax Collection Fund
ASSETS	
Restricted Cash and Investments	\$ 4,375,513
Taxes Receivable	1,038,101
Total Assets	<u>5,413,614</u>
LIABILITIES	
Due to Other Taxing Units	<u>5,413,614</u>
NET POSITION	<u><u>\$ -</u></u>

See Accompanying Notes

VILLAGE OF UNION GROVE, WISCONSIN

Statement of Changes in Net Position

Fiduciary Fund

For the Year Ended December 31, 2021

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
ADDITIONS	
Taxes Collected on Behalf of Other Taxing Entities	\$ 4,003,753
DEDUCTIONS	
Taxes Remitted to Other Taxing Entities	<u>4,003,753</u>
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING	<u>-</u>
NET POSITION - ENDING	<u>\$ -</u>

See Accompanying Notes

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Village of Union Grove, Wisconsin (Village) is presented to assist in understanding the Village's financial statements. The financial statements and notes are representations of the Village's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the Village is discussed below.

Reporting Entity

The reporting entity for the Village is based upon criteria set forth by the Governmental Accounting Standards Board. All functions of the Village for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency between the Village and the governmental entity; control by the Village over selection of entity's governing authority or designation of management; the ability of the Village to significantly influence operations of the entity; and whether the Village is responsible for the accountability for fiscal matters.

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the Village's reporting entity because of the significance of their operational or financial relationship with the Village. All significant activities and organizations with which the Village exercises oversight responsibility have been considered for inclusion in the basic financial statements. The Village does not report any component units on the government-wide financial statements.

The primary government is a separately elected governing body that is legally separate and fiscally independent.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater, and stormwater enterprise funds 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.

Measurement Focus, Basis of Accounting and Financial Statements Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental Funds

Governmental funds are identified as either general, special revenue, debt service or capital projects based upon the following guidelines.

General Fund

The general fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds

Debt service funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

Capital Project Funds

Capital project funds are used to account for property tax, bond proceeds, and other financial resources available to implement the Village's capital improvement plans.

Proprietary Funds

Enterprise Funds

Enterprise funds may be used to account for activities where a fee is charged to external users for goods and services. Enterprise activities must include operations (a) that are financed with debt that is secured solely by the pledge of the net revenues of the fund, or (b) where laws or regulations require that the costs of the activity be recovered with fees and charges, or (c) where the fees and charges are priced in a way designed to recover the costs of the activity.

Fiduciary Funds

Custodial Funds

Custodial funds are used to account for assets held by the Village as an agent for individuals, private organizations, and/or other governmental units.

Major Funds

The Village reports the following major governmental funds:

The *general fund*, which accounts for the Village's primary operating activities.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The *capital projects fund* accounts for the resources segregated for the acquisition and construction of major capital facilities

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Major Funds (Continued)

The Village reports the following major proprietary funds:

The *water utility*, which operates the water distribution system.

The *wastewater utility*, accounts for the activities of operating the Village's sanitary sewer utility.

The *stormwater utility*, accounts for the activities of operating the Village's stormwater utility.

The Village reports the following major capital projects funds:

Tax Incremental District No. 5

Non-Major Funds

The Village reports the following non-major special revenue funds:

Revolving Loans
Impact Fees
Recreation and Parks
Library

The Village reports the following non-major capital projects funds:

Tax Incremental District No. 4
Tax Incremental District No. 6
Tax Incremental District No. 7

Fiduciary Fund

The Village reports the following custodial fund:

The *tax collection fund*, which accounts for taxes and deposits collected by the Village, acting in the capacity of a custodian, for distribution to other governmental units or designated beneficiaries.

Cash and Investments

Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. For purpose of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

Restricted Cash and Investments

Enterprise Funds – Amounts have been set aside to provide for debt retirement and replacement of certain plant equipment

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental fund types in the fund financial statements are offset by a nonspendable fund balance to indicate that they do not represent spendable available resources.

Inventories

Proprietary fund inventories are generally used for construction and for operation and maintenance work and are not for resale. They are valued at cost based on first-in, first-out method, which approximates market value. Governmental fund inventory items are charged to expenditure accounts when purchased.

Capital Assets

Government-Wide Statements

Capital assets, which include land, buildings and improvements, machinery and equipment, and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of \$3,000 or higher and an estimated useful life in excess of two years, except for certain assets of the Water, Wastewater, and Stormwater Utilities which may be capitalized at a lower cost. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Land improvements, buildings, machinery and equipment, and infrastructure of the Village are depreciated using the straight-line method over the following estimated useful lives:

	<u>Useful Lives</u>
Buildings	15 - 75 Years
Land Improvements	15 - 75 Years
Machinery and Equipment	3 - 20 Years
Infrastructure	25 - 60 Years
Utility Systems	4 - 77 Years

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2021, are determined on the basis of current salary rates and include salary related payments.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Village reports two categories of deferred outflows of resources related to the pension plan and cost-sharing OPEB plan on the statement of net position. The deferred outflows related to the pension plan and cost-sharing OPEB plan are explained in more detail in Note 9 and Note 10, respectively.

In addition to liabilities, the statement of net position and balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The Village reports three categories of deferred inflows of resources related to taxes levied for subsequent year, the pension plan, and cost-sharing OPEB plan on either the statement of net position or balance sheet. The deferred inflows related to the pension plan and cost-sharing plan are explained in more detail in Note 9 and Note 10, respectively.

Pension and Other Post-Employment Benefits

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

Other Post-Employment Benefits (OPEB). The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense (revenue), and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

The accounting treatment of long-term debt depends on whether it is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of general obligation bonds, state trust fund loans, and revenue bonds.

Long-term debt for governmental funds is not reported as a liability in the governmental fund financial statements. The debt proceeds are reported as an other financing source and payment of principal and interest reported as expenditures. The accounting in proprietary funds is the same in the fund statements as it is in the government-wide statements.

Unearned Revenue

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

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

Equity Classifications

Government-Wide and Proprietary Fund Statements

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

- Net investment in capital assets – 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.
- Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) by law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net position that does 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 Village’s policy to use restricted resources first, then unrestricted resources as they are needed.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Equity Classification (Continued)

Fund Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts) or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The Village Board is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance in the general fund represents amounts constrained by the Village Board for a specific intended purpose. The Village has not delegated that authority to others. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the Village's general policy to use restricted resources first.

When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, or unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the Village's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Use of Estimates

The 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 reported amounts and disclosures. Actual results may differ from these estimates.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 2 - Cash

The Village is authorized to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- 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 or by the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities guaranteed by the federal government.
- The Local Government Pooled Investment Fund and the Wisconsin Investment Trust.
- 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.

Additional restrictions could arise from local charters, ordinances, resolutions and grant regulations of the Village.

At December 31, 2021, the Village's bank balance of cash was \$4,595,075. The Village maintains its cash accounts at three financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and up to \$250,000 for the combined amount of all interest and non-interest-bearing demand deposit accounts.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2021, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished; therefore, the State Deposit Guarantee Fund is not considered in covered amounts noted below.

The following represents a summary of deposits as of December 31, 2021:

Fully Insured Deposits	\$	500,000
Uninsured and Uncollateralized		4,095,075
Total	\$	<u>4,595,075</u>

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at December 31, 2021.

The Local Government Investment Pool (LGIP) is not registered with the U.S. Securities and Exchanges Commission and does not publish credit quality ratings. An investment in the Fund is not a deposit with any bank and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation, the United States Government or any state governmental agency of the Fund. Upon demand, cash can be withdrawn with interest from the Local Government Investment Pool. Investments in the Local Government Investment Pool are valued at amortized cost. The balance in the Local Government Investment Pool at December 31, 2021 was \$6,609,719.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 3 - Restricted Assets

Restricted assets on December 31, 2021 consisted of cash totaling \$5,823,999 held for the following purposes:

Enterprise Funds:

Water Utility

Redemption Account	\$ 50,984
Reserve Account	225,116
Depreciation Account	128,168
Total Water Utility	<u>404,268</u>

Wastewater Utility

Redemption Account	23,080
Replacement Account	1,020,738
Total Wastewater Utility	<u>1,043,818</u>

Total Restricted Assets	<u>\$ 1,448,086</u>
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Custodial Fund

Advance Tax Collections for Other Entities	<u>\$ 4,375,513</u>
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Note 4 - Property Taxes

The Village bills and collects its own property taxes and also levies for the Union Grove Union High School, Union Grove Elementary, Racine County, Gateway Technical College.

Property taxes consist of taxes on real estate and personal property. They are levied during December and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31, or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by July 31 are assumed by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village.

Under Wisconsin Act 32, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit.

Note 5 - Interfund Receivable, Payables and Transfers

Interfund receivables and payables between individual funds of the Village as of December 31, 2021 are detailed below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	TID #5	\$ 210,218	Year End Cash Flow Timing
General Fund	TID #6	8,944	Year End Cash Flow Timing
General Fund	TID #7	7,601	Year End Cash Flow Timing
		<u>\$ 226,763</u>	

The interfund account balances above are the result of various interfund activities and are expected to be repaid in 2022.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 5 - Interfund Receivable, Payables and Transfers (Continued)

Interfund transfers for the year ended December 31, 2021 were as follows:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water Utility	\$ 166,083	Property Tax Equivalent
General Fund	Wastewater Utility	2,049	Property Tax Equivalent
Library Fund	General Fund	148,720	Operating Levy
Recreation and Parks Fund	General Fund	43,423	Transfer Funds for Use
Capital Projects Fund	General Fund	150,000	Transfer Funds for Use
		<u>\$ 510,275</u>	

Note 6 - Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	<u>Beginning</u>	<u>Adjustments</u>	<u>Beginning After Adjustments</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Governmental Activities						
Capital Assets not Being Depreciated						
Land and Improvements	\$ 627,253	\$ (517,631)	\$ 109,622	\$ -	\$ -	\$ 109,622
Construction in Progress	13,182	-	13,182	16,584	-	29,766
Total Capital Assets Not Being Depreciated	<u>640,435</u>	<u>(517,631)</u>	<u>122,804</u>	<u>16,584</u>	<u>-</u>	<u>139,388</u>
Capital Assets Being Depreciated						
Buildings and Improvements	2,341,460	100,842	2,442,302	40,690	-	2,482,992
Machinery and Equipment	1,935,885	915,108	2,850,993	-	-	2,850,993
Infrastructure	13,179,802	250,728	13,430,530	762,579	-	14,193,109
Total Capital Assets Being Depreciated	<u>17,457,147</u>	<u>1,266,678</u>	<u>18,723,825</u>	<u>803,269</u>	<u>-</u>	<u>19,527,094</u>
Less Accumulated Depreciation For						
Buildings and Improvements	(808,971)	(616,919)	(1,425,890)	(85,293)	-	(1,511,183)
Machinery and Equipment	(1,283,145)	(818,354)	(2,101,499)	(116,382)	-	(2,217,881)
Infrastructure	(9,659,288)	(149,654)	(9,808,942)	(337,428)	-	(10,146,370)
Total Accumulated Depreciation	<u>(11,751,404)</u>	<u>(1,584,927)</u>	<u>(13,336,331)</u>	<u>(539,103)</u>	<u>-</u>	<u>(13,875,434)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>5,705,743</u>	<u>(318,249)</u>	<u>5,387,494</u>	<u>264,166</u>	<u>-</u>	<u>5,651,660</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 6,346,178</u>	<u>\$ (835,880)</u>	<u>\$ 5,510,298</u>	<u>\$ 280,750</u>	<u>\$ -</u>	<u>\$ 5,791,048</u>

The adjustments noted above, are due to the Village's revaluation and reassessment of its assets during the fiscal year, as part of its insurance valuation processes.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 6 - Capital Assets (Continued)

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Water Utility				
Capital Assets not Being Depreciated				
Land and Land Rights	\$ 62,636	\$ -	\$ -	\$ 62,636
Intangible	61,679	-	-	61,679
Total Capital Assets Not Being Depreciated	<u>124,315</u>	<u>-</u>	<u>-</u>	<u>124,315</u>
Capital Assets Being Depreciated				
Buildings and Improvements	2,173,365	-	-	2,173,365
Machinery and Equipment	2,238,731	6,250	1,563	2,243,418
Infrastructure	7,522,006	1,009,376	252,344	8,279,038
Subtotal	11,934,102	1,015,626	253,907	12,695,821
Less Accumulated Depreciation	(4,079,801)	(339,985)	(253,907)	(4,165,879)
Total Capital Assets Being Depreciated, Net of Depreciation	<u>7,854,301</u>	<u>675,641</u>	<u>-</u>	<u>8,529,942</u>
Water Utility Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,978,616</u>	<u>\$ 675,641</u>	<u>\$ -</u>	<u>\$ 8,654,257</u>
Wastewater Utility				
Capital Assets not Being Depreciated				
Land and Land Rights	\$ 440	\$ -	\$ -	\$ 440
Capital Assets Being Depreciated				
Buildings and Improvements	3,364,665	41,392	10,348	3,395,709
Machinery and Equipment	8,527,521	76,792	12,826	8,591,487
Infrastructure	3,784,552	330,160	82,540	4,032,172
Subtotal	15,676,738	448,344	105,714	16,019,368
Less Accumulated Depreciation	(9,505,722)	(497,924)	(105,714)	(9,897,932)
Total Capital Assets Being Depreciated, Net of Depreciation	<u>6,171,016</u>	<u>(49,580)</u>	<u>-</u>	<u>6,121,436</u>
Wastewater Utility Capital Assets, Net of Accumulated Depreciation	<u>\$ 6,171,456</u>	<u>\$ (49,580)</u>	<u>\$ -</u>	<u>\$ 6,121,876</u>
Stormwater Utility				
Capital Assets not Being Depreciated				
Land and Land Rights	\$ 100,883	\$ -	\$ -	\$ 100,883
Construction in Progress	-	566	-	566
Total Capital Assets Not Being Depreciated	<u>100,883</u>	<u>566</u>	<u>-</u>	<u>101,449</u>
Capital Assets Being Depreciated				
Land Improvements	75,305	1,588	397	76,496
Machinery and Equipment	394,218	1,985	496	395,707
Infrastructure	2,841,725	856,312	214,078	3,483,959
Subtotal	3,311,248	859,885	214,971	3,956,162
Less Accumulated Depreciation	(2,044,173)	(108,974)	(214,971)	(1,938,176)
Total Capital Assets Being Depreciated, Net of Depreciation	<u>1,267,075</u>	<u>750,911</u>	<u>-</u>	<u>2,017,986</u>
Stormwater Utility Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,367,958</u>	<u>\$ 751,477</u>	<u>\$ -</u>	<u>\$ 2,119,435</u>

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 6 - Capital Assets (Continued)

Depreciation expense was charged to functions of the Village as follows:

Governmental Activities:	
General Government	\$ 27,087
Public Works	487,321
Culture and Recreation	24,695
Total Depreciation Expense - Governmental Activities	<u>\$ 539,103</u>
Business-Type Activities:	
Water Utility Depreciation Charged to Accumulated Depreciation	\$ 339,985
Less: Share of Meter Depreciation	<u>(8,153)</u>
Water Utility Depreciation Expense	<u>331,832</u>
Wastewater Utility	497,924
Plus: Share of Meter Depreciation	<u>8,153</u>
Wastewater Utility Depreciation Expense	<u>506,077</u>
Stormwater Utility	<u>108,974</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 946,883</u>

Note 7 - Long-Term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2021:

	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>	<u>One Year</u>
Governmental Activities					
General Obligation Debt:					
G.O. Refunding Bonds	\$ 11,330,000	\$ -	\$ 705,000	\$ 10,625,000	\$ 650,000
G.O. Promissory Notes	770,877	-	45,877	725,000	62,245
Adjustments For					
Issuance Premium	<u>112,535</u>	<u>-</u>	<u>6,144</u>	<u>106,391</u>	<u>-</u>
Total General Obligation Debt	<u>12,213,412</u>	<u>-</u>	<u>757,021</u>	<u>11,456,391</u>	<u>712,245</u>
Compensated Absences	<u>77,840</u>	<u>56,995</u>	<u>61,318</u>	<u>73,517</u>	<u>45,596</u>
Total Governmental Activity					
Long-Term Liabilities	<u>\$ 12,291,252</u>	<u>\$ 56,995</u>	<u>\$ 818,339</u>	<u>\$ 11,529,908</u>	<u>\$ 757,841</u>
	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>	<u>One Year</u>
Business-Type Activities					
General Obligation Debt	\$ 1,570,000	\$ -	\$ 95,000	\$ 1,475,000	\$ 100,000
Revenue Bonds	3,937,264	-	724,988	3,212,276	746,015
Compensated Absences	80,362	31,801	29,177	82,986	25,441
Adjustments For					
Issuance Discount	<u>(12,419)</u>	<u>-</u>	<u>(866)</u>	<u>(11,553)</u>	<u>-</u>
Total Business Activity					
Long-Term Liabilities	<u>\$ 5,575,207</u>	<u>\$ 31,801</u>	<u>\$ 848,299</u>	<u>\$ 4,758,709</u>	<u>\$ 871,456</u>

Interest paid on long-term debt was \$295,305 and \$156,251 for governmental activities and business-type activities, respectively.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 7 - Long-Term Obligations (Continued)

Additional information on the above outstanding long-term obligations is as follows:

The 2020 state trust fund loan was obtained by the Village to purchase a fire truck for the Joint Yorkville and Union Grove Fire Department. The Department will be repaying the Village using the state trust fund loan's repayments schedule.

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/21</u>
Governmental Activities					
Long-Term Obligations					
2012 G.O Refunding Bonds	03/29/12	12/01/28	2.00-3.10%	4,065,000	\$ 1,930,000
2015 G.O. Refunding Bonds	06/24/15	04/01/30	0.55-3.40%	2,645,000	1,770,000
2019 G.O. Bonds	06/05/19	06/01/37	3.00%	1,080,000	1,055,000
2020 G.O. Bonds	02/16/20	06/01/38	1.85-2.75%	1,755,000	1,755,000
2020 G.O. Bonds	02/19/20	02/01/37	2.00-2.25%	1,315,000	1,315,000
2020 State Trust Fund Loan	05/19/20	03/15/30	3.00%	725,000	725,000
2020 G.O. Bonds	11/05/20	06/01/40	3.85-4.00%	2,800,000	2,800,000
Total Governmental Activities Long-Term Obligations					<u>\$ 11,350,000</u>

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/21</u>
Business Type Activities					
Long-Term Obligations					
2012 G.O. Refunding Bonds	03/26/12	12/01/28	2.00-3.10%	\$ 1,995,000	\$ 1,475,000
2005 Water Revenue Bonds	11/01/05	05/01/25	2.37%	1,486,390	357,165
2007 Water Revenue Bonds	04/25/07	05/01/26	2.48%	516,994	160,104
2009 Water Revenue Bonds	12/09/09	05/01/29	2.67%	652,175	294,127
2012 Water Revenue Bonds	03/12/12	05/01/32	2.00-3.96%	3,150,000	1,959,992
2002 Wastewater Revenue Bonds	06/12/02	05/01/22	2.90%	6,513,550	440,888
Total Business Type Activities Long-Term Obligations					<u>\$ 4,687,276</u>

Debt service requirements to maturity are as follows:

	<u>Governmental Funds</u>		<u>Enterprise Funds</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 712,245	\$ 294,075	\$ 846,015	\$ 133,286	\$ 1,558,260	\$ 427,361
2023	829,540	266,155	518,814	115,936	1,348,354	382,091
2024	896,728	244,962	537,590	101,313	1,434,318	346,275
2025	874,078	222,182	556,459	85,669	1,430,537	307,851
2026	906,451	198,592	475,790	70,543	1,382,241	269,135
2027-2031	3,620,958	631,559	1,537,616	157,179	5,158,574	788,738
2032-2036	2,245,000	292,136	214,992	4,193	2,459,992	296,329
2037-2040	1,265,000	47,008	-	-	1,265,000	47,008
	<u>\$ 11,350,000</u>	<u>\$ 2,196,669</u>	<u>\$ 4,687,276</u>	<u>\$ 668,119</u>	<u>\$ 16,037,276</u>	<u>\$ 2,864,788</u>

Estimated payments of accumulated employee benefits and other commitments are not included in the above schedule.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 7 - Long-Term Obligations (Continued)

The 2021 equalized valuation of the Village as certified by the Wisconsin Department of Revenue is \$429,728,000. The legal debt limit and margin of indebtedness as of December 31, 2021, in accordance with Wisconsin Statutes follows:

Debt Limit (5% of \$429,728,000)	\$ 21,486,400
Deduct Long-Term Debt Applicable to Debt Margin	(12,825,000)
Add Amounts Available for Repayment of General Obligation Debt	<u>7,192</u>
Margin of Indebtedness	<u>\$ 8,668,592</u>

Utility Revenues Pledged

The Village has pledged future water customer revenues, net of specified operating expenses, to repay the water system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used within the utility. The bonds are payable from water customer net revenues and are payable through 2032. The total principal and interest remaining to be paid on the bonds is \$3,268,977. Principal paid for the current year and total customer net revenues were \$296,530 and \$595,775, respectively.

The Village has pledged future wastewater customer revenues, net of specified operating expenses, to repay the wastewater system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used within the utility. The bonds are payable from wastewater customer net revenues and are payable through 2022. The total principal and interest remaining to be paid on the bonds is \$447,283. Principal paid for the current year and total customer net revenues were \$428,458 and \$924,055, respectively.

Debt Coverage – Water

Operating Revenues	\$ 1,096,722
Investment Income	964
Miscellaneous Revenues	600
Less: Operations and Maintenance Expenses	<u>(521,672)</u>
Net Customer Revenues	<u>\$ 576,614</u>
Minimum Required Earnings per Resolution	
Highest Annual Debt Service	\$ 388,556
Coverage Factor	<u>1.25</u>
Minimum Required Earnings	<u>\$ 485,695</u>
Actual Debt Coverage	<u>1.22</u>

Debt Coverage – Wastewater

Operating Revenues	\$ 1,299,142
Investment Income	1,183
Less: Operations and Maintenance Expenses	<u>(814,482)</u>
Net Customer Revenues	<u>\$ 769,540</u>
Minimum Required Earnings per Resolution	
Highest Annual Debt Service	\$ 447,638
Coverage Factor	<u>1.10</u>
Minimum Required Earnings	<u>\$ 492,402</u>
Actual Debt Coverage	<u>1.56</u>

The Village is in compliance with the Water and Wastewater Revenue Bond debt coverage ratios for December 31, 2021.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 8 - Fund Balance (Deficit) and Net Position

Fund Balances

Fund balance reported in the governmental funds includes the following:

Nonspendable	
General Fund	
Loan Receivable	\$ 529,050
Prepaid Items	<u>24,142</u>
Total Nonspendable Fund Balance	<u>\$ 553,192</u>
Assigned	
Special Revenue Funds:	
Recreation and Parks	\$ 42,162
Library	<u>242,359</u>
Total Assigned Fund Balance	<u>\$ 284,521</u>
Restricted	
Capital Projects:	
Various Capital Projects	<u>\$ 888,352</u>
Loans:	
Revolving Loans	<u>289,778</u>
Impact Fees	<u>186,200</u>
Tax Incremental Districts:	
TID #4	748,333
Debt Service	<u>7,192</u>
Total Restricted Fund Balance	<u>\$ 2,119,855</u>
Unassigned (Deficit)	
General Fund	\$ 421,108
TID #5	(210,218)
TID #6	(8,944)
TID #7	<u>(7,601)</u>
Total Unassigned (Deficit)	<u>\$ 194,345</u>

Deficit fund balances will be recovered through subsequent years' revenues.

The Village's policy indicates that the General Fund will maintain unassigned fund balance at 25% of operating expenditures of the General Fund. As of December 31, 2021, the Village's unassigned General Fund balance compared to the total general expenditures at 16% does not meet the policy requirements put in place by the Village.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 8 - Fund Balance (Deficit) and Net Position (Continued)

Proprietary Funds

Net position reported on the proprietary funds statement of net position at December 31, 2021 includes the following:

	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Stormwater Utility</u>	<u>Total</u>
Net Investment in Capital Assets				
Net Capital Assets	\$ 8,654,257	\$ 6,121,876	\$ 2,119,435	\$ 16,895,568
Less: Related Long-Term Debt	(1,564,700)	(1,157,163)	(1,133,250)	(3,855,113)
Plus Deferred Loss on Refunding	5,509	6,044	-	11,553
Total Net Investment in Capital Assets	<u>7,095,066</u>	<u>4,970,757</u>	<u>986,185</u>	<u>13,052,008</u>
Restricted				
Debt Redemption	50,984	23,080	-	74,064
Debt Reserve	225,116	-	-	225,116
Equipment Replacement	128,168	1,020,738	-	1,148,906
Pension	31,745	32,299	13,436	77,480
Total Restricted	<u>436,013</u>	<u>1,076,117</u>	<u>13,436</u>	<u>1,525,566</u>
Unrestricted	<u>(665,173)</u>	<u>1,588,179</u>	<u>1,589,624</u>	<u>2,512,630</u>
Total Proprietary Funds Net Position	<u>\$ 6,865,906</u>	<u>\$ 7,635,053</u>	<u>\$ 2,589,245</u>	<u>\$ 17,090,204</u>

Government-Wide Statements

Net position reported on the government-wide statement of net position at December 31, 2021 includes the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Investment in Capital Assets			
Net Capital Assets	\$ 5,791,048	\$ 16,895,568	\$ 22,686,616
Less: Related Long-Term Debt	(10,625,000)	(3,855,113)	(14,480,113)
Less: Issuance Premium	(106,391)	-	(106,391)
Plus Deferred Loss on Refunding	-	11,553	11,553
Plus: Unspent Proceeds	2,802,879	-	2,802,879
Fire Department Asset	725,000	-	725,000
Allocated to BT Activities	3,855,113	-	3,855,113
Total Net Investment (Deficit) in Capital Assets	<u>2,442,649</u>	<u>13,052,008</u>	<u>15,494,657</u>
Restricted			
Water Utility			
Debt Redemption	-	50,984	50,984
Debt Reserve	-	225,116	225,116
Equipment Replacement	-	128,168	128,168
Wastewater Utility			
Debt Reserve	-	23,080	23,080
Equipment Replacement	-	1,020,738	1,020,738
Pension	83,933	77,480	161,413
Debt Service	7,192	-	7,192
Total Restricted	<u>91,125</u>	<u>1,525,566</u>	<u>1,616,691</u>
Unrestricted (Deficit)	<u>(5,033,073)</u>	<u>2,512,630</u>	<u>(2,520,443)</u>
Total Government-Wide Net Position	<u>\$ (2,499,299)</u>	<u>\$ 17,090,204</u>	<u>\$ 14,590,905</u>

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 9 - Defined Benefit Pension Plan

General Information About the Pension Plan

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 9 - Defined Benefit Pension Plan (Continued)

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
2011	(1.2)%	11%
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21

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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the Village contributed \$62,908 in employer contributions to WRS.

Contribution rates as of December 31, 2021 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%

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

At December 31, 2021, the Village reported an asset of \$340,672 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the Village's proportion was 0.00545675%, which was an increase of 0.00006610% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Village recognized pension expense of \$(34,826).

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 9 - Defined Benefit Pension Plan (Continued)

At December 31, 2021, the Village reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experiences	\$ 493,057	\$ (106,203)
Changes in assumptions	7,727	
Net differences between projected and actual earnings on pension plan investments	-	(639,586)
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,838	-
Employer contributions subsequent to the measurement date	62,908	-
Total	\$ 566,530	\$ (745,789)

The \$62,908 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability (asset) in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources
2022	\$ (61,634)
2023	(16,048)
2024	(115,440)
2025	(49,045)
	<u>\$ (242,167)</u>

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 9 - Defined Benefit Pension Plan (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

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

Asset Allocation Targets and Expected Returns as of December 31, 2020

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51.0%	7.2%	4.7%
Fixed Income	25.0	3.2	0.8
Inflation Sensitive Assets	16.0	2.0	(0.4)
Real Estate	8.0	5.6	3.1
Private Equity/Debt	11.0	10.2	7.6
Multi-Asset	4.0	5.8	3.3
Total Core Fund	115.0% *	6.6%	4.1%
Variable Fund Asset Class			
U.S. Equities	70.0%	6.6%	4.1%
International Equities	30.0	7.4	4.9
Total Variable Fund	100.0%	7.1%	4.6%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%

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

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 9 - Defined Benefit Pension Plan (Continued)

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
Village's Proportionate Share of the Net Pension Liability (Asset)	\$ 324,272	\$ (340,672)	\$ (829,069)

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

Payables to the Pension Plan. The Village is required to remit the monthly required contribution for both the employee and Village portions by the last day of the following month. At December 31, 2021, there were no outstanding payables to WRS.

Note 10 - Post-Employment Benefits Other Than Pension Benefits

General Information About the OPEB Plan

Plan Description. The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible members.

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

Benefits Provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members and pre-65 retirees who pay for their coverage.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 10 - Post-Employment Benefits Other Than Pension Benefits (Continued)

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on member contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2021 are:

<u>Coverage Type</u>	<u>Employee</u>
50% Post Retirement Coverage	40% of Member Contribution
25% Post Retirement Coverage	20% of Member Contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2020 are as listed below:

**Life Insurance Member
Contribution Rates ***

<u>Attained Age</u>	<u>Basic/Supplemental</u>
Under 30	\$ 0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

* Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the Village contributed \$414 in employer contributions to LRLIF.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2021, the Village reported a liability of \$110,615 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the Village's proportion was 0.02010900 %, which was a decrease of 0.00328800% from its proportion measured as of December 31, 2019.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 10 - Post-Employment Benefits Other Than Pension Benefits (Continued)

For the year ended December 31, 2021, the Village recognized OPEB expense of \$11,163.

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experiences	\$ 1,611	\$ (5,278)
Changes in assumptions	43,029	(7,590)
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,650	(9,214)
Employer contributions subsequent to the measurement date	<u>414</u>	<u>-</u>
Total	<u>\$ 47,704</u>	<u>\$ (22,082)</u>

The \$414 reported as deferred outflows related to OPEB resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net OPEB liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2022	\$ 5,063
2023	4,889
2024	4,710
2025	4,097
2026	5,092
Thereafter	<u>1,357</u>
	<u>\$ 25,208</u>

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 10 - Post-Employment Benefits Other Than Pension Benefits (Continued)

Actuarial Assumptions. The total OPEB liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability:	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total OPEB liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 actuarial valuation.

Long-term Expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2020**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Credit Bonds	Barclays Credit	50%	1.47%
U.S. Mortgages	Barclays MBS	50	0.82
Inflation			2.20
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20% respectively. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 10 - Post-Employment Benefits Other Than Pension Benefits (Continued)

Single Discount Rate. A single discount rate of 2.25% was used to measure the total OPEB Liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the Villages Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 2.25 percent, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	<u>1% Decrease to Discount Rate (1.25%)</u>	<u>Current Discount Rate (2.25%)</u>	<u>1% Increase to Discount Rate (3.25%)</u>
Village's Proportionate Share of the Net Pension Liability	\$ 150,467	\$ 110,615	\$ 80,475

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

Payables to the OPEB Plan. As of December 31, 2021, the Village had no outstanding payables to the OPEB plan.

Note 11 - Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the Village purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in past three years.

Note 12 - Commitments and Contingencies

From time to time the Village is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of Village management, these issues, and any other proceedings known to exist at December 31, 1, are not likely to have a material adverse impact on the Village's financial position.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 12 - Commitments and Contingencies (Continued)

Funds for the operating budget of the Village comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the Village. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the Village.

In 2012, the Village issued \$3,150,000 Waterworks System Revenue Bonds, Series 2012A (2012A Bonds). The 2012A Bonds were issued to pay-off a portion of the 2007 Bond Anticipation Notes (2007 BANS) in 2012. A portion of the original proceeds from the 2007 BANS were recorded in TIF No. 4 and were used to finance TIF eligible water projects. Due to the uncertainty of TIF No. 4 being able to pay the principal and interest payments on the 2012A Bonds, the 2012A Bonds were recorded in the water utility. The water utility is making the principal and interest payments on the 2012A Bonds. However, if future tax increments in TIF No. 4 are sufficient, TIF No. 4 will reimburse the water utility for the principal and interest payments that have been made on the 2012A Bonds as well as any issuance costs. As of December 31, 2021, the total reimbursable expenditures are:

	Year End 2021	Cumulative
Principal	\$ 150,000	\$ 1,195,000
Interest	69,360	794,394
Issuance Costs	-	49,551
Totals	<u>\$ 219,360</u>	<u>\$ 2,038,945</u>

In 2012, the Village also issued \$6,060,000 General Obligations Refunding Bonds, Series 2012B (2012B Bonds). The 2012B bonds were issued to pay-off a portion of the 2007 BANS through a current refunding in 2012. A portion of the original proceeds from the 2007 BANS were recorded in TIF No. 4 and were used to finance TIF eligible sewer projects. Due to the uncertainty of TIF No. 4 being able to pay the principal and interest payments on the 2012B Bonds related to sewer projects, the sewer portion of the 2012B bonds were recorded in the sewer utility. The sewer utility is making the principal and interest payments. However, if future tax increments in TIF No. 4 are sufficient, TIF No. 4 will reimburse the sewer utility for the principal and interest payments that have been made on the 2012B Bonds as well as any issuance costs. As of December 31, 2021, the total reimbursable expenditures are:

	Year End 2021	Cumulative
Principal	\$ 95,000	\$ 520,000
Interest	45,830	500,673
Issuance Costs	-	30,439
Totals	<u>\$ 140,830</u>	<u>\$ 1,051,112</u>

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 13 - Joint Ventures

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

The governing body is made up of citizens from each community. Local representatives are appointed by the Village Board. The governing body has authority to adopt its own budget and control the financial affairs of the fire commission. The Village is obligated by the joint venture agreement to remit an amount annually to the fire commission. The Village made a payment to the fire commission of \$125,083 in 2021. Financial information of the fire commission as of December 31, 2021 is available directly from the fire commission's office.

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

The Village does not have an equity interest in the fire commission

Note 14 - Economic Dependency

The Sewer Utility has one significant customer who was responsible for 33% of operating revenues in 2021.

Note 15 - Tax Abatements

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

Pay-As-You-Go Municipal Revenue Obligations

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

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 15 - Tax Abatements (Continued)

TIF No. 3

MRO Dated April 14, 2014

Payments to the Company will be made in years 2015 through 2024. However, the first payment occurred in 2016. No payments were made in 2021. Total payments made to-date are \$213,908.

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

MRO Dated November 3, 2015

Payments to the Company will be made in years 2018 through 2024. No payments were made in 2021. Total payments made to-date are \$85,643.

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

MRO Dated May 1, 2017

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

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

TIF No. 4

MRO Dated February 19, 2013

Payments to the Company will be made in years 2014 through 2027. However, the first payment occurred in 2015. The Village paid \$16,187 in 2021. Total payments made to-date are \$63,719.

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

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

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 15 - Tax Abatements (Continued)

TIF No. 5

MRO Dated August 8, 2018

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

Subject to further terms and conditions, the Village is to pay five equal payments of \$193,333 for each multi-family residential building in the development and \$193,335 for one commercial building. Four of the multi-family payments and the one commercial payment have been made for a total of \$1,210,668 in 2021.

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

TIF No. 6

MRO Dated September 17, 2019

The Village entered into a developer's agreement that had multiple phases and conditions for each MRO as noted below and on the following page.

Conditioned upon the Developer meeting its Phase 1 Guaranteed Minimum Assessed Value of \$20,670,000 with \$14,520,000 by December 31, 2021 and an additional \$6,150,000 by December 31, 2022, the Village shall pay excess Phase 1 Property Tax Increment to Developer on an annual "pay-as-you-go" basis as reimbursement for the actual cost of its Phase 1 Internal Infrastructure Improvements estimated at One Million Eight Hundred Ninety Two Thousand Three Hundred Fifty and 00/100 Dollars (\$1,892,350), together with interest at the rate of Five Percent (5%) per annum, subject to a maximum incentive of Two Million Six Hundred Seventy Seven Thousand Four Hundred Eleven and 00/100 Dollars (\$2,677,411). No payments were made in 2021.

Conditioned upon the Developer meeting its Phase 2 Guaranteed Minimum Assessed Value of \$14,175,000, the Village shall pay excess Phase 2 Property Tax Increment to Developer on an annual "pay-as-you-go" basis as reimbursement for the actual cost of its Phase 2 Internal Infrastructure Improvements estimated at One Million Three Hundred Sixty-One Thousand and 00/100 Dollars, together with interest at the rate of Five Percent (5%) per annum, subject to a maximum incentive of \$1,918,096. No payments were made in 2021.

Conditioned upon the Developer meeting its Phases 1 and 2 Guaranteed Minimum Assessed Values, any Property Tax Increment available after payment of the Village's loan payments, Administrative Costs, and the Phase 1 and Phase 2 Developer Infrastructure Incentives, shall be paid to the Developer as additional incentive on an annual "pay-as-you-go" basis, subject to a cumulative maximum of Two Million and 00/100 Dollars (\$2,000,000) based on a 70% Developer and 30% Village split. No payments were made in 2021.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements

December 31, 2021

Note 16 - Upcoming Accounting Pronouncement

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The pronouncement will be effective for years ending December 31, 2022.

The Village is evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF UNION GROVE, WISCONSIN

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System (WRS)

WRS Fiscal Year End Date (Measurement Date)	Village's Proportion of the Net Pension (Asset)/Liability	Village's Proportionate Share of the Net Pension (Asset)/Liability	Village's Covered Payroll	Village's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2020	0.00545675%	\$ (340,672)	\$ 919,052	-37.07%	105.26%
12/31/2019	0.00539065%	(173,819)	902,453	-19.26%	102.96%
12/31/2018	0.00545849%	194,195	807,254	24.06%	96.45%
12/31/2017	0.00575325%	(70,820)	783,780	-9.04%	102.93%
12/31/2016	0.00608877%	50,186	849,123	5.91%	99.12%
12/31/2015	0.00629030%	102,216	871,037	11.73%	98.20%
12/31/2014	0.00640198%	(157,250)	875,648	17.96%	102.74%

Schedule of Employer Contributions
Wisconsin Retirement System (WRS)

Village Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2021	\$ 62,908	\$ 62,908	\$ -	\$ 931,978	6.75%
12/31/2020	62,036	62,036	-	919,052	6.75%
12/31/2019	59,110	59,110	-	902,453	6.55%
12/31/2018	54,234	54,234	-	807,254	6.72%
12/31/2017	53,297	53,297	-	783,780	6.80%
12/31/2016	56,029	56,029	-	849,123	6.60%
12/31/2015	61,295	61,295	-	871,037	7.04%

VILLAGE OF UNION GROVE, WISCONSIN

Schedule of Employer's Proportionate Share of the Net OPEB Liability
Other Post-Employment Benefits Other Than Pensions - Cost-Sharing Plan

WRS Fiscal Year End Date (Measurement Date)	Village's Proportion of the Net OPEB Liability	Village's Proportionate Share of the Net OPEB Liability	Village's Covered Payroll	Village's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/2020	0.02010900%	\$ 110,615	\$ 874,000	12.66%	31.36%
12/31/2019	0.02339700%	99,629	917,000	10.86%	37.58%
12/31/2018	0.02287700%	59,030	821,000	7.19%	48.69%
12/31/2017	0.02222100%	66,854	934,457	7.15%	44.81%

Schedule of Employer Contributions
Other Post-Employment Benefits Other Than Pensions - Cost-Sharing Plan

Village Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2021	\$ 414	\$ 414	\$ -	\$ 911,000	0.05%
12/31/2020	406	406	-	874,000	0.05%
12/31/2019	422	422	-	917,000	0.05%
12/31/2018	421	421	-	821,000	0.05%

VILLAGE OF UNION GROVE, WISCONSIN

Schedule of Budgetary Comparison

Budget and Actual

General Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,345,010	\$ 1,345,010	\$ 1,347,451	\$ 2,441
Intergovernmental	647,561	647,561	663,656	16,095
Licenses and Permits	212,000	212,000	245,673	33,673
Fines, Forfeitures and Penalties	65,000	65,000	65,401	401
Investment Income	20,050	20,050	2,781	(17,269)
Miscellaneous	81,750	81,750	99,365	17,615
Total Revenues	<u>2,371,371</u>	<u>2,371,371</u>	<u>2,424,327</u>	<u>52,956</u>
EXPENDITURES				
General Government	599,852	599,852	572,539	27,313
Public Safety	942,469	942,469	1,187,954	(245,485)
Public Works	777,584	777,584	780,999	(3,415)
Health and Human Services	53,216	53,216	48,970	4,246
Culture, Recreation and Education	150	150	-	150
Conservation and Development	12,000	12,000	4,893	7,107
Total Expenditures	<u>2,385,271</u>	<u>2,385,271</u>	<u>2,595,355</u>	<u>(210,084)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(13,900)</u>	<u>(13,900)</u>	<u>(171,028)</u>	<u>(157,128)</u>
OTHER FINANCING SOURCE (USE)				
Transfers In	203,309	203,309	168,132	(35,177)
Transfers Out	<u>(189,559)</u>	<u>(189,559)</u>	<u>(342,143)</u>	<u>152,584</u>
Total Other Financing Source (Use)	<u>13,750</u>	<u>13,750</u>	<u>(174,011)</u>	<u>117,407</u>
NET CHANGE IN FUND BALANCE	(150)	(150)	(345,039)	(39,721)
FUND BALANCE - BEGINNING	<u>1,319,339</u>	<u>1,319,339</u>	<u>1,319,339</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,319,189</u>	<u>\$ 1,319,189</u>	<u>\$ 974,300</u>	<u>\$ (39,721)</u>

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Required Supplementary Information

December 31, 2021

Budgetary Process

The Village reviews and adopts its annual budget by December or earlier of the preceding year. The budgetary information included in the accompanying financial statements is comprised of the originally approved budget plus or minus approved revisions of budget revenues and expenditures. These budgets are adopted on a basis consistent with GAAP. Management control of the budgetary process has been established at the departmental level of expenditures. A department can be a fund, cost center, program or other activity for which control of expenditures is considered desirable. Budget appropriations for certain capital projects funds are project oriented, often possessing multi-year lives; consequently, budgeted capital projects expenditures are controlled through fund balances. The budget is amended for supplemental appropriations periodically during the year. Budget changes require a two-thirds approval by the Village board. The Village amended its budget once for the budget period.

The general fund had the following expenditures in excess of the budget for the year ended December 31, 2021:

<u>General Fund</u>	<u>Excess Expenditures</u>
Public Safety	\$ 245,485
Public Works	3,415

Notes to Required Supplementary Information

Defined Benefit Pension Plan

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

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

Post-Employment Benefits Other Than Pension Benefits - Cost-Sharing Plan

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

Changes of assumptions. The Single Discount Rate assumption used to develop the Total OPEB Liability changed from the prior year. Please refer to the Actuarial Assumptions section above for additional detail.

SUPPLEMENTARY INFORMATION

VILLAGE OF UNION GROVE, WISCONSIN

Combining Balance Sheet
 Nonmajor Governmental Funds
 As of December 31, 2021

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Funds
	Revolving Loans Fund	Impact Fees Fund	Recreation and Parks Fund	Library Fund	American Rescue Plan Act	TID No. 4	TID No. 6	TID No. 7	
ASSETS									
Cash and Investments	\$ 209,479	\$ 186,200	\$ 50,231	\$ 253,515	\$ 259,714	\$ 493,148	\$ -	\$ -	\$ 1,452,287
Receivables:									
Accounts Receivable	-	-	150	-	-	28,422	-	-	28,572
Taxes	-	-	-	-	-	165,219	258,161	-	423,380
Loans	192,271	-	-	-	-	-	-	-	192,271
Due from Other Funds	-	-	-	-	-	226,763	-	-	226,763
TOTAL ASSETS	\$ 401,750	\$ 186,200	\$ 50,381	\$ 253,515	\$ 259,714	\$ 913,552	\$ 258,161	\$ -	\$ 2,323,273
LIABILITIES									
Accounts Payable	\$ -	\$ -	\$ 369	\$ 4,714	\$ -	\$ -	\$ -	\$ -	\$ 5,083
Accrued Liabilities	-	-	83	6,442	-	-	-	-	6,525
Due to Other Funds	-	-	-	-	-	-	8,944	7,601	16,545
Unearned Revenue - American Rescue Plan Act - 2021	-	-	7,767	-	259,714	-	-	-	267,481
Total Liabilities	-	-	8,219	11,156	259,714	-	8,944	7,601	295,634
DEFERRED INFLOWS OF RESOURCES									
Taxes Levied for Subsequent Period	-	-	-	-	-	165,219	258,161	-	423,380
Unavailable - Loans Receivable	111,972	-	-	-	-	-	-	-	111,972
Total Deferred Inflows of Resources	111,972	-	-	-	-	165,219	258,161	-	535,352
FUND BALANCES (DEFICITS)									
Restricted	289,778	186,200	-	-	-	748,333	-	-	1,224,311
Assigned	-	-	42,162	242,359	-	-	-	-	284,521
Unassigned Deficit	-	-	-	-	-	-	(8,944)	(7,601)	(16,545)
Total Fund Balances (Deficits)	289,778	186,200	42,162	242,359	-	748,333	(8,944)	(7,601)	1,492,287
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 401,750	\$ 186,200	\$ 50,381	\$ 253,515	\$ 259,714	\$ 913,552	\$ 258,161	\$ -	\$ 2,323,273

VILLAGE OF UNION GROVE, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Funds
	Revolving Loans Fund	Impact Fees Fund	Recreation and Parks Fund	Library Fund	TID No. 4	TID No. 6	TID No. 7	
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 280,518	\$ 50,999	\$ -	\$ 331,517
Intergovernmental	-	-	-	158,833	79,099	-	-	237,932
Licenses and Permits	-	82,005	-	-	-	-	-	82,005
Public Charges for Services	-	-	60,234	13,857	-	-	-	74,091
Interest on Investments	965	102	-	100	747	15	-	1,929
Donations	-	-	-	300	-	-	-	300
Miscellaneous	2,365	-	2,500	19,024	-	10,811	-	34,700
Total Revenues	<u>3,330</u>	<u>82,107</u>	<u>62,734</u>	<u>192,114</u>	<u>360,364</u>	<u>61,825</u>	<u>-</u>	<u>762,474</u>
EXPENDITURES								
Current:								
Culture, Recreation, and Education	-	-	83,377	304,631	-	-	-	388,008
Conservation and Development	-	-	-	-	41,868	20,309	7,601	69,778
Debt Service								
Principal	-	-	-	-	225,000	-	-	225,000
Interest	-	-	-	-	61,615	41,350	-	102,965
Capital Outlay	-	-	-	-	-	110,969	-	110,969
Total Expenditures	<u>-</u>	<u>-</u>	<u>83,377</u>	<u>304,631</u>	<u>328,483</u>	<u>172,628</u>	<u>7,601</u>	<u>896,720</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,330</u>	<u>82,107</u>	<u>(20,643)</u>	<u>(112,517)</u>	<u>31,881</u>	<u>(110,803)</u>	<u>(7,601)</u>	<u>(134,246)</u>
OTHER FINANCING SOURCES								
Transfers In	-	-	43,423	148,720	-	-	-	192,143
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>43,423</u>	<u>148,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,143</u>
NET CHANGE IN FUND BALANCES	3,330	82,107	22,780	36,203	31,881	(110,803)	(7,601)	57,897
FUND BALANCES - BEGINNING	<u>286,448</u>	<u>104,093</u>	<u>19,382</u>	<u>206,156</u>	<u>716,452</u>	<u>101,859</u>	<u>-</u>	<u>1,434,390</u>
FUND BALANCES (DEFICITS) - ENDING	<u>\$ 289,778</u>	<u>\$ 186,200</u>	<u>\$ 42,162</u>	<u>\$ 242,359</u>	<u>\$ 748,333</u>	<u>\$ (8,944)</u>	<u>\$ (7,601)</u>	<u>\$ 1,492,287</u>

VILLAGE OF UNION GROVE, WISCONSIN

Water Utility Operating Revenues and Expenses

For the Year Ended December 31, 2021

OPERATING REVENUES

Sales of Water	
Unmetered	\$ 490
Metered	
Residential	445,132
Multifamily Residential	85,557
Commercial	113,228
Industrial	46,164
Public Authorities	29,946
Total Metered Sales	<u>720,027</u>
Private Fire Protection	17,830
Public Fire Protection	<u>326,416</u>
Total Sales of Water	<u>1,064,763</u>
Other Operating Revenues	
Forfeited Discounts	5,719
Miscellaneous Service Revenue	8,866
Rents from Water Property	17,269
Other	105
Total Operating Revenues	<u>1,096,722</u>

OPERATING EXPENSES

Operation and Maintenance	
Source of Supply	
Operation Labor	32,374
Operation Supplies	7,224
Total Source of Supply	<u>39,598</u>
Pumping	
Operation Labor	38,085
Fuel or Power Purchased for Pumping	68,106
Maintenance	19,806
Total Pumping	<u>125,997</u>
Water Treatment	
Chemicals	<u>91,121</u>
Transmission and Distribution	
Operation Labor	5,677
Maintenance	
Distribution Reservoirs and Standpipes	206
Mains	71,167
Services	12,567
Meters	12,022
Hydrants	2,922
Total Transmission and Distribution	<u>104,561</u>
Customer Accounts	
Meter Reading Labor	4,987
Accounting and Collecting Labor	10,519
Supplies	8,984
Total Customer Accounts	<u>24,490</u>

VILLAGE OF UNION GROVE, WISCONSIN
Water Utility Operating Revenues and Expenses
For the Year Ended December 31, 2020 (continued)

OPERATING EXPENSES (continued)

Operation and Maintenance (continued)

Administrative and General

Salaries	34,856
Office Supplies	(3,265)
Outside Services Employed	20,973
Property Insurance	3,689
Employee Pensions and Benefits	66,245
Miscellaneous	(20,330)
Transportation	19,892

Total Administrative and General	122,060
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Taxes	13,845
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Total Operation and Maintenance	521,672
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Depreciation	331,832
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Total Operating Expenses	853,504
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OPERATING INCOME	\$ 243,218
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VILLAGE OF UNION GROVE, WISCONSIN
Wastewater Utility Operating Revenues and Expenses
For the Year Ended December 31, 2021

OPERATING REVENUES

Wastewater Revenues		
Residential	\$	500,924
Multifamily Residential		430,960
Commercial		319,804
Industrial		27,236
Public Authorities		15,463
Total Wastewater Revenues		<u>1,294,387</u>
Other Operating Revenues		
Miscellaneous Service Revenue		<u>4,755</u>
Total Operating Revenues		<u><u>1,299,142</u></u>

OPERATING EXPENSES

Operation and Maintenance		
Operation		
Supervision and Labor		172,019
Power and Fuel for Pumping		92,948
Other Chemicals		47,746
Laboratory Expenses		10,627
Other Operating Supplies		34,091
Transportation		10,734
Sludge Hauling		48,870
Total Operation		<u>417,035</u>
Maintenance		
Collection System		45,140
General Plant Structure and Equipment		136,664
Total Maintenance		<u>181,804</u>
Administrative and General		
Salaries		24,557
Office Supplies and Expenses		5,069
Outside Services Employed		19,546
Property Insurance		68,476
Employee Pensions and Benefits		71,535
Drainage District Payment		13,722
Total Administrative and General		<u>202,905</u>
Taxes		<u>12,738</u>
Total Operation and Maintenance		814,482
Depreciation		<u>506,077</u>
Total Operating Expenses		<u><u>1,320,559</u></u>

OPERATING LOSS \$ (21,417)

VILLAGE OF UNION GROVE, WISCONSIN
Stormwater Utility Operating Revenues and Expenses
For the Year Ended December 31, 2021

OPERATING REVENUES

Stormwater Revenues	
Charges for Services	\$ 271,161
Other Operating Revenues	
Forfeited Discounts	902
Total Operating Revenues	<u>272,063</u>

OPERATING EXPENSES

Operation and Maintenance	
Miscellaneous	408
Maintenance	
Salaries	36,910
Street Cleaning	1,366
Maintenance of Catch Basins	1,957
Miscellaneous	3,970
Total Maintenance	<u>44,203</u>
Operations	
Salaries	21,322
Street Sweeping	5,036
Equipment Repair	73,681
Total Operations	<u>100,039</u>
Administrative and General	
Salaries	24,633
Office Supplies and Expenses	12,715
Outside Services Employed	12,995
Property Insurance	293
Injuries and Damages	2,905
Employee Pensions and Benefits	25,572
Drainage District Payment	10,000
Total Administrative and General	<u>89,113</u>
Taxes	3,704
Total Operation and Maintenance	<u>237,467</u>
Depreciation	108,974
Total Operating Expenses	<u>346,441</u>

OPERATING LOSS \$ (74,378)