

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 20, 2020

In the opinion of Quarles & Brady LLP, Bond Counsel, under existing law interest on the Bonds is included in gross income for federal income tax purposes. See "TAXABILITY OF INTEREST" herein. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

The Village will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

New Issue

Non-Rated

VILLAGE OF UNION GROVE, WISCONSIN (Racine County)

\$1,760,000* TAXABLE GENERAL OBLIGATION COMMUNITY DEVELOPMENT BONDS, SERIES 2020A

BID OPENING: January 27, 2020, 10:00 A.M., C.T.

CONSIDERATION: January 27, 2020, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$1,760,000* Taxable General Obligation Community Development Bonds, Series 2020A (the "Bonds") of the Village are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of providing financial assistance to community development projects under Section 66.1105 of the Wisconsin Statutes, by paying project costs of the Village's Tax Incremental District No. 5. The Bonds are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS: February 19, 2020

MATURITY: June 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2022	\$25,000	2028	\$80,000	2034	\$115,000
2023	50,000	2029	80,000	2035	125,000
2024	80,000	2030	80,000	2036	125,000
2025	80,000	2031	105,000	2037	125,000
2026	80,000	2032	110,000	2038	310,000
2027	80,000	2033	110,000		

MATURITY ADJUSTMENTS: * The Village reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: June 1, 2020 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on June 1, 2030 and thereafter are subject to call for prior optional redemption on June 1, 2029 and any date thereafter, at a price of par plus accrued interest.

MINIMUM BID: \$1,738,880.

MAXIMUM BID: \$1,865,600.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$35,200 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: To be determined by the Village.

BOND COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the Village to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Village. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the Village and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the Village, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the Village for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the Village is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the Village nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded.

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VILLAGE OF UNION GROVE VILLAGE BOARD

		<u>Term Expires</u>
Michael E. Aimone	Village President	April 2021
Christopher Gallagher	Village Trustee	April 2021
Pete Hansen	Village Trustee	April 2021
Ryan Johnson	Village Trustee	April 2020
Timothy Mallach	Village Trustee	April 2020
Gordon Svendsen	Village Trustee	April 2020
Janice Winget	Village Trustee	April 2021

ADMINISTRATION

Michael Hawes, Village Administrator

Kerry Bennett, Village Treasurer

Bradley Calder, Village Clerk

PROFESSIONAL SERVICES

Timothy Pruitt, Village Attorney, Racine, Wisconsin

Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin
(Other offices located in Roseville, Minnesota and Denver, Colorado)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the Village of Union Grove, Wisconsin (the "Village") and the issuance of its \$1,760,000* Taxable General Obligation Community Development Bonds, Series 2020A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the sale of the Bonds ("Award Resolution") to be adopted by the Board of Trustees on January 27, 2020.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the Village's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of February 19, 2020. The Bonds will mature on June 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on June 1 and December 1 of each year, commencing June 1, 2020, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2025 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The Village may select a bank or trust company to act as paying agent (the "Paying Agent"). If a Paying Agent is selected, the Village will pay the charges for Paying Agent services. The Village reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the Village, the Bonds maturing on or after June 1, 2030 shall be subject to optional redemption prior to maturity on June 1, 2029 or any date thereafter, at a price of par plus accrued interest.

*Preliminary, subject to change.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the Village. If only part of the Bonds having a common maturity date are called for redemption, then the Village or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of providing financial assistance to community development projects under Section 66.1105 of the Wisconsin Statutes, by paying project costs of the Village's Tax Incremental District No. 5.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$1,760,000	
Estimated Interest Earnings	<u>1,500</u>	
Total Sources		\$1,761,500
Uses		
Estimated Underwriter's Discount	\$21,120	
Costs of Issuance	33,750	
Deposit to Project Construction Fund	1,705,237	
Rounding Amount	<u>1,393</u>	
Total Uses		\$1,761,500

*Preliminary, subject to change.

SECURITY

For the prompt payment of the Bonds with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the Village will be irrevocably pledged. The Village will levy a direct, annual, irrevocable tax on all taxable property in the Village sufficient to pay the interest on the Bonds when it becomes due and also to pay and discharge the principal on the Bonds at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

CONCURRENT FINANCING

By means of a separate Preliminary Official Statement, the Village will be issuing \$1,345,000* General Obligation Community Development Bonds, Series 2020B (the "Concurrent Obligations" or the "2020B Bonds") on February 19, 2020.

RATING

None of the outstanding indebtedness of the Village is currently rated, and the Village has not requested a rating on the Bonds. A rating for the Bonds may not be requested without contacting Ehlers and receiving the permission of the Village.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the Village shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the Village shall execute and deliver a Continuing Disclosure Certificate, under which the Village will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the Village are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the Village to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years, the Village believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The Village has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the Village.

LEGAL OPINION

An opinion as to the validity of the Bonds will be furnished by Quarles & Brady LLP, of Milwaukee, Wisconsin, bond counsel to the Village. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the Village; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

*Preliminary, subject to change.

STATEMENT REGARDING BOND COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Official Statement or participated in its preparation (except with respect to the section entitled "Taxability of Interest" in the Official Statement and the "Form of Legal Opinion" found in the Appendix B) and has not performed any investigation as to its accuracy, completeness or sufficiency.

TAXABILITY OF INTEREST

Interest on the Bonds is included in gross income for present Federal income tax purposes. Interest on the Taxable Bonds is not exempt from present Wisconsin income or franchise taxes.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The Village will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

ORIGINAL ISSUE DISCOUNT

To the extent that the initial public offering price of certain of the Bonds is less than the stated principal amount payable at maturity, such Bonds will be considered to be issued with original issue discount unless the amount of original issue discount is "de minimis." The amount of original issue discount with respect to a Bond will be "de minimis" if the amount of discount is less than one-fourth of 1% of the principal amount payable at maturity multiplied by the number of complete years from the issue date until the maturity date.

If the amount of discount with respect to a Bond is considered "de minimis," then the amount of original issue discount with respect to the Bond will be zero. In that case, owners of those Bonds will not be required to include any amount of original issue discount in income until the principal amount is repaid, at which time the owner will recognize capital gain (assuming the Bond is held as a capital asset) equal to the excess of the amount received at maturity over the issue price.

If the amount of discount with respect to a Bond is more than "de minimis," then the Bonds will contain original issue discount and owners of the Bonds will be required to include original issue discount in income. The Internal Revenue Code of 1986, as amended (the "Code") contains a number of very complex provisions requiring holders of debt instruments with original issue discount to include such original issue discount in income as it accrues ratably over the life of the debt instrument. In the case of a Bond with original issue discount, the owner may be required to include the original issue discount in income before the owner receives the associated cash payment, regardless of the owner's regular method of accounting for tax purposes. Any such original issue discount that is included in income is treated in the same manner as interest. Any original issue discount that is included in income by an owner with respect to a Bond will increase the holder's tax basis in the Bond.

The Code contains certain provisions relating to the accrual of original issue discount (including de minimis original issue discount) in the case of subsequent purchasers of obligations such as the Bonds. Owners who do not purchase Bonds in the initial public offering should consult their own tax advisors with respect to the tax consequences of the acquisition and ownership of Bonds.

Owners who purchase Bonds in the initial public offering but at a price different than the initial offering price at which a substantial amount of that maturity of the Bonds was sold to the public should consult their own tax advisors with respect to the tax consequences of the acquisition and ownership of the Bonds.

Owners of Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Bonds.

BOND PREMIUM

To the extent that the initial offering price of certain of the Bonds ("Premium Bonds") is more than the principal amount payable at maturity, the Premium Bonds will be considered to have "bond premium" equal to the difference between the issue price and the stated redemption price at maturity.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. Owners of Premium Bonds, the interest on which is subject to tax, may make an election to amortize the bond premium and to offset the taxable interest income with the amortizable bond premium for the year. Any amortizable bond premium that reduces the amount of interest income also reduces the owner's adjusted tax basis in the Bond by a corresponding amount. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Premium Bond. If the election is made, it is effective for all Bonds acquired during that year and all future years unless the taxpayer receives permission from the IRS to revoke the election. Owners of Premium Bonds should consult with their tax advisors regarding the calculation and treatment of bond premium for federal income tax purposes, as well as the manner of making the election.

Owners of the Premium Bonds who do not purchase such Premium Bonds in the initial offering at the issue price should consult with their tax advisors regarding the tax consequences of owning the Premium Bonds.

Owners of Premium Bonds should consult with their tax advisors regarding the state and local tax consequences of owning such Premium Bonds.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the Village in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Official Statement, and its assistance in preparing this Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the Village, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the Village under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the Village for the fiscal year ended December 31, 2018 have been audited by Baker Tilly Virchow Krause, LLP, Madison, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the Village, the ultimate payment of which rests in the Village's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the Village in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the Village, the taxable value of property within the Village, and the ability of the Village to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the Village and to the Bonds. The Village can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the Village or the taxing authority of the Village.

Interest Rates: In the future, interest rates for this type of obligation may rise generally, possibly resulting in a reduction in the value of the Bonds for resale prior to maturity.

Continuing Disclosure: A failure by the Village to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the Village to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Depository Risk: Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the Village, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the Village may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

Cybersecurity: The Village is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the Village will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

CURRENT PROPERTY VALUATIONS

2019 Equalized Value	\$359,379,800
2019 Equalized Value Reduced by Tax Increment Valuation	\$333,715,400
2019 Assessed Value	\$338,281,700

2019 EQUALIZED VALUE BY CLASSIFICATION

	2019 Equalized Value¹	Percent of Total Equalized Value
Residential	\$ 268,294,600	74.655%
Commercial	67,988,000	18.918%
Manufacturing	17,024,000	4.737%
Agricultural	100,400	0.028%
Undeveloped	26,300	0.007%
Ag Forest	0	0.000%
Forest	319,500	0.089%
Other	791,500	0.220%
Personal Property	4,835,500	1.346%
Total	<u>\$ 359,379,800</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2015	\$291,973,600	\$306,939,500	4.18%
2016	294,327,400	306,627,000	-0.10%
2017	301,068,900	323,062,700	5.36%
2018	330,827,800	330,828,400	2.40%
2019	338,281,700	359,379,800	8.63%

Source: Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2019 Equalized Value¹	Percent of Village's Total Equalized Value
Viking Properties LLC	Apartments	\$ 7,040,618	1.96%
Broadstone Roller, LLC	Manufacturing	6,806,816	1.89%
Coleman & Coleman, LLC	Manufacturing	5,339,711	1.49%
CTEC, LLC	Truck Assembly	4,748,299	1.32%
Maple Grove Shopping Center	Retail Center - Condo	4,203,329	1.17%
Oak Ridge Care Center, Inc.	Health Care	3,791,094	1.05%
Community State Bank	Bank - Financing	2,978,846	0.83%
Grove Gear - Div. Of Regal Beloit	Manufacturing	2,061,705	0.57%
15 Union Grove, LLC	Commercial (McDonald's)	1,928,864	0.54%
Village Crossings, LLC	Apartments	1,712,278	0.48%
Total		\$ 40,611,560	11.30%
Village's Total 2019 Equalized Value ²		\$359,379,800	

Source: The Village.

¹ Calculated by dividing the 2019 Assessed Values by the 2019 Aggregate Ratio of assessment for the Village.

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Bonds and the Concurrent Obligations, as defined herein)* \$11,017,004

Revenue Debt (see schedules following)

Total revenue debt secured by sewer revenues \$1,285,725

Total revenue debt secured by water revenues \$3,355,946

Lease Obligations

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Estimated Principal Outstanding</u>
6/22/2015	\$216,863	Tanker truck and radio equipment	3/15/2020	<u><u>\$16,747</u></u>

*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Bonds.

Village of Union Grove, Wisconsin
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 02/19/2020)

Dated Amount	GO Bonds Series 2006A		State Trust Fund Loan		State Trust Fund Loan		GO Bonds Series 2012B		GO Bonds Series 2015A	
	03/01/2006 \$1,500,000	03/01	02/16/2011 \$540,000	03/15	04/29/2011 \$360,000	03/15	03/29/2012 \$6,060,000	12/01	06/25/2015 \$2,645,000	04/01
Maturity	03/01	03/15	03/15	03/15	03/15	03/15	12/01	12/01	04/01	04/01
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	140,000	8,530	69,395	2,609	40,540	3,106	430,000	120,270	160,000	54,488
2021	145,000	2,900			42,069	1,578	460,000	110,595	170,000	51,678
2022							350,000	100,245	175,000	48,354
2023							470,000	91,495	190,000	44,423
2024							480,000	78,100	205,000	39,723
2025							500,000	63,700	215,000	34,258
2026							520,000	48,700	220,000	28,165
2027							535,000	33,100	225,000	21,488
2028							550,000	17,050	240,000	14,100
2029									255,000	5,865
2030									45,000	765
2031										
2032										
2033										
2034										
2035										
2036										
2037										
2038										
	285,000	11,430	69,395	2,609	82,609	4,684	4,295,000	663,255	2,100,000	343,304

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Village of Union Grove, Wisconsin
 Schedule of Bonded Indebtedness continued
 General Obligation Debt Secured by Taxes
 (As of 02/19/2020)

Dated Year Ending	Amount	Maturity	GO Bonds Series 2019A			Tax GO Community Development Bonds Series 2020A			GO Community Development Bonds Series 2020B			Total P & I*	Principal Outstanding*	% Paid*	Calendar Year Ending
			Principal	Interest	Estimated Interest*	Principal*	Estimated Interest*	Principal*	Estimated Interest*						
2020			0	32,400	42,797	0	15,758	839,935	279,959	1,119,894	10,177,069	7.62%	2020		
2021			25,000	32,025	54,635	0	32,233	842,069	285,643	1,127,711	9,335,000	15.27%	2021		
2022			25,000	31,275	54,323	0	32,233	575,000	266,429	841,429	8,760,000	20.49%	2022		
2023			25,000	30,525	53,373	50,000	31,770	785,000	251,585	1,036,585	7,975,000	27.61%	2023		
2024			45,000	29,475	51,695	50,000	30,833	860,000	229,825	1,089,825	7,115,000	35.42%	2024		
2025			60,000	27,900	49,595	80,000	29,724	920,000	205,176	1,125,176	6,195,000	43.77%	2025		
2026			65,000	26,025	47,435	80,000	28,270	965,000	178,595	1,143,595	5,230,000	52.53%	2026		
2027			65,000	24,075	45,215	100,000	26,375	1,005,000	150,253	1,155,253	4,225,000	61.65%	2027		
2028			75,000	21,975	42,935	80,000	24,175	1,045,000	120,235	1,165,235	3,180,000	71.14%	2028		
2029			75,000	19,725	40,595	100,000	21,900	510,000	88,085	598,085	2,670,000	75.76%	2029		
2030			75,000	17,475	38,215	100,000	19,550	300,000	76,005	376,005	2,370,000	78.49%	2030		
2031			75,000	15,225	35,414	100,000	17,125	280,000	67,764	347,764	2,090,000	81.03%	2031		
2032			75,000	12,975	32,108	100,000	14,650	285,000	59,733	344,733	1,805,000	83.62%	2032		
2033			75,000	10,725	28,670	110,000	12,125	285,000	51,520	336,520	1,520,000	86.20%	2033		
2034			75,000	8,475	25,098	115,000	9,550	290,000	43,123	333,123	1,230,000	88.84%	2034		
2035			75,000	6,225	21,195	125,000	6,900	300,000	34,320	334,320	930,000	91.56%	2035		
2036			85,000	3,825	17,039	100,000	4,175	310,000	25,039	335,039	620,000	94.37%	2036		
2037			85,000	1,275	12,820	100,000	1,400	310,000	15,495	325,495	310,000	97.19%	2037		
2038					5,348	310,000	1,400	310,000	5,348	315,348	0	100.00%	2038		
			1,080,000	351,600	698,502	1,760,000	358,744	11,017,004	2,434,129	13,451,132					

* Preliminary, subject to change.

Village of Union Grove, Wisconsin
 Schedule of Bonded Indebtedness
 Revenue Debt Secured by Sewer Revenues
 (As of 02/19/2020)

Sewer System Revenue Bonds
 CWFL

Dated Amount	06/12/2002 \$2,083,598	
Maturity	05/01	
Calendar Year Ending	Principal	Interest
2020	416,379	31,259
2021	428,458	19,005
2022	440,888	6,395
	1,285,725	56,659

Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
416,379	31,259	447,638	869,346	32.38%	2020
428,458	19,005	447,463	440,888	65.71%	2021
440,888	6,395	447,283	0	100.00%	2022
1,285,725	56,659	1,342,384			

Village of Union Grove, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Water Revenues
(As of 02/19/2020)

Dated Amount	Water System Revenue Bonds		Water System Revenue Bonds		Water System Revenue Bonds		Water System Rev Bonds		Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	SDWFL	SDWFL	SDWFL	SDWFL	Series 2012A	SDWFL	SDWFL					
Maturity	11/15/2005	04/25/2007	12/09/2009	03/29/2012								
	\$682,448	\$301,784	\$448,865	\$3,150,000								
	05/01	05/01	05/01	05/01								
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2020	82,249	11,411	31,751	9,141	145,000	73,423	288,020	99,032	387,052	3,067,925	8.58%	2020
2021	84,194	9,443	32,598	8,282	150,000	69,360	296,531	91,415	387,946	2,771,395	17.42%	2021
2022	86,185	7,428	33,468	7,401	150,000	64,785	305,128	83,199	388,327	2,466,267	26.51%	2022
2023	88,224	5,365	34,361	6,496	160,000	60,060	313,813	74,743	388,556	2,152,454	35.86%	2023
2024	90,310	3,254	35,278	5,567	165,000	55,103	322,589	65,963	388,552	1,829,864	45.47%	2024
2025	92,446	1,093	36,219	4,613	170,000	49,825	331,458	56,769	388,227	1,498,406	55.35%	2025
2026		416	37,185	3,634	170,000	44,343	240,791	48,392	289,183	1,257,615	62.53%	2026
2027			38,177	2,629	175,000	38,649	213,177	41,277	254,455	1,044,438	68.88%	2027
2028			39,196	1,597	175,000	32,699	214,196	34,295	248,491	830,242	75.26%	2028
2029			40,242	537	180,000	26,440	220,242	26,977	247,219	610,000	81.82%	2029
2030					195,000	19,593	195,000	19,593	214,593	415,000	87.63%	2030
2031					200,000	12,185	200,000	12,185	212,185	215,000	93.59%	2031
2032					215,000	4,193	215,000	4,193	219,193	0	100.00%	2032
	523,608	37,994	358,476	49,896	2,255,000	550,655	3,355,946	658,033	4,013,979			

DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$ 359,379,800
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 17,968,990
Less: General Obligation Debt (includes the Bonds and the Concurrent Obligations)*	<u>(11,017,004)</u>
Unused Debt Limit*	<u><u>\$ 6,951,986</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2019 Equalized Value ²	% In Village	Total G.O. Debt ³	Village's Proportionate Share
Racine County	\$ 16,475,064,700	2.1814%	\$172,395,000	\$ 3,760,625
Gateway Technical College District	48,444,885,444	0.7418%	73,690,000	546,632
Union Grove J1 School District	438,854,344	81.8905%	9,115,000	7,464,319
Union High School District of Union Grove	1,518,607,120	23.6651%	8,595,000	<u>2,034,015</u>
Village's Share of Total Overlapping Debt				<u><u>\$ 13,805,591</u></u>

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

² Includes tax increment valuation.

³ Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$359,379,800	Debt/ Per Capita 5,135¹
Total General Obligation Debt (includes the Bonds and the Concurrent Obligations)*	\$11,017,004	3.07%	\$ 2,145.47
Village's Share of Total Overlapping Debt	<u>13,805,591</u>	<u>3.84%</u>	<u>2,688.53</u>
Total*	\$ 24,822,595	6.91%	\$ 4,834.00

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The Village has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

Aside from the Concurrent Obligations, the Village plans to issue a \$300,000 State Trust Fund Loan in the next 12 months.

¹ Estimated 2019 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for Village Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2014/15	\$1,811,998	100%	\$6.33
2015/16	1,777,216	100%	6.10
2016/17	1,785,446	100%	6.14
2017/18	1,817,605	100%	6.04
2018/19	1,814,919	100%	5.92

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year.

PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

Year Levied/ Year Collected	Schools¹	County	Local	Other²	Total
2014/15	\$13.91	\$3.87	\$6.33	\$0.17	\$24.28
2015/16	14.14	3.78	6.10	0.18	24.20
2016/17	13.11	3.73	6.14	0.18	23.16
2017/18	12.83	3.66	6.04	0.00	22.53
2018/19	13.50	3.54	5.92	0.00	22.96

Source: Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in

¹ The Schools tax rate reflects the composite rate of all local school districts and technical college district.

² Includes the state reforestation tax which is apportioned to each county on the basis of its full value. Counties, in turn, apportion the tax to the tax districts within their borders on the basis of full value. It also includes taxes levied for special purpose districts such as metropolitan sewerage districts, sanitary districts, and public inland lake protection districts. Tax increment values are not included. State property taxes were eliminated in the State's 2017 - 2019 budget act.

favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Bonds were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Bonds.

THE ISSUER

VILLAGE GOVERNMENT

The Village was incorporated in 1893 and is governed by a seven-member Board of Trustees, of which the Village President is a voting member. All are elected to staggered two-year terms. The appointed Administrator, Clerk and Treasurer are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The Village employs a staff of 13 full-time, 20 part-time, and three seasonal employees. All eligible employees in the Village are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

Village employees are generally required to contribute half of the actuarially determined contributions, and the Village generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2016 ("Fiscal Year 2016"), the fiscal year ended December 31, 2017 ("Fiscal Year 2017") and the fiscal year ended December 31, 2018 ("Fiscal Year 2018"), the Village's portion of contributions to WRS (not including any employee contributions) totaled \$56,029, \$53,297 and \$54,234, respectively.

The Village implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2016.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2017, the total pension liability of the WRS was calculated as \$101.4 billion and the fiduciary net position of the WRS was calculated as \$104.4 billion, resulting in a net pension asset of \$3 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2018, the Village reported an asset of \$170,820 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2017 based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. The Village's proportion was .00575325% of the aggregate WRS net pension asset as of December 31, 2017.

The calculation of the total pension asset and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension asset of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

All eligible Village personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the Village is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the Village is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless Village were to seek approval for a higher increase through a referendum). Ultimately, the Village can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the Village, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining units represent employees of the Village:

Bargaining Unit	Expiration Date of Current Contract
Labor Association of Wisconsin (Village/Utility)	N/A
Labor Association of Wisconsin (Library)	N/A

OTHER POST EMPLOYMENT BENEFITS

The Village offers Other Post Employment Benefits ("OPEB") based on age and service requirements. The Village currently has 12 total eligible participants, nine of which are not yet fully eligible. As of December 31, 2017, the most recent year for which data is available, the Village had a total OPEB liability of \$49,273.

Source: The Village's most recent actuarial study.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the Village or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the Village to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the Village to file for relief under Chapter 9. If, in the future, the Village were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the Village could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the Village is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the Village could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the Village; (b) to any particular assets of the Village, or (c) to revenues otherwise designated for payment to holders of the Bonds.

Moreover, if the Village were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Bonds would not occur.

FUNDS ON HAND (as of December 31, 2018)

Fund	Total Cash and Investments
General	\$ 968,057
Impact Fees	36,824
TID No.3	717,365
Library	208,890
Water Utility	2,044,841
Sewer Utility	2,035,095
Storm Water	501,030
TID No 4 (Debt Service and Capital Projects)	967,823
Capital Improvement Fund	543,937
Revolving Loan Fund	273,990
Community Development Authority (Component Unit of the Village)	26,406
Total Funds on Hand	<u>\$ 8,324,258</u>

ENTERPRISE FUNDS

Revenues available for debt service for the Village's enterprise funds have been as follows as of December 31 each year:

	2016	2017	2018
Water			
Total Operating Revenues	\$ 1,051,147	\$ 1,020,751	\$ 1,008,710
Less: Operating Expenses	<u>(675,349)</u>	<u>(890,118)</u>	<u>(671,519)</u>
Operating Income	\$ 375,798	\$ 130,633	\$ 337,191
Plus: Depreciation	267,158	270,534	272,181
Interest Income	<u>6,669</u>	<u>15,650</u>	<u>32,715</u>
Revenues Available for Debt Service	<u><u>\$ 649,625</u></u>	<u><u>\$ 416,817</u></u>	<u><u>\$ 642,087</u></u>
Sewer			
Total Operating Revenues	\$ 1,401,818	\$ 1,546,591	\$ 1,506,565
Less: Operating Expenses	<u>(1,079,965)</u>	<u>(1,100,761)</u>	<u>(1,148,119)</u>
Operating Income	\$ 321,853	\$ 445,830	\$ 358,446
Plus: Depreciation	500,833	503,894	510,878
Interest Income	<u>5,882</u>	<u>8,680</u>	<u>22,262</u>
Revenues Available for Debt Service	<u><u>\$ 828,568</u></u>	<u><u>\$ 958,404</u></u>	<u><u>\$ 891,586</u></u>
Stormwater			
Total Operating Revenues	\$ 246,782	\$ 251,331	\$ 251,822
Less: Operating Expenses	<u>(251,054)</u>	<u>(257,825)</u>	<u>(263,228)</u>
Operating Income	\$ (4,272)	\$ (6,494)	\$ (11,406)
Plus: Depreciation	104,993	119,046	121,511
Interest Income	<u>1,429</u>	<u>2,748</u>	<u>6,216</u>
Revenues Available for Debt Service	<u><u>\$ 102,150</u></u>	<u><u>\$ 115,300</u></u>	<u><u>\$ 116,321</u></u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the Village's General Fund. These summaries are not purported to be the complete audited financial statements of the Village, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the Village. Copies of the complete audited financial statements are available upon request. See Appendix A for the Village's 2018 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2016 Audited	2017 Audited	2018 Audited	2019 Projected ¹	2020 Adopted Budget ²
Revenues					
Taxes and special assessments	\$ 1,242,568	\$ 1,295,408	\$ 1,302,909	\$ 1,315,538	\$ 1,324,904
Intergovernmental	746,160	738,406	711,109	707,382	674,936
Licenses and permits	143,234	126,129	189,026	300,609	221,323
Penalties and forfeitures	58,117	46,182	77,724	65,000	65,000
Public charges for services	73,177	60,550	54,871	1,150	1,450
Interest	4,179	12,350	26,565	37,640	26,100
Miscellaneous general revenues	83,702	76,765	68,214	89,107	85,858
Total Revenues	\$ 2,351,137	\$ 2,355,790	\$ 2,430,418	\$ 2,516,426	\$ 2,399,571
Expenditures					
Current:					
General government	\$ 650,559	\$ 566,530	\$ 608,963	\$ 570,093	\$ 617,577
Public safety	877,562	879,862	929,928	954,745	988,933
Public works	735,093	745,534	763,641	769,740	742,522
Health and social services	41,494	40,222	41,757	49,055	51,858
Culture and recreation	54,863	67,472	52,309	20,715	39,991
Conservation and development	0	0	247,179	9,300	19,000
Capital outlay	0	10,550	0	0	0
Total Expenditures	\$ 2,359,571	\$ 2,310,170	\$ 2,643,777	\$ 2,373,648	\$ 2,459,881
Excess of revenues over (under) expenditures	\$ (8,434)	\$ 45,620	\$ (213,359)	\$ 142,778	\$ (60,309)
Other Financing Sources (Uses)					
Transfers in	192,531	188,753	198,825	203,309	203,309
Transfers out	(140,000)	(143,000)	(308,176)	(143,000)	(143,000)
Total Other Financing Sources (Uses)	\$ 52,531	\$ 45,753	\$ (109,351)	\$ 60,309	\$ 60,309
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 44,097	\$ 91,373	\$ (322,710)	\$ 203,087	\$ 0
General Fund Balance January 1	1,155,297	1,199,394	1,290,767	968,057	1,171,144
Prior Period Adjustment					
Residual Equity Transfer in (out)					
General Fund Balance December 31	\$ 1,199,394	\$ 1,290,767	\$ 968,057	\$ 1,171,144	\$ 1,171,144
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	377,411	166,254	26,767		
Restricted	0	0	0		
Committed	0	0	0		
Assigned	192,531	188,753	198,825		
Unassigned	629,452	935,760	742,465		
Total	\$ 1,199,394	\$ 1,290,767	\$ 968,057		

¹ Unaudited data is as of December 23, 2019.

² The 2020 budget was adopted on November 11, 2019.

GENERAL INFORMATION

LOCATION

The Village, with a 2010 U.S. Census population of 4,915 and a current estimated population of 5,135, comprises an area of 1,287 acres and is located approximately 11 miles west of the City of Racine and 30 miles south of Milwaukee.

LARGER EMPLOYERS¹

Larger employers in the Village include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Southern Wisconsin Center for Developmentally Disabled	Developmentally Disabled Institution	600
Grove Gear	Speed Reducers for Industrial Applications	250
Oak Ridge Care Center (Adobe)	Nursing Home	135 ²
Shepherds Home & School	Residential & Vocational Facility for Adults with Mental Disabilities	120
Robert E. Ellsworth Correctional Center	Minimum security prison	108
American Roller Company	Manufacture Industrial Rollers	100
Union Grove Union High School	Education	96
Union Grove Elementary	Education	94
Coleman Tool and Manufacturing Corp	Welding	75
Community State Bank	Bank	60

Source: *ReferenceUSA, written and telephone survey (April 2019), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data.

² Oak Ridge Care center has 112 & Timber Oaks has 23 employees.

BUILDING PERMITS

	2015	2016	2017	2018	2019 ¹
<u>New Single Family Homes</u>					
No. of building permits	12	4	1	1	0
Valuation	\$2,296,810	\$813,831	\$150,000	\$223,000	\$0
<u>New Multiple Family Buildings</u>					
No. of building permits	6	4	0	0	5
Valuation	\$900,000	\$600,000	\$0	\$0	\$9,686,700
<u>New Commercial/Industrial</u>					
No. of building permits	1	1	1	0	1
Valuation	\$120,000	\$600,000	\$100,000	\$0	\$75,000
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	268	209	226	194	295
Valuation	\$5,364,864	\$5,151,291	\$2,105,920	\$4,284,817	\$44,910,619

Source: The Village.

¹ As of December 20, 2019.

U.S. CENSUS DATA

Population Trend: The Village

2000 U.S. Census	4,322
2010 U.S. Census	4,915
2019 Estimated Population	5,135
Percent of Change 2000 - 2010	+ 13.72%

Income and Age Statistics

	The Village	Racine County	State of Wisconsin	United States
2018 per capita income	\$32,928	\$30,386	\$32,018	\$32,621
2018 median household income	\$66,880	\$59,749	\$59,209	\$60,293
2018 median family income	\$77,539	\$73,571	\$75,313	\$73,965
2018 median gross rent	\$890	\$855	\$837	\$1,023
2018 median value owner occupied units	\$171,500	\$169,900	\$173,600	\$204,900
2018 median age	37.6 yrs.	40.1 yrs.	39.3 yrs.	37.9 yrs.

	State of Wisconsin	United States
Village % of 2018 per capita income	102.84%	100.94%
Village % of 2018 median family income	102.96%	104.83%

Housing Statistics

	<u>The Village</u>		
	2010	2018	Percent of Change
All Housing Units	1,940	1,955	0.77%

Source: 2000 and 2010 Census of Population and Housing, and 2018 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Racine County		Racine County	State of Wisconsin
2015	93,779		5.6%	4.6%
2016	95,020		4.9%	4.0%
2017	95,872		4.0%	3.3%
2018	95,970		3.6%	3.0%
2019, November ¹	94,314		3.7%	2.9%

Source: Wisconsin Department of Workforce Development.

¹ Preliminary.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the Village's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The Village has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the Village requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the Village since the date of the financial statements, in connection with the issuance of the Bonds, the Village represents that there have been no material adverse change in the financial position or results of operations of the Village, nor has the Village incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

VILLAGE OF UNION GROVE

Union Grove, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

VILLAGE OF UNION GROVE

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

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

Supplementary Information

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 8, 2019

VILLAGE OF UNION GROVE

STATEMENT OF NET POSITION As of December 31, 2018

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

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

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

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Public gifts and grants

Investment income

Sale of capital assets

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

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

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2018

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

See accompanying notes to financial statements.

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

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

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

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

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

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

For the Year Ended December 31, 2018

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

See accompanying notes to financial statements.

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

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

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

Net change in fund balances - total governmental funds	\$ (681,481)
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Amounts reported for governmental activities in the statement of activities are different because:

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

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

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

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

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

Principal repaid	662,933
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

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

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

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

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

See accompanying notes to financial statements.

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

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

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

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

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

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

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

See accompanying notes to financial statements.

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

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

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

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

See accompanying notes to financial statements.

VILLAGE OF UNION GROVE

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VILLAGE OF UNION GROVE

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Discretely Presented Component Unit

Union Grove Community Development Authority

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

VILLAGE OF UNION GROVE

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

VILLAGE OF UNION GROVE

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

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

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

Fund Financial Statements (cont.)

The village reports the following major governmental funds:

General Fund - accounts for the village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund. General Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.

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

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

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

The village reports the following major enterprise funds:

Water Utility - accounts for operations of the water system.
Sewer Utility - accounts for operations of the sewer system.
Stormwater Utility - accounts for operations of the stormwater system.

The village reports the following nonmajor governmental funds:

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

Revolving Loan Fund
Library
Impact Fee Fund

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

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

VILLAGE OF UNION GROVE

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

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

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

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

The village has adopted an investment policy. That policy follows the state statute for allowable investments and collateralization. The policy does not address the other risks described by GASB No. 40. The policy requires collateralization on two types of investments: certificates or deposit and time deposits. The village is not in compliance with this requirement, as it has not collateralized all of its investments.

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

VILLAGE OF UNION GROVE

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

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

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

1. Deposits and Investments (cont.)

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

See Note IV. A. for further information.

2. Receivables

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

Property tax calendar - 2018 tax roll:

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

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

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

VILLAGE OF UNION GROVE

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

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

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

2. Receivables (cont.)

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

VILLAGE OF UNION GROVE

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

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

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

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

Fund Financial Statements

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

6. Deferred Outflows of Resources

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

7. Compensated Absences

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

VILLAGE OF UNION GROVE

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

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

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

7. Compensated Absences (cont.)

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

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

8. Long-Term Obligations

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

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

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

9. Deferred Inflows of Resources

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

10. Unearned Revenues

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

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

VILLAGE OF UNION GROVE

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

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

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

11. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

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

VILLAGE OF UNION GROVE

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

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

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

11. Equity Classifications (cont.)

Fund Statements (cont.)

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

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

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

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

See Note IV. G. for further information.

12. Pension

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

VILLAGE OF UNION GROVE

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

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

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

13. Basis for Existing Rates

Charges for Services

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

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

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

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

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

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

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

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

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

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

VILLAGE OF UNION GROVE

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

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

A. BUDGETARY INFORMATION (cont.)

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

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

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

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

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

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

C. DEFICIT BALANCES

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

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

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

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

VILLAGE OF UNION GROVE

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

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

D. LIMITATIONS ON THE VILLAGE'S TAX LEVY

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

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 5,157,279	\$ 3,328,223	Custodial credit
LGIP	6,405,211	6,405,212	Credit
Petty cash	1,000	-	N/A
Total Deposits and Investments	\$ 11,563,490	\$ 9,733,435	

Reconciliation to financial statements

Per statement of net position	5,693,014
Unrestricted cash and investments	1,876,281
Restricted cash and investments	3,994,195
Agency Funds	
Total Deposits and Investments	\$ 11,563,490

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

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

VILLAGE OF UNION GROVE

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

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

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

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

Credit Risk

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

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

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

B. RECEIVABLES

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

VILLAGE OF UNION GROVE

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

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

B. RECEIVABLES (cont.)

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

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

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

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Equipment Replacement Account

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

Impact Fee Account

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

Net Pension Asset

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

VILLAGE OF UNION GROVE

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

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

C. RESTRICTED ASSETS (cont.)

Bond Redemption Account

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

Depreciation Account

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

Bond Reserve Account

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

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

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

D. CAPITAL ASSETS

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

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

VILLAGE OF UNION GROVE

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

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

D. CAPITAL ASSETS (cont.)

Governmental Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated				
Buildings and improvements	\$ 2,179,494	-	-	\$ 2,179,494
Machinery and equipment	1,621,478	54,306	13,901	1,661,883
Roads	13,179,802	-	-	13,179,802
Total Capital Assets Being Depreciated	<u>16,980,774</u>	<u>54,306</u>	<u>13,901</u>	<u>17,021,179</u>
Total Capital Assets	<u>17,621,209</u>	<u>54,306</u>	<u>13,901</u>	<u>17,661,614</u>

Less: Accumulated depreciation for

Buildings and improvements	(653,811)	(51,488)	-	(705,299)
Machinery and equipment	(1,166,250)	(59,403)	12,783	(1,212,870)
Roads	(8,412,662)	(455,409)	-	(8,868,071)
Total Accumulated Depreciation	<u>(10,232,723)</u>	<u>(566,300)</u>	<u>12,783</u>	<u>(10,786,240)</u>

Net Capital Assets Being

Depreciated 6,748,051 (511,994) 1,118 6,234,939

Total Governmental

Activities Capital Assets, Net of Accumulated Depreciation \$ 7,388,486 \$ (511,994) \$ 1,118 \$ 6,875,374

Depreciation expense was charged to functions as follows:

Governmental Activities

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

VILLAGE OF UNION GROVE

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated/amortized				
Land and land rights	\$ 29,955	\$ -	\$ -	\$ 29,955
Intangible	61,679	-	-	61,679
Total Capital Assets Not Being Depreciated/Amortized	91,634	-	-	91,634
Capital assets being depreciated				
Buildings and improvements	1,615,788	-	-	1,615,788
Machinery and equipment	1,636,942	66,173	27,920	1,675,195
Infrastructure	7,717,282	51,342	22,180	7,746,444
Total Capital Assets Being Depreciated/Amortized	10,970,012	117,515	50,100	11,037,427
Total Capital Assets	11,061,646	117,515	50,100	11,129,061
Less: Accumulated depreciation for water capital assets	(3,489,525)	(290,538)	50,100	(3,729,963)
Total Accumulated Depreciation	(3,489,525)	(290,538)	50,100	(3,729,963)
Net Capital Assets Being Depreciated	7,460,487	(173,023)	-	7,307,464
Net Water Capital Assets	\$ 7,572,121	\$ (173,023)	\$ -	\$ 7,399,098

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VILLAGE OF UNION GROVE

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

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

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

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VILLAGE OF UNION GROVE

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

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

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

Depreciation expense was charged to functions as follows:

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

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

VILLAGE OF UNION GROVE

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

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

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

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

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

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

Transfers

The following is a schedule of interfund transfers:

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

VILLAGE OF UNION GROVE

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

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

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

Transfers (cont.)

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

F. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable	\$ 6,520,127	\$ -	\$ 647,146	\$ 5,872,981	\$ 700,977
General obligation debt	48,784	-	15,787	33,007	16,260
Notes payable	6,568,921	-	662,933	5,905,988	717,237
Sub-totals					
Other Liabilities					
Vested compensated absences	150,667	60,166	53,873	156,960	1,755
Total Governmental Activities Long-Term Liabilities	\$ 6,719,588	\$ 60,166	\$ 716,806	\$ 6,062,948	\$ 718,992
Business-type Activities					
Bonds and Notes Payable	\$ 1,820,000	\$ -	\$ 80,000	\$ 1,740,000	\$ 80,000
General obligation debt	6,000,388	-	669,483	5,330,905	689,234
Revenue bonds	(15,316)	-	(1,070)	(14,246)	-
Less: Unamortized discount	7,805,072	-	748,413	7,056,659	769,234
Sub-totals					
Other Liabilities					
Vested compensated absences	44,909	20,365	3,779	61,495	-
Capital leases	57,989	-	57,989	-	-
Total Other Liabilities	102,898	20,365	61,768	61,495	-
Total Business-type Activities Long-Term Liabilities	\$ 7,907,970	\$ 20,365	\$ 810,161	\$ 7,118,154	\$ 769,234

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

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

VILLAGE OF UNION GROVE

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

Governmental Activities

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

Business-type Activities

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

VILLAGE OF UNION GROVE

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

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

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

Revenue Debt

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

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

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

VILLAGE OF UNION GROVE

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

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

Business-type Activities Revenue Debt

Water Utility	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
Waterworks System	11/9/05	5/1/25	2.37%	\$ 1,486,390	\$ 603,956
Waterworks System	4/25/07	5/1/26	2.48%	516,994	247,181
Waterworks System	12/9/09	5/1/29	2.67%	652,175	389,403
Waterworks System	3/12/12	5/1/32	2 - 3.96%	3,150,000	2,400,000
				Total Water Utility	3,640,540

Sewer Utility

Sewer System	6/12/02	5/1/22	2.90%	\$ 6,513,550	1,690,365
				Total Sewer Utility	1,690,365
					\$ 5,330,905

Total Business-type Activities - Revenue Debt

Debt service requirements to maturity are as follows:

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

VILLAGE OF UNION GROVE

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Notes Payable

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

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

Debt service requirements to maturity are as follows:

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

Other Debt Information

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

Bond Covenant Disclosures

Insurance

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

VILLAGE OF UNION GROVE

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

Insurance (cont.)

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

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

Debt Coverage - Water

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

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

VILLAGE OF UNION GROVE

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Debt Coverage - Sewer

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

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

Number of Customers and Billed Volumes - Water

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

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

VILLAGE OF UNION GROVE

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Number of Customers and Billed Volumes - Sewer

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

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

G. NET POSITION/FUND BALANCES

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

Governmental Activities

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

VILLAGE OF UNION GROVE

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

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

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

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

Fund Balances	General Fund	General Debt Service Fund	TID No. 4 Capital Projects Fund	TID No. 5 Capital Projects Fund	Nonmajor Funds	Totals
Nonspendable:						
Prepays	\$ 24,142	\$ -	\$ -	\$ -	\$ -	\$ 24,142
Delinquent taxes	2,625	-	-	-	-	2,625
Sub-total	26,767	-	-	-	-	26,767
Restricted for:						
TID activities	-	-	967,823	-	717,401	1,685,224
Revolving loans	-	-	-	-	273,998	273,998
Impact fees	-	-	-	-	36,824	36,824
Library activities	-	-	-	-	208,890	208,890
Debt service	-	549	-	-	-	549
Sub-total	-	549	967,823	-	1,237,113	2,205,485
Assigned to:						
Payment in lieu of taxes	198,825	-	-	-	-	198,825
Capital projects	-	-	-	-	543,937	543,937
Sub-total	198,825	-	-	-	543,937	742,762
Unassigned (deficit):						
	742,465	-	-	(655,383)	-	(112,918)
Total Fund Balances (Deficit)	<u>\$ 968,057</u>	<u>\$ 549</u>	<u>\$ 967,823</u>	<u>\$ (655,383)</u>	<u>\$ 1,781,050</u>	<u>\$ 2,862,096</u>

Business-type Activities

Net Investment in Capital Assets

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

VILLAGE OF UNION GROVE

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

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

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities (cont.)

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

H. COMPONENT UNIT

UNION GROVE COMMUNITY DEVELOPMENT AUTHORITY

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

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

At year end, the carrying amount of the CDAs deposits was zero.

c. Due to Primary Government

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

d. Other Assets

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

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

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

At December 31, 2018, the village reported a liability/(asset) of \$(170,820) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The village's proportion of the net pension liability/(asset) was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the village's proportion was 0.00575325%, which was a decrease of 0.00033552% from its proportion measured as of December 31, 2016.

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

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

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

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

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

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

TIF Reimbursable Expenditures

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

	Year End 2018	Cumulative
Principal	\$ 140,000	\$ 750,000
Interest	79,898	574,745
Issuance costs	-	49,551
Totals	<u>\$ 219,898</u>	<u>\$ 1,374,296</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, 2018, the total reimbursable expenditures are:

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

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

D. JOINT VENTURES

Fire Commission Joint Venture

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

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

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

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

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

E. SUBSEQUENT EVENTS

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

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

F. ECONOMIC DEPENDENCY

Sewer Utility

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

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

G. TAX ABATEMENT

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

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

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

TIF No. 3

Dated April 14, 2014

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

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

Dated November 3, 2015

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

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

Dated May 1, 2017

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

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

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

G. TAX ABATEMENT (cont.)

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

TIF No. 4

Dated February 19, 2013

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

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

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

TIF No. 5

Dated August 8, 2018

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

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

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

The village is disclosing all abatement agreements individually.

VILLAGE OF UNION GROVE

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

NOTE V - OTHER INFORMATION (cont.)

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

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

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

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

VILLAGE OF UNION GROVE

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

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

REQUIRED SUPPLEMENTARY INFORMATION

See accompanying notes to required supplementary information.
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VILLAGE OF UNION GROVE

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

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position	Proportionate Share of the Net Pension Liability as a Percentage of the Total Pension Liability
12/31/18	0.00575325%	\$ (170,820)	783,779	21.79%		102.93%
12/31/17	0.00608877%	50,186	849,123	5.91%		99.12%
12/31/16	0.00628030%	102,216	871,037	11.73%		98.20%
12/31/15	0.00640198%	(157,250)	875,648	17.96%		102.74%

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

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

VILLAGE OF UNION GROVE

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

BUDGETARY INFORMATION

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

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

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

WISCONSIN RETIREMENT SYSTEM

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

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

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions. There were no changes in assumptions.

See accompanying notes to the required supplementary information.
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See independent auditors' report and accompanying notes to required supplementary information.
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VILLAGE OF UNION GROVE

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

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

SUPPLEMENTARY INFORMATION

VILLAGE OF UNION GROVE

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

Debt Service Fund	Capital Project Funds			Special Revenue Funds				Debt Service Fund
	TID No. 5 Debt Service Fund	TID No. 3 Capital Projects Fund	Capital Improvement Fund	Total Nonmajor Governmental Funds	Revolving Loan Fund	Impact Fee Fund	Library	
\$	36	\$ 118,516	\$ 568,937	\$ 1,759,610	\$ -	\$ -	\$ -	\$ 355,913
	967	-	9,867	399,602	-	-	135,449	-
	-	-	-	127,851	-	1,255	10,907	-
	-	-	-	36,524	1,679	752	2,282	-
\$	1,003	\$ 118,516	\$ 568,804	\$ 2,323,887	7,092	-	4,760	-
					8,771	2,007	153,398	355,913
\$	-	\$ -	\$ -	\$ 384	-	-	-	-
	-	-	-	384	1,719	-	262,685	-
	967	-	24,867	414,602	-	-	-	-
	-	-	-	127,851	-	-	131	-
	967	-	24,867	542,453	-	-	-	125,000
					1,719	-	262,816	11,500
\$	36	\$ 118,516	\$ -	\$ 1,237,113	7,052	2,007	(109,418)	219,413
	-	-	543,937	543,937	-	-	-	-
\$	1,003	\$ 118,516	\$ 568,804	\$ 2,323,887	-	-	143,000	-
					-	-	143,000	-
					7,052	2,007	33,582	219,413
					266,946	34,817	175,308	379,436
					\$ 273,998	\$ 36,824	\$ 208,890	\$ 598,849

REVENUES
Taxes
Intergovernmental
Public charges for services
Licenses and permits
Investment income
Miscellaneous
Total Revenues

EXPENDITURES
Current
General government
Culture, recreation and education
Conservation and development
Capital Outlay
Debt Service
Principal
Interest and fiscal charges
Total Expenditures

Excess (deficiency) of revenues over expenditures

OTHER FINANCING SOURCES
Sale of capital assets
Transfers in
Total Other Financing Sources

Net Change in Fund Balances

FUND BALANCES - Beginning of Year

FUND BALANCES - END OF YEAR

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

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

CASH FLOWS FROM OPERATING ACTIVITIES
Paid to suppliers for goods and services
Net Cash Flows from Operating Activities

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
Contribution from primary government
Net Cash Flows from Noncapital Financing Activities

CASH FLOWS FROM INVESTING ACTIVITIES
Investment income
Net Cash Flows from Operating Activities

Net Change in Cash and Cash Equivalents

CASH AND CASH EQUIVALENTS - Beginning of Year

CASH AND CASH EQUIVALENTS - END OF YEAR

RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Operating loss
Changes in assets and liabilities
Accounts payable
Due to primary government

NET CASH FLOWS FROM OPERATING ACTIVITIES

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES
None.

	Community Development Authority
\$ (194,768)	\$ (194,768)
(194,768)	(194,768)
	193,042
	193,042
	1,746
	1,746
-	-
-	-
-	-
\$	\$
(36,408)	(36,408)
(932)	(932)
(157,448)	(157,448)
\$	\$ (194,768)

VILLAGE OF UNION GROVE

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

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

FORM OF LEGAL OPINION

(See following pages.)

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

February 19, 2020

Re: Village of Union Grove, Wisconsin ("Issuer")
\$1,760,000 Taxable General Obligation Community Development Bonds, Series
2020A, dated February 19, 2020 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on June 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$ 25,000	___%
2023	50,000	___
2024	80,000	___
2025	80,000	___
2026	80,000	___
2027	80,000	___
2028	80,000	___
2029	80,000	___
2030	80,000	___
2031	105,000	___
2032	110,000	___
2033	110,000	___
2034	115,000	___
2035	125,000	___
2036	125,000	___
2037	125,000	___
2038	310,000	___

Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2020.

The Bonds maturing on June 1, 2030 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on June 1, 2029 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within

each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

【The Bonds maturing in the years _____ are subject to mandatory redemption by lot as provided in the Bonds, at the redemption price of par plus accrued interest to the date of redemption and without premium.】

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.
2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.
3. The interest on the Bonds is included for federal income tax purposes in the gross income of the owners of the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Village as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Village or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The Village may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Village believes to be reliable, but the Village takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages.)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Village of Union Grove, Racine County, Wisconsin (the "Issuer") in connection with the issuance of \$1,760,000 Taxable General Obligation Community Development Bonds, Series 2020A, dated February 19, 2020 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on December 9, 2019, January 13, 2020 and January 27, 2020 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated January 28, 2020 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Village Board of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the Village of Union Grove, Racine County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Village Clerk of the Issuer who can be contacted at Village Hall, 925 15th Avenue, Union Grove, Wisconsin 53182, phone (262) 878-1818, fax (262) 878-3782.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ended December 31, 2019, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - DIRECT DEBT
2. DEBT - DEBT LIMIT
3. VALUATIONS - CURRENT PROPERTY VALUATIONS
4. TAX LEVIES AND COLLECTIONS - TAX LEVIES AND COLLECTIONS

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist

it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 19th day of February, 2020.

(SEAL)

Michael E. Aimone
President

Bradley Calder
Village Clerk

NOTICE OF SALE

**\$1,760,000* TAXABLE GENERAL OBLIGATION COMMUNITY DEVELOPMENT BONDS,
SERIES 2020A
VILLAGE OF UNION GROVE, WISCONSIN**

Bids for the purchase of \$1,760,000* Taxable General Obligation Community Development Bonds, Series 2020A (the "Bonds") of the Village of Union Grove, Wisconsin (the "Village") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the Village, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on January 27, 2020, at which time they will be opened, read and tabulated. The bids will be presented to the Board of Trustees for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the Village will be accepted unless all bids are rejected.

PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purpose of providing financial assistance to community development projects under Section 66.1105 of the Wisconsin Statutes, by paying project costs of the Village's Tax Incremental District No. 5. The Bonds are general obligations of the Village, and all the taxable property in the Village is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Bonds will be dated February 19, 2020, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$25,000	2028	\$80,000	2034	\$115,000
2023	50,000	2029	80,000	2035	125,000
2024	80,000	2030	80,000	2036	125,000
2025	80,000	2031	105,000	2037	125,000
2026	80,000	2032	110,000	2038	310,000
2027	80,000	2033	110,000		

ADJUSTMENT OPTION

* The Village reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Bids for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on June 1 and December 1 of each year, commencing June 1, 2020, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2025 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The Village may select a bank or trust company to act as paying agent (the "Paying Agent"). If a Paying Agent is selected, the Village will pay the charges for Paying Agent services. The Village reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the Village, the Bonds maturing on or after June 1, 2030 shall be subject to optional redemption prior to maturity on June 1, 2029 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the Village. If only part of the Bonds having a common maturity date are called for redemption, then the Village or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about February 19, 2020, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the Village will furnish to the winning bidder the opinion of bond counsel hereinafter described, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the Village, threatened. Payment for the Bonds must be received by the Village at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds will be furnished by Quarles & Brady LLP, of Milwaukee, Wisconsin, bond counsel to the Village. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the Village; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

SUBMISSION OF BIDS

Bids must not be for less than \$1,738,880 nor more than \$1,865,600 plus accrued interest on the principal sum of \$1,760,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:00 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the Village nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$35,200 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The Village reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The Village and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the Village scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The Village's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The Village reserves the right to reject any and all bids and to waive any informality in any bid.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the Village requested and received a rating on the Bonds from a rating agency, the Village will pay that rating fee. Any rating agency fees not requested by the Village are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The Village will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The Village will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the Village will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Official Statement.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Board of Trustees

Bradley Calder, Village Clerk
Village of Union Grove, Wisconsin

BID FORM

The Board of Trustees
Village of Union Grove, Wisconsin

January 27, 2020

RE: \$1,760,000* Taxable General Obligation Community Development Bonds, Series 2020A (the "Bonds")

DATED: February 19, 2020

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ _____ (not less than \$1,738,880 nor more than \$1,865,600) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2022	_____ % due	2028	_____ % due	2034
_____ % due	2023	_____ % due	2029	_____ % due	2035
_____ % due	2024	_____ % due	2030	_____ % due	2036
_____ % due	2025	_____ % due	2031	_____ % due	2037
_____ % due	2026	_____ % due	2032	_____ % due	2038
_____ % due	2027	_____ % due	2033		

* The Village reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000. A rating for the Bonds may not be requested without contacting Ehlers and receiving the permission of the Village.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2025 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$35,200 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The Village reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Village may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the Village as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about February 19, 2020.

This bid is subject to the Village's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the Village with the reoffering price of the Bonds within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

Account Manager: _____ By: _____
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from February 19, 2020 of the above bid is \$ _____ and the true interest cost (TIC) is _____ %.

The foregoing offer is hereby accepted by and on behalf of the Village of Union Grove, Wisconsin, on January 27, 2020.

By: _____ By: _____
Title: _____ Title: _____